

JANUARY
– JUNE 2020

INTERIM REPORT

"In the second quarter of 2020, K-Fastigheter presented its strongest quarterly profit on record. New construction of HOMES in the first half of 2020 equaled 102 percent of all new construction starts for the full year 2019."



In the second quarter 2020, K-Fastigheter started construction of 95 Apartment Block apartments in Vallensbæk Strand just south of Copenhagen.



K-FASTIGHETER

K-FASTIGHETER 30 JUNE 2020

K-Fastigheter is a project development, construction and property company focused primarily on rental housing properties, which, as of 30 June 2020, accounted for 89 percent of the property value of the completed property portfolio and 85 percent of the contractual rent. On 30 June 2020, K-Fastigheter's property holding had a total lettable area of approximately 143,000 square meters distributed over 1,865 apartments and some 120 commercial contracts with total contractual rental income of approximately SEK 207 million annually. The project portfolio comprises some 4,150 apartments under construction and in project development.

Cross-functional work allows K-Fastigheter to generate a profit at all stages. In the period January–June 2020, 75 percent of Group profit after tax was derived from project development and construction, and 25 percent from property management.

OVERARCHING OBJECTIVES

K-Fastigheter's overarching objective is to generate value for the Company's shareholders. Over a business cycle, the generation of value is measured as growth in long-term net asset value per share.

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 Company and on which construction has commenced is to amount to 1,000 annually before 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 profit per share from property management is to average at least 20 percent.

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

- Over time, the equity/assets ratio at Group level is not to be less than 25 percent.
- Over time, the interest coverage ratio is not to be less than a multiple of 1.75.
- Over time, the loan-to-assets ratio is not to exceed 70 percent relative to the market value of the Group's investment properties.

NUMBER OF HOMES UNDER MANAGEMENT

1,865 UNITS Q2 2020
1,711 UNITS Q4 2019

NUMBER OF HOMES IN PRODUCTION

1,249 UNITS Q2 2020
700 UNITS Q4 2019

INVESTMENT PROPERTIES

5,751.5 SEK MILLION Q2 2020
4,396.7 SEK MILLION Q4 2019

RENTAL INCOME

49.0 SEK MILLION Q2 2020
38.6 SEK MILLION Q4 2019

LONG-TERM NET ASSET VALUE

2,818.0 SEK MILLION Q2 2020
2,540.2 SEK MILLION Q4 2019

PROFIT FROM PROPERTY MANAGEMENT

19.5 SEK MILLION Q2 2020
16.7 SEK MILLION Q4 2019

K-FASTIGHETER ESTABLISHES OPERATIONS IN DENMARK



1 April: K-Fast Danmark starts construction on Vallensbæk 7cq in Vallensbæk Strand just south of Copenhagen, K-Fastigheter's first establishment outside Sweden. The Group plans to build 95 Apartment Block apartments on the plot.

K-FASTIGHETER IN STRATEGIC COLLABORATION WITH BOKLOK



SKANSKA & IKEA

16 April: K-Fastigheter and Boklok have entered a collaboration relating to the construction of up to 1,000 apartments over the next three years. The companies share a concept-based approach to construction, which optimizes cost efficiency.

K-FASTIGHETER WINS "IPO OF THE YEAR 2019" IN TWO CATEGORIES



15 May: 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.

THE QUARTER AND PERIOD IN BRIEF

April–June

- The Covid-19 pandemic has not significantly affected K-Fastigheter's operations, profit or financial position in the period up until publication of this Interim Report.
- Rental income totaled SEK 49.0 million (38.6) for the quarter, up 27 percent year-on-year.
- Income from project development and construction operations totaled SEK 116.9 million (66.3), of which SEK 4.8 million (6.2) related to external projects.
- Consolidated gross profit for the quarter amounted to SEK 35.8 million (27.6), of which the operating surplus attributable to property management was SEK 34.5 million (29.1).
- Profit before value changes in the quarter amounted to SEK 18.9 million (47.0).
- Profit from property management amounted to SEK 19.5 million (16.7), up 17 percent year-on-year. Profit from property management per share was SEK 0.58 (0.67). The decrease was mainly due to an increased number of shares following the listing on Nasdaq Stockholm in November 2019.
- Unrealized changes in value for investment properties amounted to SEK 136.4 million (70.8), and to SEK -16.0 million (-8.0) for derivatives and other items.
- Comprehensive income for the quarter was SEK 111.3 million (90.0), corresponding to SEK 3.28 per share (3.60).

January–June

- Rental income amounted to SEK 96.8 million (71.6) for the period, up 35 percent year-on-year. Of the SEK 25.2 million increase, 30 percent was derived from properties acquired in the period, 52 percent from rental income from completed properties, and 18 percent from increased rental income from comparable holdings.

- Income from project development and construction operations totaled SEK 207.9 million (126.6), of which SEK 9.6 million (7.7) related to external projects.
- Consolidated gross profit for the period amounted to SEK 67.1 million (49.0), of which the operating surplus attributable to property management was SEK 64.9 million (50.8).
- Profit before value changes in the period amounted to SEK 27.3 million (52.9).
- Profit from property management amounted to SEK 35.0 million (27.8), up 26 percent year-on-year. Profit from property management per share was SEK 1.03 (1.11). The decrease was mainly due to an increased number of shares following the listing on Nasdaq Stockholm in November 2019.
- Unrealized value changes for investment properties amounted to SEK 257.8 million (118.4), and to SEK -29.8 million (-6.1) for derivatives and other items. Unrealized value changes in investment properties were SEK 204.3 million (71.3) for new construction in progress, and SEK 53.6 million (47.1) for properties under management. Commercial properties under management and building rights were written down by SEK 11.8 million in the period as a result of increased uncertainty for this property class due to the Covid-19 pandemic.
- Comprehensive income for the period was SEK 203.6 million (133.4), corresponding to SEK 6.01 (5.34) per share.
- At the end of the period, the value of the investment properties amounted to SEK 5,751.5 million (4,396.7), an increase of 31 percent compared to 31 December 2019 and up 55 percent compared to 30 June 2019.
- At the end of the period, the long-term net asset value (NAV) amounted to SEK 2,818.0 million (2,540.2), corresponding to SEK 83.15 per share (74.96), an increase of 11 percent compared to 31 December 2019 and up 49 percent compared to 30 June 2019.

Financial ratios (see definitions on page 27)	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Rental income, SEK million	49.0	38.6	96.8	71.6	156.8
Profit from property management, SEK million	19.5	16.7	35.0	27.8	52.9
Comprehensive income for the period, SEK million	111.3	90.0	203.6	133.4	365.3
Net investments in investment properties, SEK million	575.6	430.9	1,084.7	568.3	1,061.1
Investment properties, SEK million	5,751.5	3,704.8	5,751.5	3,704.8	4,396.7
Long-term net asset value (NAV), SEK million	2,818.0	1,394.1	2,818.0	1,394.1	2,540.2
Number of apartments under management	1,865	1,418	1,865	1,418	1,711
Number of apartments under construction	1,249	565	1,249	565	700
Number of apartments under project development	2,888	1,172	2,888	1,172	1,340
Interest coverage ratio, multiple	2.7	3.0	2.6	2.8	2.6
Equity/assets ratio, %	39.1%	28.5%	39.1%	28.5%	41.8%
Loan-to-value ratio, %	53.4%	61.0%	53.4%	61.0%	40.2%
Profit from property management, SEK per share	0.58	0.67	1.03	1.11	2.05
Growth in profit from property management per share, %	-13.8%	89.1%	-7.0%	52.7%	24.6%
Long-term net asset value (NAV), SEK per share	83.15	55.76	83.15	55.76	74.96
Growth in long-term net asset value (NAV), per share, %	5.6%	9.3%	10.9%	14.9%	54.4%
Earnings per share, SEK*	3.28	3.60	6.01	5.34	14.14
Number of shares outstanding at the end of the period, thousands	33,889	25,000	33,889	25,000	33,889
Average number of shares outstanding during the period, thousands	33,889	25,000	33,889	25,000	25,830

*There are no potential shares (e.g. convertibles) in the company, and accordingly no dilution effect.

Significant events in the second quarter 2020

The following table shows completed acquisitions of building rights and investment properties, construction starts and completed projects and renovations carried out under K-Fastigheter's renovation concept in the second quarter 2020.

Other significant events in the second quarter:

- On 16 April 2020, K-Fastigheter announced a long-term strategic collaboration with BoKlok, a company jointly owned by Skanska and IKEA. The aim is to carry out transactions leading to construction of up to a thousand apartments over the next three years. The partnership will start with the following transactions:
 - K-Fastigheter to sell the building rights for 43 apartments in Hässleholm and Viken to BoKlok. Total purchase price SEK 18.5 million.
 - K-Fastigheter to acquire 48 rental apartments in Telestadshöjden in Växjö, due to be completed in 2021, from BoKlok.
 - K-Fastigheter has signed a Letter of Intent with Skanska Hyresbostäder relating to the acquisition of building rights with a total gross floor area of some 12,000 square meters adjacent to the property in Växjö. Total purchase price SEK 15.0 million.
 - K-Fastigheter has signed a Letter of Intent with BoKlok and Skanska regarding a joint detailed development plan for housing units in Kävlinge, covering a potential gross floor area of 100,000 square meters. K-Fastigheter's holding is 25 percent.
 - K-Fastigheter has signed a Letter of Intent with BoKlok regarding jointly developing housing units in Helsingborg.

- K-Fastigheter to acquire 60 rental apartments located in Gävle, due to be completed in 2021, from BoKlok.
- The partnership also includes some shared future marketing initiatives.
- In June 2020, construction of 30 Low-Rise apartments was completed at Malmö/Tygelsjö 54:31, K-Fastigheter's only remaining tenant-owner project. The project is owned jointly with SkåneVärden Holding AB and all tenant-owner housing units have been sold. The project has been handed over to the tenant-owner association. Tygelsjö Ångspark and the project were recognized in profit in the second quarter 2020. K-Fastigheter's share totaled SEK 3.9 million.
- K-Fastigheter's Annual General Meeting was held on 19 May 2020. All Board members were re-elected for another year and Erik Selin was re-elected Chairman. The AGM authorized the Board to resolve to issue new shares and to repurchase treasury shares.

Significant events after the end of the period

On 8 July 2020, K-Fastigheter signed an agreement with the municipality of Älmhult relating to the acquisition of the properties Röret 1 and Kedjan 1 in Älmhult. A legally detailed development plan has been approved, and planning permission is expected to be received in the fourth quarter 2020. On the property, K-Fastigheter intends to build a maximum of 85 rental apartments over 5,534 square meters, distributed over 16 Low Rise apartments, 39 Apartment Blocks and 30 Lateral Low-Rise apartments. The total estimated rental value is SEK 9.6 million. K-Fastigheter will take possession of the property once planning permission has gained legal force. The purchase price amounts to SEK 5.1 million.

ACQUIRED INVESTMENT PROPERTIES

Properties	Municipality	Transfer date	Number of apartments	Area (m²)	Estimated rental value (SEK million)	Purchase price (SEK million)
Örnen 33	Växjö	30 Apr 2020	101	7,441	14.1	272.0
Turbanen 2 & 3	Hässleholm	30 Sep 2020	30	2,040	2.1	31.0
Høje-Taastrup 4ee & 4ef	Høje-Taastrup	1 Oct 2021	36	3,600	8.3	154.7

ACQUIRED BUILDING RIGHTS

Properties	Municipality	Construction scheduled to commence	Number of apartments	Area (m²)	Estimated rental value (SEK million)	Purchase price (SEK million)
Vallensbæk 7cq	Vallensbæk	Q2 2020	95	7,747	19.5	83.2
Trollet 1*	Växjö	Q2 2020	48	3,403	5.7	17.7
part of Sättra 108:29*	Gävle	Q2 2020	60	3,876	7.0	29.0
part of Fredriksskans 2:17*	Gävle	Q1 2021	88	6,000	10.5	18.7
Oppebygård 1:17*	Nyköping	Q3 2020	100	7,297	11.3	19.0
Nödinge 5:93*	Äle	2023	130	8,600	15.3	32.4

PROJECTS WHERE CONSTRUCTION HAS COMMENCED

Properties	Municipality	Expected completion	Number of apartments	Area (m²)	Estimated rental value (SEK million)
Dirigenten 1 and Sångaren 1	Helsingborg	Q3 2021	15	1,410	2.3
Hällan 1	Hässleholm	Q3 2021	38	2,527	4.4
Hässjan 1 and Högaflén 1	Malmö	Q3 2022	62	3,822	8.5
Vallensbæk 7cq	Vallensbæk	Q4 2021	95	7,747	19.5
Kokhuset 1	Hässleholm	Q2 2022	38	2,808	4.6
Trollet 1*	Växjö	Q4 2021	48	3,403	5.7
part of Sättra 108:29	Gävle	Q4 2021	60	3,876	7.0

PROJECT COMPLETIONS

Properties	Municipality	Move in	Number of apartments	Area (m²)	Rental value (SEK million)
Hovrätten 20	Kristianstad	1 May 2020	17	1,039	1.9
Intendenten 4 and 5	Hässleholm	1 Jun 2020	21	1,701	2.7
Tygelsjö 54:31 (T-O ass.)	Malmö	30 Jun 2020	30	2,236	-

K-Fast 2.0	Q1 2020	Q2 2020
Number of apartments renovated	17	11
Increase in rental value (SEK million)	0.4	0.2

*Property not yet handed over.

A MESSAGE FROM THE CEO



JACOB
KARLSSON

CEO

“ We find ourselves in a dramatic new reality where people's lives and health are at risk from the spread of Covid-19, at the same time as the world's economies are facing an unprecedented slowdown. It's in this context that we're presenting our strongest quarterly profit on record, while building a platform for continued growth through acquisitions of attractive building rights – our most important raw material.

At national level, sales of new-build tenant-owner apartments slowed down in the second quarter of 2020. For example, Sweden's leading property portal, Hemnet, reported that sales decreased by 29 percent. We are noticing this in our project development operations, with significantly fewer competitors active on the transaction market for building rights compared to the same period last year. These factors favor growth in our project portfolio, reflected in the numerous transactions K-Fastigheter completed in the first half of the year.

In construction, we are also finding that suppliers of construction-related products and services are more willing to negotiate price. We have secured delivery of critical components for the remainder of the year, and built up an inventory of products that we expect will be hard to access in the event of further factory stoppages as a result of a second wave of Covid-19. Our counter-cyclical business model has been put to the test and has handled the effects of the pandemic very well to date. Given the current situation, we need to do all we can to minimize the risks to our employees, tenants and other stakeholders.

K-Fastigheter offers attractive HOMES on the Swedish and Danish housing market and benefits from operating in a less severely affected sector. We are active in countries with social welfare systems that assist affected parties with financial support. The absolute majority of our tenants have good payment ability, and in connection with new lettings we establish the tenant's payment ability by requiring annual income from full time employment or equivalent remuneration corresponding to at least three times the annual rent.

To summarize, Covid-19 still implies considerable uncertainty for the economy. In this environment, K-Fastigheter continues to work towards our operational and financial goals which feel realistic, and I am very confident about our business model and our ability to reach these targets.

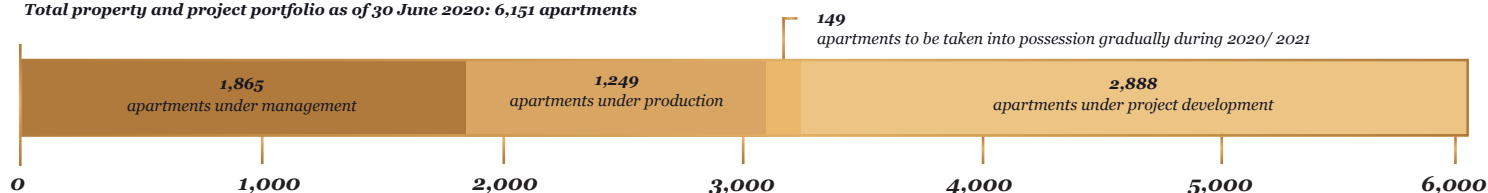
The first six months of the year were intense and rewarding, with accelerating production and development of our proprietary conceptual HOMES. I summarized the first quarter as “record-breaking” and the same phrase works well to present the first half-year. I am proud to see what our incredible employees have achieved, and how well prepared we are ahead of our continued growth journey. This is a conservative sector, and concept building solutions have gone from being something no one wanted to work with to becoming part of the solution to the housing shortage.

In the first half of 2020, we completed 68 apartments and started construction of 619, which means that the number of apartments in production has increased from 700 apartments at the beginning of the year to 1,249 at the end of the first six months, an increase of 78 percent. In the second quarter of 2020, K-Fastigheter presented its strongest quarterly profit on record. New construction of HOMES in the first half of 2020 corresponded to 102 percent of all new construction starts for the full year 2019. This would not have been possible without our efficient concept buildings, and the cost-efficient construction and management the concept implies.

In addition, our project portfolio of properties where construction has not yet started increased by 116 percent, from 1,340 to 2,888 apartments in the first six months. This growth constitutes good advance planning and also ensures K-Fastigheter's future growth.

Our total holding of HOMES under management, in production, in the project portfolio and completed acquisitions where we have not yet taken possession totaled 6,151 apartments as of 30 June 2020. On the basis of rental values as of 30 June 2020, and adding projected rental values for HOMES in production and project development, and completed acquisitions where K-Fastigheter has not yet taken possession, we have ensured growth in rental values of some 240 percent from the current level.

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



Our ongoing production of 1,249 HOMES indicates a total acquisition cost for proprietary production of 73 percent of the anticipated market value, which implies a profit margin in the form of unrealized value changes associated with new production of 27 percent.*

In the first half of 2020, all of 75 percent of profit after tax was derived from the Project Development and Construction business areas. I cannot emphasize enough that we are much more than a property company, which the results outlined above clearly illustrate.

Profit from property management for the period increased by 26 percent year-on-year. However, profit from property management per share made negative progress, mainly due to an increased number of shares in the current period, and to a lesser extent due to the measures taken to strengthen the organization for future growth. The increase is entirely in line with our stated strategy of preparing the organization for future growth, from today's 1,865 apartments under management to a potential 6,151 apartments under management derived from secured deals and our project bank. In the same way, we are also building our project development and construction organization, including the associated facilities for the manufacture of building components. We returned a strong surplus ratio of 67 percent, which would amount to 69 percent excluding rental losses.

Net asset value per share was SEK 83.15 at the end of the period, corresponding to growth of 10.9 percent since 31 December 2019. This is well in line with our set targets. This is despite the write-down of part of our commercial holding in the quarter.

The completion of two acquisitions in Denmark in the first half of 2020 was particularly pleasing. The acquisitions included an attractive plot in Vallensbæk Strand, 20 km south of Copenhagen, where construction has already started, and ongoing production of 36 townhouses in Høje-Taastrup where we will take possession after completion of the project. In April, we secured a promising collaboration with BoKlok, owned by Skanska and IKEA. Alongside K-Fastigheter, BoKlok is the largest concept building operator in Sweden. We focus on rental apartments, while BoKlok's focus is on tenant-owner apartments. Together, we can create attractive urban development projects with mixed access rights. The goal is to jointly generate transactions relating to 1,000 apartments over three years, and we have already completed four transactions under the collaboration at the end of the first half-year.

To conclude, our share with the ticker KFAST B performed well (+57 percent) in the second quarter, holding up well against the OMX Stockholm Mid-Cap index (+33 percent) and the OMX Stockholm Real Estate index (+5 percent).

I would like to thank our shareholders and partners for the confidence you have shown us, and alongside my excellent team I will continue to work to retain it looking ahead.

”

- Jacob Karlsson, July 2020

*The expected profit on the project, defined as the difference between expected market value and estimated acquisition cost, has been included as an unrealized value change at 20 percent at the time of construction start and 80 percent on a rolling basis during the construction process at a pace with costs paid. For more information see Note 16 Investment Properties in the Annual Report 2019.



PROPERTY PORTFOLIO AS OF 30 JUNE 2020

On 30 June 2020, the Group's property portfolio comprised 71 completed investment properties¹, as well as three out of four stages in the Helsingborg Brigaden 7 & 8 project, and one of three stages in the Växjö Örnen 33 project now occupied, distributed over a total of 116,214 square meters of residential and 26,633 square meters of commercial space. In addition, the Group had 19 ongoing construction projects, distributed over 80,508 square meters of residential and 588 square meters of commercial space. Furthermore, K-Fastigheter has 16 projects in progress at the project development phase, at various stages of building permit application or project planning, of which 11 are projects for which K-Fastigheter has yet to take possession of the land.

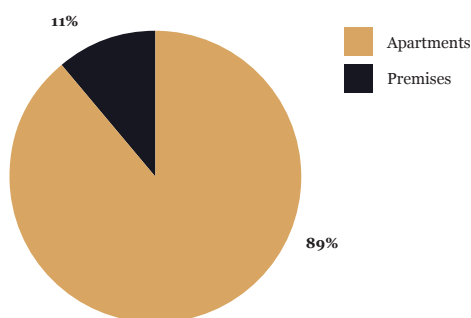
Of the property stocks, 76 percent of properties were constructed after 2010, and Newsec assesses that 99 percent are located in category A or B positions in the communities where the Group operates. As of 30 June 2020, contractual rent totaled SEK 207.1 million, with an estimated operating surplus of SEK 149.2 million, corresponding to a surplus ratio of 72 percent. For newly produced concept buildings, the corresponding surplus ratio is some 81 percent, and approximately 58 percent for other properties in the portfolio. Of contractual rent, 85 percent pertains to housing or related rentals (such as parking) distributed over 1,865 of apartments under management at the end of the period. Contractual rent from commercial tenants is distributed over some 117 commercial contracts, with the largest tenant comprising approximately 2 percent of total contractual rental income and the 10 largest commercial tenants comprising approximately 7 percent of total contractual rental income.

At the end of the period, the book value of completed investment properties totaled SEK 4,076.3 million (3,606.9), with an average direct return requirement of 4.17 percent (4.25). The book value of new construction projects in progress amounted to SEK 1,168.6 million (447.7), and undeveloped land amounted to SEK 486.4 million (335.1). On completion, the estimated market value of new construction projects in progress amounted to SEK 3,351.1 million (1,618.5) and to approximately SEK 7,380 million (3,400) for properties currently in project development.

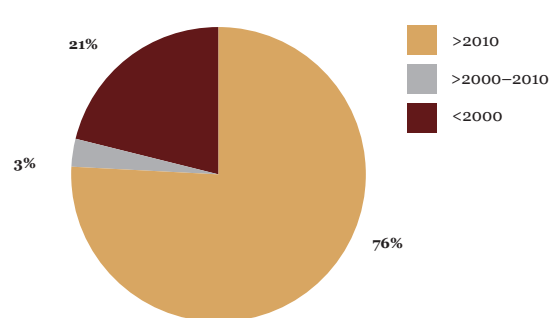
Of the property stocks, 87 percent of property value is located in Skåne, with the majority, 41 percent, located in northeastern Skåne (Hässleholm, Kristianstad, Osby), followed by northwestern Skåne (Helsingborg, Höganäs, Landskrona) at 39 percent.

<i>Property-related key data</i>	2020 30 Jun	2019 30 Jun	2019 31 Dec
Opening carrying amount, investment properties	4,396.7	3,018.1	3,018.1
+ Acquisitions	708.2	314.0	557.7
+ New construction	364.8	253.6	499.7
– Divestments	-1.0	0.0	-2.3
– Reclassification as business property	0.0	0.0	-9.3
Other changes	25.0	0.7	-7.0
Unrealized value changes	257.8	118.4	339.8
Closing carrying amount, investment properties	5,751.5	3,704.8	4,396.7
<i>Of which, completed investment properties</i>	<i>4,076.3</i>	<i>2,737.6</i>	<i>3,606.9</i>
<i>of which, undeveloped land and building rights</i>	<i>486.4</i>	<i>249.3</i>	<i>335.1</i>
<i>of which, site leaseholds</i>	<i>20.3</i>	<i>0.0</i>	<i>7.0</i>
<i>Of which, ongoing construction</i>	<i>1,168.6</i>	<i>717.8</i>	<i>447.7</i>
Rental value, SEK million	2 18.0	161.9	196.6
Rental income at end of period, SEK/m ²	1,450	1,331	1,460
Direct property costs, SEK/m ²	406	373	398
Operating surplus, SEK/m ²	1,044	958	1,062
Financial letting ratio at end of period	95.0%	97.9%	96.9%
Average financial letting ratio over period	93.8%	97.2%	96.8%
Surplus ratio over period	67.1%	71.0%	68.4%
Lettable area, m ²	142,847	119,110	130,486
Number of apartments under management, units	1,865	1,418	1,711
Completed investment properties, SEK million	4,076.3	2,737.6	3,606.9
Completed investment properties	4.17%	4.41%	4.25%

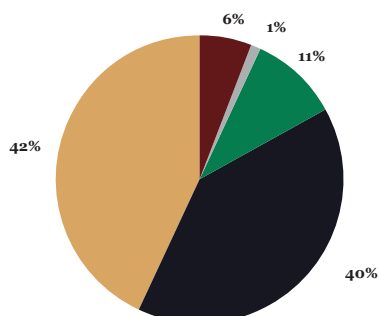
Property value by category, 30 Jun 2020



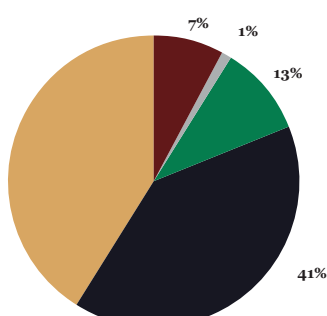
Property value by construction year, 30 Jun 2020



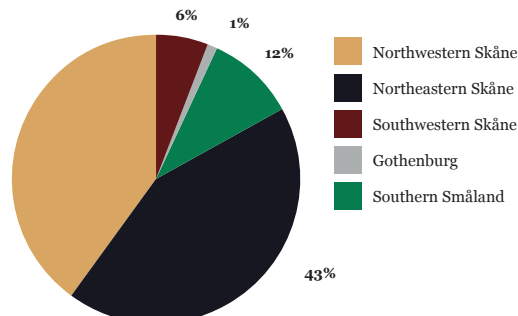
Apartments under management, 30 Jun 2020



Property value, 30 Jun 2020



Rental value, 30 Jun 2020



¹ Investment properties are properties held for the purpose of generating rental income, or value growth, or a combination of both.

INVESTMENT PROPERTIES		Lettable area, m²			Property value		Rental value		Letting ratio	Contractual rent	Property costs		Operating surplus	
Distribution of concept buildings	Apartments	Housing	Premises	Total	SEK million	SEK/m²	SEK million	SEK/m²	%	SEK million	SEK million	SEK/m²	SEK million	SEK/m²
Low-Rise	456	34,419	0	34,419	1,127.5	32,758	53.9	1,565	99.4%	53.5	4.8	139	48.7	1,416
Lateral Low-Rise	625	31,564	543	32,107	1,313.9	40,924	62.1	1,933	98.7%	61.3	7.8	242	53.5	1,666
Apartment Block	91	5,955	0	5,955	197.2	33,115	10.5	1,760	100.0%	10.5	1.6	263	8.9	1,496
Other	693	44,276	26,090	70,366	1,437.6	20,431	91.6	1,302	89.4%	81.9	25.7	365	56.2	799
Total/average	1,865	116,214	26,633	142,847	4,076.3	28,536	218.0	1,526	95.0%	207.1	39.8	279	167.4	1,172
Geographic distribution														
Northwestern Skåne	778	44,102	7,816	51,918	1,583.2	30,495	83.5	1,608	99.7%	83.3	17.2	331	66.1	1,272
Northeastern Skåne	747	50,314	18,671	68,985	1,656.7	24,015	94.2	1,366	97.2%	91.6	17.2	250	74.4	1,078
Southwestern Skåne	114	5,866	146	6,012	291.8	48,536	13.4	2,236	97.6%	13.1	1.7	281	11.4	1,901
Gothenburg	14	990	0	990	32.3	32,626	1.6	1,654	100.0%	1.6	0.2	168	1.5	1,486
Southern Småland	212	14,942	0	14,942	512.2	34,282	25.2	1,688	69.6%	17.6	3.5	234	14.1	941
TOTAL/AVERAGE	1,865	116,214	26,633	142,847	4,076.3	28,536	218.0	1,526	95.0%	207.1	39.8	279	167.4	1,172
Property administration											18.2	127		
Operating surplus incl. property administration										207.1	58.0	406	149.2	1,044

CONSTRUCTION PROJECTS IN PROGRESS		Lettable area, m²		Property value		Rental value		Investment (including land), SEK million¹			
Distribution of concept buildings	Apartments	Housing	Premises	Total	SEK million	SEK/m²	SEK million	SEK/m²	Estimated	Developed	Carrying amount
Low-Rise	220	16,481	0	16,481	567.3	34,421	26.5	1,608	438.2	145.5	175.7
Lateral Low-Rise	620	35,781	198	35,979	1,686.0	46,860	76.2	2,117	1,193.3	417.4	575.7
Apartment Block	349	24,370	390	24,760	957.8	38,685	49.8	2,009	749.3	375.2	462.4
Other	60	3,876	0	3,876	140.0	36,120	7.0	1,806	130.9	0.0	1.8
TOTAL/AVERAGE	1,249	80,508	588	81,096	3,351.1	41,323	159.4	1,966	2,511.7	938.1	1,215.6
Geographic distribution											
Northwestern Skåne	288	18,859	390	19,249	728.2	37,829	33.8	1,757	523.0	215.1	292.5
Northeastern Skåne	182	12,404	0	12,404	398.6	32,135	20.6	1,663	327.7	148.3	180.8
Southwestern Skåne	159	8,662	0	8,662	419.0	48,372	18.5	2,139	300.1	149.0	167.9
Gothenburg	295	17,128	198	17,326	887.0	51,195	39.5	2,283	598.5	174.3	271.6
Southern Småland	170	11,832	0	11,832	411.3	34,762	20.4	1,724	351.4	167.6	198.0
Other*	155	11,623	0	11,623	507.0	43,624	26.5	2,278	411.1	83.8	104.9
TOTAL/AVERAGE	1,249	80,508	588	81,096	3,351.1	41,323	159.4	1,966	2,511.7	938.1	1,215.6

PROJECT DEVELOPMENT IN PROGRESS											
Distribution of concept buildings											
Low-Rise	1,241	91,894	0	91,894	3,341.5	36,363	155.1	1,687	2,342.1	104.9	104.9
Lateral Low-Rise	969	59,121	0	59,121	2,355.2	39,838	108.6	1,836	1,625.7	14.0	14.0
Apartment Block	678	44,704	0	44,704	1,682.5	37,637	79.9	1,786	1,248.7	26.2	26.2
TOTAL/AVERAGE	2,888	195,719	0	195,719	7,379.3	37,704	343.5	1,755	5,216.4	145.1	145.1
Geographic distribution											
Northwestern Skåne	950	73,000	0	73,000	2,738.0	37,507	125.2	1,716	1,830.0	51.5	51.5
Northeastern Skåne	256	15,735	0	15,735	542.9	34,503	25.9	1,643	419.8	55.9	55.9
Southwestern Skåne	585	35,121	0	35,121	1,399.9	39,859	65.8	1,872	990.4	17.7	17.7
Gothenburg	730	46,600	0	46,600	1,848.7	39,672	83.7	1,796	1,266.8	0.0	0.0
Southern Småland	179	11,966	0	11,966	424.2	35,453	21.1	1,764	345.5	20.0	20.0
Other*	188	13,297	0	13,297	425.6	32,005	21.8	1,641	363.9	0.0	0.0
TOTAL/AVERAGE	2,888	195,719	0	195,719	7,379.3	37,704	343.5	1,755	5,216.4	145.1	145.1

*Other refers to Copenhagen, Gävle and Nyköping

SUMMARY		Lettable area, m²			Property value		Rental value							
	Apartments	Housing	Premises	Total	SEK million	SEK/m²	SEK million	SEK/m²	Carrying amount					
Completed investment properties	1,865	116,214	26,633	142,847	4,076.3	28,536	218.0	1,526	4,076.3					
Construction projects in progress	1,249	80,508	588	81,096	3,351.1	41,323	159.4	1,966	1,215.6					
Project development in progress	2,888	195,719	0	195,719	7,379.3	37,704	343.5	1,755	145.1					
New construction projects other									283.8					
Undeveloped land									10.5					
Site leaseholds									20.3					
TOTAL/AVERAGE	6,002	392,441	27,221	419,662	14,806.7	35,282	720.9	1,718	5,751.5					

¹Accrued investment refers to the total costs incurred in each construction project. The carrying amount refers to the consolidated value adjusted for Group eliminations and includes the calculated change of SEK 353.0 million in the value of investment properties.

IMPORTANT INFORMATION

Information in the Interim Report on completed investment properties includes estimates and judgments. Contractual rent refers to the contract value on the balance sheet date recalculated at an annualized rate. Rental value refers to contractual rent plus estimated rent for vacancies and discounts recalculated at an annualized rate. Property costs refer to budgeted property costs on an annual basis and are exclusive of property administration. The estimates and judgments involve uncertainties and the disclosures above should not be viewed as a forecast.

Details in the Interim Report regarding construction projects and project development in progress are based on estimates of the size, focus and scope of construction projects and project development in progress, and of when projects are scheduled to commence and be completed. These details are also based on estimates regarding future investments and rental value. These estimates and judgments should not be viewed as a forecast. The estimates and judgments entail uncertainties regarding the execution, design and scale, scheduling, project costs and future rental value of the projects. Details of projects in progress are reviewed regularly and estimates and judgments are adjusted as a result of projects in progress being completed or new ones being added, as well as due to changes in conditions. Financing has not been secured for projects where construction has yet to commence, meaning that financing of construction investments in project development represents a source of uncertainty.

K-FASTIGHETER'S CONCEPT BUILDINGS



KRISTIANSTAD

Öllsjö 7:47 –
12 Low-Rise apartments



HELSINGBORG

Brigaden 7 & 8 –
179 Lateral Low-Rise
apartments



HÄSSLEHOLM

Tre Överstar 7 –
29 Apartment Block
apartments

Low-Rise – flexible buildings offering considerable freedom of choice

The company's flexible one to three-story multi-family dwellings can be constructed either as semi-detached houses, terraced houses or as link houses with one or two-story apartments. The apartments are available in four sizes: one bedroom, living room and kitchen totaling 60 square meters; two bedrooms, living room and kitchen totaling 75 square meters; three bedrooms, living room and kitchen totaling 90 square meters; and three bedrooms, living room and kitchen totaling 94 square meters on two stories.

In order to meet demand on its various markets, K-Fastigheter offers a choice of floor plans in connection with each construction project. The Low-Rise housing units are built using the same methods as for traditional single-family houses. However, the Low-Rise housing units can be built as link or terraced houses, or placed on top of one another to create two-story houses with access balconies. The Low-Rise housing units offer very high functional economy, where efficient project development entirely eliminates communal spaces.

Structural details:

Ground level foundation plate, aerated three-layer wooden frame, delivered in prefabricated units.

Lateral Low-Rise – variation and space efficiency

K-Fastigheter's neighborhood-structure multi-family dwellings can be constructed up to ten stories in height. There are two standard space-efficient apartment formats within Lateral Low-Rise buildings: one bedroom, living room and kitchen totaling 49 square meters and two bedrooms, living room and kitchen totaling 59 square meters. It is also possible to include apartment alternatives that are either larger or smaller. To meet market demand and offer the best possible use of building rights, K-Fastigheter has chosen to make its Lateral Low-Rise as adaptable as possible with regard to floor plans and with opportunities for underground garages and commercial premises on the ground floor.

The design of the Lateral Low-Rise concept has focused sharply on achieving a substantial living space in relation to the façade area. In K-Fastigheter's assessment, the Lateral Low-Rise concept has a significantly smaller façade area in relation to living space than the average for newly produced apartments in Sweden. In connection with construction, this is significant because a smaller façade entails lower consumption of materials and fewer working hours required to complete the project. In a long-term management perspective, a smaller façade area reduces maintenance costs and exposes a smaller area to cold, which reduces the building's total energy consumption.

Structural details:

Supporting concrete structure with flooring units and concrete separating walls between apartments and lightweight external wall units.

Apartment Block – the residential building for all locations

K-Fastigheter's Apartment Blocks are square-footprint multi-family dwellings which can be constructed with heights of four to ten stories. The Apartment Blocks have four apartments on each floor: two with one bedroom, living room and kitchen totaling 62 square meters and two with two bedrooms, living room and kitchen totaling 71 square meters. All apartments are equipped with spacious 27 square-meter balconies facing two directions. The Apartment Block is particularly suited for construction on difficult terrain, and multiple designs are available for the ground floor. On plots with uneven terrain, the ground floor can be constructed to include a semi-basement. The Apartment Blocks can also be extensively adapted to meet the different requirements set for different building rights regarding story height, any premises, internal or external refuse rooms and storage rooms for the apartments. K-Fastigheter has continued to develop the Apartment Block concept on the basis of this experience, resulting in the concept Apartment Block Plus. Apartment Block Plus is a rectangular structure containing six apartments per story. Apartment Block Plus is a hybrid, which allows for more choice, and can be built as a freestanding apartment block, or as two buildings connected at the gables, which creates a structure similar to K-Fastigheter's Lateral Low-rise housing units.

The Apartment Block is K-Fastigheter's concept building with the highest degree of prefabrication, where the structural elements already include complete electrical mains and drain vaults. The Apartment Block has also been designed specifically for cost-efficient long-term property management, including wall structures that provide access to all drain stacks from the staircase, which makes it possible to replace drain stacks without requiring tenants to move out. Thanks to innovative construction, a high degree of prefabrication and balcony constructions that remove the need for scaffolding, the Apartment Block construction process is very time effective.

Structural details:

Entirely concrete structure with sandwich exterior walls, uniform walls separating apartments and floor units. The roof is available in three options: pent, pitched or hipped. The façade color can be individualized and there is a selection of balcony railings to choose from.

ACQUIRED AND COMPLETED PROPERTIES SECOND QUARTER 2020



ÖRNEN

Växjö



TURBANEN

Hässleholm



HØJE-TAASTRUP

Skjeberg Alle



HOVRÄTTEN

Kristianstad



INTENDENTEN

Hässleholm



TYGELSJÖ

Malmö

ACQUIRED PROPERTIES

Växjö Örnen 33

On 30 April 2020, K-Fastigheter took possession of the second of the two phases of the Folkparken neighborhood in central Växjö. The property totals 13,091 square meters distributed over 171 apartments with a total rental value of some SEK 24.2 million. The acquisition was made through the Boro Group, and Peab has been responsible for construction. Stage two encompasses 7,441 square meters distributed between 101 apartments with a rental value of approximately SEK 14.1 million. Tenants will move in gradually between May and September 2020.

Hässleholm Turbanen 2 & Turbanen 3

On Maltgatan in central Hässleholm, K-Fastigheter has acquired the residential properties Turbanen 2 and Turbanen 3 with a total of 2,040 square meters distributed over 30 apartments. The buildings were constructed in 1944 and have been renovated gradually. The ambition is to upgrade the apartments at a pace with tenants' gradually relocating, in accordance with K-Fastigheter's renovation program K-Fast 2.0. Rental value SEK 2.1 million. The purchase price was SEK 31.0 million. Handover 30 September 2020.

Høje-Taastrup 4ee & 4ef

At Skjeberg Alle in Høje-Taastrup, some 20 km west of central Copenhagen, K-Fastigheter has acquired Høje-Taastrup 4ee & 4ef. The property is located in an area with new-build rental and tenant-owner apartments close to retail services and with good transport links to central Copenhagen. A total of 36 terraced house apartments over 3,600 square meters will be built on the property, with construction carried out by Borohus Danmark ApS. Handover will take place upon completion, no later than 1 October 2021. Estimated rental value approximately DKK 5.9 million. Purchase price approximately DKK 110.0 million.

COMPLETED PROPERTIES

Kristianstad Hovrätten 20

At Hovrätten 20 in Kristianstad, where K-Fastigheter already has a commercial property, K-Fastigheter has built 17 new apartments over a total of 1,039 square meters. Rental value SEK 1.9 million. Peab has been responsible for construction and tenants started moving in on 1 May 2020.

Hässleholm Intendenten 4 & 5

In the T4 area in Hässleholm, on the property Hässleholm Intendenten 4 & 5, K-Fastigheter completed 21 new Low Rise apartments over a total of 1,701 square meters. Rental value SEK 2.7 million. Construction was carried out by K-Fastigheter and tenants moved in on 1 June 2020. After completion, K-Fastigheter owns 124 apartments in the T4 area, of which 72 Low Rise apartments.

Malmö Tygelsjö 54:31

In Tygelsjö, 10 km south of central Malmö, K-Fastigheter, in collaboration with SkåneVärden, completed 30 Low Rise apartments on behalf of tenant-owner association Tygelsjö Ängspark. The project was K-Fastigheter's only remaining tenant-owner project and all tenant-owner rights were sold upon handover in June 2020.

COMMENCED CONSTRUCTION PROJECTS SECOND QUARTER 2020



ÖDÅKRA

Helsingborg



HÄLLAN

Hässleholm



HÄSSJAN

Malmö



VALLENSBÆK STRAND

Copenhagen



TROLLET

Växjö



KOKHUSET

Hässleholm



SÄTRA

Gävle

Illustration from BoKlok.

COMMENCED CONSTRUCTION PROJECTS

15 Low-Rise apartments in Ödåkra, Helsingborg

At Dirigenten 1 and Sångaren 1 in Ödåkra just north of Helsingborg, close to Väla shopping center and with good transport links to Helsingborg, K-Fastigheter will construct 15 Low-Rise apartments with a rental value of approximately SEK 2.3 million. Tenants are scheduled to move in during September 2021.

38 Apartment Block apartments in Hässleholm

At Hällan 1 in central Hässleholm next to the central station, K-Fastigheter will build 38 Apartment Block apartments over a total of 2,527 square meters with a rental value of some SEK 4.4 million. Tenants are scheduled to move in during September 2021.

62 Lateral Low-Rise apartments at Elinegård, Malmö

At Hässjan 1 and Högafln 1 at Elinegård in Malmö, adjacent to the ongoing construction project Höfången 1 and close to amenities such as Hyllie train station and Emporia shopping center, K-Fastigheter will construct 62 Lateral Low-Rise apartments over a total of 3,822 square meters with a rental value of some SEK 8.5 million. Tenants are scheduled to move in during July 2022.

95 Apartment Block apartments in Vallensbæk Strand

In Vallensbæk Strand, just south of Copenhagen, with good transport links and next to the sea, K-Fastigheter will construct 95 Apartment Block apartments over a total of 7,747 square meters with a rental value of some SEK 19.5 million. Tenants are scheduled to move in during December 2021.

48 apartments at Telestadshöjden in Växjö in collaboration with Skanska/BoKlok

At Trollet 1 in Telestad just south of Växjö, K-Fastigheter, in collaboration with Skanska/BoKlok, will build 48 apartments over a total of 3,403 square meters with a rental value of some SEK 5.7 million. Exterior standard according to Skanska/BoKlok's concept and interior standard according to K-Fastigheter's concept. Tenants are scheduled to move in during December 2021.

38 Low-Rise apartments in the T4 area in Hässleholm

K-Fastigheter is continuing construction in the T4 area in Hässleholm, building 38 Low-Rise apartments in the Kokhuset 1 property. Construction encompasses a total of 2,808 square meters with a rental value of some SEK 4.6 million. Tenants are scheduled to move in during April 2022.

60 apartments at Gavlehov in Gävle in collaboration with Skanska/BoKlok

In part of Sättra 108:29 in Gavlehov in Gävle, next to Gävle horse racing track, K-Fastigheter, in collaboration with Skanska/BoKlok, will construct 60 apartments over a total of 3,876 square meters with a rental value of some SEK 7.0 million. Tenants are scheduled to move in during October 2021.

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(SEK million)</i>	2020 <i>Apr–Jun</i>	2019 <i>Apr–Jun</i>	2020 <i>Jan–Jun</i>	2019 <i>Jan–Jun</i>	Rolling 4 quarters <i>2019 Jul– 2020 Jun</i>	2019 <i>Jan–Dec</i>
Rental income	49.0	38.6	96.8	71.6	181.9	156.8
Project and contracting sales	4.8	6.2	9.3	7.7	30.3	28.6
Other operating income	0.1	0.1	0.3	0.3	1.8	1.9
Net sales	53.8	44.8	106.4	79.6	214.1	187.3
Operations	-6.9	-5.0	-15.8	-11.6	-27.7	-23.5
Maintenance	-2.3	-0.4	-4.2	-1.5	-10.2	-7.5
Property tax	-0.8	-0.9	-1.8	-1.3	-4.1	-3.6
Property administration	-4.5	-3.2	-10.0	-6.8	-18.2	-15.0
Property management costs	-14.5	-9.6	-31.8	-21.1	-60.2	-49.5
Project and contracting costs	-3.6	-7.7	-7.5	-9.5	-24.9	-26.8
Gross profit	35.8	27.6	67.1	49.0	129.0	111.0
<i>of which, gross profit from property management (operating surplus)</i>	<i>34.5</i>	<i>29.1</i>	<i>64.9</i>	<i>50.8</i>	<i>121.4</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>7.6</i>	<i>3.7</i>
Central administration	-7.1	-11.7	-17.2	-18.9	-40.4	-42.1
Depreciation/amortization and impairment	-2.0	-0.2	-3.2	-2.7	-15.6	-15.2
Profit from participations in Group, associated and jointly controlled companies	4.2	39.8	3.7	41.4	23.3	61.0
Net interest income	-11.9	-8.5	-23.1	-15.8	-42.6	-35.3
Profit before changes in value	18.9	47.0	27.3	52.9	53.7	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>60.1</i>	<i>52.9</i>
Change in value of investment properties	136.4	70.8	257.8	118.4	479.2	339.8
Changes in value of derivatives and other	-16.0	-8.0	-29.8	-6.1	-11.0	12.7
Profit before tax	139.3	109.9	255.3	165.3	521.9	431.8
Tax on profit for the period	-27.6	-19.9	-51.3	-31.9	-85.9	-66.5
Profit for the period	111.7	90.0	204.0	133.4	435.9	365.3
Other comprehensive income	-0.4	0.0	-0.4	0.0	-0.4	0.0
Comprehensive income for the period	111.3	90.0	203.6	133.4	435.5	365.3
Profit for the period attributable to						
Parent Company's shareholders	111.3	90.0	203.6	133.4	435.5	365.3
Non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0
Profit after tax per share, SEK/share	3.28	3.60	6.01	5.34	14.40	14.14

PERFORMANCE ANALYSIS

JANUARY–JUNE 2020

The following profit and cash flow items relate to the period 1 January – 30 June 2020. Comparative items relate to the corresponding period in the previous year. Balance Sheet items and comparative figures relate to the position at the end of the period in the current and previous year. All amounts are indicated in SEK million.

The impact of the Covid-19 pandemic on management, project and construction operations has been limited to date, and K-Fastigheter has not experienced any significant impact on its results of operations or financial position in the period up until the publication of this report. All construction projects in progress and existing planning applications have proceeded according to plan in the period, new construction has started without delays and rental income has only been marginally affected as the rental settlements reached to date mainly relate to temporary rent relief.

INCOME

Net sales were SEK 53.8 million (44.8) in the second quarter and SEK 106.4 million (79.6) in the period. Rental income was SEK 49.0 million (38.6) in the second quarter, an increase of 35 percent in the period. Of the SEK 25.2 million increase of the period, 30 percent was derived from properties acquired in the period, 52 percent from rental income on completed properties, and 18 percent from increased rental income on comparable holdings.

<i>Rental income trend (SEK million)</i>	<i>2020 Jan–Jun</i>	<i>2019 Jan–Jun</i>	<i>2019 Jan–Dec</i>
Properties owned at start of the period	76.2	41.8	133.0
Completed properties	13.0	13.7	12.9
Acquired properties	7.6	16.1	10.9
Rental income	96.8	71.6	156.8

During the second quarter, K-Fastigheter entered into a number of agreements with commercial tenants relating to rent relief. Rent relief totaled SEK 0.4 million and is repayable by 31 March 2021. The proportion of late payments increased marginally in the second quarter 2020. Of total announced rents for the second quarter 2020, 98.5 percent (98.8) had been paid as of 30 June 2020, against 99.1 percent (98.6) as of 31 March 2020.

At the end of the period, the letting ratio was 95.0 percent (97.9) and the average letting ratio during the period was 93.8 percent (97.2). The lower letting ratio in the period was primarily due to an ongoing project in Växjö acquired by K-Fastigheter in January 2020, with tenants moving in gradually during the spring. Although the letting ratio was zero as of the transfer date, it has increased gradually and the rate of completion is generally high. In those parts of the stocks that have been under management for a longer time, the financial letting ratio remains very high.

Income from project and construction operations amounted to SEK 207.9 million (126.6), of which SEK 198.2 million (119.0) related to construction for Group companies that has been capitalized for the Group's own purposes. Assignments for external clients accounted for SEK 9.6 million (7.7), representing the Group's final tenant-owner project. The change in year-on-year terms was partly due to increased construction activity, but also because more projects are in the late construction stages, where the rate of production is generally higher.

OPERATING COSTS

Property management costs totaled SEK 31.8 million (21.1) for the period, corresponding to an increase of 51 percent year-on-year. The increase was primarily attributable to costs relating to completed and acquired properties for the year, and to a lesser extent, 30 percent, to cost increases in comparable holdings, mainly due to full year effects. Property administration amounted to SEK 10.0 million (6.8) and mainly increased due to expanded organizational resources for managing the growing property portfolio. The surplus ratio for the period amounted to 67.1 percent (71.0), and the comparative figures were mainly affected by higher property administration costs and a lower financial letting ratio in the period.

Operating costs for management operations normally vary according to a seasonal pattern, where costs are higher in the first and fourth quarters compared to the rest of the year.

<i>Property cost trend (SEK million)</i>	<i>2020 Jan–Jun</i>	<i>2019 Jan–Jun</i>	<i>2019 Jan–Dec</i>
Properties owned at start of the period	-16.6	-9.4	-29.7
Completed properties	-2.4	-1.5	-3.1
Acquired properties	-2.8	-3.4	-1.8
Direct property costs	-21.8	-14.4	-34.5
Property administration	-10.0	-6.8	-15.0
Property management costs	-31.8	-21.1	-49.5

Costs relating to the project and construction operations comprise direct project-related costs and fixed costs for the construction organization. The part of operations involving external construction has been reported in the Income Statement. Project and contracting operations for Group property management activities have been capitalized as work for the Group's own purposes and have been reported net in the Income Statement under 'Project and contracting costs'.

Costs for property administration and central administration for project and construction operations were reduced by relief granted for social security expenses. The relief amounted to SEK 1.1 million in the period March–June 2020.

CENTRAL ADMINISTRATION COSTS, DEPRECIATION/AMORTIZATION AND IMPAIRMENT

Central administration, which includes company management, project development, IR/communications, HR, IT and finance, amounted to SEK 17.2 million (18.9) for the period. The increased cost was mainly due to efforts to strengthen central organization resources with the aim of preparing for future growth and other demands placed on a listed company. For the corresponding period 2019, central administration costs included SEK 7.2 million relating to the IPO completed in 2019. Costs in the period were positively affected by SEK 0.3 million in relief for social security expenses awarded for the period March–June 2020.

Write-downs in the period includes the scrapping of construction components in connection with the company's K-Fast 2.0 renovation program. Write-downs relating to expected credit losses were also included, and increased by SEK 0.6 million in the second quarter due to adjustments in the simplified (management overlay) and general methods (default rates). The aim is to make allowances for increased uncertainty resulting from the Covid-19 pandemic.

PROFIT FROM PARTICIPATIONS IN GROUP, ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Profit from participations in Group and associated companies amounted to SEK 3.7 million (41.4), positively affected by SEK 3.9 million from the divestment of a tenant-owner project in Tygelsjö. All associated and jointly controlled companies are project companies where income is recognized when a project is completed. For the corresponding period in 2019, profit from shares in Group and associated companies was significantly affected by the distribution of assets in jointly owned Balder Skåne AB and profit in Novum Samhällsfastigheter AB, which divested a project in Falkenberg in the period.

NET INTEREST INCOME

Net interest income for the period amounted to SEK -23.1 million (-15.8). At the end of the period, the average interest rate was 1.85 percent (1.84), including the effects of interest rate derivatives. Interest expenses in the period were affected by increased interest-bearing liabilities relating to acquisition of investment properties and new construction, as well as a higher base rate in the period. Credit margins were stable in the period.

The interest coverage ratio for the period amounted to a multiple of 2.6 (2.8) and was adversely affected by lower net interest income, which was not fully offset by increased profit from property management.

PROFIT FROM PROPERTY MANAGEMENT

Rental income amounted to SEK 19.5 million (16.7) for the period an increase of 17 and 26 percent respectively year-on-year. Profit from property management totaled SEK 1.03 per share (1.11), a reduction of 7 percent year-on-year. The decrease was mainly due to an increased number of shares following the IPO in November 2019. Profit from property management was positively affected by the continued sharp increase in rental income, and negatively affected by lower surplus ratio due to increased property administration costs, higher central costs and reduced net interest income. The increase in property administration and central administration is primarily due to changes in central organization aimed at meeting future growth and the requirements made on a listed company.

CHANGES IN VALUES

Unrealized value changes in investment properties for the period were SEK 257.8 million (118.4), distributed between SEK 53.6 million (47.1) for properties under management and SEK 204.3 million (71.3) for construction projects in progress.

Of unrealized changes in value for new construction in progress, properties completed during the period accounted for SEK 0.3 million (3.2). The remaining SEK 204.0 million (68.1) was attributable to properties under construction at the end of the period. At the end of the period the direct return requirement in the valuation of new construction in progress amounted to 3.97 percent (4.16).

Of unrealized changes in value for properties under management, SEK 19.9 million (38.3) related to acquisitions during the period. Of the remaining unrealized value changes in investment properties, improved net operating income contributed SEK 16.4 million (10.0), while changed valuation assumptions contributed SEK 17.2 million (-1.3). In total, the average direct return requirement for properties under management was 4.17 percent (4.41).

The average direct return requirement for the entire property portfolio, including undeveloped land, building rights and new construction in progress, amounted to 4.09 percent (4.31) at the end of the period. The fact that the average direct return requirement decreased in the period, despite the prevailing market uncertainty, should be seen in the light of K-Fastigheter's gradually changed property portfolio, focusing

on housing construction in attractive locations and a lower share of commercial premises. Of unrealized value changes for properties under management of SEK 53.6 million in the period, housing increased by SEK 65.3 million, and commercial premises and building rights decreased by SEK 11.8 million.

<i>Change in value (SEK million)</i>	<i>2020 Jan-Jun</i>	<i>2019 Jan-Jun</i>	<i>2019 Jan-Dec</i>
Change in net operating income	16.4	10.0	26.5
Construction projects in progress	204.3	71.3	186.4
Land and unutilized building rights	-4.7	0.0	12.7
Change in return requirement	21.9	-1.3	51.2
Acquisitions	19.9	38.3	62.9
Divestments	0.0	0.0	0.0
Total	257.8	118.4	339.8

Value changes on derivatives and other items totaled SEK -29.8 million (-6.1) in the period, distributed over value changes in interest rate derivatives of SEK -25.7 million (-6.1) and unrealized exchange rate losses of SEK -4.1 million (0.0). Developments in the second quarter were primarily due to lower market rates, which had a negative impact on the market value of the Group's interest rate derivatives, and a stronger SEK, which had a negative impact on the Group's foreign net assets. The Group's derivatives consist of interest rate derivatives, intended to mitigate the Group's interest rate risk. The fair value of the Group's derivatives was SEK -38.5 million (-12.8) at the end of the period. The value change in interest rate derivatives does not affect cash flow and at maturity the value of the derivatives is always zero.

<i>Tax calculation, 30 Jun 2020 (SEK million)</i>	<i>2020 Jan-Jun</i>	<i>Base</i>
Tax on profit before tax	255.3	
Tax rate, %	21.4%	
Tax in accordance with applicable tax rate	-54.6	255.3
Tax attributable to previous years	0.0	0.0
Effect of changed tax rates	1%	-4.7
Non-taxable income	1.2	-5.6
Other unrecognized costs	1.1	-5.2
Total	-51.3	239.7

Reported effective tax

Reported in the Income Statement	-51.3
Percentage of profit before tax, %	20.1%

Deferred tax assets attributable to:

Tax-loss carry forwards	12.8	62.2
Net interest income	10.4	50.5
Properties	0.1	0.7
Interest-rate derivatives	7.9	38.5
Other items	0.8	4.1
Total	32.1	156.0

Deferred tax liability attributable to:

Properties, completed	295.6	1,434.9
Properties, under construction	72.7	353.0
Untaxed reserves	0.7	3.4
Other items	0.5	2.3
Total	369.5	1,793.6

TAX

Current tax for the year amounted to SEK 1.2 million (9.9). Deferred tax amounted to SEK 50.1 million (21.9), affected by unrealized value changes in properties totaling SEK 257.8 million (118.4). The relatively higher tax rate for the comparative period in 2019 was due to a conservative assessment of the effects of new regulations in 2019 for tax-deductible interest expenses.

Tax has been calculated at 21.4 percent on current taxable profit. Deferred tax liabilities and tax receivables have been calculated at the lower tax rate of 20.6 percent, applicable from 2021, since K-Fastigheter estimates that the deferred tax will not be settled until 2021 or later. The new tax rules also entail certain restrictions on the tax deductible for interest expenses, which is expected to entail an unutilized net interest deductible of approximately SEK 19.3 million for the period. Since this effect primarily affects Group companies with properties under construction during the year (with low or zero earnings relative to interest on construction credits), and because future income from these properties is expected to be used to make deductions for interest expenses, the tax deductible for interest expenses has been reported as a deferred tax asset.

The Balance Sheet for 30 June 2020 states the net value of the deferred tax assets and deferred tax liabilities.

OTHER COMPREHENSIVE INCOME AND COMPREHENSIVE INCOME FOR THE PERIOD

Other comprehensive income includes translation differences relating to K-Fastigheter's foreign operations, which totaled SEK -0.4 million (o) in the period.

For the second quarter 2020, comprehensive income amounted to SEK 111.3 million (90.0). Comprehensive income for the period amounted to SEK 203.6 million (133.4) and earnings per share amounted to SEK 6.01 (5.34).



SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(SEK million)	2020 30 Jun	2019 30 Jun	2019 31 Dec
Assets			
Tangible non-current assets			
Investment properties	5,751.5	3,704.8	4,396.7
Business properties	19.7	7.5	19.9
Equipment	16.2	9.3	14.0
Total tangible non-current assets	5,787.4	3,721.5	4,430.6
Financial non-current assets			
Profit from participations in associated and jointly controlled companies and other non-current receivables	47.6	24.1	43.8
Total financial non-current assets	47.6	24.1	43.8
Total non-current assets	5,834.9	3,745.6	4,474.5
Current assets			
Inventories	0.2	0.3	0.2
Accounts receivable	6.0	41.9	43.6
Other receivables	40.4	17.5	29.6
Prepaid costs and accrued income	96.7	19.5	25.5
Current investments	0.0	38.6	0.0
Cash and cash equivalents	274.8	49.7	779.0
Total current assets	418.2	167.4	877.9
Total assets	6,253.1	3,913.0	5,352.3

(SEK million)	2020 30 Jun	2019 30 Jun	2019 31 Dec
Equity and liabilities			
Equity			
Share capital	54.2	0.1	54.2
Other capital contributions	877.9	0.0	877.9
Profit brought forward including the profit for the period	1,510.0	1,114.3	1,306.4
Total equity	2,442.0	1,114.3	2,238.5
Non-current liabilities			
Deferred tax liability	337.4	248.1	288.9
Long-term interest-bearing liabilities	2,868.6	1,853.0	2,281.3
Derivative instruments	38.5	31.7	12.8
Other provisions and non-current liabilities	8.7	12.9	18.1
Total non-current liabilities	3,253.2	2,145.7	2,601.0
Current liabilities			
Current interest-bearing liabilities	446.8	531.7	363.1
Accounts payable	61.5	36.5	57.6
Current tax liabilities	0.0	5.6	5.7
Other current liabilities	19.0	23.6	23.2
Accrued costs and prepaid income	30.6	55.7	63.3
Total current liabilities	557.9	653.0	512.9
Total liabilities	3,811.1	2,798.7	3,113.9
Total equity and liabilities	6,253.1	3,913.0	5,352.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK million)	Number of shares outstanding	Share capital	Other capital contributions	Profit brought forward	Total Equity
Equity, as per 1 January 2019	500	0.1	0.0	981.1	981.2
Comprehensive income for the period				133.4	133.4
Equity, as per 30 June 2019	500	0.1	0.0	1,114.2	1,114.3
Comprehensive income for the period				231.9	231.9
Bonus issue and share split	24,999,500	39.9		-39.9	0.0
Capital contributions after deduction of transaction costs	8,888,528	14.2	877.9		892.1
Equity, as per 31 December 2019	33,888,528	54.2	877.9	1,306.4	2,238.5
Comprehensive income for the period				203.6	203.6
Closing balance as per 30 June 2020	33,888,528	54.2	877.9	1,510.0	2,442.0

The Extraordinary General Meeting on 19 August 2019 approved a bonus issue and share split 50,000:1. Other capital contributions for the 2019 fiscal year are recognized net of transaction costs of SEK 31.5 million related to a new share issue in connection with the launch of the company's shares on the Nasdaq Stockholm exchange in November 2019.

BALANCE SHEET AS OF 30 JUNE 2020

INVESTMENT PROPERTIES

At the end of the period, the value of investment properties totaled SEK 5,751.5 million (4,396.7), distributed over completed investment properties at SEK 4,076.3 million (3,606.9), undeveloped land and building rights at SEK 486.4 million (335.1), site leases at SEK 20.3 million (7.0) and construction in progress at SEK 1,168.6 million (447.7). During the period, SEK 377.5 million (254.3) was invested in new construction, extensions and remodeling. During the period, acquisitions totaled SEK 708.2 million (314.0). No significant disposals (0.0) were conducted during the period.

	2020	2019	2019
<i>Investment properties (SEK million)</i>	<i>Jan-Jun</i>	<i>Jan-Jun</i>	<i>Jan-Dec</i>
Opening carrying amount	4,396.7	3,018.1	3,018.1
+ Acquisitions	708.2	314.0	557.7
+ New construction	364.8	253.6	499.7
+ Extensions and rebuilds	12.7	0.7	5.9
- Divestments	-1.0	0.0	-2.3
- Reclassification as business property	0.0	0.0	-9.3
- Other reclassifications	12.2	0.0	-12.9
+/- Unrealized changes in value	257.8	118.4	339.8
<i>of which, completed investment properties</i>	<i>58.2</i>	<i>47.1</i>	<i>140.7</i>
<i>of which, undeveloped land and building rights</i>	<i>-4.7</i>	<i>0.0</i>	<i>12.7</i>
<i>of which, construction in progress</i>	<i>204.3</i>	<i>71.3</i>	<i>186.4</i>
Closing carrying amount	5,751.5	3,704.8	4,396.7
<i>of which, completed investment properties</i>	<i>4,076.3</i>	<i>2,737.6</i>	<i>3,606.9</i>
<i>of which, undeveloped land</i>	<i>486.4</i>	<i>249.3</i>	<i>335.1</i>
<i>of which, site leaseholds</i>	<i>20.3</i>	<i>0.0</i>	<i>7.0</i>
<i>of which, construction in progress</i>	<i>1,168.6</i>	<i>717.8</i>	<i>447.7</i>

On submission of this Interim Report, information has been obtained from independent valuation experts, among others, to confirm the positions adopted by the company regarding fair value as of 30 June 2020. There is no information to indicate that this position should be revised and transactions during the spring, even if fewer compared to the previous year, confirm that the trend towards lower direct return requirement for housing continues. There is uncertainty regarding the long-term effects, and will be further commented in future reports. For further information on K-Fastigheter's valuation principles, see the 2019 Annual Report (Valuation section or Note 16 Investment properties).

CASH AND CASH EQUIVALENTS

At the end of the period, cash and cash equivalents amounted to SEK 274.8 million (779.0). In addition, K-Fastigheter has an unutilized overdraft facility of SEK 90.0 million (90.0).

EQUITY AND NET ASSET VALUE

At the end of the period, consolidated equity attributable to the Parent Company's shareholders amounted to SEK 2,442.0 million (2,238.5), corresponding to SEK 72.06 per share (66.05). The increase is explained by the profit for the period of SEK 203.6 million (133.4).

At the end of the period, the long-term net asset value (NAV) amounted to SEK 2,818.0 million (2,540.2), corresponding to SEK 83.15 per share (74.96). The long-term net asset value per share increased by 11 percent compared with 31 December 2019.

INTEREST-BEARING LIABILITIES AND INTEREST RATE DERIVATIVES

At the end of the period, consolidated interest-bearing liabilities amounted to SEK 3,315.4 million (2,644.3), of which SEK 446.8 million (363.1) was classified as current interest-bearing liabilities. Interest-bearing liabilities are distributed between first mortgages for completed investment properties of SEK 2,681.1 million (2,331.9), construction credits of SEK 611.9 million (303.2), leasing liabilities of SEK 22.5 million (9.2) and operating credits of SEK 0.0 million (0.0). The loan-to-value ratio for the Group's completed investment properties amounted to 53.4 percent (40.2). The increase in interest-bearing liabilities is primarily explained by the financing of ongoing new construction, as well as acquisitions.

At the end of the period, the Group had contracted credit agreements of SEK 4,226.9 million (3,239.7), of which SEK 2,681.1 million (2,331.9) related to the financing of completed investment properties, of which SEK 403.5 million (322.0) mature for renegotiation within the next 12 months. Beyond the financing of completed investment properties, contracted credit agreements comprise building credits of SEK 1,455.8 million (817.8) and overdraft facilities and covered loans of SEK 90.0 million (90.0). At the end of the period, construction credits, and overdraft facilities and covered loans had been utilized in the amount of SEK 611.9 million (303.2) and SEK 0.0 million (0.0) respectively. On 30 June 2020, the Group's total contracted and unutilized credit facilities amounted to SEK 90.0 million (90.0), excluding construction credits.

As of 30 June 2020, the average credit term for the Group's interest bearing liabilities, relating to completed investment properties and operational premises was 2.6 years (3.2).

K-Fastigheter currently works exclusively with variable interest rate loans. In order to manage the interest rate risk, interest rate derivatives, primarily interest rate swaps, are used to adjust the interest period. The swap portfolio had a total nominal value of SEK 1,707.0 million (1,207.0) at the end of the period, of which SEK 200.0 million comprises swaps with a future start date as of 31 December 2020. At the end of the period, the fair value of the derivative portfolio was SEK -38.5 million (-12.8).

	30 Jun 2020		30 Jun 2019		31 Dec 2019	
<i>Net asset value (SEK million)</i>	<i>SEK million</i>	<i>SEK/share</i>	<i>SEK million</i>	<i>SEK/share</i>	<i>SEK million</i>	<i>SEK/share</i>
Equity according to the Balance Sheet	2,442.0	72.06	1,114.3	44.57	2,238.5	66.05
Reversal						
Derivatives according to the Balance Sheet	38.5	1.14	31.7	1.27	12.8	0.38
Deferred tax liability according to the Balance Sheet	369.5	10.90	248.1	9.92	310.3	9.16
Deduction						
Deferred tax assets according to the Balance Sheet	32.1	0.95	0.0	0.00	21.4	0.63
Long-term net asset value (NAV)	2,818.0	83.15	1,394.1	55.76	2,540.2	74.96

Credit and interest maturity structure, 30 Jun 2020 (excl. construction credits and overdraft facilities)

Term	Interest maturity		Credit maturity	
	Amount	Average interest	Credit agreements	Utilized
0–1 years	974.1	1.57%	403.5	403.5
1–2 years	7.0	3.47%	264.9	264.9
2–3 years	100.0	1.96%	973.3	973.3
3–4 years	200.0	1.88%	576.5	576.5
4–5 years	300.0	1.83%	463.0	463.0
> 5 years	1,100.0	2.02%	0.0	0.0
Total	2,681.1	1.85%	2,681.1	2,681.1

Maturity structure derivatives (SEK million)

Maturity interest rate derivatives	Interest rate derivatives	Forward-starting interest rate derivatives	Interest	Value
0–1 years	0.0	0.0		
1–2 years	7.0	0.0	2.01%	-0.2
2–3 years	100.0	0.0	0.50%	-1.2
3–4 years	200.0	0.0	0.42%	-2.8
4–5 years	300.0	0.0	0.37%	-4.3
> 5 years	900.0	200.0	0.56%	-30.1
Total	1,507.0	200.0		-38.5

The average interest period on the Group's interest-bearing liabilities related to investment and business properties was 4.2 years (3.3), and the average interest rate was 1.85 percent (1.90), including the effects of interest rate derivatives, and 1.57 percent (1.62) excluding the effects of interest rate derivatives. The total proportion of variable interest rates in relation to interest bearing liabilities related to investment and business properties was 44 percent (48) and the interest rate sensitivity in the event of a one percentage point shift in loan rates amounted to SEK 11.7 million (11.2). All the above KPIs for interest rate risk, with the exception of the average interest period, have been calculated excluding swaps with a future start date.

K-Fastigheter's financing as of 30 June 2020 was exclusively comprised of borrowing from Nordic banks. Prior to the submission of this Interim Report, due to the Covid-19 pandemic K-Fastigheter has continuously gathered information from its banks to confirm the positions adopted as of 30 June 2020. The Group has continued strong support from its partner banks and assess that the supply of capital remains sufficient. For more detailed information on K-Fastigheter's financial risks and finance policy, see the 2019 Annual Report (Note 21 Financial risks and finance policies).

LEASES

During the period, the Group expensed leasing fees of SEK 0.1 million (0.0), which were attributable to low-value leases. The Group has no short-term leases or variable leasing fees.

Right-of-use assets

(SEK million)	Right of use assets				
	Site leaseholds	Vehicles	IT equipment	Total	Leasing liabilities
As per 1 January 2020	7.0	2.1	0.0	9.2	9.2
Additional agreements	0.0	0.3	0.6	0.9	0.9
Amortization and depreciation	0.0	-0.5	-0.1	-0.6	0.0
Terminated agreements	0.0	-0.1	0.0	-0.1	-0.1
Revaluations of agreements	13.3	0.0	0.0	13.2	13.2
Interest costs	0.0	0.0	0.0	0.0	0.0
Leasing fees	0.0	0.0	0.0	0.0	-0.7
As per 30 June 2020	20.3	1.7	0.5	22.5	22.5

SEGMENT REPORTING

Group management currently identifies the following three business areas as its operating segments: Property Management, Project Development and Construction. The operating segments are monitored by the Group's CEO, the Board of Directors and the management team.

2020 Jan–June Income Statement (SEK million)	Property Management	Project Development	Construction	Other	Group
Rental income	96.8	0.0	0.0	0.0	96.8
Other operating income	0.0	0.0	9.6	0.0	9.6
Operating costs	-31.8	0.0	-7.5	0.0	-39.3
Gross profit	64.9	0.0	2.1	0.0	67.1
Central administration costs	-5.7	-5.7	-5.7	0.0	-17.2
Depreciation/amortization and impairment	-1.1	-1.1	-1.1	0.0	-3.2
Profit from participations in associated companies*	0.0	0.0	0.0	3.7	3.7
Net interest income	-23.1	0.0	0.0	0.0	-23.1
Profit before changes in value	35.0	-6.8	-4.6	3.7	27.3
Value change, properties	53.6	204.3	0.0	0.0	257.8
Changes in value of derivatives and other	0.0	0.0	0.0	-29.8	-29.8
Profit before tax	88.6	197.5	-4.6	-26.1	255.3
Tax	-10.4	-39.7	0.0	-1.2	-51.3
Profit for the period	78.2	157.8	-4.6	-27.4	204.0

As per 30 June 2020 Balance Sheet (SEK million)	Property Management	Project Development	Construction	Other	Group
Non-current assets	4,606.6	1,168.6	19.7	40.1	5,834.9
Current assets	97.9	0.0	5.2	315.1	418.2
Total assets	4,704.5	1,168.6	24.9	355.2	6,253.1
Non-current liabilities	2,616.3	611.9	1.8	23.2	3,253.3
Current liabilities	483.2	0.0	52.8	21.9	557.9
Total liabilities	3,099.6	611.9	54.5	45.1	3,811.2

2019 Jan–June Income Statement (SEK million)	Property Management	Project Development	Construction	Other	Group
Rental income	71.6	0.0	0.0	0.0	71.6
Other operating income	0.3	0.0	7.7	0.0	8.0
Operating costs	-21.1	0.0	-9.5	0.0	-30.6
Gross profit	50.8	0.0	-1.8	0.0	49.0
Central administration costs	-6.3	-6.3	-6.3	0.0	-18.9
Depreciation/amortization and impairment	-0.9	-0.9	-0.9	0.0	-2.7
Profit from participations in associated companies*	0.0	0.0	0.0	18.4	18.4
Net interest income	-15.8	0.0	0.0	0.0	-15.8
Profit before changes in value	27.8	-7.2	-9.0	18.4	30.0
Value change, properties	70.0	71.3	0.0	0.0	141.3
Changes in value of derivatives and other	-25.5	0.0	0.0	19.4	-6.1
Profit before tax	72.3	64.1	-9.0	37.9	165.4
Tax	-14.4	-14.7	0.0	-2.8	-31.9
Profit for the period	57.9	49.4	-9.0	35.1	133.5

As per 30 June 2019 Balance Sheet (SEK million)	Property Management	Project Development	Construction	Other	Group
Non-current assets	3,002.4	717.8	17.4	8.1	3,745.6
Current assets	40.4	0.0	35.1	91.9	167.4
Total assets	3,042.7	717.8	52.5	100.0	3,913.0
Non-current liabilities	1,190.7	468.7	3.5	482.8	2,145.7
Current liabilities	590.4	0.0	41.4	21.2	653.0
Total liabilities	1,781.1	468.7	44.9	504.0	2,798.7

* Profit from participations in Group, associated and jointly controlled companies.

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

<i>Consolidated Cash Flow Statement (SEK million)</i>	2020 <i>Apr–Jun</i>	2019 <i>Apr–Jun</i>	2020 <i>Jan–Jun</i>	2019 <i>Jan–Jun</i>	2019 <i>Jan–Dec</i>
Operating activities					
Gross profit adjusted for central administration, depreciation/amortization and impairment	26.6	15.6	46.7	27.4	53.7
Adjustment for items not affecting cash flow	2.0	-0.2	3.2	2.3	15.2
Dividend received	0.0	116.4	0.0	116.4	37.1
Net interest income	-11.9	-8.5	-23.1	-15.8	-35.3
Tax paid/received	-0.6	-2.1	-1.2	-7.6	-1.2
Cash flow from operating activities before changes in working capital	16.1	121.2	25.6	122.7	69.4
Change in operating receivables	32.9	-6.3	-44.4	-28.0	-47.5
Change in operating liabilities	-32.6	-16.5	-38.7	-0.8	27.6
Cash flow from operating activities	16.4	98.4	-57.5	93.9	49.5
Investing activities					
Investments in Group, associated and jointly controlled companies	-3.2	-0.1	-4.9	-0.1	-0.1
Property investments	-230.7	-274.8	-528.3	-279.7	-450.9
Investments in machinery and equipment	-2.4	-1.6	-3.6	-2.0	-6.7
Investments in construction in progress	-347.9	-133.1	-572.2	-265.7	-513.6
Disposals of current investments	0.0	72.3	0.0	72.3	110.9
Investments in other financial non-current assets	0.0	-5.3	0.0	-5.3	-5.4
Disposals of properties	0.5	0.0	0.5	0.0	2.3
Cash flow from investing activities	-583.7	-342.5	-1,108.5	-480.3	-863.5
Financing activities					
Borrowings	396.3	295.8	687.1	405.0	689.2
Loan amortizations	-14.5	-14.3	-25.5	-21.5	-41.1
Capital contributions	0.0	0.0	0.0	0.0	892.1
Dividend paid	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	381.8	281.5	661.7	383.4	1,540.3
Cash flow for the period	-185.5	37.4	-504.4	-3.0	726.3
Translation difference	0.2	0.0	0.2	0.0	0.0
Opening cash and cash equivalents	460.0	12.3	779.0	52.7	52.7
Closing cash and cash equivalents	274.8	49.7	274.8	49.7	779.0

Cash and cash equivalents in the Cash Flow Statement refer in their entirety to cash and bank balances.

PARENT COMPANY INCOME STATEMENT AND BALANCE SHEET

PARENT COMPANY INCOME STATEMENT

(SEK million)	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Operating income			
Net sales	0.0	0.1	0.3
Total operating income	0.0	0.1	0.3
Operating costs			
Other external costs	-9.8	-14.1	-31.8
Personnel costs	-8.0	-5.4	-11.7
Amortization and depreciation	-0.1	0.0	-0.1
Total operating costs	-17.9	-19.6	-43.6
Gross profit	-17.9	-19.5	-43.3
Profit from financial items			
Profit from participations in Group, associated and jointly controlled companies	-0.1	101.0	124.0
Net financial items	-31.0	-31.3	-12.2
Profit after financial items	-49.1	50.2	68.5
Appropriations	0.0	0.0	26.8
Profit before tax	-49.1	50.2	95.3
Tax on profit for the period	5.3	10.9	12.4
Comprehensive income for the period	-43.7	61.1	107.6

PARENT COMPANY BALANCE SHEET

(SEK million)	2020 30 Jun	2019 30 Jun	2019 31 Dec
Assets (SEK million)			
Tangible non-current assets			
Equipment	0.4	0.1	0.5
Total tangible non-current assets	0.4	0.1	0.5
Financial non-current assets			
Participations in Group companies	829.1	501.7	626.4
Receivables from Group companies	856.6	406.3	865.4
Participations in associated companies	0.1	0.2	0.1
Deferred tax receivables	18.9	12.1	13.6
Total financial non-current assets	1,704.6	920.3	1,505.5
Total non-current assets	1,705.0	920.4	1,506.0
Current assets			
Receivables from Group companies	628.8	126.1	173.5
Receivables from associated companies	10.7	15.5	16.6
Current tax receivables	1.3	0.8	0.8
Other current receivables	35.2	17.4	22.5
Cash and cash equivalents	266.6	44.0	771.2
Total current assets	942.6	203.8	984.7
Total assets	2,647.5	1,124.2	2,490.7

PARENT COMPANY

The Parent Company owns no properties of its own. The Parent Company maintains Group-wide functions for administration, property management, financing and project development.

Sales in the Parent Company primarily relate to services invoiced to Group companies. The Parent Company's gross profit/loss for the period was SEK -17.9 million (-19.5). For the corresponding period 2019, the Parent Company costs included SEK 7.2 million relating to the IPO completed in 2019. The increase in gross profit/loss is due to increased costs in relation to strengthening the central organization to meet future growth and the requirements made on a listed company.

Parent Company profit/loss before tax was SEK -49.1 million (50.2) and, in addition to increased costs for central organizational resources, was also affected by increased interest expenses as a majority of the Group's interest-bearing debt is now financed via the Parent Company. The Parent Company's profit/loss before tax was also affected by unrealized changes in the value of derivatives totaling SEK -25.8 (-25.5) and exchange rate effects related to the Group's Danish assets of SEK -4.2 million (0.0), which have been included in the parent company's net financial items. Profit for the corresponding period in 2019 was significantly affected by the distribution of the assets in Balder Skåne AB.

As of 30 Jun 2020, in addition to cash and cash equivalents, the Parent Company's assets and liabilities consisted primarily of shares in Group companies, as well as receivables from them and liabilities towards them. At the end of the period, cash and cash equivalents in the Parent Company amounted to SEK 226.6 million (771.2).

(SEK million)	2020 30 Jun	2019 30 Jun	2019 31 Dec
Equity and liabilities (SEK million)			
Equity			
Restricted equity	54.2	0.1	54.2
Unrestricted equity	952.6	112.0	996.4
Total equity	1,006.8	112.0	1,050.6
Non-current liabilities			
Liabilities to Group companies	0.0	26.8	0.0
Long-term interest-bearing liabilities	1,030.2	421.0	867.5
Derivative instruments	38.3	31.3	12.5
Other provisions and non-current liabilities	6.4	12.8	12.8
Total non-current liabilities	1,074.9	491.8	892.8
Current liabilities			
Current interest-bearing liabilities	16.3	8.5	17.9
Accounts payable	0.4	3.6	2.4
Liabilities to Group companies	539.1	497.2	514.1
Liabilities to associated companies	0.0	0.8	0.0
Other current liabilities	6.9	8.7	6.9
Accrued costs and prepaid income	3.1	1.5	6.0
Total current liabilities	565.9	520.3	547.3
Total liabilities	1,640.7	1,012.1	1,440.1
Total equity and liabilities	2,647.5	1,124.2	2,490.7

OPPORTUNITIES AND RISKS FOR THE GROUP

Preparing financial reports in accordance with IFRS requires Group management to make assessments, estimates and assessments that affect how accounting principles are applied and the carrying amounts for assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors that appear reasonable under the prevailing circumstances. The results of these estimates and assumptions are then applied in estimating the carrying amounts of assets and liabilities, which would not otherwise be evident from other sources. Actual outcomes may deviate from these estimates and assessments.

K-Fastigheter's operations, financial position and profit can be affected, directly or indirectly, by a number of risks, uncertainties and external factors, where the effect on the Group's operating profit can be controlled to varying degrees.

The Group's operations are dependent on general economic and political trends, particularly in Sweden, which can affect demand for housing and premises. All identified risks are monitored continuously and risk mitigation measures are taken to limit the effects.

The most significant opportunities and risks for the Group are commented on below. Otherwise, please refer to the Annual Report for 2019. The risk scenario for the Parent Company is the same as that for the Group.

OPPORTUNITIES AND RISKS IN CASH FLOW

It is K-Fastigheter's ambition to be an attractive landlord with whom tenants wish to remain and who they would recommend to others. The Group takes an active approach, with its three business areas together creating Homes that attract future tenants by establishing conditions for secure housing and working actively on aspects including location, design and space efficiency.

K-Fastigheter owns properties in several attractive locations and the Group focuses on residential properties in locations with favorable long-term demand for rented accommodation. Since large parts of K-Fastigheter's property stocks are newly constructed, the property costs are relatively low. The Group has also made a strategic decision to construct and retain buildings with an unlimited time frame, meaning that K-Fastigheter, in the short term during the construction process, often chooses more expensive solutions, which benefits the Group in the long term through lower property costs and/or increases the attractiveness of the Group's apartments.

On the whole, the assessment is that K-Fastigheter's enjoys considerable opportunities to maintain a rent level that is mutually attractive to the landlord and tenant, combined with a low vacancy ratio and low property costs.

OPPORTUNITIES AND RISKS IN PROPERTY VALUES

Each quarter, K-Fastigheter's property portfolio, both completed investment properties and properties under construction, is valued either externally or internally. External valuations are performed by independent valuation institutes.

Since the valuation method for properties is based mainly on a cash flow valuation, the value is primarily driven by three parameters: rent,

operating and maintenance costs and direct return requirements. The rental concept includes both the actual rent level and the vacancy risk in the property stocks. In turn, the direct return requirement represents the sum of the risk-free interest rate and the risk premium that an investor can demand for a given investment.

By continuing to build attractive homes in growth locations, it is K-Fastigheter's assessment that the Group can maintain its attractive rent levels while keeping vacancy and cost levels low. The direct return requirement is controlled by the market and is therefore more difficult for the Group to influence. K-Fastigheter deals with risk by diversifying the property stocks, by focusing primarily on residential properties where volatility in direct returns is lower and by working with conservatively set financial risk limits. Furthermore, by being active in the transaction market and by performing valuations on a quarterly basis, K-Fastigheter continuously obtains market trend data and therefore has opportunities to apply measures in good time.

<i>Sensitivity analysis (SEK million)</i>	<i>Cash flow</i>	<i>Fair value</i>
Direct return requirement +/- 0.1%	-	96.9
Rental value +/- 1%	2.2	52.3
Operating and maintenance costs +/- 1%	0.4	8.8
Long-term vacancy ratio +/- 1%	2.2	52.3
<i>Change in value of completed investment properties</i>	<i>-10%</i>	<i>+10%</i>
Property value +/- 10%	-456.3	456.3
Loan-to-value ratio	65%	53%

FINANCIAL RISK

Financial risk consists of currency, interest rate, financing, liquidity and credit risk, all of which are regulated in the Finance policy adopted by the Board.

K-Fastigheter's finance department works operationally with these risks by, for example, interest and capital hedging the credit portfolio, maintaining a favorable and proactive dialog with the Group's partner banks and continuously monitoring the Group's liquidity situation.

The work of the finance department is governed in part by a number of internal target figures for each risk category and, in part, by the Group's overall financial targets and risk limits. This is intended to limit the financial risks, and to purposely achieve a favorable long-term trend in net financial items and to have a positive impact on consolidated profit. Furthermore, under existing loan agreements, K-Fastigheter is required to monitor and report on a number of external target figures (financial covenants) on a quarterly basis. As per 30 June 2020, these external target figures had been met.

<i>Financial targets</i>	<i>Financial targets</i>	<i>Financial covenants</i>	<i>Outcome 30 June 2020</i>
Loan-to-value ratio, %	max. 70%	max. 70.-75%	53.4 %
Equity/assets ratio, %	min. 25%	min. 25%	39.1 %
Interest coverage ratio, multiple	min. multiple of 1.75	min. multiple of 1.50-1.75	min. multiple of 2.6.

OTHER INFORMATION

EFFECTS OF THE COVID-19 PANDEMIC

Since the beginning of March 2020, society has been impacted by considerable uncertainty and insecurity, both nationally and internationally, due to the spread of the novel corona virus in Sweden and in the world. However, in connection with preparing this Interim Report, the actual impact of the spread of the coronavirus on K-Fastigheter's operations, profit and financial position has been limited. It is currently uncertain how the coronavirus will affect K-Fastigheter looking ahead, although the impact is assessed continuously and will be reported in future Interim Reports. New information will be presented in press releases when required.

K-Fastigheter has a stable business model building on cross-functional efforts in project development, construction and property management, which generate profitability at all stages. The Group holds a strong position in the Öresund region and in selected towns and cities in southern and western Sweden. K-Fastigheter has an attractive property portfolio with 85 percent of contractual rental income deriving from housing and with commercial income being spread between a large number of individual contracts.

As of 30 June 2020, K-Fastigheter had a stable financial position with an equity/assets ratio of 39.1 percent, a loan-to-value ratio of 53.4 percent and favorable liquidity with available cash and cash equivalents of SEK 365 million.

MARKET OUTLOOK

K-Fastigheter's offering meets the market's demand for quality housing at the right cost. The Group's concept buildings, developed in-house, generates conditions for cost control and financial efficiency throughout the chain, from building rights to property management over the lifetime of the building. With property stocks and a project portfolio totaling more than 6,100 apartments (1,865 in management, 1,249 in construction, about 2,800 in project development and 149 acquired but not yet possessed), K-Fastigheter has, from the outset in 2010, developed its operations as a property company with strong positions and commitments in several select locations in southwestern Sweden.

It is the Group's view that demand remains favorable in Skåne,

particularly in the Öresund region and in the Västra Götaland, Copenhagen and Mälardalen regions, and areas with structural housing shortages.

To date, the Covid-19 pandemic has not had any significant impact on the Group's operations, profit or financial position. K-Fastigheter benefits from operating in a, to date, less exposed sector, with tenants that have good payment ability despite the circumstances.

SUSTAINABILITY AND VALUE CREATION

For K-Fastigheter, sustainability is a concept that spans more dimensions than focusing solely on environmental impact. K-Fastigheter values commitment in its own operations, and commitment to sustainability issues that are high on the agenda of the Group's customers, suppliers and public authorities.

K-Fastigheter mainly pursues initiatives in product development, procurement and social sustainability. K-Fastigheter's business concept is to construct concept buildings, that is, a limited number of alternative buildings that can be adapted to each location. The foundation is a systematic working method, providing optimal resource utilization and ensuring both superior quality and a beneficial working environment. By using an industrial process at proprietary production facilities, consumption of materials, logistics and other resources can be planned in detail, reducing waste, streamlining flows and lowering costs in areas that do not create value. K-Fastigheter's concept buildings are constructed with the ambition of meeting requirements corresponding to those set by the Swedish Miljöbyggnad Silver certification system, which is administrated by the Sweden Green Building Council.

K-Fastigheter participates in efforts to reduce fossil fuels dependency by, for example, installing photovoltaic cells on suitable buildings. Since early 2019, electricity has been procured exclusively from suppliers offering electricity from renewable sources, mainly wind power.

SEASONAL VARIATIONS

Property management is associated with certain seasonal variations primarily in tariff-related heating costs. In other regards, there are no significant seasonal variations in K-Fastigheter's operations.

K-FAST 2.0

K-Fastigheter's property stocks consist predominantly of newly constructed concept buildings developed in-house. The Group works continuously to maintain and upgrade the older buildings it has acquired. Under the company's "K-Fast 2.0" programme, the apartments are constantly renovated so that surfaces, plumbing, mains and technical installations correspond to the standard found in the Group's concept buildings produced in-house.

By using the same materials and fittings in its efforts both within the framework of K-Fast 2.0 and in its new construction projects, K-Fastigheter achieves larger volumes, strengthening the negotiating conditions of the company's purchasing organization.

The concept is cost-efficient and appreciated by tenants. The quality enhancements help reduce property management costs and increase the useful life of the building, while providing

opportunities to adjust rent levels among the property stocks, which, in turn, provides a satisfactory return on invested capital.

A key aspect of the implementation of K-Fast 2.0 is that renovation should entail reasonable rent increases, so that existing tenants can afford to stay long term. This has been achievable because it has been possible to keep renovation costs at an average of about SEK 4,300 per square meter. Besides cutting operating costs, raising standards through K-Fast 2.0 brings an annual rental increase of approximately SEK 320 per square meter, meaning that capital invested in K-Fast 2.0 generates an average direct return of about 7.4 percent.

On 30 June 2020, the Group owned 475 older apartments, which are added to the ongoing efforts to raise standards. Of these, 68 apartments have been renovated in accordance with K-Fast 2.0.

ORGANIZATION AND EMPLOYEES

The Group's Parent Company is K-Fast Holding AB. At the end of the period, the Group consisted of 52 wholly-owned subsidiaries and six associated company groups. The number of employees amounted to 68 (65), of whom 18 were women (16) and 50 were men (49).

Operations are organized into three business areas: Project Development, Construction and Property Management. The relevant Business Area Managers report to, and are part of, Group management.

Group-wide functions also encompass accounting and finance, IT, IR/communications and HR, and the Group's Heads of Treasury, Finance, IR/Communications and HR are members of Group management.

The head office is located in Hässleholm, Sweden. There are also offices in Helsingborg, Kristianstad and Landskrona, as well as a production facility in Osby. Operations are due to start in a further production plant in Hässleholm after summer 2020.

ACCOUNTING PRINCIPLES

K-Fast Holding AB adheres to the IFRS standards adopted by the EU. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34.

The Group measures all financial assets and liabilities at amortized cost, with the exception of derivative instruments, which are measured at fair value through the Income Statement. In K-Fastigheter's assessment, the reported value of financial assets and financial liabilities valued at amortized cost represents a good approximation of fair value. The Parent Company measures all financial assets and liabilities at amortized cost. For further details, see Note 21, Financial risk and finance policies in the 2019 Annual Report.

For complete accounting principles, please refer to K-Fast Holding AB's 2019 Annual Report. No accounting principles have changed from the Annual Report 2019.

RELATED-PARTY TRANSACTIONS

The Group's related parties include all Board Members, CEO and members of company management, as well as individuals and companies

closely related to them. There were no related party transactions that were not on market terms. No related party transactions have occurred beyond the amounts listed below.

Ongoing agreements 2020

In the period 1 January 2020 to 30 June 2020, ongoing agreements with related parties encompassed:

- Lease between Jacob Karlsson and K-Fast Holding AB regarding an apartment in central Stockholm. Monthly rent SEK 13,500. Total purchases 2020: SEK 0.1 million (0.1).
- Consultancy agreement between Novum Samhällsfastigheter AB and K-Fast Holding AB relating to management and project development-related consultancy work. Total purchases 2020: SEK 0.6 million (0.8).
- Agreement between law firm VICI AB, in which Board Member Christian Karlsson is a partner, and K-Fast Holding AB regarding various legal consultations including corporate law and transactions. Total purchases 2020: SEK 2.1 million (1.5).
- Consultancy agreement between circle360 communication AB (Anders Antonsson) and K-Fast Holding AB relating to IR consultancy. Total purchases 2020: SEK 1.0 million (0.5).
- Contracting agreement signed between Tygelsjö Projekt AB and K-Fast Bygg Syd AB regarding construction of 30 Low-Rise buildings in Tygelsjö. Total sales in 2020: SEK 12.2 million (11.4).

Transactions 2020

There were no transactions with closely related parties in the second quarter 2020 in addition to ongoing agreements.

K-Fastigheter's President and CEO, Jacob Karlsson, and CFO, Martin Larsson, will comment on the Group's Interim Report for the second quarter on Friday 31 July 2020 at 8:30 a.m. CEST. The presentation materials (slides + audio) will be available at www.k-fastigheter.se/en/investors/presentations. The presentation will be held in Swedish.

Questions may be addressed in writing to ir@k-fastigheter.se with answers being compiled on an ongoing basis during the day and being published on www.k-fastigheter.se/en.

This Interim Report has not been subject to review by the company's auditors. The Board of Directors and the CEO provide their assurance that the Interim Report provides a true and fair view of the operations, financial position and profit of the Parent Company and the Group, describing the significant risks and uncertainties faced by the Parent Company and the companies within the Group.

Hässleholm, Sweden, 31 July 2020

Erik Selin
Chairman of the Board

Christian Karlsson
Board Member

Jesper Mårtensson
Board Member

Ulf Johansson
Board Member

Sara Mindus
Board Member

Jacob Karlsson
CEO/Board Member

THE SHARE AND SHAREHOLDERS AS OF 30 JUNE 2020

On 29 November 2019, K-Fast Holding AB's Class B shares (ticker: KFAST B) were launched on Nasdaq Stockholm, Mid Cap, in the Real Estate segment. On 30 June 2020, K-Fastigheter's market capitalization was SEK 7,576.8 million. At the end of the quarter, there were approximately 3,100 shareholders.

On 30 June, there were a total 33,888,528 shares in K-Fast Holding AB distributed between 3,750,000 Class A shares and 30,138,528 Class B shares respectively. The total number of votes on 30 June 2020 was: 48,888,528.

Each Class A share conveys five votes and each Class B share conveys one vote. All shares carry equal rights to participate in the company's assets and earnings and to any surplus on liquidation. Neither Class A nor Class B shares are subject to any transfer restrictions.

SHARE PRICE TREND AND TRADING

During the period 1 January – 30 June 2020, approximately 3.8 million KFAST Class B shares were traded on Nasdaq Stockholm. The daily turnover of K-Fastigheter's shares on Nasdaq Stockholm averaged 30,963 shares and the average price paid was SEK 185.44. The highest price paid during the period was SEK 266.80 on 18 June 2020, and the lowest price paid was SEK 125.10 on 16 March 2020. On 30 June 2020, the share price was SEK 251.40 (last paid). Market value of all shares in the company, based on the last price paid for a Class B share on 30 June 2020, amounted to SEK 8,519.6 million.

The AGM 2020 authorized the Board of Directors to make decisions to acquire the company's Class B shares, corresponding to a maximum of 10 percent of the total number of shares issued in K-Fast Holding AB. No shares were repurchased in the period. The AGM also authorized the Board to carry out one or more new issues of Class B shares, subject to a total maximum of 4,000,000 new shares.

TEN LARGEST SHAREHOLDERS (IN ORDER OF TOTAL VOTING POWER) AS PER 30 JUNE 2020

Name	Class A shares*	Class B shares*	Total number of shares	Total number of votes	Percentage of capital	Percentage of votes
Jacob Karlsson AB	1,875,000	10,625,000	12,500,000	20,000,000	36.9%	40.9%
Erik Selin Fastigheter AB	1,875,000	10,625,000	12,500,000	20,000,000	36.9%	40.9%
Länsförsäkringar funds	0	1,331,458	1,331,458	1,331,458	3.9%	2.7%
Capital Group	0	1,133,615	1,133,615	1,133,615	3.3%	2.3%
AP2	0	844,365	844,365	844,365	2.5%	1.7%
AP4	0	762,376	762,376	762,376	2.2%	1.6%
SEB funds	0	533,000	533,000	533,000	1.6%	1.1%
Handelsbanken funds	0	492,509	492,509	492,509	1.5%	1.0%
Nergården families**	0	478,100	478,100	478,100	1.4%	1.0%
Celox Group	0	380,900	380,900	380,900	1.1%	0.8%
Ten largest shareholders	3,750,000	27,206,323	30,956,323	45,956,323	91.3%	94.0%
Other shareholders	0	2,932,205	2,932,205	2,932,205	8.7%	6.0%
Total	3,750,000	30,138,528	33,888,528	48,888,528	100.0%	100.0%
Of whom, Board of Directors and Group Management	3,750,000	21,876,150	25,626,150	40,626,150	75.6%	83.1%

Each Class A share confers five votes and each Class B share confers one vote

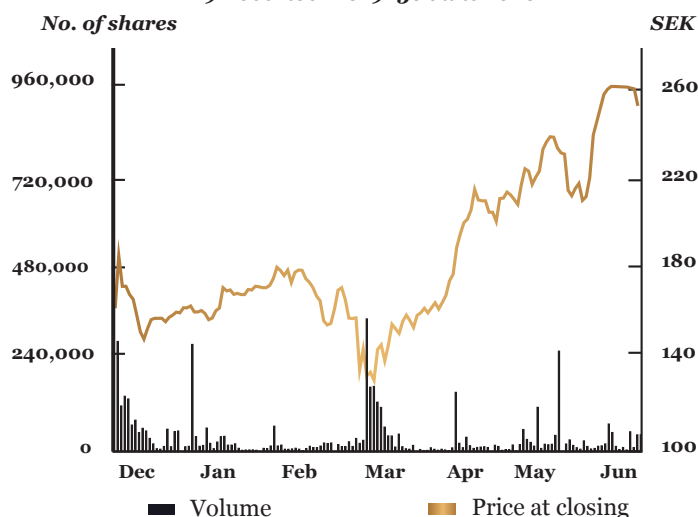
** Through Mjöbäcksvillan Entreprenad Holding AB and Väst kuststugan AB

There are no potential shares (e.g. Convertibles) in the company.

Source: Euroclear and K-Fast Holding AB

Marketplace	Nasdaq Stockholm
Name of share	K-FAST Holding B
Ticker	KFAST B
ISIN code	SE0013382355
Segment	Nasdaq, Mid Cap
Sector	Real Estate
Currency	SEK
Total number of shares outstanding	33,888,528
Total number of Class B shares listed on the Nasdaq Stockholm exchange	30,138,528
Closing price, 30 June 2020	SEK 251.40
Market price, 30 June 2020	SEK 8,519.6 million.

Share price,
29 November 2019–30 June 2020



Source: Nasdaq

CURRENT EARNINGS CAPACITY

The table below presents the earnings capacity of K-Fastigheter's property management operations on a 12-month basis as per 30 June 2020. Earnings ability is not a forecast for the current year or the next twelve months but is to be viewed solely as a theoretical snapshot and is presented for illustrative purposes only. Current earnings ability does not include an assessment of the future rent trends, vacancy rates, property costs, interest rates, changes in value, acquisitions or disposals of properties, or other factors.

Current earnings ability is based on properties held as per 30 June 2020 and their financing, meaning that current earning capacity illustrates the earnings of the management operations, on an annual basis, at that point in time. Transactions and completion of ongoing new construction projects with a transfer and completion date after 30 June 2020 have therefore not been included in the calculation.

The Income Statement for the management operations is also affected by development in the value of the property portfolio, as well as by upcoming property acquisitions and/or disposals. Additional items affecting earnings include changes in the value of derivatives. None of the above has been taken into account in current earnings capacity, nor in the item Profit from participations in associated companies.

Earnings ability is based on contracted rental income from the property portfolio, estimated property costs on an annual basis based on historical outcomes for properties under management, as well as property costs and central administration costs relating to business areas estimated on an annual basis based on the current scale of administration. Costs for interest-bearing liabilities have been based on current interest-bearing liabilities and current interest rates (including effects of derivative instruments) at the end of the year.

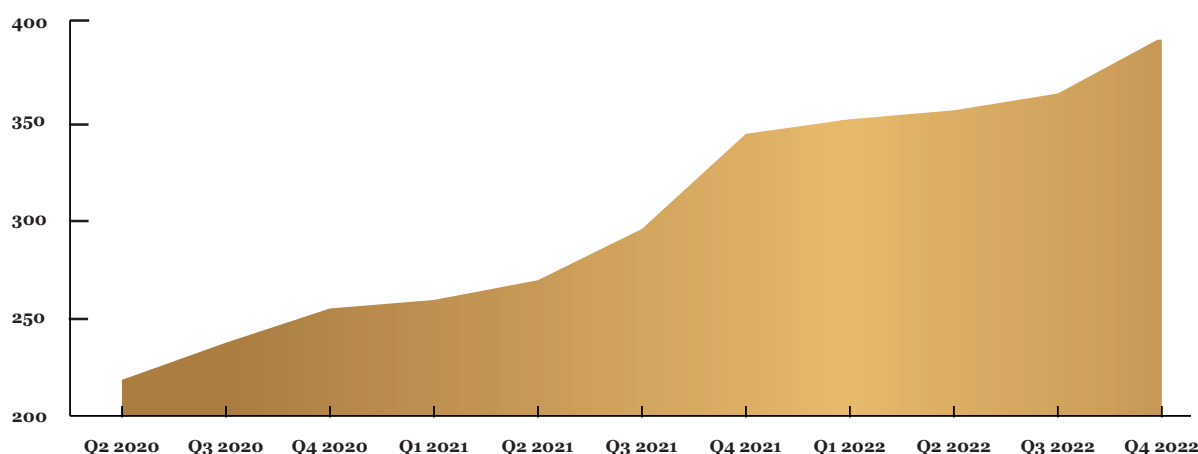
(SEK million)	2020 30 Jun	2020 31 Mar	2019 31 Dec	2019 30 Sep	2019 30 Jun	2019 31 Mar	2018 31 Dec
Rental value	218.0	207.9	196.6	177.2	161.9	136.9	133.4
Vacancy	-10.9	-7.3	-6.1	-4.7	-3.3	-2.9	-0.9
Rental income	207.1	200.6	190.5	172.5	158.6	134.0	132.5
Operating costs	-29.1	-28.0	-27.0	-24.3	-22.5	-20.3	-19.4
Maintenance	-7.7	-7.5	-7.3	-6.8	-6.5	-5.9	-5.6
Property tax/ground rent	-3.0	-3.0	-2.6	-2.1	-1.9	-1.6	-1.6
Property administration	-18.2	-16.9	-15.0	-14.3	-13.5	-12.8	-12.8
Operating surplus	149.2	145.2	138.6	124.9	114.1	93.3	93.0
Central administration	-11.5	-13.4	-9.6	-7.8	-7.9	-6.1	-4.3
Net interest income	-45.9	-45.0	-46.9	-38.3	-33.1	-31.4	-29.0
Profit from property management	91.8	86.8	82.1	78.8	73.1	55.8	59.7

EXPECTED RENTAL DEVELOPMENT

The following diagram illustrates current rental values for completed investment properties as per 30 June 2020 plus expected rental values of construction projects in progress of investment properties and acquired but not yet handed over investment properties as per 30 June 2020 at a pace with these properties being completed or handed over.

The information about completed properties, construction projects in progress and acquired but not yet handed over investment properties includes estimates and judgments. Rental value refers to contractual rent plus estimated rent for vacancies and discounts recalculated at an annualized rate. The assessments and assumptions involve uncertainties and the disclosures below should not be viewed as a forecast.

Rental development, SEK million



KEY DATA

In the Interim Report, K-Fastigheter presents certain financial measures that are not defined in accordance with IFRS. K-Fastigheter believes that these measures provide valuable additional information to investors and management as they enable assessment of the Company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not

be considered as a replacement for measures defined in accordance with IFRS. The table below presents financial measures that are not defined in accordance with IFRS.

Compared with the 2019 Annual Report, the definitions of the alternative key data have not changed.

	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	Rolling 4 quarters 2019 Jul – 2020 Jun	2019 Jan–Dec
Property-related						
Rental value, SEK million	218.0	161.9	218.0	161.9	218.0	196.6
Average financial letting ratio, %	93.7%	98.4%	93.8%	97.2%	95.1%	96.8%
Surplus ratio, %	70.4%	75.4%	67.1%	71.0%	66.7%	68.4%
Lettable area, m ²	142,847	119,110	142,847	119,110	142,847	130,486
Number of apartments under management	1,865	1,418	1,865	1,418	1,865	1,711
Number of apartments under construction	1,249	565	1,249	565	1,249	700
Number of apartments under project development	2,888	1,172	2,888	1,172	2,888	1,340
Financial						
Interest coverage ratio, multiple	2.7	3.0	2.6	2.8	2.5	2.6
excl. stock exchange listing costs	2.7	3.2	2.6	3.0	2.6	2.8
Equity/assets ratio, %	39.1%	28.5%	39.1%	28.5%	39.1%	41.8%
Loan-to-value ratio, %	53.4%	61.0%	53.4%	61.0%	53.4%	40.2%
Period for which capital is tied up, years	2.6	2.5	2.6	2.5	2.6	3.2
Period of fixed-interest, years	4.2	3.6	4.2	3.6	4.2	3.3
Average interest, %	1.85%	1.84%	1.85%	1.84%	1.85%	1.90%
Net investments, SEK million	575.6	430.9	1,084.7	568.3	1,577.5	1,061.1
Profit from property management, SEK million	19.5	16.7	35.0	27.8	60.1	52.9
Long-term net asset value (NAV), SEK million	2,818.0	1,394.1	2,818.0	1,394.1	2,818.0	2,540.2
Share-related						
Profit from property management per share, SEK	0.58	0.67	1.03	1.11	1.97	2.05
Growth in profit from property management per share, %	-13.8%	89.1%	-7.0%	52.7%	-2.9%	24.6%
Profit after tax per share for the period, SEK	3.28	3.60	6.01	5.34	14.40	14.14
Long-term net asset value (NAV), SEK	83.15	55.76	83.15	55.76	83.15	74.96
Growth in long-term net asset value (NAV), per share, %	5.6%	9.3%	10.9%	14.9%	49.1%	54.4%
Equity per share, SEK	72.06	44.57	72.06	44.57	72.06	66.05
Number of shares outstanding at the end of the period, thousands	33,889	25,000	33,889	25,000	33,889	33,889
Average number of shares outstanding, thousands	33,889	25,000	33,889	25,000	30,247	25,830

PROPERTY-RELATED KEY DATA

*Adjusted for stage 3 of Helsingborg/Brigaden 7 & 8's share of existing construction credits (SEK 40.0 million), which, as per 30 June 2020 were not refinanced and were not, accordingly, included in interest-bearing liabilities related to investment and business properties. Stages 1 and 2 of Helsingborg/Brigaden 7 & 8 have been refinanced and were included in interest-bearing liabilities related to investment and business properties as per 30 June 2020.

	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	Rolling 4 quarters 2019 Jul – 2020 Jun	2019 Jan–Dec	Definition	Motivation
Profit from property management, SEK million								
A Gross profit from property manage. for the period in accordance with the Income Statement, SEK million	34.5	29.1	64.9	50.8	121.4	107.3	Gross profit from property management less central administration costs and depreciation/amortization and impairment attributable to the Property Management business area and net interest income.	This key figure illustrates the profitability of the property management operations.
B Central administration attributable to property management during the period in accordance with the Income Statement, SEK million	-2.4	-3.9	-5.7	-6.3	-13.5	-14.0		
C Depreciation/amortization and impairment attributable to property management during the period in accordance with the Income Statement, SEK million	-0.7	-0.1	-1.1	-0.9	-5.2	-5.1		
D Net interest income for the period in accordance with the Income Statement, SEK million	-11.9	-8.5	-23.1	-15.8	-42.6	-35.3		
A+B+C+D Profit from property management, SEK million	19.5	16.7	35.0%	27.8	60.1	52.9		
Long-term net asset value (NAV), SEK million								
A Equity at the end of the period in accordance with the Balance Sheet, SEK million	2,442.0	1,114.3	2,442.0	1,114.3	2,442.0	2,238.5	Reported equity with reversal of deferred tax, interest rate derivatives and non-controlling interests.	An established measure of K-Fastigheter's and other listed companies' long-term net asset value, facilitating analyses and comparisons.
B Derivatives at the end of the period in accordance with the Balance Sheet, SEK million	38.5	31.7	38.5	31.7	38.5	12.8		
C Deferred tax liability at the end of the period in accordance with the Balance Sheet, SEK million	369.5	248.1	369.5	248.1	369.5	310.3		
D Deferred tax asset at the end of the period in accordance with the Balance Sheet, SEK million	32.1	0.0	32.1	0.0	32.1	21.4		
A+B+C-D Long-term net asset value (NAV) at the end of the period, SEK million	2,818.0	1,394.1	2,818.0	1,394.1	2,818.0	2,540.2		
Period for which capital is tied up, years								
	2.6	2.5	2.6	2.5	2.6	3.2	The period for which capital is tied up with regard to liabilities to credit institutions pertaining to investment and business properties at the end of the period.	This key figure is used to illustrate the (re-) financing risk related to K-Fastigheter's interest-bearing liabilities
Period of fixed-interest, years	4.2	3.6	4.2	3.6	4.2	3.3	The period for which capital is tied up with regard to liabilities to credit institutions pertaining to investment and business properties at the end of the period.	This key figure is used to illustrate the interest rate risk for K-Fastigheter's interest-bearing liabilities.
SHARE-RELATED KEY DATA								
Long-term net asset value (NAV), SEK								
A Long-term net asset value (NAV) at the end of the period in accordance with the Balance Sheet, SEK million	2,818.0	1,394.1	2,818.0	1,394.1	2,818.0	2,540.2	Long-term net asset value (NAV) in relation to the number of shares outstanding at the end of the period.	Used to illustrate K-Fastigheter's long-term net asset value per share in a manner that is uniform for listed companies.
B Number of shares outstanding at the end of the period, thousands	33,889	25,000	33,889	25,000	33,889	33,889		
A/B Long-term net asset value (NAV) per share, SEK	83.15	55.76	83.15	55.76	83.15	74.96		
Growth in long-term net asset value (NAV) per share, %								
A Long-term net asset value (NAV) per share at the end of the period in accordance with the Balance Sheet, SEK million	83.15	55.76	83.15	55.76	83.15	74.96	Percentage change in long-term net asset value (NAV) per share during the period.	Used to illustrate growth in K-Fastigheter's long-term net asset value per share in a manner that is uniform for listed companies.
B Long-term net asset value (NAV) per share at the end of the preceding period in accordance with the Balance Sheet, SEK million	78.74	51.01	74.96	48.54	55.76	48.54		
A/B-1 Growth in long-term net asset value (NAV) per share, %	5.6%	9.3%	10.9%	14.9%	49.1%	54.4%		
Equity per share, SEK								
A Equity attributable to Parent Company shareholders at the end of the period in accordance with the Balance Sheet, SEK million	2,442.0	1,114.3	2,442.0	1,114.3	2,442.0	2,238.5	Equity less minority share of equity, in relation to the number of shares outstanding at the end of the period.	Used to illustrate K-Fastigheter's equity per share in a manner that is uniform for listed companies.
B Number of shares outstanding at the end of the period, thousands	33,889	25,000	33,889	25,000	33,889	33,889		
A/B Equity per share at the end of the period, SEK	72.06	44.57	72.06	44.57	72.06	66.05		
Profit from property management per share, SEK								
A Profit from property management for the period in accordance with the Income Statement, SEK million	19.5	16.7	35.0	27.8	60.1	52.9	Profit from property management in relation to the average number of shares outstanding during the period.	Used to illustrate K-Fastigheter's profit from property management per share in a manner that is uniform for listed companies.
B Average number of shares outstanding during the period, thousands	33,889	25,000	33,889	25,000	30,247	25,830		
A/B Profit from property management per share during the period, SEK	0.58	0.67	1.03	1.11	1.97	2.05		
Growth in profit from property management per share, %								
A Profit from property management during the period per share, SEK	0.58	0.67	1.03	1.11	1.97	2.05	Percentage change in profit from property management per share during the period.	Used to illustrate the growth in K-Fastigheter's profit from property management per share in a manner that is uniform for listed companies.
B Profit from property management for the preceding period per share, SEK	0.67	0.35	1.11	0.73	2.03	1.64		
A/B-1 Growth in profit from property management per share during the period, %	-13.8%	89.1%	-7.0%	52.7%	-2.9%	24.6%		
Profit after tax per share for the period, SEK								
A Profit after tax for the period in accordance with the Income Statement, SEK million	111.3	90.0	203.6	133.4	435.5	365.3	Profit for the period in relation to the average number of shares outstanding during the period.	Used to illustrate K-Fastigheter's earnings per share in a manner that is uniform for listed companies.
B Average number of shares outstanding during the period, thousands	33,889	25,000	33,889	25,000	30,247	25,830		
A/B Profit after tax per share for the period, SEK	3.28	3.60	6.01	5.34	14.40	14.14		
Number of shares outstanding at the end of the period, thousands								
Average number of shares outstanding during the period, thousands	33,889	25,000	33,889	25,000	30,247	25,830		

Calendar

Interim Report January–September 2020 ____ 11 November 2020

Year-end report 2020 _____ 26 February 2021

K-FASTIGHETER – MORE THAN A PROPERTY COMPANY

K-Fast Holding AB (“K-Fastigheter”) is a project development construction and property company with a strong business model that provides the company with a unique position. K-Fastigheter’s business model creates opportunities to generate growth through proprietary concept buildings, offering favorable operating finances and high-quality rental apartments, and also, to a lesser degree, commercial premises. Cost-efficient construction in combination with long-term proprietary management creates strong cash flow that can be used for acquisitions of building rights in growth regions.

Through standardization and implementing smart and sustainable solutions, as well as being responsive in our dialogue with customers, suppliers and employees, K-Fastigheter fosters the right conditions for continued development towards Homes that are better and more efficient in every way.

With commitment at all levels, K-Fastigheter creates attractive Homes offering a high degree of comfort. The Group’s proprietary concept buildings meets demands for better housing from tenants and social planners.

In order to increase cost efficiency and reduce construction times the company works with three concept buildings: Low-Rise, Lateral Low-Rise and Apartment Blocks.

K-Fastigheter holds a strong position in the Öresund region and in selected towns and cities in southern and western Sweden. Our vision is to become one of the Nordic region’s largest operators 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 apartments offered by the Group is to be distinguished by the best combination of high standard, home comfort and security in the market.

Based in Hässleholm, Sweden, and with offices in strategically selected locations, K-Fastigheter currently has some 70 employees. K-Fast Holding AB’s Class B-share has been listed on the Nasdaq Stockholm exchange since November 2019 under the ticker KFAST B. The largest shareholders are Jacob Karlsson AB, Erik Selin Fastigheter Aktieföretag and Länsförsäkringar funds.

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This information is such that K-Fast Holding AB is obliged to disclose in accordance with the EU’s Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 a.m. CEST on 31 July 2020.

The Interim report is published in Swedish and English. The Swedish version is the original version and takes precedence over the English should the translation differ from the original.