

Green Hybrid Bond Investor Presentation

January 2021

K2A Knaust & Andersson Fastigheter AB (publ)



K2A



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Knowledge and experience: Clients that are (i) informed investors, having one or more of the following characteristics: (a) average knowledge of the relevant financial products (an informed investor can make an informed investment decision based on the offering documentation, together with knowledge and understanding of the specific risk factors/risks highlighted with them only), or (b) some financial industry experience, or (ii) advanced investors, having one, or more of the following characteristics: (x) good knowledge of the relevant financial products and transactions, or (y) financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service.

Financial situation with a focus on the ability to bear losses: Clients that have the ability to bear losses of up to 100% of the capital invested in the Capital Securities.

Risk tolerance: Clients investing in the Capital Securities are typically willing to take more risk than deposit savings or unsubordinated debt securities and do not require a fully guaranteed income or return profile.

Investment objective: Clients whose investment objective is to generate growth of the invested capital and have a long term investment horizon.

Furthermore, the Manufacturers have made an assessment as to the negative target market and concluded that the negative target market for the Capital Securities is clients that seek full capital protection or full repayment of the amount invested, are fully risk averse/have no risk tolerance or need a fully guaranteed income or fully predictable return profile. The manufacturers have made an assessment as to the distribution strategy for the Capital Securities, and have concluded that (i) all channels for distribution to eligible counterparties and professional clients are appropriate; and (ii) the following channels for distribution of the Capital Securities to retail clients are appropriate – investment advice, portfolio management, non-advised sales and pure execution services, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Capital Securities (a "distributor") should take into consideration the manufacturers' target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable. For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Capital Securities.

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K2A is a long-term owner, developer and manager of rental apartments and community service properties in Stockholm/Mälardalen and university cities in Sweden

AGENDA

- 1** Introduction and transaction summary
- 2 Company overview
- 3 Portfolio and market overview
- 4 Sustainability and Green finance framework
- 5 Financial highlights
- 6 Corporate governance
- 7 Risk factors
- 8 Appendix

TRANSACTION OVERVIEW

Snapshot of K2A

- K2A Knaust & Andersson Fastigheter AB is a real estate Company focusing on long-term ownership and property management of in-house developed rental apartments and community service properties
- The Company owns and develops space-efficient apartments with efficient and tenant oriented properties in Stockholm/Mälardalen and university cities in Sweden
- The number of apartments in the property and project portfolio amounts to 6,831 (as per Q3 2020)
- K2A has a sustainability focus throughout the entire value chain:
 - Nordic Swan Ecolabel (Sw. *Svanenmärkt*) properties since 2017
 - First company in the world to have its equity classified as green with 78 percent of revenue streams and 83 percent of investments classified as green by CICERO respectively
 - Green Finance Framework
- Listed on Nasdaq Stockholm with a market cap of SEK 3.4bn¹⁾

The transaction in brief

- K2A intends to issue minimum SEK 400m perpetual Subordinated **Green** Callable Capital Securities, under a framework of SEK 750m
- The net proceeds shall be used in accordance with the issuer's **Green** Finance Framework



Summary of indicative terms

Issuer:	K2A Knaust & Andersson Fastigheter AB (publ) ("K2A" or the "Issuer")
Instrument:	Subordinated perpetual Green floating rate callable capital securities (hybrids)
Status:	Deeply subordinated hybrid securities, senior only to share capital of the Issuer
Issue Size:	Minimum SEK 400m. Tap issues up to an aggregate of SEK 750m
Denomination:	SEK 1,250,000
Use of Proceeds:	In accordance with the principles set out in the Green Finance Framework
Indicative coupon to first call date:	3m STIBOR + [•] bps area, no STIBOR floor
First call date:	Perpetual Non-call 5.25 years (tap issues possible the first quarter after the first issue date)
Coupon step-up:	Upon a Positive Rating Event (Issuer having been assigned a rating by any Rating Agency): + 25 bps after 10.25 years + 75 bps after 25.25 years If a Positive Rating Event does not occur: 250 bps on the date falling 5.25yrs after the First Issue Date and thereafter in accordance with other step-up structure as presented above Following a Change of Control Event, unless called, +500 bps on the prevailing Interest Rate and each subsequent Interest Rate (as applicable)
Optional interest deferral:	At any time, not less than 7 business days before the relevant Interest Payment Date, and at its sole discretion by giving notice to the Holders, the Issuer can elect to defer any interest payment, in whole or in part, which would otherwise be due on any Interest Payment Date Deferred Interest to be settled upon a Deferred Interest Payment Event, if not all interest is deferred at an interest payment event or at redemption
Call schedule:	From and including the date falling 5.25 years after First Issue Date and on any interest payment date thereafter @100 per cent + accrued interest and deferred interest payment
Early redemption events:	Redemption in full due to a Tax Deductibility Event, a Substantial Repurchase Event, a Rating Event, Withholding Tax Event, Accounting Event or Change of Control @101 per cent before First Call Date and 100 per cent after First Call Date (plus accrued interest and deferred interest payment)
Accounting treatment:	Equity (IFRS)
Listing:	Intention to list on Sustainable Bond List of Nasdaq Stockholm (intention to list within 30 days)
Agent:	Nordic Trustee
Governing law:	Swedish law
Joint Bookrunners:	Nordea and Swedbank

1) Total market cap as per 8 January 2021 (Bloomberg), K2A's class B-share and preference share are listed at Nasdaq Stockholm

TODAY'S PRESENTERS



Johan Knaust

CEO

Johan Knaust is CEO and co-founder of K2A. Johan has co-founded Sveafastigheter and Leimdörfer's Corporate Finance. Johan has also worked at Goldman Sachs in London, within Fixed Income



Christian Lindberg

Deputy CEO

Christian Lindberg is Deputy CEO and former CFO of K2A, Christian has founded HCL Invest focusing on Corporate Finance consulting. Christian has also worked at HQ Bank, within Corporate Finance



KEY CREDIT HIGHLIGHTS

High quality properties geographically distributed in attractive growth regions

- K2A has a diversified portfolio consisting of rental- and student apartments and community service properties
- The investment properties and ongoing projects are primarily located in Stockholm/Mälardalen and university cities (e.g. Lund and Uppsala)
- A majority of K2A's properties are constructed in wood, making K2A a leading wooden property developer with the most modern newly built property portfolio in Sweden

Strong market position as a green and sustainable real estate company

- Ecological, social and economic sustainability through the entire value chain
- First manufacturer of prefabricated wooden apartments that has received the Nordic Swan Ecolabel (Sw. *Svanenmärkt*) license
- The world's first Green Equity Framework was launched in May 2020 by K2A
- Green Senior Unsecured Bonds issued in August 2020 with use of proceeds in accordance with Green Finance Framework (announced in August 2020) rated Medium Green by CICERO

Development based business model with a track record of acquiring strong cashflow properties

- Innovative and digitalised property management to the benefit of both tenants and the environment, while optimising operating costs
- Stable growth of the property portfolio with a property value of SEK 5,125m as per Q3 2020
- Between 2015 and Q3 2020, rental income and net operating income have increased with a CAGR of 55 percent and 56 percent respectively, which is primarily attributed to the growth in K2A's property portfolio

Experienced management team and Board of Directors

- Driven and experienced founder and CEO with an extensive network within Nordic real estate
- Seasoned management with extensive experience over business cycles and Board of Directors with a solid track record and commitment
- Pioneers that have created the leading green real estate company in Sweden through dedicated sustainability work



K2A is a long-term owner, developer and manager of rental apartments and community service properties in Stockholm/Mälardalen and university cities in Sweden

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K2A IN BRIEF

Company overview

- K2A was founded in 2013 and is a Swedish real estate company focusing on long-term management of in-house developed apartments and community service properties, headquartered in Stockholm
- The Company develops, owns and manages space-efficient rental apartments and community service properties in locations with an underlying housing deficit, such as Stockholm/Mälardalen and university cities
- K2A produces a majority of its apartment units in two wholly-owned factories in Valdemarsvik and Gävle. The apartments are built with locally grown Swedish wood as an input material, enabling a resource- and energy efficient production process
- First manufacturer of prefabricated wooden apartment units to get Nordic Swan Ecolabelled (Sw. *Svanenmärkt*) licensed properties

Operational and financial targets

- Start production of 1,000 apartments in 2021, of which at least 500 self-managed by K2A
 - From 2022 and onwards the target is to start production of 700 – 1,000 apartments per year
- 10,000 apartments under management in 2025
- On average, increase net operating income by 25% per year until 2025
- On average, increase EPRA NAV by 20% per year until 2025
- Loan-to-value not to exceed 70%
- Interest coverage ratio to exceed 1.5x

Financial key ratios

SEK 5,125m
property value

106,666 sqm
lettable area

97.0%
occupancy rate¹⁾

63.4%
loan-to-value

28.1%
equity ratio

2.1x
interest coverage
ratio

2,917
apartments in
property portfolio

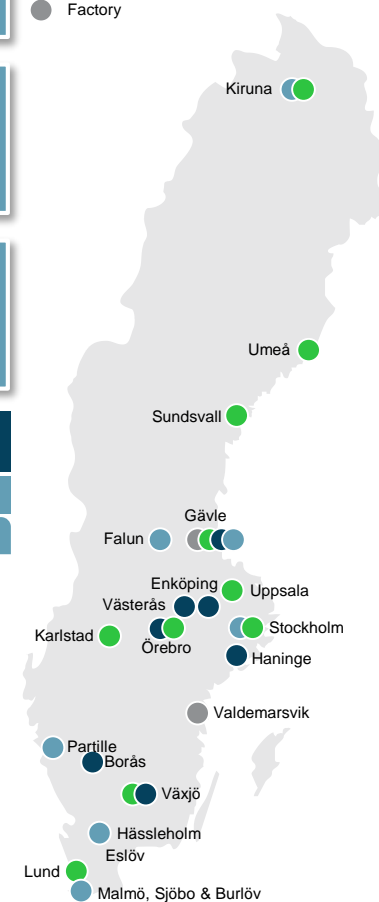
1,263
apartments under
construction

2,651
building rights
portfolio

Geographical presence

Properties and projects

- Student apartments
- Rental apartments
- Community service properties
- Factory

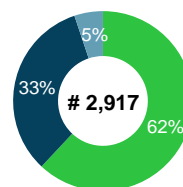


Property portfolio based on # of apartments

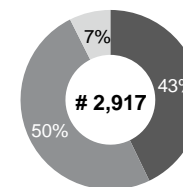
Distribution by

Category,

Geography,



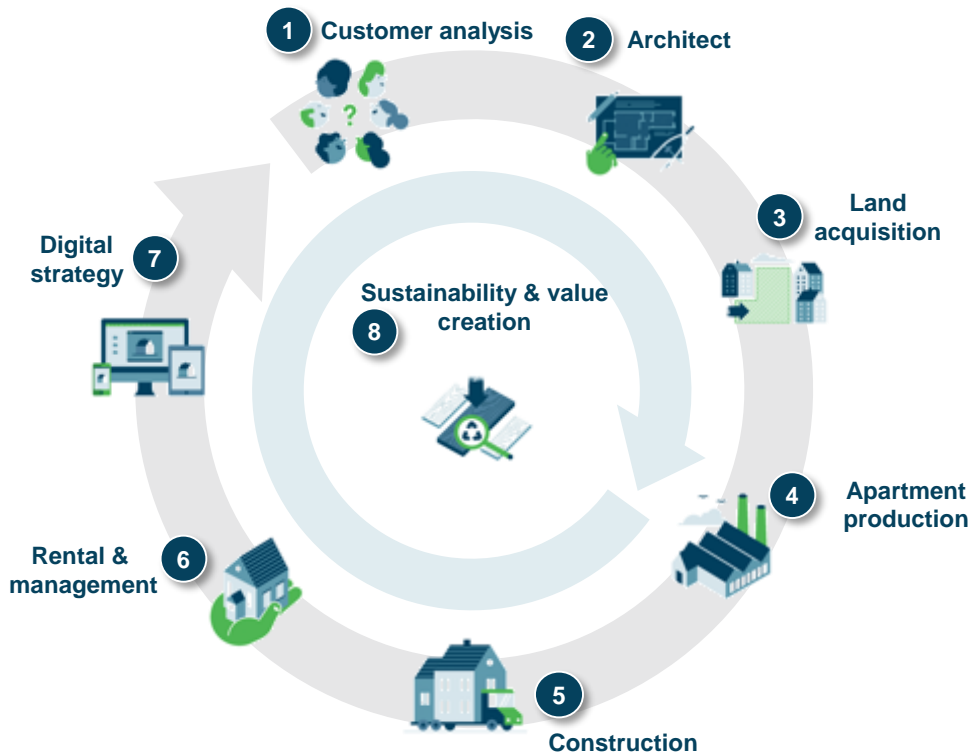
- Student apartments # 1,808
- Rental apartments # 959
- Community service properties # 150



- Stockholm/Mälardalen # 1,250
- University cities # 1,451
- Other cities # 216

VALUE-CREATING BUSINESS MODEL

K2A controls the entire value chain...



...from customer analysis to long-term ownership and management...

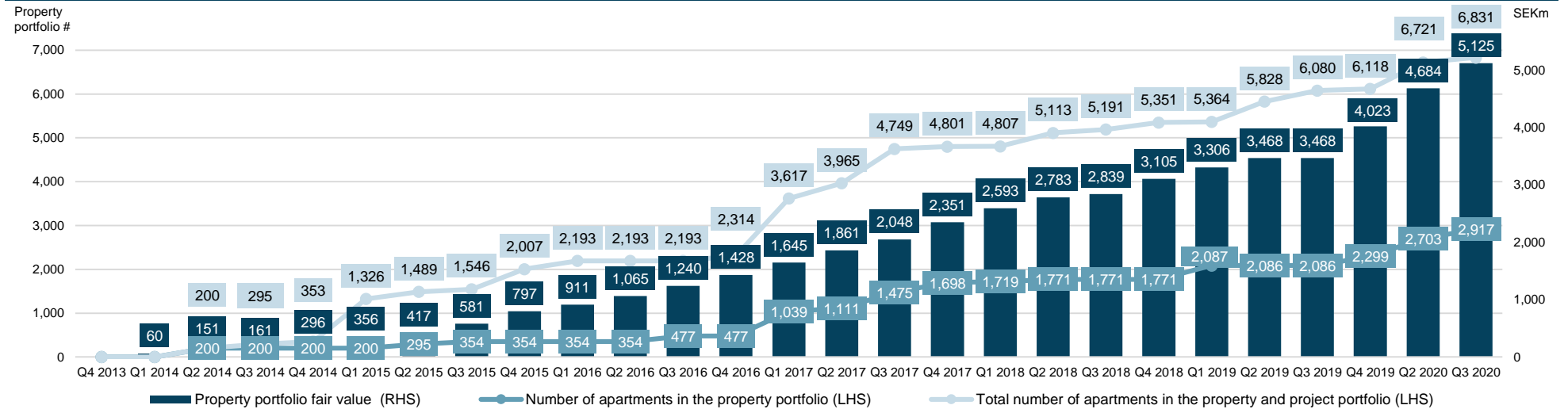
- K2A is involved through the entire value chain, from customer analysis to land acquisition, own industrial production, construction and ultimately long-term ownership and management
- The Company offers efficient apartments in locations with an underlying housing deficit, such as Stockholm/Mälardalen and a number of selected university cities
- Land acquisition is completed through continuous and active discussions with municipalities, campus owners and other property owners
- The production of apartment units in wood takes place in two of K2A's factories with a production capacity of approximately 1,000 units per year at full production
- The production volume enables rationalised and cost-effective production in combination with a controlled environment with less climate impact
- Finished apartment units are transported for assembly at site and shortly thereafter become ready-to-move-in residential buildings
- K2A has its own tenant queue
 - Through a well-established modern and digital strategy, K2A strives to identify and attract the right tenants in advance and to minimise relocation, leading to optimised and long-term customer relations
- Local presence is a prerequisite for successful property management

... which enables quality, cost efficiency and productivity



HISTORY OF VALUE CREATION

Property portfolio growth



2013

- K2A was founded in October 2013
- Negotiations with a large number of university municipalities in order to obtain municipal land allocation in connection with respective campus areas

2014

- Acquisition of an existing student apartment portfolio in Gävle from Gavlegårdarna
- Acquisition of ~500 building rights in Haninge

2015

- Directed share issue of 700,000 preference shares added SEK 175m. The issue was oversubscribed and April 2, 2015 was the first trading day of K2A's preference share, listed on Nasdaq First North Premier
- Production start of 270 apartments in Umeå and 285 apartments in Örebro
- Completion of 95 new apartments in Gävle and ~200 existing apartments in Gävle were renovated and upgraded
- K2A received land allocation for the production of 270 student apartments at Umeå University

2016

- Land allocation approved for a total of ~400 apartments in Lund, Växjö och Karlstad
- Directed share issue of 400,000 preference shares added SEK 108m

2017

- Land allocation agreement obtained to develop 400 student apartments in Gävle
- K2A acquired 306 student apartments from ÖBO and obtained land allocation agreement to develop 290 rental apartments in Örebro
- K2A acquired building rights from SBB to develop 350 apartments in the Västerhaninge Center
- Acquired an option to enter into a land allocation agreement to develop 150 apartments in Arenastaden in Växjö

2018

- Acquisition of two properties in central Uppsala and Västerås, through a JV with SBB, which conducted a detailed zoning plan to develop building rights
- K2A was granted, as the first company in Sweden, a green bank loan from Nordea for the project Parasollet 1 in Lund

2019

- The remaining 25% of the shares in Svenska Studenthus was acquired
- Two direct share issues of preference shares added SEK 88m and SEK 100m respectively
- K2A listed its Class B-share and preference share on Nasdaq in Stockholm. In conjunction with the listing 3.2m Class B-shares were issued which added SEK 204m in new equity
- K2A and SBB signed an agreement on developing a new police station in Västerås

2020

- Direct share issue of ~1m Class B-shares of ~SEK 175m
- World's first Green Equity Framework launched and Green Finance Framework published
- In August, K2A successfully issued its inaugural bonds in a green Sr Unsecured format

H2 UPDATE – SIGNIFICANT EVENTS

Continued solid financials

✓ On average, increase net operating income by 25% per year until 2025

LTM Q3
45%

✓ On average, increase EPRA NAV by 20% per year until 2025

LTM Q3
33%

✓ Loan-to-value not to exceed 70%

Q3 63%

✓ Interest coverage ratio to exceed 1.5x

LTM Q3
2.1x

Successful Green bond issue



In August, K2A issued its **inaugural Sr Unsecured Bonds**. The bonds are in a Green format, with second opinion from Cicero. The transaction was very well received within the investor community, and the order book was oversubscribed with more than 3x the final issued amount of SEK 400m

Head of Sustainability in management team



K2A announced that **Karina Antin** joins the management team as **Head of Sustainability**. In addition, **Nadine Viel Lamare** was hired by the board as **advisor regarding sustainability**. Two effort by K2A showing determination to limit the environmental impact of the business, as well as the commitment to continue innovating

Limited impact of Covid-19



The impact so far of the pandemic has been **limited** and **has not affected the business in any substantial way**. K2A has focused on acting in line with official restrictions and guidelines. During 2020, K2A has not experienced any significant loss on rental income

Newly acquired properties & new projects



K2A acquired Motala Lilla Berg 1:4 and 1:5. The seller (Emrahus) will finance, build and complete the project as planned (Q4 2021). Also, K2A started the project **Förrådet in Sundsvall, Hortonomen in Växjö** and began the **first stage of Harklövern 1 in Karlstad** which will be implemented through a JV

Continues to break new ground



The **number of apartments in production has never been as high as during H2**. Within two years, the number of apartments under management is expected to **increase by more than 40%**, solely as a result of the completion of the existing production. In addition, K2A intends to continue to make acquisitions



PIONEERS IN THE GREEN CAPITAL MARKETS

K2A constantly explores how to further develop the Company's sustainability work



1

Green Equity Framework

- K2A announced the launch of its Green Equity Framework in May 2020
- K2A is the first company to use CICERO's extended methodology as a foundation for its Green Equity Framework and acts as a natural part of the Company's profile as a long-term sustainable real estate company, developer and owner

2

Green Finance Framework

- The framework will enable K2A to further focus on achieving a positive environmental impact in its business operations
- Governance procedures are ranked excellent and the Green Finance Framework is rated Medium Green by CICERO



The Company's efforts to limit and reduce the environmental impact of its business are based on the principles of the UN Global Compact and are manifested in a guiding sustainability policy and a code of conduct that includes both employees and suppliers¹⁾



83%

of K2A's investments were classified as green by CICERO



78%

of K2A's revenue streams were classified as green by CICERO

The two frameworks are a natural part of K2A's sustainability strategy and a further step to becoming Sweden's most sustainable real estate company



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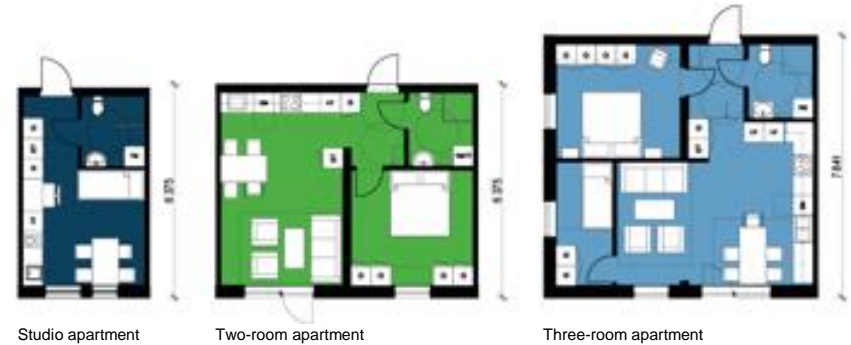
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COST-EFFECTIVE PRODUCTION OF FLEXIBLE BUILDINGS

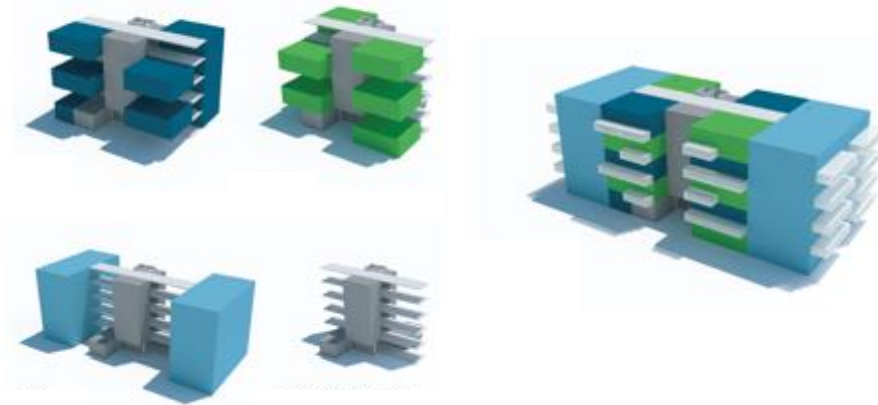
Standardised production...

- K2A has developed four types of space-efficient standard apartments, creating flexibility and implying a possibility of variation
 - The buildings' design can vary according to local requirements
 - Increases predictability and allows cost control
 - Enables increased productivity during the production
- Function goes before size, without sacrificing quality
- The facades are built on site with variation in wood, brick or plaster

...of space-efficient apartments...



...built from building blocks...



...with varying designs for different environments



PRODUCTION FACILITIES IN GÄVLE AND VALDERMARSVIK

Optimised industrial production through Grännäs Trähus

- The apartments are produced in factories in Gävle and Valdemarsvik through Grännäs Trähus, which was acquired by K2A in 2015
 - In modern facilities complete apartment units are produced, ready to be assembled into apartment buildings of various sizes
 - Allows own production capacity, which ensures deliveries and stabilises production prices in the Company's expansion phase
 - Predictability and cost control
 - Risk diversification through operation of two factories which enable more efficient and optimised transport in combination with better access to labour
- Wood as a raw material is well suited for prefabrication purposes
 - Lightweight, durable and flexible
 - “Pleasant feeling” and leads to more efficient property management
- Industrial production with a high repetition factor and standardisation as the basic principle
 - Each manufactured apartment unit is based on a space-efficient, climate-smart “base apartment” without compromising on function and quality
 - Effective management and optimization of both resource utilisation and cost efficiency



~1,000 units in annual capacity from two production facilities



Gävle
7,500
 sqm production area
54
 employees
~700
 units in annual maximum capacity



Valdemarsvik
4,000
 sqm production area
53
 employees
~360
 units in annual maximum capacity





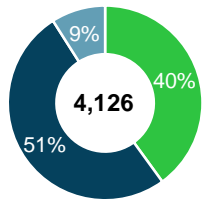
LONG-TERM & LOCAL PROPERTY MANAGEMENT

Three categories of investment properties...

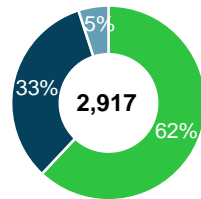
Distribution by

Investment properties' value

Number of apartments



- Student apartments
- Rental apartments
- Community service properties



- Student apartments
- Rental apartments
- Community service properties

Student apartments

- Student apartments via nationwide Svenska Studenthus in student cities close to campus
- Own housing queue with > 10,000 students
- Apartments of 21 sqm with own kitchen, bathroom and washing machine
- All-inclusive rental agreements including electricity, water and internet



Community service properties

- Example of community service properties in K2A's portfolio are care facilities and police stations
- Public tenants are economically stable with a limited exposure to macroeconomic trends
- Stable cash flows, long leases and low vacancy risk

Rental apartments

- Rental apartments with high quality materials and finishing
- Functional apartments enable reasonable rents

...with an innovative digitalised management web

Digital solutions Effective in-house management

- Local property managers meet the tenants regularly with on-sight-support and are responsible for daily operations
- Digitalised and modern systems enable efficient financial management from the head office
- Digitalisation of...
 - ...rental agreement - SMS & Bank ID
 - ...keys and name tags/mailboxes
- "E-invoice" and "web-avi"
- Active and targeted customer processing via social media, keyword optimisation and big data analysis
 - Optimisation and identification of the right tenant in advance – faster rental and minimisation of relocations



Innovative

- Innovative thinking, for example;
 - Access to electric cars and car pool
 - Solar cells
 - Collaboration with the organisation Mattecentrum providing free tutoring and study spaces in the student apartment buildings



Expansive and long-term

- K2A is focused on long-term ownership

Quality

Sustainability

High standard

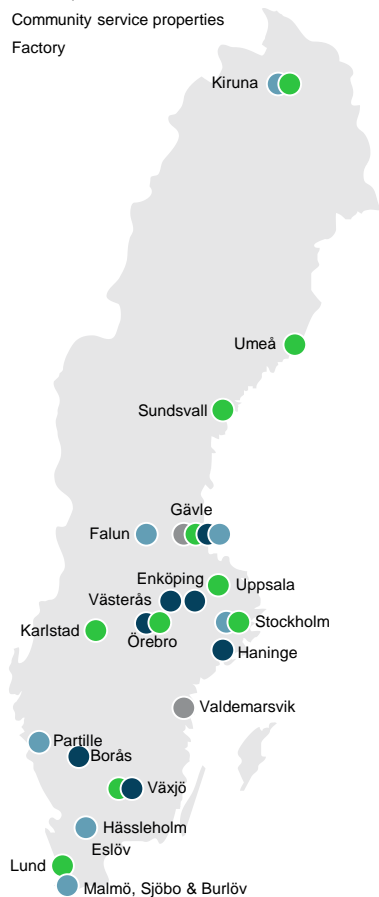
Excellent micro position

Satisfied customers

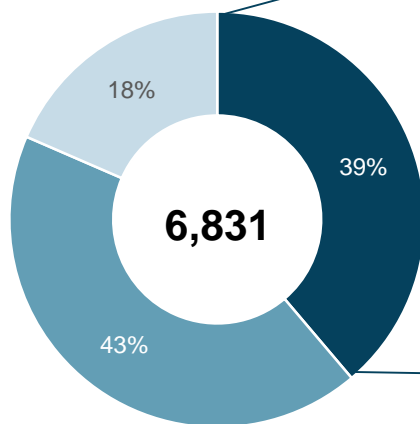
HIGH QUALITY PRODUCED REAL ESTATE PORTFOLIO

Properties and projects

- Student apartments
- Rental apartments
- Community service properties
- Factory

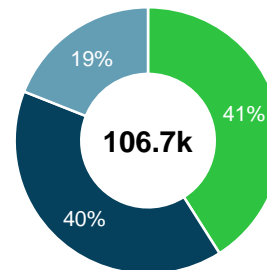


Property & project split (# of apartments)



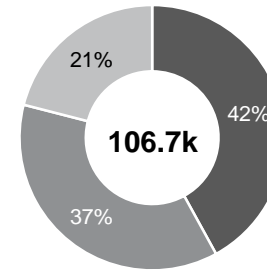
- Property portfolio # 2,651
- Building rights portfolio # 2,917
- Under construction # 1,263

Residential type (sqm)



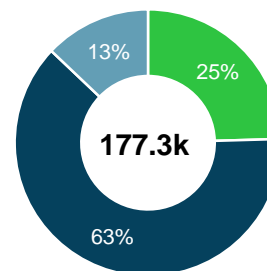
- Student apartments
- Rental apartments
- Community service properties

Geographical split¹ (sqm)

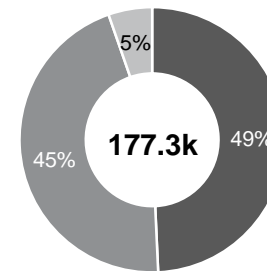


- Stockholm/Mälardalen
- University towns
- Other towns

Under construction and building rights



- Student apartments
- Rental apartments
- Community service properties



- Stockholm/Mälardalen
- University towns
- Other towns

K2A prioritises strong local markets in growth regions where demand will be high regardless of the business cycle

SELECTED PROPERTIES FROM ALL THREE CATEGORIES

Rental apartments



EKOLOGEN
Växjö Rental apartments: 75 apartments



VEGA PARK
Haninge Rental apartments: 462 apartments

Student apartments



OREGANON 1
Örebro Student apartments 306 apartments



PARASOLLET 1
Lund Student apartments 120 apartments

Community service properties



ANDERSBERG 2
Gävle LSS accommodation: 6 apartments



RYMDCAMPUS
Kiruna Institution for space physics

1) Constructed by K2A's subsidiary Svenska Studenthus, the first Nordic Ecolabelled ("Svanenmärkta") wooden student apartments project in Sweden
2) Certified passive house (highest green classification)

PROJECTS IN PIPELINE



City: Lund
Category: Rental apartments
Construction start: 2020
Completion: 2022
Total area: 3,497 sqm
Apartments: 98
Rental value: -

K2A acquired the property from Lund Municipality. Here, K2A intends to build approximately 100 rental apartments. New practical solutions are included in the planning, for example, the need for parking will be solved in the basement under one of the apartment buildings. In addition, the houses will be Nordic Ecolabelled (“Svanenmärkta”)



City: Örebro
Category: Rental apartments
Construction start: Q3 2020
Completion: 2021
Total area: 3,126 sqm
Apartments: 115
Rental value: SEK 7.0m

K2A has acquired the property from Örebro Municipality. K2A intends to build 115 rental apartments in the south of Örebro. Startbanan is located in between K2A's properties Glidplanet and Oregonon



City: Sundsvall
Category: Student apartments
Construction start: Q3 2020
Completion: 2022
Total area: 5,335 sqm
Apartments: 237
Rental value: SEK 15.1m

K2A has entered into a land allocation agreement with the Sundsvall municipality to build 300 student apartments distributed over Förrådet 4 and 9 in central Sundsvall. The apartments will be in an attractive location within walking distance of the university



City: Växjö
Category: Student apartments
Construction start: Q4 2020
Completion: 2022
Total area: 2,573 sqm
Apartments: 100
Rental value: -

K2A has acquired the property from Växjö Municipality. The property is located next to Campus and the final building will comprise of 100 student apartments



CASE STUDY – KUNGSBÄCK BUILT IN THREE STAGES

Wooden apartments in a strategic location close to campus

Why Gävle?

Stage 1 133 Student apartments 6 LSS apartments 2018	Rental value	SEK 10.2m
	Area	4,499 sqm
	Finish	2020

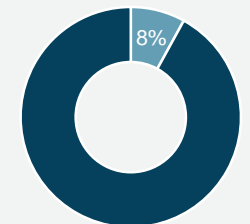
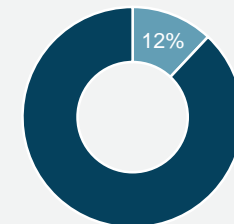
Stage 2 107 Rental apartments 2019	Rental value	SEK 8.5m
	Area	4,440 sqm
	Finish	Q2 2021

Stage 3 126 Student apartments 2020	Rental value	SEK 16.1m
	Area	5,883 sqm
	Finish	Q1 2022

- In March 2017, K2A won a municipal land allocation competition in Gävle regarding student and rental housing as well as a group housing and a grocery store
- The buildings make up of two blocks with varied and small-scale architecture
- The buildings are going to be classified as Dark Green according to Cicero



- With its 102,000 inhabitants, Gävle is Sweden's 17th largest municipality
- 3,800 homes have been initiated during the last ten years, of which 3,400 have been completed
- The National Board of Housing's (Boverket) market research shows that there is a deficit both student apartments as well as housing in general
- K2A owns student apartments, rental apartments and LSS accommodations
- K2A has established in Gävle since the Company's strategy is to be nationwide regarding student apartments
 - The University of Gävle is Sweden's 10th with 16,000 students
- Gävle was one of K2A's first markets, as the municipality has been successful with creating opportunities for housing development

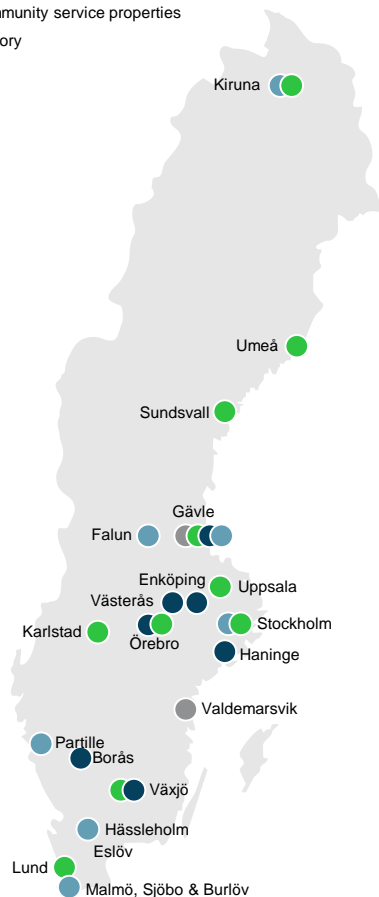




URBANISATION AND HOUSING SHORTAGE

Local population CAGR in K2A's active areas

- Properties and projects**
- Student apartments
 - Rental apartments
 - Community service properties
 - Factory

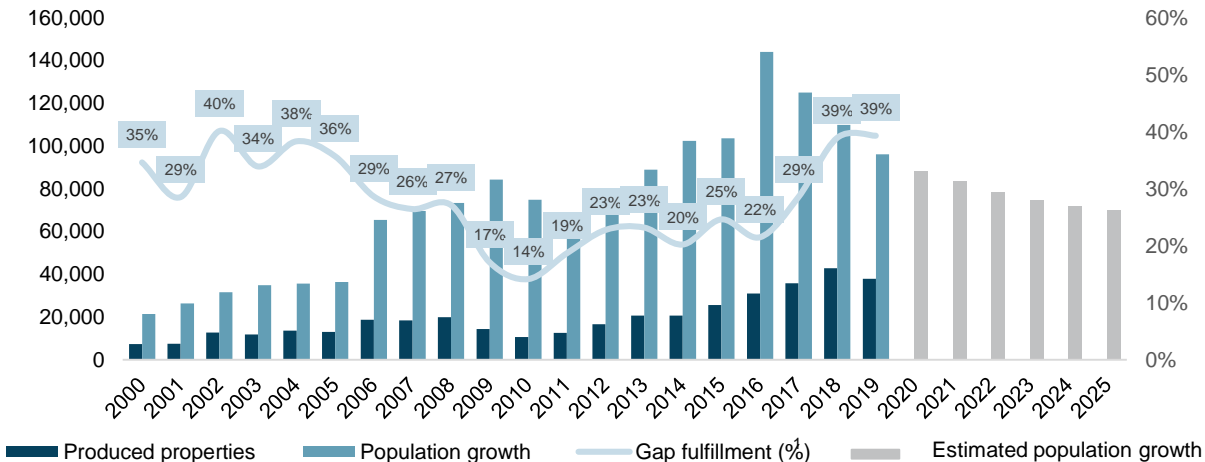


Population CAGR 2000-2019 (%)

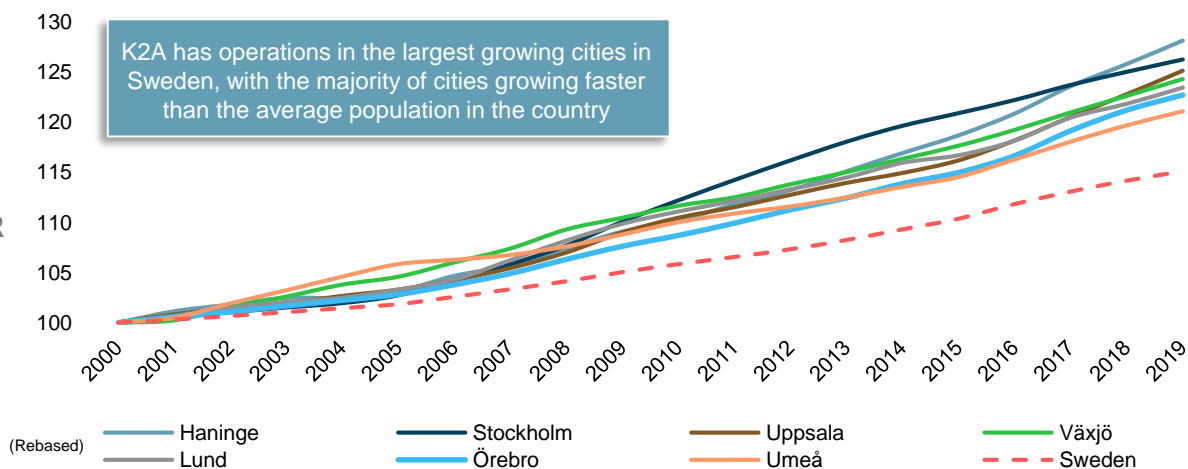
Population CAGR Sweden (total)

0.80%

Large gap between new homes & population growth results in high housing demand

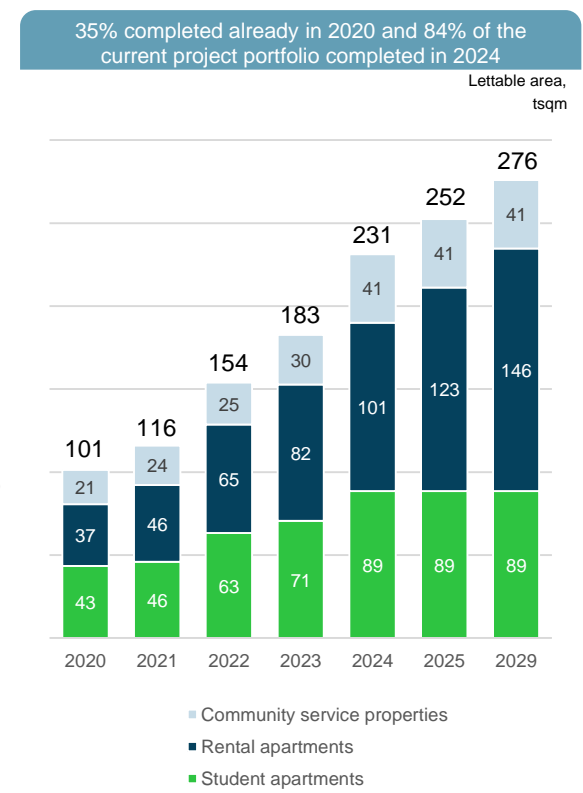
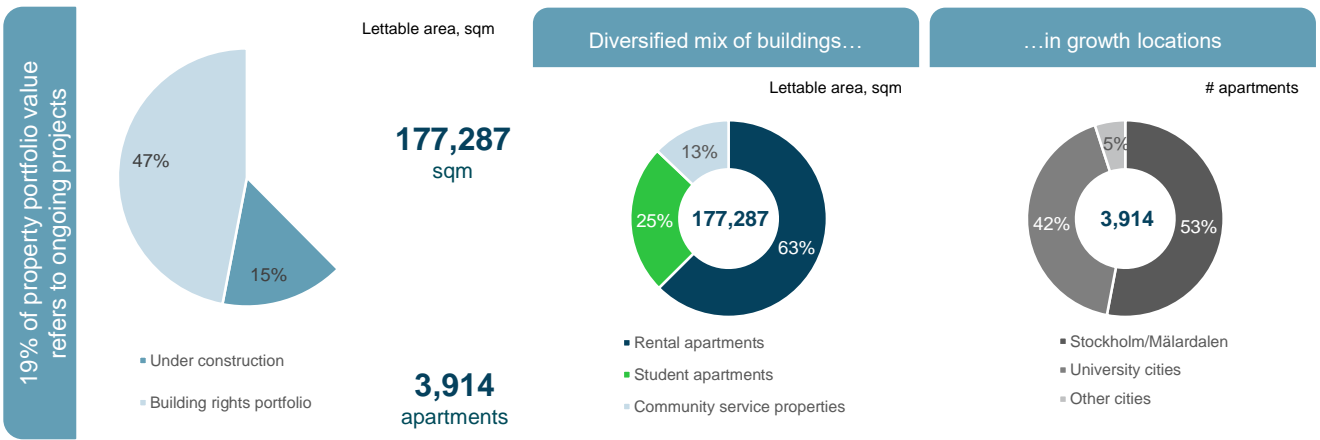
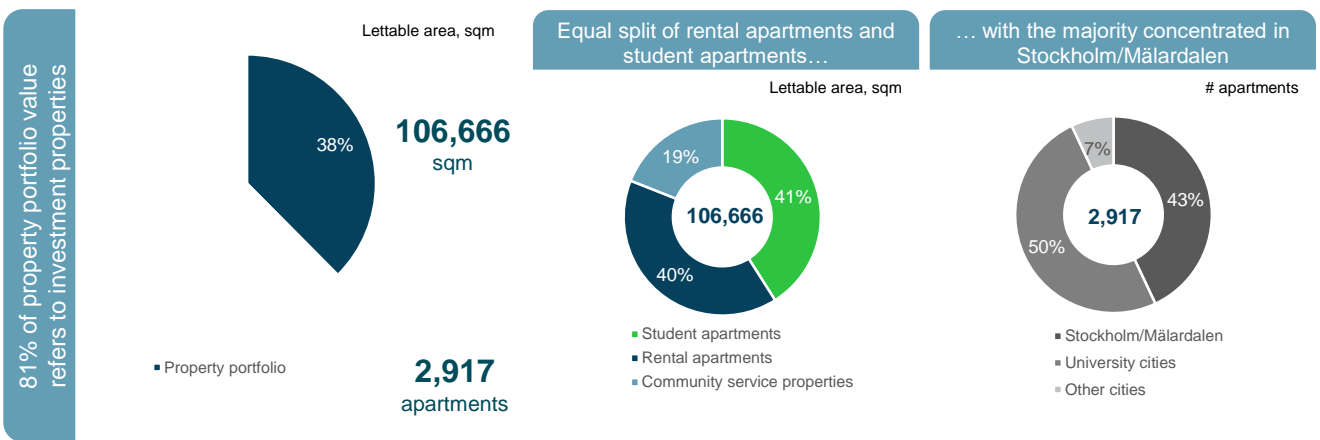


K2A is present in the fastest growing cities in Sweden



STEADY GROWTH OF PROPERTIES IN URBAN AREAS

Today's property portfolio will be transformed when the existing project portfolio is completed



Portfolio in December 2024

~252,375 sqm ~5,674 apartments

1) The investment properties total value as of September 30, 2020 amounted to SEK 125.3 million (3,590.6), of which SEK 4,166.8 million (2,804.8 pertains to management objects and SEK 958.5m pertains the value of ongoing projects.



K2A is a long-term owner, developer and manager of rental apartments and community service properties in Stockholm/Mälardalen and university cities in Sweden

AGENDA

- 1 Introduction and transaction summary
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OVERALL SUSTAINABILITY OBJECTIVES



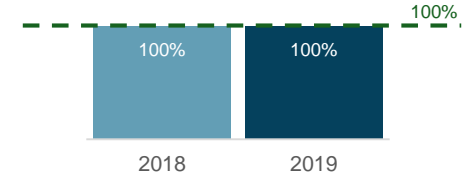
K2A is a long-term property owner who wants to contribute through responsible business to the development of society in a sustainable direction

Green news

- Successful issuance of a senior unsecured green bond of SEK 400m under a framework of SEK 750m during August 2020
- During Q3 2020, the building process of three energy efficient- and Nordic Swan ecolabelled projects were initiated
 - In Sundsvall, 231 student apartments and a care facility with a rentable total area of 5,300 sqm is expected to be completed during Q1 2022
 - In Örebro, including 115 rental apartments with estimated completion in Q4 2021
 - In Karlstad 46 student apartments is being built.
- All three projects are expected to be classified as “Dark green”, the highest level of environmental classification according to CICERO

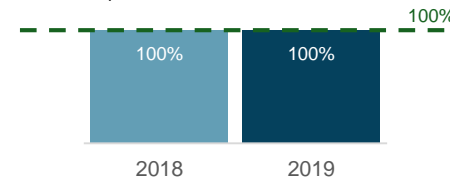
Green financing

The goal is that new financing with the use of proceeds directed towards new production shall be green

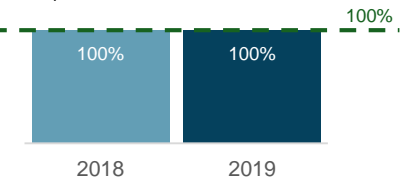


Green property portfolio

All new production to be environmental certified



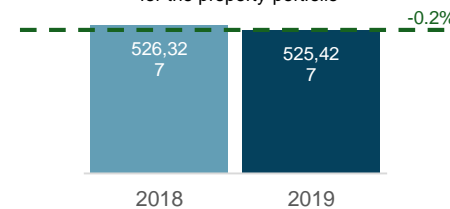
All new production in-house to be built in wood



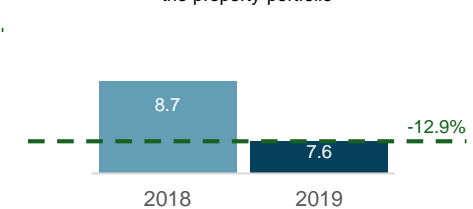
Green property management

The goal is to reduce carbon dioxide emissions by an average of 1 percent annually by 2021

The total CO₂ equivalent in kilograms for the property portfolio

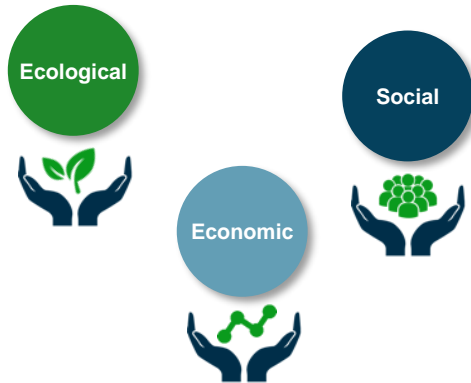


The total CO₂ equivalent in kilograms / sqm, "A_{temp}" for the property portfolio



SUSTAINABILITY THROUGH THE ENTIRE VALUE CHAIN...

Sustainable development in three dimensions



Organic sustainability through climate-smart production and sustainable material choices

- Rational, energy-efficient industrial construction technology that results in fewer transports and shorter construction time than concrete buildings
- Wood as raw material - the only renewable building material
 - Carbon neutral and low energy consumption in processing and transport
 - Half the climate load compared to concrete houses
 - Less climate impact over the entire life cycle of the property
- In addition to environmentally friendly production, energy- and resource efficient housing is also available
 - Climate-smart, high-quality material selection that has a long life and is easy to recycle
- Green management with renewable energy sources, such as district heating and solar cells
- "Bobil" – K2A's carpool with electric cars for tenants



Climate smart and durable material choices



Resource-efficient housing with optimised energy performance



Quality assured indoor environment



Nordic Swan Ecolabelled houses since 2017



“ K2A is the first manufacturer of prefabricated apartments with a wooden frame that receives the Nordic Swan Ecolabel license ”



...CREATING A LONG-TERM SUSTAINABLE BUSINESS

Social sustainability through a safe and committed environment

Smaller and smarter rental properties



- Through smarter planned rental properties in attractive locations where there is a lack of rental properties, K2A can offer apartments that more people can afford to live in

Attractive and mixed residential areas



- Mixed residential areas with pleasant environments that attracts different types of tenants...
- ... which creates dynamics and great mobility in the residential area and contributes to diversity and a secure environment...
- ... increasing the demand for housing and leads to faster leasing, lower vacancies, fewer relocations and thus more stable income

New jobs and a healthy work environment



- K2A creates job opportunities in both production and administration
- Industrial-built apartments create a safer and better working environment during the construction phase compared to site-built houses
- No dangerous or toxic materials used in the production

Financial sustainability through a sustainable business model

Efficient process



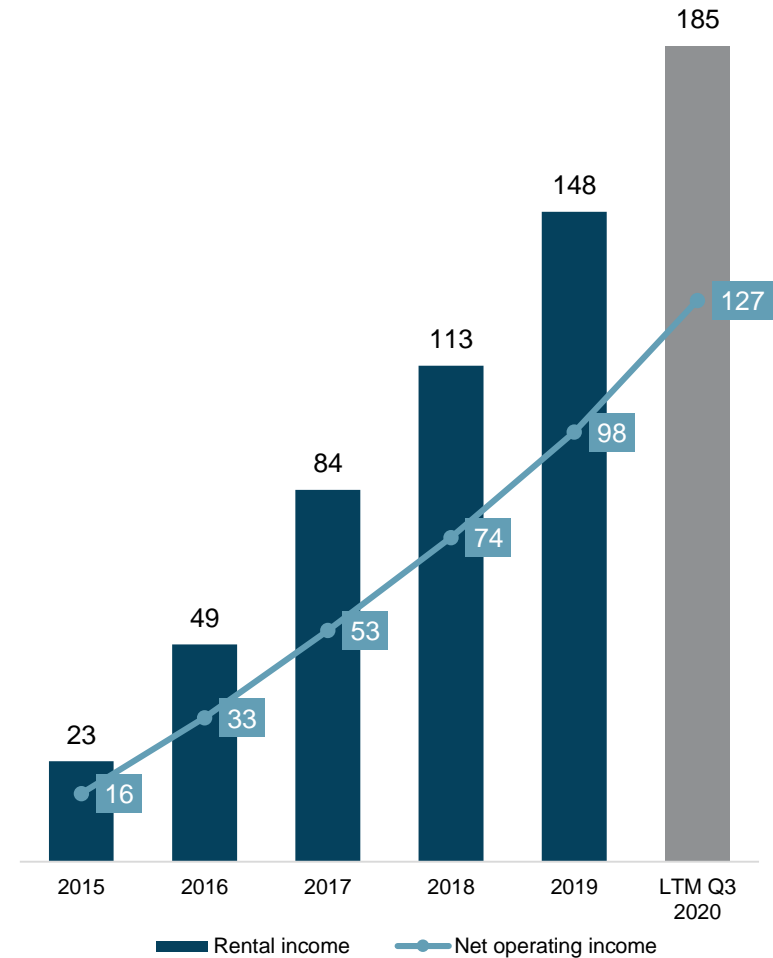
- Sustainable business model and efficient use of resources create value for K2A's stakeholders

Low business model risk



- Sustainability measures lower maintenance costs and increases the lifespan of the stock in the long term, which in turn reduces the risk in the business model...
- ...leading to high and sustainable growth during profitability...
- ...which in turn enables sustainable financing through, for example, green loans

Rental income and net operating income, SEKm



GREEN FINANCE FRAMEWORK (1/2)

Aligned with K2A's sustainability strategy

WE SUPPORT
UN GLOBAL COMPACT

The Company's efforts to limit and reduce the environmental impact of its business are based on the principles of the UN Global Compact and are manifested in a guiding sustainability policy and a code of conduct that includes both employees and suppliers

All new construction of properties from 2018 are Nordic Swan Ecolabelled

K2A has quantitative short- and long term environmental targets

K2A's target is to reduce the demand for heat by 5 percent from 2018 to 2021

Green Finance Framework
K2A Knaust & Andersson Fastigheter AB (publ)

Eligible projects under K2A's **Green** Finance Framework

Green buildings

Energy efficiency

Medium green by CICERO

Medium / Dark green by CICERO

Green buildings that are:

- Prefabricated wooden produced in own factories by using locally grown Swedish wood as an input material
- Nordic Swan Ecolabel
- Have or will receive minimum certification of Miljöbyggnad Silver or Passive House

Energy retrofits such as:

- Installation of solar panels
- Heat pumps
- Converting to LED lighting
- Improvements in ventilation systems
- Extension of district heating and cooling systems

GREEN FINANCE FRAMEWORK (2/2)

Strengths of the **Green** Finance Framework...

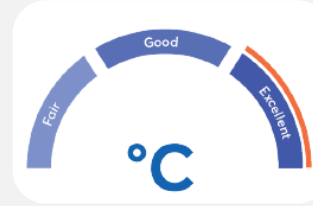


Well aligned with the Green Bond and Green Loans Principles (2018)

The eligible categories, Green buildings and Energy efficiency, are well defined and provide important steps toward a low carbon future

Life cycle analysis of buildings, resilience considerations and strong environmental requirements of sub-contractors, are other strong points of the framework

... and from CICERO's second opinion



CICERO Shades of Green finds the governance procedures in K2A's framework to be **Excellent**



Based on the review of CICERO, K2A's green finance framework is rated as **CICERO Medium Green**

Use of proceeds...

- Proceeds will be used to finance or re-finance, in part or in full, green buildings and energy efficiency projects, providing distinct environmental benefits in accordance with the defined main categories

... and the **Green** Finance process

- The selection of eligible green assets is managed by the Green Finance Committee
- The proceeds will be tracked by using a spreadsheet where all issued amounts of green finance instruments will be inserted
- To be fully transparent K2A commits to regular reporting of allocation and impact, at the minimum, on annual basis until no green finance instruments are outstanding



K2A is a long-term owner, developer and manager of rental apartments and community service properties in Stockholm/Mälardalen and university cities in Sweden

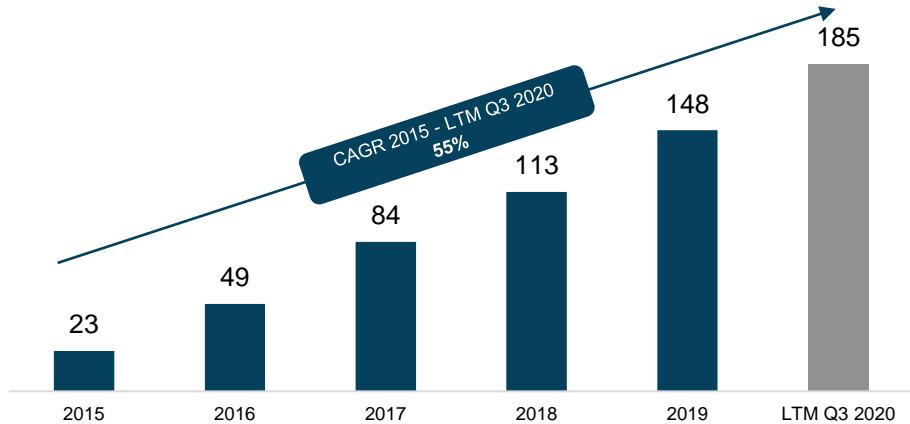
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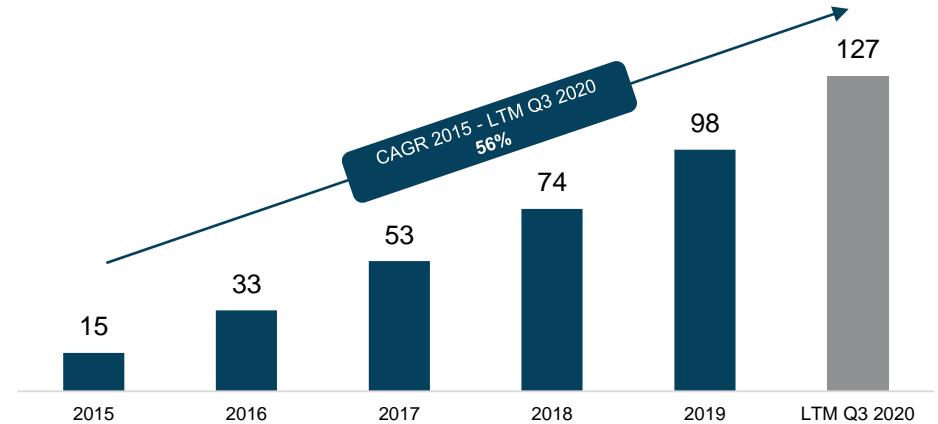


FINANCIAL OVERVIEW (1/2)

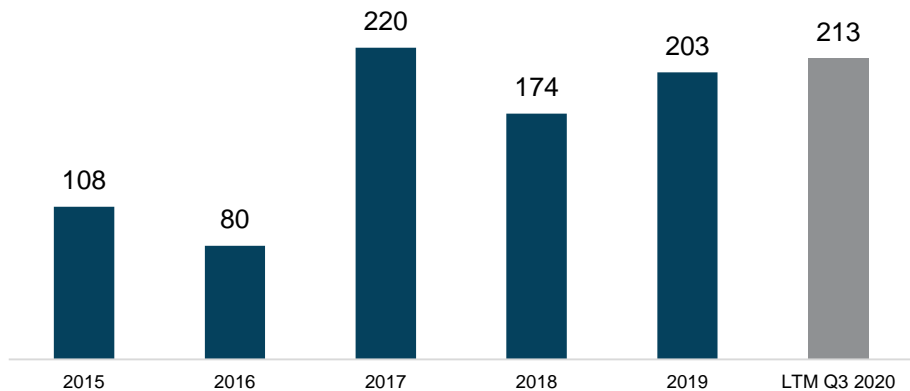
Rental income, SEKm



Net operating income, SEKm



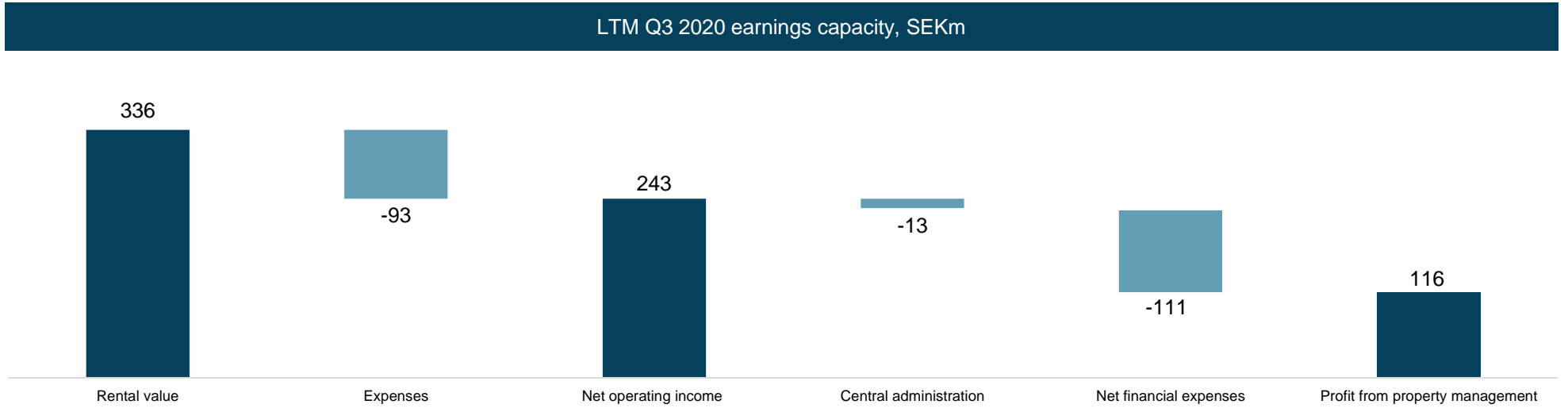
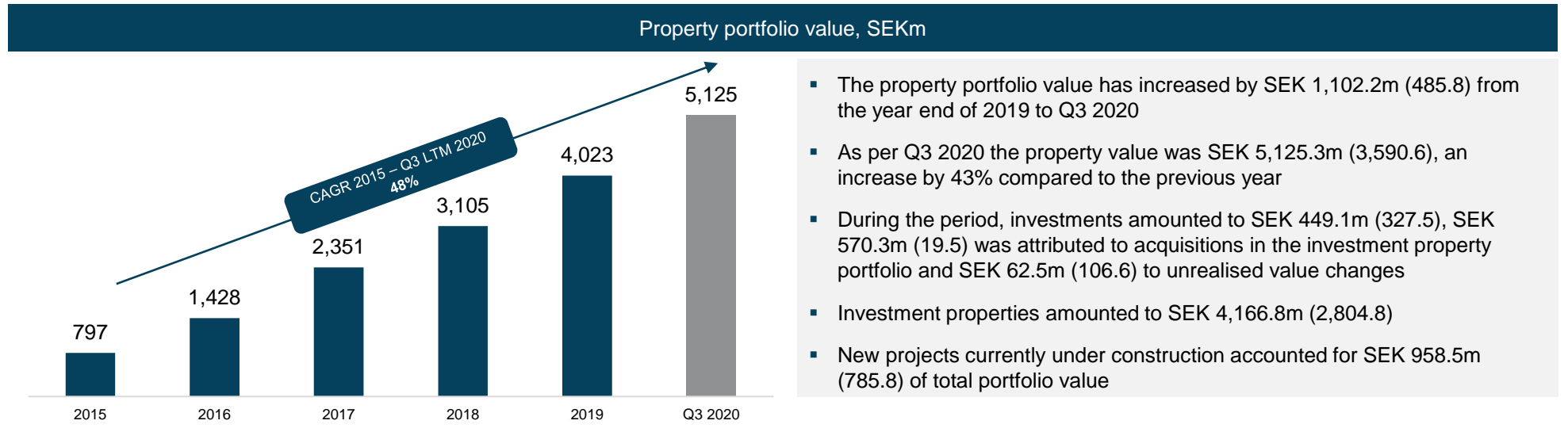
Profit after tax, SEKm



- Rental income has steadily grown since 2015 and increased by 35% during the three first quarters of 2020 to SEK 144.6m (107.1) and rental income for LTM Q3 was SEK 185.1m (137.1). The increase is attributed to the growth in the property portfolio, acquisitions and increased rents
- Occupancy rate for the three first quarters of 2020 was 97.0% (96.0)
- Net operating income increased by 45% during LTM Q3 2020 and amounted to SEK 127.4m (88.0)
- Profit after tax for the first three quarters of 2020 was SEK 94.2m (85.1), corresponding to earnings per share of SEK 3.96 (4.57). LTM profit after tax was SEK 212.6m (171.4)

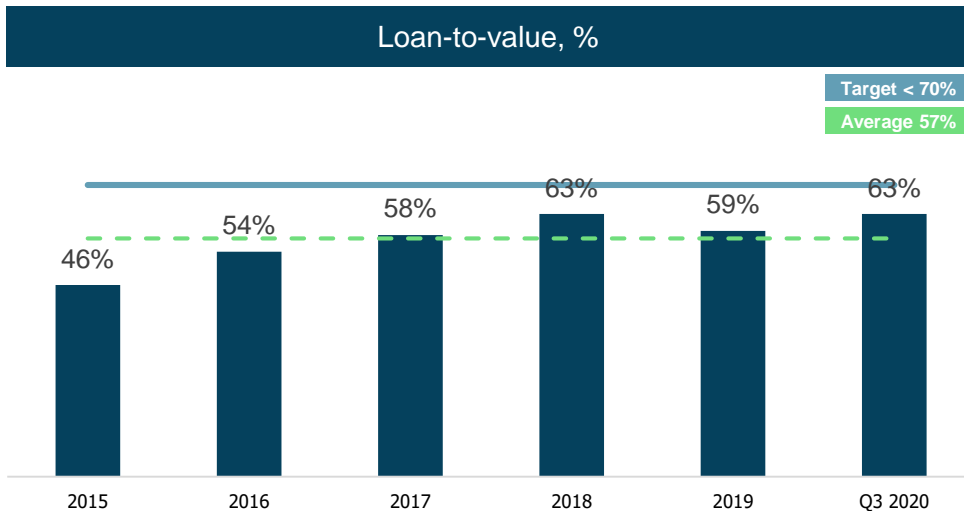
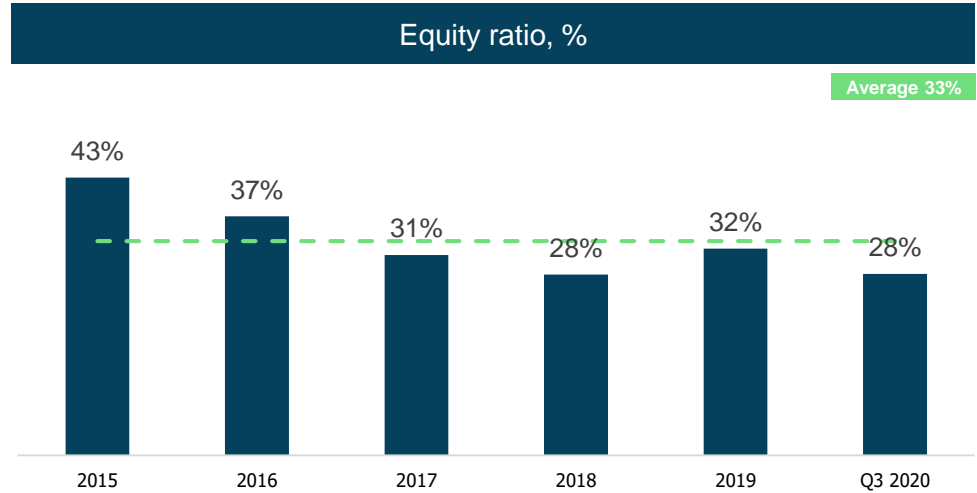
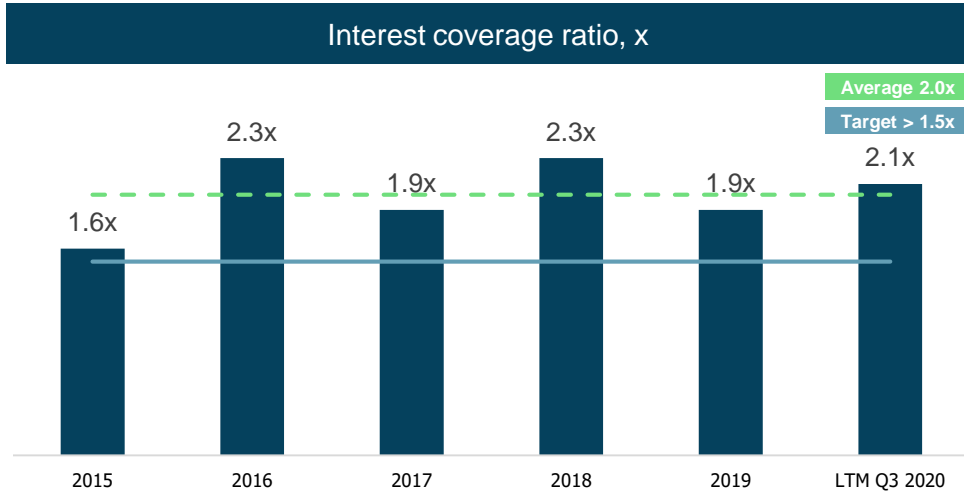


FINANCIAL OVERVIEW (2/2)





KEY CREDIT METRICS



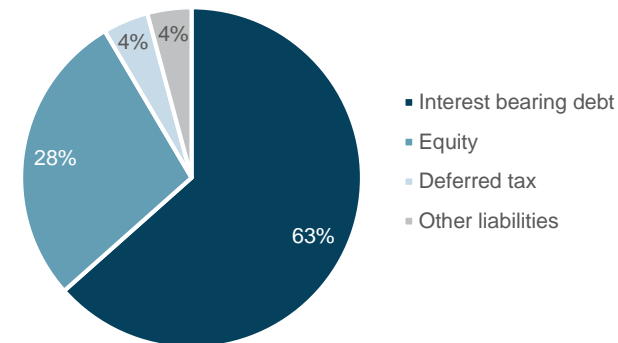
- The interest coverage ratio was 2.1x (1.9x) LTM Q3 2020. The interest coverage ratio for the period was well above the Company's financial risk target of 1.5x
- The total interest bearing debt amounted to SEK 3,713.1m (2,597.4) as of 30 Sep 2020
- The Loan-to-value was well below K2A's financial risk target of 70.0%, and is stable at around 60.0%
 - The LTV amounted to 63.4% (58.9) as per Q3 2020. The Company's LTV is defined as total interest-bearing debt in relation to total assets
- The equity ratio as of Q3 2020 was 28.1% (32.0)

FINANCING AND CAPITAL STRUCTURE

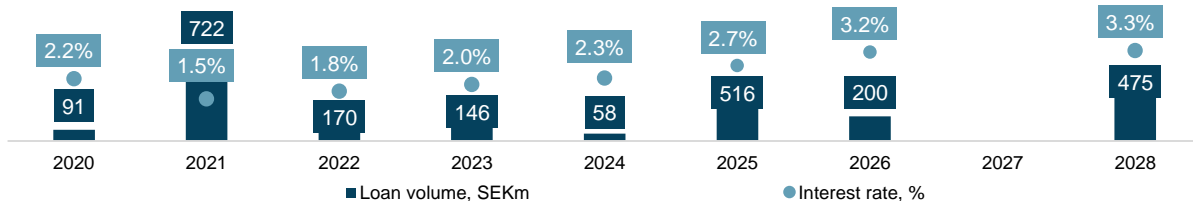
Fixed rate period and loan maturity

Year	Fixed rate period		Loan maturity		
	Loan volume, SEKm	Interest rate, %	Credit agreement, SEKm	Drawn, SEKm	Undrawn, SEKm
Floating interest rate	1,335	3.04	-	-	-
2020	91	2.24	345	330	15
2021	722	1.52	1,359	1,004	354
2022	170	1.79	970	732	238
2023	146	2.04	1,439	1,299	140
2024	58	2.27	233	185	47
2025	516	2.71	158	116	42
2026	200	3.19	45	45	-
2027	-	-	-	-	-
2028	475	3.26	-	-	-
Total/Average	3,713	2.61	4,549	3,713	836

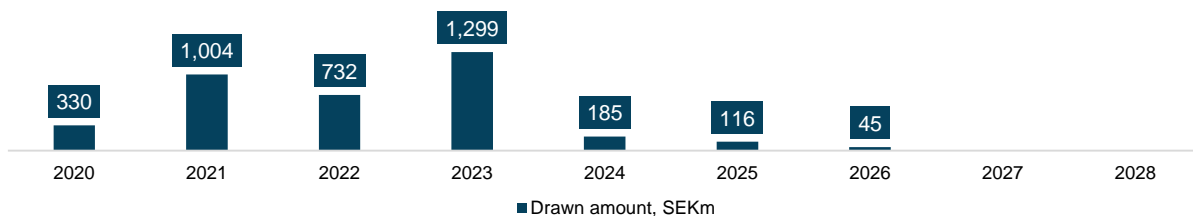
Capital structure, SEKm



Interest rate maturity profile



Debt maturity profile



Financials as per Q3 2020:

- Total assets amounted to SEK 5,839.2m (4,412.1)
- Interest-bearing debt amounted to SEK 3,713.1 (2,597.4) resulting in a LTV of 63.4% (58.9)
 - On average, the interest rate and debt maturity was 31 (14) months and 26 (28) months respectively (i.e. in a 12 month period)
 - Average interest rate of 2.6% (2.6)



FINANCIAL TARGETS AND STRATEGY

Financial targets	Net operating income	The net operating income shall increase, on average, with a minimum of 25% annually from 2019 until 2025	<table border="1"> <thead> <tr> <th>Year</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>LTM Q3 2020</th> </tr> </thead> <tbody> <tr> <td>Value (SEKm)</td> <td>33</td> <td>53</td> <td>74</td> <td>98</td> <td>127</td> </tr> <tr> <td>Growth (%)</td> <td>+111%</td> <td>+61%</td> <td>+40%</td> <td>+32%</td> <td>+30%</td> </tr> </tbody> </table>	Year	2016	2017	2018	2019	LTM Q3 2020	Value (SEKm)	33	53	74	98	127	Growth (%)	+111%	+61%	+40%	+32%	+30%
	Year	2016	2017	2018	2019	LTM Q3 2020															
Value (SEKm)	33	53	74	98	127																
Growth (%)	+111%	+61%	+40%	+32%	+30%																
	EPRA NAV	EPRA NAV attributed to common share holders shall on average increase with 20% annually from 2019 until 2025	<table border="1"> <thead> <tr> <th>Year</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>Q3 2020</th> </tr> </thead> <tbody> <tr> <td>Value (SEKm)</td> <td>270</td> <td>482</td> <td>610</td> <td>1,145</td> <td>1,371</td> </tr> <tr> <td>Growth (%)</td> <td>+24%</td> <td>+79%</td> <td>+27%</td> <td>+88%</td> <td>+20%</td> </tr> </tbody> </table>	Year	2016	2017	2018	2019	Q3 2020	Value (SEKm)	270	482	610	1,145	1,371	Growth (%)	+24%	+79%	+27%	+88%	+20%
Year	2016	2017	2018	2019	Q3 2020																
Value (SEKm)	270	482	610	1,145	1,371																
Growth (%)	+24%	+79%	+27%	+88%	+20%																
Financial risk limitations	Loan-to-Value¹⁾	The loan to value shall not exceed 70% in the long term	<table border="1"> <thead> <tr> <th>Year</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>Q3 2020</th> </tr> </thead> <tbody> <tr> <td>Value (%)</td> <td>54%</td> <td>58%</td> <td>63%</td> <td>59%</td> <td>63%</td> </tr> </tbody> </table>	Year	2016	2017	2018	2019	Q3 2020	Value (%)	54%	58%	63%	59%	63%						
	Year	2016	2017	2018	2019	Q3 2020															
Value (%)	54%	58%	63%	59%	63%																
	Interest coverage ratio	The ICR shall not be less than 1.5x long term	<table border="1"> <thead> <tr> <th>Year</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>LTM Q3 2020</th> </tr> </thead> <tbody> <tr> <td>Value (x)</td> <td>2.3x</td> <td>1.9x</td> <td>2.3x</td> <td>1.9x</td> <td>2.1x</td> </tr> </tbody> </table>	Year	2016	2017	2018	2019	LTM Q3 2020	Value (x)	2.3x	1.9x	2.3x	1.9x	2.1x						
Year	2016	2017	2018	2019	LTM Q3 2020																
Value (x)	2.3x	1.9x	2.3x	1.9x	2.1x																
Dividend	Dividends policy	Dividend shall maximum amount to one third of the average profit of the last three years. In the years to come, K2A will prioritise growth before dividends, which may result in low or cancelled dividends pay outs. Dividends on preferred equity will be in line with the articles of association																			

1) LTV is calculated as interest bearing debt divided by total assets



K2A is a long-term owner, developer and manager of rental apartments and community service properties in Stockholm/Mälardalen and university cities in Sweden

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MANAGEMENT AND BOARD OF DIRECTORS

Management



Johan Knaust

CEO and Board member

Experience: Sveafastigheter, Leimdörfer and Goldman Sachs

Ownership: 568,368 A-shares, 3,480,403 B-shares, 1,361,232 D-shares and 94,025 Preference shares



Christian Lindberg

Deputy CEO

Experience: HCL Invest and HQ Bank Corporate Finance

Ownership: 75,000 B-shares



Henrik Nordlund

Head of Property Management

Experience: Rikshem and Applied Value

Ownership: 70 B-shares



Karl Vahlund

Head of Transactions

Experience: Rikshem and Uppsalahem

Ownership: 12,500 B-shares



Fredrik Widerstedt

Project Manager

Experience: Structor

Ownership: 3,335 B-shares and 3 Preference shares



Ulrika Grewe Ståhl

CFO

Experience: Intea, Strawberry Properties, Pandox and Deloitte

Ownership: 0



Sandra Sundman

Head of Finance

Experience: Several positions within K2A

Ownership: 420 B-shares



Johan Hähnel

Head of IR

Experience: Comir, EQT Partners

Ownership: 0



Erik Lemaitre

Head of Business development

Experience: SSM Bygg och Fastighet AB, NCC and Nexity

Ownership: 600 B-shares



Karina Antin

Head of Sustainability

Experience: PlaceX, PE Teknik & Arkitektur, Ebab and White Arkitekter

Ownership: 0

Board of Directors



Johan Thorell

Chairman of the Board

Selected assignments: Kallebäck Property Invest, Sagax, Hemsö, Tagehus Holding

Ownership: 482,400 A-shares, 1,125,600 B-shares and 19,499 Preference shares



Ludvig Holmgren

Board member

Other assignments: Head of Business development, Carneo Asset Managers

Ownership: 152,400 A-shares, B-shares 313,346 and 2,032 Preference shares



Johan Ljungberg

Board member

Other assignments: Atrium Ljungberg, Tagehus Holding and Credentia

Ownership: 482,400 A-shares, 1,125,600 B-shares and 13,864 Preference shares



Claes-Henrik Julander

Board member

Other assignments: CEO and Board member Pan Capital, Erik Penser, Biocrine, Svipdag and Mixmo

Ownership: 435,360 A-shares, 1,017,256 and 17,659 Preference shares



Sten Gejrot

Board member

Other assignments: Lawyer/Partner Advokatfirman Lindahl

Ownership: 2,000 B-shares



Ingrid Lindquist

Board member

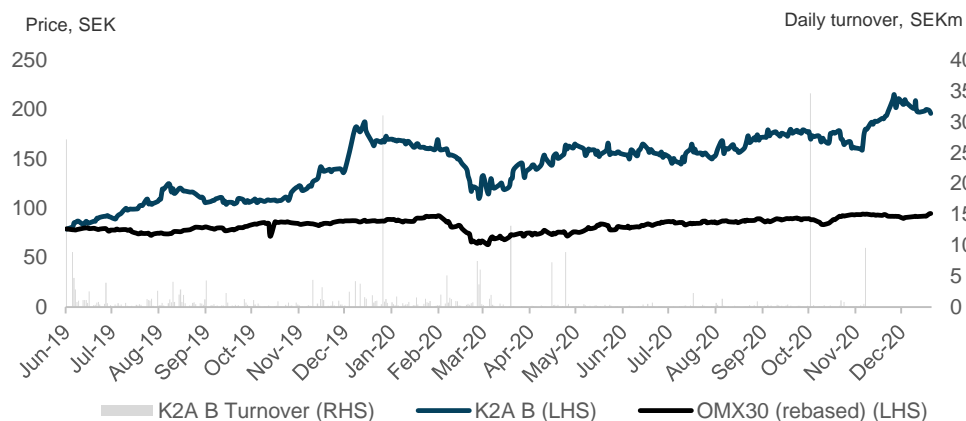
Other assignments: Lysa Hobohm Brothers Equity, Länsförsäkringar Stockholm and Kavát Vård

Ownership: 6,000 B-shares

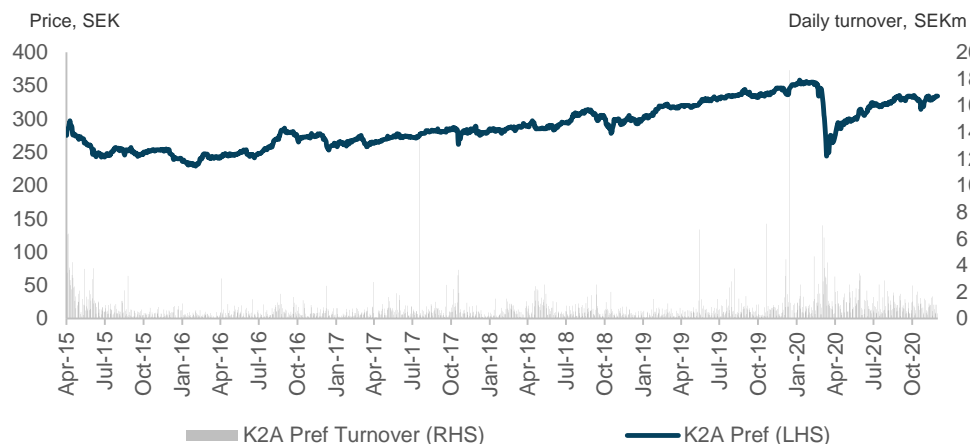


THE K2A SHARES

B-Share performance



Preference share performance



Ownership as per Q3 2020

Owner	Capital %	Votes %
Johan Knaust with company	29.1	28.0
Länsförsäkringar Fastighetsfond	13.3	6.6
Johan Thorell with company	8.6	15.7
Johan Ljungberg with company	8.6	15.7
Claes-Henrik Julander with company	7.8	14.2
SEB Fonder	5.7	2.8
Swedbank Försäkring	3.6	1.8
Ludwig Holmgren	2.5	4.8
Verdipapirfond Odin Ejendom	2.1	1.0
Försäkringsbolaget Avanza Pension	2.0	1.0
LK Finans	1.7	0.8
Handelsbanken Liv	1.3	0.6
Enter Fonder	1.2	0.6
Nordea Livförsäkring	1.0	0.5
RBC Investor Services Bank	0.7	0.3
Erik Selin Fastigheter	0.5	0.3
BFCM (Banque Federative Credit Mutuel)	0.5	0.2
Clearstream banking S.A.	0.4	0.2
Handelsbanken Sverige Index	0.4	0.2
PPB Holding	0.3	0.2
Other	8.7	4.3
Total	100.0	100.0



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RISK FACTORS (ISSUER)

In this section, the risk factors which the Issuer considers to be material risks relating to the Issuer and the Capital Securities are illustrated. The Issuer's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The assessment of the materiality of each risk factor is illustrated with a rating of low, medium or high. The description of the risk factors below is based on information available and estimates made on the date of this Investor Presentation.

The risk factors are presented in categories where the most material risk factors in a category are presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

RISK FACTORS SPECIFIC AND MATERIAL TO THE ISSUER

Risks relating to the Issuer's business activities and the real property industry and market

Changes in property value

The Group's properties are reported at fair value in accordance with IFRS. The fair value of the properties amounted to MSEK 5,125 as of 30 September 2020. The value is affected by a number of factors, such as (including but not limited to) operating costs, occupancy level, permitted use of the properties and market specific factors such as required return and cost of capital. Unrealised value changes may have significant impact on the Issuer's net profit and could also affect financial commitments provided in some of the Issuer's loan agreements (financial covenants). Furthermore, the property value is determined by supply and demand, and the valuations are mainly dependent on the properties' expected operating surplus and a potential buyer's required return. The return is further dependent on, inter alia, the Issuer's ability to fulfil the intended operations of the properties which mainly consists of rental, and in some cases sales, of the properties as well as the costs and expenses associated to development and renovation of the properties. The fair value of the properties and the tenants' solvency, which may affect the Issuer's rental income, is also generally affected by general conditions in the economy, such as GDP growth (Sw. *bruttonationalprodukt*), employment rate, inflation, changes in interest rate levels and amortisation requirements.

Decreased property values may, if materialised, negatively affect the Issuer's financial position and could also result in that the Issuer or a Group Company is not able to meet its financial covenants included in its respective loans facilities, which in turn could result in a loan facility being accelerated prior to maturity unless remedied.

The Issuer deems the probability of risks relating to decreased property value materialising to be medium. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

Risks associated with the Issuer's projects

The risks associated with production, management and construction of properties include, but are not limited to, constructional faults, necessary conversions for housing purposes, delayed planning processes and time schedules, hidden defects, deficiencies and other damages and pollution, and increased production costs in general. These risks apply to both production and construction of properties, as well as for property management. Regarding, for example, pollution and hidden defects there is a risk that these problems are not noticed until after completion of the project, which might negatively affect the Issuer.

Furthermore, the Issuer is dependent on suppliers for deliveries of material and customised solutions in connection with the Issuer's construction of housings. For example, the Issuer is dependent on a few bathroom suppliers for the deliveries of customised bathrooms to the Issuer's apartment units. If a specific supplier is unable to fulfil its obligation to supply the right equipment, with the right quality and at the right time, or if the cooperation with a certain supplier is terminated or not well-functioning, it can lead to significant delays in the Issuer's construction projects. If agreements with important suppliers were to be terminated at short notice, there is also a risk that the Issuer will not be able to hire another supplier on the same terms or at such short notice which may lead to increased costs and delays.



RISK FACTORS (ISSUER)

The risks above may, if materialised, lead to delays in planned and current projects, as well as higher costs for production, conversion and management of the properties, which in turn could lead to decreased earnings. The Issuer deems the probability of risks related to the Issuer's production process materialising to be medium. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

Risks associated with own production

The construction projects the Issuer develops are performed by the Issuer's subsidiary Grännäs Trähus AB. In Grännäs Trähus AB's two factories, located in Valdemarsvik and in Gävle, apartment units are manufactured. If the factories were to be destroyed, forced to close, or if any equipment in the factories were to be seriously damaged, the production may be hindered or discontinued. The Issuer's counterparties in construction projects may be dependent on scheduled deliveries, and subcontractors or other parties engaged by the Issuer for construction may in turn be forced to redirect their production or their deliveries as a result of the Issuer's delays. By extension, this could lead to claims against the Issuer. To the extent unforeseen outages, damages or other events disturbing the production chain are not fully covered by an insurance, this could lead to increased costs and decreased earnings.

As of 30 September 2020, the Issuer had 107 employees at the factories in Valdemarsvik and Gävle. There is a risk that the Issuer has made faulty calculations of prospective production volumes due to misinterpretation of market trends, general economic downturn or other factors. If the demand for the Issuer's construction projects decreases, the Issuer may have to terminate employees or change its production strategy or business model. Dismissal of employees may also damage the Issuer's reputation since the Issuer is locally involved in Valdemarsvik and Gävle, and since the Issuer's sustainability strategy is based on being a long-term and attractive employer.

The Issuer has through its subsidiary Grännäs Trähus AB entered into a lease agreement regarding production premises in Gävle which will expire in September 2022. The lease agreement contains an option for a three-year extension of the lease. There is a risk that the landlord immediately terminates the Issuer's lease agreement and that the Issuer will not be able to extend the existing agreement or to enter into a new lease agreement under the same conditions effective as on the date of this Investor Presentation. If the Issuer is not able to extend the lease agreement this could lead to reduced or discontinued production of apartments which in turn could lead to delays in the Issuer's construction projects. Furthermore, changed lease terms could lead to increased costs for the Issuer.

If the above risks are materialised, either individually or in combination, it could lead to delays, increased costs and decreased earnings, negatively affecting the Issuer's profit. The Issuer deems the probability of risks related to the Issuer's own production materialising to be medium. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

Risks due to COVID-19

The outbreak of COVID-19 has had a general negative effect on the global economy which may cause delays from the Issuer's suppliers and which could have a negative effect on the Issuer's projects. Additionally, if the pandemic's effects increase or the pandemic continues over a prolonged period of time, with continuing negative effect on the Swedish economy, a part of the Issuer's tenants may not be able to pay rent in accordance with their lease contracts due to COVID-19's effect on their employment or businesses. In turn, this could lead to higher vacancy levels as well as reduced property value.

The risks associated with COVID-19 may, if materialised, lead to delayed projects and have a negative effect on the Issuer's earnings and financial position. The Issuer deems the probability of above mentioned risks materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be high.



RISK FACTORS (ISSUER)

Risks due to rental value and rental income

The Issuer is a real property company mainly focused on development and production of rental housing, student housing and properties for public use, as well as long-term ownership and management of such properties. The rental income from the Issuer's properties for public use are normally based on marketable rent. For newly produced housings on the other hand, the rent can be determined (i) by agreement with tenants' associations regarding the housing's utility value (Sw. *bruksvärdeshyra*), (ii) by agreement with the tenants' associations regarding presumption rent (Sw. *presumtionshyra*) and (iii) by the landlord determining the rent. The Issuer is dependent on the tenants paying the agreed rents when due, and that the rent levels are reasonable to in order not to risk that the rents are being subject to procedures at by the rent tribunal (Sw. *hyresnämnden*). If tenants do not perform in accordance with their lease agreement it could have a negative effect on the Issuer's earnings.

Before initiating new projects, the Issuer estimates which rent level it may obtain after the project is completed. When producing new housings, agreements with tenants are normally not signed before the project is initiated meaning that there is a risk that the occupancy level will not meet the estimations made by the Issuer. Furthermore, the rent has normally not been negotiated with the tenants' association when the project is initiated, meaning there is a risk that the rental income will be less than the Issuer estimated beforehand which may affect the projects' profitability and the valuation of the properties. The estimated rent may also turn out to be calculated on incorrect bases and assumptions, which may result in the actual rental incomes being lower than estimated, affecting the investment's profitability.

The Issuer is also exposed to risks related to single tenants. In Kiruna for example, the Issuer owns a property for public use rented by the Institute of Space Physics (Sw. *Institutet för rymdfysik*) and Luleå University of Technology (Sw. *Luleå tekniska universitet*) amongst others. The rental revenues during 2019 from these two tenants was MSEK 12.5 which corresponds to 8.5 % of the total rental revenues of the Group during 2019. If important single tenants were to terminate their lease agreements, it could lead to lower occupancy levels and reduced rental incomes, and as a result lower fair values for the properties.

Above mentioned risk related to rental value and rental income may, if they are materialised, have a negative effect on the Issuer's earnings and financial position. The Issuer deems the probability of the risks materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be low.

Risks related to increased operating and maintenance costs

The Issuer's properties are rented to private individuals as well as to commercial and public actors. The responsibility for operating and maintenance costs is regulated in the lease agreements. Operating and maintenance costs may, for example, refer to the costs of electricity, water, heat and cleaning as well as costs due to maintain the buildings' standard in the long term. The Issuer is also responsible for the technical operations of its properties which might be affected by constructional faults and other defects and damages.

The lease agreements between the Issuer and commercial or public actors normally stipulate that the rent should be adjusted to the same extent as the landlord's operating and maintenance costs changes. However, this is not generally the case for lease agreements with private individuals. In such lease agreements it is normally stipulated that the landlord is responsible for the increased costs. Approximately 75 % of the Issuer's total lettable area as of 31 December 2019 consist of rental apartments rented by private individuals meaning that there is a risk of increased operating and maintenance costs for the Issuer. If the Issuer is not able to compensate for such increased costs through renegotiation of the lease agreements, it could have a negative impact on the Issuer's earnings.

If the above risks are materialised it could lead to increased costs for the Issuer, which in turn would have a negative effect on the Issuer's financial position and profit. The Issuer deems the probability of the risks relating to increased operating and maintenance materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be low.



RISK FACTORS (ISSUER)

Dependence on retaining and recruiting key employees

The Issuer is dependent on about nine key employees. These employees have extensive knowledge of the property market and the Issuer's operations. The experience and commitment of these employees are important for the Issuer's future development. In addition to current employees, the Issuer also needs to recruit new employees with special skills or experience in order to expand further.

If the Issuer fails to recruit new employees, or if key employees leave the Issuer and suitable and experienced replacements cannot be recruited, this could have a negative effect on the Issuer's ability to conduct its operations. The Issuer deems the probability of such risks materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be low.

Risks associated with the Issuer's geographical concentration of property projects

The supply and demand for properties, and consequently the valuation of property investments, varies between different geographical markets which could develop differently. As of the date of this Investor Presentation, the Issuer has projects in many parts of Sweden but mainly in and around university and college (Sw. *högskola*) cities.

The demand may decrease in those geographical markets the Issuer operates in even if the demand does not decrease in Sweden as a whole. Reduced demand may lead to lower occupancy levels, less opportunity to increase rent increases levels or reduced property values.

A decreased demand may result in decreased earnings and a negative effect on the Issuer's financial position and profit. The Issuer deems the probability of above mentioned risks materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be low.

The Issuer may lose the right to label its properties with a Nordic Swan Ecolabel

The Issuer has an environmental profile and uses wood as the main building material. In December 2017, the Issuer received a license from Ecolabelling Sweden AB (Sw. *Miljömärkning Sverige*), which issues the environmental certification Nordic Swan Ecolabel (Sw. *Svanenmärket*). The Issuer's environmental profile also results in the opportunity to obtain so-called sustainable financing.

There is a risk that the Issuer's production of residences will not meet the requirements for labelling the residences with a Nordic Swan Ecolabel, or that existing Nordic Swan Ecolabelled residences, in retrospect, prove not to live up to the environmental requirements.

If this risk materialise it could have a negative effect on the Issuer's reputation and, as a result, its operations and earnings. The Issuer deems the probability of such risks materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

Legal and regulatory risks

Environmental risks

Property management and investments include the potential of environmental risks. The Swedish Environmental Code (Sw. *miljöbalken (1998:808)*) states that business operators that have contributed to pollution are responsible for remediation of the relevant polluted property. If the responsible person or entity is unable to remediate a polluted property, the person or entity acquiring the property, under certain circumstances, is liable for remediation. Since the Issuer from time to time acquires properties as part of its operations, claims for remediation of polluted or environmentally damaged property could be directed at the Issuer for remediation. For example, asbestos has been identified during a renovation of a building in Örebro.



RISK FACTORS (ISSUER)

Further, since most of the Issuer's properties are used for residential purposes, the Issuer normally must conduct its operations in accordance with higher environmental requirements than what would be the case if the properties were used for other purposes. This results in a higher risk of being obliged to remediate properties in order to be able to use the properties for residential purposes.

However, since most of the Issuer's properties are acquired from Swedish municipalities, the Issuer deems the probability of being forced to take remediation measures due to previous owners' pollution to be lower than usual. The Issuer's conclusion is based on the fact that municipalities should be able to remediate possible pollutions under their responsibility. For example, this has been the case on two properties in Gävle and Sundsvall. The respective municipalities have in these cases been forced and accepted to remediate the properties due to pollution.

If these risks materialise it could result in increased costs for the Issuer. The Issuer deems the probability of environmental risks materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

Dependency on cash flow from its subsidiaries

The Issuer is a holding company and the Group's operations are made through its subsidiaries. The Issuer is hence dependent on its subsidiaries in order to fulfil its obligations under the Capital Securities. The transfer and distribution of funds to the Issuer from its subsidiaries may be restricted or prohibited by legal and contractual requirements applicable to the respective subsidiary. Additionally, the Group Companies are separate legal entities and have no obligations to fulfil the Issuer's obligations towards its creditors unless otherwise agreed. If the subsidiaries do not provide dividend income, or due to other circumstances, conditions, laws or other regulations are prevented from providing liquidity distributions to the Issuer, there is a risk that the Issuer will not be able to fulfil its obligations under the Capital Securities or other financial commitments.

The Issuer deems the probability of such risks materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be low.

Risks related to the Issuer's and the Group's financing

Liquidity risks – project development

Liquidity risk in relation to the Issuer's projects developments is the risk that liquid assets, in addition to available external financing, of the Issuer are not sufficient to finance ongoing projects, acquisitions and operations. In order to continue to grow the business and expand its operations and investments, access to liquid funds are necessary to such an extent that several projects can be started and run in parallel.

If the Issuer does not have sufficient liquidity to fulfil its ongoing projects this could result in decreased growth and expansion as well as increased costs and penalties, hence affect the Issuer's financial position. The Issuer deems the probability of such risks materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

Liquidity risks – amortizations and interest due

Liquidity risk in relation to amortizations and interest due is the risk that the liquid assets of the Issuer are not sufficient or not available to meet its payment obligations at the relevant maturity date without increasing the cost of obtaining such necessary liquidity. The Issuer is dependent on available liquidity in order to fulfil its obligations including, inter alia, paying interest and amortisation costs related to its financing.

If the Issuer does not have sufficient liquidity to fulfil its obligations, this could result in increased costs and penalties, hence affect the Issuer's financial position. The Issuer deems the probability of such risks materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be high.



RISK FACTORS (ISSUER)

Interest rates risk

Changes in costs of funding of interest will affect the Issuer's interest expenses, which represent the Issuer's single largest cost item. Interest rate risk could result in a change in fair value, changes in cash flow and fluctuations in the Issuer's profit. The Issuer is exposed to interest rate risks due to its interest-bearing liabilities.

Since most of the Issuer's operations concern rental for residential purposes, which is inherently associated with rigid rent levels, it may cause difficulties for the Issuer to increase its revenues to compensate for higher interest costs. This could result in that the Issuer will have less opportunity to pay interest and amortisation costs related to its financings, resulting in a risk that the Issuer is in breach of its or a Group Company's loan facility agreements.

The Issuer has entered into interest rate hedging agreements in accordance with the Issuer's financial policy which partially reduces the Issuer's exposure to floating rates and thereby increased interest rates. However, if the interest rates decrease below the fixed swap rate the hedging agreements result in higher costs than what floating interest rates would entail as well as negative value changes of the fair value of the hedging agreements. The net interest costs (Sw. *räntenetto*) was for the financial year 2019 MSEK 45.6. Based on the interest sensitivity analysis (Sw. *känslighetsanalys räntor*) made by the Issuer a +/- 1 % per annum change will affect the Group's annual earnings with approximately +/- MSEK 15.

The Issuer deems the probability of such risks materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

Refinancing risks

Refinancing risks refer to, inter alia, the risks of increased funding costs and the availability to refinance existing loan facilities.

The Issuer's total project development and investment costs exceed the Issuer's cash and cash equivalents, while the cash flow from the investment properties is not enough to finance the Issuer's new production. The Issuer's operations are therefore partly financed by externally provided debt capital. The required capital for financing of both development of existing properties and future acquisitions is and will be provided by banks and other financial institutions. As of 30 September 2020, the Group's interest-bearing liabilities amounted to MSEK 3,713.1 of which MSEK 786.8 will be due within twelve months.

If the Issuer cannot refinance its loans in full or in part or a refinancing is made with increased funding and/or margin costs, it might have a negative effect on the Issuer's possibilities to repay its debts and its operations and earnings. The Issuer deems the probability of such risks materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be high.

Risks associated with investment support

The Issuer occasionally applies for and is granted investment support in accordance with the ordinance on investment support for rented housing and student accommodation (Sw. *Förordning (2016:881) om statligt investeringsstöd för hyresbostäder och bostäder för studerande*). Due to risk for potential future political decisions the ordinance may be amended, changing the prerequisites necessary to meet in order to be granted the support. The investment support may also be reduced or even abolished in the future.

Amendments in the investment support regulations could lead to the Issuer not being granted investment support to the same extent as in the past, or at all, which could negatively affect the Issuer's earnings and financial position. The Issuer deems the probability of risks related to the investment support for rented housing and student accommodation materialising to be medium. If the risks would materialise, the Issuer considers the potential negative impact to be medium.



RISK FACTORS (CAPITAL SECURITIES)

RISK FACTORS SPECIFIC AND MATERIAL TO THE CAPITAL SECURITIES

Risks relating to the nature of the Capital Securities

The Capital Securities are subordinated to most of the Issuer's liabilities

The Capital Securities represent deeply subordinated debt obligations of the Issuer. This means that if the Issuer is subject to any dissolution, winding-up, liquidation, reorganisation (Sw. *företagsrekonstruktion*), administrative or other bankruptcy or insolvency proceedings, the Holders normally receive payment after all other creditors have been paid in full. Hence, in relation to an Issuer Winding-up or a reorganisation of the Issuer, Holders' claims for the principal amount of their Capital Securities and any accrued and unpaid interest thereon will rank *pari passu* with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities. Furthermore, Holders' claims will rank junior in right of payment to any present or future claims of all unsubordinated obligations of the Issuer and all Subordinated Indebtedness. In relation to an Issuer Winding-up, claims will however rank in priority to all present and future claims in respect of the shares of the Issuer and any other obligation of the Issuer expressed to rank junior to the Capital Securities or any Parity Securities.

If the Issuer becomes subject to any dissolution, winding-up, liquidation, administrative or other bankruptcy or insolvency proceedings, the Issuer will be required to pay creditors with higher ranking claims in full before it can make any payments on the Capital Securities. If this occurs, there is a risk that the Issuer does not have enough assets remaining after these payments to pay amounts due under the Capital Securities, which presents a risk for a single Holder.

Further, in the event of a reorganisation, unsecured debt could be subject to a mandatory write-down provided that a qualified majority of the unsecured creditors has approved such write-down. There is a risk that claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under a reorganisation of the Issuer. Consequently, there is a risk that the Capital Securities be, partly or completely, written off, resulting in Holders not recovering their investment in the Capital Securities.

In the event of a shortfall of funds upon the occurrence of an Issuer Winding-up and/or any other dissolution, winding-up, liquidation, administrative or other bankruptcy or insolvency proceedings of the Issuer, there is a risk that a Holder may lose all or most of its investment in the Capital Securities and that a Holder may not receive any return of the principal amount nor any accrued interest (including Deferred Interest). By virtue of such subordination, payments to a Holder will, in the events described in the Terms and Conditions, only be made after all obligations of the Issuer resulting from higher ranking claims have been satisfied. A Holder may therefore recover less than the holders of unsubordinated or other subordinated liabilities of the Issuer that are senior to the Capital Securities.

Subject to applicable law, no remedies other than those set out in Clause 15 (Default and Enforcement) of the Terms and Conditions shall be available to the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities. Such remedies are limited to certain proceedings and enforcement following a default under the Terms and Conditions. Any potential investor should therefore be aware of that an investment in the Capital Securities entails a risk that the investor loses all or part of its investment if the Issuer becomes liquidated, bankrupt, insolvent, carries out a reorganisation or is wound-up.

The Issuer deems the probability of risks related to the subordination of the Capital Securities materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.



RISK FACTORS (CAPITAL SECURITIES)

Holders of the Capital Securities have very limited rights in relation to the enforcement of payments on the Capital Securities

The Holders' rights of enforcement in respect of payments under the Capital Securities are subject to significant limitations. If a default is made by the Issuer for a period of 30 calendar days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, the rights of the Holders in respect of the Capital Securities are limited to instituting proceedings for an Issuer Winding-up, and the Holders may prove and/or claim in respect of the Capital Securities in an Issuer Winding-up. In addition, the Holders shall not be entitled to accelerate payments of interest or principal under the Capital Securities in any circumstances outside an Issuer Winding-up, which presents a risk that the Holders may not recover their investment in the Capital Securities.

Furthermore, whilst the Holder may institute other proceedings against the Issuer to enforce the terms of the Capital Securities, the Issuer shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it. Accordingly, the Holders' rights of enforcement in respect of payments under the Capital Securities are very limited.

The Issuer deems the probability of risks related to the Holders' rights in relation to the enforcement of payments of the Capital Securities materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

The Issuer may defer Interest Payments

The Issuer may, at any time and at its sole discretion (except on an Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice to the Holders, the Agent and the Issuing Agent before the relevant Interest Payment Date, elect to defer any Interest Payment, in whole or in part, which would otherwise be due on any Interest Payment Date. If interest is deferred in accordance with the Terms and Conditions, the Issuer has no obligation to make such payment on the relevant Interest Payment Date and any such non-payment of interest does not constitute a default or any other breach of obligations under the Capital Securities.

Deferral of Interest Payments may have an adverse effect on the market price for the Capital Securities. In addition, the availability to defer interest may result in that the market price for the Capital Securities is more volatile than otherwise would be the case for market prices of other securities in respect of which interest accrues over pre-determined interest periods. Furthermore, the possibility to defer Interest Payments may expose the Holders to fluctuations in the Issuer's financial position and may result in that the yields from the Capital Securities are less foreseeable.

The Issuer deems the probability of risks related to the deferral of Interest Payments materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

The Capital Securities have no maturity date

The Capital Securities are perpetual meaning that the Capital Securities have no specified maturity date. The Issuer is not obliged to redeem the Capital Securities at any time and Holders have no option to redeem the Capital Securities at any time. The Issuer may only redeem the Capital Securities in the circumstances described in Clause 11 (Redemption and Repurchase of the Capital Securities) of the Terms and Conditions and, to the extent applicable, subject to such preconditions as set out in Clause 12 (Preconditions to Special Event Redemption or Change of Control Event Redemption).

Any potential investor should be aware that it may be required to bear financial risks of the investment in the Capital Securities for a long period of time and may not recover their investment before a redemption of the Capital Securities (if any) at the discretion of the Issuer (in particular if there is no active trading on the secondary market). Each potential investor should therefore be aware that there is a risk that it may lose the whole, or parts of, its investment in the event the Issuer chooses to not redeem the Capital Securities.

The Issuer deems the probability of risks related to the perpetuity of the Capital Securities materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be low.



RISK FACTORS (CAPITAL SECURITIES)

Redemption and Repurchase of the Capital Securities

Upon the occurrence of an Accounting Event, a Change of Control Event, a Rating Event, a Substantial Repurchase Event, a Tax Deductibility Event or a Withholding Tax Event (or any combination of the foregoing) the Issuer may redeem the Capital Securities in whole, but not some only, at any time together with any Deferred Interest and any accrued and unpaid interest (however, please note that the occurrence of any of these events do not entitle any of the Holders to enforce and accelerate the Capital Securities).

Furthermore, the Issuer may elect to redeem the Capital Securities in whole, but not some only, at par on the First Call Date or on any Interest Payment Date falling thereafter. The Issuer or any Group Company may, subject to applicable law, at any time and at any price purchase Capital Securities on the market or in any other way and Capital Securities held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled, provided that the aggregate principal amount of the Capital Securities subject to such cancellation represents eighty (80) per cent. or more of the aggregate principal amount of the Capital Securities issued (which shall include, for these purposes, any Subsequent Capital Securities). In addition, upon the occurrence of a Change of Control Event, the Issuer may redeem the Capital Securities in whole to a certain redemption amount defined in the Terms and Conditions.

If the Capital Securities are redeemed, Holders are entitled the right to receive a redemption amount, which may exceed the nominal amount of the Capital Securities. There is a risk that the market value of the Capital Securities is higher than the amount received at redemption and that it may not be possible for Holders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Capital Securities and may only be able to do so at a significantly lower rate.

The Issuer deems the probability of risks related to redemption and repurchase of Capital Securities materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be low.

Other risks relating to the Capital Securities

European Benchmark Regulation

The process for determining interest-rate benchmarks, such as STIBOR, is subject to a number of statutory rules and other regulations. Some of these rules and regulations have already been implemented, whilst some are due to be implemented in the near future. The most extensive initiative in this respect is the Benchmark Regulation (Regulation (EU) 2016/1011 of the European parliament and of the council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014) ("**the Benchmark Regulation**"). The Benchmark Regulation regulates the provision of benchmarks, the contribution of input data for the purpose of determining a benchmark and the operation of benchmarks within the European Union.

Since the Benchmark Regulation has only been applicable for a limited period of time, the effects of the regulation are difficult to assess. There is a risk that the Benchmark Regulation may affect how certain benchmarks are calculated and how they will develop which, in turn, could lead to increased volatility in relation to STIBOR and any other Alternative Base Rate and/or Successor Base Rate, and, thus, in relation to the interest rate of the Capital Securities. There is also a risk that increased administrative requirements may discourage stakeholders from participating in the production of benchmarks, or that some benchmarks cease to be provided. If this were to happen in respect of STIBOR and any other Alternative Base Rate and/or Successor Base Rate it could potentially be detrimental to the Holders. More specifically, should STIBOR be discontinued or cease to be provided, the Terms and Conditions provides for an alternative calculation of the interest rate for the Capital Securities. There is a risk that such alternative calculation results (including the determination of any Alternative Base Rate and/or Successor Base Rate) in interest payments less advantageous for the Holders or that such interest payment do not meet market interest rate expectations.



RISK FACTORS (CAPITAL SECURITIES)

The Issuer deems the probability of risks related to the floating rate structure of the Capital Securities materialising to be medium. If the risks would materialise, the Issuer considers the potential negative impact to be low.

Accounting risks relating to the treatment of the Capital Securities

The Capital Securities are treated as equity pursuant to IAS 32 *Financial Instruments*, and consequently, the Capital Securities will not be accounted for as financial liabilities. However, the International Accounting Standards Board (“IASB”) published the discussion paper “Financial Instruments with Characteristics of Equity” in June 2018 (the “**Discussion Paper**”). The Discussion Paper sets out the IASB’s preferred approach to classification of a financial instrument such as the Capital Securities, from the perspective of an issuer, as a financial liability or an equity instrument. The changes to the accounting standards addressed in the Discussion Paper would, if implemented, most likely lead to financial instruments such as the Capital Securities being classified as financial liabilities rather than equity as per the current accounting standards. The IASB has yet to formally announce their decision on the direction of the project regarding the potential changes to the accounting standard. Hence, at the time of this investor presentation it is unclear to what extent the proposals in the Discussion Paper will result in changes to the accounting standard.

If the changes to the accounting standard proposed in the Discussion Paper would be implemented as currently proposed in the Discussion Paper, it would most likely lead to the Capital Securities being classified as financial liabilities of the Issuer, which in turn would have a materially adverse effect on the Issuer’s financial position due to an increase of financial liabilities. Further, such change of accounting standards most likely lead to the occurrence of an Accounting Event (see further under the heading “*Redemption and Repurchase of the Capital Securities*” above).

The Issuer deems the probability of risks related to the changes in its applicable accounting standards to be medium. If the risks would materialise, the Issuer considers the potential negative impact to be low.

Listing of the Capital Securities, liquidity and the secondary market

Pursuant to the Terms and Conditions, the Issuer shall use its best efforts (without assuming any legal or contractual obligation) to apply for the Capital Securities to be admitted to listing on the Sustainable Bond List of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market. There is a risk that the Capital Securities will not be admitted to listing within the provided time period (as set out in the Terms and Conditions), or at all, in which case a Holder will not be entitled to cancel, withdraw or otherwise rescind its investment in the Capital Securities, or claim compensation from any person, on the basis of an argument that the Capital Securities have not been listed on a Regulated Market.

In addition, if the Capital Securities are not listed within a certain time after the relevant Issue Date, there is a risk that the Capital Securities will not fulfill the requirements for being placed at an investment savings account (Sw. *investeringssparkonto*) which may have a material adverse effect on a Holder’s tax position with respect to the Capital Securities.

The Issuer deems the probability of risks related to listing of the Capital Securities, liquidity and the secondary market materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.



RISK FACTORS (CAPITAL SECURITIES)

No restriction on issuing or guaranteeing debt

There is no restriction in the Terms and Conditions in relation to issuing or guaranteeing debt ranking senior to or pari passu with the Capital Securities. The Issuer and its subsidiaries may incur additional indebtedness or issue guarantees in respect of indebtedness or guarantees of third parties. Incurring such additional indebtedness may reduce the amount (if any) recoverable by Holders if the Issuer is subject to any dissolution, winding-up, liquidation, re-construction, administrative or other bankruptcy or insolvency proceedings and may increase the likelihood of that Interest Payments under the Terms and Conditions are deferred, at the potential detriment on a Holder.

The Issuer deems the probability of risks related to the lack of restriction on issuing or guaranteeing debt materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be low.

Insolvency of subsidiaries and structural subordination

A significant part of the Issuer's revenues relates to the Issuer's subsidiaries. In the event of the insolvency or liquidation of (or a similar event relating to) one of the Issuer's subsidiaries all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before the Issuer (as a shareholder) would be entitled to any payments. Thus, the Capital Securities are structurally subordinated to the liabilities of the subsidiaries and there is a significant risk, should a subsidiary be subject to, inter alia, an insolvency or liquidation proceeding, that the Issuer will not be entitled to any payments.

The Issuer and its assets may not be protected from any actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise.

The Issuer deems the probability of risks related to insolvency of subsidiaries and structural subordination materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be low.

Compliance with the Green Finance Framework

The Capital Securities are defined as "green" according to the Issuer's Green Finance Framework. The Green Finance Framework, as well as market practice for green Capital Securities, may be amended and develop after the First Issue Date, thus affecting any of the requirements applicable to the Issuer in respect of any Subsequent Capital Securities. The Issuer's failure to comply with the Green Finance Framework does not constitute a default under the Terms and Conditions and would not permit Holders to exercise any early redemption rights, rights of acceleration or receive any other type of compensation for non-compliance with the Green Finance Framework. There is however a risk that a failure to comply with the Green Finance Framework could have a material adverse effect on the market value of the Capital Securities due to investors perceiving the Capital Securities as a less favourable investment.

The Issuer deems the probability of risks related to green Capital Securities materialising to be low. If the risks would materialise, the Issuer considers the potential negative impact to be low.



K2A is a long-term owner, developer and manager of rental apartments and community service properties in Stockholm/Mälardalen and university cities in Sweden

AGENDA

- 1 Introduction and transaction summary
- 2 Company overview
- 3 Portfolio and market overview
- 4 Sustainability and Green finance framework
- 5 Financial highlights
- 6 Corporate governance
- 7 Risk factors
- 8 **Appendix**



INCOME STATEMENT AND EARNINGS CAPACITY

Consolidated income statement

SEKm	2016	2017	2018	2019	LTM Q3 2020	LTM Q3 2019
Rental income	49	84	113	148	185	137
Property expenses	-17	-32	-39	-50	-58	-49
Net operating income	33	53	74	98	127	88
Central administration	-14	-17	-28	-45	-43	-44
Share in profit from joint ventures	-	-	-2	12	4	7
Net financial expenses	-8	-19	-30	-46	-57	-42
Profit from property management	10	16	15	19	33	10
Changes in value of properties	89	270	196	263	219	223
Changes in value of derivatives	-	-	-	-	7	-
Changes in value of other companies	-	-	-	-	-3	-
Profit before tax for the period	99	286	211	282	256	232
Tax	-6	-1	-1	1	-	2
Deferred tax	-13	-66	-37	-80	-44	-63
Profit for the period	80	220	174	203	213	171
Parent company shareholders profit after tax	81	171	158	203	212	163
Adjustment for dividend to preference share holders	-16	-22	-23	-30	-35	-28
Profit after tax attributed to shareholders	65	149	135	173	178	135

Earnings capacity as per Q3 2020

SEKm	Investment properties	Acquired properties	Ongoing projects	The Group	Total
Rental value		229	4	103	336
Vacancies		-4	-	-2	-6
Rental income		225	4	101	329
Property expenses and administration		-60	-1	-25	-86
Net operating income		165	3	75	243
Central administration property management				-13	-13
Net financial expenses				-111	-111
Profit from property management					116
Additional investments		6	68	1,216	1,290



BALANCE SHEET

Consolidated balance sheet

SEKm	2016	2017	2018	2019	Q3 2020	Q3 2019
ASSETS						
Investment properties	1,428	2,351	3,105	4,023	5,125	3,591
Other tangible assets	10	45	78	200	211	174.5
Short term receivables	8	23	49	30	108.9	59.4
Cash and cash equivalents	104	87	110	158	394	241.5
Total assets	1,551	2,505	3,342	4,412	5,839	4,066
EQUITIES AND LIABILITIES						
Total equity	578	784	939	1,410	1,638	1,197
Deferred tax	70	136	173	253	250.2	206.7
Interest bearing debt	836	1,458	2,088	2,597	3,704	2,515
Leasing	-	-	-	48	66.1	41.3
Other liabilities	68	128	142	105	180.3	105.8
Total equity and liabilities	1,551	2,505	3,342	4,412	5,839	4,066



CASH FLOW STATEMENT

Consolidated cash flow statement

SEKm	2016	2017	2018	2019	LTM Q3 2020	LTM Q3 2019
OPERATING ACTIVITIES						
Profit from property management	10	16	15	19	33	10
Adjustments for non-cash flow items	1	2	2	-2	10.5	-3
Income tax paid	-5	-	-1	-	-	2
Changes in inventories	-1	-11	-3	4	-31.1	-1
Changes in current receivables	-5	-5	-20	8	-21.5	-31
Changes in current liabilities	29	19	16	-35	94.3	-21
Cash flow from operations	29	21	9	-6	85	-45
INVESTING ACTIVITIES						
Acquisitions of properties	-542	-128	-20	-155	-705.6	-22
Investments in properties	-1	-519	-510	-471	-617.9	-465
Investments in licenses	-	-2	0	-	-	-
Investments in inventories	-	-8	-10	-	-	-
Paid down payment of acquired properties	-	-	-	-9	-16	-
Investments in joint ventures	-	-	-27	-2	-0.2	-2
Investments in other tangible assets	-	-26	-	-2	-0.6	-2
Cash flow from investment activities	-544	-683	-567	-639	-1,340.3	-490
FINANCING ACTIVITIES						
Share issue	141	-	-	420	274.6	321
Costs of share issue	-	-	-	-31	-7.7	-29
Capital raised	-	-	7	-	0	-
New loans	482	680	642	451	1,228	473
Amortisation of derivatives	-2	-	-	-	-	-
Amortisation of loans	-64	-12	-12	-32	-47	-10
Amortisation of leasing liabilities	-	-	-	-3	-5	-3
Acquired shares	-	-	-30	-82	0	-82
Dividends paid	-16	-2	-3	-	-	-
Dividends paid, preference shares	-	-22	-23	-30	-35	-28
Cash flow from financing activities	523	644	582	693	1,408	641
Cash flow for the period	8	-18	24	48	153	107
Cash and cash equivalents at the beginning of the period	96	104	87	110	242	135
Cash and cash equivalents at the end of the period	104	87	110	158	394	242



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