

# Q2

Interim report January - June 2023

K2A Knaust & Andersson Fastigheter AB (publ)



# INTERIM REPORT JANUARY – JUNE 2023

## APR-JUN

- Rental income amounted to SEK 111.4 million (87.8)
- Net operating income amounted to SEK 82.3 million (62.0)
- Profit from property management amounted to SEK 5.3 million (79.0)
- Value changes from investment properties amounted to SEK -146.5 million (131.0)
- Net profit for the period amounted to SEK -64.5 million (184.3) and earnings per ordinary share amounted to SEK -0.98 (1.96)

## JAN-JUN

- Rental income increased to SEK 221.8 million (173.4)
- Net operating income amounted to SEK 150.1 million (111.1)
- Profit from property management amounted to SEK 11.6 million (124.0)
- Value changes from investment properties amounted to SEK -315.4 million (335.6)
- Net profit for the period amounted to SEK -220.6 million (423.3) and earnings per ordinary share amounted to -3.01 SEK (4.56)
- Total number of apartments under management at the end of the period amounted to 4,829 (4,602)

Number of apartments in property and project portfolio

**9,383**

Property value

**9,055 MSEK**

EPRA NRV attributable to ordinary shareholders

**1,973 MSEK**

KEY FIGURES, SEK MILLION	2023	2022	2023	2022	2022 Jul-	2022
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	2023 Jun	Jan-Dec
Rental income	111.4	87.8	221.8	173.4	423.1	374.7
Operating surplus	82.3	62.0	150.1	111.1	282.1	243.0
Profit from property management	5.3	79.0	11.6	124.0	15.2	127.6
Value change, investment properties	-146.5	131.0	-315.4	335.6	-649.5	1.5
Profit after tax	-64.5	184.3	-220.6	423.3	-484.8	159.1
Number of managed units	4,829	4,602	4,829	4,602	4,829	5,012
Number of units under production	881	1,522	881	1,522	881	1,348
Number of units in projects	3,673	4,038	3,673	4,038	3,673	3,517
Total number of units	9,383	10,162	9,383	10,162	9,383	9,877
Net loan-to-value ratio, %	63.9	60.3	63.9	60.3	63.9	63.8
Interest coverage ratio, 12 months, times	-	-	-	-	1.6	1.8
Long-term net reinstatement value (EPRA NRV)	2,942.3	3,737.8	2,942.3	3,737.8	2,942.3	3,383.5
EPRA NRV attributable to ordinary shareholders	1,973.4	2,768.3	1,973.4	2,768.3	1,973.4	2,414.3
EPRA NRV per ordinary share, SEK	22.98	32.24	22.98	32.24	22.98	28.12
Growth in EPRA NRV per ordinary share, %	-	-	-	-	-28.7	0.7

Number of apartments under management added (last 12 months)

**227**

Rental value, properties under management

**421 MSEK**

Growth in operating surplus 12 months, since last year

**33 %**

# EVENTS 2023

K2A Knaust & Andersson Fastigheter launched an updated green finance framework and an updated green equity framework. The new frameworks include stricter sustainability requirements and a clearer link to the EU green taxonomy than before.

The Swedish Minister for Infrastructure and Housing, Andreas Carlson (Christian Democrats), visited K2A's student accommodation in Barkarbystaden, Järfälla, on the outskirts of Stockholm. The minister met students who have been able to move to the Stockholm region to study thanks to the construction of new student housing, and saw tangible examples of K2A's award-winning sustainability work.

K2A entered into an agreement with Akademiska Hus, resulting in K2A being responsible for letting and managing 199 student apartments in Luleå.



K2A launched "The Green Real Estate Podcast", its own podcast focusing on current events in the company and in the real estate market in general.

- K2A completed a sale of six properties with an underlying property value of SEK 1,095 million. Four properties will be transferred on 31 May 2023 and two properties under development with planned possession in December 2023. Overall, K2A's liquidity is strengthened by SEK 400 million.
- K2A entered into an agreement to sell four properties in Växjö with an underlying property value of SEK 650 million. The properties will be transferred on 30 June 2023. Overall, K2A's liquidity is strengthened by SEK 235 million.
- Region Gotland decided to amend an existing zoning plan, which means that K2A will have the opportunity to build more permanent student housing in Visby.

K2A arranged Almedalen's greenest stage for housing debate during Almedalen week in Visby.



Luftseglaren (Järfälla)

## CEO'S COMMENTS

As I write these lines, a little more than a week has passed since the end of Almedalen Week in Visby on the island of Gotland. For me, Almedalen Week is an important democratic arena, but also a good opportunity to get a feel for what is currently on the radar of decision-makers.

During my time in Visby, it became clear to me that there has been a political awakening. Not so long ago, few of those engaged in politics fully understood the seriousness of the construction crisis we are facing. Most political camps now realise that the construction freeze poses major risks to societal development and that it is not possible to simply wait for the economic upturn. Not only does it entail lost years for housing construction in the here and now, it also risks having major consequences for the construction industry's ability to deliver in the future, and for the economy as a whole.

As part of our tenth anniversary celebrations, K2A organised Almedalen's greenest stage for housing debates, with seminars on various topics related to housing construction and management. The seminars were consistently well attended, but the discussion that attracted the biggest audience was the one on the social impact of the construction freeze.

In a panel discussion during the week, I had the privilege of sharing the stage with Caroline Szyber. Szyber was previously a Christian Democrat MP and chair of the Riksdag (Swedish Parliament) Committee on Civil Affairs, which deals with housing issues. At the time, she was clearly against investment subsidies and similar measures. She has now completely changed track and recently presented a report proposing different types of financial support, partly for student housing and partly for green construction. I think her U-turn is a clear example of where things are heading.

### Future opportunities in the Stockholm region

As I see it, basically only in the Stockholm area do the conditions for housing construction currently exist, with rents and property values higher than in the rest of Sweden. For a long time K2A has been working actively and taken a long-term approach to expanding our property portfolio in the Stockholm region. Today we have 1,958 building rights in the County of Stockholm, which is more than half of our total building rights portfolio. We see great potential to continue to create value in the Stockholm region. Securing capital to exploit these opportunities was one of the reasons why K2A completed two major property sales in the second quarter.

To adapt the balance sheet to an environment with higher interest rates and to free up financing capacity for continued growth, we completed two sales in April, comprising a total of ten properties in Västerås, Uppsala, Gävle and Växjö. The sales were basically made at book value and resulted in K2A's liquidity being boosted by approximately SEK 635 million. This strengthens the balance sheet, financial ratios and cash flow.

The sales mean that K2A's net loan-to-value ratio has decreased from 66.2% as at 31 March 2023 to 63.9% as at 30 June 2023. Since we have sold properties and repaid loans, this means that the proportion of interest-rate hedged loans, excluding construction credit, has increased to 93 per cent.

In the period since the sales were made, we have received many reactions from the outside world. A common theme is astonishment that we have been able to sell properties without offering heavily discounted prices. Personally, I am not as surprised by this. We know that there are buyers who clearly prioritise good locations, stringent environmental requirements and high standards – that is, exactly the type of assets that K2A's property portfolio consists of.

### Increase in net operating income going forward

During the second quarter, we completed a number of residential new-build projects in Lund, Västerås, Umeå and Luleå – a total of 437 environmentally certified homes. As more housing is completed, the number of dwellings in production decreases and the number of dwellings under management increases. We are also retaining the management of the properties we sold in the second quarter and have additionally signed an agreement with Akademiska Hus for the letting and management of 199 student accommodation units in Luleå. A larger management volume and the possibility of further coordination and streamlining mean that we can expect higher net operating income and cash flow from management in the future.

For a company with a large number of student apartments, the summer is a special period with high turnover in the portfolio. K2A has evolved significantly in this area in recent years, and the well-oiled machinery we now have is doing a fantastic job of ensuring that the apartments that graduates move out of are filled with excited new students ready for university life. I expect that we will have a fully leased portfolio in the autumn term as well.

Finally, I would like to say that I am also pleased that K2A ranks highest among all residential property companies in terms of compliance with the EU taxonomy. In the turbulent world we live in, it is easy to forget about sustainability issues, but at K2A, our work on sustainability never stops. This is partly because we are serious about being a green real estate company, and partly because we see the commercial benefits it generates – most recently in the major sales we made during the quarter.

*Johan Knaust, CEO*



# THIS IS K2A

**K2A Knaust & Andersson Fastigheter AB (publ) is a real estate company with a focus on long-term management of own produced rental apartments for all types of housing. The company develops and offers modern, functional apartments with efficient customer oriented management.**

## Mission statement

K2A's mission is to own, develop and provide long-term management of rental apartments and community service properties in Stockholm, the Mälardalen and several university/college cities across Sweden.

## Objectives

### Overall objective

K2A shall generate a competitive risk adjusted return for its shareholders.

### Sustainability targets

- K2A shall be climate positive by 2027.
- K2A shall be the most sustainable real estate company.
- All of K2A's investment properties shall be certified and undergo a climate risk assessment.
- K2A's customers shall experience a higher level of housing satisfaction than the average renter in Sweden.

### Financial targets

- Average net operating income shall grow by at least 25 per cent per year between 2019 and 2025.
- Average EPRA NRV attributable to ordinary shareholders shall grow by at least 20 per cent per year between 2019 and 2025.

### Financial risk limits

- The long-term loan-to-value ratio for the group shall not exceed 70 per cent.
- The long-term interest coverage ratio for the group shall not be less than 1.5 times.

### Dividend policy

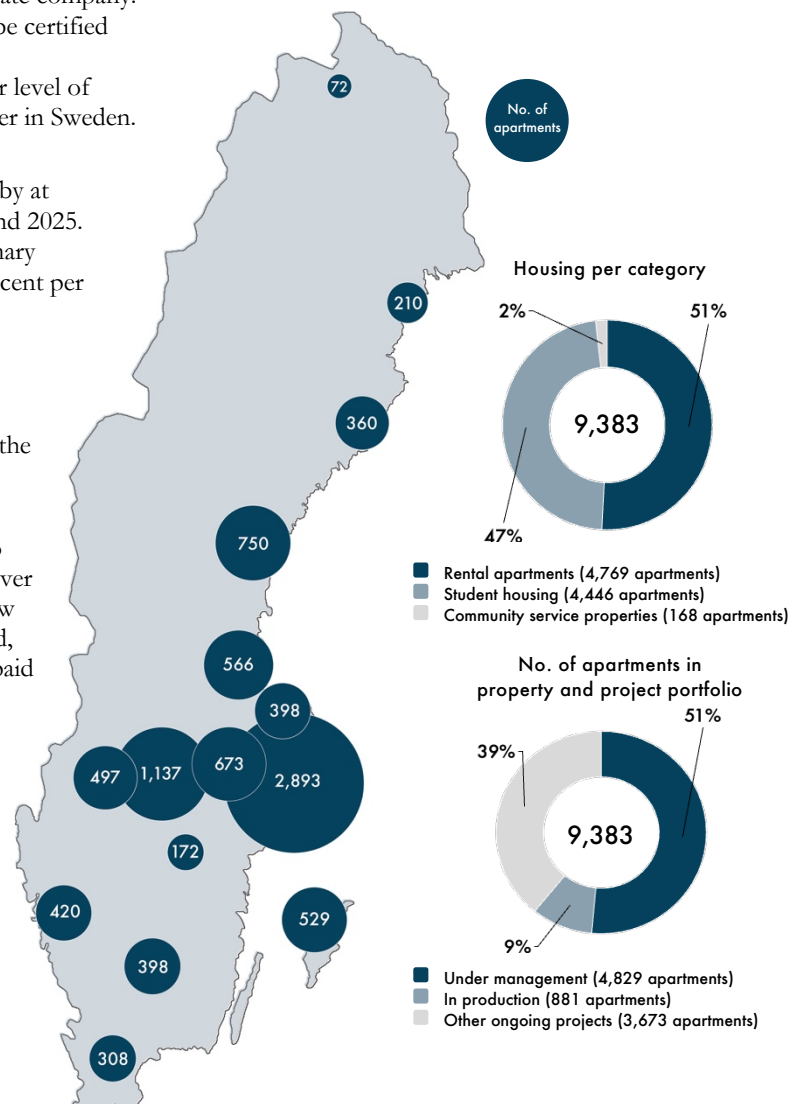
Over the long-term, dividends shall amount to maximum one third of average annual profit over the past three financial years. Over the next few years, K2A will prioritise growth over dividend, which could mean that low or no dividend is paid on ordinary shares. Preference shares shall be allotted in accordance with the Articles of Association.

## To achieve its targets, K2A shall

- Focus on Stockholm, the Mälardalen and a number of university/college cities and identify acquisition candidates and obtain land allocations for the development of rental apartments.
- Focus on prime residential locations, student housing close to campuses and community service properties with low counterparty and/or business risk.
- Focus on the development of high quality, space efficient and functional rental apartments suitable for industrially produced building volumes.
- Produce apartments under own management in manufacturing facilities controlled by K2A.

## Property and project portfolio

K2A's operations are concentrated to Stockholm, the Mälardalen and a selected number of university/college cities. The property and project portfolio comprises 9,383 apartments, including 4,829 managed apartments, with a total property value of SEK 9,055 million at the balance sheet date.



# SUSTAINABILITY

## Low-carbon value chain

K2A focuses on a sustainable planet, efficient construction and low-carbon living, developing homes primarily built using locally produced and certified Swedish timber. K2A aims to be the long-term owner and manager of the properties it builds. It makes financial sense to place an emphasis on high-quality, long-lasting fittings and materials that can be recycled or reused. Our buildings are Nordic Swan Ecolabel-certified, providing tenants with high-quality homes built with materials chosen for minimum impact on the environment and health. In line with K2A's sustainability strategy, the homes are developed and built for optimal environmental and energy performance, to support sustainable lifestyles and to help maintain or increase biodiversity. The company is proactive and climate-proofs new developments and redevelopments for future climate scenarios, ensuring that the existing property portfolio is equipped for future climate change challenges. In residential projects developed in-house K2A installs rooftop solar panels with the aim of making the properties self-sufficient in electricity. K2A has carpools in several locations that use electric vehicles based on its own BoBil concept, exclusively for the company's tenants. Features such as digital displays in building entrances with real-time bus and train timetables also promote low-carbon travel. Cool boxes have been installed in a number of buildings, where grocery deliveries can be placed, making everyday life easier for tenants and reducing individual car journeys for shopping.

## K2A at the top in terms of the EU taxonomy

The 2022 Annual Report classified 55 per cent of K2A's turnover as compliant with the EU taxonomy, which is the second highest percentage among Swedish real estate companies – and the highest among Swedish real estate companies with a residential focus. K2A's goal is to increase the share of EU taxonomy compliant turnover over time. A key part of achieving this goal is to implement energy efficiency measures in those parts of the company's portfolio that currently have higher energy consumption and are not green according to the taxonomy's threshold values. In addition to energy saving measures in operations, energy efficiency projects will be carried out during the year to ensure a greater impact on the properties with the greatest energy needs.

## New agreement with Produkt

K2A has signed an agreement with Produkt – to utilise their digital platform that collects data on the carbon footprints of different building products. In addition to the ability to create product lists and produce climate declarations for a building in the tool itself, the platform also offers a link to the BASTA online construction materials database and CCbuild (Center for Circular Building), enabling environmental assessments and making it easier to use reused construction products. The tool will thus make it easier to select low-carbon materials during K2A's construction process.

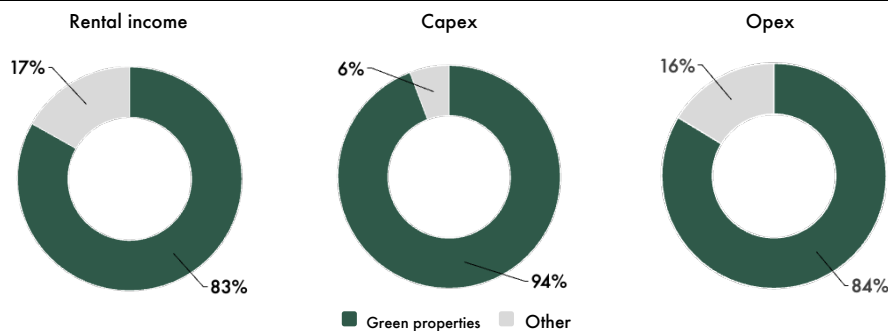
## Positive energy trend in the managed portfolio continues

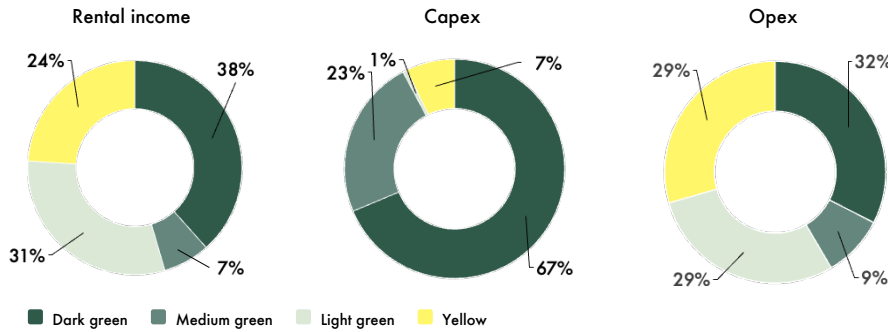
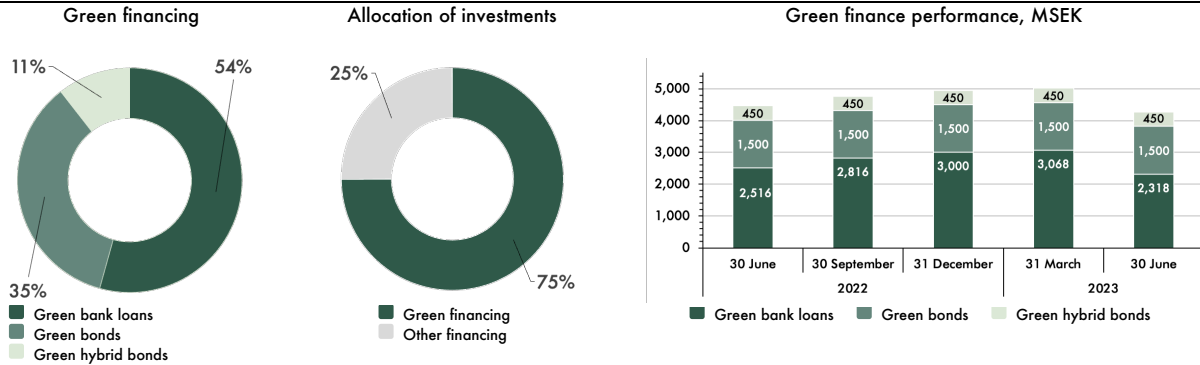
Work on energy saving measures that began in 2022 will continue in 2023. During the first six months, energy use in like-for-like portfolios has decreased by seven per cent. A factor contributing greatly to this decrease is the continued focus on connected buildings, indoor sensors and operational optimisation.

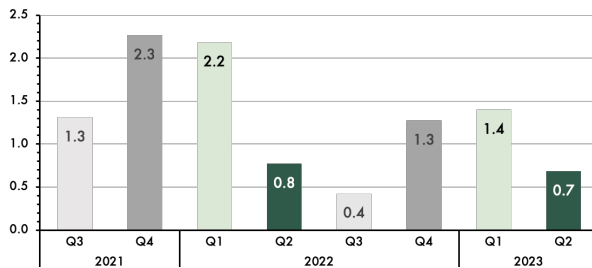
# GREEN FINANCING FRAMEWORK FOLLOW-UP

## GREEN FINANCING FRAMEWORK FOR SHARES, JAN–JUN 2023

Breakdown according to definition in the green financing framework for shares



**Breakdown according to CICERO Shades of Green**

**GREEN FINANCING FRAMEWORK**

**ENERGY EFFICIENCY**

 CO<sub>2</sub>e emissions, kg per sqm (scope 1-3<sup>1</sup>)


Year		Total CO <sub>2</sub> e emissions		Energy use
		tonne	kg/sqm	kWh/sqm <sup>2</sup>
2021	Q3	142.0	1.3	12.9
	Q4	338.3	2.3	33.3
2022	Q1	465.4	2.2	39.0
	Q2	178.9	0.8	15.6
	Q3	104.2	0.4	10.5
	Q4	320.7	1.3	30.9
2023	Q1	348.4	1.4	31.5
	Q2	190.6	0.7	14.4

- Scope 1 refers to the company's direct emissions from own sources as company vehicles and boilers. Scope 2 refers to the company's indirect emissions from purchased energy. Scope 3 refers to the operation's other indirect emissions from sources such as business trips. Scope 3 does not include tenants and new production activities on a quarterly basis. For complete results in scope 3, see the latest annual report.
- From Q1 2023, energy statistics are reported with normal year-corrected district heating. Historical energy statistics have been updated according to the same principle.

**GREEN BUILDINGS**

Certification and level, no. of buildings	Certified properties under management				
	Certified	Ongoing	Total	Ongoing	Total
Nordic Swan Eco-label	20	45	65	36	101
Miljöbyggnad nybyggnad					
- Silver	-	2	2	-	2
Miljöbyggnad iDrift					
- Silver	11	38	49	-	49
- Brons	33	7	40	-	40
Passivhouse/other	3	-	3	-	3
<b>Total</b>	<b>67</b>	<b>92</b>	<b>159</b>	<b>36</b>	<b>195</b>

**Example of green buildings – Västerås Galaxen**

At Galaxen in Västerås, K2A has completed 155 rental apartments that were ready for occupancy March 2023.

The project is produced in Swedish certified wood and will receive the Nordic Swan Eco-label.



# PROPERTY AND PROJECT PORTFOLIO

K2A's activities with investment objects and projects are concentrated to Stockholm, the Mälardalen and a selected number of university/college cities.

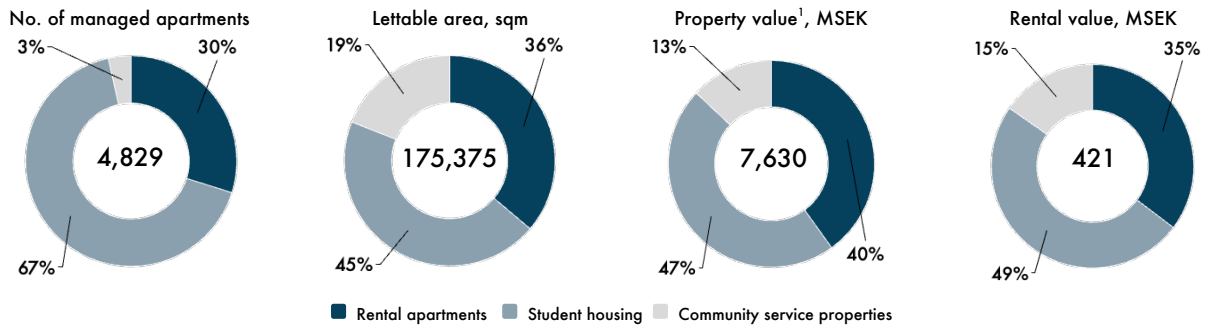
The investment objects comprise a total of 4,829 housing apartments and a lettable area of 175,375 sqm, of which 150,243 relates to housing apartments.

## INVESTMENT OBJECTS AT THE BALANCE SHEET DATE

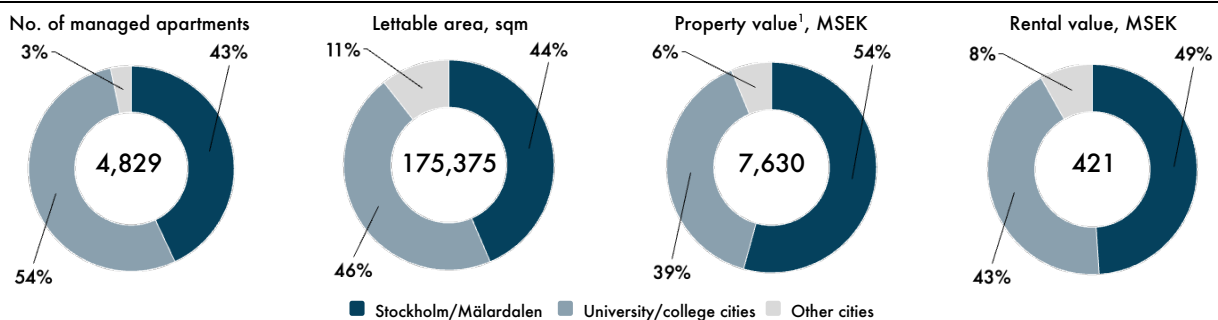
Investment objects per category	No. of apts.	Lettable area, sqm		Property value <sup>1</sup>		Rental value		Property costs		Operating surplus	
		Residential	Premises	MSEK	SEK/sqm	MSEK	SEK/sqm	MSEK	SEK/sqm	MSEK	SEK/sqm
Rental apartments	1,441	60,938	2,518	3,056	48,159	148	2,340	32	498	115	1,809
Student housing	3,220	73,443	5,180	3,582	45,562	208	2,642	48	612	154	1,962
Community service properties	168	15,862	17,434	992	29,781	65	1,939	10	290	55	1,649
<b>Total/average</b>	<b>4,829</b>	<b>150,243</b>	<b>25,132</b>	<b>7,630</b>	<b>43,506</b>	<b>421</b>	<b>2,399</b>	<b>89</b>	<b>510</b>	<b>324</b>	<b>1,847</b>

Investment objects geographic distribution	No. of apts.	Lettable area, sqm		Property value <sup>1</sup>		Rental value		Property costs		Operating surplus	
		Residential	Premises	MSEK	SEK/sqm	MSEK	SEK/sqm	MSEK	SEK/sqm	MSEK	SEK/sqm
Stockholm/Mälardalen	2,078	70,458	5,963	4,143	54,218	206	2,696	38	496	165	2,158
Student cities	2,593	69,346	11,019	3,008	37,428	180	2,245	45	561	131	1,633
Other cities	158	10,439	8,150	479	25,741	34	1,847	6	342	28	1,496
<b>Total/average</b>	<b>4,829</b>	<b>150,243</b>	<b>25,132</b>	<b>7,630</b>	<b>43,506</b>	<b>421</b>	<b>2,399</b>	<b>89</b>	<b>510</b>	<b>324</b>	<b>1,847</b>

## INVESTMENT OBJECTS PER CATEGORY



## INVESTMENT OBJECTS, GEOGRAPHICAL DISTRIBUTION



1) The property value pertains to investment objects. At the balance sheet date, the total value of all investment properties, including the fair value of ongoing projects, was SEK 9,055 million. The difference between the property value given in this table and the information about fair value at the balance sheet date for the investment objects segment in Note 2 is essentially due to the effects of IFRS 16 and the value given for ground leases and rental contracts, which totalled SEK 148.1 million at the balance sheet date.

Information about management objects and ongoing projects in this report is based on assessments and assumptions regarding economic occupancy rate, size, focus and scope of ongoing projects and when in time projects are expected to be started and completed. Data on rental value and property costs are estimates and refer to a full year. Property costs do not include costs for property management. Assumptions about economic occupancy rate refer to long-term vacancy cleared of project vacancy and temporary initial vacancy during the move-in period in connection with completion. Information on property value refers to fair value as of the balance sheet date. The assessments and assumptions involve uncertainty factors and the data should not be seen as a forecast. The information on ongoing projects is reviewed regularly and assessments and assumptions are adjusted as a result of ongoing projects being completed or added and conditions changing. For projects where construction has not started, financing has not been procured, which means that financing ongoing projects is a factor of uncertainty.

## PROPERTIES UNDER MANAGEMENT

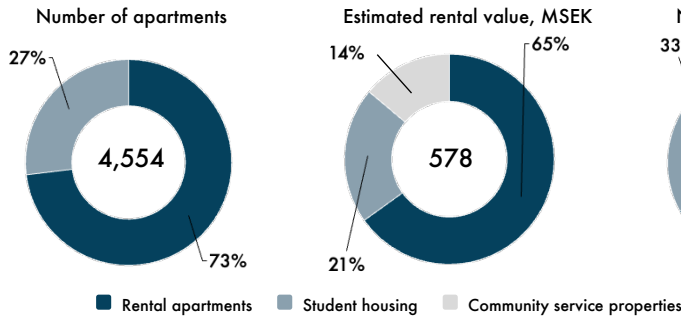
Property	Municipality	Category	Completed	Total area, sqm	No. of apartments	Rental value MSEK
<b>On 1 January, 2023</b>						
Rental apartments		R		75,393	1,629	172.2
Student housing		S		77,873	3,216	206.4
Community service properties		C		31,501	162	61.4
Future projects		F		2,416	5	5.1
<b>Sum</b>				<b>187,184</b>	<b>5,012</b>	<b>445.0</b>
<b>Added 2023</b>						
Bredsand pre-school	Enköping	C	2023	1,350	-	1.5
LSS Oxelösund 2	Oxelösund	C	2023	445	6	1.7
Sirenen	Lund	R	2023	3,497	98	7.9
Skrinet	Luleå	R	2023	4,600	95	8.7
Galaxen	Västerås	R	2023	6,747	155	14.6
Äppellunden	Umeå	R	2023	3,852	83	7.4
<b>Sum</b>				<b>20,491</b>	<b>437</b>	<b>41.8</b>
<b>Divested 2023</b>						
Havsmannen	Västerås	C	2019	5,076	114	14.2
Hinderbanan stage 2	Gävle	C	2021	4,440	107	8.9
Brynäs 19:20	Gävle	C	2021	4,847	138	11.0
Ekologen	Växjö	C	2018	5,332	75	9.1
Soluppgången	Växjö	C	2022	4,816	60	9.0
Skärvet 11	Växjö	C	2022	3,664	56	6.4
Biologen	Växjö	C	2022	4,124	70	7.4
<b>Sum</b>				<b>32,299</b>	<b>620</b>	<b>66.1</b>
<b>Total</b>				<b>175,375</b>	<b>4,829</b>	<b>420.7</b>

1) C=Community service properties, S=Student housing, R=Rental apartments, F=Future projects

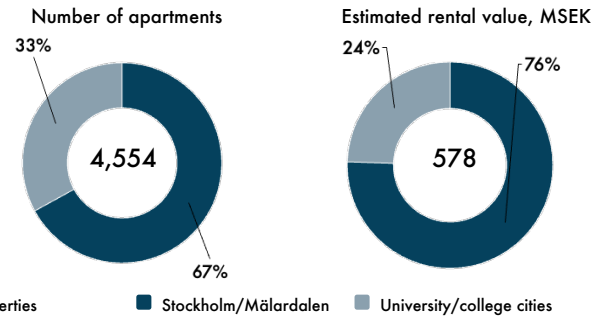


## ONGOING PROJECTS PER BALANCE SHEET DAY

### ONGOING PROJECTS PER CATEGORY

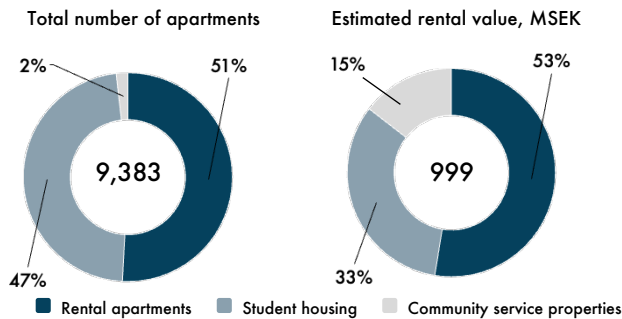


### ONGOING PROJECTS, GEOGRAPHICAL DISTRIBUTION

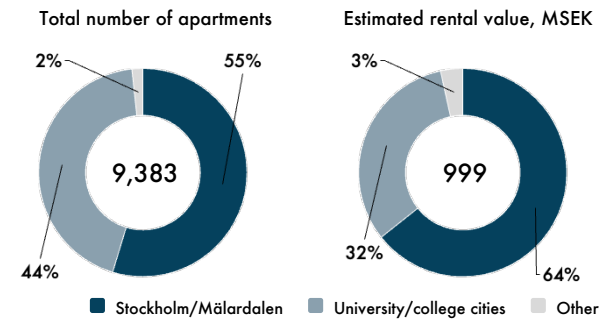


## TOTAL PROPERTY AND PROJECT PORTFOLIO PER BALANCE SHEET DAY

### Total property and project portfolio per category



### Total property and project portfolio, geographic distribution

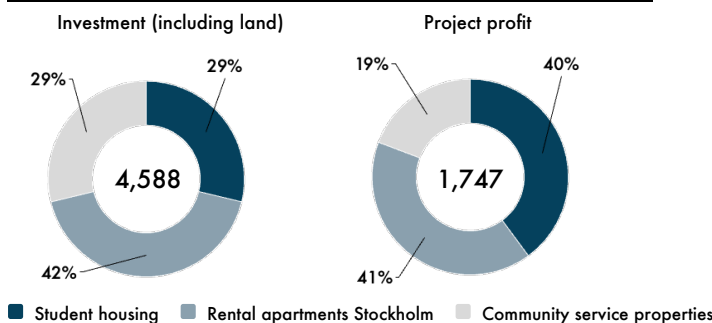


## ONGOING PROJECT DEVELOPMENT IN PRIORITISED AREAS

As a result of increased production costs, K2A has identified prioritised areas where the profitability is still judged to be sufficient to justify the start of production. The table below shows ongoing projects in these areas, distributed per category.

Per category	No. of apartments	Lettable area, sqm			Rental value		Property value at completion		Investment, MSEK	Profit	
		Residential	Premises	Total	MSEK	SEK/sqm	MSEK	SEK/sqm		MSEK	%
Student housing	1,028	23,661	315	23,976	97	4,046	2,016	84,084	1,319	697	53
Rental apartments, Stockholm	1,022	35,418	1,855	37,273	121	3,245	2,663	71,446	1,949	714	37
Community service properties	-	-	26,480	26,480	80	3,036	1,656	62,537	1,320	336	25
<b>Total/average</b>	<b>2,050</b>	<b>59,079</b>	<b>28,650</b>	<b>87,729</b>	<b>298</b>	<b>3,401</b>	<b>6,335</b>	<b>72,211</b>	<b>4,588</b>	<b>1,747</b>	<b>38</b>

### Distribution per category, MSEK



## ONGOING PROJECTS

Projects in production	Municipality	Category <sup>1</sup>	Status <sup>2</sup>	Construction		Total area, sqm	No. of apartments	Rental value MSEK
				start	Completed			
Ljusbågen	Uppsala	R		1, 2021	4, 2023	11,350	216	21.8
Spiran	Luleå	R		2, 2021	4, 2023	5,400	115	10.1
Diskusén	Växjö	R		2, 2021	3, 2023	6,863	185	18.7
Planeten	Västerås	R		2, 2021	1, 2024	2,463	62	5.2
Generatorn	Linköping	S, C		3, 2021	3, 2023	3,177	112	9.4
Magasinet	Norrköping	R		1, 2022	4, 2023	10,785	191	19.4
<b>Sum</b>						<b>40,038</b>	<b>881</b>	<b>84.6</b>
<b>Other ongoing projects</b>								
Perrongen	Stockholm	S	6	2024	2026	6,562	247	
Slakthus preschool	Stockholm	C	6	2024	2026	1,230	-	
Slakthushallen (gym)	Stockholm	C	6	2024	2026	2,130	-	
Åkroken	Sundsvall	S	6	2024	2026	1,892	86	
Förseglet	Västerås	R	6	2024	2027	5,420	145	
Havet	Örebro	S	6	2024	2026	1,024	36	
Trätornet	Stockholm	R	4	2025	2027	4,170	115	
Skogsliden	Stockholm	R	4	2025	2027	3,425	92	
Baronen	Sundsvall	R	6	2025	2027	7,071	187	
Sandstugan	Stockholm	R	2	2025	2027	4,149	120	
Korpralen	Gotland	S	1	2025	2027	1,672	76	
Kärnhuset	Stockholm	S	4	2025	2027	1,958	89	
Timmerfallet	Stockholm	S	1	2025	2027	4,400	200	
Brinken, stage 1	Borås	R	4	2025	2027	7,639	201	
Stinsen	Nynäshamn	R	2	2025	2027	6,414	180	
Ekersvägen	Örebro	R	3	2026	2028	10,500	240	
Harklövern, stage 2	Karlstad	R	6	2026	2028	3,128	81	
Juliana	Västerås	S	6	2026	2028	990	45	
Lugnet	Sundsvall	R	6	2026	2028	2,558	70	
Verkstan	Stockholm	R	1	2026	2028	2,780	80	
Visborg	Gotland	S	1	2026	2028	3,850	175	
Bätvarvet	Stockholm	R	1	2027	2029	3,400	95	
Brinken, stage 2	Borås	R	2	2027	2029	9,894	213	
Imperiet	Stockholm	R	-	2027	2030	7,000	188	
Ateljén	Stockholm	R	2	2027	2029	5,935	152	
<b>Sum</b>						<b>109,191</b>	<b>3,113</b>	
<b>Total per balance-sheet day</b>						<b>149,229</b>	<b>3,994</b>	
<b>Co-owned projects, number of apartments and area attributable to K2A</b>								
Flogsta	Uppsala	S	4	2024	2026	7,850	160	
Ångpannan	Västerås	C	6	2023	2026	23,150	-	
Viby	Upplands-Bro	R	6	2023	2029	23,520	400	
<b>Sum</b>						<b>54,520</b>	<b>560</b>	
<b>Total</b>						<b>203,749</b>	<b>4,554</b>	

1) C=Community service properties, S=Student housing, R=Rental apartments, F=Future projects

2) Depending on the current phase of each zoning plan, K2A takes a percentage of the assumed fair value of the building permits into account. 1 = Planning notification (25 per cent), 2 = Start memorandum (50 per cent), 3 = Planning programme (50 per cent), 4 = Public consultation (75 per cent), 5 = Exhibition (75 per cent), 6 = Zoning plan approved (100 per cent)

# EARNING CAPACITY PROPERTY MANAGEMENT OPERATIONS

In order to provide an overview of K2A's future expected earning capacity at profit from property management level, a table has been created. The earning capacity is based on the company's investment objects (including agreed but not yet accessed acquisitions) as well as the earning capacity from ongoing projects in production after these have been completed and occupied.

## Assumptions

The rental value of each investment object and ongoing project in production that is included in current earnings is presented in the "Property and project portfolio" section of the report.

Rental value and property costs are based on full year estimates. Vacancy refers to an assumed long-term vacancy rate.

The earning capacity refers to property management operations, which include investment objects (including agreed but not yet accessed acquisitions) and ongoing projects in production. Projects in which construction has not yet started are not included. For that reason, only estimated central administrative costs attributable to property management operations are included. Central costs attributable to project development have therefore been excluded. Additional investments refer to estimates of total production costs for the investment objects and ongoing projects in production that are included in current earnings, less the accumulated portion that K2A had invested by the balance sheet date. Additional investments for acquired but not yet accessed investment objects are based on the purchase price.

For more information, refer to the "Property and project portfolio" section in the report.

## EARNINGS CAPACITY PER BALANCE SHEET DAY

SEK million	Investment objects	Acquired, not accessed investment properties	Ongoing projects in production	Group	Total
Rental value	420.7	-	84.6		505.4
Vacancies	-7.4	-	-1.1		-8.5
Rental income	413.3	-	83.6		496.9
Total property costs, including administration	-117.6	-	-20.2		-137.8
Operating surplus	295.7	-	63.4		359.1
Central administration, property management				-18.5	-18.5
Net interest income/expense					-213.6
Profit from property management					127.0
Remaining investments	-18.7	-	1,108.2		1,089.5

## SENSITIVITY ANALYSIS

The table below shows the theoretical income effect on profit from property management on the group's earning capacity. The theoretical income effect on profit from property management has been estimated by changing one of the following factors at a time:

	Change	Effect on operating surplus, SEK million
Rental value	+/- 5 per cent	+/- 25.3
Occupancy rate	+/- 2 percentage points	+/- 5.1
Property cost	+/- 10 per cent	-/+ 13.8
Interest expense	+/- 1 percentage point	-/+ 29.6

## THE GROUP'S STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

SEK million	Note	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jul- 2023 Jun	2022 Jan-Dec
Rental income		111.4	87.8	221.8	173.4	423.1	374.7
<i>Property costs</i>							
Operating costs		-17.2	-16.4	-47.6	-40.9	-95.2	-88.4
Maintenance		-2.4	-3.1	-5.8	-7.7	-12.9	-14.8
Property tax		-0.9	-0.6	-1.7	-1.3	-4.3	-3.9
Depreciation		-0.4	-0.3	-0.8	-0.5	-1.4	-1.1
Property administration		-8.2	-5.4	-15.9	-12.0	-27.3	-23.4
Total property costs		-29.1	-25.9	-71.6	-62.3	-141.0	-131.7
Operating surplus		82.3	62.0	150.1	111.1	282.1	243.0
Central administration, property management		-4.1	-4.2	-8.5	-9.7	-15.2	-16.3
Central administration, project development		-8.3	-15.5	-19.7	-27.9	-34.5	-42.7
Gain/loss from joint ventures		-13.3	71.1	-16.0	109.0	-53.2	71.8
- whereof operating surplus		2.2	0.1	0.3	-0.1	0.0	-0.4
- whereof value change, investment properties		-15.5	71.0	-16.3	109.1	-53.2	72.2
Net interest income/expense		-51.4	-34.3	-94.4	-58.5	-164.0	-128.1
Profit/loss from property management		5.3	79.0	11.6	124.0	15.2	127.6
<i>Value changes</i>							
Investment properties, unrealised	2	-136.0	131.2	-305.5	335.8	-637.7	3.5
Investment properties, realised		-10.5	-0.2	-10.0	-0.2	-11.8	-2.0
Participations in other companies		-	-0.0	-	-0.8	-7.0	-7.8
Derivatives		25.5	8.9	4.8	56.8	41.0	92.9
Profit/loss before tax		-115.8	218.9	-299.0	515.6	-600.3	214.3
Current tax		-0.2	0.1	-0.2	-0.2	-0.3	-0.3
Deferred tax		51.5	-34.8	78.7	-92.2	115.9	-54.9
Net profit/loss for the period/year		-64.5	184.3	-220.6	423.3	-484.8	159.1
<i>Net profit/loss for the period/year attributable to:</i>							
Parent Company shareholders		-64.2	184.3	-220.3	423.3	-484.1	159.5
Non-controlling interests		-0.3	0.0	-0.3	0.0	-0.7	-0.4
<i>Earnings per share</i>							
Earnings per ordinary share, before and after dilution, SEK		-0.98	1.96	-3.01	4.56	-6.49	1.08
Average number of outstanding ordinary shares, before and after dilution		85,865,300	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300

Net profit for the period/year corresponds to comprehensive income for the period/year and thus only one income statement is presented without a separate statement of other comprehensive income.

## THE GROUP'S STATEMENT OF FINANCIAL POSITION

SEK million	Note	2023-06-30	2022-06-30	2022-12-31
<b>ASSETS</b>				
<i>Intangible and tangible assets</i>				
Investment properties	2	9,055.1	9,934.2	10,149.7
Owner-occupied properties		23.6	13.0	25.8
Equipment		16.7	17.8	17.5
Licences		4.6	5.8	5.2
<b>Total intangible and tangible assets</b>		<b>9,100.1</b>	<b>9,970.7</b>	<b>10,198.3</b>
<i>Financial assets</i>				
Participations in joint ventures		335.9	389.2	352.0
Participations in other companies		153.4	154.4	153.4
Other non-current receivables		25.8	128.8	39.6
Derivatives		215.7	106.7	142.9
<b>Total financial assets</b>		<b>730.9</b>	<b>779.0</b>	<b>687.8</b>
<b>Total non-current assets</b>		<b>9,831.0</b>	<b>10,749.8</b>	<b>10,886.1</b>
<i>Current assets</i>				
Inventories		1.7	16.0	2.3
Accounts receivable		1.4	1.5	1.2
Tax assets		3.3	3.2	3.0
Receivables from joint ventures		32.7	5.9	10.7
Other receivables		202.5	116.7	120.1
Prepaid expenses and accrued income		39.3	17.0	20.4
Cash and cash equivalents		564.3	599.7	298.0
<b>Total current assets</b>		<b>845.2</b>	<b>760.0</b>	<b>455.6</b>
<b>Total assets</b>		<b>10,676.2</b>	<b>11,509.7</b>	<b>11,341.7</b>
<b>EQUITY AND LIABILITIES</b>				
<i>Equity</i>				
Share capital		547.9	547.9	547.9
Other contributed capital		942.0	942.0	942.0
Hybrid bond		450.0	450.0	450.0
Retained earnings including net profit/loss for the period/year		756.4	1,326.4	1,045.9
Equity attributable to Parent Company shareholders		2,696.4	3,266.4	2,985.8
Equity attributable to non-controlling interests		-	0.7	0.3
<b>Total equity</b>		<b>2,696.4</b>	<b>3,267.1</b>	<b>2,986.1</b>
<i>Non-current liabilities</i>				
Deferred tax liabilities		461.6	577.5	540.2
Non-current lease liabilities		202.3	142.4	189.1
Non-current interest-bearing liabilities		4,275.0	6,227.9	5,109.6
<b>Total non-current liabilities</b>		<b>4,938.9</b>	<b>6,947.7</b>	<b>5,838.9</b>
<i>Current liabilities</i>				
Current interest-bearing liabilities		2,750.0	948.8	2,233.7
Current lease liabilities		33.2	13.1	20.5
Accounts payable		55.9	74.8	76.3
Tax liabilities		4.6	5.0	7.3
Other liabilities		62.4	72.0	39.9
Accrued expenses and deferred income		134.8	181.4	138.9
<b>Total current liabilities</b>		<b>3,040.9</b>	<b>1,294.9</b>	<b>2,516.6</b>
<b>Total liabilities</b>		<b>7,979.8</b>	<b>8,242.7</b>	<b>8,355.6</b>
<b>Total equity and liabilities</b>		<b>10,676.2</b>	<b>11,509.7</b>	<b>11,341.7</b>

## THE GROUP'S STATEMENT OF CHANGES IN EQUITY

SEK million	Attributable to Parent Company shareholders				Non-controlling interests	Total equity
	Share capital	Other contributed capital	Hybrid bond	Retained earnings		
<b>Opening equity, 1 Jan 2022</b>	<b>547.9</b>	<b>942.0</b>	<b>450.0</b>	<b>965.6</b>	<b>0.7</b>	<b>2,906.2</b>
Profit/loss for the period				423.3	0.0	423.3
Payment, hybrid bond	-	-	-	-13.5	-	-13.5
Resolved dividend, ordinary shares	-	-	-	-12.9	-	-12.9
Resolved dividend, preference shares	-	-	-	-36.1	-	-36.1
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-62.4</b>	<b>-</b>	<b>-62.4</b>
<b>Closing equity, 30 Jun 2022</b>	<b>547.9</b>	<b>942.0</b>	<b>450.0</b>	<b>1,326.4</b>	<b>0.7</b>	<b>3,267.1</b>
Profit/loss for the period				-263.8	-0.4	-264.2
Payment, hybrid bond	-	-	-	-16.8	-	-16.8
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-16.8</b>	<b>-</b>	<b>-16.8</b>
<b>Closing equity, 31 Dec 2022</b>	<b>547.9</b>	<b>942.0</b>	<b>450.0</b>	<b>1,045.9</b>	<b>0.3</b>	<b>2,986.1</b>
<b>Opening equity, 1 Jan 2023</b>	<b>547.9</b>	<b>942.0</b>	<b>450.0</b>	<b>1,045.9</b>	<b>0.3</b>	<b>2,986.1</b>
Profit/loss for the period				-220.3	-0.3	-220.6
Payment, hybrid bond	-	-	-	-20.2	-	-20.2
Resolved dividend, ordinary shares	-	-	-	-12.9	-	-12.9
Resolved dividend, preference shares	-	-	-	-36.1	-	-36.1
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-69.1</b>	<b>-</b>	<b>-69.1</b>
<b>Closing equity, 30 Jun 2023</b>	<b>547.9</b>	<b>942.0</b>	<b>450.0</b>	<b>756.4</b>	<b>-</b>	<b>2,696.4</b>

## THE GROUP'S CASH FLOW STATEMENT

SEK million	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jul- 2023 Jun	2022 Jan-Dec
<i>Operating activities</i>						
Profit/loss from property management	5.3	79.0	11.6	124.0	15.2	127.6
Adjustments for non-cash items	28.4	-64.5	50.3	-98.5	106.0	-42.8
Tax paid	-	-	-0.5	-	-1.1	-0.6
Change in inventories	0.5	-1.7	0.6	-0.2	14.3	13.5
Change in operating receivables	-63.2	-16.8	-115.8	-15.8	-38.3	61.7
Change in operating liabilities	-9.6	-1.9	-26.8	-17.0	-107.2	-97.4
Cash flow from operating activities	-38.6	-6.0	-80.7	-7.5	-11.2	62.0
<i>Investing activities</i>						
Investments in investment properties	-36.1	-248.9	-152.4	-580.2	-461.6	-889.5
Acquisition of investment properties	-270.2	-156.8	-304.8	-515.7	-477.0	-687.9
Divested investment properties	1,264.0	85.9	1,275.5	85.9	1,276.4	86.8
Investments in licences	-	-	-0.1	-0.2	-0.3	-0.4
Investments in equipment	-0.2	-0.2	-0.4	-2.3	-0.8	-2.8
Divestments of equipment	0.1	0.0	0.1	0.3	0.2	0.4
Lending to joint ventures	-17.8	-	-17.8	-	-20.4	-2.6
Participations in other companies	-	-0.0	-	-54.2	-6.0	-60.2
Cash flow from investing activities	939.8	-320.1	800.1	-1,066.4	310.4	-1,556.1
<i>Financing activities</i>						
Loans raised	190.5	516.9	591.2	1,508.6	770.1	1,687.6
Repayment of loans	-899.0	-107.5	-916.1	-140.1	-935.0	-159.0
Repayment of lease liability	-5.9	-2.8	-10.5	-5.5	-18.8	-13.8
Transaction derivatives	0.0	-24.3	-68.0	-24.3	-68.0	-24.3
Payment, hybrid bond	-9.7	-6.6	-18.8	-13.4	-34.0	-28.6
Dividend, ordinary shares	-12.9	-12.9	-12.9	-12.9	-12.9	-12.9
Dividend, preference shares	-9.0	-9.0	-18.0	-18.0	-36.1	-36.1
Cash flow from financing activities	-745.9	353.7	-453.1	1,294.4	-334.6	1,412.9
Cash flow for the period	155.2	27.6	266.3	220.5	-35.4	-81.2
Cash and cash equivalents at the beginning of the period/year	409.1	572.1	298.0	379.2	599.7	379.2
Cash and cash equivalents at the end of the period/year	564.3	599.7	564.3	599.7	564.3	298.0

## SEGMENT REPORTING

	INVESTMENT PROPERTIES		ONGOING PROJECTS		UNDISTRIBUTED ITEMS		GROUP	
	2023 Jan-Jun	2022 Jan-Jun	2023 Jan-Jun	2022 Jan-Jun	2023 Jan-Jun	2022 Jan-Jun	2023 Jan-Jun	2022 Jan-Jun
SEK million								
<b>INCOME STATEMENT</b>								
Rental income	220.3	171.8	1.5	1.6	-0.0	-	221.8	173.4
Property costs	-70.2	-59.9	-1.4	-2.4	-	-0.0	-71.6	-62.3
Operating surplus	150.1	111.9	0.0	-0.8	-0.0	-0.0	150.1	111.1
Central administration	-8.5	-9.7	-19.7	-27.9	-	-	-28.2	-37.5
Gain/loss from joint ventures	-	-	-	-	-16.0	109.0	-16.0	109.0
- whereof operating surplus	-	-	-	-	0.3	-0.1	0.3	-0.1
- whereof value change, investment properties	-	-	-	-	-16.3	109.1	-16.3	109.1
Net interest income/expense	-65.6	-35.9	-0.2	0.7	-28.6	-23.3	-94.4	-58.5
Profit/loss from property management	76.0	66.3	-19.8	-28.0	-44.6	85.7	11.6	124.0
<i>Value changes</i>								
Investment properties, unrealised	-152.4	17.2	-153.1	318.6	-	-	-305.5	335.8
Investment properties, realised	-10.5	-0.2	0.6	-	-0.0	-	-10.0	-0.2
Participations in other companies	-	-	-	-	-	-0.8	-	-0.8
Derivatives	-	-	-	-	4.8	56.8	4.8	56.8
Profit/loss before tax	-86.9	83.3	-172.3	290.6	-39.8	141.7	-299.0	515.6
Current tax	-	-	-	-	-	-	-0.2	-0.2
Deferred tax	-	-	-	-	-	-	78.7	-92.2
Profit/loss for the period	-	-	-	-	-	-	-220.6	423.3
<b>BALANCE SHEET</b>								
Non-current assets	7,776.9	8,243.7	1,676.1	2,235.2	378.0	270.9	9,831.0	10,749.8
Current assets	667.0	185.7	97.8	102.0	80.4	472.2	845.2	760.0
Total assets	8,443.8	8,429.4	1,773.9	2,337.2	458.4	743.1	10,676.2	11,509.7
Non-current liabilities	4,048.9	4,808.7	466.7	1,099.6	423.3	1,039.5	4,938.9	6,947.7
Current liabilities	1,421.9	902.8	671.5	203.9	947.6	188.2	3,040.9	1,294.9
Total liabilities	5,470.8	5,711.5	1,138.2	1,303.5	1,370.9	1,227.7	7,979.8	8,242.7
Total equity	-	-	-	-	-	-	2,696.4	3,267.1
Total equity and liabilities	-	-	-	-	-	-	10,676.2	11,509.7

## THE GROUP'S KEY FIGURES

	2023	2022	2023	2022	2022 Jul-	2022
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	2023 Jun	Jan-Dec
<b>Property-related key figures</b>						
Number of managed apartments	4,829	4,602	4,829	4,602	4,829	5,012
Number of apartments under production	881	1,522	881	1,522	881	1,348
Number of apartments in projects	3,673	4,038	3,673	4,038	3,673	3,517
Total number of apartments	9,383	10,162	9,383	10,162	9,383	9,877
Lettable area housing properties, tsqm	142.1	136.7	142.1	136.7	142.1	155.7
Lettable area community service properties, tsqm	33.3	38.3	33.3	38.3	33.3	31.5
Total lettable area, tsqm	175.4	175.0	175.4	175.0	175.4	187.2
Economic occupancy rate, per cent	96.9	96.4	97.4	97.1	98.0	97.9
Surplus ratio, per cent	73.9	70.6	67.7	64.1	66.7	64.8
<i>Cash flows from investment activities, SEK million</i>						
Investments in new construction, extension and refurbishment	-36.1	-248.9	-152.4	-580.2	-461.6	-889.5
Acquisitions	-270.2	-156.8	-304.8	-515.7	-477.0	-687.9
Divestments	1,264.0	85.9	1,275.5	85.9	1,276.4	86.8
<b>Financial key figures</b>						
Return on equity, per cent	-	-	-	-	-18.0	5.3
Equity/assets ratio, per cent	25.3	28.4	25.3	28.4	25.3	26.3
Loan-to-value ratio, per cent	65.8	62.4	65.8	62.4	65.8	64.7
Net loan-to-value ratio, per cent	63.9	60.3	63.9	60.3	63.9	63.8
Average interest rate, per cent	3.3	2.3	3.3	2.3	3.3	3.1
Interest-coverage ratio, 12 months, times	-	-	-	-	1.6	1.8
Fixed-rate period, number of months	24	29	24	29	24	23
Average loan maturity, number of months	21	27	21	27	21	23
<b>Share-related key figures</b>						
Total number of preference shares outstanding	1,804,800	1,804,800	1,804,800	1,804,800	1,804,800	1,804,800
Average number of preference shares outstanding	1,804,800	1,804,800	1,804,800	1,804,800	1,804,800	1,804,800
Total dividend preference shares, SEK million	9.0	9.0	18.0	18.0	36.1	36.1
Dividend per preference share, SEK	5.00	5.00	10.00	10.00	20.00	20.00
Total number of ordinary shares outstanding	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300
Average number of ordinary shares outstanding	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300
Profit from property management per ordinary share, SEK	-0.17	0.74	-0.31	1.08	-0.67	0.71
Earnings per ordinary share, SEK	-0.98	1.96	-3.01	4.56	-6.49	1.08
Adjusted earnings per ordinary share, SEK	-0.98	1.96	-3.01	4.56	-6.50	1.08
Equity, SEK million	2,696.4	3,267.1	2,696.4	3,267.1	2,696.4	2,986.1
Equity attributable to ordinary shareholders, SEK million	1,727.5	2,297.5	1,727.5	2,297.5	1,727.5	2,016.9
Equity per ordinary share, SEK	20.12	26.76	20.12	26.76	20.12	23.49
EPRA NRV, SEK million	2,942.3	3,737.8	2,942.3	3,737.8	2,942.3	3,383.5
EPRA NRV attributable to ordinary shareholders, SEK million	1,973.4	2,768.3	1,973.4	2,768.3	1,973.4	2,414.3
EPRA NRV per ordinary share, SEK	22.98	32.24	22.98	32.24	22.98	28.12
Growth in EPRA NRV per ordinary share (12 months), %	-	-	-	-	-28.7	0.7

## PARENT COMPANY'S COMPREHENSIVE INCOME IN SUMMARY

SEK million	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jul- 2023 Jun	2022 Jan-Dec
Operating income	20.4	12.1	33.9	25.1	66.7	57.8
Operating expenses	-28.7	-29.2	-55.6	-57.2	-104.2	-105.8
Operating profit/loss	-8.3	-17.1	-21.6	-32.2	-37.5	-48.0
Profit/loss from financial items	20.2	-9.3	-12.3	26.9	-12.7	26.5
Profit/loss after financial items	11.8	-26.4	-34.0	-5.3	-50.2	-21.5
Appropriations	-	-	-	-	26.1	26.1
Profit/loss before tax	11.8	-26.4	-34.0	-5.3	-24.1	4.6
Tax	-6.9	-1.8	-4.2	-11.7	-8.2	-15.6
Net profit/loss for the period/year	5.0	-28.3	-38.2	-17.0	-32.3	-11.1

Net profit/loss for the period/year corresponds to comprehensive income for the period/year and thus only one income statement is presented without a separate statement of other comprehensive income.

## PARENT COMPANY'S STATEMENT OF FINANCIAL POSITION IN SUMMARY

SEK million	2023-06-30	2022-06-30	2022-12-31
<b>ASSETS</b>			
Intangible assets	4.6	5.8	5.2
Tangible assets	2.7	2.8	2.6
Financial assets	2,392.6	2,273.4	2,319.8
Non-current assets	2,399.9	2,281.9	2,327.7
Current assets	2,185.7	2,140.5	1,929.8
<b>Total assets</b>	<b>4,585.6</b>	<b>4,422.4</b>	<b>4,257.5</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	547.9	547.9	547.9
Non-restricted equity	838.2	956.3	945.5
Total equity	1,386.1	1,504.3	1,493.5
Non-current liabilities	721.6	1,501.0	1,113.3
Current liabilities	2,478.0	1,417.1	1,650.8
Total liabilities	3,199.6	2,918.1	2,764.0
<b>Total equity and liabilities</b>	<b>4,585.6</b>	<b>4,422.4</b>	<b>4,257.5</b>

# PERFORMANCE ANALYSIS

## JANUARY – JUNE 2023

The profit and cash flow items below refer to the period January to June 2023. The comparative items refer to the corresponding period of the previous year. The amounts of the balance sheet items and comparison figures refer to the position at the end of the period this year and the previous year.

### Rental income and occupancy rate

During the period, rental income increased to SEK 221.8 million (173.4). The increase represented growth of 27.9 per cent in rental income. During the period, the economic occupancy rate was 97.4 per cent (97.1).

The increase in rental income is mainly due to rent increases and fewer vacancies compared to the same period in 2022. For like-for-like portfolios, rental income increased by 7.2 per cent, of which lower vacancies contributed 0.7 percentage points and income from re-invoiced costs 0.4 percentage points. K2A has also managed a larger portfolio compared to the previous year (towards the end of the period, the portfolio was reduced by the sale of eight properties). At 30 June 2023, the lettable area in K2A's property portfolio was 175,4 thousand sqm, compared with 175,0 thousand sqm at 30 June 2022, representing an increase of 0.2 per cent. At 30 June 2023, the total rental value of investment properties was SEK 420.7 million (393.1) on an annual basis, representing growth of 7.0 per cent.

#### Rental income

SEK million	2023		2022
	Jan-Jun	Jan-Jun	Change, %
Student housing	101.2	74.6	35.7
Rental apartments	88.5	69.8	26.7
Community service properties	32.1	29.0	10.8
<b>Total income</b>	<b>221.8</b>	<b>173.4</b>	<b>27.9</b>

### Property costs

During the period, total property costs increased to SEK 71.6 million (62.3), up 15.0 per cent. The increase is explained below.

#### Property costs, Jan-Jun 2023

SEK million	Student housing	Rental apts.	Community service	Total
			properties	
Operating costs	-24.5	-18.1	-5.1	-47.6
Maintenance	-2.5	-2.1	-1.2	-5.8
Property tax	-1.2	-0.5	-0.0	-1.7
Depreciation/amortisation	-	-0.8	-	-0.8
Direct property costs	-28.1	-21.5	-6.2	-55.8
Property administration				-15.9
<b>Total property costs</b>				<b>-71.6</b>

#### Property costs, Jan-Jun 2022

SEK million	Student housing	Rental apts.	Community service	Total
			properties	
Operating costs	-20.8	-14.9	-5.2	-40.9
Maintenance	-3.8	-2.5	-1.4	-7.7
Property tax	-1.0	-0.3	-0.0	-1.3
Depreciation/amortisation	-	-0.5	-	-0.5
Direct property costs	-25.6	-18.2	-6.6	-50.4
Property administration				-11.9
<b>Total property costs</b>				<b>-62.3</b>

During the period, operating and maintenance costs, including property tax, totalled SEK -55.0 million (-49.9), representing an increase of 10.3 per cent. The increase can mainly be explained by K2A managing a larger property portfolio compared to the corresponding period in 2022. In the comparative period, operating costs were charged with SEK -1.9 million for restoration of the Gävle Kungsbäck 2:21 property. Electricity subsidies had a positive impact of SEK 3.7 million on net operating income in the second quarter. Operating costs in like-for-like portfolios increased by 3.4 per cent.

Property administration costs amounted to SEK -15.9 million (-12.0). The increase was due to the fact that K2A strengthened the organisation.

### Net operating income and surplus ratio

During the period, the net operating income was SEK 150.1 million (111.1) up 35.2 per cent. The surplus ratio for the past 12 months was 66.7 per cent (65.6).

### Central administration

Central administration costs amounted to SEK -28.2 million (-37.5), which corresponded to a reduction in costs of -25.0 per cent. During the period, joint ventures were invoiced a total of SEK 4.0 million for project management services, which has been reported as a cost reduction by central administration. K2A assesses that the corresponding invoicing will take place quarterly during 2023. The central costs are allocated between K2A's two business areas – property management and project development – and costs during the period amounted to SEK -8.5 million (-9.7) and SEK -19.7 million (-27.9), respectively.

### Profit from joint ventures

The share of profit during the period was SEK -16.0 million (109.0). The year-on-year change was largely due to value changes attributable to joint projects, which amounted to SEK -16.3 million (109.1).

## Net interest income/expense

Net interest expense amounted to SEK -94.4 million (-58.5). The year-on-year increase in interest bearing liabilities and higher interest rates led to higher interest expense. As a result of higher market interest rates, capitalized interest linked to ongoing projects has increased in 2023.

The average interest rate on the balance sheet date was 3.3 per cent (2.3). The interest-coverage ratio for the past 12 months was 1.6 (1.8).

## Value changes

During the period, unrealised changes in the value of investment properties amounted to SEK -305.5 million (335.8).

### Value change, investment properties

SEK million	2023	2022
	Jan-Jun	Jan-Jun
Investment objects	-152.4	17.2
Ongoing projects	-153.1	318.6
Total value change	-305.5	335.8
Total as a percentage of opening balance	-3.0	3.5

K2A has interest rate swaps for loans with a total nominal value of SEK 3,575.0 million (2,075.0). During the period, unrealised changes in the value of derivatives amounted to SEK 4.8 million (56.8).

## Taxes

Current tax for the period amounted to SEK -0.2 million (-0.2), which relates to estimated tax expense in newly acquired companies. Deferred tax amounted to SEK 78.7 million (-92.2) and was mainly impacted by unrealised changes in the value of properties and derivatives. The corporation tax rate is 20.6 per cent.

On 30 June 2023, the group's accumulation of tax loss carryforwards amounted to SEK 380.2 million (311.8). Deferred tax is recognised on a net basis on the consolidated balance sheet.

### Deferred tax liabilities recognised on balance sheet

SEK million	2023-06-30	2022-06-30
Properties	510.1	619.1
Tax loss carryforwards	-79.0	-63.9
Untaxed reserves	0.7	2.0
Derivatives	29.4	17.0
Other items	0.4	3.4
Total	461.6	577.5

## General information

This document is a translation of the Swedish report. In the event of discrepancies, the Swedish original will supersede the translation.

## Organisation and employees

At period-end, K2A had a total of 57 employees (136). 47 people (47), of whom 19 (15) are women, are employed in project development, finance, communication, and property management, with placement at K2A's head office in Stockholm or in other locations where K2A has investment objects. The remaining 10 people (89) refer to employees in the K2A Tråhus subsidiary.

## Significant related party transactions during the period

During the period, the Group (Parent Company) purchased project management services from Samhed Fastighets AB, Ljungskår AB, Ludvig Holmgren Capital AB and C Interior Design AB for a total amount of SEK 2.8 million (7.3). These companies are owned by people who hold shares in K2A. During the period, the Group purchased ongoing legal services from Advokatfirman Lindahl for SEK 1.2 million (1.9), of which SEK 0.7 million (1.4) was invoiced to the Parent Company. Sten Gejrot is chairman of K2A's Board and a partner of Advokatfirman Lindahl.

## Roundings

Due to rounding, the figures presented in this report may not always add up to exact totals and percentages may differ from the exact percentages.



# FINANCING

## Risk limits

K2A shall have limited financial risk. The most significant types of financial risk for K2A are financing risk, interest rate risk and liquidity risk. K2A's overall financial risk limits refer to:

- The long-term loan-to-value ratio for the group shall not exceed 70 per cent
- The long-term interest coverage ratio for the group shall not be less than 1.5 times

## Assets and equity

On 30 June 2023, the value of K2A's assets were SEK 10,676.2 million (11,509.7), of which investment properties accounted for SEK 9,055.1 million (9,934.2). Cash and cash equivalents amounted to SEK 564.3 million (599.7). Equity amounted to SEK 2,696.4 million (3,267.1).

## Interest bearing liabilities

On 30 June 2023, K2A had interest bearing liabilities (excluding lease liabilities) of SEK 7,025.0 million (7,176.6). The group's net loan-to-value ratio was 63.9 per cent (60.3).

At period end, the average interest rate was 3.3 per cent (2.3). The realisable fair value of liabilities does not deviate materially from their carrying amounts.

On the balance sheet date, the average interest period was 24 months (29) and the average loan maturity was 21 months (27). K2A has derivative contracts totalling SEK 3,575.0 million (2,075.0).

At period end, loan repayments over the next 12 months amounted to SEK 68.4 million (77.1). Accrued transaction costs of SEK 11.1 million (20.5) reduced interest bearing liabilities on the balance sheet.

Interest rate structure	MSEK	%
Fixed interest rate	2,155.2	30.6
Interest-secured loans	3,575.0	50.8
Variable interest rate	1,305.9	18.6
<b>Total</b>	<b>7,036.1</b>	<b>100.0</b>

Interest rate swaps contract maturity	Nominal amount, MSEK	Fixed interest (average), %
2025	1,900	0.94
2026	1,200	1.27
2028	475	0.21
<b>Total/average</b>	<b>3,575</b>	<b>0.95</b>

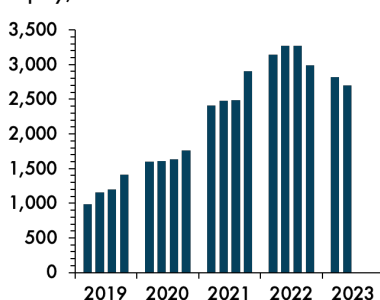
## INTEREST AND AVERAGE LOAN MATURITY

Due year	Fixed rate		Loan maturity, MSEK		
	Volume, MSEK	Interest, per cent	Commitment	Drawn	Undrawn
Variable interest rate	1,306	6.19	-	-	-
2023	270	1.78	1,243	1,145	98
2024	477	1.55	2,113	2,057	56
2025	3,012	2.59	2,842	2,842	-
2026	1,497	3.28	744	744	-
2028	475	2.63	347	247	100
<b>Total/average</b>	<b>7,036</b>	<b>3.31</b>	<b>7,289</b>	<b>7,036</b>	<b>253</b>

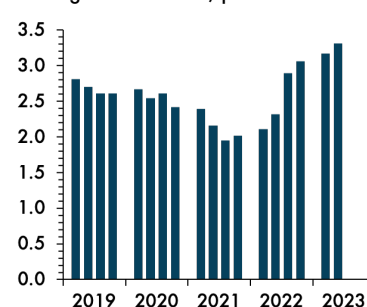
## GREEN BONDS AND GREEN HYBRID BONDS

Sr unsecured FRN Green Bonds	First issue date	Maturity date	Time to maturity, yrs	Nom. amount MSEK	Base rate	Base rate margin, %	Current rate, %
20/23 FRN C	2020-08-28	2023-08-28	0.2	400	Stibor 3M	3.95	7.64
MTN 101	2021-06-01	2024-06-01	0.9	400	Stibor 3M	3.25	6.95
MTN 102	2021-10-01	2025-04-01	1.8	400	Stibor 3M	3.00	6.35
MTN 103	2022-03-18	2024-12-18	1.5	300	Stibor 3M	4.40	8.17
<b>Total outstanding bonds</b>				<b>1,500</b>			
Hybrid bonds	2021-01-21	2026-04-21 (First Call Date)		450	Stibor 3M	5.95	9.45
<b>Total outstanding hybrids</b>				<b>450</b>			

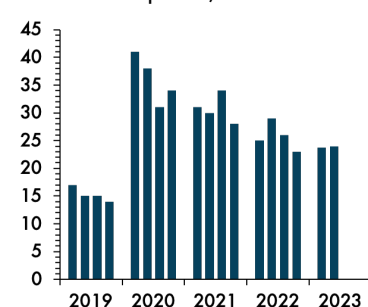
Equity, MSEK



Average interest rate, per cent



Fixed interest period, months



# NOTES

## Note 1 Accounting policies

K2A Knaust & Andersson Fastigheter AB (publ) complies with the IFRS (International Financial Reporting Standards) as adopted by the EU. This report has been prepared in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34 Interim Financial Reporting have been provided in the financial statements and their related notes, and in other sections of the report.

The Parent Company applies RFR 2, Accounting for Legal Entities, and prepares its interim report in accordance with Chapter 9 of the Swedish Annual Accounts Act.

The Group and the parent company apply the same accounting policies and valuation methods as in the most recent Annual Report.

## Note 2 Investment properties

Valuation of properties takes place at the end of each quarter by independent property valuers. Sensitivity analysis regarding reported values can be found in the section Opportunities and risks on page 24. For further information on K2A's valuation method, see the annual report for 2022 (Note 15).

### Sensitivity analysis - valuation

Key figures, per cent	2023-06-30	2022-06-30
Discount rate, apartments	6.0	5.6
Discount rate, community service properties	7.5	6.6
Yield requirement		
Apartments	3.9	3.6
Community service properties	5.4	4.6
Weighted average	4.1	3.8

The value of the property portfolio has decreased by SEK -1,122.1 million compared to 31 December 2022. The decrease is mainly explained by the sale of eight investment properties in the second quarter totalling SEK 1,265 million.

During the period, SEK 797.4 million (1,451.0) has been transferred (without consideration) from the Ongoing project segment to Management objects. The fair value of investment properties and ongoing projects includes the right-of-use value of land lease agreements and leases and other right-of-uses, in accordance with IFRS 16 Leasing, of SEK 148.1 million (78.4).

### Change in property portfolio for Jan-Jun 2023

Fair value, SEK million	Investment objects	On-going projects	Total
Property portfolio at start of period	8,369.0	1,780.7	10,149.7
Acquisition of properties	-	-	-
Asset acquisitions via subsidiaries	-	313.4	313.4
Divestments	-1,265.0	-11.5	-1,276.5
Investments	3.3	145.6	149.0
Acquisition/extension right-of-use assets	34.9	-	34.9
Value changes			
Unrealised	-144.9	-153.1	-298.0
Realised	-10.5	0.6	-10.0
Right-of-use assets	-7.4	-	-7.4
Reclassified	797.4	-797.4	-0.0
Property portfolio at period-end	7,776.9	1,278.3	9,055.1

### Change in property portfolio for Jan-Jun 2022

Fair value, SEK million	Investment objects	On-going projects	Total
Property portfolio at start of period	6,732.3	1,726.1	8,458.4
Acquisition of properties	-	16.8	16.8
Asset acquisitions via subsidiaries	101.0	420.1	521.1
Divestments	-85.9	-	-85.9
Investments	26.4	595.1	621.5
Acquisition/extension right-of-use assets	2.0	64.7	66.7
Value changes			
Unrealised	20.8	318.6	339.4
Right-of-use assets	-3.6	-	-3.6
Depreciation	-	-	-
Reclassified	1,451.0	-1,451.0	0.0
Property portfolio at period-end	8,243.9	1,690.4	9,934.3

## Note 3 Significant events after the end of the period

There were no significant events after the end of the period.

# OPPORTUNITIES AND RISKS

## Cash flow risks and opportunities

K2A's cash flow is mainly impacted by the performance of profit from property management and investing activities. In turn, profit from property management is mainly impacted by the performance of rental value, occupancy rate, property costs and interest expense.

### Sensitivity analysis - cash flow<sup>1</sup>

	Change	Effect on cash flow, SEK million
Rental value	+/- 5 per cent	+/- 25
Occupancy rate	+/- 1 percentage points	+/- 5
Property cost	+/- 10 per cent	-/+ 14
Interest expense	+/- 1 percentage point	-/+ 19

1) Rental income, occupancy rate and property costs are estimated on the past 12-month outcome. The sensitivity analysis for interest expense includes the effect of derivatives.

## Financial risk

The most significant types of financial risk for K2A are interest rate risk, financing risk and liquidity risk. Interest rate risk is defined as a not affectable increase in interest expense. Interest rate risk is expressed as the change in costs for the interest bearing liabilities, expressed in SEK, if the interest rate changed by 1 percentage point. Financing risk refers to the risk that the cost of raising new loans or other financing becomes higher and/or that the refinancing of maturing loans becomes more difficult to obtain, or can only be obtained on unfavourable terms. Liquidity risk refers to the risk that K2A is unable to meet its anticipated and/or unforeseen payment obligations. K2A needs access to liquidity in order to finance ongoing projects and its day-to-day operations, to pay interest and repay loans. K2A's growth target presumes good access to liquid funds so that several projects can be started and run in parallel.

The carrying amount of receivables, cash and cash equivalents, accounts payable, interest bearing liabilities and other liabilities is a reasonable approximation of their fair value.

## Operational risk

Rental income and vacancies, increased property costs, project management and risks related to pandemics are the operational risks K2A has identified and describes together with the management of the risks in the company's latest Annual Report.

## Opportunities and risks in the value of properties

K2A recognises investment properties at fair value. Changes in the fair value of properties are recognised in profit or loss. Historically, changes in the fair value of properties have had a material effect on K2A's net profit for the period or year, which means that profit can be volatile. The value of the properties is determined by supply and demand, where the price is mainly dependent on the expected net operating income of the properties and the buyer's yield requirement.

Growing demand leads to lower yield requirements and therefore pushes prices up, while declining demand has the opposite effect. Similarly, a positive trend for the net operating income pushes prices up, while a negative trend has the opposite effect.

Material non-observable input to real-value valuation	Community service properties	Apartments
Expected normalised rent year 16, SEK/sqm	2,747	3,340
Current rent, SEK/sqm	1,938	2,469
Remaining duration rental contracts, years	7.7	n/a
Expected long-term vacancy year 16, per cent	3.2	1.5
Current vacancy, per cent	4.5	2.1
Expected normalised operating profit year 16, SEK/sqm	2,256	2,377
Discount rate, per cent	7.5	6.0
Yield requirement for assessment of residual value year 16, per cent	5.5	3.8

Sensitivity analysis value changes, SEK million, effect on real value <sup>1</sup>	Change	Community service properties	Apartments
Expected normalised rent	+/- 5%	+/- 26	+/- 250
Expected long-term vacancies	+/- 5%	-/+ 26	-/+ 250
Expected property costs	+/- 5%	-/+ 4	-/+ 63
Discount rate	+/- 1%	-/+ 101	-/+ 760
Yield requirement for assessment of residual value	+/- 1%	-/+ 96	-/+ 1,351

1) The ongoing projects segment is not included in the summary.

## Parent Company

The Parent Company provides project management, rental administration as well as Group and company accounting. The Parent Company is also responsible for matters related to the credit market, such as borrowing and financial risk management, as well as reporting and providing information to the stock market. The Parent Company is indirectly affected by the operations of subsidiaries, which means that the Parent Company is exposed to the risks and opportunities specified for the Group.

## The outside world

The ongoing war in Ukraine and the sanctions imposed as a consequence may continue to affect, for example, interest rates, inflation and exchange rates and lead to lower growth and disruptions in the global economy, financial markets and global trade. In addition, the invasion may lead to a continued high level of prices for energy and the materials needed for the company's operations, as well as disruptions and delays in deliveries.

## THE SHARE AND SHAREHOLDERS

The company has four classes of shares: A, B and D ordinary shares, and preference shares. Ordinary A shares carry ten votes per share, while ordinary B and D shares and preference shares carry one vote per share.

Ordinary A and D shares are not traded on any stock market or trading venue. Ordinary B shares (K2A B) and preference shares (K2A PREF) have been listed on NASDAQ Stockholm's Main Market since 20 June 2019.

### LARGEST SHAREHOLDERS AT THE BALANCE SHEET DATE

	A-shares	B-shares	D-shares	Preference-shares	Total no. of shares	% of total no. of shares	% of total votes
Johan Knaust and companies	2,841,840	17,453,015	6,806,160	93,085	27,194,100	31.0	28.8
Johan Ljungberg and companies	2,412,000	7,789,661	-	13,864	10,215,525	11.7	17.4
Johan Thorell and companies	2,412,000	6,166,496	-	19,499	8,597,995	9.8	16.6
Claes-Henrik Julander and companies	2,176,800	5,194,622	-	17,659	7,389,081	8.4	14.7
SEB Fonder	-	5,458,183	-	-	5,458,183	6.2	3.0
Länsförsäkringar Fastighetsfond	-	4,245,918	-	-	4,245,918	4.8	2.3
Verdipapirfondet Odin Eiendom	-	3,738,190	-	-	3,738,190	4.3	2.0
Enter Sverige	-	3,028,913	-	-	3,028,913	3.5	1.7
Ludwig Holmgren	762,000	1,195,419	-	2,032	1,959,451	2.2	4.8
Humle fonder	-	1,524,865	-	-	1,524,865	1.7	0.8
Swedbank Försäkring	-	1,362,262	-	15,296	1,377,558	1.6	0.8
Swedbank Fonder	-	1,260,000	-	-	1,260,000	1.4	0.7
Avanza Pension	-	1,071,356	-	170,804	1,242,160	1.4	0.7
Cliens Kapitalförvaltning	-	1,033,261	-	-	1,033,261	1.2	0.6
Handelsbanken Liv	-	661,371	-	2,390	663,761	0.8	0.4
LK Finans	-	636,999	-	-	636,999	0.7	0.3
Nordea Liv	-	438,079	-	13,464	451,543	0.5	0.2
Discretionary fund	-	417,946	-	-	417,946	0.5	0.2
Handelsbanken Fonder	-	379,331	-	-	379,331	0.4	0.2
Christian Lindberg	-	375,000	-	-	375,000	0.4	0.2
Other	-	5,023,613	-	1,456,707	6,480,320	7.4	3.5
<b>Total</b>	<b>10,604,640</b>	<b>68,454,500</b>	<b>6,806,160</b>	<b>1,804,800</b>	<b>87,670,100</b>	<b>100.0</b>	<b>100.0</b>

# SIGNATURES OF THE BOARD OF DIRECTORS

The Board of Directors and the CEO confirm that this report provides an accurate overview of the operations, financial position and performance of the Group and the Parent Company, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 17 July 2023

K2A Knaust & Andersson Fastigheter AB (publ)

Sten Gejrot

*Chairman*

Ludwig Holmgren

*Member*

Claes-Henrik Julander

*Member*

Johan Knaust

*CEO and Member*

Ingrid Lindquist

*Member*

Johan Ljungberg

*Member*

Johan Thorell

*Member*

This interim report has not been audited.

# DEFINITIONS

## Adjusted earnings per ordinary share

Net profit for the period/year less preferred dividends paid out during the period and less hybrid bond expenses relative to the weighted average number of ordinary shares outstanding during the period. Adjusted profit after tax per ordinary share is used to show the ordinary shareholders' proportion of the company's profit after tax per share.

## Currency

MSEK and SEK million corresponds to one million Swedish crowns.

## Earnings per ordinary share

Profit attributable to Parent Company shareholders less preferred dividends paid out during the period and less hybrid bond expenses relative to the weighted average number of ordinary shares outstanding during the period. Profit after tax per ordinary share is used to show Parent Company shareholders' proportion of the company's profit after tax per share. The measure is defined in IFRS.

## EPRA

The European Public Real Estate Association is a stakeholder organisation for listed real estate companies and investors in Europe, that sets standards with regard to financial statements.

## EPRA NRV

Recognised equity with reversal of interest rate derivatives and deferred tax. EPRA NRV is used to provide stakeholders with information about K2A's long-term NRV computed in a uniform manner for listed real estate companies.

## EPRA NRV attributable to ordinary shareholders

EPRA NRV less the value of all preference shares outstanding and hybrid bonds. The value of all preference shares outstanding was calculated as SEK 287.50 multiplied by the number of preference shares at the balance sheet date. SEK 287.50 corresponds to the amount per preference share that the holder has a preferential right to, before ordinary shares, in the event of the company's dissolution. EPRA NRV attributable to ordinary shareholders is used to clarify the proportion of EPRA NRV considered attributable to ordinary shareholders after the proportion attributable to preference shareholders, hybrid bond holders and non-controlling interests has been deducted.

## EPRA NRV per ordinary share

EPRA NRV attributable to ordinary shareholders divided by the number of ordinary shares outstanding at the balance sheet date. EPRA NRV per ordinary share is used to show the ordinary shareholders' proportion of the company's EPRA NRV attributable to the ordinary shareholders per share.

## Equity/assets ratio

Equity at period end relative to total assets at period end. The equity/assets ratio is used to show K2A's interest rate sensitivity and financial stability.

## Equity per ordinary share

Equity less the value of all preference shares outstanding at the balance sheet date as well as hybrid bonds relative to the number of ordinary shares outstanding at the balance sheet date. The value of all preference shares outstanding was calculated as SEK 287.50 multiplied by the number of preference shares at the balance sheet date. SEK 287.50 corresponds to the amount per preference share that the holder has a preferential right to, before ordinary shares, in the event of the company's dissolution. Equity per share is used to show the ordinary shareholders' proportion of the company's equity per share.

## IFRS

International Financial Reporting Standards. International reporting standards that have applied for listed companies in the EU since 2005.

## Interest bearing liability less leases

Interest bearing liabilities less current and non-current lease liabilities.

## Interest coverage ratio

Net operating income less central administrative costs attributable to property management relative to net interest income (over the past 12 months). The interest-coverage ratio is used to show how sensitive the company's earnings are to interest rate fluctuations.

## Lettable area

Total area available for letting.

## Loan-to-value ratio

Interest bearing liabilities relative to total assets. Interest bearing liabilities include current and non-current interest bearing liabilities. All items pertain to the balance sheet date. The loan-to-value ratio is used to show K2A's financial risk.

## Net debt

Adjusted interest bearing liabilities less cash and cash equivalents.

## Net loan-to-value ratio

Net debt relative to total assets adjusted for cash and cash equivalents at period end. The net loan-to-value ratio is used to show K2A's financial risk.

## Net operating income

Rental income less property costs. This key figure is a relevant indicator for measuring the profitability of the management before central costs, financial income and expense, and unrealised value changes are taken into account.

## Occupancy rate, economic

Rental income in relation to rental value. Newly added investment properties are excluded from the calculation in the quarter in which they were added and the quarter thereafter. The key figure is stated as a percentage and is relevant for measuring vacancies, where a high occupancy rate in per cent means a low financial vacancy.

## Profit from property management

Profit before value changes and tax. Profit from property management is a relevant key figure for measuring the profitability of the management after financial income and expense are taken into account, but not unrealised value changes.

## Profit from property management per ordinary share

Profit from property management less preferred dividends paid out during the period and hybrid bond expenses relative to the weighted average number of ordinary shares outstanding during the period. Profit from property management per ordinary share is used to show the ordinary shareholders' proportion of profit from property management per share.

## Rental value

Contract value plus estimated market rent for unlet space. Rental value is used to show the Group's revenue growth potential.

## Required yield

The required rate of return on the residual value. Required yield is a relevant key figure for determining the reasonableness of how the properties are valued.

## Return on equity

Profit for the period (over the past 12 months) as a percentage of equity at the balance sheet date. Return on equity is used to show K2A's ability to generate a profit on the shareholders' capital in the Group.

## Rounding

Since amounts have been rounded to the next MSEK, the totals in the tables are not always accurate.

## Surplus ratio

Net operating income adjusted for depreciation and block rental agreements relative to rental income (over the past 12 months). This key figure is a relevant indicator for measuring the profitability of the management before financial income and expense, and unrealised value changes are taken into account.

# RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASUREMENTS

K2A Knaust & Andersson Fastigheter AB (publ) applies the ESMA Guidelines on Alternative Performance Measures (ESMA/2015/1415). The Guidelines define an Alternative Performance Measure (APM) as “a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework”, which in K2A’s case, is IFRS or the Swedish Annual Accounts Act. The starting point for these APMs is that they are used by management to assess the financial performance of the company, and can therefore provide useful financial information to shareholders and other stakeholders. The following table shows how the APMs are calculated. See the preceding section for definitions and the purpose of the key figures.

SEK million	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jul- 2023 Jun	2022 Jan-Dec
<b>Profit from property management per ordinary share</b>						
Profit from property management	5.3	79.0	11.6	124.0	15.2	127.6
Dividend, preference shares	-9.0	-9.0	-18.0	-18.0	-36.1	-36.1
Hybrid bond expenses	-10.6	-6.9	-20.2	-13.5	-36.9	-30.2
Adjusted profit from property management	-14.3	63.1	-26.6	92.5	-57.8	61.3
Weighted average number of ordinary shares	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300
Profit from property management per ordinary share, SEK	-0.17	0.74	-0.31	1.08	-0.67	0.71
<b>Earnings per ordinary share (IFRS-measurement)</b>						
Profit after tax	-64.5	184.3	-220.6	423.3	-484.8	159.1
Dividend, preference shares	-9.0	-9.0	-18.0	-18.0	-36.1	-36.1
Hybrid bond expenses	-10.6	-6.9	-20.2	-13.5	-36.9	-30.2
Profit after preferred dividend and hybrid bond expenses	-84.1	168.4	-258.8	391.7	-557.8	92.8
Weighted average number of ordinary shares	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300
Adjusted earnings per ordinary share, SEK	-0.98	1.96	-3.01	4.56	-6.50	1.08
Less non-controlling interest, SEK	0.00	0.00	0.00	0.00	0.01	0.00
Earnings per ordinary share, SEK	-0.98	1.96	-3.01	4.56	-6.49	1.08
<b>Equity per ordinary share</b>						
Equity	2,696.4	3,267.1	2,696.4	3,267.1	2,696.4	2,986.1
Less non-controlling interests	-	-0.7	-	-0.7	-	-0.3
Less value of preference shares	-518.9	-518.9	-518.9	-518.9	-518.9	-518.9
Less hybrid bond	-450.0	-450.0	-450.0	-450.0	-450.0	-450.0
Equity attributable to ordinary shareholders	1,727.5	2,297.5	1,727.5	2,297.5	1,727.5	2,016.9
Number of ordinary shares at period-end	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300
Equity per ordinary share, SEK	20.12	26.76	20.12	26.76	20.12	23.49
<b>EPRA NRV per ordinary share</b>						
EPRA NRV	1,973.4	2,768.3	1,973.4	2,768.3	1,973.4	2,414.3
Number of ordinary shares at period-end	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300	85,865,300
EPRA NRV per ordinary share, SEK	22.98	32.24	22.98	32.24	22.98	28.12
<b>Surplus ratio</b>						
Rental income	111.4	87.8	221.8	173.4	423.1	374.7
Operating surplus	82.3	62.0	150.1	111.1	282.1	243.0
Surplus ratio, per cent	73.9	70.6	67.7	64.1	66.7	64.8
<b>Return on equity</b>						
Profit after tax, rolling 12-month period	-484.8	878.5	-484.8	878.5	-484.8	159.1
Closing equity	2,696.4	3,267.1	2,696.4	3,267.1	2,696.4	2,986.1
Return on equity, per cent	-18.0	26.9	-18.0	26.9	-18.0	5.3
<b>Equity/assets ratio</b>						
Equity	2,696.4	3,267.1	2,696.4	3,267.1	2,696.4	2,986.1
Total assets	10,676.2	11,509.7	10,676.2	11,509.7	10,676.2	11,341.7
Equity/assets ratio, per cent	25.3	28.4	25.3	28.4	25.3	26.3

# RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASUREMENTS, CONT'D

SEK million	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jul- 2023 Jun	2022 Jan-Dec
<b>Interest-bearing liabilities excluding leases</b>						
Non-current interest-bearing liabilities	4,275.0	6,227.9	4,275.0	6,227.9	4,275.0	5,109.6
Non-current lease liabilities	202.3	142.4	202.3	142.4	202.3	189.1
Current interest-bearing liabilities	2,750.0	948.8	2,750.0	948.8	2,750.0	2,233.7
Current lease liabilities	33.2	13.1	33.2	13.1	33.2	20.5
Interest-bearing liabilities	7,260.5	7,332.1	7,260.5	7,332.1	7,260.5	7,552.9
Lease liabilities	-235.4	-155.4	-235.4	-155.4	-235.4	-209.6
<b>Interest-bearing liabilities excluding leases</b>	<b>7,025.0</b>	<b>7,176.6</b>	<b>7,025.0</b>	<b>7,176.6</b>	<b>7,025.0</b>	<b>7,343.3</b>
<b>Net debt</b>						
Interest-bearing liabilities excluding leases	7,025.0	7,176.6	7,025.0	7,176.6	7,025.0	7,343.3
Cash and cash equivalents	-564.3	-599.7	-564.3	-599.7	-564.3	-298.0
<b>Net debt</b>	<b>6,460.7</b>	<b>6,576.9</b>	<b>6,460.7</b>	<b>6,576.9</b>	<b>6,460.7</b>	<b>7,045.3</b>
<b>Loan-to-value ratio</b>						
Interest-bearing liabilities excluding leases	7,025.0	7,176.6	7,025.0	7,176.6	7,025.0	7,343.3
Total assets	10,676.2	11,509.7	10,676.2	11,509.7	10,676.2	11,341.7
<b>Loan-to-value ratio, per cent</b>	<b>65.8</b>	<b>62.4</b>	<b>65.8</b>	<b>62.4</b>	<b>65.8</b>	<b>64.7</b>
<b>Net loan-to-value ratio</b>						
Net debt	6,460.7	6,576.9	6,460.7	6,576.9	6,460.7	7,045.3
Total assets less cash and cash equivalents	10,111.9	10,910.0	10,111.9	10,910.0	10,111.9	11,043.7
<b>Net loan-to-value ratio, per cent</b>	<b>63.9</b>	<b>60.3</b>	<b>63.9</b>	<b>60.3</b>	<b>63.9</b>	<b>63.8</b>
<b>Interest-coverage ratio, 12 months</b>						
Operating surplus	-	-	-	-	282.1	243.0
Administrative expenses, property management	-	-	-	-	-15.2	-16.3
Net interest income/expense	-	-	-	-	-164.0	-128.1
<b>Interest-coverage ratio (12 months), times</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.6</b>	<b>1.8</b>
<b>EPRA NRV</b>						
Equity	2,696.4	3,267.1	2,696.4	3,267.1	2,696.4	2,986.1
Derivatives	-215.7	-106.7	-215.7	-106.7	-215.7	-142.9
Deferred tax	461.6	577.5	461.6	577.5	461.6	540.2
<b>EPRA NRV</b>	<b>2,942.3</b>	<b>3,737.8</b>	<b>2,942.3</b>	<b>3,737.8</b>	<b>2,942.3</b>	<b>3,383.5</b>
Less non-controlling interests	-	-0.7	-	-0.7	-	-0.3
Less value of preference shares	-518.9	-518.9	-518.9	-518.9	-518.9	-518.9
Less hybrid bond	-450.0	-450.0	-450.0	-450.0	-450.0	-450.0
<b>EPRA NRV attributable to ordinary shareholders</b>	<b>1,973.4</b>	<b>2,768.3</b>	<b>1,973.4</b>	<b>2,768.3</b>	<b>1,973.4</b>	<b>2,414.3</b>
<b>Growth in EPRA NRV per ordinary share</b>						
OB EPRA NRV attributable to ordinary shareholders, SEK	25.32	30.73	32.24	21.93	32.24	27.91
CB EPRA NRV attributable to ordinary shareholders, SEK	22.98	32.24	22.98	32.24	22.98	28.12
<b>Growth in EPRA NRV per ordinary share (12 months), %</b>	<b>-28.7</b>	<b>47.0</b>	<b>-28.7</b>	<b>47.0</b>	<b>-28.7</b>	<b>0.7</b>

# FINANCIAL CALENDAR

## FINANCIAL REPORTS AND COMPANY EVENTS

Q3 Interim Report, January-September 2023	8 November 2023
Year-end Report, 2023	14 February 2024

## SUGGESTED DIVIDEND, PREFERRED SHARES

Last trading day, including right to dividend payment	6 September 2023
Record date for dividend payment	8 September 2023
Expected date of payment from Euroclear	13 September 2023
Last trading day, including right to dividend payment	6 December 2023
Record date for dividend payment	8 December 2023
Expected date of payment from Euroclear	13 December 2023
Last trading day, including right to dividend payment	6 March 2024
Record date for dividend payment	8 March 2024
Expected date of payment from Euroclear	13 March 2024

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The information in this report is such that K2A Knaust & Andersson Fastigheter AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above on 17 July 2023.



**K2A Knaust & Andersson Fastigheter AB (publ)**

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