

K-FAST HOLDING AB ANNUAL REPORT

2020

The property company that is committed at all levels welcomes you home.



K-FASTIGHETER



K-FAST HOLDING AB – Corp. ID No: 556827-0390

CONTENTS

Introduction	3
Finja Prefab	4
K-Fastigheter in one minute	5
The year 2020 in brief	5
Significant events in 2020	6
A message from the CEO	9
Operations	13
K-Fastigheter's business model	16
K-Fastigheter's business areas	18
K-Fastigheter's concept buildings	22
Property portfolio	29
Current earnings ability	32
Financing and valuation	33
Associated companies	38
Market overview	40
Corporate governance	47
A message from the Chairman	47
Corporate Governance Report	48
Board of Directors	60
Group Management	61
Financial Statements	63
Directors' Report	63
Consolidated financial statements	73
Parent Company financial statements	77
Notes	81
Signatures of Board of Directors and auditors	119
Auditor's Report	120
Sustainability and value creation	125
Risks and risk management	135
Reconciliation table and definitions	139
Key data	139
Glossary	144
Share and shareholders	146
Information for shareholders	149



The Annual Report of K-Fast Holding AB ("K-Fastigheter") comprises pages 67-119 (the Administration Report and appurtenant financial reports) and has been audited by Ernst & Young AB. "K-Fastigheter" and "the Group" refer to K-Fast Holding AB with or without subsidiaries and associated companies depending on the context. The Annual Report is published in Swedish and English, with the Swedish version being the original. Printed copies can be ordered via ir@k-fastigheter.se. Cover: In central Håssleholm, K-Fastigheter is constructing its tallest Apartment Block to date. The 38 apartments are divided over ten floors at Bokebergsgatan 14. Design: OAS. Photos: K-Fastigheter, OAS and Oskar Gjydell.





INTRODUCTION

K-Fast Holding AB's (K-Fastigheter) business concept is committed and cost-efficient development, construction, management and long-term ownership of the market's most attractive residential properties in terms of condition, standard and service levels. The Group offers internally produced and acquired rental housing in the Nordics, in locations with strong long-term demand for rental housing and commercial premises.

WE WELCOME FINJA PREFAB

1 December 2020 was an important date for K-Fastigheter. On the same day the company celebrated its 10-year anniversary since foundation and one year since listing of the company's share on Nasdaq Stockholm, the company took its next step in its progress by signing the agreement for the acquisition of Finja Prefab AB.

Finja Prefab is a nationwide producer of prefabricated concrete elements and a full-service frame contractor with a wide product range of wall panels, foundations, floor structures and balconies. The strategic acquisition secures K-Fastigheter's access to key components for the continued construction of its concept buildings in several locations around Sweden and Denmark. As part of K-Fastigheter, Finja Prefab continues to strengthen its position as a leading partner for Swedish construction companies and develop its successful sustainability work.

Finja Prefab originates in the company Finja AB, founded in 1957 in the southern Swedish town of Finja, outside Hässleholm. The company has six proprietary plants located in i Borensberg, Finja, Hultsfred, Katrineholm, Vara and Östra Grevie, and leases a seventh in Bollebygd. The company has also recently acquired a prefab plant in Strängnäs. The company is organized into Regions: South, West and East and has in-house assembly teams based in each region, with potential to expand operations into the Copenhagen region. K-Fastigheter has an ongoing collaboration with Finja Prefab relating to the project Vallensbæk Strand in the Copenhagen region.

Finja Prefab has approximately 550 employees. In 2020, sales totaled SEK 881.4 million, down 16.4 percent on 2019, mainly due to pandemic effects in the first half of 2020. The acquired operations are included in the Group from 1 January 2021 and are reported as a separate business area from that date. Please also refer to Note 40, page 118.



Finja Prefab is a nationwide operator active in ten locations around Sweden. The company employs some 550 staff with sales of approximately SEK 1 billion.

On 1 December 2020, the seller, Finja AB's CEO Gull-Britt Jonasson, signed the agreement alongside K-Fastigheter's CEO Jacob Karlsson (left) and K-Fastigheter's Chairman Erik Selin.



K-FASTIGHETER IN ONE MINUTE

K-Fastigheter is a project development, construction and property company focused primarily on rental housing properties. With commitment at all levels, K-Fastigheter creates attractive homes offering a high degree of comfort. The Group's proprietary concept buildings; Low-Rise, Lateral Low-Rise and Apartment Block, meet demands for better housing from tenants and social planners.

The Group holds a strong position in the Öresund region and in selected towns and cities in southern and western Sweden. In 2020, K-Fastigheter established operations in Denmark and in the Mälardalen region. Our vision is to become one of the Nordic region's largest operators and a leading property owner of sustainably constructed, innovative and cost-efficient concept buildings meeting the wants and needs of tenants seeking to establish a home for many years to come. The housing offered by the Group is to be distinguished by the best combination of high standard, home comfort and security in the market.

In December 2020, K-Fastigheter signed an agreement to acquire Finja Prefab AB, a market leader within prefabricated concrete elements and a full-service frame contractor with a wide product range of wall panels, foundations, floor structures and balconies. The acquisition secures K-Fastigheter's access to key components for the construction of the Group's concept buildings in several locations around Sweden and Denmark.

Based in Hässleholm, Sweden, and with production facilities and local offices in strategically selected locations, K-Fastigheter currently has some 630 employees. K-Fast Holding AB's Class B share has been listed on the Nasdaq Stockholm exchange since November 2019 under the ticker KFAST B. The largest shareholders are Jacob Karlsson AB, Erik Selin Fastigheter Aktiebolag and Capital Group.

THE YEAR 2020 IN BRIEF

Financial results

- Rental income for 2020 amounted to SEK 203.9 million, up 30 percent year-on-year.
- Profit from property management amounted to SEK 75.3 million, up 42 percent year-on-year.
- Value changes for investment properties amounted to SEK 577.8 million, an increase of 70 percent.
- Profit after tax for the year amounted to SEK 474.5 million, up 30 percent.

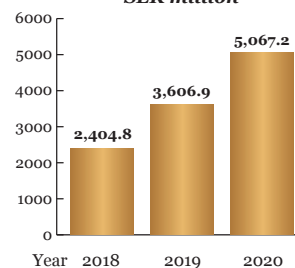
Value creation

- Over a business cycle, value creation is measured as growth in long-term net asset value per share. K-Fastigheter's net asset value for 2020 increased to SEK 102.02 per share, up 36 percent compared to 2019.

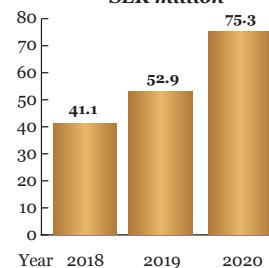
Sustainability

- In 2020, K-Fastigheter set expanded and new goals for the Group's sustainability work, based on the business model's long-term perspective.

Property value, SEK million



Management results, SEK million



NUMBER OF HOMES UNDER MANAGEMENT



+30%

2,237
1,711

UNITS
2020
UNITS
2019

NUMBER OF HOMES IN PRODUCTION



+87%

1,311
700

UNITS
2020
UNITS
2019

NUMBER OF APARTMENTS UNDER PROJECT DEVELOPMENT



+190%

3,880
1,340

UNITS
2020
UNITS
2019

Selected key figures (for definitions, see page 140)

	2020	2019	2018
Financial			
Interest coverage ratio, multiple	2.6	2.6	3.5
Equity/assets ratio, %	41.9%	41.7%	29.3%
Loan-to-value ratio, %	46.7%	40.2%	60.4%
Profit from property management, SEK million	75.3	52.9	41.1
Long-term net asset value (NAV), SEK million	3,661.2	2,540.2	1,213.4
Share-related			
Profit from property management per share, SEK	2.18	2.05	1.64
Growth in profit from property management per share, %	6.3	24.6%	23.8%
Long-term net asset value (NAV), per share, SEK	102.02	74.96	48.54
Growth in long-term net asset value (NAV), per share, %	36.1%	54.4%	29.5%

SIGNIFICANT EVENTS IN 2020

Q1

First quarter:

Rental income for the quarter amounted to SEK 47.8 SEK million (33.0), an increase of 45%.

Established operations in Denmark, acquired building rights for the construction of 95 apartments in Vallensbæk Strand, south of Copenhagen.

Acquisition of land in Borås to build 600 apartments.

Acquisition of a development property of approximately 66,600 square meters in Östra Ramlösa, Helsingborg.

Acquisition of land for construction of 48 Apartment Block apartments in Kristianstad.

Number of completed apartments as of 31 March: 1,789, an increase of 5% compared to previous quarter. At the end of the quarter, the value of the investment properties amounted to SEK 5,039.5 million, an increase of 15% compared to 31 December 2019.

Q2

Second quarter:

Rental income for the quarter amounted to SEK 49.0 SEK million (38.6), an increase of 27%.

Entered strategic collaboration with BoKlok.

Established operations in Gävle, purchased building rights for 60 apartments.

Acquisition of two residential properties with 30 rental apartments in Hässleholm.

Acquisition of an ongoing construction project comprising 36 apartments in Høje-Taastrup.

Number of completed apartments as of 30 June: 1,865, an increase of 4% compared to the previous quarter. At the end of the quarter, the value of the investment properties amounted to SEK 5,751.5 million, an increase of 14% compared to the previous quarter.

Q3

Third quarter:

Rental income for the quarter amounted to SEK 51.0 SEK million (40.5), an increase of 26%.

Completed a directed new share issue of 2 million Class B shares.

Acquisition of building rights for up to 130 Apartment Block apartments in Ale.

Acquisition of building rights for construction of up to 85 apartments in Älmhult.

Acquisition of building rights for 108 apartments in Västerås.

Acquisition of construction project in Solrød Strand comprising 32 apartments.

Number of completed properties as of 30 September: 2,043, an increase of 9% compared to the previous quarter. At the end of the quarter, the value of the investment properties amounted to SEK 6,128.2 million, an increase of 7% compared to the previous quarter.

Q4

Fourth quarter:

Rental income for the quarter amounted to SEK 56.2 SEK million (44.7), an increase of 26%.

Signed agreement relating to the acquisition of Finja Prefab, a nationwide producer of prefabricated concrete elements.

Acquisition of the first development property in Falkenberg.

Acquisition of land for future building rights in Ödåkra, Helsingborg with the goal of building up to 100 rental apartments.

Acquisition of building rights for up to 125 rental apartments in Västerås.

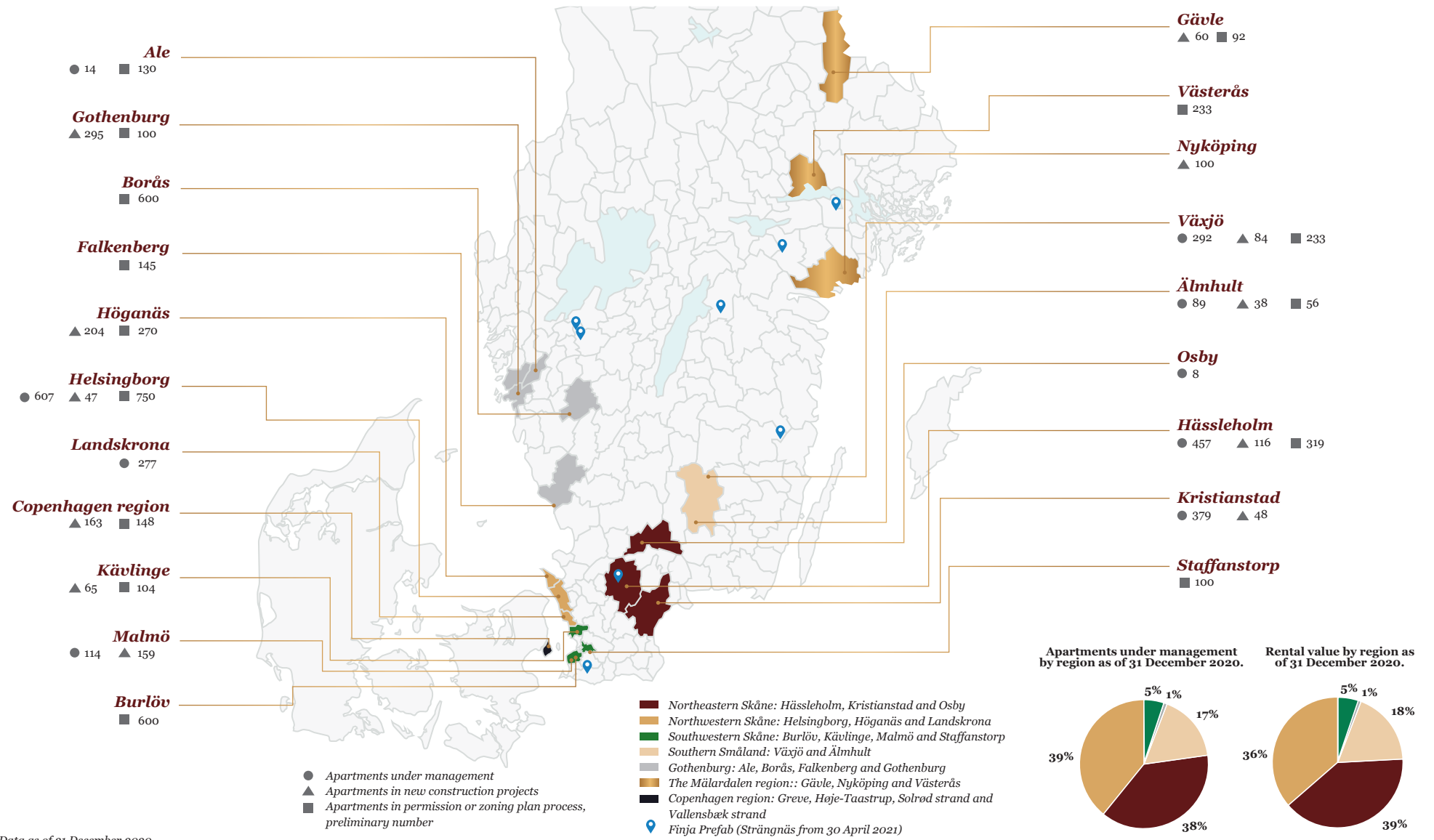
Acquisition of property rights comprising 148 apartments in Greve, south of Copenhagen.

Acquisition of properties comprising a total of 29 rental apartments in central Landskrona.

Acquisition of building rights for some 100 apartments at Opaltorget in southwestern Gothenburg.

Number of completed properties as of 31 December: 2,237, an increase of 9% compared to previous quarter. At the end of the quarter, the value of the investment properties amounted to SEK 6,853.5 million, an increase of 12% compared to the previous quarter.

WE BUILD AND MANAGE PROPERTIES IN GROWTH REGIONS



Data as of 31 December 2020.

A MESSAGE
FROM THE CEO
A MESSAGE
FROM THE CEO
A MESSAGE
FROM THE CEO
A MESSAGE
FROM THE CEO
**A MESSAGE
FROM THE CEO**
A MESSAGE
FROM THE CEO
A MESSAGE
FROM THE CEO
A MESSAGE
FROM THE CEO



“In 2020, K-Fastigheter celebrated its 10-year anniversary and its first year as a listed company. Otherwise, like all other years in our 10-year history, this year was characterized by a high pace and great performance by our driven employees.”

Jacob Karlsson, CEO of K-Fast Holding AB

A MESSAGE FROM THE CEO



Jacob Karlsson, CEO of K-Fast Holding AB

“My answer is that I am convinced that we can in fact become even more cost-efficient.”

2020 was a different and eventful year, when the Covid-19 pandemic impacted significantly on people’s health, society and the financial markets. In addition to those who are directly affected by the virus and fall ill, it is saddening to see the economic effects. Fortunately, the pandemic has had little or limited negative impact on K-Fastigheter’s operations. As a committed landlord, we maintain a close dialog with our most affected tenants. On the whole, the financial impact was very limited, and we actually had fewer late rental payments at year end 2020 compared to the previous year. In this context, I would like to shine the spotlight on our employees, who contribute in many different ways and have made an extraordinary effort to support our tenants as well as their colleagues.

In 2020, K-Fastigheter celebrated its 10-year anniversary and our first year as a listed company. Otherwise, like all other years in our 10-year history, this year was characterized by a high pace and great performance by our driven employees.

Furthermore, we finalized the acquisition of Finja Prefab, which provides us with the infrastructure we need to enable our geographical growth plan, and a directed new share issue raised a total of SEK 504 million before issue expenses. The funds were primarily used to expand our portfolio of building rights. Profit

after tax for the year was SEK 475 million, corresponding to profit growth of 30 percent year-on-year. NAV per share increased by 36 percent in the year.

In the year, K-Fastigheter started construction of 912 apartments, and there were 1,311 apartments in production at year end, compared to 700 apartments in production at the end of 2019, an increase of 87 percent. The organization has demonstrated that the resources are in place to take on far more projects and to increase the volume of apartments in production. Our portfolio of building rights in project development grew from 1,340 to 3,880 in the year, an increase of 190 percent.

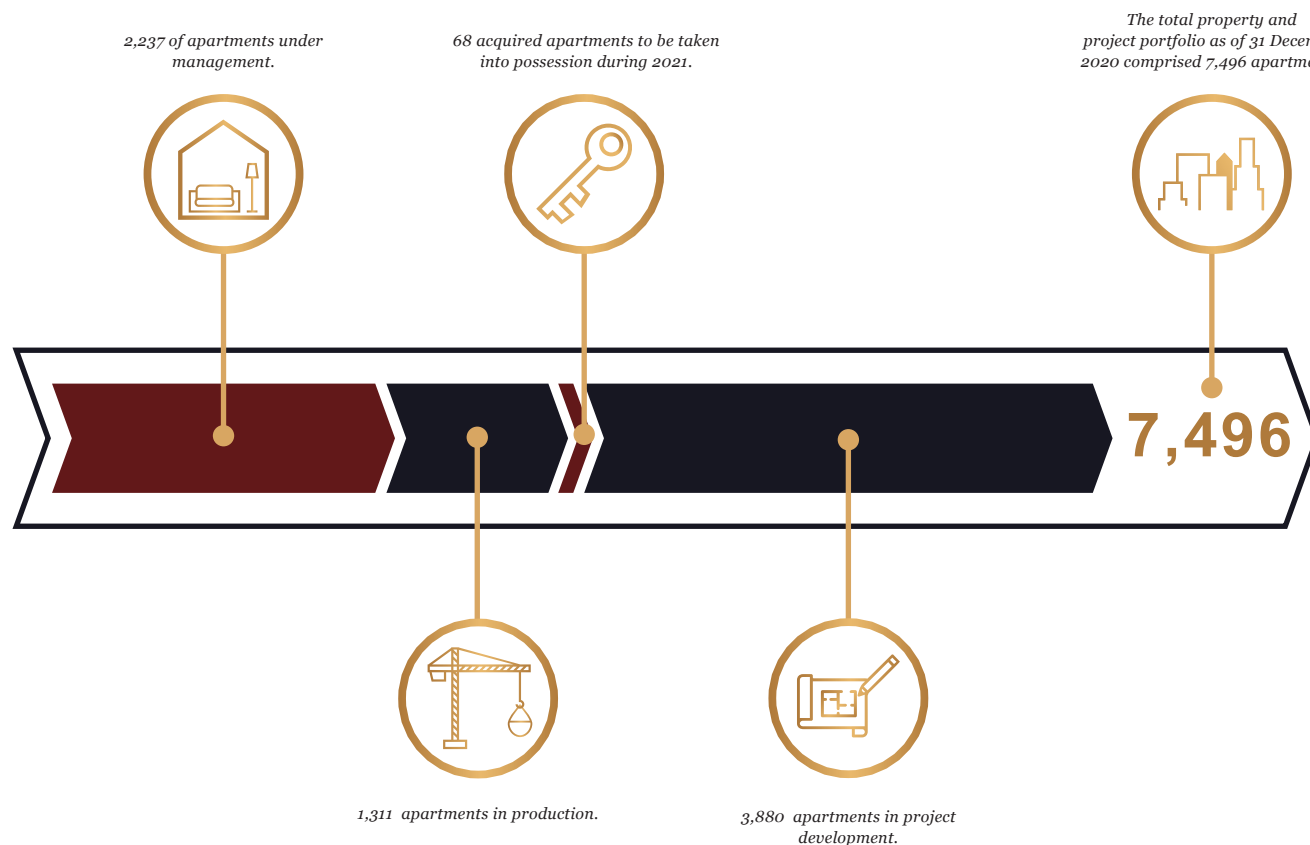
Considering these factors, we have good reasons for increasing our previously communicated operational target of 1,000 new apartment construction starts annually by the end of 2023. We feel well equipped to exceed that target by a good margin, and have chosen to revise it to 1,300 apartments annually by the end of 2023.

As previously mentioned, the Project Development business area has a great portfolio of attractive building rights, where we focus on acquiring building rights at an early stage to enable us to influence the planning process. I am often asked if K-Fastigheter will be able to maintain such low acquisition costs for its HOMES produced in-house in the future. My answer is that I am convinced that we can in fact become even more cost-efficient. Historically, K-Fastigheter has acquired building rights on market terms, where the degree ▶▶▶

of utilization of building rights has rarely been maximized - a disadvantage when building concept houses and working with pre-determined measurements. We ensure our financial efficiency through standardized and financially effective construction. At the end of the year, average acquisition costs in relation to market value on completion were 73.1 percent for proprietary projects, considerably below our maximum of 75 percent. This means that, on average, we generate unrealized values of close to 27 percent in our projects.

When we carry out construction on the basis of detailed development plans that we have contributed to ourselves, and where we have been able to adapt the plans to our concept buildings, we can access building rights with low acquisition costs and a high degree of utilization, and where the rights are optimized for our concept buildings. The first construction starts based on detailed development plans initiated by us are expected within two to three years. On this basis, I am convinced that our total acquisition cost in relation to market value, which we term PTV (production-to-value), will be lower in future than it is today, given unchanged market values.

In 2020, our property management portfolio grew by 46 percent in terms of market value at year end, which was in line with growth in rental income of 30 percent, and profit from property management which was up by 42 percent. Unfortunately profit from property management and the surplus ratio were negatively affected by continued high economic vacancies in Växjö. As I explained in the third quarter report, we have taken possession of a major new-build holding of 171 apartments intended as tenant-owner units, which we have acquired to convert to rental apartments. This meant that letting started relatively late in the process. In addition, we completed three Apartment Blocks containing 66 apartments ▶▶▶



in a neighboring property in the fourth quarter. This meant that we could offer significant volumes to the market in a relatively short period of time. Our assessment is that the relatively high vacancies are a short-term issue, and that these will fall in line with other completed projects in Växjö during 2021, where we have zero vacancies. In the long term, I am very confident that the area will become one of our more attractive ones, as the property standard is very high, and the property is in a central and attractive location. Excluding the above projects, we had a very high financial letting ratio of 97.4 percent at the end of the period.

On 1 December 2020 we entered an agreement relating to the acquisition of Finja Prefab AB, a nationwide leading provider of prefabricated concrete elements. We took possession in January 2021, and the operations will be reported as an independent business area from the first quarter 2021. The acquisition strengthens Finja Prefab's position as a leading supplier to Swedish construction companies at the same time as K-Fastigheter secures access to critical construction components.

The acquisition assures the infrastructure required for K-Fastigheter's geographical expansion. Finja Prefab has seven plants in three main regions: South, East and West, with its own assembly teams in each region. The strategic acquisition and our existing manufacturing plants for lightweight external wall units provide us with all the critical construction components needed for our three concept buildings. Concrete elements are a critical component in our concept buildings and represent a large proportion of the total acquisition cost. I am convinced that a high rate of prefabrication in a controlled process ensures the most cost-efficient and high-quality housing production possible. Accordingly, the acquisition of Finja Prefab is the most important transaction

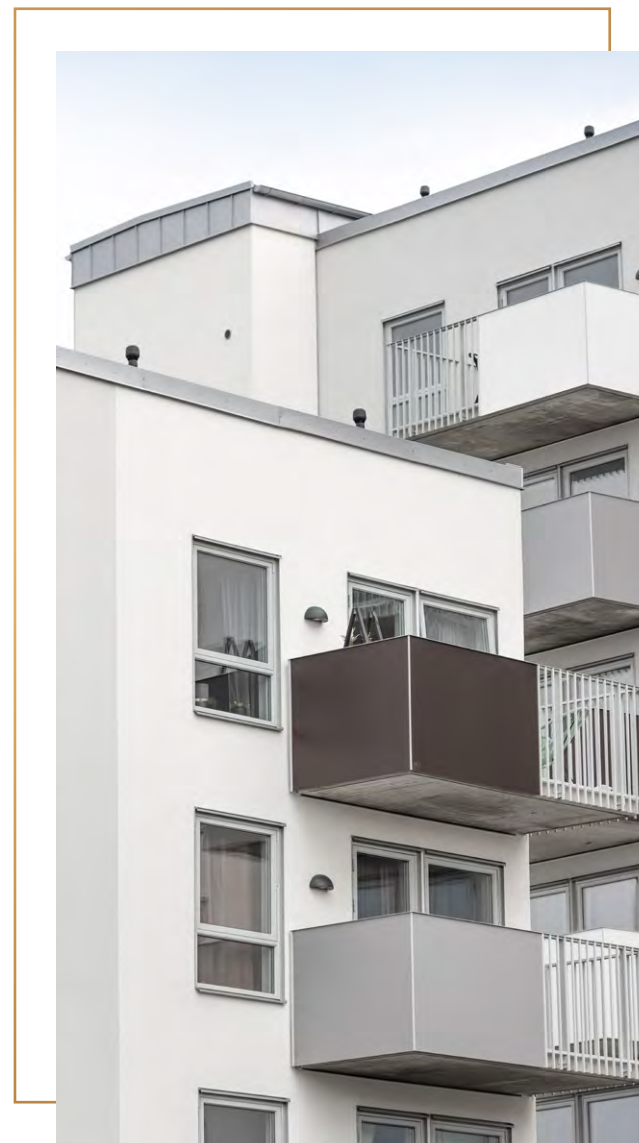
carried out in K-Fastigheter's ten-year history, and will contribute to improve PTV as outlined above.

Our business concept of owning and managing HOMES with an unlimited time frame, makes concrete the right choice of material from an overall perspective. Concrete is sometimes cited as being less sustainable than other construction materials, something I consider to be incorrect. From a CO2 perspective, traditional concrete frames are worse than wood frames in a 100-year perspective. BUT you only have to increase the time frame to a 150-year perspective for concrete to have a lower overall CO2 footprint. And our business concept of owning and managing properties with an unlimited time frame means that we are building housing with a life span of over 150 years. In addition, Finja Prefab is a flagship provider of sustainable prefab production that manufactures climate-positive concrete frames, partly by utilizing reinforcement bars from reclaimed steel.

To summarize the year 2020: We maintained a high pace of transactions for future growth, and are entering 2021 as a new company with a fourth business area and a new, higher operational target. The share price increased by 66 percent, which was positive for our approximately 3,600 shareholders.

At the end of the year, our total portfolio of apartments under management, in production, in the project portfolio and acquisitions where we have not yet taken possession totaled 7,496, an increase of 90 percent year-on-year. ■

- Jacob Karlsson, April 2021





OPERATIONS

K-Fastigheter's clear business concept guides all our operations. In 2020, we achieved several of our goals and established a new sustainability framework. From 2021 onwards, we increased our production capacity through the acquisition of Finja Prefab.

HOW K-FASTIGHETER CREATES VALUE

Our vision

K-Fastigheter's vision is to be one of the Nordic region's largest operators on the rental market, and a leading property owner of sustainable, innovative and cost-efficient concept buildings characterized by a market-leading combination of high standards, comfort and security.

Our business concept

K-Fastigheter's business concept is committed and cost-efficient development, construction, management and long-term ownership of the market's most attractive residential properties in terms of condition, standard and service levels. The Group offers internally produced and acquired rental housing in the Nordics, in locations with strong long-term demand for rental housing and commercial premises.

Our Strategy

Through its business areas, the Group shall generate value growth based on the following fundamentals:

- **Growth:** The Group's development is achieved through cross-functional efforts between the three business areas.
- **Profitability:** To ensure high and sustained profitability, the business areas collaborate in the areas of structure and systems support for processes (financing, tendering etc.). Read more about K-Fastigheter's financial progress on pages 67–83.
- **Brand/position:** K-Fastigheter shall be a challenger in a sector that stands to benefit from innovation throughout the value chain. The company's commitment aims to ensure that it is perceived as responsive, aware, innovative and knowledgeable.

Overarching goals

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

Operational targets	Target achievement		Comment
	2020	2019	
In the long term, rental income from housing shall comprise at least 80 percent of K-Fastigheter's total rental income.	86%	85%	Rental income amounted to SEK 203.9 million (156.8) for the year, an increase of 30 percent compared to the previous year. Of the SEK 47.1 million increase in the period, 21 percent derived from rental income from properties acquired in the year, 65 percent from rental income on completed properties, and 14 percent from increased rental income on properties owned at the start of 2020.
The number of apartments in construction for management by the company shall amount to 1,300 annually before the end of 2023.	912	518	There were 912 (518) construction starts of apartments in 2020. In February 2021, K-Fastigheter's Board decided to change the operational target for apartment construction starts for proprietary management from 1,000 to 1,300 before the end of 2023.
At the end of 2023, K-Fastigheter shall manage at least 5,000 apartments in the Nordics.	2,237	1,711	At the end of 2020, K-Fastigheter had 2,237 apartments under management, 1,311 apartments in production, 3,880 apartments in project development and 68 acquired apartments, totaling 7,496 apartments. In the first quarter of 2021, K-Fastigheter acquired building rights for a further 1,200 apartments in Sweden.

Financial targets	Target achievement		Comment
	2020	2019	
Over an economic cycle, growth in long-term net asset value per share shall average at least 20 percent annually, including any value transfers.	✓	✓	At the end of the year, long-term net asset value (NAV) amounted to SEK 3,661.2 million (2,540.2), corresponding to SEK 102.02 per share (74.96). Long-term net asset value per share increased by 36 percent compared to 31 December 2019.
Annual growth in profit per share from property management shall average at least 20 percent over an economic cycle.	●	✓	Profit from property management amounted to SEK 75.3 million (52.9), up 42 percent. A new share issue was carried out in 2020 and profit from property management per share amounted to SEK 2.18 (2.05), an increase of 6 percent on the previous year.
<i>The target is for growth in net asset value and profit from property management to be generated while maintaining a stable and sound financial position and with balanced financial risk-taking, meaning that:</i>			
The Group equity/assets ratio should amount to at least 25 percent	✓	✓	As of 31 December 2020, the equity/assets ratio amounted to 41.9 percent.
The interest coverage ratio should be a multiple of at least 1.75	✓	✓	As of 31 December 2020, the interest coverage ratio was a multiple of 2.6.
The loan-to-value ratio should amount to at most 70 percent relative to the market value of the Group's investment properties.	✓	✓	As of 31 December 2020, the loan-to-value ratio was 46.7 percent.

K-FASTIGHETER'S FOUR CORNERSTONES



1 **Innovation through repetition and skills bank**

Innovation is essential to progress. In our sector, innovation means to avoid continuously rethinking everything. K-Fastigheter operates in a sector where properties are produced as prototypes – no property is identical to another. K-Fastigheter contributes innovation by constructing its proven concept buildings repetitively, while introducing continuous improvements suggested by our tenants and employees.

Acquisitions of existing residential properties complement our concept buildings. We seek to expand strongly into selected growth locations, through a combination of our own concept buildings and acquired properties in attractive locations. This may include apartments of a standard lower than we, or our tenants, find acceptable. We upgrade such apartments continuously in connection with tenant turnover to ensure that furnishings, fittings and technical installations maintain a standard similar to that offered in the properties we have developed in-house.

2 **Relationships with key stakeholders**

We apply the experiences of our tenants and production and property management staff to continuously develop our construction and property management operations, and improve cost efficiency and quality. K-Fastigheter has an experienced project development organization, which facilitates initial contacts with municipalities and other stakeholders. We are familiar with the applicable regulatory frameworks and take specific requirements for each project into account, which enables us to shorten lead times and streamline the construction process.

We aim to have local property management teams in all towns where we own properties. During the start-up phase, we employ local property management personnel. It is clear that various types of partnerships help improve society. We work actively to develop our building rights to foster variation in architectural expression and types of title deeds. We also encourage business tenants in our properties, which ensures that residents and visitors are present in our buildings throughout the day.

3 Sustainability focus

The third cornerstone is our sustainability work. K-Fastigheter's proprietary concept buildings afford us control over all parts of the production process, from early project development to the property management of the completed building. Through the repeated production of conceptual housing solutions, material waste can be almost completely eliminated, benefiting both the environment and production finances. By using the same materials and products in new production projects and for K-Fast 2.0 renovations, we increase purchasing volumes and improve our scope for negotiation. Initiatives aimed at reducing the carbon footprint are underway throughout the construction industry.

K-Fastigheter's unlimited time frame implies that we are committed to continuously evaluating solutions from a life cycle perspective, including the choice of construction materials and methods. We seek to minimize energy and water consumption in our properties and to reduce our dependence on fossil fuels. We expect corporate social responsibility to become increasingly important to K-Fastigheter and its stakeholders. We actively work to be present locally in our properties and to foster safe and secure homes and neighborhoods.

4 Growing in line with demand

It is clear that our offering satisfies market demand for attractive homes at an affordable cost. K-Fastigheter's housing concept ensures cost control and financial efficiency throughout the chain, from building rights to property management, and over a building's lifespan. Since our foundation in 2010, we have created a property company with a strong position and commitment in several selected locations in Sweden and Denmark, mainly through our proprietary concept buildings. Our current property, construction and project portfolio encompasses close to 7,500 apartments.



K-FASTIGHETER'S BUSINESS MODEL

The resources we use



Capital

- K-Fastigheter finances its operations in various ways, including internal cash flow, equity and bank borrowing.
- In 2020, K-Fastigheter invested approximately SEK 1,900 million in properties, construction and equipment.



Human capital

- After the acquisition of Finja Prefab on 1 January 2021, K-Fastigheter has some 630 employees who contribute to developing our business.



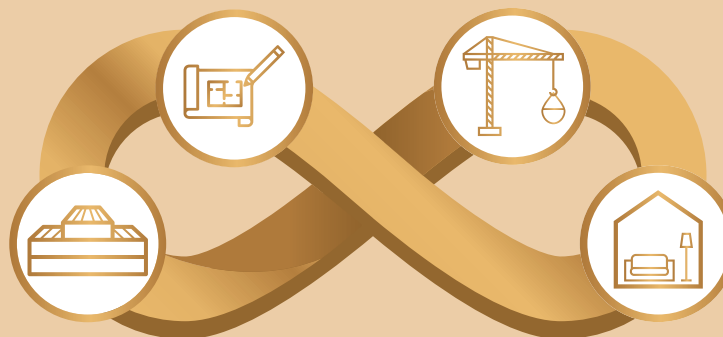
Natural resources

- K-Fastigheter uses land, construction materials and energy to build and maintain properties, providing 2,237 existing and 5,000 future homes.

Core operations

The **Project Development** business area charts the regions and locations where K-Fastigheter's concept buildings can be constructed in accordance with the company's model and is responsible for acquisitions of portfolios of properties and building rights that complement the company's existing production and property holding.

Read more about the business area on page 18.



The **Prefab** business area consists of Finja Prefab AB and the Group's plants for manufacture of lightweight external wall units in Osby and Hässleholm. The business area manufactures prefabricated concrete elements and complete frame solutions. The customers include several of Sweden's leading construction companies with high demands on quality, cost efficiency and climate adaptations.

Read more about Prefab on page 4.

The **Construction** business area builds and develops the cost-efficient Low-Rise, Lateral Low-Rise and Apartment Block concept buildings, and increases the Group's in-house production capacity.

Read more about the business area on page 19.

The **Property Management** business area develops cost-efficient local property management. The focus is on managing K-Fastigheter's proprietary concept buildings and acquired holdings in an efficient manner. By evaluating conditions and taking tenant requirements into account, the Group accesses important information for product development of its concept buildings.

Read more about the business area on page 20.

The value we create



Customers

- In 2020, K-Fastigheter built and acquired 579 new rental apartments where tenants can create safe and comfortable homes.
- The Prefab operations are market leading with climate-positive concrete frames.



Social

- K-Fastigheter actively contributes to social development through various collaborations aimed at promoting neighborhood security, and reducing criminality and social exclusion, and by paying various taxes and charges, totaling some SEK 140 million in 2020.



Owners

- Long-term net asset value per share (NAV) for 2020 was SEK 102.02, an increase.
- Profit from property management per share amounted to SEK 2.18 (2.05) for the full year 2020, an increase of 6% year-on-year.



Environment

- 100 percent of electricity used in the properties is derived from fossil-free production.
- K-Fastigheter's concept buildings are resource-efficient as a result of effective land utilization and minimal construction waste.

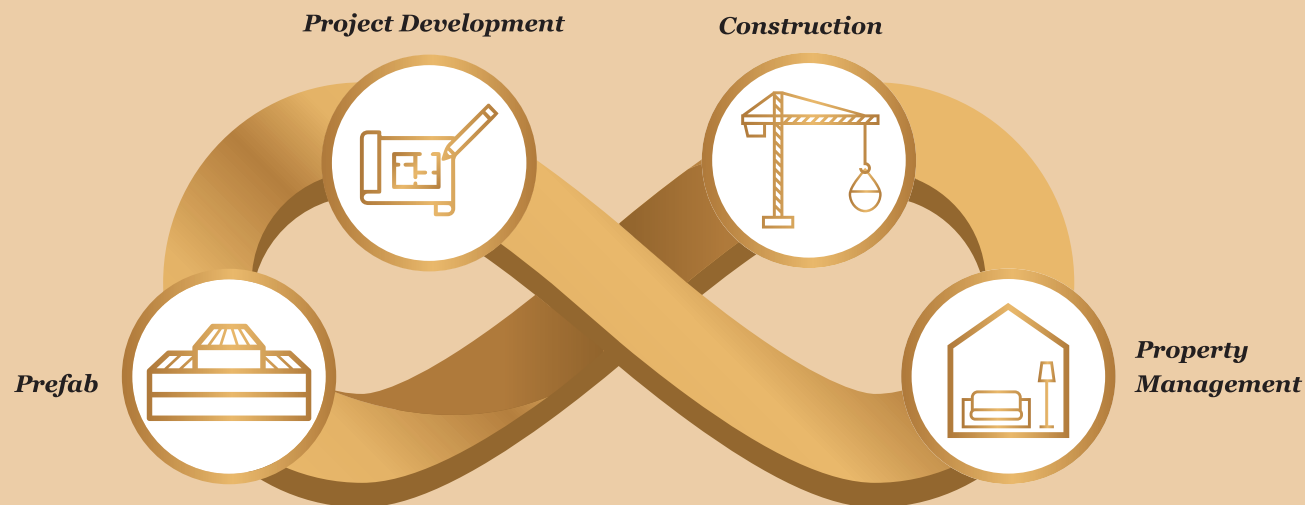
K-FASTIGHETER'S COMMITMENT

Working with an unlimited time frame implies responsibility. K-Fastigheter is involved in the entire value chain, from establishment and initial contacts regarding land acquisition, through its proprietary standardized and industrial production and construction process, to long-term ownership and property management.

The business areas work across functions to ensure continuous product development. By designing, building and procuring better, smarter, more cost-efficient and more sustainable buildings, we increase profitability and reduce lead times. The four business areas carry out regular reviews based on the joint process, and each business area provides feedback before a planning application is submitted.

Collaboration for profitability

- K-Fastigheter's business areas collaborate to create a combined offering of attractive and cost-efficient concept buildings, developed in-house, with high-quality rental apartments, and occasionally commercial premises. We create the right conditions for developing homes that are better and more efficient in every way through a process of standardization, introducing smart and sustainable solutions, and by being responsive to the needs of our customers, suppliers and employees. This applies the Group's combined experience and know-how, which can be re-used in project development, construction and property management.
- Through efficient project development, construction, acquisitions and long-term property management of concept buildings, K-Fastigheter offers space-efficient rental housing, mainly in grade A and B locations in towns with sustained strong demand for rental housing in Sweden and the other Nordic



countries, based on in-house resources or in collaboration with local partners.

- K-Fastigheter identifies building rights and attractive property holdings on the basis of its collective experience and expertise, and through its ongoing relationships with land and property owners. Thorough groundwork allows the Group to utilize building rights that are well-suited to K-Fastigheter's concept buildings and ensures a cost-efficient industrialized construction process with standardized methods and short construction times.
- • By increasing property management of apartments with a high level of service and good accessibility, K-Fastigheter generates increasing economies of scale. K-Fastigheter's property management shall be rational and efficient, but should also be perceived as personal. Digital assistance, that is, the use of digital and mobile tools and communications solutions, are

used where technology adds value to our day-to-day efforts. Standardized methods and construction materials mean that potential faults can quickly be identified, addressed and prevented.

- With an unlimited time frame and the capacity to create value by offering a market-leading combination of high standards, comfort and safety, K-Fastigheter aims to be seen as the sector leader by key stakeholders.
- K-Fastigheter's long-term perspective is fundamental to the Group's sustainability work, which means that we construct high-quality buildings that streamline property management over time, preserve the surrounding environment and ensure good relations with tenants and key stakeholders. Shareholder value is generated in compliance with applicable laws and regulations, ethical and statutory, and with respect for the environment.

OUR BUSINESS AREAS

K-Fastigheter develops, acquires, constructs and manages rental housing in locations where long-term demand is strong. In 2020, we conducted operations in three business areas.

PROJECT DEVELOPMENT

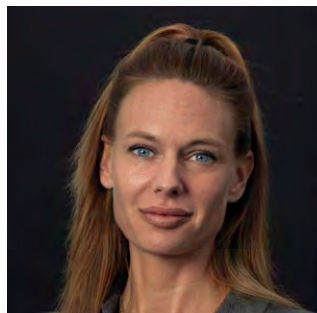
The Project Development business area identifies and acquires building rights for new construction projects and existing properties with potential to be upgraded. Operations include customer and needs analysis, collaboration with municipalities and land procurement. The goal is to create and realize value, today and in the future.

In 2020, our operations were characterized by high activity in a surrounding world that was negatively affected by Covid-19. The most pronounced effects included slower processing by local authorities, consultants and other collaboration partners. We handled the situation by working on multiple projects simultaneously and by utilizing our accumulated experience of largely repetitive projects .

K-Fastigheter's Project Development operations comprise expertise in identifying building rights suited to K-Fastigheter's concept on markets with long-term strong demand for rental apartments. The business area is also responsible for the work associated with submitting planning applications and maintaining contacts with various stakeholders, as well as reviewing the ideal location of buildings from a perspective of cost-efficiency and while maintaining respect for the existing natural features of the location. Through solid preliminary work, K-Fastigheter develops safe homes for its tenants, the opportunity to utilize various building rights and a financially efficient construction and development process. The Group has rationalized a high proportion of the initial

work by using concept buildings with a high degree of shared and standardized materials and processes. Each project is subject to specific conditions, and the business area has extensive experience of satisfying various legal requirements as well as residents' and society's expectations.

K-Fastigheter works purposefully with continuous product development based on valuable experience, as well as ongoing



Åsa Fredin

Head of business area
Project Development

“Project Development currently employs one architect, two project coordinators and myself. The project coordinators essentially work as project managers to assist internal and external architects with carrying out reviews, surveys and maintain contacts with consultants and local municipalities. There is solid work behind every planning permit granted. Because K-Fastigheter is expanding, we are currently recruiting. We recently employed an additional architect who will further improve our excellent collaboration with external consultants.”

feedback from tenants, managers and property managers on previously completed projects. K-Fastigheter considers it vital to maintain frequent contacts with tenants in order to increase awareness of expectations and requirements ahead of future projects. Accordingly, K-Fastigheter has an in-depth understanding of the materials and products that best meet our tenants' current and future requirements and needs, such as the most appropriate kitchen designs, or what surfaces are most sought after.

Resource and climate issues are central to housing development projects. Efficient land use and construction, alongside ambitious climate targets, are central requirements. The need to satisfy formal demands relating to legislation, municipal regulations and K-Fastigheter's internal sustainability framework, as well as more informal requirements from prospective tenants, has made it necessary to produce long-term sustainable solutions.

In recent years, K-Fastigheter has also increasingly focused on establishing efficient routines for planning permission applications and other permit processes. Efficient administrative processes help shorten project lead times in general. Historically, the time from acquisition of a building right to tenants moving in has been less than 24 months, which is quicker than the industry average in the company's assessment. However, the duration of the construction period is largely affected by the scope of the project in terms of the number of apartments and total floorspace.

K-Fastigheter's collaborations ensure successful letting of apartments at the planning stage. K-Fastigheter capitalizes on its experience from previous construction projects to improve future development.

CONSTRUCTION

The Construction business area is characterized by established construction methods with a high degree of prefabrication, repetitive processes and specialized tasks. To increase cost efficiency, shorten construction times and ensure long-term quality, K-Fastigheter has chosen to work with only three proprietary concept buildings: Low-Rise, Lateral Low-Rise and Apartment Blocks. K-Fastigheter's construction operations and property management are almost exclusively internal.

By concentrating on a select number of concept buildings that are constructed repeatedly, K-Fastigheter has accumulated extensive experience and know-how relating to the risks, bottlenecks and other potential efficiency pitfalls in the construction process, and is therefore able to take proactive steps to avoid these. This also entails a limited number of material categories, which generates economies of scale in purchasing, improves the handling process and minimizes waste.

K-Fastigheter strategically and continuously introduces improvements, on the basis of lessons learned from construction projects which are documented and evaluated by the Project Development and Construction business areas and used in the design of future construction projects.

K-Fastigheter's apartments have a consistently high standard and are equipped with modern appliances, such as integrated dishwashers, washing machines, dryers and built-in microwaves. Including washing machines and dryers in apartments raises the tenants' living standards and reduces the need for a shared laundry room, allowing more space in the building to be used for residential purposes. K-Fastigheter consistently selects materials based on the Group's experience of what tenants perceive as adding



Eric Johansson
Head of Construction
business area.

“Activity remained high in 2020, and towards the end of the year we had handed over more than 500 apartments to the Management business area, with a record 1,311 homes in production over 20 different projects.”

In 2020, we recruited two project managers, one in Helsingborg and one in Hässleholm, to manage our geographical expansion and to handle the increased number of projects in Skåne, Småland and Denmark. We are in the process of establishing operations in the Mälardalen region, and have employed a Regional Director East who will manage new areas Nyköping and Gävle, as well as the region as a whole.

In 2020, we started operations in Denmark, where we are managing four different projects at various stages. Vallensbæk is our first in-house project where Finja Prefab has provided the frames. The acquisition of Finja Prefab means that we can participate in, influence and plan long-term, to maintain our planned high growth rate. This improves the product development process, both from a financial perspective and in terms of our long-term environmental work.”

value and improving well-being, as well as what ensures long-term management improvements and cost efficiency. Many of the selected materials are exclusive and have a comparatively high purchasing cost, but a longer service life. Based on K-Fastigheter's long-term perspective, selecting sustainable materials is justified at all levels.

For the construction of concept buildings Apartment Block and Low-Rise, the business area relies exclusively on external subcontractors as this increases flexibility and enables parallel construction in multiple locations. For the construction of the concept building Lateral Low-Rise, business area employees are responsible for most of the work, including reinforcement, casting, frameworks and façades. These craftsmen also work on other concept buildings, which ensures a flexible production organization during periods with varying activity levels.

Prefab ensures cost-effective construction

A large proportion of the structural elements included in K-Fastigheter's three concept buildings are manufactured in-house at the company's facilities. This includes manufacture of structural elements such as external wall units, balconies and concrete stairs. Prefabrication ensures better working conditions, superior cost- and quality control, and safeguards compatibility, production and just-in-time delivery for projects.

The acquisition of Finja Prefab AB was another important step in K-Fastigheter's growth. Finja Prefab AB is a nationwide producer of prefabricated concrete elements and complete frames. Finja Prefab was included in K-Fastigheter on 1 January 2021 and is reported as a separate business area from 2021 onwards.

PROPERTY MANAGEMENT

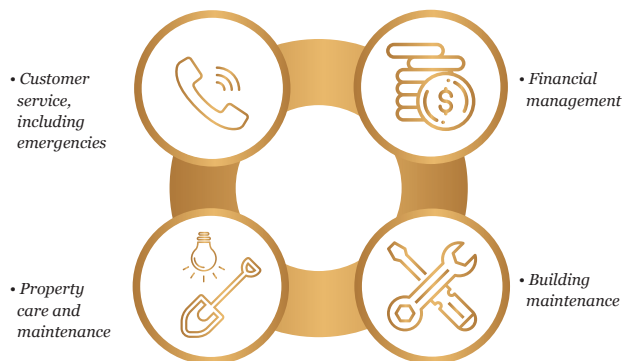
The Property Management business area manages the properties developed or acquired by the Project Development business area, or built by the Construction business area. K-Fastigheter applies an unlimited time frame to all its operations, with property management a key element.

In 2020, business area operations were expanded to include the Copenhagen region as well as several locations in the Västra Götaland and Mälardalen regions. The number of projects has increased, and K-Fastigheter collaborates with estate agent Våningen & Villan on marketing and lettings in order to reach a broader group of potential tenants.

The Group also has the clear ambition of building long-term relationships with individual tenants.

We identify tenants' wants and needs through close contact on local markets and in digital marketing campaigns, with the aim of minimizing the number of tenants moving out and other

Property management throughout the chain



disruptions. Financial management is handled almost exclusively with internal resources, while technical property management is partly outsourced to external providers. K-Fastigheter's administration focuses on achieving satisfied tenants who feel safe in their homes and neighborhoods, and on being accessible for support around the clock should unforeseen events occur. For this reason, K-Fastigheter focuses on local property management, with proprietary and external personnel.

In order to maintain a high level of service and accessibility, the Group has offices in Helsingborg, Landskrona and Kristianstad



Niklas Larsson
Head of Property Management business area.

"The business area employs several professional categories such as property managers, caretakers, property technicians, letting agents and rent administrators. In total, the Management business area employs 25 staff who worked on 18 ongoing projects in 2020, a new record. This led us to strengthen the organization with an assistant property manager and more recruitments are planned in 2021."

in addition to its head office in Hässleholm. In other locations, K-Fastigheter engages external property managers until critical mass is reached. Because K-Fastigheter uses a high degree of standardization and works with a limited number of materials, every component of the property portfolio produced in-house is well documented, which ensures short lead times for repairs and high reliability in the properties. The business area has digitalized several of its processes and will work in a shared comprehensive business system from 2021 onwards.

K-Fastigheter's properties are managed expediently and efficiently, with personal service. The Group uses digital assistance where technology adds value. For example, K-Fastigheter's concept buildings use modern property automation services that enable tenants to regulate heating consumption, for example. To ensure progress and product development, K-Fastigheter obtains continuous feedback from tenants and other stakeholders, including sector peers. The information is passed on to the Project Development and Construction business areas, and contributes to identifying attractive building rights and avoiding mistakes, as well as continuously increasing the quality of apartments and adjacent areas. The collaboration contributes to effective and expedient management.

K-Fastigheter is a property owner and landlord founded on stable operations and satisfied customers. Each year, K-Fastigheter conducts a customer satisfaction survey that includes questions about interiors, public spaces and service levels. The results of the 2020 survey indicate that more than 85 percent of tenants are satisfied with K-Fastigheter as a landlord and would recommend moving into its properties.

ORGANIZATION AND EMPLOYEES

K-Fastigheter's organization shall be characterized by clarity and transparency and support the Group's strategies and objectives. From 1 January 2021 onwards, operations are organized into four business areas: Project Development, Prefab, Construction and Property Management. Business Area Managers report to, and are part of, Group management. There are also Group-wide functions for Accounting and Finance, IT, Communications/IR/Marketing, and HR.

K-Fastigheter's strong growth represents an opportunity. As an employer we need to create employee engagement, and participation ensures commitment and clarifies our operational focus. Committed, motivated and competent employees benefit our customers.

K-Fastigheter's HR policy is based on our view that the results achieved by our employees are most important, not who they are or where they are from. The Group seeks to reflect the surrounding world in different ways, which strengthens the company and our staff.

In order for K-Fastigheter to be the obvious choice for our customers, employees and other stakeholders, we evaluate all processes whether relating to construction projects or administrative tasks, to ensure we always do a little better next time.

WORKING ENVIRONMENT

K-Fastigheter had 76 employees at the end of 2020. With the acquisition of Finja Prefab in January 2021, K-Fastigheter now has approximately 630 employees. A majority of these work in production, construction and management.

K-Fastigheter strives to maintain a safe working environment, from a physical, social and psychological perspective. "We are each



other's working environment." K-Fastigheter works to create a working environment where all employees feel safe and well. Staff that feel good do a great job and care for the Group's customers more effectively.

To be an attractive employer, K-Fastigheter works with individual development plans that encourage employees to develop their competencies. It is important to keep up-to-date with digital progress and K-Fastigheter needs to equip its staff to meet the demands placed on them by these developments and by the expectations of different stakeholders.

In 2020, we invited our employees to participate in a 40-day wellness initiative. Many reported noticeable results and the program strengthened our team spirit. This will be repeated regularly with a focus on improving Group-wide health and the working environment.

As a fast-growing organization, K-Fastigheter continually needs new employees, and to ensure its expansion through a strong corporate culture.

The Group's growth means that new staff that can contribute to our continued success needs to be recruited quickly. In 2019, we introduced a recruitment system, and in 2020 we created a database of nearly 1,000 prospective employees including previous applicants to the Group's units.

A great on-boarding program for new staff creates a foundation for a positive working environment, and engenders faster and better results. K-Fastigheter intends to continue to develop its current routines and processes. To ensure that K-Fastigheter broadens its selection and actively approaches a range of channels to secure leading competencies, we collaborate with multiple recruitment agencies.

K-FASTIGHETER'S CONCEPT BUILDINGS

Low-Rise – flexible buildings with a wide range of choice

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

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

Structural details:

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

Read more about the company's concept buildings and vacant apartments at www.k-fastigheter.se/en



Low-Rise in Kristianstad

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

Low-Rise in Höganäs

In Viken, between Helsingborg and Höganäs, K-Fastigheter started construction of 42 Low-Rise apartments over a total of 3,380 square meters in December 2020. The expected rental value totals SEK 5.3 million and tenants are expected to move in during May 2022. In the neighboring property Höganäs Stubbarp 33:27, K-Fastigheter is currently constructing 91 Low-Rise apartments with tenants moving in during June 2021 - March 2022. In addition to the ongoing construction, Höganäs Stubbarp 39:5 comprises building rights for a further approximately 270 apartments.



Lateral Low-Rise – variation and space efficiency

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

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

Structural details:

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



Lateral Low-Rise in Helsingborg

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

65 more Lateral Low-Rise apartments in Kävlinge

Next to Kävlinge station, with approximately 10 minutes journey time to Lund central station, K-Fastigheter started construction of 65 Lateral Low-Rise apartments over a total of 3,921 square meters in December 2020. The expected rental value totals SEK 7.3 million and tenants are expected to move in during June 2022.



Apartment Block – residential buildings for all locations

K-Fastigheter's apartment blocks are square-footprint multi-family dwellings which can be constructed with heights of four to ten stories. The Apartment Blocks have four apartments on each floor: two with one bedroom, living room and kitchen totaling 62 square meters and two with two bedrooms, living room and kitchen totaling 71 square meters. All apartments are equipped with spacious 27 square-meter balconies facing two directions. The Apartment Block is particularly suited for construction on difficult terrain, and multiple designs are available for the ground floor.

On plots with uneven terrain, the ground floor can be constructed to include a semi-basement. The Apartment Blocks can also be extensively adapted to meet the different requirements set for different building rights regarding story height, any premises, internal or external refuse rooms and storage rooms for the apartments.

K-Fastigheter has continued to develop the Apartment Block concept on the basis of this experience, resulting in the concept Apartment Block Plus. Apartment Block Plus is a rectangular structure containing six apartments per story. Apartment Block Plus is a hybrid, which allows for more choice, and can be built as a freestanding apartment block, or as two buildings connected at the gables, which creates a structure similar to K-Fastigheter's Lateral Low-Rise housing units.

The Apartment Block is K-Fastigheter's concept building with the highest degree of prefabrication, where the structural elements already include complete electrical mains and drain vaults. The Apartment Block has also been designed specifically for cost-efficient long-term property management, including wall structures that provide access to all drain stacks from the staircase, which makes it possible to replace drain stacks without requiring tenants



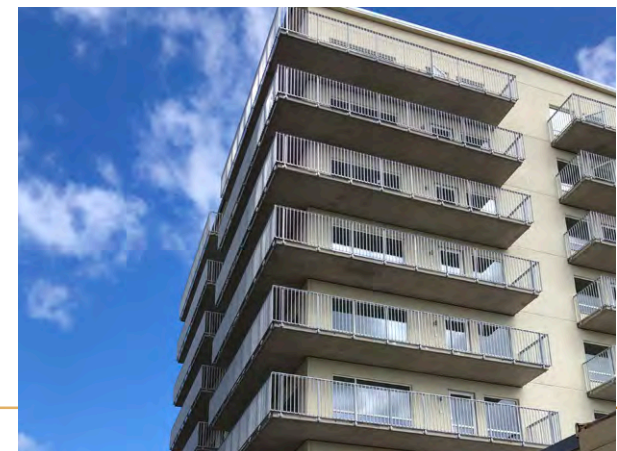
Apartment Block in Växjö

Pelikanen 27 next to the Folkparken neighborhood in Växjö. In total, the project encompasses three phases with three Apartment Blocks of 3,495 square meters distributed over 54 apartments with a rental value of SEK 6.4 million.

to move out. Thanks to innovative construction, a high degree of prefabrication and balcony constructions that remove the need for scaffolding, the Apartment Block construction process is very time effective.

New Apartment Block apartments in Helsingborg

In Norra Husensjö in Helsingborg, K-Fastigheter completed and moved in phase one of two at property Helsingborg Nyponrosen 4. The phase comprises a nine-story Apartment Block over 2,118 square meters and 32 apartments, as well as 289 square meters of commercial space on the ground floor. The property already harbored 1,217 square meters of commercial premises in the form of a pharmacy and a food store. The rental value of phase 1 and the commercial space totals SEK 5.6 million. The property comprises a total of 4,236 square meters of housing units distributed over 64 apartments, and 1,506 square meters of commercial premises distributed over five rental agreements with a rental value of SEK 9.5 million.



Structural details:

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

CONSTRUCTION PROJECTS COMMENCED IN 2020



Nyköping Oppeby Gård 1:7

At Oppeby Gård 1:7 in the Oppeby district of Nyköping, K-Fastigheter started construction of 84 Low Rise apartments and 16 Apartment Blocks over 7,281 square meters, in September 2020. The expected rental value totals SEK 12.2 million and tenants are expected to move in gradually during February to November 2022.



Älmhult Röret 1

In the neighborhood Västra Bökhult in western Älmhult, K-Fastigheter started construction of 22 Apartment Blocks and 16 Low-Rise apartments over a total of 2,474 square meters on the property in December 2020. The expected rental value totals SEK 4.1 million and tenants are expected to move in during August 2022. Furthermore, K-Fastigheter has acquired the neighboring property Älmhult Kedjan 1, which comprises a building right for some 22 Apartment Blocks and 34 Lateral Low-Rise apartments, with construction start scheduled in 2021.



38 Low-Rise apartments in the T4 area in Hässleholm

K-Fastigheter is continuing construction in the T4 area in Hässleholm, building 38 Low-Rise apartments in the Kokhuset 1 property. Construction encompasses a total of 2,808 square meters with a rental value of some SEK 4.7 million. Tenants are scheduled to move in during April 2022.



Construction of around 300 Low-Rise apartments in Viken

In Viken, between Helsingborg and Höganäs, K-Fastigheter started construction of 42 Low-Rise apartments over a total of 3,380 square meters in December 2020. The expected rental value totals SEK 5.3 million and tenants are expected to move in during May 2022. In the neighboring property Höganäs Stubbarp 33:27, K-Fastigheter is currently constructing 91 Low-Rise apartments with tenants moving in during June 2021 - March 2022. In addition to the ongoing construction, Viken 39:5 comprises building rights for some further 270 apartments.

CONSTRUCTION PROJECTS COMMENCED IN 2020



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

At part of Sättra 108:29 in Gavlehov in Gävle, next to Gävle horse racing track, K-Fastigheter, in collaboration with Skanska/BoKlok, is constructing 60 apartments over a total of 3,876 square meters with a rental value of some SEK 7.0 million. Tenants are scheduled to move in during January 2022.



71 Lateral Low-Rise apartments in Höganäs

K-Fastigheter is building a Lateral Low-Rise housing unit with some 71 apartments on the Flora 13 plot in central Höganäs, close to shops and with good public transport links to Helsingborg. Tenants are scheduled to move in during February 2022.

Construction includes a seven-story Lateral Low-Rise housing unit totaling 3,857 square meters distributed over 71 apartments and 43 parking spaces. The estimated rental value is approximately SEK 7.4 million.



192 Lateral Low-Rise apartments in Gothenburg

In March, K-Fastigheter started its largest construction project to date, comprising a total of 192 Lateral Low-Rise apartments on the plot Göteborg Sävenäs 131:13. The property is adjacent to Göteborg Sävenäs 131:12, where K-Fastigheter started production of 103 Lateral Low-Rise apartments in September 2019. The site is located adjacent to Östra Hospital, with good public transport links to central Gothenburg. Tenants are scheduled to move in during October 2022.

Construction includes an eight to ten-story Lateral Low-Rise building, totaling 12,257 square meters distributed over 192 apartments. Construction also includes 201 parking spaces. The estimated rental value is approximately SEK 28.4 million.



62 Lateral Low-Rise apartments at Elinegård, Malmö

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

CONSTRUCTION PROJECTS COMMENCED IN 2020



38 Apartment Block apartments in Hässleholm

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



48 Apartment Block apartments in Kristianstad

In Kristianstad, in the Hammar neighborhood next to C4 Shopping, K-Fastigheter started construction of two six-floor Apartment Blocks over 3,144 square meters and 48 apartments in November 2020. The expected rental value totals SEK 5.7 million and tenants are expected to move in gradually during March and April 2022.



95 Apartment Block apartments in Vallensbæk Strand

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

RENOVATION PROGRAM K-FAST 2.0

Cost-efficient renovation and improved standard with K-Fast 2.0

K-Fastigheter's upgrade program entails apartments being renovated as they become vacant. The program includes upgrading surfaces, kitchens, bathrooms, wiring and plumbing, and technical installations so that they meet the same standard that K-Fastigheter offers in its newly produced housing. K-Fast 2.0 has been very well received by our tenants. The quality improvements help raise standards in the older apartments in the property portfolio, and also help increase the service life of the Group's apartment portfolio.

Although K-Fastigheter has the capacity to renovate about eight apartments a month, due to the low relocation rate among tenants, K-Fastigheter is currently renovating an average of four apartments per month. It takes one month to complete the upgrade of an average apartment. Once renovated, homes are primarily offered to tenants already living in K-Fastigheter's apartments.

A key aspect of the implementation of K-Fast 2.0 is that renovation entails reasonable rent increases, so that existing tenants can afford to stay long term. This has been achievable because it has been possible to keep average renovation costs at approximately SEK 4,920 per square meter. Besides cutting operating costs, raising standards through K-Fast 2.0 brings annual rent increases of approximately SEK 323 per square meter, meaning that capital invested in K-Fast 2.0 generates an average direct return of about 6.6 percent.

The potential and need for upgrades are assessed when older properties are acquired. On 31 December 2020, the Group owned some 535 older apartments, which are gradually included in ongoing renovation. Of these, 84 apartments have been renovated in accordance with K-Fast 2.0.

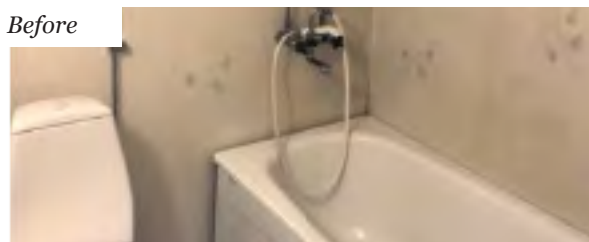
Before



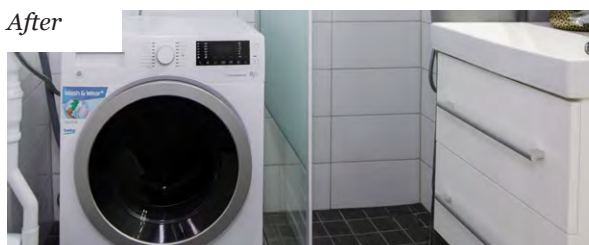
After



Before



After

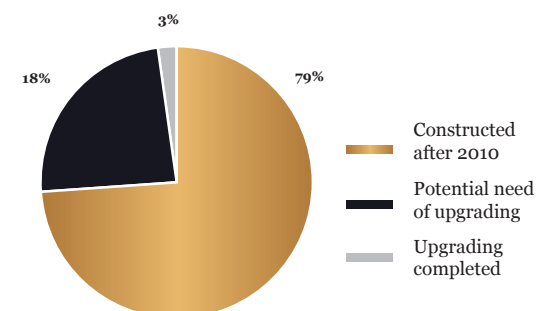


ACQUIRED PROPERTIES IN LANDSKRONA

In November 2020, K-Fastigheter acquired the properties Yxan 5 and 9 in central Landskrona. The properties were constructed in 1946 and contain 29 rental apartments.

Both buildings have recently been renovated, with new roofs, façades and windows ensuring low energy consumption. The housing standard can be increased further with the K-Fast 2.0 concept, which involves a new technical standard and updated surfaces in the apartments.

Distribution of K-Fastigheter's property portfolio by category, %



K-FASTIGHETER'S PROPERTY PORTFOLIO

On 31 December 2020, the Group's property portfolio comprised 78 completed investment properties¹ distributed over a total of 141,145 square meters of residential and 28,400 square meters of commercial space. In addition, the Group had 20 ongoing construction projects, distributed over 85,999 square meters of residential and 198 square meters of commercial space. Furthermore, K-Fastigheter has 22 projects in progress in the project development phase, at various stages of building permit application or project planning, of which 9 are projects for which K-Fastigheter has yet to take possession of the land.

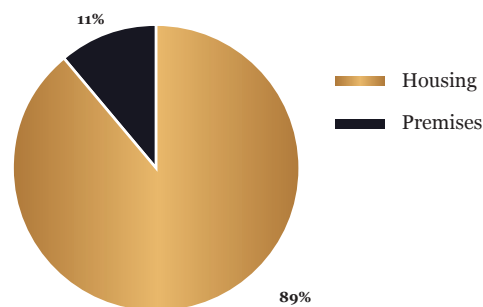
Of the property holding, 82 percent of properties were constructed after 2010. Newsec assesses that all are located in category A or B positions in the communities where the Group operates.

As of 31 December 2020, contractual rent amounted to SEK 241.7 million, with an estimated operating surplus of SEK 174.9 million, corresponding to a surplus ratio of some 72 percent. For newly produced concept buildings, the corresponding surplus ratio is some 81 percent, and approximately 60 percent for other properties in the portfolio. Of the contractual rent, 86 percent pertains to housing or related rentals (such as parking) divided between the 2,237 apartments under property management at the end of the period. Contractual rent from commercial tenants is distributed over some 140 commercial contracts, with the largest tenant comprising approximately 3 percent of total contractual rental income and the 10 largest commercial tenants comprising approximately 8 percent of total contractual rental income.

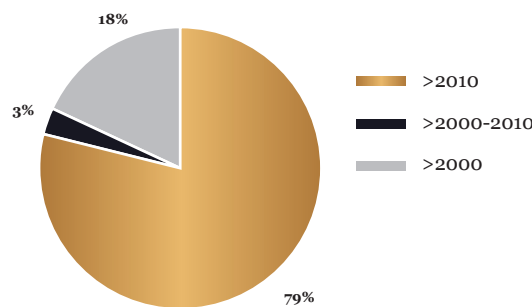
At the end of the year, the book value of completed investment properties totaled SEK 5,067.2 million (3,606.9), with an average direct return requirement of 4.08 percent (4.25). The book value of new construction projects in progress amounted to SEK 1,060.6 million (447.7), and undeveloped land and building rights amounted to SEK 707.7 million (335.1). On completion, the estimated market value of new construction projects in progress amounted to SEK 3,592.7 million (1,618.5), and to just over SEK 10,600 million (3,400) for properties currently in project development.

Of the property holding, 80 percent of the property value is located in Skåne, with the majority located in northeastern Skåne (Hässleholm, Kristianstad, Osby), and northwestern Skåne (Helsingborg, Höganäs, Landskrona) at 37 percent respectively.

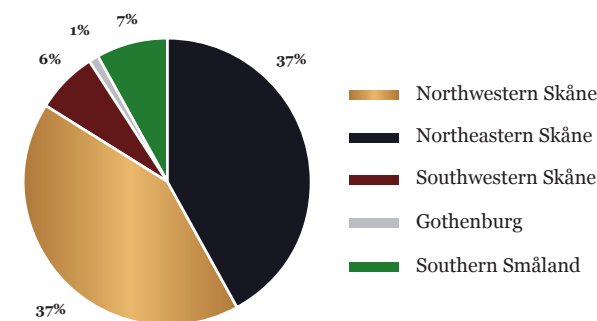
Property value by category, 31 December 2020, %



Property value by year of construction, 31 December 2020, %



Property value by geography, 31 December 2020, %



Year-end property value was SEK 5,067.2 million.

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

PROPERTY PORTFOLIO AS OF 31 DECEMBER 2020

Investment properties

Distribution of concept buildings	Lettable area, m ²				Property value		Rental value		Letting ratio	Contractual rent		Property costs		Operating surplus	
	Apartments	Housing	Premises	Total	SEK million	SEK/m ²	SEK million	SEK/m ²	%	SEK million	SEK million	SEK/m ²	SEK million	SEK/m ²	
Low-Rise	456	34,380	0	34,380	1,173.4	34,130	54.3	1,579	99.2%	53.8	4.8	140	49.0	1,426	
Lateral Low-Rise	669	34,237	543	34,780	1,469.8	42,260	66.9	1,923	99.9%	66.8	8.4	241	58.4	1,680	
Apartment Block	243	15,955	0	15,955	545.7	34,202	28.3	1,776	74.1%	21.0	4.0	253	17.0	1,064	
Other	869	56,573	27,857	84,430	1,878.3	22,247	115.5	1,369	86.6%	100.0	30.4	360	69.7	825	
Total/average	2,237	141,145	28,400	169,545	5,067.2	29,887	265.1	1,563	91.2%	241.7	47.6	281	194.1	1,145	
Per geographical region															
Northwestern Skåne	884	50,903	8,108	59,011	1,877.1	31,809	96.2	1,630	99.0%	95.2	19.7	334	75.5	1,279	
Northeastern Skåne	844	56,737	19,326	76,063	1,890.6	24,856	104.5	1,374	98.3%	102.8	19.2	252	83.6	1,099	
Southwestern Skåne	114	5,864	146	6,010	300.6	50,017	13.3	2,207	97.3%	12.9	1.6	273	11.3	1,875	
Gothenburg	14	990	0	990	33.9	34,242	1.7	1,679	100.0%	1.7	0.2	168	1.5	1,511	
Southern Småland	381	26,651	0	26,651	949.2	35,616	48.1	1,806	57.9%	27.8	6.5	244	21.4	801	
Other*	0	0	820	820	15.8	19,268	1.3	1,564	100.0%	1.3	0.4	500	0.9	1,064	
Total/average	2,237	141,145	28,400	169,545	5,067.2	29,887	265.1	1,563	91.2%	241.7	47.6	281	194.1	1,145	
Property administration											19.2	113			
Operating surplus incl. property administration										241.7	66.8	394	174.9	1,032	

* Other refers to Copenhagen, Falkenberg, Västerås, Gävle and Nyköping

Summary

	Lettable area, m ²				Property value		Rental value		Carrying amount
	Apartments	Housing	Premises	Total	SEK million	SEK/m ²	SEK million	SEK/m ²	SEK million
Completed investment properties	2,237	141,145	28,400	169,545	5,067.2	29,887	265.1	1,563	5,067.2
Construction projects in progress	1,311	85,999	198	86,197	3,592.7	41,681	164.7	1,911	1,404.2
Project development in progress	3,880	265,163	3,633	268,796	10,595.3	39,418	478.2	1,779	320.9
New construction projects other									26.4
Undeveloped land									16.6
Acquired but not yet possessed	68	6,907	0	6,907	271.7	39,342	14.6	2,110	0.0
Site leaseholds									18.0
Total/average	7,496	499,214	32,231	531,445	19,527.0	36,743	922.6	1,736	6,853.5

Information on completed investment properties includes estimates and judgments. Contractual rent refers to the contract value on the balance sheet date recalculated at an annualized rate. Rental value refers to contractual rent plus estimated rent for vacancies and discounts recalculated at an annualized rate. Property costs refer to budgeted property costs on an annual basis and are exclusive of property administration. The estimates and judgments involve uncertainties and the disclosures above should not be viewed as a forecast. Details of construction projects and project development in progress on this page and the next are based on assessments of the size, focus and scope of construction projects and project development in progress, and of when projects are scheduled to commence and be completed. These details are also based on estimates regarding future investments and rental value. These estimates and judgments should not be viewed as a forecast. The estimates and judgments entail uncertainties regarding the execution, design and scale, scheduling, project costs and future rental value of the projects. Details of projects in progress are reviewed regularly and estimates and judgments are adjusted as a result of projects in progress being completed or new ones being added, as well as due to changes in conditions. Financing has not been secured for projects where construction has yet to commence, meaning that financing of construction investments in project development represents a source of uncertainty.

PROPERTY PORTFOLIO AS OF 31 DECEMBER 2020

Construction projects in progress by concept building	Lettable area, m ²				Property value		Rental value		Investment (including land), SEK million ¹		
	Apartments	Housing	Premises	Total	SEK million	SEK/m ²	SEK million	SEK/m ²	Estimated	Developed	Carrying amount
Low-Rise	362	27,421	0	27,421	976.8	35,621	44.2	1,611	724.8	304.7	412.3
Lateral Low-Rise	638	36,971	198	37,169	1,756.0	47,244	78.2	2,105	1,260.6	569.1	737.5
Apartment Block	251	17,731	0	17,731	715.0	40,323	35.3	1,991	561.5	210.2	251.4
Other	60	3,876	0	3,876	145.0	37,410	7.0	1,806	130.2	0.0	3.0
Total/average	1,311	85,999	198	86,197	3,592.7	41,681	164.7	1,911	2,677.2	1,084.0	1,404.2

Per geographical location

Northwestern Skåne	251	17,390	0	17,390	648.2	37,274	29.4	1,689	468.3	224.4	292.4
Northeastern Skåne	164	11,255	0	11,255	387.8	34,455	19.0	1,686	301.9	135.3	165.7
Southwestern Skåne	224	12,583	0	12,583	583.0	46,332	25.9	2,062	426.3	228.2	261.6
Gothenburg	295	17,128	198	17,326	902.0	52,060	39.2	2,263	612.9	258.8	391.7
Southern Småland	122	8,739	0	8,739	303.6	34,741	14.6	1,674	252.5	88.4	112.7
Other*	255	18,904	0	18,904	768.1	40,634	36.6	1,937	615.2	149.0	180.0
Total/average	1,311	85,999	198	86,197	3,592.7	41,681	164.7	1,911	2,677.2	1,084.0	1,404.2

Project development in progress by concept buildings	Lettable area, m ²				Property value		Rental value		Investment (including land), SEK million ¹		
	Apartments	Housing	Premises	Total	SEK million	SEK/m ²	SEK million	SEK/m ²	Estimated	Developed	Carrying amount
Low-Rise	1,342	98,703	0	98,703	3,728.1	37,771	160.2	1,623	2,522.3	100.7	100.7
Lateral Low-Rise	1,201	78,363	0	78,363	3,391.9	43,284	157.3	2,007	2,408.4	157.9	157.9
Apartment Block	1,337	88,098	0	88,098	3,409.5	38,702	158.4	1,798	2,446.7	55.2	55.2
Other	0	0	3,633	3,633	65.8	18,117	2.2	614	49.2	7.2	7.2
Total/average	3,880	265,163	3,633	268,796	10,595.3	39,418	478.2	1,779	7,426.6	320.9	320.9

Per geographical region

Northwestern Skåne	1,020	79,529	0	79,529	3,056.9	38,438	130.0	1,635	2,017.5	42.5	42.5
Northeastern Skåne	319	19,134	2,487	21,621	689.7	31,898	31.4	1,452	541.1	59.2	59.2
Southwestern Skåne	804	56,000	0	56,000	2,291.8	40,925	104.7	1,869	1,584.8	3.7	3.7
Gothenburg	830	52,600	0	52,600	2,216.9	42,146	99.4	1,889	1,580.6	50.0	50.0
Southern Småland	289	17,596	0	17,596	647.1	36,779	30.8	1,752	472.9	35.0	35.0
Other*	618	40,305	1,146	41,451	1,692.8	40,840	81.9	1,977	1,229.7	130.6	130.6
Total/average	3,880	265,163	3,633	268,796	10,595.3	39,418	478.2	1,779	7,426.6	320.9	320.9

* Other refers to Copenhagen, Falkenberg, Västerås, Gävle and Nyköping

¹Accrued investment refers to the total costs incurred in each construction project. The carrying amount refers to the consolidated value adjusted for Group eliminations and includes the calculated change of SEK 421.5 million in the value of investment properties. See also important information at the foot of page 30.

CURRENT EARNINGS ABILITY

The table below presents the earnings ability of K-Fastigheter's property management operations on a 12-month basis as of 31 December 2020. Earnings ability is not a forecast for the current year or the next twelve months but is to be viewed solely as a theoretical snapshot and is presented for illustrative purposes only. Current earnings ability does not include an assessment of future rent trends, vacancy rates, property costs, interest rates, value changes, acquisitions or divestments of properties, or other factors.

Current earnings ability is based on properties held as of 31 December 2020 and their financing, meaning that current earnings ability illustrates the earnings of the management operations, on an annual basis, at that point in time. Transactions and completion of ongoing new construction projects with a transfer and completion date after 31 December 2020 have therefore not been included in the calculation.

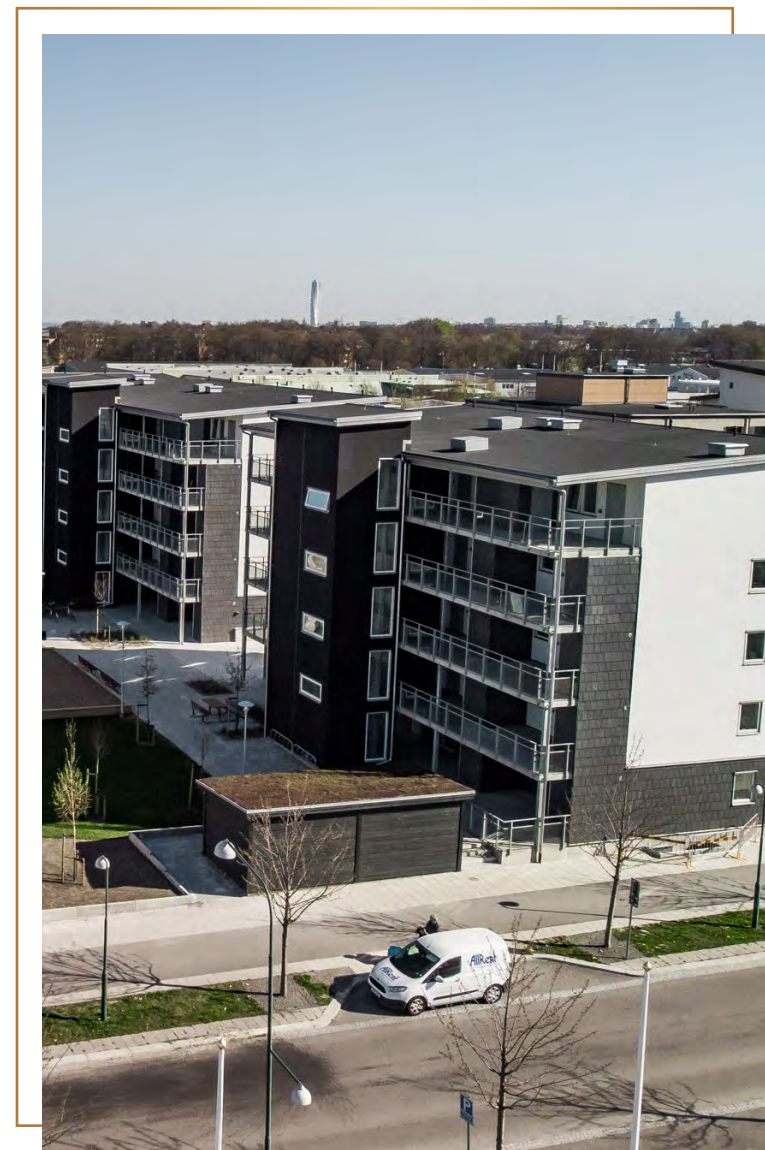
Current earnings ability on an annual basis, SEK million

(SEK million)	2020 31 Dec	2020 30 Sep	2020 30 Jun	2020 31 Mar	2019 31 Dec
Rental value	265.1	238.9	218.0	207.9	196.6
Vacancy	-23.4	-18.2	-10.9	-7.3	-6.1
Rental income	241.7	220.6	207.1	200.6	190.5
Operating costs	-35.6	-31.7	-29.1	-28.0	-27.0
Maintenance	-9.0	-8.3	-7.7	-7.5	-7.3
Property tax/ground rent	-3.0	-3.0	-3.0	-3.0	-2.6
Property administration	-19.2	-18.2	-18.2	-16.9	-15.0
Operating surplus	174.9	159.5	149.2	145.2	138.6
Central administration	-11.2	-10.5	-11.5	-13.4	-9.6
Net interest income	-51.4	-48.5	-45.9	-45.0	-46.9
Profit from property management	112.3	100.4	91.8	86.8	82.1

Current earnings ability is updated on an ongoing basis in the Group's quarterly reports.

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

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



The Dammsnäckan in Malmö.

FINANCING AND VALUATION

Financing

K-Fastigheter's assets consist primarily of apartments located in several larger towns in the Öresund Region and Western Sweden. The operations are characterized by long-term stable cash flows as the risk is spread over a large number of customers and relatively diversified geography. A high proportion of K-Fastigheter's apartments have been newly produced in the past ten years. On the whole, this means that K-Fastigheter's assets can be leveraged to a higher degree than for commercial properties, properties in smaller towns or properties in poorer condition.

Finance policy

K-Fastigheter's finance policy stipulates how financial activities are to be conducted and how operations are regulated and monitored on the basis of clearly defined targets and risk levels with respect to currency risk, interest-rate risk, financing risk, liquidity risk and credit risk (see Note 22 in the Directors' Report).

The finance policy serves to establish uniform guidelines and frameworks for the financial activities of the Group in connection with borrowing, debt management and liquidity management.

Credit and interest maturity structure as of 31 December 2020 (excluding construction credits, overdraft facilities and custody account credits)

Term	Interest maturity		Credit maturity		Derivatives maturity		
	Amount, SEK million	Average interest, %	Credit agreements, SEK million	Utilized, SEK million	Amount, SEK million	Interest, %	Value, SEK million
0– 1 years	1,245.1	1.41%	781.1	781.1	7.0	2.01%	-0.1
1– 2 years	100.0	1.97%	216.0	216.0	100.0	0.50%	-1.0
2– 3 years	100.0	2.16%	1,414.8	1,414.8	100.0	0.69%	-1.9
3– 4 years	300.0	1.80%	458.3	458.3	300.0	0.33%	-3.1
4– 5 years	200.0	2.11%	0.0	0.0	200.0	0.64%	-5.1
> 5 years	1,200.0	1.94%	275.0	275.0	1,200.0	0.47%	-19.2
Total	3,145.1	1.77%	3,145.1	3,145.1	1,907.0		-30.5

These guidelines form the basis for effective control and cost-efficient management of financial cash flows and risks, while achieving a favorable long-term trend in net financial items and a positive effect on the Group's earnings.

Financial targets

At an overarching level, the Group's financial risk is limited by means of a sound capital structure and a stable and positive cash flow, which, over time, secures the Group's short and long-term capital supply. To achieve a sound capital structure and a stable and positive cash flow, the Board of Directors has set the following financial targets:

- The loan-to-value ratio may amount to at most 70 percent relative the market value of the Group's investment properties.
- The Group equity/assets ratio shall amount to at least 25 percent.

	Total 31 Dec 2020	Financial targets	Financial covenant
Loan-to-value ratio, %	46.7%	<70%	<70-75%
Equity/assets ratio	41.9%	>25%	>25%
Interest coverage ratio	multiple of 2.6	> multiple of 1.75	> multiple of 1.50

- The interest coverage ratio shall be a multiple of at least 1.75.

These financial targets also correspond generally to the so-called financial covenants that the Group is obliged to monitor and report under existing loan agreements.

Liabilities and derivatives portfolio

At the end of the financial year, K-Fastigheter financed its assets exclusively through bilateral loans with Nordic banks. Consolidated interest-bearing liabilities amounted to SEK 3,848.4 million (2,644.3), of which SEK 847.8 million (363.1) were classified as current interest-bearing liabilities at year end. Interest-bearing liabilities are distributed between first mortgages for completed investment properties of SEK 3,145.1 million (2,331.9), construction credits of SEK 681.2 million (303.2), leasing liabilities of SEK 22.2 million (9.2) and operating credits of SEK 0.0 million (0.0). The loan-to-value ratio for the Group's completed investment properties amounted to 46.7 percent (40.2).

At the end of the year, the Group had contracted credit agreements of SEK 4,820.6 million (3,239.7), of which SEK 3,145.1 million (2,331.9) related to the financing of completed investment properties, of which SEK 781.1 million (322.0) mature for renegotiation within the next 12 months. Beyond the financing of completed investment properties, contracted credit agreements comprise building credits of SEK 1,585.5 million (817.8) and overdraft facilities and covered loans of SEK 90.0 million (90.0). At the end of the year, construction credits, and overdraft facilities and covered loans had been utilized in the amount of SEK 681.2 million (303.2) and SEK 0.0 million (0.0) respectively. On 31 December 2020, the Group's total contracted and unutilized credit facilities amounted to SEK 90.0 million (90.0), excluding construction credits.

As of 31 December 2020, the average credit term for the Group's interest-bearing liabilities, relating to completed investment properties and operational premises was 2.6 years (3.2).

K-Fastigheter currently works exclusively with variable interest rate loans. Interest rate derivatives, primarily interest rate swaps, are used to adjust the period of fixed interest. Nominally, the swap portfolio totaled SEK 1,907.0 million (1,207.0) at the end of the year. The average interest period for the Group's interest-bearing liabilities related to investment and business properties was 3.8 years (3.3), and the average interest rate was 1.77 percent (1.90), including the effects of interest rate derivatives, and 1.41 percent (1.62) excluding the effects of interest rate derivatives. The total proportion of variable interest rates in relation to interest bearing liabilities related to investment and business properties was 39 percent (48) and the interest rate sensitivity in the event of a 1 percentage point shift in loan rates amounted to SEK 12.4 million (11.2).

K-Fastigheter's financing as of 31 December 2020 was exclusively comprised of borrowing from Nordic banks. Prior to the submission of this Annual Report, due to the Covid-19 pandemic K-Fastigheter has continuously gathered information from its banks to confirm the positions adopted as of 31 December 2020. The Group considers that there is continued strong support from its partner banks and assesses that capital supply remains good.

Valuation

Investment properties are reported at fair value in the Consolidated Statement of Financial Position and the change in value is reported in the Consolidated Income Statement.

All investment properties have been assessed as level 3 in the value

hierarchy in accordance with IFRS 13 Fair Value Measurement. The fair value of the properties is based on external and internal valuations by means of a combination of the yield capitalization and location price methods. Properties under construction and project properties are valued at cost with additions/deductions for expected unrealized changes in value, calculated as the estimated fair value less the estimated cost, where 20 percent

Property-related key data	2020 31 Dec	2019 31 Dec
Opening carrying amount, investment properties	4,396.7	3,018.1
+Acquisitions	1,034.5	557.7
+ New construction	824.1	499.7
- Divestments	-1.0	-2.3
- Reclassification as business property	0.0	-9.3
Other changes	21.3	-7.0
Unrealized value changes	577.8	339.8
Closing carrying amount	6,853.5	4,396.7
<i>of which, completed investment properties</i>	5,067.2	3,606.9
<i>of which, undeveloped land</i>	707.7	335.1
<i>of which, site leaseholds</i>	18.0	7.0
<i>of which, construction in progress</i>	1,060.6	447.7
Rental value, SEK million	265.1	196.6
Rental income at end of year, SEK/m ²	1,426	1,460
Direct property costs, SEK/m ²	394	398
Operating surplus, SEK/m ²	1,032	1,062
Financial letting ratio at end of year	91.2%	96.9%
Average financial letting ratio over year	92.0%	96.8%
Surplus ratio over year	67.2%	68.4%
Lettable area, m ²	169,545	130,486
Number of homes under management	2,237	1,711
Direct return on completed investment properties	4.08%	4.25%

of the assessed change in value is recognized when the building permit has gained legal force and a general contract has been signed, while the remaining 80 percent is recognized successively during construction in relation to the costs incurred. The fair value is the estimated amount that would be received in a single transaction at the time of valuation between knowledgeable parties who are independent of each other and who have an interest in implementing the transaction following the usual marketing measures, where both parties are presumed to have acted with insight and wisdom, and without coercion.

As of 31 December 2020, 85 percent, equivalent to 71 percent of the market value of completed investment properties, of the Group's completed properties have been valued by the external independent assessor, Newsec Advise AB, in accordance with the recommendations of RICS and IVSC, to determine a market value in accordance with the internationally accepted definition produced by these organizations. In all instances, the internally valued properties are located in markets where K-Fast Holding AB has been active for several years and where comparable market data could be obtained from external valuations, from Newsec Advise AB and from transactions implemented. The difference in value between internally performed valuations and external valuation was less than a half percent of the total value of all completed properties. In all instances, the basis for the valuation consists of data regarding the condition of the property, leases, fixed operating costs, vacancies and planned investments, as well as an analysis of existing tenants. An assessment is made of the location, rent trend, vacancy rates and direct return requirements for relevant markets, and normalized operation and maintenance costs are taken into account. Data on the properties' land area, detailed development plans for undeveloped land and development properties is collected from public sources.

The value of property stocks is updated quarterly, when existing values are updated with current rents, vacancies and market data from the external independent valuer, Newsec Advise AB, in the form of direct return levels and operating and maintenance costs.

The properties are inspected on an ongoing basis. All properties have been inspected within the past three years. The purpose is to assess the standard and condition of the properties, and the attractiveness of commercial premises.

Yield capitalization method

When using the return method, each property is valued individually by calculating the present value of anticipated future cash flows, that is, future rent payments less estimated operating and maintenance payments, as well as the residual value in year ten or fifteen depending on whether it is an older property or a new-build property. Estimated rent payments, as well as operating and maintenance payments are derived from actual income and costs. Cash flow is market-adjusted by taking into account any changes in the letting ratio and letting levels, operating and maintenance payments, as well as market-based levels of the cost of capital and direct return requirements. All cash flow calculations are based on a long term rate of inflation of 2 percent (the Riksbank's inflation target). During the year, short-term inflation was reduced to between 1.0 and 1.5 percent to correspond to actual market expectations.

Rent payments

Future rent levels are based on current levels and potential rent increases associated with investments and inflation. Rent levels for commercial contracts are estimated based on the current rent level including indexation, which means that rent levels shadow inflation forecasts. Vacancies are assessed for each property based on the

current vacancy status with a gradual adaptation to market-based vacancies and individual conditions.

Operating and maintenance costs

The assessment of disbursements for normal operations, maintenance and repairs, property tax, ground rent and property administration, has been made on the basis of actual outcomes for the relevant property or for a property of a similar design, and on the basis of Newsec Advise AB's statistics and experience of comparable objects. The assessment includes the properties' purpose, age and maintenance status. Disbursements for operations, administration and maintenance are expected to increase in line with the assumed rate of inflation.

Valuation assumptions, weighted average	2020 31 Dec	2019 31 Dec
Calculation period, number of years	10-15	10-15
Annual inflation, %	1.00-2.00%	2.00%
Rent trend housing, % annually	1.00-2.00%	2.00%
Cost of capital, %	6.02%	6.21%
Direct return requirements, residual value, %		
Housing, %	3.92%	4.01%
Commercial premises, %	5.02%	5.02%
Long-term vacancy ratio, %		
Housing, %	0.30%	0.28%
Commercial premises, %	5.36%	5.36%
Rental value, SEK/m ²	1,589	1,550
Operating and maintenance costs, year 1, SEK/m ²	248	240

Investment needs

The property's investment needs are assessed on the basis of maintenance plans, the condition of the property and planned or current projects.



Direct return requirement and interest rate

The properties' direct return requirement has been assessed on the basis of each property's unique risk, which can be broken down into two parts – general market risk and specific property risk. The market risk is linked to general economic trends and is influenced by factors such as investor prioritizing between different asset



classes and financing opportunities. The specific property risk is influenced by the location of the property, the type of property, the standard of the premises, the quality of the installations, the type of tenants and the nature of the contract.

The cost of capital corresponds to the interest rate that the owner of the property is required to pay on capital tied to the property. The interest rate requirement is based on experiential assessments of the market's interest rate requirements for similar properties,

Geographical area	Average direct return requirement for assessment of residual value, %			
	Housing		Commercial	
	Completed	New construction	Completed	New construction
Northwestern Skåne	2.35-4.40%	3.75-4.00%	4.75-7.00%	5.50%
Northeastern Skåne	3.80-4.55%	3.95-4.25%	5.00-6.75%	5.00-6.00%
Southwestern Skåne	3.25-3.50%	3.45-4.00%	5.25-5.50%	5.00%
Gothenburg	4.15%	3.60-3.65%	-	5.50%
Southern Småland	3.80-4.70%	3.70-4.50%	5.00-5.50%	5.00%
Rest of Sweden	-	3.85-3.90%	5.00%	5.00-5.50%
Denmark	-	4.40-4.60%	-	-

Category	Completed	New construction
Housing	2.35-4.70%	3.45-4.60%
Offices	4.75-6.56%	-
Retail	5.00-7.00%	5.50%
Restaurants	5.25-6.27%	-
Warehouses	5.16-6.88%	-
Other	4.90-7.00%	5.00-6.00%

which is, in practice, derived by inflation-adjusting the estimated direct return requirement.

For completed investment properties, the return requirement on valuation units varies from 3.52 percent to 6.75 percent, with a total weighted average of 4.08 percent (4.25) and, for project properties valued in advance, from 3.54 percent to 4.60 percent, with a weighted average of 3.96 percent (4.02). The return requirement varies mainly due to the distribution between types of premises (housing/commercial) and geographical considerations. For completed investment properties, the average cost of capital applied for the period was 6.07 percent (6.28) and, for project properties valued in advance, 5.97 percent (6.08).

Residual value

The residual value comprises the operating surplus during the remaining economic lifespan, which is based on the year following the last year calculated. Residual value is calculated for each property through perpetual capitalization of the estimated market operating surplus and the estimated market operating direct return requirement for each property. The return requirement comprises the risk-free interest rate and each property's unique risk. The cost of capital/discount rate is used to discount the residual value of the properties to their present value.

The location price method

The location price method is based on market analyses of conveyances of properties that are considered comparable. The method applies prices paid for similar properties on a free and open market. The comparison should take into account the value change between the transfer date for the property and the date of valuation. The location price method is used primarily to support the yield capitalization method.

BO KLOK + K-FASTIGHETER = > 1,000 APARTMENTS

K-Fastigheter and BoKlok have agreed to build 1,000 new apartments together over the coming three year period. The goal is to enable more people to create homes at a reasonable cost. Two leading construction and property companies are behind the initiative, with the shared aim of building safe and high-quality homes for people with average finances.

In spring 2020, K-Fastigheter and BoKlok signed a strategic collaboration with the aim of building up to 1,000 apartments together by the end of 2023. The apartments, with high-quality floor plans and materials, will be located in attractive neighborhoods in growth regions. The companies' concept building methods ensure that rents and charges are kept at reasonable levels, which means that many people will be able to choose to move into these apartments.

Skanska + IKEA = BoKlok



When the founders of BoKlok started the construction of their first apartment block, the company focused on low-income single families with children, young people moving into their first home and older people seeking accommodation that was comfortable and easy to care for. Terraced housing was added at a later stage, which was appreciated by families at different stages in life.

1,000 apartments in three years

The companies share a concept-based approach to construction, which optimizes cost efficiency. The collaboration involves project development, building rights transactions and construction. Because K-Fastigheter constructs rental apartments and BoKlok tenant-owner apartments, the companies collaborate to create

neighborhoods that include different types of title deeds, which makes neighborhoods more popular and sustainable.

Both companies have significant expertise in terms of what factors turn apartments into homes that people can enjoy for a long time to come. Choosing your home is often about increasing your quality of life. Attractive housing areas are not just pleasant for residents and visitors, but are a necessity for creating thriving cities.

Homes of today and tomorrow

Key factors when choosing housing include the quality of the property, where a great floor plan needs to harmonize with beautiful and sustainable materials. The surrounding area needs to provide many functions and meeting places, be safe and preferably offer good services, as well as green spaces and water, and proximity to good transport links. The social safety of the area is created by the property and neighborhood.



Sustainability is a broad concept that generally relates to making a sustainable lifestyle the obvious choice from a time- and cost perspective, and with regard to energy, traffic and waste management. Both K-Fastigheter and BoKlok have focused on reducing the impact of their operations on the environment and climate from the outset.

Collaborations in 2020

In the early part of the year, the partners completed transactions in several locations around Sweden.

- Gävle: K-Fastigheter acquired 60 rental apartments from BoKlok, tenants move in during January 2022
- Växjö: K-Fastigheter acquired 48 rental apartments from BoKlok, tenants move in during November 2021. In the same area, K-Fastigheter acquired the adjacent building rights from Skanska and intends to build a further 150 rental apartments
- Hässleholm: K-Fastigheter sold building rights for 23 terraced houses to BoKlok, sales start in October 2020
- Höganäs: K-Fastigheter has given BoKlok the option to acquire building rights for 20 terraced houses, sales start in March 2021
- Kävlinge: The parties will produce the blueprint for housing together, with the aim of achieving a gross area of 100,000 square meters.
- Helsingborg: The companies will develop properties jointly in Helsingborg

ASSOCIATED COMPANIES

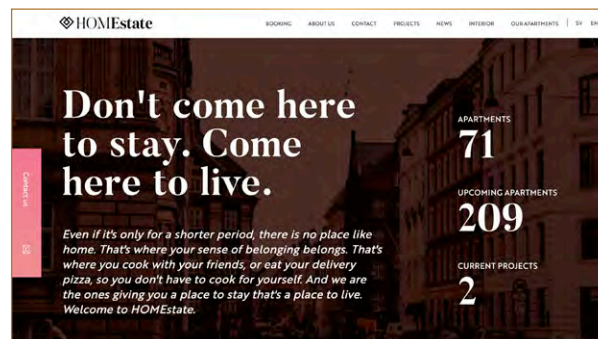


Novum Samhällsfastigheter AB



K-Fastigheter holds 50 percent of the shares and votes in Novum Samhällsfastigheter AB, with Novum Fastigheter AB holding the remaining shares. The company develops and manages premises for publicly funded operations. These include retirement homes, residential care homes, schools, preschools and other specialized properties. The operations housed in the premises are run by municipalities, regions, county councils, the central government or private operators. The projects are usually based on early needs analyses drawn up together with tenants based on the operations' future needs for premises.

Read more about Novum Samhällsfastigheter at: www.novumfastigheter.se



HOMEstate AB



Together with Balder and One Partner Group, K-Fastigheter has an equal holding in the company HOMEstate AB, which commenced operations in 2019. HOMEstate's ambition is to offer solutions in the long-stay segment, which entails leasing furnished apartments to companies as a homely and affordable alternative to long-term hotel stays.

Read more about HOMEstate at: www.homestate.se/en



Fosie mark i Skåne AB

Through the subsidiary Jägersro Företagscentrum AB, the company conducts project development and is developing an industrial property in the Jägersro industrial estate in Malmö. Two buildings of a total 3,456 square meters, with 32 commercial premises, will be constructed on the property. On completion, the title on the premises in these buildings will be transferred to several companies with various operations. All rights have been sold and tenants moved in during March 2021. K-Fastigheter holds 31 percent of the shares in the company.

Read more about Jägersro Företagscentrum at: www.jagersroforetagscentrum.se

MARKET
OVERVIEW

MARKET
OVERVIEW

MARKET
OVERVIEW

**MARKET
OVERVIEW**

MARKET
OVERVIEW

MARKET
OVERVIEW

MARKET
OVERVIEW

On most of K-Fastigheter's local markets, the population has grown by more than 10 percent annually since 2010, a higher growth rate than for Sweden as a whole.

MARKET OVERVIEW

Several factors, both global and domestic, influence developments on the Swedish property market. These are based on mega-trends, defined as groundbreaking changes that affect our society and future. Three mega-trends were particularly evident in 2020.

Urbanization and demographic changes

The population of Sweden is growing rapidly – in particular, the number of older and younger people is rising sharply. At the same time, the proportion of people of working age is decreasing, resulting in fewer people providing for a growing number of people in the future. The Öresund Region is one of the fastest-growing regions, and the area is significantly affected by the demographic changes. It is mainly younger and highly educated people that move to access larger labor markets and more options in their life choices. The sharp increase in urbanization places considerable demands on urban infrastructure, the education sector, services, housing and workplaces. Demand for attractive housing in good locations increases as more people seek to live in towns and cities. At the same time, sufficient housing that is adapted to the needs of both the older and younger generations is needed.

Technological advances and individualization

Digital technology is changing people's behavior, business models, communications and access to information. Our working methods are also changing as new technologies become available and new generations join the labor market, technology evolves and the need for networks and collaborative processes increases. During 2020, the pandemic sped up the introduction of alternative working methods and digital solutions. Many of those who have been working from home for most of the year will probably continue to do so in future, which influences the design of future housing and workspaces.

Focus on the environment and sustainability

In recent decades, increasing attention has been paid to the issues of climate change, environmental destruction, reduced biodiversity and over-utilization of natural resources. As for other mega-trends, the challenges are global, although the effects can be very different at local level. This places higher demands on planning in towns and cities around Sweden in terms of infrastructure and property development. Efficient property management and well-considered urban planning can minimize the impact on the environment and living standards. Circular concepts – ranging from recycling to reuse and sharing services – are becoming increasingly well-

established and self-evident. This is described as the circular economy. Saving resources and reducing emissions is a priority.

Macroeconomic trends

The spread of Covid-19 significantly impacted the global economy in the year. Lockdowns, strict restrictions and increased uncertainty relating to future trends affected the global economy significantly, even if many large economies started to recover during the second half of 2020.

The effect on the Swedish economy was relatively mild from a global perspective. After a sharp initial downturn at the start of the Covid-19 outbreak, the economy recovered more than forecast in the second half of the year, and the preliminary figure for the decrease in Sweden's GDP is 3.4 percent for the full year 2020. Unemployment increased in Sweden during the year, which affected consumption and also slowed the rate of inflation, which is low. Low inflation is keeping interest rates down, and at its latest meeting in December, the Swedish Central Bank decided to keep interest rates at 0.0 percent, and indicated that interest rates will remain unchanged looking ahead.

Macroeconomic factors, Sweden

Sweden	2015	2016	2017	2018	2019	2020 ¹
GDP growth, %, (annual change)	4.4	2.4	2.4	2.3	1.2	-3.4
Inflation, %	0.0	1.0	1.8	2.0	1.7	0.5
Unemployment*	7.8	7.6	7.5	7.0	7.0	8.5

*Percentage share of registered workforce, age 16-64.

¹ Preliminary figure

This section is primarily based on a Newsec report produced on assignment by K-Fastigheter. Other information has mainly been obtained from Statistics Sweden, Labor Force Surveys (LFS), the Riksbank (Swedish central bank), Svensk Mäklarstatistik (Swedish statistics service for property agents), the Swedish Public Employment Service, the National Board of Housing, Building and Planning, Finance Denmark and Statbank.

The Swedish property market in 2020

Despite the weaker economy, the Swedish property market remained very strong in 2020. Low bond yields, including on Swedish government bonds, coupled with a low interest rate climate and large volumes of capital looking for returns, mean that allocation to the property sector remained strong.

Transaction volumes were SEK 189 Bn in the full year 2020, the third strongest property market to date. International investors remained active on the Swedish property market and international capital accounted for 25 percent of total transaction volumes in the year.

Increased uncertainty implied growing demand for established asset classes such as rental housing, which generates stable cash

flows at low risk, and face favorable market prospects for continued growth. This means that the housing segment attracted most investment in the year, corresponding to more than one third of all invested capital.

Population growth and income drive housing market

Demand and trends on the housing market are driven by factors such as population and income growth, as well as other macroeconomic factors like employment, real wage growth and interest rates. Other key factors that influence the housing market include housing supply, work and study opportunities, and access to good social infrastructure. This means that regional growth is a prerequisite for economic development.

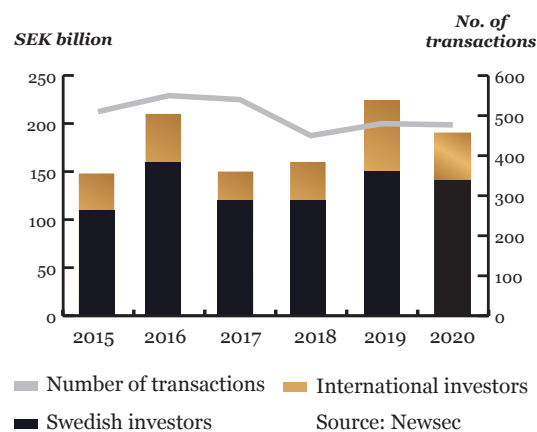
Regional growth on K-Fastigheter's markets

Sweden's population has increased sharply in recent years and is

expected to continue to grow in future. Since the year 2000, the Swedish population has increased by approximately 1.5 million, or approximately 17 percent. During 2020, the population increased by some 0.8 percent, the lowest population growth since 2005. The low population growth was due to sharply declining immigration and lower net births as a result of Covid-19.

K-Fastigheter's markets in Skåne, Malmö, Helsingborg and Landskrona are all part of one of Sweden's largest and fastest growing regions, the Malmö-Lund labor market region. Kristianstad and Hässleholm are part of the Kristianstad labor market region, which also projects long-term favorable growth. K-Fastigheter's operations in southern Småland is concentrated on Växjö and Älmhult, both strong growth municipalities. K-Fastigheter's third market region comprises Gothenburg and surrounding municipalities, including Borås, which together constitute one of the largest labor market regions in Sweden.

Property transactions 2015-2020
Transactions >= SEK 40 million



^a Refers to property transactions larger than, or equal to, SEK 40 million.

Municipality	Population November 2020	Population trend 2005- 2020,%	Population trend 2010- 2020,%	Population trend 2020, %
Gothenburg	583,151	20.3%	13.6%	0.7%
Malmö	347,744	28.4%	16.5%	1.1%
Västerås	155,574	18.0%	13.5%	1.1%
Helsingborg	149,290	22.4%	15.6%	1.3%
Borås	113,700	14.6%	10.2%	0.6%
Växjö	94,796	22.6%	14.3%	0.9%
Kristianstad	86,235	13.7%	13.7%	0.7%
Hässleholm	52,086	6.0%	4.0%	-0.2%
Landskrona	46,317	17.7%	11.2%	0.7%
Älmhult	17,901	16.6%	14.7%	1.5%
Total, Sweden	10,378,483	14.8%	10.3%	0.6%
Sjælland region	838,129	NA	2.2%	0.1%

K-Fastigheter also has properties in Västerås, located in the expanding Mälardalen region. In addition, K-Fastigheter has holdings in the Copenhagen region in Sjælland, Denmark, part of the strongly expanding Öresund region.

The Gothenburg, Helsingborg-Landskrona, Malmö-Lund, Växjö and Mälardalen regions are local labor markets of the size that reports the highest long-term growth rate in Sweden. Gothenburg and Malmö-Lund are two of the country's three metropolitan regions, while Kristianstad and Växjö belong to the second-largest regional group. Älmhult constitutes its own local labor market region (comprising the municipalities of Älmhult and Osby) with approximately 30,000 inhabitants in total, although it has reported favorable growth in recent years despite its limited size. Accordingly, the various local markets are well-positioned from a growth perspective.

On most of K-Fastigheter's local markets, the population has grown by more than 10 percent annually since 2010, more than Sweden as a whole. Only Hässleholm and Kristianstad returned lower growth compared to the national average in the period. All municipalities enjoy favorable growth prospects, and benefit from their proximity to the Öresund region and other larger regional labor markets. This is evident in this year's population growth statistics, where all K-Fastigheter's markets, with the exception of Hässleholm, returned higher growth than Sweden as a whole.

Employment and wages

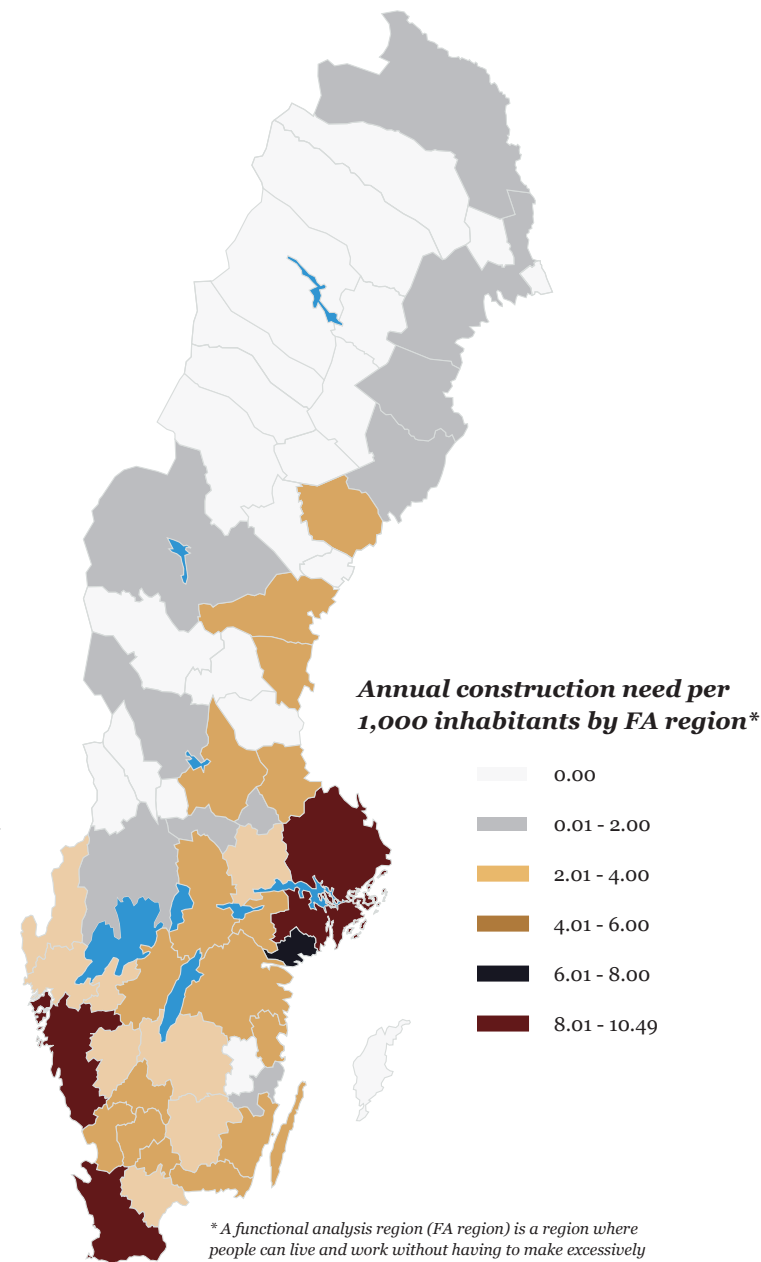
The Corona pandemic has significantly affected the labor market according to Statistics Sweden's labor market surveys. Unemployment in Sweden was 8.5 percent at the end of December 2020, an increase of 1.5 percentage points annually. However, financial stimulus packages and other measures mitigated the

effects of the crisis, and the effect on the labor market was less pronounced than forecast.

There are significant regional differences, and unemployment varies between regions. Unemployment increased on all K-Fastigheter's markets, as well as nationwide. Unemployment increased more in metropolitan areas, while the percentage increase was below the average for Sweden as a whole in most of K-Fastigheter's other regions. Älmhult noted the lowest increase in unemployment, only 0.3 percentage points.

Disposable household income is the sum of a household's various incomes after taxes and charges, and measures a household's total purchasing power. Household disposal income has been particularly strong over the past 20 years, on a par with Sweden's record years in the 1950s and 1960s. During 2020, average household income in Sweden fell, driven by the corona pandemic. Among the towns and cities where K-Fastigheter operates, Växjö stands out with a decrease in disposable income of some 13 percent. However, the trend was a positive 16 percent for Växjö in the previous year, which means that progress was positive over a two-year period. The trend was also negative in Malmö, Kristianstad, Älmhult, Västerås and Borås, while other regions shadowed the national positive trend in the year.

Disposable income and employment have a strong impact on households' willingness to pay for consumption and housing. High employment and strong disposable income generally increases household willingness to pay for housing. Lower disposable income and higher unemployment can increase demand for rental apartments, as it restricts the ability for individuals to obtain financing for owner-occupier apartments and single-family houses.



* A functional analysis region (FA region) is a region where people can live and work without having to make excessively time-consuming journeys.
Source: Needs assessment for 2019, the National Board of Housing, Building and Planning.

KEY FACTS ABOUT SOME OF K-FASTIGHETER'S MAJOR ESTABLISHMENTS

Gothenburg

Population 2020: 583,151
 Forecast population 2025: 624,534
 Disposable income, single adult household: SEK 270,700 p.a.
 Disposable income, cohabiting couple: SEK 801,333 p.a.

Borås

Population 2020: 113,700
 Forecast population 2025: 118,362
 Disposable income, single adult household: SEK 239,600 p.a.
 Disposable income, cohabiting couple: SEK 728,867 p.a.

Höganäs

Population 2019: 26,942
 Forecast population 2025: 30,188
 Disposable income, single adult household: SEK 276,500 p.a.
 Disposable income, cohabiting couple: SEK 623,100 p.a.

Helsingborg

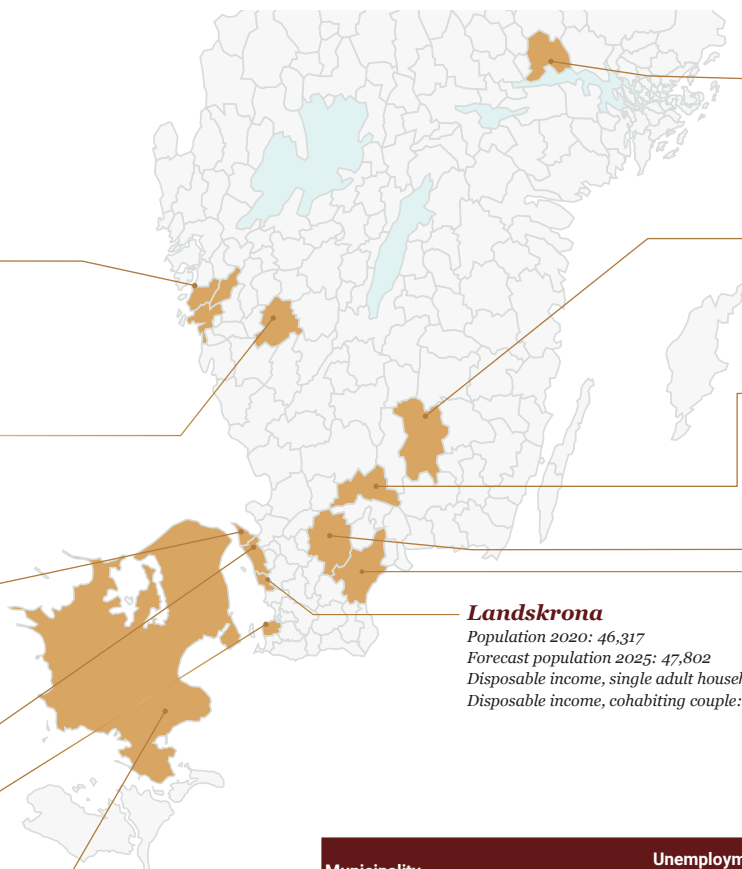
Population 2020: 149,290
 Forecast population 2025: 624,534
 Disposable income, single adult household: SEK 255,500 p.a.
 Disposable income, cohabiting couple: SEK 727,267 p.a.

Malmö

Population 2020: 347,774
 Forecast population 2025: 362,144
 Disposable income, single adult household: SEK 248,900 p.a.
 Disposable income, cohabiting couple: SEK 662,067 p.a.

DENMARK, Sjælland region

Population 2020: 837,443
 Forecast population 2025: 850,459
 Disposable income, single adult household: DKK 298,893 p.a.
 Disposable income, cohabiting couple: DKK 509,811 p.a.



Västerås

Population 2020: 155,574
 Forecast population 2025: 161,324
 Disposable income, single adult household: SEK 252,900 p.a.
 Disposable income, cohabiting couple: SEK 736,067 p.a.

Växjö

Population 2020: 94,796
 Forecast population 2025: 101,860
 Disposable income, single adult household: SEK 239,700 p.a.
 Disposable income, cohabiting couple: SEK 760,000 p.a.

Älmhult

Population 2020: 17,901
 Forecast population 2025: 19,487
 Disposable income, single adult household: SEK 251,700 p.a.
 Disposable income, cohabiting couple: SEK 696,933 p.a.

Hässleholm

Population 2020: 52,086
 Forecast population 2025: 55,212
 Disposable income, single adult household: SEK 224,200 p.a.
 Disposable income, cohabiting couple: SEK 666,967 p.a.

Kristianstad

Population 2020: 86,236
 Forecast population 2025: 90,119
 Disposable income, single adult household: SEK 233,800 p.a.
 Disposable income, cohabiting couple: SEK 684,967 p.a.

Landskrona

Population 2020: 46,317
 Forecast population 2025: 47,802
 Disposable income, single adult household: SEK 235,800 p.a.
 Disposable income, cohabiting couple: SEK 675,800 p.a.

Municipality	Unemployment 2020	Trend unemployment 2020	Disposable income 2019 (average, all households)	Trend income 2019
Borås	8.4%	1.3%	SEK 38,725/month	-1.1%
Gothenburg	9.4%	2.3%	SEK 40,800/month	0.5%
Helsingborg	11.9%	1.8%	SEK 39,200/month	1.4%
Hässleholm	10.5%	1.4%	SEK 36,125/month	0.8%
Kristianstad	11.2%	1.5%	SEK 37,267/month	-0.2%
Landskrona	12.5%	1.0%	SEK 36,425/month	0.6%
Malmö	15.3%	1.7%	SEK 35,275/month	0.0%
Västerås	10.3%	1.9%	SEK 40,008/month	-0.1%
Växjö	9%	1.3%	SEK 39,858/month	-12.7%
Älmhult	8.6%	0.3%	SEK 39,700/month	0.6%
Total, Sweden	8.5%	1.5%	SEK 40,825/month	0.5%
Sjælland region	4.5%	1.1%	SEK 33,696/month	3.6%

Unemployment Sjælland as of June 2020.

The Swedish housing market – housing shortages in 212 of 290 municipalities

The National Board of Housing, Building and Planning’s housing survey for 2020* shows that 212 of 290 municipalities in Sweden reported a housing deficit in 2020. Smaller municipalities reported a housing market in balance, while municipalities in metropolitan areas like Greater Gothenburg and Greater Malmö are still reporting deficits. 90 percent of the total population lives

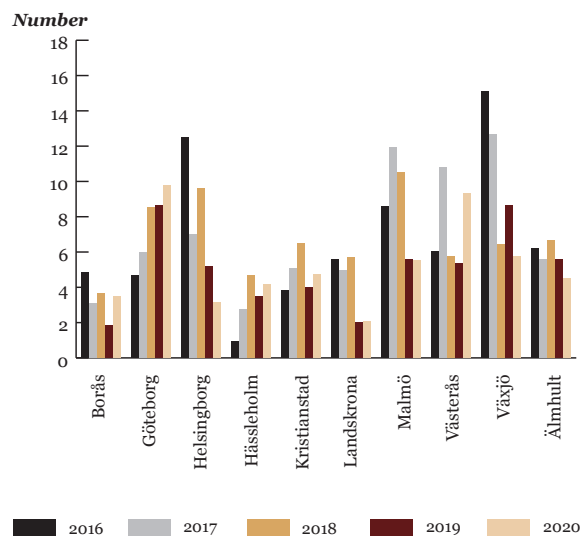
in municipalities where there is a housing deficit, which means that most of Sweden’s population is experiencing a significant housing shortage.

Despite the high rate of construction, rental apartments are still the housing type with the greatest reported deficit. According to the National Board of Housing, Building and Planning, there is demand for some 600,000 new homes in Sweden over the coming ten-year

period. This is in order to meet housing demand generated by Sweden’s strong population growth and to cover the accumulated housing deficit. This can be compared with the most recent ten-year period, when new production in Sweden totaled approximately 400,000 homes. In total, 63 percent of municipalities included in the National Board of Housing, Building and Planning’s survey expect the housing deficit to continue over the coming three-year period.

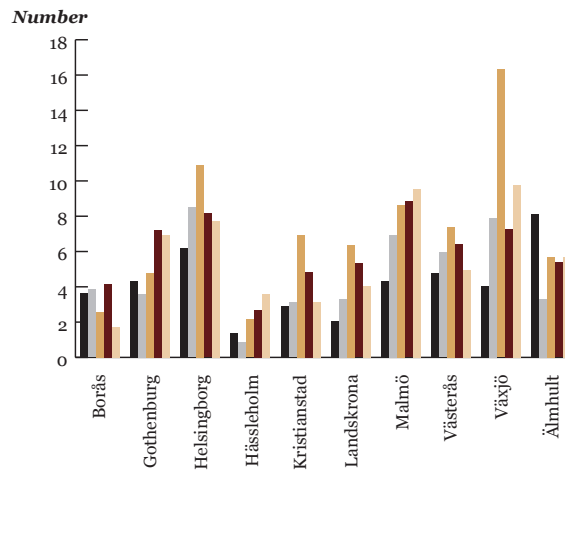
The annual housing need in Sweden is highest in Skåne, Gothenburg and the Stockholm region. In general, the housing need is greater in southern Sweden than in the northern parts of the country, which means that there is also high demand for housing in K-Fastigheter’s other growth locations.

Housing starts per 1000 inhabitants, 2016-2020



Source: Statistics Sweden, adapted by Newsec. Relates to new construction in the last four quarters until the end of the third quarter 2020.

Completed housing units per 1000 inhabitants, 2016-2020



Substantial housing need, fewer construction starts

Housing construction has been spared the effects of the Covid-19 pandemic, and construction has exceeded the expectations presented before the outbreak of the pandemic. Favorable demographic trends, a low interest rate climate and high housing demand, coupled with favorable future prospects and price growth in tenant-owner apartments and rental apartments, resulted in increased project development in Sweden where the favorable growth prospects have led to a rapid increase in housing construction. Figures suggest that approximately 53,000 housing units were completed in Sweden in 2020, with 54,000 construction starts, according to preliminary information from the National Board of Housing, Building and Planning. In K-Fastigheter’s markets, municipalities are reporting a good rate of construction both in terms of housing starts and completed units in the period until the end of the third quarter 2020, although the challenging situation is expected to continue.

* Please note that municipalities completed the National Board of Housing, Building and Planning’s housing survey at the end of 2019 and early 2020, before the outbreak of Covid-19. It is highly probable that the pandemic will affect the housing market, both in terms of housing starts and housing supply.

Local housing markets

The structure of K-Fastigheter's local housing markets varies in terms of housing type and title deeds. In Malmö and Gothenburg, alongside Helsingborg, Landskrona, Växjö and Borås, rental apartments hold a dominant position.

The largest proportion of tenant-owner apartments is found in the largest municipalities; Gothenburg, Västerås, Malmö and Helsingborg. In Malmö, tenant-owner apartments constitute 39 percent of the entire housing supply, which is the region's largest proportion of tenant-owner apartments. Hässleholm and Älmhult have the largest share of single-family houses while Malmö has the lowest. In Malmö, single-family houses constitute only 14 percent of the housing stock. Demand for rental apartments is estimated to be substantial on all partial markets.

Rent levels

On the rental market, rents are not determined by supply and demand like on the markets for tenant-owner apartments and single-family homes. In Sweden, the rental market is regulated

Housing type by region

Municipality	Rental apartments	Tenant-owner apartments	Property rights/ single-family houses
Gothenburg	54%	29%	17%
Landskrona	51%	19%	30%
Helsingborg	48%	27%	26%
Växjö	47%	17%	35%
Malmö	46%	39%	14%
Borås	46%	18%	36%
Kristianstad	40%	12%	48%
Västerås	38%	31%	31%
Älmhult	35%	8%	57%
Hässleholm	33%	11%	56%
Total, Sweden	38 %	23%	39 %

³ Based on an assumed loan-to-value ratio of 85 percent, amortization of 2 percent, a mortgage rate of 1.75 percent and fees of SEK 650 /m²/year.

through the utility value system, meaning that rent levels are not freely determined. In practice, rent levels are instead determined by production costs and return requirements deemed acceptable by the developer and the Swedish Tenants' Union. Normally, this results in rent levels for new production that means that an individual still need to queue for a significant amount of time before being able to secure a new rental apartment.

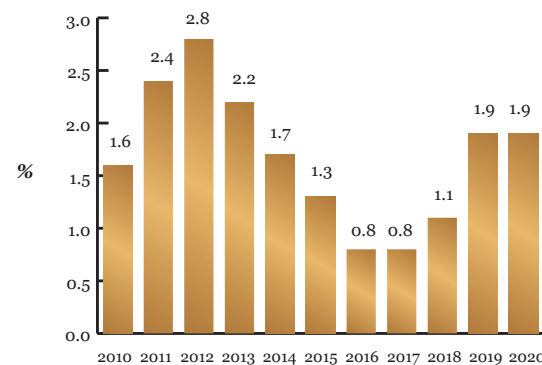
Rent levels for new construction continued to rise rapidly in 2020, and rent levels for newly-produced rental apartments are now generally 50 percent higher than rent for apartments of the same size in the older stocks. This is noticeable in urban areas where rent levels for new production have, in some cases, reached the limit for what tenants are willing to pay, which results in more tenants moving out and temporary vacancies for new production housing.

Rents also increased in the older holding in 2020. Several major property owners carry out tax-deductible (ROT) renovations continuously, which creates more opportunities for significant

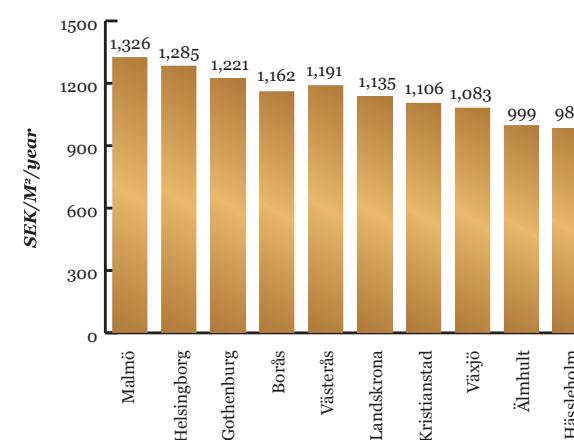
rent increases after renovation, and drives rent levels in the older holding. On average, rent for housing in Sweden increased by 1.9 percent in 2020, in line with the corresponding rental increase for 2019.

Official data on rent levels and queue times for mediated new construction is reported for many of the municipalities where K-Fastigheter operates. Malmö and Helsingborg reported standard rents for new construction of mediated rental housing of approximately SEK 1,700/m²/year, while Statistics Sweden reports annual rent per square meter in newly constructed apartment buildings in the Greater Malmö region of SEK 1,850 /m²/year. In Malmö, this rent level means that average queue times are still long, while queue times at this level in Helsingborg are slightly shorter. In Kristianstad and Hässleholm, the rent level for mediated new construction was somewhat above SEK 1,500 /m²/year. In general, the prospects for continued growth are considered good in all K-Fastigheter's regions, with high demand and potential for rent increases, and low vacancy risk.

**Change in rent
Rental apartments 2010–2020**



**Average rent
Rental apartments 2020**



CORPORATE
GOVERNANCE
CORPORATE
GOVERNANCE
CORPORATE
GOVERNANCE
**CORPORATE
GOVERNANCE**
CORPORATE
GOVERNANCE
CORPORATE
GOVERNANCE
CORPORATE
GOVERNANCE



“Now that we have completed our first year as a listed company, I can conclude that the high activity level continued after the IPO in November 2019.”

Erik Selin, Chairman of the Board of K-Fast Holding AB

A MESSAGE FROM THE CHAIRMAN



Chairman of the Board, Erik Selin

It is only ten years ago that Jacob Karlsson started what is now K-Fast Holding AB (“K-Fastigheter”). Then and now, the business concept is to develop, build and manage homes with an unlimited time frame. We are celebrating this by continuing to build a strong and successful company that is prepared for continued growth.

On the day of K-Fastigheter’s 10th anniversary, 1 December 2020, the company signed its largest agreement to date: the acquisition of Finja Prefab, a manufacturer of prefabricated concrete elements. The transaction included the company’s production plants and building rights in central Hässleholm. The acquisition of Finja Prefab provides K-Fastigheter with long-term prospects of implementing its expansion plans in southern and western Sweden, and the Mälardalen region and Sjælland. Finja Prefab is a well-run company with many competent and committed employees.

“I see a clear correlation between sustainability and profitable business”

I am convinced that this will be a transaction where both parties improve each other’s respective market positions.

Now that we have completed our first year as a listed company, I can conclude that the high activity level continued after the IPO in November 2019. K-Fastigheter’s operations have progressed well, more than 30 major transactions were completed and there were 1,311 apartments in ongoing production at year-end compared to 700 on 1 January 2020. The pace is high and we plan to achieve a new level for the Group as a whole.

From an owner and Board perspective, I can conclude that the preparations ahead of the IPO on Nasdaq Stockholm has enabled the company to implement the business plan and generate value for its stakeholders. Following a strong start to 2020 with high activity, the Board perceived a good opportunity to increase K-Fastigheter’s readiness to finance attractive building rights. This meant that in August 2020, the company completed a new share issue of 2,000,000 Class B shares. The strong interest from several Swedish and institutional investors was pleasing, and many new shareholders demonstrated their confidence in the company. All of us shareholders have been delighted with share price performance in 2020, up by 65.6 percent.

When concluding that K-Fastigheter had successfully increased the rate of construction, we reassessed our operational goal for annual new construction starts for apartments. From 2021 onwards, we have increased the goal, which means that new construction starts

for apartments for proprietary management shall amount to 1,300 before the end of 2023, an increase from the previous goal of 1 000.

Clear sustainability goals

Fundamentally, K-Fastigheter is a property company with the business concept of owning and managing the market’s most attractive rental apartments. The construction and property sectors have a significant environmental impact and we have a responsibility to build good housing with a minimal climate footprint.

I see a clear correlation between sustainability and profitable business, while simultaneously contributing to reducing climate impact and assuming financial and social responsibility. During 2020, management developed a framework for its sustainability work. This is based on K-Fastigheter’s business concept with an unlimited time frame and includes clear targets, which are presented in this Annual Report and are followed up and developed on a continuous basis.

K-Fastigheter has signed Global Compact, the UN’s principles for business, governing human rights, working environment, anti-corruption and the environment.

Alongside the rest of the Board and management, I am proud to continue on the journey we started in 2010 and which had clearly defined targets from the outset. With the new goals of sustainable and profitable business we are ready for what is around the corner. I would like to thank all my colleagues at K-Fastigheter for their hard and committed work, and look forward to welcoming Finja Prefab’s staff into the family. ■

Erik Selin

Chairman of the Board

CORPORATE GOVERNANCE REPORT

K-Fast Holding AB is a Swedish public limited liability company whose Class B shares have been listed on the Nasdaq Stockholm exchange since 29 November 2019.

This Corporate Governance Report is not included in the formal Annual Report, and constitutes a separate report. The Corporate Governance Report has been reviewed by the company's auditor.

Through transparency, K-Fast Holding AB's Board and management seek to help individual shareholders follow the company's decision-making paths and to clarify where the organization's responsibilities and authorities lie. This includes maintaining an efficient organizational structure, systems for internal control and risk management, as well as transparent internal and external reporting.

The Corporate Governance Report has been prepared in accordance with the provisions of the Annual Accounts Act and the Swedish Code of Corporate Governance ("the Code"). The Code applies to all Swedish companies whose shares are listed on a regulated market. The Code sets a standard for good corporate governance at a higher level of ambition than the Companies Act and minimum requirements under other regulations. The Code is based on the principle of "follow or explain". This means that K-Fastigheter does not have to comply with every rule in the Code at all times, but can choose other solutions judged to better respond to the circumstances of the individual case, provided that the company openly reports every such deviation, describes the solution instead chosen by the company and states the reasons. The Code also

K-Fast Holding AB's Articles of Association are available at www.k-fastigheter.com/en/corporate-governance/. The Code can be found at <http://www.bolagsstyrning.se/the-code/>

means that some information shall be made available on the company's website.

The company has followed the Code, Nasdaq Stockholm's Regulations for Issuers and generally accepted stock market practice since the company's listing on the Nasdaq Stockholm exchange in 2019. The Board's opinion is that K-Fastigheter followed the Code in 2020 with the following exception: The year of birth of Board members and Management was not reported as this information is of no significance for assessing expertise and experience. Education, Board assignments and work experience are reported as these are of significance in assessing expertise and experience.

Articles of Association

The company's name is K-Fast Holding AB and the company is public (publ) with the corporate ID number 556827-0390. The company's Board of Directors has its registered office in the Municipality of Hässleholm, Sweden.

The objective of the company's operations shall be, directly or indirectly via subsidiaries, to own and manage properties and securities, to conduct construction operations and related operations. Amendments to the Articles of Association are to be made in accordance with the provisions of the Companies Act. The latest changes were introduced in accordance with the decision of the Annual General Meeting (AGM) 2020. The Articles of Association can be found at www.k-fastigheter.com

Corporate governance structure

The objective of corporate governance is to ensure that the company is managed in as efficient a manner as possible for shareholders, but also to ensure that K-Fastigheter complies with applicable regulations. Corporate governance also aims to engender

order and method, both for the Board and Group management. By having a clear structure and clear rules and processes, the Board is able to ensure that the focus of management and employees is on developing the business, and to thereby generate value for shareholders.

The Board and management strive for the company to live up to the requirements imposed by public authorities, Nasdaq Stockholm, shareholders and other stakeholders. The Board also follows the ongoing debate on the subject and the recommendations issued by various operators, including the Swedish Securities Council or auditors.

At K-Fastigheter, corporate governance is primarily exercised through General Meetings and the Board. In a broader perspective, the issues also include Group management and its tasks, as well as the control and reporting functions within the Group.

Ultimately, the shareholders in K-Fast Holding AB make decisions regarding the Group's governance. At the AGM, shareholders appoint the Board of Directors, the Chairman of the Board and the auditors, determines the compensation paid to these, a decision is also made as to how the Nomination Committee shall be appointed. The Board is responsible to the owners for the Group's organization and the management of the Group's affairs. Shareholders exert their influence through the AGM and Extraordinary General Meetings. Management and responsibility is divided between the Board and the CEO in accordance with Swedish legislation, primarily the Companies Act and the Annual Accounts Act, Nasdaq Stockholm's Rules for Issuers, the Articles of Association and internal instructions and policy documents.

The auditors report on their audit at the AGM.



Neighbourhood Brigaden in Helsingborg.

Shareholders' decision-making forums

According to the Companies Act, the AGM is the company's highest decision-making body. At the AGM, shareholders exercise their right to vote in matters such as the adoption of Income Statements and Balance Sheets, the disposition of the company's profit, approving discharge from liability for the members of the Board and the CEO, the election of Board members and auditors and the determination of fees to Board members and auditors. Board members are appointed and discharged in accordance with the Companies Act, and the Articles of Association contain no specific rules for this.

General Meetings

The AGM shall be held within six months of the end of each financial year. Beyond the AGM, Extraordinary General Meetings may be convened if the company's Board, Auditors or holders of at least 10 percent of all shares in K-Fast Holding AB request this.

In accordance with K-Fast Holding AB's Articles of Association, notice of a General Meeting shall be published by means of an advertisement in Post- och Inrikes Tidningar (Official Swedish Gazette) and with the notice being presented accessibly on the company's website www.k-fastigheter.com. That fact that such notice has been issued shall be advertised in Swedish financial daily Dagens Industri.

Resolutions of the AGM are normally approved through a simple majority. In certain matters, the Swedish Companies Act stipulates that proposals must be approved by a larger proportion of the shares represented and the votes cast at the Meeting.

Right to participate in Annual General Meeting

Shareholders wishing to attend the AGM must be included in the register maintained by Euroclear Sweden AB five working days before the AGM and announce their intention to participate

to K-Fastigheter no later than the date specified in the notice convening the AGM. It is usually possible for shareholders to register for the AGM in several different ways, which are stated in the notice convening the AGM. To participate in the AGM, besides registering the intention to attend, nominee-registered shares must be registered under the shareholder's name in the register maintained by Euroclear Sweden AB by no later than four banking days prior to the AGM. Shareholders not present in person at the AGM may exercise their rights at the AGM through a proxy. Shareholders who are present in person at the AGM, or proxies for absent shareholders, may have at most two assistants.

Shareholder initiatives

A shareholder wishing to have a matter addressed by the AGM must request this in writing from K-Fastigheter's Board of Directors. The matter will be raised at the AGM if the request has been received by the Board by no later than one week before the earliest date of convening the AGM according to the Companies Act, or at a later date, but in sufficient time for the matter to be included in the notice convening the AGM.

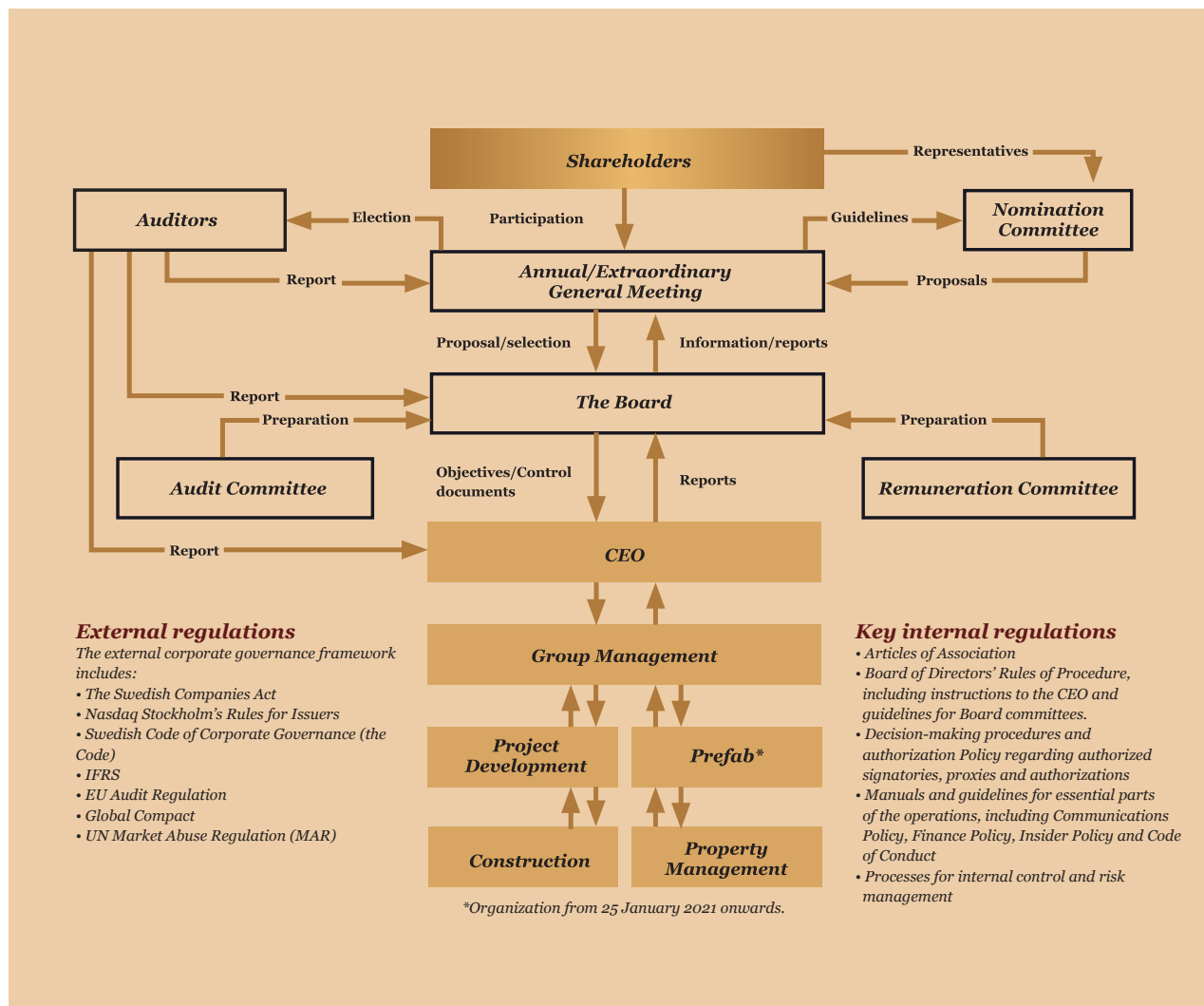
Voting rights

K-Fast Holding AB has two share classes: Class A and Class B shares. Class A shares entitle the holder to five votes per share and Class B shares entitles the holder to one vote per share. Both Class A and Class B shares entitle holders to equal participation in the company's assets and earnings.

On 31 December 2020, there was a total of 35,888,528 shares, of which 3,750,000 were Class A shares and 32,138,528 Class B shares. The total number of votes amounted to 50,888,528. Class B shares represented 63.2 percent of the votes and 89.6 percent of the share capital.

Additional information about the share and shareholders can be found on page 145.

CORPORATE GOVERNANCE STRUCTURE



2020 Annual General Meeting

The AGM was held on 19 May 2020 in Hässeleholm, Sweden. A total of 15 shareholders, corresponding to some 51.1 percent of the total number of votes in the company, participated in the AGM. Minutes from the AGM are available on the company's website. At the Meeting shareholders reached resolutions regarding matters including:

- not to pay a dividend for the 2019 financial year.
- re-election according to the Nomination Committee's proposal of Ulf Johansson, Christian Karlsson, Jacob Karlsson, Sara Mindus, Jesper Mårtensson and Erik Selin as Board members, and Erik Selin as Board Chairman for the period until the end of the next AGM.
- re-election of Ernst & Young Aktiebolag as auditor until the end of the next AGM with Stefan Svensson as the Authorized Public Accountant responsible.
- Board fees of SEK 200,000 for the ensuing term of office for Board members not employed by K-Fastigheter. Erik Selin will not receive any Board fees.
- approve the Board's proposal regarding guidelines for remuneration to senior executives.
- revise the Articles of Association according to the Board's proposal on the basis of legislative changes that have become effective and are expected to become effective.
- authorize the Board, in the period until the next AGM, on one or more occasions and with or without preferential rights for shareholders, to decide on new share issues of a maximum 4,000,000 (four million) new shares of Class B shares in the company.
- authorize the Board, in the period until the AGM 2021, on one or more occasions, decide to repurchase and transfer shares in the company.

2021 Annual General Meeting

K-Fastigheter's AGM will take place on 19 May 2021. Information regarding the AGM will be published at www.k-fastigheter.com.

Ahead of the 2021 AGM, the Board proposes that no dividend be paid for the 2020 financial year.

Nomination Committee

At the Extraordinary General Meeting on Monday, August 19, 2019, resolutions were reached regarding principles for the appointment of a Nomination Committee. K-Fastigheter's Nomination Committee was appointed in accordance with these principles.

In accordance with the Code and resolution at the Extraordinary General Meeting on 19 August 2019, the members of the Nomination Committee were published at least six months before the AGM. The Nomination Committee shall comprise the Board Chairman and representatives of the three largest shareholders in terms of votes at the end of the third quarter in the year before the AGM.

Each year, the Chairman of the Board shall contact the three largest shareholders in terms of voting rights, including known shareholder groupings, who each have the right to appoint one member. If any of the shareholders chooses to waive its right to appoint a member to the Nomination Committee, that right passes to the next-largest shareholder in terms of voting rights, and so forth.

From among its number, the Nomination Committee appoints a chairman of the Committee. The Chairman of the Board shall not be the chairman of the Nomination Committee. If a member leaves the Nomination Committee before the work of the Committee has been completed, and the Nomination Committee considers there to be a need to replace this member, the replacement shall be appointed by the same shareholder loans who appointed the

member who stepped down or, if the shareholder is no longer among the three largest shareholders in terms of voting rights, by a shareholder belonging to that group and that has not appointed a member of the Nomination Committee. If a shareholder having appointed a certain member substantially reduces its holding in the company, and the Nomination Committee considers it inappropriate in view of any need for continuity before the upcoming General Meeting, a member appointed by that shareholder shall step down from the Nomination Committee and the Nomination Committee shall offer the largest shareholder not having appointed a member of the Nomination Committee the opportunity to appoint a new member. The majority of the members of the Nomination Committee shall be independent in relation to the company and Group management. Neither the CEO nor any other member of Group management should be a member of the Nomination Committee. At least one of the members of the Nomination Committee shall be independent in relation to K-Fast Holding AB's largest shareholder in terms of voting rights or group of shareholders who collaborate regarding the management of the company.

Board members shall not constitute a majority of the members of the Nomination Committee. If the Nomination Committee includes more than one Board member, at most one of them may be dependent in relation to K-Fast Holding AB's major shareholders.

In other regards, the Nomination Committee shall have the composition set out in the Code and shall fulfill the duties stated there. The members of the Nomination Committee shall not receive fees from the company. Any expenses incurred in connection with the work of the Nomination Committee shall be paid by the company, provided that these have been approved by Chairman of the Board.

The composition of the Nomination Committee has been published



Read the instructions to the Nomination Committee at k-fastigheter.com/en/corporate-governance/nomination-committee

through a separate press release on 14 October 2020, as well as on K-Fastigheter's website, where shareholders can also read about their opportunity to submit proposals to the Nomination Committee.

The Nomination Committee is tasked with preparing and submitting proposals to the next AGM regarding the appointment of the Chairman of the Board and other Board members, as well as on remuneration to the Chairman of the Board and other members. The Nomination Committee is also tasked with evaluating the Board's work, based primarily on the report presented to the Nomination Committee by the Chairman of the Board. The Nomination Committee also proposes auditors for election and the fees to be paid to them.

For their work on K-Fast Holding AB's Board, members should have appropriate experience and skills in the operations conducted, to be able to identify and understand the risks that can arise in the operations and the regulations governing the operations conducted. The Nomination Committee must take into account K-Fastigheter's diversity policy, which agrees with item 4.1 of the Code, in its proposal regarding the election of Board members.

Nomination Committee ahead of the 2021 Annual General Meeting

Name / representing	Percentage of votes, 30 September 2020
Stefan Alvarsson / Jacob Karlsson AB	39.3%
Shahram Rahi / Erik Selin Fastigheter AB	39.3%
Johannes Wingberg / Länsförsäkringar funds	3.4%
Erik Selin, Chairman of the Board of K-Fast Holding AB	

The Nomination Committee shall take the policy into account with the aim of achieving a suitable composition of the Board. When new Board members are elected, the suitability of the individual member shall be scrutinized to achieve a Board with a combined expertise sufficient for the company to be governed effectively.

In addition to Jacob Karlsson AB and Erik Selin Fastigheter Aktiebolag, each representing 39.3 percent of the votes, there is no other shareholder representing more than 10 percent of the votes.

External auditors

In accordance with the company's Articles of Association, adopted on 19 May 2020, the AGM of the company shall appoint one or two auditors, with or without deputy auditors, or one or two registered firms of auditors. The company's auditors are appointed for the period extending until the end of the next AGM.

The auditor shall review K-Fastigheter's Annual Report and



Stefan Svensson

Auditor for K-Fastigheter and principal auditor since 2016.
Authorized Public Accountant and member of FAR.
Other major assignments: Fitness24seven and Executive Property.
Former major assignments: Bergendahl & Son and IKEA Centres.

accounting, as well the administration of the company by the Board and the CEO. K-Fast Holding AB is the Parent Company in a group and K-Fastigheter's auditor also reviews the consolidated accounts, as well as the mutual relationships between the Group companies. After each financial year, the auditor shall submit an Audit Report and an Audit Report on the Consolidated Accounts to the AGM.

The most recent election of auditor took place at the Annual General Meeting on 19 May 2020, when Ernst & Young AB was reelected, with Stefan Svensson as the principal auditor.

Composition of the Board of Directors

Board members are normally appointed by at the AGM for the period until the end of the ensuing AGM. In accordance with K-Fast Holding AB's Articles of Association, the Board shall comprise at least three and at most eight members without deputies. In accordance with the Code, the Chairman of the Board shall be appointed by the AGM. At most one Board member elected by the AGM may be a member of K-Fastigheter's management or the management of a subsidiary. The majority of the members elected by the AGM shall be independent in relation to K-Fastigheter and Group management. At least two of the Board members who are independent in relation to K-Fastigheter and Group management should also be independent in relation to K-Fastigheter's major shareholders. More information on the company's Board can be found on page 60.

Responsibilities of the Board of Directors

The Board of Directors is the company's second-highest decision making body after the AGM. In accordance with the Companies Act, the Board is responsible for K-Fastigheter's organization and the management of the company's affairs.

The Board shall continuously assess K-Fastigheter's financial situation. The Board shall ensure that the accounting, management of funds and financial conditions of K-Fastigheter in other regards are controlled in a satisfactory manner.

In accordance with the Code, the tasks of the Board include determining the company's overarching objectives and strategy, appointing, evaluating and where necessary dismissing the CEO, identifying how sustainability issues affect the company's risks and business opportunities, establishing required guidelines for the company's conduct in society to ensure its long-term capacity to add value, ensuring that there are appropriate systems for the evaluation and control of the company's operations and the risks associated with the company's operations, ensuring there is satisfactory control of the company's compliance with laws and other regulations that apply to the company's operations, as well as the company's compliance with internal guidelines and ensuring that the company's publication of information is characterized by openness and is correct, relevant and reliable.

Board of Directors 2020

Since the AGM on 2 April 2019, the Board has comprised six members. The Board has a quorum when more than half of the

number of Board members are present. In the event of a tied vote, the Chairman of the Board has the casting vote.

The Board of K-Fast Holding AB consists of individuals with broad experience and competences relating to the property sector, business development, sustainability issues and financing. A number of the members have experience of Board work in other listed companies.

All Board members have undergone Nasdaq Stockholm's training for Directors and senior executives. The Board receives information on an ongoing basis regarding regulatory changes and issues related to operations and the Board's responsibilities in a listed company.

In addition to the complete Board of Directors acting as signatory for K-Fastigheter, two Board members in unison may sign or one Board member in unison with the company's Deputy CEO and CFO.

If certain tasks are delegated to one or more of Board members or to others, the Board shall proceed with care and continuously assess whether the delegation of responsibility can be maintained.

The Chairman of the Board shall ensure that the work of the Board is performed efficiently and that the Board fulfills its duties.

Board of Directors' Rules of Procedure

In its work, the Board follows written Rules of Procedure. The Rules of Procedure are adopted annually and, among other things, regulate functions and the distribution of work between the Board members and the CEO and between the Board and its various committees, as well as certain procedural issues concerning the convening of Board meetings. The Rules of Procedure also stipulate that the Board shall appoint an Audit Committee and a Remuneration Committee.

The Chairman of the Board is also the Chairman of the committees. The Board meets in accordance with a schedule set annually. In addition to these regular meetings, the Board convenes if the Chairman considers it necessary or if a Board member or the CEO requests it. In accordance with the Companies Act, the Board has also established instructions for the CEO, including instructions on both internal reporting to the Board as well as on the company's external reporting to the market.

Board of Directors, composition, attendance and compensation 2020/2021

Name	Elected	Independent in relation to:			Attendance		Remuneration
		The Company and senior executives	Major shareholders	Board meetings	Audit Committee	Remuneration Committee	Meetings of the Board of Directors and Committees
Erik Selin, Chairman of the Board	2019	Yes	No	10 of 10	7 of 7	2 of 2	-
Ulf Johansson, member	2019	Yes	Yes	8 of 10	7 of 7	2 of 2	SEK 200,000
Christian Karlsson, member	2019	No	No	10 of 10	-	-	SEK 200,000
Sara Mindus, member	2019	Yes	Yes	10 of 10	7 of 7	2 of 2	SEK 200,000
Jesper Mårtensson, member	2018	Yes	No	10 of 10	-	-	SEK 200,000
Jacob Karlsson, member	2010	No	No	10 of 10	-	-	-

BOARD YEAR 2020

First quarter

Meeting 1, 26 February 2020

- Year-End Report
- Decision regarding establishing operations in Denmark
- Approve the Rules of Procedure for the Board, and instructions to the CEO and Board Committees

Second quarter

Meeting 2, 2 April 2020

- Approve the notice convening the AGM
- Approve Annual Report and Corporate Governance Report
- Approve budget

Meeting 3, 4 May 2020

- Approve Interim Report for the period January-March 2020

Meeting 4, 19 May 2020

- (statutory Board meeting)
- Decision on authorized signatories
 - Election of members of Board Committees

Third quarter

Meeting 5, 30 July 2020

- Approve Interim Report for the period January-June 2020
- Decision to review the market conditions relating to a potential new share issue on the basis of the AGM's authorization

Meeting 6, 26 August 2020

- Decision, on the basis of the AGM's authorization, to initiate a new share issue

Meeting 7, 26 August 2020

- Decision regarding a new share issue on the basis of the AGM's authorization
- Decision to allocate shares

Fourth quarter

Meeting 8, 20 October 2020

- Review of compliance with policies
- Review of internal control
- Review of risk management
- Review of Auditor's audit plan
- Determine Group policies

Meeting 9, 10 November 2020

- Decision to approve the Interim Report for the period 1 January -30 September 2020

Meeting 10, 15 December 2020

- Approve the budget
- Evaluate the Board's and CEO's work
- Evaluate salary review and bonus-related considerations
- Approve business plan

Audit Committee

The Board has appointed an Audit Committee consisting of three members: Ulf Johansson, Sara Mindus and Erik Selin. Erik Selin is the Chairman of the Board and Sara Mindus is the Deputy Chairman of the Committee.

The Audit Committee shall, without this affecting the Board's responsibilities and tasks in other regards, including the monitoring of the company's financial reporting, monitor the efficiency of the company's internal control, internal audit (if such a function is established in the future) and risk management, keep itself informed regarding the audit of the Annual Report and consolidated accounts and on the conclusions of the Swedish Inspectorate of Auditors' quality control. The Committee shall also review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with other services than auditing.

Remuneration Committee

The Board has appointed a Remuneration Committee consisting of three members: Ulf Johansson, Sara Mindus and Erik Selin. Erik Selin is the Chairman of the Committee.

The principal tasks of the Remuneration Committee are to prepare Board decisions relating to remuneration principles, remuneration and other employment terms for Board members, the CEO and Group management, and to follow and evaluate programs for variable remuneration for management, and to follow and evaluate the application of remuneration guidelines for senior executives adopted by the AGM, as well as applicable remuneration structures and remuneration levels.

Chairman of the Board of Directors

The Board's Rules of Procedure state, among other things, that the Chairman of the Board shall ensure that the work of the Board is carried out efficiently and that the Board fulfills its obligations. This includes organizing and leading the work of the Board and fostering the best possible conditions for that work. In addition, the CEO shall ensure that Board members continuously update and deepen their knowledge of the company and that new members receive appropriate introduction and training. The Chairman of the Board shall be available as an adviser and discussion partner for the CEO, but shall also evaluate the work of the CEO and report on this assessment to the Board. In addition, the Chairman of the Board is tasked with ensuring that the work of the Board is evaluated annually and to inform the Nomination Committee regarding this evaluation.

At the AGM on 19 May 2020, Erik Selin was elected Chairman of the Board. The Chairman of the Board does not participate in the operational management of the company.

Work of the Board of Directors

Since the AGM on 19 May 2020 and until 31 December 2020, the Board held 10 meetings where minutes were kept. The company's CEO and/or Deputy CEO and CFO should, as a general rule, attend Board meetings in a reporting role. Company employees, the auditor or other external consultants shall be co-opted to Board meetings to participate and to present matters when necessary. Board member Christian Karlsson is the Secretary of the Board of Directors.

At its meetings, the Board addressed fixed agenda items to be included in each Board meeting in accordance with the Board's Rules of Procedure. These include the business situation, budget, interim reports and annual accounts. In other regards, work focused on further developing previously established documents.

In addition to the scheduled meetings, the work of the Board includes ongoing financial review, evaluation of strategy, recommendations regarding remuneration levels, acquisition matters, as well as accounting and auditing issues.

The Board evaluated its work during the autumn of 2020. The evaluation revealed an open and constructive Board climate and a well-functioning decision-making process. The evaluation examined, among other things, the working climate, working methods regarding the introduction of new procedures, business processes, strategic issues, evaluation and control systems, access to and the need for specific Board expertise, succession planning, and morals, ethics and communication.

The evaluation and the subsequent discussion by the Board serves as basis for the ongoing development of the Board's working methods and for ensuring that the Board can make decisions that are as well-informed as possible. The evaluation of the Board follows the guidelines for Board evaluation in the Code.

Attendance at Board meetings

See information on page 53.

CEO

In accordance with the provisions of the Companies Act, the company's CEO is responsible for the ongoing management of

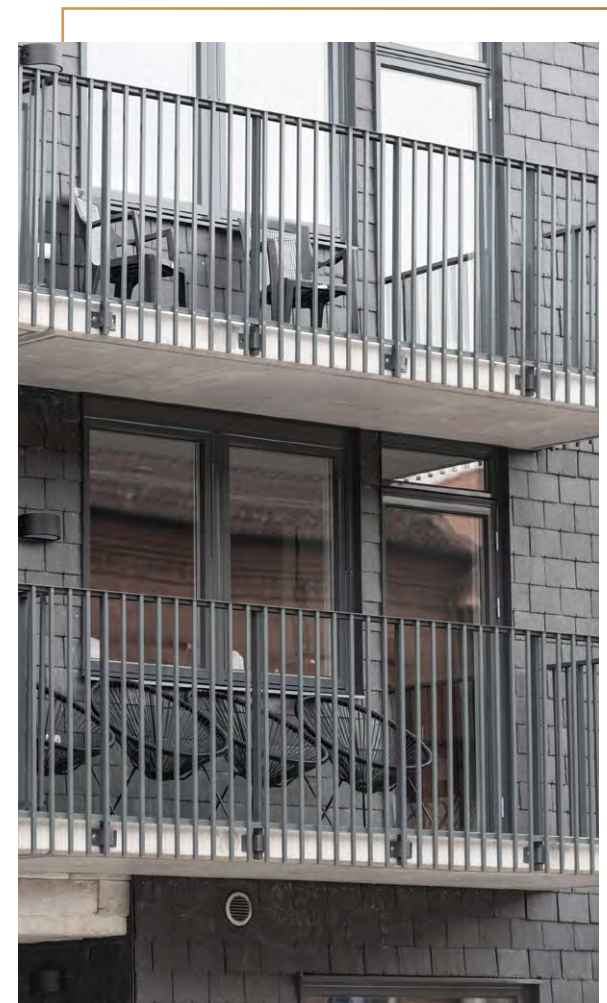
K-Fastigheter in accordance with the Board's guidelines and instructions.

Measures that, in view of the scope and nature of the company's operations, are unusual or of great importance, fall beyond the ongoing management and should therefore, as a general rule, be prepared and presented to the Board for decision. The CEO shall also take the actions necessary for the company's bookkeeping to be performed in accordance with legislation and for assets to be managed satisfactorily.

In relation to the Board, the CEO is a subordinate corporate body, and the Board itself can also determine matters included in ongoing management. The work and role of the CEO and the division of work between the Board and the CEO is set out in written Instructions to the CEO from the Board and the Board continuously evaluates the work of the CEO.

Conflict of interest

Board members or the CEO shall not address matters relating to contracts between themselves and the company or the Group. Nor is such individual permitted to address matters relating to contracts between the company and third parties, where a significant conflict of interest could arise for such individual in relation to the company. Contracts as outlined above correspond to court proceedings or other litigation process. It is the responsibility of Board members and the CEO, where applicable, to provide information in the event that a conflict of interest arises.



REMUNERATION

Guidelines for remuneration to the Board of Directors and senior executives

The Board proposes, and the AGM approves, guidelines for determining remuneration to Board members and employment terms for the CEO and other senior executives. In these guidelines, “senior executives” refers to the CEO and other members of Group management. At the AGM on 19 May 2020, it was decided to adopt new guidelines for remuneration to the Board and senior executives. The guidelines do not encompass remuneration decided by the AGM. The guidelines shall be presented to the AGM for a decision at least every four years.

According to the guidelines, salaries and other terms of employment shall be market-based and competitive, but not wage leading in comparison to comparable companies.

Compensation to the CEO is paid only in the form of fixed basic salary. Remuneration to other members of Group management is paid primarily in the form of fixed base salary, but can also be paid as variable salary or performance-based compensation corresponding to a maximum 50 percent of the fixed salary per calendar year. The retirement age of the CEO and other members of Group management is 65. Pension commitments are premium based, meaning that the company has no further obligation beyond payment of the annual premiums.

Remuneration to the Board of Directors

The AGM on 19 May 2020 decided that Board fees for the period until the end of the next AGM should be paid in the amount of SEK 200,000 to each of the members appointed by the AGM, with the exception of the Chairman of the Board, Erik Selin, as well as

Jacob Karlsson, to whom no fees are to be paid. These fees include remuneration for possible committee work.

Remuneration to external auditors

At the 2020 AGM, Ernst & Young AB (EY) was elected as the company’s external auditor for a one-year period until the 2021 AGM. EY issues Audit Reports for K-Fast Holding AB, the annual reports of the company’s subsidiaries, the consolidated accounts and the administration of K-Fast Holding AB.

The auditors also conduct a comprehensive review of the company’s financial report for the third quarter. The audit is conducted in accordance with the Annual Accounts Act, International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden.

For the 2020 financial year, total remuneration to the company’s auditor amounted to SEK 1.5 million (8.0), of which, SEK 0.7 million (6.6) was attributable to the Parent Company. SEK 1.4 million (3.9) comprised audit related services. See also Note 9 Remunerations to the auditors.

CEO

For the CEO, a mutual notice period of 12 months shall apply. On termination by the company, the CEO is also entitled to severance pay amounting to six months’ salary. For other members of Group management, customary, market-based termination conditions shall be sought, with no severance pay. On termination by the company, the notice period shall not exceed 12 months and, on resignation by the employee, at most six months. In other regards, the same conditions apply for members of Group management as

for other Group employees, either in accordance with collective agreements or in accordance with unilateral commitments from the company to the employees.

The guidelines may be waived if there are specific reasons for doing so in an individual case.

Fees to the Board of Directors 2019-2020 (valid from respective Annual General Meeting)

SEK	2019/2020	2020/2021
Chairman of the Board	-	-
Member	200,000	200,000
Chairman of the Audit Committee	-	-
Member of the Audit Committee	-	-
Chairman of the Remuneration Committee	-	-
Member of the Remuneration Committee	-	-

Share-related incentive program

No other specific programs currently exist for employees to acquire shares or similar instruments nor are there any share-related incentive programs outstanding. There are currently no bonus programs or any corresponding entitlements to variable remunerations for senior executives beyond the following.

Other benefits

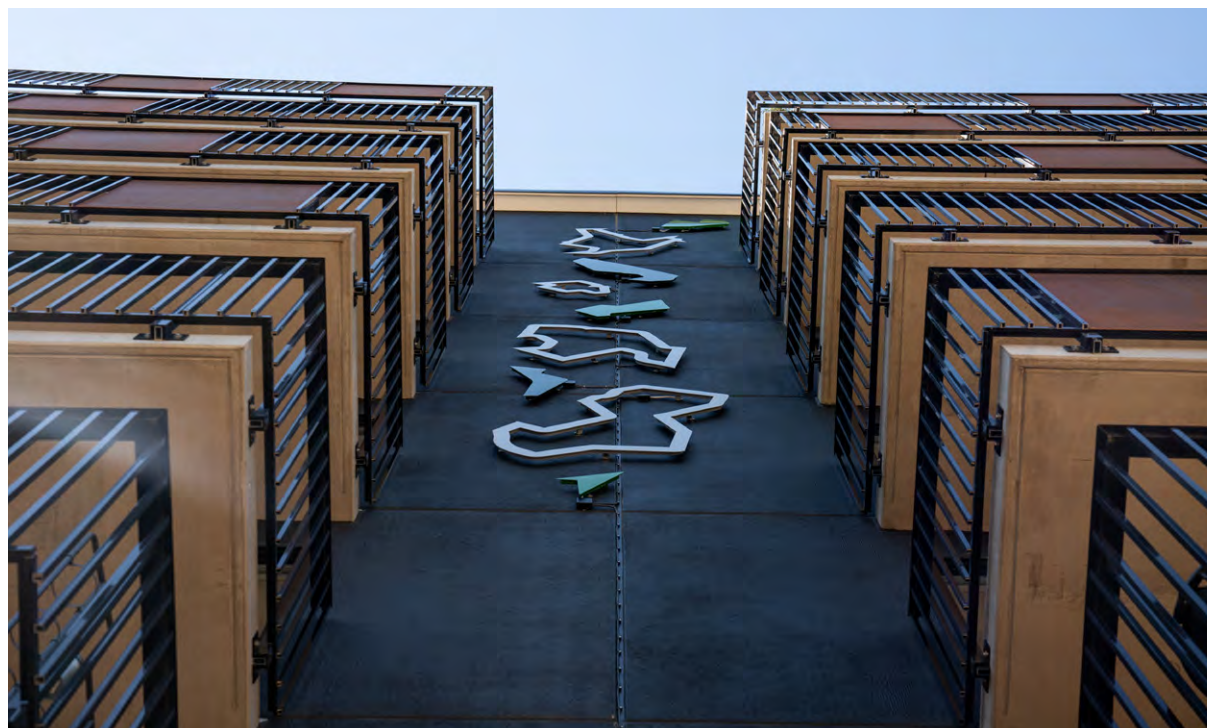
The company offers other benefits to senior executives. Such benefits may include healthcare insurance, wellness allowances, cell phone and company car.

Retirement compensation agreements

The company provides compensations following retirement from employment through both defined-contribution and defined benefit pension plans. Defined-contribution pension plans entail K-Fastigheter paying fixed fees to third-party suppliers for multiple insurance policies for individual employees. The company has no obligations to pay additional fees beyond the set fee, which is recognized as an expense in the period in which the relevant service is performed. Define-benefit pension plans follow the so-called ITP plan, with fees being paid to third-party providers.

In addition to what is stated above in this section, the company has not entered into agreements with any member of the Group's administrative, management or control functions entitling that individual to pension or similar benefits on retirement. The company has made no provisions or accrued any amounts for pensions and similar benefits on retirement from employment or completion of assignment.

Further information on K-Fastigheter's remuneration structure can be found in Note 6 Salaries, other remuneration and social security expenses, as well as on the company's website.



SEK million	Fixed salary and other remuneration (including benefits)		Pension		Total	
	2020	2019	2020	2019	2020	2019
President and CEO	1.4	1.3	0.0	0.0	1.4	1.3
Other members of Group management	4.5	4.1	0.9	0.7	5.4	4.8
Total	5.9	5.4	0.9	0.7	6.8	6.1

INTERNAL CONTROL AND RISK MANAGEMENT

Board of Directors report on internal control

The Board's responsibility for internal control is regulated by the Companies Act, the Annual Accounts Act – which includes a requirement to provide information on the most important elements of K-Fastigheter's system for internal control and risk management in conjunction with the financial reporting to be included each year in the Corporate Governance Report – as well as by the Code. The Board shall safeguard that K-Fastigheter has good internal control and formalized procedures ensuring compliance with established principles for financial reporting and internal control and that appropriate systems are in place for the assessment and control of K-Fastigheter's operations and the risks with which the company and its operations are associated.

The overall purpose of internal control is to ensure, to a reasonable extent, that K-Fastigheter's operational strategies and objectives are followed up and that the owners' investment is protected. The internal control should also ensure that the external financial reporting is, with reasonable certainty, reliable and prepared in accordance with generally accepted accounting principles, compliance with applicable laws and regulations and compliance with the demands made on listed companies. The control environment constitutes the basis for internal control, which also includes risk assessment, control activities, information and communication, as well as follow-up.

Control environment

The Board bears the overall responsibility for internal control regarding financial reporting. To create and maintain a functioning control environment, the Board has adopted a number of policies and governance documents regulating financial reporting. These consist primarily of the Board's Rules of Procedure, instructions for the CEO, instructions for the committees established by the Board and instructions for financial reporting.

The Board has also adopted a specific authorization structure and a Finance Policy. K-Fastigheter also maintains a finance manual containing principles, guidelines and procedural outlines for accounting and financial reporting. The Board has also established an Audit Committee tasked primarily with overseeing the company's financial reporting, monitoring the efficacy of K-Fastigheter's internal control, internal audit (if such a function has been established) and risk management, as well as with reviewing and monitoring the auditor's impartiality and independence.

The responsibility for the day-to-day work of maintaining the control environment rests primarily with K-Fastigheter's Deputy CEO and CFO, who reports to the Board via the CEO on an ongoing basis and in accordance with established instructions. The Group's finance department plays an important role with regard to reliable financial information. It is responsible for complete, accurate and timely financial reporting. The CFO reports to the company's Deputy CEO and CFO who, in turn, reports to the CEO and the Board.

In addition to internal review and reporting, K-Fastigheter's external auditors are required to report to the CEO and Board during the financial year. The auditors' reports provide the Board with a good comprehension of, and reliable data regarding, the financial reporting in the Annual Report.

Need for internal audit

The efficacy of internal auditing is largely dependent on the company's organizational structure and the size of the organization. K-Fastigheter has a relatively small organization, the administration of which is managed from the company's offices in Hässeholm. Group management reviews Income Statements and

Balance Sheets continuously. Combined, this means that maintaining a specific internal audit unit is not considered to be justified.

Risk assessment and control activities

The risk assessment includes identifying and evaluating the risk of material errors in K-Fastigheter's business processes, which include accounting and reporting at the Group and subsidiary levels. Risk assessment is performed on an ongoing basis and in accordance with established guidelines, focusing on the company's essential business processes. Within the Board, the Audit Committee is primarily responsible for the continuous assessment of the company's risk situation, after which the Board conducts an annual review of the risk situation.

Control activities are aimed at identifying and limiting risks. The Board is responsible for internal control and the review by Group management. This involves both internal and external control activities, as well as an analytical review of the company's policies and governance documents. Control activities are reviewed and documented at the process and role levels by means of a web application developed by the company, referred to as ICT (Internal Control Tools). ICT ensures that, in their specific roles,

K-Fastigheter's employees have access to relevant information (and knowledge) at the right time to be able to conduct the stipulated control activities, and that assessment can be conducted systematically to ensure that the control system is maintained. The Group-wide guidelines for internal control are reviewed within all business areas and central units during the year, partly through an ongoing review of essential processes, partly through ICT for internal control, after which a report is presented to the Board.

Uniform accounting and reporting instructions are applied by all units within K-Fastigheter.

Information and communication

K-Fastigheter has information and communication paths aimed at promoting the accuracy of its financial reporting and enabling reporting and feedback from the operations to the Board and management, through, for example, governance documents in the form of internal policies, guidelines and instructions regarding financial reporting having been made available and known to the employees affected. The Board will receive further information relating to risk management, internal control and financial reporting from meetings and reports from the company's Auditors.

K-Fastigheter ensures that all employees acquaint themselves with the policies and instructions relevant to their work in the company. Among other things, such policies include laws and regulations applicable to the company's dissemination of information and the specific requirements imposed on individuals active in a listed company regarding, for example, insider information and trading. To prevent market abuse, K-Fastigheter has established procedures for appropriate handling and limiting the dissemination of information that has yet to be made public.

The Board tasks K-Fastigheter's CEO with overall responsibility for dealing with issues of insider information and the Board has appointed the company's Deputy CEO and CFO as responsible for managing insider logging. To coordinate and determine matters involving the assessment of possible insider information, the company maintains an Insider Committee consisting of the CEO, the Deputy CEO and CFO, the Head of Investor Relations and Board member Christian Karlsson.

K-Fastigheter's IR function is managed and supervised by the company's Deputy CEO and CFO and the company's Communications and IR Manager. The principal tasks of the IR function are to support the CEO and other senior executive in relation to various stakeholders, primarily capital market operators. The IR function also works together with the CEO in preparing K-Fastigheter's financial reports, shareholders' meetings, capital market presentations and other regular reporting.

The Board has adopted a Communication Policy specifying what is to be communicated, by whom and in what manner that information is to be published, ensuring that external information is accurate and complete. Instructions have also been prepared regarding how financial information should be communicated between management and other employees. Good information security procedures are also prerequisite to the accurate dissemination of information.

Financial information is provided in the form of:

- Interim and Year-end Reports, which are published as press releases
- Annual Report
- such press releases that K-Fastigheter is required to publish under applicable laws or the Rules of Nasdaq Stockholm
- presentations and telephone conferences for financial analysts, investors and the media in connection with Year-end and Interim Reports being published
- meetings with analysts and investors

All financial reports, presentations and press releases are published on the company's website in direct connection with publication.

Follow-up

Compliance with, and the efficacy of the internal controls are monitored on an ongoing basis through K-Fastigheter's tool (IKV) for internal control.

The CEO ensures that the Board continuously receives reports on the company's operations, including the progress of its earnings and financial position, as well as information on significant events, including individual projects. The CEO also reports on these matters at each Board meeting.

The Board and Audit Committee review the annual and quarterly reports and conduct financial assessments in accordance with and approved plan. The Audit Committee reviews the financial reporting and other related issues and discusses these regularly with the external auditors.

Whistleblower function

K-Fastigheter has a whistleblower function to ensure the correct application of the Group's Code of Conduct. The whistleblower function is available for all employees through K-Fastigheter's intranet. To ensure anonymity and correct processing of the information, the function is administrated by an external party.

BOARD OF DIRECTORS



Erik Selin

Position

Chairman of the Board since 2019. Board member since 2018. Chairman of the Audit and Remuneration Committees.

Nationality

Swedish.

Education

Upper-secondary education focusing on business administration.

Selection of other ongoing assignments

Board member and CEO of Fastighets AB Balder. Chairman of the Board in Brinova Fastigheter AB, Collector Bank AB and Swedish Logistic Property AB. Board member of Hexatronic Group AB, I.A. Hedin Bil AB and Ernström C:o AB.

Independence

Independent in relation to the Company and its management. Not independent in relation to major shareholders.

Shareholding in K-Fast Holding AB*

1,875,000 Class A shares and 10,625,000 Class B shares through Erik Selin Fastigheter Aktieföretag.



Ulf Johansson

Position

Board member since 2019. Member of the Audit and Remuneration Committees.

Nationality

Swedish.

Education

MBA from Uppsala University.

Selection of other ongoing assignments

Board member in Stensborg Konsult AB and GUL Förvaltning AB.

Independence

Independent in relation to the Company, its management and major shareholders.

Shareholding in K-Fast Holding AB*

9,500 Class B shares.



Christian Karlsson

Position

Board member since 2019.

Nationality

Swedish.

Education

Master of Laws from Lund University.

Selection of other ongoing assignments

Lawyer, partner and Chairman of the Board in Advokatfirman VICI AB. Board member of Sparbanken Skåne AB. Deputy board member in Betongteknik i Västervik AB.

Independence

Not independent in relation to the Company, its management or major shareholders.

Shareholding in K-Fast Holding AB*

5,209 Class B shares.



Sara Mindus

Position

Board member since 2019. Member of the Audit and Remuneration Committees.

Nationality

Swedish.

Education

Master of Laws and Bachelor of Business Administration from Stockholm University.

Selection of other ongoing assignments

Board member and CEO of Sara Mindus AB. Board member in Besqab AB (publ), TF Bank AB (publ), Dreams AB, Dreams Securities AB, Colibri Ventures AB and Faboss Invest AB. Board member and CEO of Sara Mindus AB. Deputy Board member in several companies in the Industri Group.

Independence

Independent in relation to the Company, its management and major shareholders.

Shareholding in K-Fast Holding AB*

275,000 Class B shares.



Jesper Mårtensson

Position

Board member since 2018.

Nationality

Swedish.

Education

MA in Economics from University of Gothenburg.

Selection of other ongoing assignments

Business developer, Erik Selin Fastigheter AB. Chairman of the Board in Alnova Balkongsystem AB, Tommy Byggare AB, CIMalgo AB and Connexus AB. Board member in several companies within Erik Selin Fastigheter AB, etc.

Independence

Independent in relation to the Company and its management. Not independent in relation to major shareholders.

Shareholding in K-Fast Holding AB*

70,500 Class B shares.



Jacob Karlsson

Position

Board member since 2010.

Nationality

Swedish.

Education

Courses with financial orientation at Mid Sweden University, Kristianstad University and Lund University.

Selection of other ongoing assignments

President and CEO of K-Fast Holding AB. Board member in HOMEstate AB, Novum Samhällsfastigheter AB, Skåneflyg AB and Swedish Logistic Property AB.

Independence

Not independent in relation to the Company, its management or major shareholders.

Shareholding in K-Fast Holding AB*

1,875,000 Class A shares and 10,625,000 Class B shares through Jacob Karlsson AB.

* Own shares and those of related parties. The above Board assignments and shareholdings in K-Fast Holding AB account for the situation as of 31 December 2020. The information is updated on www.k-fastigheter.com/en.

GROUP MANAGEMENT



Jacob Karlsson

Position
President and CEO. Board member.

Employed since
2010.

Education
Courses with financial orientation at Mid Sweden University, Kristianstad University and Lund University.

Selection of other ongoing assignments
Board member in HOMEstate AB, Novum Samhällsfastigheter AB, Skåneflyg AB and Swedish Logistic Property AB.

Selection of previous positions
Investment Adviser at Länsförsäkringar.

Shareholding in K-Fast Holding AB*
1,875,000 Class A shares and 10,625,000 Class B shares.



Martin Larsson

Position
Deputy CEO and CFO.

Employed since
2018.

Education
Bachelor's degree in international macroeconomics and a Master's degree in international financial economics from Lund University.

Selection of other ongoing assignments
Owner and Board member in Martin Larsson Holding AB. Board member in Emrahus AB and Emra Group AB.

Selection of previous positions
Head of Danske Bank Finanscenter Malmö.

Shareholding in K-Fast Holding AB*
73,529 Class B shares.



Anders Antonsson

Position
Head of Investor Relations.

Employed since
2020.

Education
BA from Lund University.

Selection of other ongoing assignments
Owner and CEO, circle360 communication AB.

Selection of previous positions
Head of Investor Relations, Cherry AB and Railcare Group AB.

Shareholding in K-Fast Holding AB*
3,000 Class B shares.



Åsa Fredin

Position
Business Area Manager, Project Development.

Employed since
2016.

Education
Upper-secondary education in Business Administration from Linnéskolan School in Hässleholm.

Selection of other ongoing assignments
Owner and Board member in Åsa Fredin AB. Partner and deputy Board member in Invest by KÅ AB. Board member and deputy in several of K-Fast Holding AB's wholly and partly owned companies.

Selection of previous positions
Administrator, planning permission, Municipality of Hässleholm.

Shareholding in K-Fast Holding AB*
73,959 Class B shares.



Eric Johansson

Position
Business Area Manager, Construction.

Employed since
2017.

Education
Upper-secondary education in Technology & Business from Tycho Braheskolan School in Helsingborg.

Selection of other ongoing assignments
Owner, Board member and CEO of AALTO Holding AB. Board member in Marta Lodge AB. Board member and deputy in several of K-Fast Holding AB's wholly and partly owned companies.

Selection of previous positions
Calculation Engineer and Project Developer, Peab PGS AB.

Shareholding in K-Fast Holding AB*
40,000 Class B shares.



Niklas Larsson

Position
Business Area Manager, Property Management.

Employed since
2014.

Education
Degree in Property Business from Malmö University.

Selection of other ongoing assignments
Owner and Board member in Niklas Larsson Invest AB. Board member and deputy in several of K-Fast Holding AB's wholly and partly owned companies.

Selection of previous positions
Property Manager at K-Fastigheter.

Shareholding in K-Fast Holding AB*
73,629 Class B shares.



Tonnie Karlsson

Position
Finance Manager.

Employed since
2015.

Education
Economics, Växjö University.

Selection of previous positions
Finance Manager, G. Larsson Starch Technology AB, LB-Hus AB and ESAB Perstorp AB.

Shareholding i K-Fast Holding AB*
4,941 Class B shares.



Ola Richard

Position
HR Manager.

Employed since
2019.

Education
Officer training and further training on the Captains' program at the Swedish Military Academy.

Selection of other ongoing assignments
Owner and CEO of Effektuera i Hässleholm AB.

Selection of previous positions
CEO of Märtenssons Bil i Hörby AB, MMKS Fastighet AB and Hässleholm Teknik AB

Shareholding in K-Fast Holding AB*
2,860 Class B shares.

* Own shares and those of related parties. The above Board assignments and shareholdings in K-Fast Holding AB account for the situation as of 31 December 2020. The information is updated on www.k-fastigheter.com/en.



FINANCIAL STATEMENTS

Contents

Directors' Report	63
Consolidated Statement of Comprehensive Income	73
Consolidated Statement of Financial Position.....	74
Consolidated Statement of Changes in Equity.....	75
Consolidated Cash Flow Statements	76
Parent Company Income Statement	77
Parent Company Balance Sheet	78
Parent Company Statement of Changes in Equity.....	79
Parent Company Cash Flow Statements	80
Notes	81–118
Proposed distribution of earnings	117
Auditor's Report	120

DIRECTORS' REPORT

The Board of Directors and CEO of K-Fast Holding AB, 556827-0390, with its registered office in the Municipality of Hässleholm, Sweden, hereby submit the Annual Report and consolidated accounts for 2020. Amounts in the Annual Report are expressed in millions of Swedish kronor (SEK million). Numerical data in brackets refer to the corresponding value for the preceding financial year.

Operations

K-Fastigheter is a Swedish project development, construction and property management company founded in 2010. With commitment at all levels, the business concept is to create attractive homes offering a high degree of comfort. The Group has developed its own housing concepts meeting demands for high-quality housing from tenants and social planners. To increase cost efficiency and shorten construction times, the Group works with three concept buildings that are constructed solely for long-term ownership and active property management: Low-Rise, Lateral Low-Rise and Apartment Block.

The Group holds a strong position in the Öresund region and in selected towns and cities in southern and western Sweden. The vision is to become one of the Nordic region's largest operators and a leading property owner of sustainably constructed, innovative and cost-efficient concept buildings meeting the wants and needs of tenants seeking to establish a home for many years to come. The housing offered by the Group is to be distinguished by the best combination of high standard, home comfort and security on the market.

K-Fastigheter's principal property segment is housing, which, at the end of 2020, constituted 83 percent of the area under property management and 86 percent of the contractual rent.

During the financial year, K-Fastigheter commenced construction of 912 apartments and completed 299. In addition, the Group has acquired 326 apartments, of which 68 will be handed over in 2021. At the end of the financial year, the Group had 2,237 apartments under management. The Group was also actively involved in 20 construction projects for a total of 1,311 apartments. The current construction and project portfolio encompasses some 3,880 apartments and guarantees employment for the Group's construction operations into 2023.

Overarching goals

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

Operational targets

- In the long term, rental income from housing is to comprise at least 80 percent of K-Fastigheter's total rental income.
- The number of apartments to be managed by the company and on which construction has commenced is to amount to 1,300 annually before the end of 2023.
- At the end of 2023, K-Fastigheter is to manage at least 5,000 apartments in the Nordic region.

Financial targets

- Over an economic cycle, growth in long-term net asset value per share is to average at least 20 percent annually, including any value transfers.
 - Over an economic cycle, annual growth in profit per share from property management is to average at least 20 percent.
- The target is for growth in net asset value and profit from property management to be generated while maintaining a stable and sound

financial position and with balanced financial risk-taking, meaning that:

- Over time, the equity/assets ratio is not to be less than 25 percent.
- Over time, the interest coverage ratio is not to be less than a multiple of 1.75.
- Over time, the loan-to-assets ratio is not to exceed 70 percent.

Parent Company and organization

The Group's Parent Company is K-Fast Holding AB. At the end of the financial year, the Group consisted of 60 wholly-owned subsidiaries and five associated company groups. The number of employees amounted to 76 (68), of whom 21 were women (19) and 55 were men (49).

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

Five year summary

SEK million	2020	2019	2018	2017	2016
Group					
Net sales	215.1	187.3	124.8	130.9	135.0
Profit for the year	474.5	365.3	244.8	372.6	175.6
Total assets	7,659.6	5,373.7	3,347.1	2,213.6	1,383.9
Equity/assets ratio, %	41.9%	41.7	29.3%	34.4%	28.6%
Number of employees	76	68	53	34	26
Parent Company					
Profit for the year	-9.0	107.6	10.2	38.1	2.5
Total assets	3,025.0	2,490.7	992.8	301.3	177.7
Equity/assets ratio, %	50.9%	42.2%	5.1%	16.0%	8.0%
Number of employees	17	13	6	3	1

There are also Group-wide functions for Accounting and Finance, IT/IR/Communication, and HR. The Group's Heads of Treasury, Finance, IR/Communications and HR are members of the Group management team.

The head office is located in Hässleholm, Sweden. There are also offices in Helsingborg, Kristianstad and Landskrona, as well as production facilities in Hässleholm and Osby.

Since 29 November 2019, the company's Class B shares have been listed on the Midcap list of the Nasdaq Stockholm exchange.

Consolidated comprehensive income

Income

Net sales for the full-year amounted to SEK 215.1 million (187.3). Rental income for the full-year amounted to SEK 203.9 million (156.8), an increase of 30 percent. Of the SEK 47.1 million increase in the period, 21 percent was derived from rental income from properties acquired in the year, 65 percent from rental income on completed properties, and 14 percent from increased rental income on properties owned at the start of the period.

During 2020, K-Fastigheter entered into a number of agreements with commercial tenants relating to rent relief. Rent relief totaled SEK 0.4 million and is repayable by 31 March 2021. Despite the impact of the Covid-19 pandemic on society as a whole, the proportion of late payments decreased in the year.

At the end of the year, the letting ratio was 91.2 percent (96.9) and the average letting ratio during the year was 92.0 percent (96.8). The lower letting ratio was primarily due to an ongoing project in Växjö, the Folkparken project, acquired by K-Fastigheter in January 2020, with tenants moving in gradually during 2020 where the letting ratio initially was low. Excluding the Folkparken project and the adjacent Pelikanen project, where the Group completed 54 Apartment Block apartments during the autumn, the

letting ratio was 97.4 percent at year end and the average letting ratio for the year totaled 94.8 percent. The letting ratio is generally slightly lower initially in the projects that have been completed and where tenants have moved in over the past year, while the financial letting ratio remains very high in the parts of the holding that have been under management for an extended period. The assessment is that the degree of utilization in the Folkparken project will harmonize with the rest of K-Fastigheter's holding in future, and that the Group's overall letting ratio will improve.

Income from project and construction operations amounted to SEK 448.8 million (301.9), of which SEK 438.6 million (273.3) related to construction for Group companies that has been capitalized for the Group's own purposes. Assignments for external clients accounted for SEK 10.2 million (28.6), representing the Group's final tenant-owner project. The change in year-on-year terms was due to increased construction activity.

Operating costs

Property management costs totaled SEK 67.4 million (49.5) for the full-year, corresponding to an increase of 36 percent compared with the preceding year. The increase was primarily attributable to costs relating to completed and acquired properties for the year, and to a lesser extent, 16 percent, to cost increases relating to properties owned at the start of the year, mainly due to full year effects.

Property administration amounted to SEK 19.2 million (15.0) and mainly increased as a result of the expanded organizational resources for managing the growing property portfolio. The surplus ratio for the year amounted to 67.2 percent (68.4), and was mainly affected by a lower financial letting ratio, compared to the previous year.

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

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

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

Operating expenses for the year include expensed lease charges attributable to low-value leases of a total SEK 0.2 million (0.1). Other lease charges were capitalized in accordance with IFRS 16 Leases. The Group has no short-term leases or variable lease charges.

Gross profit

Consolidated gross profit for the full-year 2020 amounted to SEK 145.1 million (111.0), divided into gross profit from property management of SEK 137.0 million (107.3) and gross profit from project and contracting operations of SEK 8.1 million (3.7).

Gross profit from property management was positively affected by increased rental income and an increased surplus ratio, which for the full year amounted to 67.2 percent (68.4).

Gross profit from project and construction operations was affected positively by increased activity and gross margin in each project.

Central administration

Central administration, which includes company management, project development, IR/communications, HR, IT and finance,

amounted to SEK 33.6 million (42.1) for the full year. For 2019, central administration costs included SEK 13.3 million relating to the IPO completed in 2019. The increased cost was mainly due to efforts to strengthen central organization resources with the aim of preparing for future growth and other demands placed on a listed company. Costs in the period were positively affected by SEK 0.3 million in relief for social security expenses awarded for the period March - June 2020.

Depreciation/amortization and impairment

Depreciation/amortization and impairment for the year amounted to SEK 8.5 million (15.2) and consisted of SEK 4.0 million (2.7) in depreciation on machinery, equipment and business properties and SEK 12.5 million (0.0) consists entirely of impairment of goodwill and investment properties and receivables.

Impairment for the year includes the scrapping of construction components in connection with the Group's K-Fast 2.0 renovation program. Impairment relating to expected credit losses was also included and increased by SEK 0.7 million in the year due to adjustments in the simplified (management overlay) and general (default rates) methods to make allowances for increased uncertainty resulting from the Covid-19 pandemic, and due to increased receivables.

Profit from participations in Group, associated and jointly controlled companies

Profit from participations in Group and associated companies amounted to SEK 2.6 million (61.0), positively affected by SEK 4.0 million from the divestment of a tenant-owner project in Tygelsjö. Associated and jointly controlled companies are primarily project companies where income is recognized when a project is completed. In 2019, profit from shares in Group and associated companies was significantly affected by the distribution of assets in jointly owned Balder Skåne AB and profit in Novum

Samhällsfastigheter AB, which divested a project in Falkenberg in that year.

Net interest income

Net interest income for the full-year amounted to SEK -47.7 million (-35.3). At the end of the year, the average interest level was 1.77 percent (1.90), including the effects of interest rate derivatives. Interest expenses in the year were affected by increased interest-bearing liabilities relating to acquisition of investment properties and new construction as well as a higher base rate in the year. Credit margins decreased in the year.

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

Profit before changes in value and profit from property management

Profit before changes in value for the full-year 2020 totaled SEK 57.9 million (79.3), corresponding to a decrease of 27 percent compared to 2019. The profit was positively impacted by improved gross profit and lower central administration costs, and negatively impacted by reduced net interest income/expense, and particularly by significantly lower profit from holdings in Group companies, associated companies and jointly controlled companies in 2020 compared to 2019.

Profit from property management amounted to SEK 75.3 million (52.9) for the year, an increase of 42 percent compared to the preceding year. Profit from property management per share amounted to SEK 2.18 (2.05), which is an increase of 6 percent year-on-year. Profit from property management was positively affected by the continued increase in rental income, and negatively affected by reduced net interest income.

Value changes

Unrealized value changes in investment properties for the year were SEK 577.8 million (339.8), distributed over SEK 169.9 million (153.4) for properties under management and SEK 407.9 million (186.4) for construction projects in progress.

Of unrealized value changes for new construction in progress, properties completed during the year accounted for SEK 65.8 million (49.6). The remaining SEK 342.1 million (136.8) was attributable to properties that were under construction at the end of the year. At the end of the year, the direct return requirement in the valuation of new construction in progress amounted to 3.96 percent (4.02).

Of unrealized value changes for properties under management, SEK 14.6 million (62.9) related to acquisitions in the year. Of the remaining unrealized value changes in investment properties, improved net operating income contributed SEK 73.0 million (26.5), while changed valuation assumptions contributed SEK 81.7 million (51.2). Unrealized value changes relating to land and building rights decreased at a pace with utilization. In total, the average direct return requirement for properties under management was 4.08 percent (4.25).

The average direct return requirement for the entire property portfolio, including undeveloped land and building rights and new construction in progress, amounted to 4.03 percent (4.18) at the end of the year. The fact that the average direct return requirement decreased in the year, despite the prevailing market uncertainty, should be seen in the light of K-Fastigheter's gradually changed property portfolio, focusing on new housing construction in attractive locations and a lower share of commercial premises. Of unrealized value changes for properties under management of SEK 169.9 million in the year, housing increased by SEK 173.2 million, and commercial premises and building rights decreased by SEK 3.3 million.

Value changes on derivatives and other items totaled SEK -24.2 million (12.7) in the period, distributed over value changes in interest rate derivatives of SEK -14.4 million (-6.6) and unrealized exchange rate losses of SEK -9.8 million (0.0). Progress in the year was primarily due to lower market rates, which had a negative impact on the market value of the Group's interest rate derivatives, and a stronger SEK, which had a negative impact on the Group's foreign net assets. Furthermore, the previous year was positively affected by the winding down of the Group's securities portfolio. The Group's derivatives consist of interest rate and currency derivatives, intended to mitigate the Group's interest rate and currency risks. The fair value of the Group's derivatives was SEK -27.2 million (-12.8) at the end of the year. The value change in interest rate derivatives does not affect cash flow, and at maturity the value of the derivatives is always zero.

Tax

Current tax for the year amounted to SEK +0.3 million (3.8). Deferred tax amounted to SEK 137.2 million (62.8), affected by unrealized value changes in properties totaling SEK 577.8 million (339.8). The relatively higher tax rate for the comparative period 2019 was due to a conservative assessment of the effects of new regulations in 2019 for tax-deductible interest expenses.

Tax has been calculated at 21.4 percent on current taxable profit. Deferred tax liabilities and tax receivables have been calculated at the lower tax rate of 20.6 percent, applicable from 2021, since K-Fastigheter estimates that the deferred tax will not be settled until 2021 or later.

As of 31 December 2020, K-Fastigheter's accumulated tax loss carry-forwards were estimated at SEK 100.4 million (59.2), which together with interest rate derivatives of SEK 27.2 million (12.8) and the aforementioned deductions for interest expenses comprise the basis of the Group's deferred tax assets, which amounted to SEK 27.0 million (21.4). The deferred tax liability relates primarily

to temporary differences between fair value and the residual tax base of the properties. On 31 December 2020, the fair value of the properties exceeded their tax base by SEK 2,183.7 million (1,485.2), which constituted the primary basis for the deferred tax liability of SEK 451.2 million (310.3) at year end.

The Balance Sheet for 31 December 2020 states the net value of the deferred tax assets and deferred tax liabilities, which is why the figure for the comparison year has also been adjusted.

Profit, comprehensive income and other comprehensive income for the year

Profit for the year was SEK 474.5 million (365.3), corresponding to SEK 13.72 (14.14) per share. The decrease in earnings per share was mainly due to an increase in number of shares in connection with the new share issue in August 2020.

Comprehensive income for the year totaled SEK 473.1 million (365.3). Other comprehensive income includes translation differences relating to K-Fastigheter's foreign operations, which totaled SEK -1.4 million (0.0) in the year. The full amount relates to items that can be reversed in a later period.

The Group's financial position Investment and business properties

Investment properties encompass properties where tenants can move in (completed investment properties), undeveloped land and land under development, site leaseholds (measured at fair value in accordance with IFRS 16) and construction in progress.

On 31 December 2020, the Group's property portfolio comprised 78 completed investment properties distributed over a total of 141,145 square meters of residential and 28,400 square meters of commercial space. In addition, the Group had 20 ongoing construction projects, distributed over 85,999 square meters of residential and 198 square meters of commercial space.

Furthermore, K-Fastigheter has 22 projects in progress in the project development phase, at various stages of building permit application or project planning, of which 9 are projects for which K-Fastigheter has yet to take possession of the land.

At the end of the year, the value of investment properties totaled SEK 6,853.5 million (4,396.7), distributed over completed investment properties of SEK 5,067.2 million (3,606.9), undeveloped land and building rights of SEK 707.7 million (335.1), site leases of SEK 18.0 million (7.0) and construction in progress of SEK 1,060.6 million (447.7).

During the full-year, SEK 855.1 million (505.6) was invested in new construction, extensions and remodeling. In total, six projects were completed, as well as one out of two stages in the construction of the Helsingborg Nyponrosen 4 property, having been reclassified from construction projects in progress to completed investment properties, corresponding to a value of SEK 626.3 million (718.9). In addition, 14 intra-Group projects have commenced construction.

During 2020, acquisitions totaled SEK 1,034.5 million (557.7). These comprise acquisitions of land parcels for development, which increased from SEK 335.1 million at the end of 2019 to SEK 707.7 million (including value changes) at the end of 2020, and the completed properties in Helsingborg Amerika Norra 54, Växjö Örnén 33 & 34, Hässleholm Turbanen 2 & 3 and Landskrona Yxan 5 & 9, which were acquired for a total of SEK 605.7 million. No significant disposals were conducted during the year.

In addition, the total value of investment properties was positively impacted by unrealized changes in value of SEK 577.8 million (339.8), distributed over SEK 169.9 million (153.4) for properties under management and SEK 407.9 million (186.4) for construction projects in progress.

In 2020, the Group made a significant investment in a new production site in Hässleholm, involving the construction of a new production hall. The total investment amounted to SEK 11.4 million, which is also the primary reason the value of business properties increased from SEK 19.9 million to SEK 30.9 million in the year.

Equipment

Equipment, totaling SEK 18.5 million (14.0) as of 31 December 2020, mainly comprises machinery and equipment related to the Group's construction operations, construction equipment and capitalized right-of-use assets in accordance with IFRS 16.

Holdings in associated and jointly controlled companies and other non-current receivables

Profit from holdings in associated and jointly controlled companies declined from SEK 38.3 million to SEK 37.3 million in 2020, which was primarily attributable to negative profit performance in part-owned companies, which are primarily land-owning companies where land has been or will be developed, and where profit is realized when the project is completed. At the end of the year, the holding in Novum Samhällsfastigheter AB constituted SEK 36.8 million (38.2) of the total participations in associated and jointly controlled companies.

Non-current receivables of SEK 7.7 million (5.4), were primarily attributable to a receivable from the Municipality of Höganäs for a cash payment of SEK 5.3 million (5.3) for future development planning.

Deferred tax receivables

The Balance Sheet for 31 December 2020 states the gross value of the deferred tax assets and deferred tax liabilities, which is why the figure for the comparison year has also been adjusted.

Deferred tax receivables amounted to SEK 27.0 million (21.4

million) as of 31 December 2020 and mainly derived from loss carry-forwards, which are expected to be utilized in coming years, and negative value of interest rate derivatives.

Operating receivables

The Group's operating receivables consist primarily of other receivables of SEK 159.3 million (9.0), mainly comprising advance payments and deposits relating to agreed property acquisitions yet to be handed over. Of these receivables, the deposit for the acquisition of Finja Prefab AB amounted to SEK 70.0 million and receivables on two properties acquired, but not yet handed over, in Denmark totaling SEK 38.5 million.

Operating receivables in the form of customer receivables, which were significant in previous years, decreased from SEK 43.6 million to SEK 1.8 million in the year. At year end, customer receivables were divided over rent receivables from Group tenants totaling SEK 1.4 million (34.9) and receivables from external customers in construction operations of SEK 0.4 million (9.2). The year-on-year decrease was in part due to changes to the processing of rent receivables in connection with a change of rent collection system, where rent receivables now comprise the actual outstanding receivable from tenants at the end of the period, unlike previously when the rent receivable at the end of the quarter related to amount due for the coming three months, and in part because the extent of external construction operations has gradually declined.

Operating receivables also include receivables from associate and jointly controlled companies of SEK 10.5 million (16.5), consisting primarily of the part-financing of projects in progress, as well as prepaid expenses and accrued income of SEK 5.2 million (25.5).

Cash and cash equivalents

At the end of the year, cash and cash equivalents amounted to SEK 507.6 million (779.0). The decrease in cash and cash equivalents was mainly due to investments in construction projects in progress

and acquisitions of building rights and investment properties completed in the year. In addition, K-Fastigheter has an unutilized overdraft facility of SEK 90.0 million (90.0).

Equity and Net Asset Value

At the end of the year, consolidated equity attributable to the Parent Company's shareholders amounted to SEK 3,209.8 million (2,238.5), corresponding to SEK 89.44 per share (66.05). The increase was explained by profit for the period of SEK 473.1 million (365.3) and the new share issue completed in August, which increased the Group's equity by SEK 498.3 million or SEK 13.88 per share.

At the end of the year, the long-term net asset value (NAV) amounted to SEK 3,661.2 million (2,540.2), corresponding to SEK 102.02 per share (74.96). Long-term NAV per share increased by 36 percent compared to 31 December 2019 including new share issues completed in the year, and by 25 percent excluding these.

As of 31 January 2020, there were 35,888,528 (33,888,528) shares outstanding, distributed between 3,750,000 Class A shares (3,750,000) and 32,138,528 Class B shares (30,138,528). There was an average of 34,582,517 shares outstanding in 2020 (25,829,751).

Deferred tax

At the end of the year, the Group's deferred tax amounted to SEK 451.2 million (310.3). The deferred tax liability derives primarily from temporary differences between fair value and the residual tax value for completed properties and properties under construction.

Interest-bearing liabilities

At the end of the year, consolidated interest-bearing liabilities amounted to SEK 3,848.4 million (2,644.3), of which SEK 847.8 million (363.1) was classified as current interest-bearing liabilities. Interest-bearing liabilities are distributed between first mortgages for completed investment properties of SEK 3,145.1 million

(2,331.9), construction credits of SEK 681.2 million (303.2), leasing liabilities of SEK 22.2 million (9.2) and operating credits of SEK 0.0 million (0.0). The loan-to-value ratio for the Group's completed investment properties amounted to 46.7 percent (40.2). The increase in interest-bearing liabilities is primarily explained by the financing of investments in new construction, extensions and remodeling during the year, as well as completed investment properties and building rights. The increased loan-to-value ratio is explained by the increased interest-bearing liabilities, as outlined above, and lower cash and cash equivalents, as these have been used as partial financing in the above investments.

At the end of the year, the Group had contracted credit agreements of SEK 4,820.6 million (3,239.7), of which SEK 3,145.1 million (2,331.9) related to the financing of completed investment properties, of which SEK 781.1 million (322.0) mature for renegotiation within the next 12 months. Beyond the financing of completed investment properties, contracted credit agreements comprise building credits of SEK 1,585.5 million (817.8) and overdraft facilities and covered loans of SEK 90.0 million (90.0). At the end of the period, construction credits, and overdraft facilities and covered loans had been utilized in the amount of SEK 681.2 million (303.2) and SEK 0.0 million (0.0) respectively. On 31 December 2020, the Group's total contracted and unutilized credit facilities amounted to SEK 90.0 million (90.0), excluding construction credits.

As per 31 December 2020, the average credit term for the Group's interest-bearing liabilities, relating to completed investment properties and operational premises was 2.6 years (3.2).

The average interest period on the Group's interest-bearing liabilities relating to investment and business properties was 3.8 years (3.3), and the average interest rate was 1.77 percent (1.90), including the effects of interest rate derivatives, and 1.41 percent (1.62) excluding the effects of interest rate derivatives. The total

proportion of variable interest rates in relation to interest bearing liabilities related to investment and business properties was 39 percent (48) and the interest rate sensitivity in the event of a 1 percentage point shift in loan rates amounted to SEK 12.4 million (11.2).

Interest-rate derivatives

K-Fastigheter currently works exclusively with variable interest rate loans. In order to manage the interest rate risk, interest rate derivatives, primarily interest rate swaps, are used to adjust the interest period. Over time, changes in value arise in the interest rate derivative portfolio, primarily due to changed market interest rates. In the Balance Sheet, derivative instruments are reported at fair value as current or non-current assets or liabilities based on the term of the derivative, even where no amount is to be settled in cash.

Nominally, the swap portfolio totaled SEK 1,907.0 million (1,207.0) at the end of the year. At the end of the year, the fair value of the interest derivative portfolio was SEK -30.5 million (-12.8).

Operating liabilities

Operating liabilities consist primarily of accounts payable of SEK 50.4 million (57.6) related to operations, current tax liabilities of SEK 0.3 million (5.7), other liabilities of SEK 25.6 million (23.2) and accrued costs and prepaid income of SEK 38.2 million (63.3). Other liabilities include the current portion of SEK 6.4 million of a non-current liability to Brinova Fastigheter AB of a total SEK 12.8 million (19.6), deriving from the acquisition of K-Fast T4 AB in 2015.

Consolidated cash flow

Consolidated cash flow from operating activities for the full-year 2020 amounted to SEK -64.4 million (49.5) and was affected positively by the improved gross profit from the property management and construction operations, and negatively by lower

net interest income/expense and increased capital tied up, mainly in the form of advances and deposits for completed acquisitions which have not yet been handed over. In 2019, cash flow from operating activities included a cash dividend of SEK 37.1 million in connection with the distribution of assets in Balder Skåne AB.

The investing activities have primarily been affected by investments in properties of SEK 1,037.4 million (450.9) and investments in construction in progress in of SEK 831.3 million (513.6). In 2019, the phasing out of the Group's securities portfolio contributed positively to consolidated cash flow by SEK 110.9 million (0.0). Cash flow from investing activities amounted to a total outflow of SEK -1,888.4 million (-863.5).

In addition to being financed through cash flow from operating activities, the Group's investing activities in 2020 were primarily financed through increased interest-bearing liabilities of SEK 1,184.6 million (648.2) following amortizations of SEK 48.7 million (41.1). In addition, there are the net proceeds from the new share issues implemented during the year, which totaled SEK 498.3 million (892.1) In total, cash flow from investing activities amounted to SEK 1,682.9 million (1,540.3), meaning that consolidated cash and cash equivalents for the year decreased by SEK 269.9 million (+726.3) to SEK 507.6 million (779.0) at the end of the year.

Investments

Besides what has been reported under investment and business properties, as well as under consolidated cash flow, no significant investments were made in non-current assets during the year.

Beyond investments in non-current assets, in 2020, the Group invested primarily in developing the organization and strengthening processes, systems and functions in finance, HR, IT and project development, investments which were mainly apparent in the increased central administration costs in the year.

Parent Company

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

Sales in the Parent Company primarily relate to services invoiced to Group companies. The Parent Company's gross profit/loss for the full-year 2020 was SEK -33.5 million (-43.3). For the corresponding period 2019, Parent Company costs included SEK 13.3 million relating to the IPO completed in 2019. The decrease in gross profit/loss is due to increased costs in relation to strengthening the central organization to meet future growth and the requirements made on a listed company.

Parent Company profit/loss before tax was SEK -11.2 million (95.3) and, in addition to increased costs for central organizational resources, was also affected by increased interest expenses as a majority of the Group's interest-bearing debt is now financed via the Parent Company. The Parent Company's profit/loss before tax was also affected by unrealized value changes on derivatives totaling SEK -14.5 million (-6.7) and exchange rate effects related to the Group's Danish assets of SEK -9.8 million (0.0), which have been included in the parent company's net financial items. Profit for the corresponding period in 2019 was significantly affected by the distribution of the assets in Balder Skåne AB.

As of 31 December 2020, Parent Company assets and liabilities consisted primarily of shares, receivables and liabilities relating to Group companies, and cash and cash equivalents. As of 31 December 2020, Equity was SEK 1,539.8 million (1,050.6), affected by the new share issue completed in August, which raised SEK 498.3 million for the Parent Company. At the end of the period, cash and cash equivalents in the Parent Company amounted to SEK 482.0 million (771.2).

Effects of the Covid-19 pandemic

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

On submitting this Annual Report, the actual impact of the Covid-19 pandemic on K-Fastigheter and the Group's operations in 2020 was limited. It is currently uncertain how the coronavirus will affect K-Fastigheter looking ahead, although the impact is assessed continuously and will be reported in future Interim Reports. New information will be presented in press releases when required.

K-Fastigheter's assumptions regarding effects that could have a material impact on the company's future profit and financial position are presented below.

K-Fastigheter has a stable business model building on cross-functional efforts in project development, construction and property management, which generates profitability at all stages. The Group holds a strong position on the market for rental apartments in the Öresund region and in selected towns and cities in southern and western Sweden. K-Fastigheter has an attractive property portfolio with 86 percent of contractual rental income deriving from housing and with commercial income being spread between a large number of individual contracts.

As of 31 December 2020, K-Fastigheter had a stable financial position (with an equity/assets ratio of 41.9 percent, a loan-to-value ratio of 46.7 percent) and favorable liquidity with available cash and cash equivalents of SEK 600 million.

The areas that K-Fastigheter currently deems as most likely to be affected in the future are rental income, property value and financial expenses.

Rental income

In connection with the outbreak of the Covid-19 pandemic at the beginning of 2020, it was feared that many commercial tenants would face significant challenges as a result of slowing demand and that this could lead to a wave of bankruptcies, which could lead to increased vacancies and potential rental losses for property owners. Furthermore, it was considered likely that a substantial need for temporary or permanent rent relief would arise.

During 2020, K-Fastigheter kept in close contact with its commercial tenants and offered financial relief if required. All financial relief packages are subject to future repayment. Rent relief related to the pandemic totaled SEK 0.4 million in 2020, to be repaid by 31 March 2021. K-Fastigheter has not experienced any Covid-19 related bankruptcies or customer losses, and the proportion of late payments decreased in the year despite the impact of Covid-19 on society. Nevertheless, K-Fastigheter decided to increase its provisions for potential rent losses in the year, as uncertainty still prevails regarding future developments and the impact of the pandemic.

For more information on how K-Fastigheter reported customer and rent receivables and impairment of expected credit losses as of 31 December 2020, see Note 23 and 24.

Property value

Rental income (vacancies) and direct return requirements are two important parameters in determining the fair value of investment properties. The effect on rental income of the Covid-19 pandemic has been commented on above.

The direct return requirement is normally determined by two main factors – general market risk and specific property risk. The market risk is linked to general economic trends, and is influenced by how investors prioritize asset classes and financing opportunities, for example. The specific property risk is affected by factors such as property location, type of property and property standard and type of tenants. In relation to the Covid-19 pandemic the market risk, particularly in the future, can be expected to imply an increased return requirement from investors, with the ensuing theoretical consequence that the fair value of properties declines. In addition to the direct effect on profit, this kind of disruption could also entail a weakening of property companies' financial position and thereby also their financing ability, for example.

On submission of this Annual Report, information has been obtained from independent valuation experts, among others, to confirm the positions adopted by the company regarding fair value as of 31 December 2020. There is no information to indicate that this position should be revised and transactions during the period, even if fewer compared to the previous year, confirm that the trend towards a lower direct return requirement for housing continues. However, there is some uncertainty regarding the long-term impact, and this will be monitored in future reports.

For more detailed information regarding how K-Fastigheter values the Group's properties, see Valuation on page 34 and Note 17 Investment properties, which includes a sensitivity analysis.

Financing and financial expenses

K-Fastigheter is dependent on bank financing, partly for financing completed properties, partly to complete properties under construction. Interest expenses are the largest-single expense in the consolidated Income Statement.

In connection with the outbreak of the pandemic, and as the economy slowed down due to the spread of Covid-19, credit losses in the banking system could not be ruled out, which could in turn restrict access to financing and lead to increased funding costs.

K-Fastigheter's financing as of 31 December 2020 was exclusively comprised of borrowing from Nordic banks. Prior to the submission of this Annual Report, due to the Covid-19 pandemic K-Fastigheter has continuously gathered information from its banks to confirm the positions adopted as of 31 December 2020. The Group considers that there is continued strong support from its partner banks and assesses that capital supply remains good. It is worth adding that a relatively high proportion of K-Fastigheter's financing for completed properties has longer credit periods, and the average credit period was 2.6 years as of 31 December 2020. Furthermore, the average interest rate decreased from 1.90 percent to 1.77 percent in the year, and credit margins are also on a downward trend.

For more detailed information on how K-Fastigheter assesses financial risks, see Note 22 Financial risks and finance policy.

Proposed distribution of earnings

The retained earnings of the Parent Company is at the disposal of the Annual General Meeting.

K-Fastigheter prioritizes growth above dividends. Ahead of the 2020 Annual General Meeting, the Board of Directors proposes that no dividend be paid for the 2020 financial year. The Board of Directors proposes that the available profit is appropriated as follows:

	SEK
Retained earnings	1,491,421,633
Profit for the year	-9,011,813
Total	1,482,409,820
Carried forward	1,482,409,820

Significant events during and following the financial year

The following table shows completed acquisitions of building rights and investment properties, construction starts and completed projects and renovations under K-Fastigheter's renovation concept K-Fast 2.0 during 2020. Over the year, these were presented in K-Fastigheter's interim reports as significant events.

Significant events in 2020

- On 16 April 2020, K-Fastigheter announced a long-term strategic collaboration with BoKlok, a company jointly owned by Skanska and IKEA. The aim is to carry out transactions leading to construction of up to a thousand apartments over the next three years. The partnership started with the following transactions:
 - K-Fastigheter sold the building rights for 43 apartments in Hässleholm and Viken to BoKlok. Total purchase price SEK 18.5 million.
 - K-Fastigheter to acquired 48 rental apartments in Telestadshöjden in Växjö, due to be completed in 2022, from BoKlok.

- K-Fastigheter has acquired the building rights in Växjö Trollet 2 from Skanska Hyresbostäder with a total living area of some 9,600 square meters distributed over some 150 apartments. Total purchase price SEK 15.0 million.
- K-Fastigheter has signed a Letter of Intent with BoKlok and Skanska regarding a joint detailed development plan for housing units in Kävlinge, covering a potential gross floor area of 100,000 square meters. K-Fastigheter's holding is 25 percent.
- K-Fastigheter has signed a Letter of Intent with BoKlok regarding jointly developing housing units in Helsingborg.
- K-Fastigheter acquires 60 rental apartments located in Gävle, due to be completed in 2021, from BoKlok.
- The partnership also includes some shared future marketing initiatives.
- In June 2020, construction of 30 Low Rise apartments was completed at Malmö/Tygelsjö 54:31, K-Fastigheter's only remaining tenant-owner project. The project is owned jointly with SkåneVården Holding AB and all tenant-owner housing units have been sold. The project has been handed over to the tenant-owner association Tygelsjö Ängspark and the project was recognized in profit during the second quarter 2020. On 31 December 2020, K-Fastigheter's stake totaled SEK 3.9 million.
- K-Fastigheter's Annual General Meeting was held on 19 May 2020. All Board members were re-elected for another year and Erik Sehlin was re-elected Chairman. The AGM authorized the Board to decide to issue new shares and repurchase shares.
- On 26 August 2020, K-Fastigheter completed a targeted new share issue of 2,000,000 Class B shares. The subscription price was SEK 252 per share through an accelerated bookbuilding process. The targeted new share issue was open to Swedish and international institutional investors. In addition to a strong support from existing shareholders several new institutional

investors participated. The new share issue raised SEK 504 million for the company before issue expenses.

- On 1 December 2020, K-Fastigheter signed an agreement relating to the acquisition of Finja Prefab AB, a nationwide producer of prefabricated concrete elements. The acquisition strengthens Finja Prefab's position as a leading partner for Swedish construction companies, while K-Fastigheter secures access to key components for the continued construction of its concept buildings in several locations around Sweden and Denmark. The purchase price was SEK 930 million, financed through a combination of an acquisition loan with Handelsbanken, a promissory note and cash. The transaction included the acquisition of building rights in the Limkokaren neighborhood in Hässleholm, encompassing some 100 apartments.

Significant events after the end of the year

- K-Fastigheter's took possession of Finja Prefab on 25 January 2021. For more information on the business acquisition, please see Note 40 on page 118.
- On 29 January 2021, K-Fastigheter signed an agreement relating to the acquisition of the two commercial properties Malmö Kvarnhögen 19 and Malmö Skjutsstallslyckan 21, located in the Husie and Kirseberg neighborhoods in central Malmö. Commercial operations are currently conducted in both properties, but over the coming years K-Fastigheter intends to produce a detailed development plan for the construction of a total of approximately 150 Low-Rise and Lateral Low-Rise apartments. The purchase price amounted to SEK 38.5 million, and K-Fastigheter took possession of the property on 1 March 2021.
- On 4 March 2021, K-Fastigheter announced the establishment of a jointly owned company with Kilenkrysset AB. The

company will be active in the Mälardalen region and construct K-Fastigheter's concept buildings for long-term management of the tenant-owner building rights developed by Kilenkrysset. The new company will operate under the name K-Fast Kilen AB and K-Fastigheter owns 51 percent of the share capital. On the same date K-Fastigheter, completed an acquisition of a prefab factory. The seller was Kilen Produktion AB.

- On 31 March 2021, K-Fastigheter acquired Borås Getängen 22, a cashflow-generating development property in Borås. K-Fastigheter intends to produce a detailed development plan that enables the construction of some 350 apartments in the Group's proprietary Lateral Low-rise concept buildings. On the same date, K-Fastigheter announced the agreement to acquire Gävle Sätra 108:20. K-Fastigheter plans to build approximately 700 apartments in its proprietary Lateral Low-Rise concept building.
- K-Fastigheter's Board decided to change the operational target for construction start of apartments for Group property management from 1,000 to 1,300 apartments before the end of 2023.
- K-Fastigheter's Board of Directors intends to propose to the Annual General Meeting that no dividend be paid.

Acquired investment properties

Properties	Municipality	Transfer date	Number of apartments	Area m ²	Rental value SEK million	Purchase price, SEK million
Amerika Norra 54	Helsingborg	Jan 2020	28	2,617	3.9	58.0
Örnen 33	Växjö	May-Sep 2020	101	7,438	14.8	272.0
Örnen 34	Växjö	Jan-May 2020	70	5,646	10.3	212.0
Turbanen 2 & 3	Hässleholm	Sep 2020	30	2,040	2.2	31.0
Høje-Taastrup 4ee & 4ef*	Høje-Taastrup (DK)	Oct 2021	36	3,600	7.3	141.0
Karlstrop By 56*	Solrød Strand (DK)	Dec 2021	32	3,307	6.5	123.3
Yxan 5 & 9	Landskrona	Nov 2020	29	1,952	2.2	32.7

Acquired building rights

Properties	Municipality	Construction scheduled to commence	Number of apartments	Area m ²	Estimated annual rental value, SEK million	Purchase price, SEK million
Sävenäs 131:13	Gothenburg	Started	192	12,257	28.4	80.0
Hässleholm 88:1	Hässleholm	Q3 2021	17	1,300	2.2	2.2
Åkermynatan 5*	Borås	Q2 2021	600	38,000	70.8	138.0
Vallensbæk 7cq	Vallensbæk Strand (DK)	Started	95	7,747	17.5	80.0
Långeberga 4:6*	Helsingborg	2024	650	51,000	84.2	60.0
Hammar 9:197*	Kristianstad	Started	48	3,144	5.7	7.5
Trollet 1*	Växjö	Started	48	3,403	5.7	17.7
Part of Sättra 108:29*	Gävle	Started	60	3,876	7.0	29.0
Fredriksskans 2:79	Gävle	Q1 2021	92	5,826	10.7	18.7
Oppeby Gård 1:7	Nyköping	Started	100	7,281	12.2	18.5
Nödinge 5:93*	Ale	2023	130	8,600	15.3	31.4
Röret 1*	Älmhult	Started	38	2,474	4.1	2.8
Kedjan 1*	Älmhult	Q1 2021	56	3,286	5.9	2.4
Part of Arlov 17:10*	Burlöv	2023	284	24,800	46.0	77.5
Trollet 2*	Växjö	Q2 2021	150	9,600	16.4	15.0
Östra Vildrosen 1	Västerås	Q2 2021	108	7,837	15.1	34.0
71b Kildebrønde By	Greve (DK)	Q1 2021	148	10,588	24.1	61.4
Önnered 45:15 & Önnered 45:16	Gothenburg	Q2 2021	100	6,000	13.3	50.0
Sågklingan 19	Västerås	Q4 2021	125	7,600	15.2	36.2
Limkokaren*	Hässleholm	2021	100	6,500	11.1	22.0
Motorn 16*	Falkenberg	2026	145	9,600	16.8	16.1
Part of Ödåkra 1:186 - Spritan	Helsingborg	-	100	6,800	11.9	11.7

*Property not yet transferred

Projects where construction has commenced

Properties	Municipality	Expected completion	Number of apartments	Area m ²	Estimated yearly rental value, SEK million
Sävenäs 131:13	Gothenburg	Mar 2023	192	12,257	28.4
Flora 13	Höganäs	Feb 2022	71	3,857	7.4
Dirigenten 1 & Sångaren 1	Helsingborg	Jul 2021	15	1,410	2.3
Hällan 1	Hässleholm	Oct 2021	38	2,527	4.4
Hässjan 1 & Högaffeln 1	Malmö	Jun 2022	62	3,822	8.5
Vallensbæk 7cq	Vallensbæk Strand (DK)	Mar 2022	95	7,747	17.5
Kokhuset 1	Hässleholm	Apr 2022	38	2,808	4.7
Trollet 1*	Växjö	Dec 2021	48	3,403	5.7
Part of Sättra 108:29	Gävle	Nov 2021	60	3,876	7.0
Oppeby Gård 1:7	Nyköping	Jan-May 2022	100	7,281	12.2
Hammar 9:197	Kristianstad	Apr 2022	48	3,144	5.7
Saltmästaren 2	Kävlinge	Jun 2022	65	3,921	7.3
Stubbarp 39:5 (stage 1)	Höganäs	May 2022	42	3,380	5.3
Röret 1	Älmhult	Aug 2022	38	2,474	4.1

Completed projects

Properties	Municipality	Completed	Number of apartments	Area m ²	Rental value SEK million
Hovrätten 20	Kristianstad	May 2020	17	1,039	1.9
Intendenten 4 & 5	Hässleholm	Jun 2020	21	1,710	2.8
Tygelsjö 54:31 (housing association)	Malmö	Jun 2020	30	2,236	-
Brigaden 7 & 8 (stage 4)	Helsingborg	Sep 2020	47	2,731	5.0
Pelikanen 27	Växjö	Sep-Nov 2020	54	3,495	6.4
Magasinet 4	Hässleholm	Nov-Dec 2020	66	4,293	7.5
Lyckan 1	Älmhult	Dec 2020	32	2,080	3.9
Nyponrosen 4 (stage 1)	Helsingborg	Dec 2020	32	2,407	4.4

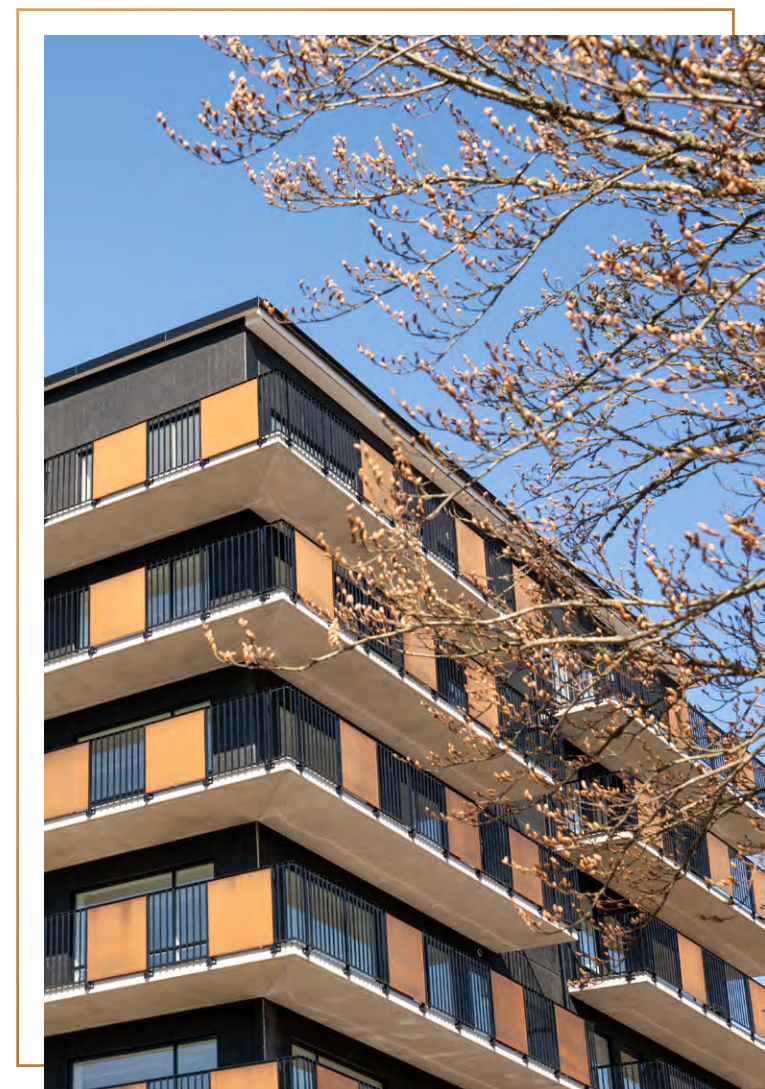
K-Fast 2.0

	Q1	Q2	Q3	Q4	Total
Number of apartments renovated	16	11	5	12	44
Increase in rental value (SEK million)	0.3	0.2	0.1	0.2	0.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2020	2019
Rental income		203.9	156.8
Project and contracting sales		10.2	28.6
Net sales		214.1	185.4
Other operating income	4	1.0	1.9
Operating costs		-33.1	-23.5
Maintenance		-10.6	-7.5
Property tax		-4.5	-3.6
Property administration		-19.2	-15.0
Property management costs	5, 6, 7	-67.4	-49.5
Project and contracting costs	5, 6, 7	-2.5	-26.8
Gross profit		145.1	111.0
<i>of which, gross profit from property management (operating surplus)</i>		137.0	107.3
<i>of which, gross profit from project and contracting operations</i>		8.1	3.7
Central administration	5, 6, 7, 9	-33.6	-42.1
Depreciation/amortization and impairment	8	-8.5	-15.2
Profit from participations in associated and jointly controlled companies	10	2.6	61.0
Net interest income	11	-47.7	-35.3
Profit before value changes		57.9	79.3
<i>of which, profit from property management</i>		75.3	52.9
Change in value of investment properties	12	577.8	339.8
Changes in value of derivatives and other		-24.2	12.7
Profit before tax		611.4	431.8
Tax on profit for the year	13	-136.9	-66.5
Profit for the year		474.5	365.3
Other comprehensive income	14	-1.4	0.0
Comprehensive income for the year		473.1	365.3
Profit for the period attributable to			
Parent Company's shareholders		473.1	365.3
Non-controlling interests		0.0	0.0
Profit after tax per share, SEK/share*	15	13.72	14.14

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	Note	2020 31 Dec	2019 31 Dec
ASSETS	16		
Tangible non-current assets			
Investment properties	17	6,853.5	4,396.7
Business properties	18	30.9	19.9
Equipment	19	18.5	14.0
Total tangible non-current assets		6,902.9	4,430.6
Financial non-current assets			
Profit from participations in associated and jointly controlled companies and other non-current receivables	20	45.1	43.8
Deferred tax receivables	21	27.0	21.4
Total financial non-current assets		72.1	65.2
Total non-current assets		6,975.0	4,495.9
Current assets	22		
Inventories		0.2	0.2
Accounts receivable	23, 24	1.8	43.6
Other current receivables	24, 25	169.8	29.6
Prepaid costs and accrued income	26	5.2	25.5
Cash and cash equivalents	27	507.6	779.0
Total current assets		684.6	877.9
Total assets		7,659.6	5,373.7

SEK million	Note	2020 31 Dec	2019 31 Dec
EQUITY AND LIABILITIES			
Equity	28		
Share capital		57.4	54.2
Other capital contributions		1,372.9	877.9
Currency translation reserve		-1.4	0.0
Profit brought forward including the profit for the year		1,780.9	1,306.4
Total equity		3,209.8	2,238.5
Non-current liabilities	22		
Deferred tax liability	21	451.2	310.3
Long-term interest-bearing liabilities		3,000.6	2,281.3
Derivative instruments	29	27.2	12.8
Other provisions and non-current liabilities	30	8.5	18.1
Total non-current liabilities		3,487.5	2,622.4
Current liabilities	22		
Current interest-bearing liabilities		847.8	363.1
Accounts payable		50.4	57.6
Current tax liabilities		0.3	5.7
Other current liabilities	30	25.6	23.2
Accrued costs and prepaid income	31	38.2	63.3
Total current liabilities		962.2	512.9
Total liabilities		4,449.8	3,135.3
Total equity and liabilities		7,659.6	5,373.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Number of shares outstanding	Share capital	Other capital contributions	Currency translation reserve	Profit brought forward	Total Equity
Equity, as of 1 January 2019	500	0.1	0.0	0.0	981.1	981.2
Profit for the year					365.3	365.3
Other comprehensive income				0.0		0.0
Comprehensive income for the period				0.0	365.3	365.3
Bonus issue and share split	24,999,500	39.9			-39.9	0.0
Capital contributions after deduction of transaction costs	8,888,528	14.2	877.9			892.1
Shareholder contributions	33,888,528	54.1	877.9		-39.9	892.1
Equity, as of 31 December 2019	33,888,528	54.2	877.9	0.0	1,306.4	2,238.5
Profit for the year					474.5	474.5
Other comprehensive income				-1.4		-1.4
Comprehensive income for the period				-1.4	474.5	473.1
Capital contributions after deduction of transaction costs	2,000,000	3.2	495.1			498.3
Shareholder contributions	2,000,000	3.2	495.1		0.0	498.3
Equity as of 31 December 2020	35,888,528	57.4	1,372.9	-1.4	1,781.0	3,209.8

The Extraordinary General Meeting on 19 August 2019 approved a bonus issue and share split 50,000:1.

Other capital contributions for the 2019 fiscal year are recognized net of transaction costs of SEK 31.5 million related to a new share issue in connection with the launch of the company's shares on Nasdaq Stockholm in November 2019.

Other capital contributions for the 2020 financial year are recognized net of transaction costs of SEK 5.7 million related to a new share issue in August 2020.

CONSOLIDATED CASH FLOW STATEMENT

SEK million	Note	2020	2019
Operating activities			
Gross profit adjusted for central administration, depreciation/amortization and impairment		103.0	53.7
Adjustment for items not affecting cash flow	8, 30	1.6	15.2
Dividend received	10	3.7	37.1
Net interest income	11	-47.7	-35.3
Tax paid		-5.2	-1.2
Cash flow from operating activities before changes in working capital		55.4	69.4
Change in operating receivables		-89.8	-47.5
Change in operating liabilities		-29.9	27.6
Cash flow from operating activities		-64.4	49.5
Investing activities			
Investments in Group, associated and jointly controlled companies		-11.7	-0.1
Property investments	17, 18	-1,037.4	-450.9
Investments in machinery and equipment	19	-6.2	-6.7
Investments in construction in progress	17	-831.3	-513.6
Divestments of short-term investments		0.0	110.9
Changes in other financial non-current assets	20	-2.3	-5.4
Divestments of properties	17	0.5	2.3
Cash flow from investing activities		-1,888.4	-863.5
Financing activities			
Borrowings	5, 22	1,233.3	689.2
Loan amortizations		-48.7	-41.1
Capital contributions		498.3	892.1
Cash flow from financing activities		1,682.9	1,540.3
Cash flow for the year		-269.9	726.3
Translation differences in cash and cash equivalents		-1.4	0.0
Opening cash and cash equivalents		779.0	52.7
Closing cash and cash equivalents	27	507.6	779.0

PARENT COMPANY INCOME STATEMENT

SEK million	Note	2020	2019
Operating income			
Net sales	4	0.0	0.3
Total operating income		0.0	0.3
Operating costs			
	6, 7, 9		
Other external costs		-17.3	-31.8
Personnel costs		-16.1	-11.7
Amortization and depreciation	8	-0.2	-0.1
Total operating costs		-33.5	-43.6
Gross profit		-33.5	-43.3
Profit from financial items			
Profit from participations in associated and jointly controlled companies	10	3.6	124.0
Net financial items	11	-24.7	-12.2
Profit after financial items		-54.6	68.5
Appropriations	32	43.4	26.8
Profit before tax		-11.2	95.3
Tax on profit for the year	13	2.2	12.4
Profit for the year		-9.0	107.6
Other comprehensive income	14	0.0	0.0
Comprehensive income for the year		-9.0	107.6

PARENT COMPANY BALANCE SHEET

SEK million	Note	2020	2019
ASSETS			
Tangible non-current assets			
Equipment	19	0.3	0.5
Total tangible non-current assets		0.3	0.5
Financial non-current assets			
Participations in Group companies	33	883.2	626.4
Receivables from Group companies	34	867.5	865.4
Participations in associated companies	20	0.1	0.1
Deferred tax receivables	21	15.8	13.6
Total financial non-current assets		1,766.6	1,505.5
Total non-current assets		1,766.9	1,506.0
Current assets			
Receivables from Group companies	34	649.0	173.5
Receivables from associated companies	25	10.7	16.6
Current tax receivables		0.8	0.8
Other current receivables	25	114.8	1.7
Prepaid costs and accrued income	26	0.9	20.5
Cash and cash equivalents	27	482.0	771.2
Total current assets		1,258.1	984.7
Total assets		3,025.0	2,490.7

SEK million	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		57,4	54,2
<i>Unrestricted equity</i>			
Share premium reserve		1 372,9	877,9
Retained earnings		118,5	10,9
Profit for the year		-9,0	107,6
Total equity		1,539.8	1,050.6
Non-current liabilities			
Long-term interest-bearing liabilities		849.6	867.5
Derivative instruments	29	27.0	12.5
Other provisions and non-current liabilities	30	6.4	12.8
Total non-current liabilities		883.1	892.8
Current liabilities			
Current interest-bearing liabilities		17.9	17.9
Accounts payable		1.5	2.4
Liabilities to Group companies	34	571.7	514.1
Other current liabilities	30	6.9	6.9
Accrued costs and prepaid income	31	4.2	6.0
Total current liabilities		602.1	547.3
Total liabilities		1,485.2	1,440.1
Total equity and liabilities		3,025.0	2,490.7

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK million	Number of shares outstanding	Share capital	Other capital contributions	Profit brought forward	Total equity
Equity, as of 1 January 2019	500	0.1	0.0	50.8	50.9
Profit for the year				107.6	107.6
Other comprehensive income				0.0	0.0
Comprehensive income for the year				107.6	107.6
Bonus issue and share split	24,999,500	39.9		-39.9	0.0
Capital contributions after deduction of transaction costs	8,888,528	14.2	877.9		892.1
Shareholder contributions	33,888,528	54.1	877.9	-39.9	892.1
Equity, as of 31 December 2019	33,888,528	54.2	877.9	118.5	1,050.6
Profit for the year				-9.0	-9.0
Other comprehensive income				0.0	0.0
Comprehensive income for the year				-9.0	-9.0
Capital contributions after deduction of transaction costs	2,000,000	3.2	495.1		498.3
Shareholder contributions	2,000,000	3.2	495.1	0.0	498.3
Equity as of 31 December 2020	35,888,528	57.4	1,372.9	109.4	1,538.8

The Extraordinary General Meeting on 19 August 2019 approved a bonus issue and share split 50,000:1.

Other capital contributions for the 2019 fiscal year are recognized net of transaction costs of SEK 31.5 million related to a new share issue in connection with the launch of the company's shares on Nasdaq Stockholm in November 2019.

Other capital contributions for the 2020 financial year are recognized net of transaction costs of SEK 5.7 million related to a new share issue in August 2020.

PARENT COMPANY CASH FLOW STATEMENT

SEK million	Note	2020	2019
Operating activities			
Gross profit adjusted for central administration		-33.5	-43.3
Adjustment for items not affecting cash flow	8	0.2	0.1
Dividend received	10	3.7	139.4
Net interest income	11	-0.4	-5.5
Tax paid		0.0	0.0
Cash flow from operating activities before changes in working capital		-30.0	90.7
Cash flow from changes in working capital			
Change in operating receivables		-572.8	-58.5
Change in operating liabilities		54.8	82.3
Cash flow from operating activities		-547.9	114.5
Investing activities			
Investment in Group company	33	-256.8	-257.5
Investments in machinery and equipment	19	0.0	-0.4
Change in receivables from Group companies		-2.1	-459.2
Cash flow from investing activities		-258.8	-717.1
Financing activities			
Capital contributions		498.3	892.1
Borrowings		0.0	446.6
Loan amortizations		-17.9	-10.9
Change in non-current liabilities	30	-6.4	-26.8
Group contributions received	32	43.4	26.8
Cash flow from financing activities		517.5	1,327.8
Cash flow for the year			
Translation differences in cash and cash equivalents		0.0	0.0
Opening cash and cash equivalents		771.2	45.9
Closing cash and cash equivalents	27	482.0	771.2

SUPPLEMENTARY DISCLOSURES – NOTE 1

NOTE 1: ACCOUNTING PRINCIPLES

General information

The financial reports for K-Fast Holding AB as of 31 December 2020 were adopted by the Board of Directors on 13 April 2021 and will be submitted to the Annual General Meeting on 19 May 2021 for approval. K-Fast Holding AB, Corp. ID No. 556827-0390, is the Parent Company in a Group with subsidiaries as presented in Note 33 Shares in Group companies.

The company is a public limited liability company that was formed and has its registered offices in Sweden. The head office and principal business location is Bultvägen 7, SE-281 43 Hässleholm, Sweden. The company's business concept is committed and cost-efficient development, construction, management and long-term ownership of the market's most attractive residential properties in terms of condition, standard and service levels.

Accounting principles

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretation statements issued by the IFRS Interpretation Committee (IFRIC), as adopted by The EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups has also been applied.

The Annual Report of the Parent Company has been prepared in accordance with the Annual Accounts Act, recommendation RFR 2 of the Swedish Financial Reporting Board (Accounting for Legal Entities) and a associated statements by the Swedish Financial Reporting Board. The Parent Company applies the same accounting principles as the Group except in the instances

mentioned below in the section "Parent Company accounting principles. The deviations occurring between the principles applied by the Parent Company and the Group are caused by limited opportunities to apply IFRS in the Parent Company as a consequence of the Annual Accounts Act. The functional currency for the Parent Company is Swedish kronor, which is also the reporting currency for the Parent Company and the Group. The financial statements are presented in Swedish kronor rounded to the nearest SEK million unless otherwise stated.

Assets and liabilities are recognized at historical cost, with the exception of investment properties, as well as financial assets and liabilities that are measured at fair value.

Preparing financial reports in accordance with IFRS requires Group management to make assessments, estimates and judgments that affect how accounting principles are applied and the carrying amounts for assets, liabilities, income and expenses. The estimates and judgments are based on historical experience and other factors that appear reasonable under the prevailing circumstances. The results of these estimates and judgments are then applied in estimating the carrying amounts of assets and liabilities, which would not otherwise be evident from other sources. Actual outcomes may deviate from these estimates and judgments. Estimates and judgments are reviewed regularly. Changes in estimates are reported in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

Assessments made by Group management relating to the application of IFRS, which have a significant impact on the financial reports, and estimates made that could result in

significant adjustments in subsequent years' financial reports are described in greater detail in Note 2 Key assumptions and assessments.

The stated accounting principles for Group have been applied consistently to all periods presented in the consolidated financial reports, unless stated otherwise below. The Group's accounting principles has been applied consistently in the reporting and consolidation of subsidiaries.

Revised accounting principles and disclosures

New and revised existing standards approved by the EU

New standards effective from 2020

From 2020 onwards, IASB has included a change in IFRS 3 relating to business combinations and asset acquisitions that involves a new definition of business combinations. In practice, the new definition means that if the purchase price for the shares in a business combination is essentially attributable to the market value of acquired properties, the acquisition is defined as an asset acquisition. Simply put, this means that the surplus value is allocated in its entirety to properties, and that no goodwill arises.

Other EU-approved new and revised standards and interpretation statements from the IFRS Interpretations Committee are currently not assessed to affect K-Fastigheter's earnings or financial position to a significant degree.

Otherwise, accounting principles and calculation methods remained unchanged on the previous year.

SUPPLEMENTARY DISCLOSURES – NOTE 1, CONT.

Changes in Swedish regulatory frameworks

Changes in 2020 did not have any significant impact on K-Fastigheter's reporting, and mainly implied slightly more stringent disclosure requirements.

New standards effective from 2021

Other EU-approved new and revised standards and interpretation statements from the IFRS Interpretations Committee are currently not assessed to affect K-Fastigheter's earnings or financial position to a significant degree. This also applies to Swedish regulatory frameworks.

Classification etc.

Non-current assets and liabilities consist, essentially, of amounts expected to be recovered or paid after more than 12 months of the Balance Sheet date.

Current assets and liabilities consist, essentially, of amounts expected to be recovered or paid within 12 months of the balance sheet date. Current liabilities to credit institutions include one year's agreed amortization, as well as credits maturing in upcoming financial years.

In the Parent Company, loans from/to Group companies are reported as non-current, as there are no established amortization plans.

Consolidation principles

Subsidiaries, investment objects, are companies over which the Group has a controlling influence. A controlling influence refers to K-Fast Holding AB being exposed to, or being entitled to, variable returns on its engagement in the investment object and being able to affect that return through its influence over the investment object.

Subsidiaries are reported in accordance with the acquisition method. The method entails the acquisition of a subsidiary classified as a business combination being viewed as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The analysis determines, in part, the cost of the shares or business and, in part, the fair value on the acquisition date of the acquired identifiable assets, as well as the assumed liabilities and contingent liabilities. The purchase price also includes the fair value of all assets or liabilities resulting from an agreement on a conditional purchase price. Acquisition-related expenses are expensed as they are incurred.

Subsidiaries' financial reports are included in the consolidated accounts from the point in time at which the controlling influence arises and until the date on which the controlling influence ceases.

Intra-Group receivables and liabilities, income or expenses and unrealized gains or losses arising from intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated accounts.

For each acquisition, the Group determines whether all non-controlling interests in the acquired company are reported at fair value or at the holding's proportional share of the acquired company's net assets.

The cost of the subsidiary's shares and the cost of the business comprise their fair values on the date of transfer of the assets, the incurred or assumed liabilities and the issued equity instruments provided as consideration in exchange for the acquired net assets and transaction expenses directly attributable to the acquisition.

In connection with business combinations where the cost exceeds the net value of the acquired assets, assumed liabilities and contingent liabilities, the difference is reported as goodwill. When the difference is negative, this is reported directly in the Income Statement.

Acquisitions

In connection with an acquisition, an assessment is made as to whether the acquisition is an acquisition of a business or of assets. The transaction is considered to be an asset acquisition if it pertains to properties but does not include the organization and processes required to perform the property management operations. Although there are rental contracts relating to these properties, there are no employees in the company to conduct business operations.

In business combinations under shared controlling interests, the acquisition is reported at historical cost, meaning that assets and liabilities are reported at the values at which they have been included in each company's Balance Sheet. In this way, no goodwill arises. Other acquisitions are company acquisitions.

All of the Group's acquisitions of subsidiaries have been classified as asset acquisition as they pertain to investment properties. For asset acquisitions, the cost, including acquisition expenses, of the acquired assets are allocated to the individual acquired assets and liabilities based on their fair value at the time of acquisition. Deferred tax is not reported on the initial temporary differences. Complete deferred tax is reported on temporary differences arising following the acquisition. On the ensuing balance sheet date, acquired investment properties are reported at fair value, which may deviate from the cost.

SUPPLEMENTARY DISCLOSURES – NOTE 1, CONT.

Changes in degree of ownership in a subsidiary with no change in controlling influence

Transactions with shareholders without a controlling influence and not resulting in a loss of control are reported as equity transactions – that is, as transactions with the owners in their role as owners. In acquisitions from shareholders without a controlling influence, the difference between the fair value of the purchase price paid and the actual acquired portion of the carrying amount of the subsidiary's net assets is reported in equity. Gains and losses on divestments to holders without a controlling interest are also reported in equity.

Recognition of holdings in associated and jointly controlled companies

Associated companies are those in which the Group has a significant but not controlling influence, which generally applies to shareholdings corresponding to between 20 and 50 percent of the votes. Holdings in associated companies are reported in accordance with the equity method. On applying the equity method, the investment is initially valued at cost, with the carrying amount then being increased or decreased to take into account the Group's share of the associated company's profit or loss after the acquisition date. In those cases where unrealized losses are eliminated, the underlying asset is also tested for impairment. The Group's carrying amount on holdings in associated companies includes goodwill, which is identified in connection with the acquisition.

Collaborative arrangements are those companies in which the Group holds a shared controlling influence over the governance of the company, which normally applies to shareholdings corresponding to 50 percent of the votes. All investments in collaborative arrangements are characterized as joint ventures, in which the Group is entitled more to a proportion of the

arrangement's net assets than directly to the underlying assets and the obligations for the underlying liabilities.

Holdings in joint ventures are reported in accordance with the equity method, meaning that the consolidated book value of the holding is adjusted by the Group's participation in profit for the year and to any dividends received (that is, they are reported in the Balance Sheet at cost adjusted for changes in the Group's participation in the net assets of the joint venture less any decreases in the fair value of individual participations).

Revenue recognition

The basic principle of IFRS 15 is that a company recognizes income in the manner that best reflects the transfer of the promised product or service to the customer. This is reported applying a five step model:

Step 1: identify the contract with the customer

Step 2: identify the various performance commitments in the contract

Step 3: determine the transaction price

Step 4: allocate the transaction price to the performance commitments

Step 5: report income when a performance commitment is met

According to IFRS 15, income is defined as an increase in financial benefits as a consequence of incoming payments, increases in asset values, or reductions in liability values, resulting in an increase in equity. Income represents flows into the company through its regular operations. At the beginning of the agreement, all goods and services promised to customers are identified, and the distinct goods and services are reported as a separate performance commitment.

Income is reported when, or as, a performance commitment is met, with goods or services being transferred to customers. Goods and services are considered to have been transferred to the customer in connection with the transition of control. This can happen over time or at a particular point in time. The income shall consist of the amount by which the company expects to be compensated in exchange for the goods or services delivered.

The standard entails a limited effect on the time at which the income of the construction operations is recognized. Since the Group is contractually bound to deliver a specific building and is, over the course of the project, entitled to payment, the assessment is that the income should be reported over time, that is, according to an input method according to which income is primarily reported on the basis of the expenses disbursed in relation to the total expected input for the fulfillment of the performance commitment. On the other hand, if the Group makes the assessment that there is no entitlement to payment, income is, instead, reported at a particular time, that is, on completion.

Combined, this means that the Group's performance creates or improves an asset (execution of the construction contract) that the customer controls when the asset is created or improved. To determine the time at which income is recognized, the requirements in IFRS 15 regarding control must be taken into account, as well as the indicators of the transition of control. The Group takes the view that control passes to the customers at a pace with the execution of the construction contract. When control has passed to the customer, the Group is entitled to payment for the performance achieved at the time in question, with the income for execution being recognized over time.

SUPPLEMENTARY DISCLOSURES – NOTE 1, CONT.

Property sales are recognized on the date on which control passes to the buyer. Since income and expenses normally accrue to the seller until and including the transfer date, the Group recognizes property sales on the transfer date unless there are specific reasons not to do so.

Rental income

Leases are classified in their entirety as operating leases. Rental income, including supplemental charges, is charged in advance and allocated on a straight-line basis, thus only rent charged for the period is reported as income. Where appropriate, recognized rental income has been reduced by the value of any rent rebates provided. In those cases where the lease includes reduced rent for a specific period, this is accrued on a straight-line basis across the current contract period.

Compensation paid by tenants who move out before the agreed end date is reported as income in connection with the cessation of the contractual relationship with the tenant and no commitments remaining, which normally occurs when the tenant vacates the apartment.

Since the services that the Group provides to the lessee are considered subordinate to the lease, all compensation is reported as rental income.

Income in the form of compensation for tenant-specific adaptations can be invoiced to the lessee for expenses for adaptations of the premises/apartment on an individual occasion or as income in the form of increased rent across all or part of the lease term. Regardless of the approach, the income for this comprises rent and is reported as rental income in accordance with IFRS 16.

Income from contracted construction

Income from contracted construction operations is recognized over time with reference to progress towards completion for each performance commitment. The Group's performance creates or enhances an asset (construction of a building) controlled by the customer when the asset is created or improved, upon which the income for execution shall be recognized over time in accordance with the appropriate method. Progress towards completion for each performance commitment is calculated based on the percentage of the expenses disbursed compared with the total calculated expenses for each performance commitment (input method). When the outcome of a construction contract cannot be reliably estimated, income is recognized to the extent expenses have been incurred that are expected to be recovered. When it is probable that the total contract expenses will exceed the total income, the expected loss is recognized immediately as an expense. When the value of the service performed for the customer corresponds directly to the right to invoice the service, income is recognized for the invoiced amount.

The Group largely conducts construction operations for its own purposes, developing rental apartments. On individual occasions, residential properties are developed and sold. Income is then reported when control of the property has been transferred to customers.

The properties normally have no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until ownership has transferred to the customer. Income is therefore reported at the time when ownership transfers to the customer. Income is recognized at the contractual transaction price. Normally, compensation falls due for payment when the title of ownership has been transferred. Although there are exceptions where payment terms may be extended, payment terms never exceed 12 months. Accordingly, the transaction price is not adjusted for the effects of significant financing components.

Financial income and costs

Financial income and expenses comprise interest income on bank funds and receivables, interest expenses on liabilities, value changes in derivatives, as well as profit from sales of securities. Interest income on receivables and interest expenses on liabilities is calculated applying the effective interest method. The effective interest rate is the rate at which the present value of all future incoming and outgoing payments over the interest period are equal to the carrying amount of the receivable or liability. Interest income and interest expenses include the accrued amounts of transaction expenses and any discounts, premiums and other differences between the original carrying amount of the receivable or liability respectively and the amount settled on maturity. The interest rate component in financial lease payments is reported in the Consolidated Statement of Comprehensive Income through the application of the effective interest method. Loan expenses directly attributable to the construction or production of an asset that takes considerable time to complete for its intended use or for sales are included in the cost of the asset. Loan expenses are capitalized on the condition that it is likely that this will lead to future economic benefits and the costs can be measured reliably.

Employee benefits

Current employee benefits are calculated without discounting and are recognized as expenses when the associated services are received.

Remunerations to employees consist of salaries, paid vacation, paid absence due to illness and other remunerations, as well as pensions. The Group's pension plans are, in their entirety, defined contribution plans.

SUPPLEMENTARY DISCLOSURES – NOTE 1, CONT.

For defined-contribution pension plans, the Group pays fees to publicly or privately managed pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment commitments once the fees have been paid. When they fall due for payment, the fees are reported as personnel expenses. Prepaid fees are reported as an asset to the extent that cash repayments or reductions of future payments may benefit the company.

Taxes

Income tax comprises current and deferred tax. Income tax is reported in the Income Statement except when the underlying transaction is reported in other comprehensive income or directly against equity, upon which the associated tax effect is reported in other comprehensive income or in equity. Current tax is tax to be paid or received for the present year, applying the tax rates determined, or in practice determined, on the balance sheet date. This also includes adjustment of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences between the recognized and taxable values of assets and liabilities. The following temporary differences are not taken into account: initial recognition of assets and liabilities that are not business combinations and that do not, at the time of the transaction, affect recognized or taxable profit.

Nor are temporary differences taken into account that are attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future. The assessment of deferred tax is based on how carrying amounts of assets or liabilities are expected to be realized or regulated. The book value of the Group's investment properties

is assumed to be realized through the disposal of the properties at the end of their useful life. The tax rate on the gains is the same as would apply in a direct sale of the property as recognized in the Consolidated Statement of Financial Position, regardless of whether the Group would structure the sale as the disposal of a subsidiary, which would entail a different tax rate. The deferred tax is then calculated based on the temporary differences and tax consequences deriving arising from recovery through sales. Deferred tax is calculated applying the tax rates and tax regulations approved or in practice approved as of the balance sheet date.

Deferred tax receivables regarding deductible temporary differences and tax-loss carry forwards are reported only to the extent that it is probable that they will be utilized. The value of deferred tax receivables is reduced when it is no longer considered likely that they can be utilized.

When a company is acquired, the acquisition constitutes either a business combination or an asset acquisition. An asset acquisition is identified if the acquired company only owns one or more properties. Although there are rental contracts relating to these properties, there are no employees in the company to conduct business operations. When recognized as an asset acquisition, no deferred tax is recognized. All of the transactions conducted by the Group have been classified as asset acquisitions, which is why no deferred tax is initially recognized attributable to properties with regard to these acquisitions.

Financial instruments

Financial instruments are any kind of agreement giving rise to a financial asset in a company and a financial liability or equity instrument in another company. On the assets side, financial instruments recognized in the Balance Sheet include cash and cash

equivalents, accounts receivable, receivables from associated and jointly controlled companies and other receivables. The liabilities side includes accounts payable, loan liabilities, derivatives, liabilities to associated companies and other liabilities. Recognition depends on how the financial instruments have been classified.

Recognition and derecognition

A financial asset or liability is recognized in the Balance Sheet when the company becomes a party in accordance with the contractual terms of the instruments. Rent receivables and accounts receivable are recognized in the Balance Sheet when an invoice has been sent and the Group's right to compensation is unconditional. Liabilities are addressed when the counterparty has performed its undertaking and a contractual obligation to pay exists, even if the invoice has not yet been received. Accounts payable are recognized when an invoice is received.

Financial assets and financial liabilities are only offset and recognized at a net amount in the Balance Sheet where there is a legal right to offset the amounts and there is an intention to settle the items at a net amount, or to realize the asset and settle the liability at the same time.

A financial asset is removed from the Balance Sheet when the rights inherent in the agreement are realized or expire, or when the company loses control of them. The same applies for part of a financial asset. A financial liability is removed from the Balance Sheet when the obligation in the agreement has been met or otherwise been extinguished. The same applies for part of a financial liability.

SUPPLEMENTARY DISCLOSURES – NOTE 1, CONT.

Gains and losses on removal from the Balance Sheet and modifications are recognized in the Income Statement.

Financial assets

The classification of financial assets that are debt instruments is based on the Group's business model for the management of the asset and the nature of the asset's contractual cash flows.

The instruments are classified according to one of the following categories:

- amortized cost
- fair value via other comprehensive income, or
- fair value via the Income Statement.

The Group's debt instruments are classified at amortized cost.

Financial assets classified at amortized cost are initially valued at fair value plus transaction costs. Accounts receivable and lease receivables are initially recognized at the invoiced amount. Following initial recognition, the assets are valued in accordance with the effective interest method. All rental and accounts receivable are short-term, which means that the recognized value corresponds to fair value. In accordance with the business model, assets classified at amortized cost are held to collect contractual cash flows, which are only payments of principal and interest on the outstanding capital amount. The assets are covered by a loss reserve for expected credit losses.

Fair value via other comprehensive income encompasses assets held, in accordance with the business model, both to be sold and to collect contractual cash flows that are only payments of principal and interest on the outstanding capital amount. On initial recognition, financial instruments in this category are measured at

fair value. Fair value changes are reported in Other comprehensive income until the asset is removed from the Balance Sheet, since the amounts in other comprehensive income are reclassified to the Income Statement. The assets are covered by a loss reserve for expected credit losses.

All other debt instruments not measured at amortized cost or at fair value via other comprehensive income are classified at fair value in the Income Statement. Financial instruments in this category are initially recognized at fair value. Changes in fair value are reported in the Income Statement.

The Group's financial assets that are debt instruments consist of accounts receivable, financial investments and cash and cash equivalents and are all assigned to the amortized cost category.

Equity instruments

Equity instruments are classified at fair value via the Income Statement, unless not held for trade, in which case an irrevocable choice can be made to classify them at fair value via other comprehensive income without subsequent reclassification to the Income Statement. The Group currently has no such equity instruments.

Derivatives

This pertains to interest rate swap agreements classified at fair value via the Income Statement. In accordance with the IFRS valuation hierarchy, the fair value of derivatives has been measured in accordance with level 2. This level means that the valuation is based on input data other than quoted prices observable for assets or liabilities, either directly or indirectly.

The derivatives contracts include the possibility of netting

commitments to the same counterparty. The Group does not apply hedge accounting.

Fair value is determined as described in Note 22 Financial risks and finance policies.

Classification and measurement of financial liabilities

Financial liabilities are classified at amortized cost with the exception of derivatives. Financial liabilities reported at amortized cost are initially valued at fair value including transaction costs. After initial recognition, financial liabilities are valued at amortized cost in accordance with the effective interest method.

Fair value is determined as described in Note 22 Financial risks and finance policies.

Impairment of financial assets

With the exception of those classified at fair value through the Income Statement or as equity instruments measured at fair value via other comprehensive income, the Group's financial assets are subject to impairment for expected credit losses. In accordance with IFRS 9, impairment for credit losses is forward-looking and a loss reserve is made when there is an exposure to credit risk, usually in connection with initial recognition. Expected credit losses reflect the present value of all cash flow deficits attributable to default, either for the subsequent 12 months or for the expected remaining term of the financial instrument, depending on the asset class and on credit deterioration since the initial reporting date. Expected credit losses reflect an objective, probability-weighted outcome that takes several scenarios into account based on reasonable and verifiable forecasts.

SUPPLEMENTARY DISCLOSURES – NOTE 1, CONT.

The valuation of expected credit losses is based on various methods. The method for accounts receivable, contract assets and rent receivables is based on historical customer losses combined with forward-looking factors in accordance with a loss-sharing method. In the simplified model, a loss provision is made for the expected remaining maturity of the receivable or asset, which is expected to be less than one year for all of these claims. The Group's customers are a homogeneous group with a similar risk profile, which is why credit risk is initially assessed collectively for all customers. Any major individual receivables are assessed per counterparty. The Group writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been discontinued. Other receivables and assets are impaired in accordance with a rating-based method through external credit rating for calculating expected credit losses on the basis of the probability of default, expected losses and exposure on default. Even on initial recognition, a loss provision is reported based on what can be expected statistically for the ensuing 12 months (stage 1). In cases where a significant increase in credit risk has occurred, the loss reserve for the entire remaining expected maturity is calculated instead (stage 2 or, if the exposure is considered credit impaired, stage 3).

In summary:

Stage 1 encompasses financial instruments where no significant increase in credit risk has occurred since initial recognition and counterparties covered by the Group's assessment of low credit risk at the time of reporting.

Stage 2 includes financial instruments where a significant increase in credit risk has occurred since initial recognition, but where there is no objective evidence on the reporting date that the claim is uncertain.

Stage 3 includes financial instruments for which objective evidence has been identified that the claim is uncertain.

The Group has defined default as when payment of the claim is 90 days late or more, or if other factors indicate that payment is in default. Per the Balance Sheet date, no material increase in credit risk has been deemed to prevail for any receivables or assets. Such an assessment is based on whether payment is 30 days delayed or more, or, if a significant deterioration in rating occurs, entailing a rating below investment grade, meaning credit impairment on the receivables or assets. In cases where the amounts are not deemed insignificant, a provision is made for expected credit losses for these financial instruments too.

For assets and receivables with deteriorated credit, an individual assessment is made, taking into account historical, current and forward-looking data. If there has been an essential increase in credit risk since initial recognition, a loss reserve is reported for the remaining term of the asset (stage 2). For assets deemed to be impaired, reserves continue to be made for expected credit losses over the remaining term (stage 3). For assets and receivables with deteriorated credit, the calculation of interest income is based on the carrying amount of the assets, net following loss reserves, unlike the gross amount as in the previous stages.

The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees. The financial assets are reported in the Balance Sheet at amortized cost, that is, net of gross value and loss reserves. Changes in the loss reserve are reported in the Income Statement.

For other items subject to expected credit losses, a three-stage impairment model is applied. Initially, as well as on each Balance

Sheet date, a loss reserve is reported for the next 12 months or for a shorter period depending on the remaining term (stage 1). The Group's assets have been assessed as being in stage 1, that is, there has been no significant increase in credit risk.

If there has been an essential increase in credit risk since initial recognition, entailing a rating below investment grade, a loss reserve is reported for the remaining term of the asset (stage 2). For assets deemed to be impaired, reserves continue to be made for expected credit losses over the remaining term (stage 3). For assets and receivables with deteriorated credit, the calculation of interest income is based on the carrying amount of the assets, net of loss reserves, unlike the gross amount as in the previous stages.

Cash and cash equivalents

Cash and cash equivalents comprise cash and immediately available balances at banks and corresponding institutions, and current liquid investments with a term of less than three months from the date of acquisition. Cash and cash equivalents are covered by the requirement for loss reserves for expected credit losses. All cash and cash equivalents and bank balances are attributed to stage 1, that is, there has been no significant deterioration in credit.

The Group's cash and cash equivalents and other bank balances are placed only in Swedish and Danish banking and credit institutions with the highest credit rating, meaning that the risk of credit losses is assumed to be largely non-existent and the Group has therefore chosen not to make any provisions for expected credit losses on cash and cash equivalents and bank balances.

Other financial liabilities

Non-current liabilities have an expected maturity longer than one year, while current liabilities have a maturity shorter than one year.

SUPPLEMENTARY DISCLOSURES – NOTE 1, CONT.

Borrowing

Borrowing is initially reported at the amount received less transaction expenses. After the acquisition date, the loans are valued at amortized cost in accordance with the effective interest method.

Accounts payable

Accounts payable are commitments to pay for goods or services acquired from suppliers in the operating activities. Accounts payable are classified as current liabilities if they fall due for payment within a year or earlier (or during a normal business cycle if this is longer). If not, they are recognized as non-current liabilities. All accounts payable are short-term, which means that recognized value corresponds to fair value.

Dividends

Dividends paid are recognized as a liability after the approval of the dividend by the Annual General Meeting.

Earnings per share

The calculation of earnings per share is based on consolidated profit for the year attributable to the shareholders of the Parent Company and the weighted average number shares outstanding during the year.

Goodwill

Goodwill represents future economic benefits arising from business combinations, but that have not been identified individually and recognized separately. Goodwill is allocated to cash-generating units and tested at least annually for impairment and as soon as there are any indications that the asset in question has decreased in value. Goodwill is recognized at cost less accumulated impairment losses. No individual unit is significant.

Leases

The Group reports Right-of-use assets and leasing liabilities attributable to all lease contracts, with the exception of agreements shorter than 12 months and/or of minor value (5,000 USD).

Straight-line amortization of right-of-use assets, and interest expenses on liabilities, are recognized in the Income Statement. While the right-of-use assets are depreciated on a straight-line basis over the lease term or the economic lifetime, whichever is longer, the liability is adjusted by the portion of the leasing fee for a period that is not allocated as an interest cost.

The lease agreements assessed by the Group as significant were leases for cars, high-value IT equipment and site leaseholds. The rights-of-use assets included in these lease agreements attributable to site leasehold rights are measured at fair value in accordance with IAS 40. The corresponding amount has been recognized as a non-current lease liability in accordance with IFRS 16. The weighted average marginal loan rate used amounts to 1.95 percent for the lease category of cars and to 2.05 percent for site leaseholds.

Lease agreements regarding photocopiers, and low-value office and IT equipment, have not been assessed as material, and the Group applies the simplification rule in the Balance Sheet due to the lower value. Relating to lease agreements as lessor, see Rental income page 95.

Tangible non-current assets

In the Group, tangible non-current assets are reported at cost less accumulated depreciation and any write-downs. The cost includes the purchase price and expenses directly attributable to installing the asset, and ensuring it is in a condition to be used in accordance with the purpose of the procurement. Loan expenses directly

attributable to the purchasing, construction or production of assets that take considerable time to complete for their intended use or for sales are included in the cost.

Machinery and equipment are recognized at cost after deductions for accumulated depreciation and any impairment.

The carrying amount for a tangible fixed asset is removed from the Statement of Financial Position in the event of scrapping or disposal or when no future economic benefits are expected from the use or scrapping/disposal of the asset.

Profit or loss arising from the disposal or scrapping of an asset comprises the difference between the sales price and the asset's carrying amount less direct selling costs. Gains and losses are reported as other operating income/expense.

Depreciation on machinery and equipment is recorded so that the asset's value is amortized on a straight-line basis over its estimated useful life.

Additional expenses are added to the cost only if it is probable that the future financial benefits associated with the asset will benefit the Group and if the cost can be reliably calculated. All other additional expenses are reported as expenses in the period in which they are incurred.

An additional expense is added to the cost if the expense pertains to exchanges of identified components or parts thereof. Even in cases where a new component is created, the expense is added to the cost. Any non-amortized carrying amount on exchanged components, or parts of components, are scrapped and expensed in connection with the exchange.

SUPPLEMENTARY DISCLOSURES – NOTE 1, CONT.

A straight-line depreciation method is used for all types of tangible assets, except land. For machinery and equipment, a depreciation period of 3-10 years is applied.

Investment properties

Investment properties are properties that are held for the purpose of collecting rental income or increased value or a combination of these. Investment properties are initially reported at cost, which includes expenses directly attributable to the acquisition and loan expenses. Investment properties are recognized in accordance with the fair value method.

The fair value of the investment properties is based primarily on external valuations made by valuation institutes and valuation experts accredited by Samhällsbyggarna or MRICS and, in some cases, on internal valuations based on the market knowledge amassed by company executives, as well as on detailed analyses of equivalent completed transactions in the same market.

Fair value is based on market value, which is the estimated amount that would be received in a single transaction at the time of valuation between knowledgeable parties who are independent of each other and who have an interest in implementing the transaction following the usual marketing measures, where both parties are presumed to have acted with insight and wisdom, and without coercion. Both unrealized and realized value changes are recognized in the Income Statement.

For more information on the valuation of investment properties, see Note 17 Investment properties.

Income from property sales is normally reported on the transfer date unless the risks and benefits have passed to the buyer on an

earlier occasion. Control of the asset may have been transferred at an earlier time than the transfer date and, if this was the case, the property sale will be reported at this earlier date. When assessing the income recognition date, what has been agreed between the parties regarding risks, benefits and commitment has been taken into account in the ongoing administration. Additionally, circumstances beyond the control of the seller and/or buyer and that could affect the outcome of the transaction are taken into account.

If the Group initiates remodeling of an existing investment property for continued use as investment property, the property continues to be reported as an investment property. The property is recognized in accordance with the fair value method and is not reclassified to tangible fixed assets while remodelling is in progress. Additional expenses in connection with renovations and extensions are added to the carrying amount only if it is probable that the future financial benefits associated with the asset will benefit the Group and if the cost can be reliably calculated. Other additional expenses are reported as expenses in the period in which they are incurred. Decisive for the assessment when an additional expense is added to the carrying amount is whether it pertains to exchanges of identified components or parts thereof, in connection with which such expenses are capitalized. Even in cases where a new component is created, the expense is added to the carrying amount.

The Group reclassifies a property from an investment property only when there is a change in the area of use. A change in the area of use occurs when the property meets or ceases to meet the definition of an investment property and there is evidence of the change in area of use.

Business properties

Business properties are properties held for production, warehousing or administrative purposes. For properties of mixed use, since part of the property is held for the purpose of generating rental income or value growth, while another part is used in the business, the Group makes an assessment of whether the parts can be sold individually. If this is the case, the property is divided into an investment property and a business property. If the assessment is that the parts cannot be sold individually, the property is classified as a investment property if the part used in the business amounts to at most 25 percent of the total property, otherwise the whole property is classified as a business property. All of the Group's property stocks are, in their entirety, classified as investment properties, except the Skruven 4 property in Hässleholm and the Osby 186:1 property in Osby, which are classified as business properties. For information about write-downs of business properties, please refer to Tangible non-current assets.

Depreciation of components – properties, years

	New Building	Old Building	K-Fast 2.0
Tillage	100	100	NA
Frame and foundation	100	100	NA
Body completions / interior walls	100	100	NA
Heating and sanitation (VS)	25	15	15
Power lines	60	60	60
Inner surface area	20	15	15
Ventilation	50	50	NA
Gabled	60	60	NA
Roof	60	40	NA
Kitchen fittings and appliances	20	20	20
Average depreciation time, years	72	61	19
Capitalized interest	72	61	19

SUPPLEMENTARY DISCLOSURES – NOTE 1, CONT.

Inventories

Inventories are valued at the lowest of cost and net realizable value. For raw materials, all expenses are included that are directly attributable to the procurement of the goods in the cost. Borrowing costs are not included.

Loan expenses

Loan expenses directly attributable to the design or production of an asset that takes considerable time to complete for its intended use or for sales are included in the cost of the asset. Loan expenses are capitalized on the condition that it is likely that this will lead to future economic benefits and the costs can be measured reliably. All loan expenses on building credit are capitalized.

Impairment

The Group's recognized assets are assessed on each balance sheet date to determine whether there are any indications of impairment. IAS 36 is applied regarding impairments of assets other than financial assets, which are reported in accordance with IFRS 9, assets for sale and divestment groups are recognized in accordance with IFRS 5, inventories and deferred tax receivables.

If any such indication exists, the asset's recoverable amount is calculated. For exempted assets in accordance with the above, the valuation is tested in accordance with the relevant standard.

If it is not possible to assign significant independent cash flows to an individual asset when assessing impairment needs, the assets are grouped at the lowest level at which it is possible to identify significant independent cash flows, a so-called cash-generating unit. Impairment is recognized when the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. Impairment is charged to the Income Statement.

The recoverable value of assets belonging to the category of loan receivables and accounts receivable, which are reported to amortized cost, is calculated as the present value of future cash flows discounted by the effective interest rate that applied on the initial recognition of the asset.

Short-maturity assets are not discounted. The recoverable value of other assets is the highest of fair value less sales expenses and value in use. On calculating the value in use, future cash flows are discounted applying a discount factor that takes into account risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows that are substantially independent of other assets, the recoverable value is calculated of the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment of assets included in the scope of IAS 36 is reversed if there is both an indication that the need for impairment no longer prevails and if there has been a change in the assumptions on which the calculation of the recoverable amount was based. Goodwill impairment is, however, never reversed. A reversal is made only to the extent that the carrying amount of the asset, following reversal, does not exceed the carrying amount that would have been recognized, less depreciation where applicable, if no impairment had been applied. Impairments of loan receivables and accounts receivable recognized at amortized cost are reversed if a subsequent increase in the recoverable amount can objectively be attributed to an event occurring following the application of the impairment.

Provisions

A provision is reported in the Balance Sheet when the Group has an existing legal or informal commitment as a consequence of an

event that has occurred and it is likely that an outflow of financial resources will be required to settle the commitment and that a reliable estimate of the amount can be made. Where the effect of when payment is made is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax reflecting current market assessments of the time value of money and, if applicable, the risks associated with the liability.

Contingent liabilities

A contingent liability is recognized when there is a possible commitment stemming from events and whose occurrence is confirmed only by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision because an outflow of resources is unlikely to be required.

Cash flow Statement

The cash flow statement has been prepared in accordance with the indirect method, meaning that profit is adjusted for transactions not entailing incoming or outgoing payments during the period and for any income or expenses attributed to the investing or financing activities.

Segment reporting

In accordance with IFRS 8 Operating Segments, operating segments must be reported in a manner consistent with the internal reporting submitted to the highest executive decision maker. An operating segment is a part of the Group that conducts operations from which it can generate income and incur expenses and for which standalone financial information is available. An operating segment's profit is also reviewed by the company's highest executive decision-maker to assess profit and to be able to allocate resources to the operating segment. In the Group, the Board of Directors and Group management have been identified as the

SUPPLEMENTARY DISCLOSURES – NOTE 1, CONT.

highest executive decision maker. See Note 3 for further description of the division and presentation of operating segments. The Group has identified three operating segments: Project Development, Construction and Property Management.

The Group's external income derives solely from customers in Sweden. No individual customer accounts for more than 10 percent of sales. When identifying operating segments, the Board of Directors and Group management usually follow the Group's business areas, which correspond to the principal products and services offered by the Group.

Each of the operating segments is managed separately as each requires different technologies and other resources, as well as marketing methods. All transactions between segments are conducted on a professional basis and are based on prices charged to customers that are not related parties in connection with standalone sales of identical goods or services (that is, transactions between parties that are independent of one another, that are well informed and that have an interest in conducting the transactions).

The Group applies the same valuation principles in its segment reporting in accordance with IFRS 8 as in its financial reports.

The Group's operations are organized in line with how the Board of Directors and Group management monitor the profit, return and cash flow generated by the Group's different services. Each operating segment has a manager (business area manager) who is responsible for the day-to-day operations and who reports the outcome of the operating segment's performance and resources requirements regularly for the Board of Directors and Group management. Since the Board of Directors and Group management review the operations' profits and allocate resources on the basis of

the products manufactured and sold by the Group, these constitute the Group's operating segments.

The operating segments' profits, assets and liabilities include directly attributable items and items that can be allocated to the segments in a reasonable and reliable manner. The items recognized in the operating segments' profits, assets and liabilities are valued in accordance with the profit, assets and liabilities monitored by the company's highest executive decision makers, the Board of Directors and the management team.

The segment reporting builds on the following position regarding the business areas:

Project development

The value and profit attributable to value changes on newly developed properties, sales gains in a newly-constructed property if this is sold with title as tenant-owned apartments or an investment property, value generation by refining land or converting existing properties.

Construction

Profit generated in any of the Group's construction companies.

Property Management

Profit from property management of rental properties, profit from sales of investment properties, profit from associated companies active within property management, as well as value changes in investment properties and interest rate derivatives are reported in this segment.

Parent Company accounting principles

The Parent Company has prepared its Annual Report in accordance

with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The recommendation means that the Parent Company, in the Annual Report for the legal entity, shall apply all IFRS and statements approved by the EU as far as possible within the framework of the Annual Accounts Act and with regard to the relationship between accounting and taxation. IFRS 16 is not currently applied by the Parent Company. The recommendation states which exceptions and additions apply in relation to IFRS.

Differences between the Group's and the Parent Company's accounting policies

The stated accounting principles for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial reports.

Classification and presentation

The Parent Company's Income Statement and Balance Sheet are arranged in accordance with the diagrams presented in the Annual Accounts Act. The difference compared with IAS 1, Presentation of Financial Statements, which is applied in the design of the consolidated financial accounts consists primarily of how financial income and expenses, as well as equity, are recognized.

Subsidiaries

Participations in subsidiaries and associated companies are reported in the Parent Company in accordance with the cost method less potential impairment.

Income

The Parent Company's net sales consist of property management services for subsidiaries. This income is recognized in the Income Statement in the period to which it relates.

SUPPLEMENTARY DISCLOSURES – NOTE 1, CONT.

Lease agreements

The company is party to lease agreements relating to cars and IT equipment. IFRS 16 is not applied in the Parent Company, and instead follows RFR 2. In cases where the Parent Company is the lessee, this means that lease charges are recognized as a cost on a straight-line basis over the leasing period. The cost of lease agreements is recognized under the item Other external expenses. Accordingly, right-of use assets and lease liabilities are not included in the Balance Sheet.

Anticipated dividends

Anticipated dividends from subsidiaries are reported in cases where the Parent Company alone is entitled to determine the size of dividends and the Parent Company has determined the size of the dividend prior to the Parent Company publishing its financial reports.

Financial guarantee agreements

The Parent Company applies the exemption to not value financial guarantee agreements benefiting subsidiaries, associated companies and joint ventures in accordance with the rules in IFRS 9, instead applying the valuation principles in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Financial guarantees

The Parent Company's financial guarantee agreements consist primarily of guarantee commitments to the benefit of subsidiaries. Financial guarantees mean that the company has a commitment to compensate the holder of a debt instrument for losses that the holder incurs due to a specific debtor failing to pay on maturity in accordance with the terms of the agreement. In its recognition of financial guarantee agreements, the Parent Company applies RFR 2 p 72, a relief provision compared with the regulations in

IFRS 9 with regard to financial guarantee agreements issued for the benefit of subsidiaries and associated companies. The Parent Company reports financial guarantee agreements as a provision in the Balance Sheet when the company has an obligation for which payment is likely to be required to settle the obligation.

Taxes

In the Parent Company, untaxed reserves are recognized inclusive of a deferred tax liability. In the consolidated accounts, however, untaxed reserves are broken down into deferred tax liability and equity.

Group contributions and shareholder contributions

The Parent Company recognizes Group contributions and shareholder contributions in accordance with RFR 2. Shareholder contributions are posted directly against equity for the recipient and are capitalized in shares and participations for the donor, to the extent that impairment is not required. Group contributions are recognized as year-end allocations in the Income Statement. The tax effect is reported in accordance with IAS 12 in the Income Statement.

Segment reporting

The Parent Company does not report segments in accordance with the same distribution and to the same extent as the Group, without disclosing the distribution of net sales between the Parent Company's branches of operation.



SUPPLEMENTARY DISCLOSURES – NOTES 2–3

NOTE 2: KEY ESTIMATES AND JUDGMENTS

Preparing financial reports in accordance with IFRS requires the Board and Group management to make estimates and judgments that affect how accounting principles are applied and the carrying amounts for assets, liabilities, income and expenses.

The estimates and judgments are based on historical experience and other factors that appear reasonable under the prevailing circumstances. The results of these estimates and judgments are then applied in estimating the carrying amounts of assets and liabilities, income and expenses which would not otherwise be evident from other sources. Actual outcomes may deviate from these estimates and judgments. Assumptions and estimates are regularly analyzed by the Board and management. Changes are reflected in reporting for the period when the change is made in cases where the change only affects the current period. If the change affects the current period and ensuing periods, reporting is affected accordingly. Assumptions that are considered to be more significant when preparing the financial statements are described below.

Investment properties

For key assumptions and assessments in connection with valuations of investment properties, see Note 17 Investment properties. K-Fast Holding AB recognizes its properties in accordance with the fair value method as stated in IFRS 13 Fair Value Measurement, meaning that value changes are reported in the Income Statement, and profit can therefore be significantly affected.

New construction in progress

For key assumptions and assessments in connection with the valuation of ongoing new construction, see Note 17 Investment properties. Properties under construction and project properties are valued at cost with additions/deductions for expected unrealized value changes, calculated as the estimated fair value less the estimated cost in accordance with IAS 40, where 20 percent of the assessed value change is recognized when the building permit has gained legal force and a general construction contract has been signed, while the remaining 80 percent is recognized successively during construction in relation to the costs incurred. The change in value is reported in the Income Statement and profit can therefore be significantly affected.

Classification of acquisitions

Accounting standard IFRS 3's rule regarding the classification of acquisitions as business combinations or asset acquisitions proceeds from an individual assessment having to be made for each individual transaction. For property transactions, an assessment is made of when the transfer of control to the counterparty takes place, which determines when the transaction is reported. For all of the year's acquisitions, the assessment has entailed the transactions being classified as asset acquisitions. See Note 17 Investment properties.

Valuation deferred tax liability/receivable

Deferred tax receivables regarding tax-loss carry forwards or other future tax deductions are recognized to the extent that it is probable that the deduction can be deducted against surpluses in connection with future taxation. Deferred tax liabilities pertaining

to temporary differences attributable to investments in subsidiaries are not reported in the consolidated accounts because the Parent Company can control the timing of the reversal of the temporary differences and it is not considered likely that a reversal will occur within the foreseeable period.

NOTE 3: SEGMENT REPORTING

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

Segment reporting for Income Statement and Balance Sheet items that are considered relevant when followed up and analyzed by the company's chief decision maker is presented below.

Segment reporting can be broken down as follows for the current reporting period:

SUPPLEMENTARY DISCLOSURES – NOTE 3, CONT.

NOTE 3: SEGMENT REPORTING, CONT.

1 January – 31 December 2020

Income Statement, SEK million	Project Development	Construction	Property Management	Other	Group
Rental income	0.0	0.0	203.9	0.0	203.9
Other operating income	0.0	449.2	0.6	-438.6	11.2
Operating costs	0.0	-441.1	-67.4	438.6	-69.9
Gross profit	0.0	8.1	137.0	0.0	145.1
Central administration costs	-11.2	-11.2	-11.2	0.0	-33.6
Depreciation/amortization and impairment	-2.8	-2.8	-2.8	0.0	-8.5
Profit from holding in associated companies*	0.0	0.0	0.0	2.6	2.6
Net interest income	0.0	0.0	-47.7	0.0	-47.7
Profit before value changes	-14.0	-5.9	75.3	2.6	57.9
Value change, properties	407.9	0.0	169.9	0.0	577.8
Changes in value of derivatives and other	0.0	0.0	-14.4	-9.8	-24.2
Profit before tax	393.9	-5.9	230.7	-7.2	611.4
Tax	-84.0	0.0	-35.0	-17.9	-136.9
Profit for the year	309.8	-5.9	195.7	-25.1	474.5

31 December 2020

Balance Sheet, SEK million	Project Development	Construction	Property Management	Other	Group
Non-current assets	1,060.6	20.5	5,855.8	38.1	6,975.0
Current assets	0.0	1.7	74.1	608.7	684.6
Total assets	1,060.6	22.3	5,929.9	646.8	7,659.6
Non-current liabilities	681.2	1.8	2,781.8	23.2	3,487.9
Current liabilities	0.0	54.4	882.8	25.0	962.2
Total liabilities	681.2	56.1	3,664.7	48.2	4,450.2

* Profit from holding in Group, associated and jointly controlled companies

1 January – 31 December 2019

Income Statement, SEK million	Project Development	Construction	Property Management	Other	Group
Rental income	0.0	0.0	156.8	0.0	156.8
Other operating income	0.0	303.8	0.0	-273.3	30.5
Operating costs	0.0	-300.1	-49.5	273.3	-76.3
Gross profit	0.0	3.7	107.3	0.0	111.0
Central administration costs	-14.0	-14.0	-14.0	0.0	-42.1
Depreciation/amortization and impairment	-5.1	-5.1	-5.1	0.0	-15.2
Profit from holding in associated companies*	0.0	0.0	0.0	61.0	61.0
Net interest income	0.0	0.0	-35.3	0.0	-35.3
Profit before value changes	-19.1	-15.4	52.9	61.0	79.3
Value change, properties	186.4	0.0	153.4	0.0	339.8
Changes in value of derivatives and other	0.0	0.0	-6.6	19.3	12.7
Profit before tax	167.3	-15.4	199.7	80.3	431.9
Tax	-38.4	0.0	-31.6	3.5	-66.5
Profit for the year	128.9	-15.4	168.1	83.7	365.3

31 December 2019

Balance Sheet, SEK million	Project Development	Construction	Property Management	Other	Group
Non-current assets	447.7	17.3	4,001.6	29.3	4,495.9
Current assets	0.0	13.8	53.0	811.1	877.9
Total assets	447.7	31.0	4,054.6	840.5	5,373.7
Non-current liabilities	303.2	8.5	2,280.8	29.9	2,622.4
Current liabilities	0.0	63.5	421.7	27.7	512.9
Total liabilities	303.2	72.0	2,702.5	57.6	3,135.3

SUPPLEMENTARY DISCLOSURES – NOTES 4–5

NOTE 4: INCOME

Rental income

SEK million	2020	2019
Properties owned at start of year	163.1	133.0
Completed properties	30.6	12.9
Acquired properties	10.1	10.9
Divested properties	0.0	0.0
Rental income	203.9	156.8

All leases are classified as operating leases. Rental income, including supplemental charges, is charged in advance and allocated on a straight-line basis, thus only rent charged for the period is reported as income. Since the services that the Group provides to the lessee are considered subordinate to the lease, all compensation is reported as rental income.

As of 31 December 2020, the contractual rental income amounted to SEK 241.7 million (190.5), of which commercial premises accounted for SEK 33.1 million (31.4). The largest individual contract, for which the largest individual tenant is responsible, accounts for approximately 3 percent (3) of consolidated rental income.

Future minimum lease fees for non-cancellable leases

The Group has entered into lease agreements regarding commercial premises, housing and parking spaces, which are reported as operating leases. The leases regarding housing, parking spaces and certain commercial premises are currently running with a notice period of three to nine months. Annual rental income for these contracts amounted to SEK 202.0 million (159.7). The Group has rental agreements with an annual rental income of SEK 29.6 million (20.5), where the agreements have a remaining maturity of between one and five years. The Group has annual rental income

Project and construction income

SEK million	2020	2019
External project and construction contract income	10.2	28.6
Capitalized work on own account	438.6	273.3
Project and construction income	448.8	301.9
<i>Of which Sweden</i>	424.7	0.0
<i>Of which Denmark</i>	24.1	0.0

of SEK 10.1 million (10.3), where the agreements have a remaining maturity of more than five years.

Contractual income

Only the Construction segment has income from contracts with customers, these constitute the entire income item of SEK 10.2 million (28.6) for external projects and construction operations. Revenue is recognized over time.

Other operating income

SEK million	2020	2019
Business area Property Management	0.6	0.0
Business area Construction	0.4	2.3
Other operating income	1.0	2.3

Parent Company

Income in the Parent Company primarily relates to services invoiced to Group companies. The Parent Company has no contractual income.

NOTE 5: LEASES

SEK million	Right-of-use assets				Leasing liabilities
	Site lease-holds	Vehicles	IT Equipment	Total	
As of 1 January 2020	7.3	4.3	0.6	12.2	12.2
Additional agreements	0.0	2.0	0.1	2.1	2.1
Amortization	0.0	-1.0	-0.2	-1.2	0.0
Terminated agreements	0.0	-1.5	0.0	-1.5	-1.5
Revaluations of agreements	10.7	0.0	0.0	10.7	10.7
Interest costs	0.0	0.0	0.0	0.0	0.5
Leasing fees	0.0	0.0	0.0	0.0	-1.7
As of 31 December 2020	18.0	3.8	0.4	22.2	22.2

During the year, the Group expensed leasing fees of SEK 0.2 million, which were attributable to low-value leases. The Group has no short-term leases or variable leasing fees.

K-Fastigheter applies IFRS 16 Leases, which is to be applied for financial years commencing 1 January 2019 or later. The Group has applied the simplified transition method, meaning that comparison data have not been recalculated. For more information see Note 1 Accounting principles.

In the full year 2020, the Group recognized total leasing fees of SEK 1.9 million (1.1), of which SEK 1.2 million (0.5) were attributable to amortization and depreciation, SEK 0.5 million (0.1) to interest expenses and SEK 0.2 million (0.1) to leases of low value. The Group has no short-term leases or variable leasing fees.

Maturity analysis

SEK million	Leasing fees	Leasehold agreements	Total
2021	1.1	0.4	1.5
2022	0.8	0.4	1.1
2023	0.2	0.4	0.6
2024	0.0	0.4	0.4
2025	0.0	0.4	0.4
> 2026	0.0	18.2	18.2
Total	2.1	20.1	22.2

SUPPLEMENTARY DISCLOSURES – NOTE 6

NOTE 6: SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

At the end of the year, the Group had 76 employees (68), of whom 21 were women (19) and 55 were men (49). At the end of the year, there were 17 (13) employees in the Parent Company, of whom 9 were women (9) and 8 were men (4). Including the Chairman of the Board, K-Fast Holding AB had 6 Board Members (6) in 2020, including the Chairman, of whom 1 was a woman (1). Including the CEO, the Group had 8 senior executives (8), of whom 1 was a woman (1).

Average number of employees

	Group		Parent Company	
	2020	2019	2020	2019
Women	20	19	9	9
Men	50	55	7	4
Total	69	73	16	13

Remuneration to the CEO, as well as other members of Group management, complies with the guidelines adopted by the Annual General Meeting on 19 May 2020. Salaries and other terms of employment shall be market-based and competitive, but not wage-leading in comparison to comparable companies. The CEO's remuneration is proposed by the Remuneration Committee and is determined by the Board of Directors. Remuneration to other members of Group management is proposed by the CEO and approved by the Remuneration Committee. Compensation to the CEO is paid only in the form of fixed basic salary. Remuneration to other members of Group management is paid primarily in the form of fixed base salary, but can also be paid as variable salary or performance-based compensation corresponding to a maximum 50 percent of the fixed salary per calendar year.

Salaries, fees and benefits

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Chairman of the Board	0.0	0.0	0.0	0.0
Board of Directors	0.8	0.8	0.8	0.8
CEO				
<i>Basic salary</i>	1.2	1.2	1.2	1.2
<i>Benefits</i>	0.2	0.1	0.2	0.1
Deputy CEO				
<i>Basic salary</i>	0.9	0.9	0.9	0.9
<i>Benefits</i>	0.1	0.1	0.1	0.1
Other senior executives				
<i>Basic salary</i>	3.3	2.9	3.1	2.5
<i>Benefits</i>	0.2	0.2	0.1	0.1
Other employees				
<i>Basic salary</i>	26.9	26.6	4.9	4.2
<i>Benefits</i>	0.3	0.4	0.0	0.1
Total	34.0	33.1	11.3	10.0

Statutory social security expenses, including payroll tax

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Board of Directors	0.3	0.3	0.3	0.3
CEO	0.4	0.4	0.4	0.4
Deputy CEO	0.4	0.4	0.4	0.4
Other senior executives	1.2	1.0	1.2	1.0
Other employees	7.5	7.8	0.8	0.3
Total	9.8	9.9	3.1	2.4

The retirement age of the CEO and other members of Group management is 65. Pension commitments shall be fee based, meaning that the company has no further obligations once the annual premiums have been paid.

Contractual pension expenses

SEK million	Group		Parent Company	
	2020	2019	2020	2019
CEO	0.0	0.0	0.0	0.0
Deputy CEO	0.4	0.3	0.4	0.3
Other senior executives	0.5	0.4	0.3	0.3
Other employees	1.7	1.3	0.3	0.3
Total	2.7	2.0	1.1	0.8

Senior executive's compensation and other benefits during the year

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Chairman of the Board Erik Selin	0.0	0.0	0.0	0.0
Board Member Sara Mindus	0.2	0.2	0.2	0.2
Board Member Ulf Johansson	0.2	0.2	0.2	0.2
Board Member Jesper Mårtensson	0.2	0.2	0.2	0.2
Board Member Christian Karlsson	0.2	0.2	0.2	0.2
CEO	1.4	1.4	1.4	1.4
Deputy CEO	1.4	1.3	1.4	1.3
Other senior executives*	4.0	3.4	2.5	1.9
Total	7.6	6.9	6.1	5.3

*2020: 6 people; 2019: 5 people.

For the CEO, a mutual notice period of 12 months applies. On termination by the company, the CEO is also entitled to severance pay amounting to six months' salary.

Statutory social security expenses, including payroll tax, were positively affected by SEK 1.4 million in relief for social security expenses awarded for the period March - June 2020.

SUPPLEMENTARY DISCLOSURES – NOTES 7–10

NOTE 7: EXPENSES

Property management costs

SEK million	Group	
	2020	2019
Properties owned at start of year	-37.4	-29.7
Completed properties	-6.2	-3.1
Acquired properties	-4.7	-1.8
Divested properties	0.0	0.0
Direct property costs	-48.2	-34.5
Property administration	-19.2	-15.0
Property management costs	-67.4	-49.5

Costs in the year were positively affected by SEK 0.4 million in relief for social security expenses awarded for the period March - June 2020.

Project and construction contract costs

SEK million	Group	
	2020	2019
External project and construction contract costs	-2.5	-26.8
Internal project and construction contract costs	-438.6	-273.3
Project and construction contract costs	-441.1	-300.1

Costs relating to the project and construction operations comprise direct project-related costs and fixed costs for the construction organization. The part of operations involving external construction has been reported in the Income Statement. Project and construction operations for Group property management activities have been capitalized as work for the Group's own purposes and have been reported net in the Income Statement under Project and construction contract costs. Costs in the year were positively affected by SEK 0.7 million in relief for social security expenses awarded for the period March - June 2020.

Central administration

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Other external costs	-18.4	-31.8	-17.3	-31.8
Personnel costs	-16.1	-11.7	-16.1	-11.7
Other operating costs	-0.2	-0.1	-0.2	-0.1
Reversal of financial leasing	1.1	1.2	-	-
Central administration	-33.6	-42.4	-33.5	-43.6

Central administration comprises costs in K-Fast Holding AB and K-Fast Holding Danmark A/S, and comprises company management, IR & Communication, HR, IT and Finance.

For the corresponding period 2019, other external costs included SEK 13.3 million relating to the IPO completed in 2019. Costs in the year were positively affected by SEK 0.3 million in relief for social security expenses awarded for the period March - June 2020.

NOTE 8: DEPRECIATION/AMORTIZATION AND IMPAIRMENT

Depreciation/amortization and impairment

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Depreciation equipment, tools, fixtures and fittings	-2.3	-1.5	-0.2	-0.1
Depreciation business properties	-0.5	-0.2	0.0	0.0
Impairment of goodwill	0.0	-2.3	0.0	0.0
Impairment of investment properties	0.0	-3.5	0.0	0.0
Scrapping of investment properties	-3.9	-6.6	0.0	0.0
Impairment receivables	-0.6	-0.1	-	-
Depreciation Right-of-use	-1.2	-1.0	-	-
Total depreciation/amortization and impairment	-8.5	-15.2	-0.2	-0.1

NOTE 9: REMUNERATIONS TO THE AUDITORS

The audit engagement refers to the review of the Annual Report and the accounting, as well as the administration by the Board of Directors. Other duties are also included that the company's auditors are expected to perform, as well as advice or other assistance necessitated by observations in connection with such review or the execution of other such tasks. Everything else is consultation.

Ernst & Young AB

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Audit engagement	1.8	3.9	0.7	3.2
Tax consultancy	0.0	0.8	0.0	0.8
Other services	0.1	3.4	0.0	2.7
Total	1.9	8.0	0.7	6.6

NOTE 10: PROFIT FROM HOLDINGS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Impairment of shares in associated and jointly controlled companies are performed in conjunction with the payment of dividends.

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Dividends	0.0	0.0	3.7	139.4
Realized gains on divestments	-0.1	0.0	-0.1	0.0
Impairment	0.0	-15.4	0.0	-15.4
Profit share in associated companies	2.7	76.3	0.0	0.0
Total	2.6	61.0	3.6	124.0

SUPPLEMENTARY DISCLOSURES – NOTES 11–12

NOTE 11: NET INTEREST INCOME AND NET FINANCIAL ITEMS, AND VALUE CHANGE IN DERIVATIVES AND OTHER

The Group's net interest income comprises interest income and interest expenses. The Parent Company's net financial items also includes value changes in non-current derivative instruments.

Interest income and similar Income Statement items

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Interest income from Group companies	0.0	0.0	23.6	12.4
Other interest income	0.3	0.3	0.3	0.3
Total	0.3	0.3	23.8	12.6

Interest costs and similar Income Statement items

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Interest expenses to Group companies	0.0	0.0	-1.9	-3.2
Other interest costs and similar Income Statement items	-48.0	-35.6	-22.3	-14.9
Total	-48.0	-35.6	-24.2	-18.1

Value change in derivatives and other

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Unrealized value change in non-current derivative instruments	-14.4	-6.6	-14.5	-6.7
Unrealized value change in Current Assets	-9.8	0.0	-9.8	0.0
Realized value change in current securities holdings	0.0	19.3	0.0	0.0
Total	-24.2	12.7	-24.3	-6.7

Unrealized value changes in current assets of SEK -9.8 million (0.0) relate to unrealized exchange rate losses on intra-Group receivables to the Danish operations.

NOTE 12: VALUE CHANGE IN INVESTMENT PROPERTIES

SEK million	2020	2019
Change in net operating income	73.0	26.5
Investment properties under construction	407.9	186.4
Building rights	1.3	12.7
Change in return requirement	81.7	51.2
Acquisitions	14.6	62.9
Divestments	0.0	0.0
Currency effects	-0.7	0.0
Total	577.8	339.8

SUPPLEMENTARY DISCLOSURES – NOTES 13–16

NOTE 13: TAX ON PROFIT FOR THE YEAR

The tax cost in the Income Statement consists of current and deferred tax (see Note 21 Deferred tax). The current tax has been calculated in accordance with the applicable tax rate in Sweden, 21.4 percent. The deferred tax has been assessed at 20.6 percent, the tax rate applicable on the date on which the tax is expected to be realized. Current tax refers to tax to be paid or received in respect of the taxable earnings for the year in question. Taxable profit for the year differs from the reported profit for the year in that it has been adjusted for non-taxable and non-deductible items.

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Current tax	0.3	-3.8	0.0	0.0
Deferred tax	-137.2	-62.8	2.2	12.4
Total	-136.9	-66.5	2.2	12.4

Reported profit before tax	611.4	431.8	-11.2	95.3
Tax rate, %	21.4%	21.4%	21.4%	21.4%
Tax in accordance with applicable tax rate	-130.8	-92.4	2.4	-20.4
Tax attributable to previous years	0.8	-1.1	0.0	0.0
Effect of changed tax rates	4.7	0.6	-0.1	0.8
Non-taxable income	0.6	17.2	0.0	28.7
Non-deductible costs	-14.1	0.0	-3.3	-3.2
Other unrecognized income and expenses	2.0	9.3	3.2	6.5
Reported tax cost	-136.9	-66.5	2.2	12.4

The tax cost comprises the following components:

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Current tax				
- On profit for the year	0.3	-3.8	0.0	0.0
Deferred tax cost/income				
- Untaxed reserves	0.0	0.1	0.0	0.0
- Tax-loss carry forwards	7.1	9.5	0.4	9.8
- Net interest income	-6.4	6.4	-1.1	1.1
- Derivatives	3.0	1.4	3.0	1.4
- Properties, completed	-34.5	-79.1	0.0	0.0
- Properties, under construction	-110.5	2.4	0.0	0.0
- Other items	4.1	-3.4	0.0	0.0
Reported in the Income Statement	-136.9	-66.5	2.2	12.4
Average tax rate	22.4%	15.4%	-20.0%	13.0%

NOTE 14: OTHER COMPREHENSIVE INCOME

Other comprehensive income for the Group includes translation differences relating to K-Fastigheter's foreign operations, which totaled SEK -1.4 million (0.0) in the year. The full amount relates to items that can be reversed in a later period.

In 2020, there was no effect from Other comprehensive income relating to the Parent Company.

NOTE 15: EARNINGS PER SHARE

The calculation of earnings per share, which amounted to SEK 13.72 per share (14.14), is based on profit for the year after tax attributable to Parent Company shareholders of SEK 474.5 million (365.3) in relation to the average number of shares during the year of 34,582,517 (25,829,751).

As of 31 December 2020, no incentive programs existed and no dilution occurred during the year.

NOTE 16: GOODWILL

SEK million	Group	
	2020	2019
Opening cost	0.0	2.3
Impairment	0.0	-2.3
Closing amortized cost	0.0	0.0

SUPPLEMENTARY DISCLOSURES – NOTE 17

NOTE 17: INVESTMENT PROPERTIES

On 31 December 2020, the Group's property portfolio comprised 78 completed investment properties distributed over a total of 141,145 square meters of residential and 28,400 square meters of commercial space. In addition, the Group had 20 ongoing construction projects, distributed over 85,999 square meters of residential and 198 square meters of commercial space. Furthermore, K-Fastigheter has 22 projects in progress in the project development phase, at various stages of building permit application or project planning, of which 9 are projects for which K-Fastigheter has yet to take possession of the land.

Completed investment properties are properties where tenants can move in, and construction projects in progress and projects include all construction in progress and projects to be completed. All of the properties are located in Sweden and are held to generate rental income or value growth, or a combination of these.

Investment properties

SEK million	2020	2019
Opening carrying amount	3,949.1	2,535.9
Acquisitions	1,011.5	543.9
Investments	31.0	5.9
Sales and scrappings	-5.2	-8.9
Reclassifications	637.3	718.9
Exchange rate fluctuations	-0.7	0.0
Unrealized value changes	169.9	153.4
Closing carrying amount	5,792.9	3,949.1

Construction in progress

SEK million	2020	2019
Opening carrying amount	447.7	482.2
Investments	824.1	499.7
Sales and scrappings	0.0	-6.3
Acquisitions	23.0	13.9
Reclassification as completed investment properties	-642.1	-728.2
Unrealized value changes	407.9	186.4
Closing carrying amount	1,060.6	447.7

Investment properties

SEK million	2020	2019
Opening carrying amount	4,396.7	3,018.1
<i>of which, completed investment properties</i>	<i>3,606.9</i>	<i>2,404.8</i>
<i>of which, undeveloped land</i>	<i>335.1</i>	<i>131.1</i>
<i>of which, ongoing construction</i>	<i>447.7</i>	<i>482.2</i>
+Acquisitions	1,034.5	557.7
+ New construction	824.1	499.7
+ Extensions and rebuilds	31.0	5.9
- Divestments	-1.0	-2.3
- Reclassification as business property	0.0	-9.3
- Other reclassifications and scrappings	-9.7	-12.9
+/- Unrealized value changes	577.8	339.8
<i>of which, completed investment properties</i>	<i>168.6</i>	<i>140.7</i>
<i>of which, undeveloped land</i>	<i>1.3</i>	<i>12.7</i>
<i>of which, ongoing construction</i>	<i>407.9</i>	<i>186.4</i>
Closing carrying amount	6,853.5	4,396.7
<i>of which, completed investment properties</i>	<i>5,067.2</i>	<i>3,606.9</i>
<i>of which, undeveloped land</i>	<i>707.7</i>	<i>335.1</i>
<i>of which, site leaseholds</i>	<i>18.0</i>	<i>7.0</i>
<i>of which, ongoing construction</i>	<i>1,060.6</i>	<i>447.7</i>

Valuation

Investment properties are reported at fair value in the Consolidated Statement of Financial Position and the change in value is reported in the Consolidated Income Statement. All investment properties have been assessed as being at level 3 in the value hierarchy in accordance with IFRS 13 Fair Value Measurement. The fair value of the properties is based on external and internal valuations by means of a combination of the yield capitalization and location price methods. Properties under construction and project properties are valued at cost with additions/deductions for expected unrealized value changes, calculated as the estimated fair value less the estimated cost, where 20 percent of the assessed change in value is recognized when the building permit has gained legal force and a general construction contract has been signed, while the remaining 80 percent is recognized successively during construction in relation to the costs incurred. The fair value is the estimated amount that would be received in a single transaction at the time of valuation between knowledgeable parties who are independent of each other and who have an interest in completing the transaction following the usual marketing measures, where both parties are presumed to have acted with insight and wisdom, and without coercion.

As of 31 December 2020, 85 percent of the Group's completed properties, corresponding to 71 percent of the total value of completed investment properties, have been valued by the external independent assessor, Newsec Advise AB, in accordance with the recommendations of RICS and IVSC, to reach a market value in accordance with the internationally accepted definition developed by these organizations. In all instances, the internally valued properties are located on markets where K-Fast Holding AB has been active for several years and where comparable market data could be obtained from external valuations, from Newsec Advise AB

SUPPLEMENTARY DISCLOSURES – NOTE 17, CONT.

and from completed transactions. The difference in value between internally performed valuation and external valuation was less than a half percent of the total value. In all instances, the basis for the valuation consists of data regarding the condition of the property, leases, fixed operating costs, vacancies and planned investments, as well as an analysis of existing tenants. An assessment is made of the location, rent trend, vacancy rates and direct return requirements for relevant markets and taking normalized operation and maintenance costs into account. Data on the properties' land area, detailed development plans for undeveloped land and development properties are collected from public sources.

The value of the property holding is updated quarterly through existing values being updated with current rents, vacancies and market data from the external independent valuers, Newsec Advise AB, in terms of direct return levels and operation and maintenance costs.

The properties are inspected on an ongoing basis. All of the properties have been inspected within the past three years. The purpose is to assess the standard and condition of the properties and the attractiveness of the commercial premises.

Yield capitalization method

When valuing properties using the yield capitalization method, each property is valued individually by calculating the present value of anticipated future cash flows, that is, future rent payments less estimated operating and maintenance payments, as well as the residual value in year ten or fifteen depending on if it is an older property or a newly constructed property. Estimated rent payments, as well as operating and maintenance payments have been derived from actual income and costs. Cash flow is market-adjusted by taking into account any changes in the letting ratio

and letting levels, operating and maintenance payments, as well as market-based levels of the cost of capital and direct return requirements. All cash flow calculations are based on a long term rate of inflation of 2 percent (the Riksbank's inflation target). In the year, short-term inflation was adjusted down to between 1.0 and 1.5 percent to correspond to actual market expectations.

Rent payments

Future rent levels for housing are based on current levels and potential rent increases in connection with investments and inflation. Rent levels for commercial contracts are estimated based on the current rent level including indexation, meaning that rent levels develop at the same rate as inflation expectations. Vacancies are assessed for each property based on the current vacancy status with a gradual adaptation to market based vacancies and individual conditions.

Operating and maintenance payments

The assessment of disbursements for normal operations, maintenance and repairs, property tax, ground rent and property administration, has been made based on actual outcomes for the property concerned or for a property of similar design, as well as Newsec Advise AB's statistics and experience regarding comparable objects. The assessment has been made taking into account the properties' purpose, age and maintenance status. Disbursements for operations, administration and maintenance are expected to increase in line with assumed rate of inflation.

Investment needs

The property's investment needs are assessed based on any maintenance plans, the condition of the property and projects that are planned or in progress.

Direct return requirement and interest rate

The properties' direct return requirements have been assessed on the basis of each property's unique risk, which can be broken down into two parts – general market risk and a specific property risk. The market risk is linked to general economic developments and is influenced by, among other things, how investors prioritize between different asset classes and financing opportunities. The specific property risk is influenced by the location of the property, the type of property, the standard of the premises, the quality of the installations, the type of tenants and the nature of the contract.

The cost of capital corresponds to the interest rate that the owner of the property expects on capital tied to the property. The interest rate requirement is based on experiential assessments of the market's interest rate requirements for similar properties, which is, in practice, derived by adjusting the assessed direct return requirements to inflation.

For the completed investment properties, the return requirements on the valuation units included vary from 3.52 percent to 6.75 percent, with a total weighted average of 4.08 percent (4.25) and, for project properties valued in advance, from 3.54 percent to 4.60 percent, with a weighted average of 3.96 percent (4.02). It is primarily the distribution between categories of space (housing/commercial premises) and geographical aspects that cause the return requirement to vary. For completed investment properties, the average cost of capital applied for the period was 6.07 percent (6.28) and, for project properties valued in advance, it was 5.97 percent (6.08).

SUPPLEMENTARY DISCLOSURES – NOTE 17, CONT.

Residual value

The residual value comprises the operating surplus during the remaining economic life of the asset, which is based on the year following the last year calculated. Residual value is calculated for each property through perpetual capitalization of the estimated market operating surplus and the estimated market operating direct return requirement for each property. The return requirement comprises the risk-free interest rate and each property's unique risk. The cost of capital/discount rate is used to discount the residual value of the properties to present value.

The location price method

The location price method is based on market analyses of conveyances of properties that could be considered comparable. The method means that the assessment is made applying prices paid for similar properties on a free and open market. The comparison should take into account the change in value between the transfer of the property and the timing of the valuation. The location price method is used primarily to support the yield capitalization method.

Sensitivity analysis

All property valuations are estimates of the value an external investor is willing to pay for the property or the portfolio of properties at a given time. The values of the properties can only be ascertained with certainty in connection with a transaction between two independent parties.

Other

The completed investment properties and investment properties under construction are generally posted as collateral for loans and construction credits for financing those. During 2020, interest expenses on construction credits of SEK 21.2 million (12.5) was capitalized on investment properties. As of 31 December 2020, the average interest rate on capitalized interest expenses was 1.99 percent (1.92).

Geographical region	Average direct return requirement for calculating residual value, %			
	Housing		Commercial	
	Completed	New construction	Completed	New construction
Northwestern Skåne	2.35-4.40%	3.75-4.00%	4.75-7.00%	5.50%
Northeastern Skåne	3.80-4.55%	3.95-4.25%	5.00-6.75%	5.00-6.00%
Southwestern Skåne	3.25-3.50%	3.45-4.00%	5.25-5.50%	5.00%
Gothenburg	4.15%	3.60-3.65%	-	5.50%
Southern Småland	3.80-4.70%	3.70-4.50%	5.00-5.50%	5.00%
Rest of Sweden	-	3.85-3.90%	5.00%	5.00-5.50%
Denmark	-	4.40-4.60%	-	-

Category	Completed	New construction
Housing	2.35-4.70%	3.45-4.60%
Offices	4.75-6.56%	-
Stores	5.00-7.00%	5.50%
Restaurants	5.25-6.27%	-
Inventories	5.16-6.88%	-
Other	4.90-7.00%	5.00-6.00%

As of 31 December 2020, the Group had investment commitments for the completion of construction projects in progress of SEK 1,593.2 million (763.9). For further specification of major ongoing construction projects, see page 31.

There is no restriction to the right to sell any investment properties or to appropriate rental income and compensation in connection with divestment.

Sensitivity analysis

SEK million	Cash flow	Fair value
Direct return requirement +/- 0.1%	-	140.5
Rental value +/- 1%	2.4	58.5
Operating and maintenance costs +/- 1%	0.4	9.8
Long-term vacancy ratio +/- 1%	2.4	58.5

Change in value of completed investment properties

SEK million	-10%	10%
Property value	-577.5	577.5
Effect loan-to-value ratio	60%	49%

Valuation assumptions, weighted average

SEK million	2020	2019
Calculation period, number of years	10-15	10-15
Annual inflation, %	1.00-2.00%	2.00%
Rent trend housing, % annually	1.00-2.00%	2.00%
Cost of capital, %	6.02%	6.22%
Direct return requirements, residual value, %		
Housing, %	3.92%	4.01%
Commercial, %	5.02%	5.02%
Long-term vacancy ratio, %		
Housing, %	0.30%	0.29%
Commercial, %	5.36%	5.36%
Rental value, SEK/m ²	1,589	1,494
Operating and maintenance costs, year 1, SEK/m	248	240

K-Fast Holding AB has no contractual obligations to purchase, construct or exploit any investment property or to perform repairs, maintenance or improvements.

SUPPLEMENTARY DISCLOSURES – NOTES 18–19

NOTE 18: BUSINESS PROPERTIES

SEK million	2020	2019
Opening amortized cost	22.8	7.9
Purchasing	7.1	2.8
Reclassifications	4.4	12.0
Closing amortized cost	34.2	22.8
Opening accumulated depreciation	-2.9	-0.4
Depreciation for the year	-0.5	-0.2
Reclassifications	0.0	-2.2
Closing accumulated depreciation	-3.3	-2.9
Closing residual value according to plan	30.9	19.9

In 2019, the property Osby Osby 186:1 was reclassified from an investment property to a business property, as it is estimated that just over 50 percent of the total floor space is used for operations in proprietary premises and the utilized floor space is thereby considered to comprise more than an insignificant proportion of the building's total floor space. As a result of the reclassification, the property is recognized in accordance with IAS 16 Property, plant and equipment on the basis of a valuation at cost.

NOTE 19: MACHINERY AND EQUIPMENT

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Opening cost	21.0	11.7	0.6	0.2
Purchasing	7.6	8.7	0.0	0.4
Sales and scrappings	-0.2	0.0	0.0	0.0
Through acquisitions of subsidiaries	0.0	0.6	0.0	0.0
Closing amortized cost	28.4	21.0	0.6	0.6
Opening depreciation	-7.1	-4.4	-0.1	-0.1
Sales and scrappings	0.1	-0.2	0.0	0.0
Through acquisitions of subsidiaries	0.0	0.0	0.0	0.0
Depreciation for the year	-3.0	-2.5	-0.2	0.0
Closing accumulated depreciation/ amortization	-10.0	-7.1	-0.3	-0.1
Closing residual value according to plan	18.5	14.0	0.3	0.5

Leased assets

See also Note 5 Leases. The item machinery and equipment includes leased items that the Group holds under leases at the following amounts:

SEK million	Group	
	2020	2019
Cost	5.7	3.3
Accumulated depreciation/amortization	-1.5	-1.0
Carrying amount	4.2	2.3

SUPPLEMENTARY DISCLOSURES – NOTES 20–21

NOTE 20: HOLDINGS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES AND OTHER NON-CURRENT RECEIVABLES

Holdings in associated and jointly controlled companies

	Corp. ID No.	Reg. office	Share of capital	Share of voting rights	No. of participations	Carrying amount in the Parent Company, SEK million	Carrying amount in the Group, SEK million
Novum Samhällsfastigheter AB	559177-8542	Helsingborg	50%	50%	250	0.0	36.8
Käglinge Holding AB	559030-5305	Hässleholm	50%	50%	250	0.0	0.2
Tygelsjö Ängar Holding AB	559085-3445	Malmö	49%	49%	245	0.0	0.3
HOMEstate AB	559179-2253	Jönköping	33%	33%	166	0.0	0.0
Fosie mark Skåne AB	559196-0173	Malmö	31%	31%	310	0.0	0.0
Total						0,1	37,3

All loss carry-forwards in the Group have been capitalized with deferred tax receivables. There is no time limitation for utilizing the Group's loss carry-forwards.

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Opening carrying amount	38.3	116.7	0.1	15.5
Sales/scrapping	0.0	-15.4	0.0	-15.4
Participation in associated companies' profit after tax	2.7	38.0	0.0	0.0
Dividend received	-3.7	-101.0	0.0	0.0
Closing carrying amount	37.3	38.3	0.1	0.1

Non-current receivables

SEK million	Group	
	2020	2019
Other non-current receivables	7.7	5.4
Other non-current securities holdings	0.1	0.1
Non-current receivables	7.8	5.5

NOTE 21: DEFERRED TAX

The tax expense in the Income Statement consists primarily of current tax (see Note 13 Tax on profit for the year) and deferred tax. The current tax has been calculated in accordance with the applicable tax rate in Sweden 21.4 percent. In June 2018, the Riksdag (Swedish parliament) decided to reduce the corporate tax rate from 22 percent in two stages. The corporate tax rate was first lowered to 22 percent to 21.4 percent and this applies to financial years commencing 1 January 2019 or later. In step two, the corporate tax rate will be lowered to 20.6 percent as of the financial year commencing 1 January 2021. The Group has made an assessment of the period in which the deferred tax will be settled and has applied the tax rate applicable for that period. In essence, the tax is expected to be settled in 2021 or at some point thereafter, which is why the deferred tax has been assessed at 20.6 percent. As of 31 December 2020, deferred tax pertaining to properties has been reassessed, resulting in one-off positive effect of SEK 4.7 million (0.6).

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Recognized in the Balance Sheet				
Deferred tax assets attributable to:				
Tax-loss carry forwards	20.7	12.2	10.2	9.8
Net interest income	0.0	6.4	0.0	1.1
Properties	0.1	0.1	0.0	0.0
Derivatives	5.6	2.6	5.6	2.6
Other items	0.7	0.0	0.0	0.0
Total	27.0	21.4	15.8	13.6
Deferred tax liability attributable to:				
Properties, completed	306.0	271.9	0.0	0.0
Properties, under construction	144.6	34.1	0.0	0.0
Untaxed reserves	0.7	0.7	0.0	0.0
Other items	0.0	3.6	0.0	0.0
Total	451.2	310.2	0.0	0.0

SUPPLEMENTARY DISCLOSURES – NOTE 22

NOTE 22: FINANCIAL RISKS AND FINANCE POLICIES

Overarching goals

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

Financial targets

- Over an economic cycle, growth in long-term net asset value per share is to average at least 20 percent annually, including any value transfers.
- Over an economic cycle, annual growth in profit per share from property management is to average at least 20 percent.

Operational goals

- In the long term, rental income from housing is to comprise at least 80 percent of K-Fastigheter's total rental income.
- The number of apartments to be managed by the company and on which construction has commenced is to amount to 1,300 annually before the end of 2023.
- At the end of 2023, K-Fastigheter is to manage at least 5,000 apartments in the Nordic region.

Finance policy

K-Fastigheter's finance policy stipulates how the financial activities are to be conducted where operations are regulated, and is followed up on the basis of clearly defined targets and risk levels with respect to currency risk, interest-rate risk, financing risk, liquidity risk and credit risk.

The finance policy serves to define uniform guidelines and frameworks for the financial activities that arise within the Group

in connection with borrowing, debt management and liquidity management. These guidelines are to form the basis for effective control and the cost-efficient management of financial flows and risks, while achieving the Group's financial targets.

The finance policy shall be revised and approved annually and any deviations from finance policy guidelines shall be decided by the Board of Directors.

Financial targets

At an overarching level, the Group's financial risk is limited by means of a sound capital structure and a stable and positive cash flow, which, over time, secures the Group's short and long-term capital supply.

To achieve a sound capital structure and a stable and positive cash flow, the Board of Directors has set the following financial targets:

- The loan-to-value ratio may amount to at most 70 percent

relative the market value of the Group's investment properties

- The equity/assets ratio should amount to at least 25 percent
- The interest coverage ratio should be a multiple of at least 1.75

These financial targets also correspond to the so-called financial covenants that the Group is obliged to monitor and report under existing loan agreements.

Currency risk

Currency risk refers to the risk of negative impacts on the Group's cash flow, Income Statement and Balance Sheet as a result of changes in exchange rates.

The Group's operations are conducted in Sweden and Denmark and use SEK as their functional currency. The Group primarily manages exchange rate exposure by natural matching of assets and liabilities, and income and expenses, in the same currency, and through financial instruments.

SEK million	2020	2019	Financial target	Financial covenant
Interest-bearing liabilities at the end of the year in accordance with the Balance Sheet	3,126.6	2,371.9		
Cash and cash equivalents and net value of current investments at the end of the year in accordance with the Balance Sheet	507.6	779.0	<70%	<70-75%
Investment and business properties at the end of the year according to the Balance Sheet	5,805.7	3,962.0		
Loan-to-value ratio at the end of the year (%)	46.7%	40.2%		
Equity at the end of the year in accordance with the Balance Sheet	3,209.8	2,238.5		
Equity at the end of the year in accordance with the Balance Sheet	7,659.6	5,373.7	>25%	>25%
Equity/assets ratio at the end of the year (%)	41.9%	41.7%		
Profit from property management for the year in accordance with the Income Statement	75.3	52.9		
Depreciation/amortization and impairment	-2.8	-5.1	> multiple of	> multiple of
Net interest for the year in accordance with the Income Statement	-47.7	-35.3	1.75	1.50
Interest coverage ratio for the year (multiple)	2.6	2.6		

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Interest-rate risk

Interest-rate risk refers to the risk that changes in market interest rates will have negative effects on net interest expenses and profit, and the risk of locking-in interest expenses that are too high relative to the market for long periods, thus reducing the possibility of compensating for adverse events in profit and tax.

The Group manages interest-rate risk by setting target levels for average fixed interest and for the share of variable interest in the loan portfolio as a whole. Interest rate derivatives are used to adjust the period of fixed interest. Furthermore, ongoing dialogue is conducted primarily with the banks' interest analysts to monitor the interest market.

As of 31 December 2020, the average period of fixed interest was 3.8 years (3.3) and the interest rate sensitivity in the event of a 1 percentage point shift in the loan rates amounted to SEK 12.4 million (11.2). As a percentage of the total debt portfolio, variable interest accounted for 39 percent (48). At the end of the year, the average interest rate amounted to 1.77 percent (1.90) including interest-rate derivatives and to 1.41 percent (1.62) excluding interest-rate derivatives.

Financing and refinancing risk

(Re)financing means the risk that the Group will not be able to refinance its loans when desired, will not be able to secure new financing in the market when needs arise (at any given time) or that refinancing would entail a significant increase in the Group's borrowing expenses.

The (re)financing risk is managed through diversification of the total debt portfolio with financially stable counterparties and with varying maturities. Target levels are set for the minimum number of banks, maximum size and minimum rating per bank, maximum

Credit and interest maturity structure as of 31 December 2020 (excluding construction credits-, overdraft facilities and custody account credits)

Term	Interest maturity		Credit maturity		Swap maturity		Value, SEK million
	Amount, SEK million	Average interest, %	Credit agreements, SEK million	Utilized, SEK million	Amount, SEK million	Interest, %	
0– 1 years	1,245.1	1.41%	781.1	781.1	7.0	2.01%	-0.1
1– 2 years	100.0	1.97%	216.0	216.0	100.0	0.50%	-1.0
2– 3 years	100.0	2.16%	1,414.8	1,414.8	100.0	0.69%	-1.9
3– 4 years	300.0	1.80%	458.3	458.3	300.0	0.33%	-3.1
4– 5 years	200.0	2.11%	0.0	0.0	200.0	0.64%	-5.1
> 5 years	1,200.0	1.94%	275.0	275.0	1,200.0	0.47%	-19.2
Total	3,145.1	1.77%	3,145.1	3,145.1	1,907.0		-30.5

percentage with a maturity of less than 12 months and average capital tied up. At the end of the year, the average capital tied up was 2.6 years (3.2) and 25 percent (9) of the loans matured within 12 months.

At the end of the year, the Group had loan agreements with credit institutions totaling SEK 4,820.6 million (3,239.7), of which SEK 90.0 million (90.0) constituted overdraft facilities and covered loans and SEK 1,585.5 million (817.8) constituted construction credits. The remaining credit agreement, for SEK 3,145.1 million (2,331.9), consists of bilateral agreements with Swedish banks with the aim of financing the Group's completed investment and business properties. Of credit agreements for financing of the Group's completed investment and business properties, credits for a total SEK 781.1 million (322.0) expired during 2020, credits K-Fastigheter believes it will be possible to renegotiate or extend due to the Group's good relationship with its partner banks despite the current market conditions. Net interest-bearing liabilities relating to completed investment and business properties amounted to SEK 2,709.0 million (1,593.0) at the end of the year.

Existing loan agreements with credit institutions contain financial

conditions (covenants) stipulating maximum loan-to value ratio, minimum equity/assets ratio and minimum interest coverage ratio. K-Fastigheter has fulfilled these conditions at all follow-up events in 2020.

Future liquidity flows

Future liquidity attributable to credit is shown below. When calculating credits, as well as the variable legs in the interest rate swaps, the Stibor rate as of the Balance Sheet date has been applied. Outstanding loan liabilities and credit margin have been assumed to be the same as of the Balance Sheet date up to respective maturity, when are assumed to have been repaid.

Future liquidity maturity credits

SEK million	Maturity credits	Interest credits	Interest rate derivatives	Total
2021	781.1	41.4	11.3	833.7
2022	216.0	31.2	11.0	258.2
2023	1,414.8	28.5	10.3	1,453.6
2024	458.3	8.3	9.3	475.8
2025	0,0	3.1	8.0	11.1
> 2026	275.0	0.1	18.1	293.2
Total	3,145.1	112.6	68.0	3,325.7

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Liquidity risk

Liquidity risk refers to the risk of not being able to fulfil payment commitments on maturity, without expenses for securing liquidity increasing significantly.

The liquidity risk is managed through appropriate payment flow systems and credit facilities and loan pledges from the partner banks, and by setting a target level for the minimum level in the liquidity reserve. In addition, a monthly cash flow forecast is prepared and reported.

At the end of the year, the Group's cash reserves amounted to SEK 507.6 million (779.0). In addition, there is an unutilized overdraft facility of SEK 90.0 million (90.0).

Credit risk

Credit risk refers to the risk that a counterparty or issuer is unable to fulfil its commitments to the Group. The Group is exposed to credit risk through holdings of derivative instruments (if these have a positive value) and surplus liquidity that is invested. Credit risk also occurs in relation to rent receivables and accounts receivable, as well as other receivables.

Credit risk is managed by setting a minimum creditworthiness for the Group's counterparties (ascribed rating or credit control), which is done when signing an agreement and then on an ongoing basis for larger commitments.

Maturity analysis for financial liabilities

For the maturity structure of interest-bearing liabilities see under "Interest-rate risk" above. Other operating liabilities fall due for payment as below. Liabilities to Group and associated companies are recognized as non-current unless regulated by a fixed repayment plan.

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Matures within 1 year	114.5	149.8	12.5	15.3
Matures after 1 year	8.5	18.1	578.1	526.9
Total	123.0	167.9	590.7	542.2



Nyponrosen in Helsingborg.

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Breakdown of financial assets and liabilities as of 31 December 2020

Group SEK million	Financial assets/ liabilities measured at fair value in the Income Statement	Financial assets/liabilities measured at amortized cost	Total carrying amount	Fair value
Other non-current liabilities	0.0	7.7	7.7	7.7
Accounts receivable	0.0	1.8	1.8	1.8
Receivables from associated companies	0.0	10.5	10.5	10.5
Other current receivables	0.0	159.3	159.3	159.3
Prepaid costs and accrued income	0.0	5.2	5.2	5.2
Cash and cash equivalents	0.0	507.6	507.6	507.6
Total receivables	0.0	692.1	692.1	692.1
Long-term interest-bearing liabilities	0.0	3,000.6	3,000.6	3,000.6
Other non-current liabilities	0.0	8.5	8.5	8.5
Derivative instruments	27.2	0.0	27.2	27.2
Current interest-bearing liabilities	0.0	847.8	847.8	847.8
Advances from customers	0.0	1.7	1.7	1.7
Accounts payable	0.0	50.4	50.4	50.4
Current tax liabilities	0.0	0.3	0.3	0.3
Other current liabilities	0.0	23.9	23.9	23.9
Accrued costs and prepaid income	0.0	38.2	38.2	38.2
Total liabilities	27.2	3,971.3	3,998.5	3,998.5

Breakdown of financial assets and liabilities as of 31 December 2019

Group SEK million	Financial assets/ liabilities measured at fair value through the Income Statement	Financial assets/liabilities measured at amortized cost	Total carrying amount	Fair value
Other non-current liabilities	0.0	5.4	5.4	5.4
Accounts receivable	0.0	43.6	43.6	43.6
Receivables from associated companies	0.0	16.5	16.5	16.5
Other current receivables	0.0	13.1	13.1	13.1
Prepaid costs and accrued income	0.0	25.5	25.5	25.5
Cash and cash equivalents	0.0	779.0	779.0	779.0
Total receivables	0.0	883.1	883.1	883.1
Long-term interest-bearing liabilities	0.0	2,281.3	2,281.3	2,281.3
Other non-current liabilities	0.0	18.1	18.1	18.1
Derivative instruments	12.8	0.0	12.8	12.8
Current interest-bearing liabilities	0.0	363.1	363.1	363.1
Advances from customers	0.0	1.5	1.5	1.5
Accounts payable	0.0	57.6	57.6	57.6
Current tax liabilities	0.0	0.0	0.0	0.0
Other current liabilities	0.0	27.4	27.4	27.4
Accrued costs and prepaid income	0.0	63.3	63.3	63.3
Total liabilities	12.8	2,812.2	2,825.0	2,825.0

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Breakdown of financial assets and liabilities as of 31 December 2020

Parent Company SEK million	Financial assets/ liabilities measured at fair value through the Income Statement	Financial assets/ liabilities measured at amortized cost	Total carrying amount	Fair value
Receivables from Group companies	0.0	649.0	649.0	649.0
Receivables from associated companies	0.0	10.7	10.7	10.7
Current tax receivables	0.0	0.8	0.8	0.8
Other current receivables	0.0	114.8	114.8	114.8
Prepaid costs and accrued income	0.0	0.9	0.9	0.9
Cash and cash equivalents	0.0	482.0	482.0	482.0
Total receivables	0.0	1,258.1	1,258.1	1,258.1
Long-term interest-bearing liabilities	0.0	849.6	849.6	849.6
Derivative instruments	27.0	0.0	27.0	27.0
Other non-current liabilities	0.0	6.4	6.4	6.4
Current interest-bearing liabilities	0.0	17.9	17.9	17.9
Accounts payable	0.0	1.5	1.5	1.5
Liabilities to Group companies	0.0	571.7	571.7	571.7
Other current liabilities	0.0	6.9	6.9	6.9
Accrued costs and prepaid income	0.0	4.2	4.2	4.2
Total liabilities	27.0	1,458.2	1,458.2	1,458.2

With regard to long-term debt, K-Fastigheter assesses that there is no significant difference between fair value and carrying amounts.

All long-term and short-term interest-bearing liabilities accrue variable interest.

Derivatives are valued at fair value in the Balance Sheet and according to IFRS fair value hierarchy Level 2.

Breakdown of financial assets and liabilities as of 31 December 2019

Parent Company SEK million	Financial assets/ liabilities measured at fair value through the Income Statement	Financial assets/ liabilities measured at amortized cost	Total carrying amount	Fair value
Receivables from Group companies	0.0	173.5	173.5	173.5
Receivables from associated companies	0.0	16.6	16.6	16.6
Current tax receivables	0.0	0.8	0.8	0.8
Other current receivables	0.0	1.7	1.7	1.7
Prepaid costs and accrued income	0.0	20.5	20.5	20.5
Cash and cash equivalents	0.0	771.2	771.2	771.2
Total receivables	0.0	984.3	984.3	984.3
Long-term interest-bearing liabilities	0.0	867.5	867.5	867.5
Derivative instruments	12.5	0.0	12.5	12.5
Other non-current liabilities	0.0	12.8	12.8	12.8
Current interest-bearing liabilities	0.0	17.9	17.9	17.9
Accounts payable	0.0	2.4	2.4	2.4
Liabilities to Group companies	0.0	514.1	514.1	514.1
Other current liabilities	0.0	6.9	6.9	6.9
Accrued costs and prepaid income	0.0	6.0	6.0	6.0
Total liabilities	12.5	1,427.6	1,440.1	1,440.1

SUPPLEMENTARY DISCLOSURES – NOTES 23–24

NOTE 23: ACCOUNTS RECEIVABLE

Accounts receivable are recognized at the amount expected to be received. All overdue accounts receivable exceeding 30 days have been assessed individually in terms of loss risk. Impairments are applied for uncertain accounts receivable. See also Note 24 Expected credit losses.

SEK million	Group	
	2020	2019
Within 90 days	1.1	37.9
91-120 days	0.4	0.5
More than 120 days	1.1	5.9
Doubtful accounts receivable <90 days	-0.8	-0.2
Doubtful accounts receivable >90 days	0.0	-0.5
Accounts receivable, net	1.8	43.6

The Group's profit for 2020 has been charged with SEK 1.9 million (0.3) in confirmed customer losses. The receivables are current in nature, which means that recognized amounts correspond to fair value.

NOTE 24: IMPAIRMENT, EXPECTED CREDIT LOSSES

In accordance with IFRS 9, the Group has impaired assets valued at amortized cost to reflect expected credit losses.

Impairment has been effected according to the two methods defined in IFRS 9, *the simplified method* and *the general method* respectively. Both of these methods specify the stages used to classify the assets based on credit risk. The choice of method depends on which type of financing asset is intended.

Financial instruments covered by the simplified method

The simplified method is used for accounts receivable and rental claims. Customers- and rental claims due 0-90 days are classified as stage 2, while accounts receivable overdue by over 90 days are classified as a stage 3. Expected credit losses are calculated on the basis of the asset term.

For the simplified method, a *loss-sharing model* is used based on historical data on all claims in the stage 2. An average value has been calculated on customer losses recorded during the past five years (2016-2020). This percentage has then been adjusted for known future invoices in the form of management's assessment of increased risk for future credit losses. The adjustment has taken into account the impact due to the Covid-19 pandemic, increased activity in the construction and rental business, and a increased proportion of older apartments in the property holding. This has resulted in total reserves of SEK 0.8 million (0.2) as of 31 December 2020.

For the accounts receivable in stage 3 (overdue over 90 days) individual tests have been made for each claim. This has resulted in one total reserve of SEK 0.0 million (0.5) as of 31 December 2020.

Financial instruments covered by the simplified method

The general method is used for other financial assets (receivables from other companies, associated companies and jointly controlled companies, and cash and cash equivalents). For the general method, a *rating model* is used. Expected loan losses have been calculated over 12 months for stage 1 receivables, and on the term of the assets for receivables in stage 2 and stage 3.

Receivables from other companies, associated and jointly controlled companies

Regarding receivables from other companies, associated companies and jointly controlled companies, credit ratings are established if possible. If credit ratings cannot be determined, for example if the requisite information about the companies is unavailable, the S&P rating B is assigned. Loss given default is assumed to be 45 percent in line with Basel II's guidelines for exposure for non-financial companies. This has resulted in a reserve of SEK 2.5 million (0.2).

Cash and cash equivalents

Regarding cash and cash equivalents, credit ratings are obtained from the respective bank's website. Default rates are taken from S&P. Loss given default is assumed to be 45 percent in line with Basel II's guidelines for exposure for non-financial companies. This has resulted in a reserve of SEK 0.0 million (0.0).

SUPPLEMENTARY DISCLOSURES – NOTES 24–27

Analysis of changes in financial instruments covered by the simplified method

SEK million	Stage 1 (0-30 days)	Stage 2 (0-90 days)	Stage 3 (> 90 days)
Opening balance (OB) Customer and rent receivables		37.9	6.4
Change		-36.8	-4.9
Closing Balance (CB) Customer and rent receivables		1.1	1.5
OB Receivables from other companies, associated companies and jointly controlled companies	20.1		
Change	149.8		
CB Receivables from other companies, associated companies and jointly controlled companies	170.0		
OB Provision for expected credit losses	-0.2	-0.2	-0.5
Change in Provision for expected credit losses	-2.3	-0.6	0.5
CB Provision for expected credit losses	-2.5	-0.8	0.0
Recognized net value	167.5	0.3	1.5

NOTE 25: OTHER RECEIVABLES

Receivables from associated companies and jointly controlled companies

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Receivables from associated and jointly controlled companies	10.5	16.5	10.7	16.6
Total	10.5	16.5	10.7	16.6

Other receivables

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Other receivables	159.3	9.0	114.8	1.7
Total	159.3	9.0	114.8	1.7

NOTE 26: PREPAID COSTS AND ACCRUED INCOME

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Prepaid leases	0.2	0.1	0.0	0.0
Other prepaid costs and accrued income	5.0	25.4	0.9	20.5
Total	5.2	25.5	0.9	20.5

NOTE 27: CASH AND CASH EQUIVALENTS AND GROUP BANK ACCOUNT

Cash and cash equivalents

Cash and cash equivalents in the Group's and Parent Company's Balance Sheet and Cash Flow Statement refer in their entirety to cash and bank balances.

Group account

Most Group companies utilize K-Fast Holding AB's Group bank account, which means that Group company bank balances are recognized as receivables with Group companies, and utilized credit is recognized as a debt to Group companies. K-Fast Holding AB is legally responsible for the Group's transactions in the Group bank account.

SEK million	Group	
	2020	2019
Utilized credit, K-Fast Holding AB	-500.6	-148.4
Available amount, K-Fast Holding AB	582.3	919.5
Total Group bank balances relating to the Group account	81.7	771.2
Available amount, K-Fast Holding AB	90.0	90.0
Total Group bank balances relating to the Group account, including unutilized credit	171.7	861.2

SUPPLEMENTARY DISCLOSURES – NOTES 28–29

NOTE 28: SHARE CAPITAL

The share capital of the Parent Company, K-Fast Holding AB, amounts to SEK 57.4 million (54.2) and is distributed between 35,888,528 shares (33,888,528). The shares have a quotient value of SEK 1.6 per share (1.6). The shares are divided between 3,750,000 Class A shares that each convey five votes and 32,138,528 Class B shares that each convey one vote. All shares registered as of the balance sheet date are fully paid-up. Other capital contributions consist of the surplus capital raised in connection with new share issues.

	Quotient value, SEK		No. of shares	
	2020	2019	2020	2019
Shares	1.6	1.6	35,888,528	33,888,528

Development of share capital

Date	Event	Change in number of shares	Total number of outstanding shares	Quotient value per share, SEK	Change in share capital, SEK million	Total share capital, SEK million
2 November 2010	Company founded		500	100.0		0.1
19 August 2019	Bonus issue and share split	24,999,500	25,000,000	1.6	39.9	40.0
19 August 2019	Directed new share issue	260,587	25,260,587	1.6	0.4	40.4
16 September 2019	Directed new share issue	2,941	25,263,528	1.6	0.0	40.4
29 November 2019	New share issue	8,625,000	33,888,528	1.6	13.8	54.2
26 August 2020	New share issue	2,000,000	35,888,528	1.6	3.2	57.4
31 December 2020		35,888,528	35,888,528	1.6		57.4

The specification of changes in equity are included in the Consolidated Statement of Changes in Equity.

The Extraordinary General Meeting of 19 August 2019 approved a bonus issue of SEK 39,500,000 and a 1:50,000 share split, whereby the number shares increased to 25,000,000 with a quotient value of SEK 1.6 per share.

No dividend was paid in 2019 or 2020.

	Outstanding number of shares at the end of the year		Average number of shares outstanding	
	2020	2019	2020	2019
Shares	35,888,528	33,888,528	34,582,517	25,829,751

NOTE 29: DERIVATIVE INSTRUMENTS

To manage the interest rate risk (see Note 22 Financial risks and finance policies) the Group utilizes interest-rate derivatives. Over time, value changes arise in the interest rate derivative portfolio, primarily due to changed market interest rates. In the Balance Sheet, derivative instruments are reported at fair value as current or non-current assets or liabilities (IFRS fair value hierarchy Level 2) based on the term of the derivative, even where no amount is to be settled in cash.

On the closing date, the fair value of the derivative portfolio was negative in the amount of SEK 27.2 million (-12.8).

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Opening amount	-12.8	-6.2	-12.8	-6.2
Development for the period	-14.4	-6.6	-14.4	-6.6
Closing amount	-27.2	-12.8	-27.2	-12.8
Interest-rate derivatives	-30.5	-12.8	-30.3	-12.8
Currency derivatives	3.3	0.0	3.3	0.0
Total derivatives	-27.2	-12.8	-27.0	-12.8

Distribution derivatives portfolio

	2020	2019	2020	2019
Less than 1 year	7.0	0.0	0.0	0.0
1–2 years	100.0	7.0	100.0	0.0
2–3 years	100.0	100.0	100.0	100.0
3–4 years	300.0	100.0	300.0	100.0
4–5 years	200.0	300.0	200.0	300.0
More than 5 year	1,200.0	700.0	1,200.0	700.0
Total Interest-rate derivatives	1,907.0	1,207.0	1,900.0	1,200.0

SUPPLEMENTARY DISCLOSURES – NOTES 30–33

NOT 30: OTHER PROVISIONS AND NON-CURRENT AND CURRENT LIABILITIES

Other provisions and non-current liabilities

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Other provisions	0.0	2.6	0.0	0.0
Other non-current liabilities	8.5	15.5	6.4	12.8
Total	8.5	18.1	6.4	12.8

Other current liabilities

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Advances from customers	1.7	1.5	0.0	0.0
Other current liabilities	23.9	21.6	6.9	6.9
Total	25.6	23.2	6.9	6.9

NOTE 31: ACCRUED COSTS AND PREPAID INCOME

Income invoiced but not vested

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Income invoiced but not vested	0.0	2.6	0.0	0.0
Total	0.0	2.6	0.0	0.0

Accrued costs and prepaid income

SEK million	Group		Parent Company	
	2020	2019	2020	2019
Accrued personnel-related expenses	7.3	5.9	2.2	1.4
Accrued interest	0.7	0.4	0.0	0.0
Prepaid rental income	18.8	42.9	0.0	0.0
Other items	11.5	11.4	2.0	4.6
Total	38.2	60.6	4.2	6.9

NOTE 32: APPROPRIATIONS

SEK million	2020	2019
Change in accelerated depreciation	0.0	0.0
Group contributions received	57.6	36.5
Group contributions paid	-14.2	-9.8
Total	43.4	26.8

SUPPLEMENTARY DISCLOSURES – NOTE 33

NOTE 33: SHARES IN GROUP COMPANIES

Company	Corp. ID No.	Reg. office	Proportion of equity, %	Share of votes, %	Cost
Fastigheten Hammar 9:197 AB	559242-0839	Hässleholm	100%	100%	1.3
K-Fast 21:an AB	559282-9898	Hässleholm	100%	100%	0.0
K-Fast Amerika Norra AB	556750-2272	Hässleholm	100%	100%	35.9
K-Fast Bygg Holding AB	559008-8950	Hässleholm	100%	100%	0.1
K-Fast Elinegård AB	559094-9144	Hässleholm	100%	100%	18.8
K-Fast Flora AB	556750-0979	Hässleholm	100%	100%	14.5
K-Fast Fredriksdal AB	559076-5888	Hässleholm	100%	100%	17.7
K-Fast Fredriksskans AB	559219-4897	Hässleholm	100%	100%	4.7
K-Fast Gävle Sättra AB	559103-8160	Hässleholm	100%	100%	0.1
K-Fast Göteborg AB	559114-1568	Hässleholm	100%	100%	23.3
K-Fast Göteborg 2 AB	559203-6262	Hässleholm	100%	100%	64.5
K-Fast Helsingborg AB	556915-0393	Hässleholm	100%	100%	14.7
K-Fast Hässjan AB	559023-2913	Hässleholm	100%	100%	7.1
K-Fast Högafln AB	559023-2921	Hässleholm	100%	100%	6.6
K-Fast Kullavägen AB	556995-9587	Hässleholm	100%	100%	3.5
K-Fast Kävinge 1 AB	559178-4490	Hässleholm	100%	100%	1.6
K-Fast Kävinge 3 AB	559081-9693	Hässleholm	100%	100%	8.1
K-Fast Landskrona 1 AB	556837-4754	Hässleholm	100%	100%	47.1
K-Fast Landskrona 2 AB	556837-4747	Hässleholm	100%	100%	31.3
K-Fast Magasinet AB	556978-8259	Hässleholm	100%	100%	23.5
K-Fast Malmö AB	556980-3553	Hässleholm	100%	100%	1.4
K-Fast Mariehäll AB	556978-7848	Hässleholm	100%	100%	78.8
K-Fast Nocken AB	559093-6232	Hässleholm	100%	100%	9.2
K-Fast Nyköping AB	559144-8666	Hässleholm	100%	100%	0.2
K-Fast Parkerings AB	559077-1316	Hässleholm	100%	100%	0.1
K-Fast Pelikanen 27 AB	559150-8725	Hässleholm	100%	100%	0.7

Company	Corp. ID No.	Reg. office	Proportion of equity, %	Share of votes, %	Cost
K-Fast Rådhuset AB	556532-9173	Hässleholm	100%	100%	79.9
K-Fast Skruven AB	556817-5557	Hässleholm	100%	100%	1.3
K-Fast Spoven 1 AB	556806-8471	Hässleholm	100%	100%	20.5
K-Fast Stortorget i Hässleholm AB	556419-6201	Hässleholm	100%	100%	46.3
K-Fast Surte AB	556922-6466	Hässleholm	100%	100%	14.3
K-Fast Sägklingen AB	559054-0539	Hässleholm	100%	100%	7.8
K-Fast T4 AB	556040-3957	Hässleholm	100%	100%	33.1
K-Fast Taket 2 AB	559225-7967	Hässleholm	100%	100%	0.2
K-Fast Torget AB	559027-5334	Hässleholm	100%	100%	8.9
K-Fast Viken AB	556995-8779	Hässleholm	100%	100%	12.4
K-Fast Viken 2 AB	556806-0791	Hässleholm	100%	100%	53.2
K-Fast Vildrosen AB	559136-9961	Hässleholm	100%	100%	24.5
K-Fast Värdepapper AB	559096-4671	Hässleholm	100%	100%	0.1
K-Fast Yxan AB	559276-4483	Hässleholm	100%	100%	26.0
K-Fast Älmhult AB	556977-8664	Hässleholm	100%	100%	14.9
K-Fast Örnen 33 AB	559096-7195	Hässleholm	100%	100%	49.8
K-Fast Örnen 34 AB	559096-7245	Hässleholm	100%	100%	29.8
Karlssons Fastigheter i Hässleholm AB	556827-7569	Hässleholm	100%	100%	1.0
Maglegårdens Fastigheter AB	556772-6384	Hässleholm	100%	100%	4.4
Nyponfastigheten AB	556876-2909	Hässleholm	100%	100%	25.3
Påltua AB	556846-9703	Hässleholm	100%	100%	0.1
T4 Fastighets AB	556824-2969	Hässleholm	100%	100%	4.9
Trollhöjden Fastighets AB	559258-4642	Hässleholm	100%	100%	9.6
K-Fast Danmark Holding A/S	41221194	Copenhagen, Denmark	100%	100%	0.6
					883.2

SUPPLEMENTARY DISCLOSURES – NOTES 33–36

NOTE 33: SHAREHOLDING IN GROUP COMPANIES, CONT.

SEK million	2020	2019
Opening cost	626.4	368,9
- Acquired shares	257.4	257.5
- Divested shares	-0.6	0.0
- Reclassifications	0.0	0.0
Closing amortized cost	883.2	626.4

NOTE 34: RECEIVABLES AND LIABILITIES, GROUP COMPANIES

As of 31 December 2020, the Parent Company had an outgoing receivable from a subsidiary of SEK 1,516.5 million (1,038.9), of which SEK 649.0 million (173.5) pertains to current receivables. In 2020, the Parent Company loaned SEK 2.1 million (470.0) to subsidiaries for credit restructuring in the Group. In addition, the Parent Company has receivables from Group companies regarding the Parent Company's balances towards Group companies in the Group account.

For receivables from the Group companies, there are no established amortization plans.

The Parent Company's liabilities to Group companies, as of 31 December 2020, amounted to SEK 571.7 million (514.1), of which SEK 571.7 million (514.1) pertains to current liabilities. Parent Company liabilities to Group companies relate to Group company balances to the Parent Company in the Group account.

NOTE 35: CONTINGENT LIABILITIES

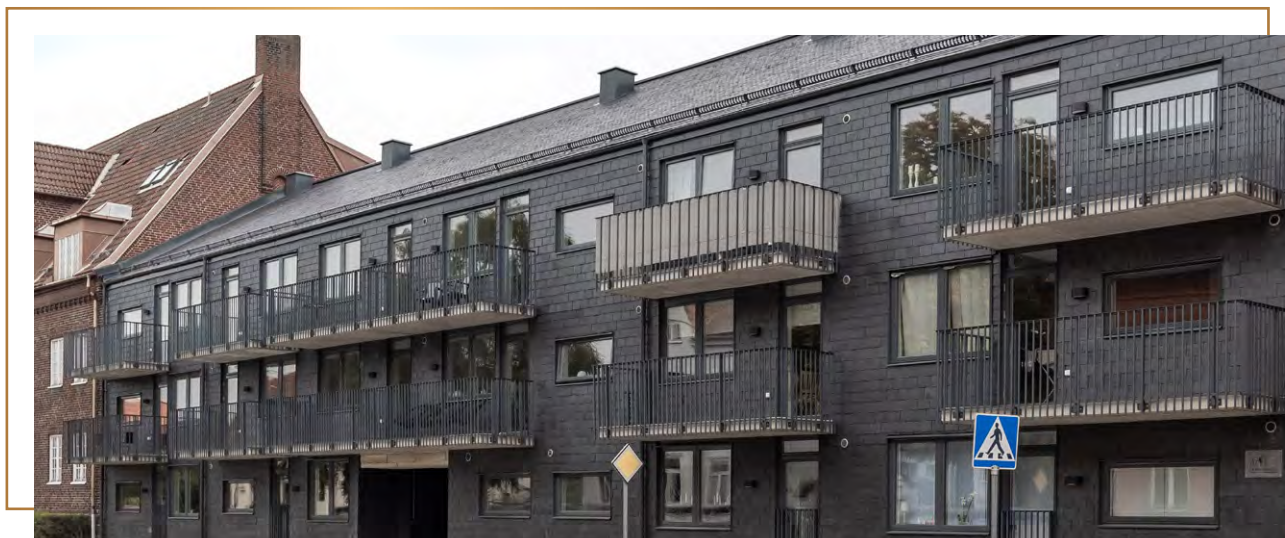
SEK million	Group		Parent Company	
	2020	2019	2020	2019
Guarantee for the benefit of Group companies	0.0	0.0	2,910.8	1,782.8
Other contingent liabilities	56.5	40.1	5.7	14.1
Total contingent liabilities	56.5	40.1	2,916.5	1,796.9

Other contingent liabilities relates to surety and guarantee commitments issued to other companies.

NOTE 36: PLEDGED ASSETS

SEK million	Group		Parent Company	
	2020	2019	2020	2019
For own provisions and liabilities				
<i>Pertaining to liabilities to credit institutions</i>				
Mortgages	4,621.1	3,214.9	0.0	0.0
Chattel mortgages	0.0	0.0	0.0	0.0
For the benefit of Group companies				
Other pledged assets	568.6	491.6	179.1	196.8
Total pledged assets	5,189.7	3,706.5	179.1	196.8

Information relating to other assets pledged for the benefit of Group companies in the Group and Parent Company refers to pledging of shares in subsidiary.



Nimrod in Landskrona.

SUPPLEMENTARY DISCLOSURES – NOTE 37

NOTE 37: RELATED-PARTY TRANSACTIONS

Related parties

Related parties refers to:

- CEO
- Board Members
- other individuals in the management of the company or significant subsidiaries and who control or exercise substantial influence over financial and operational decisions in the company or subsidiary
- legal entities controlled by the aforementioned individuals
- shareholders controlling more than 10 percent of shares or votes in the company.

Transactions with related parties conducted under non-market conditions

There were no related party transactions that were not on market terms. No guarantees have been pledged or received. Outstanding balances are normally settled with cash and cash equivalents.

Remuneration to key senior executives

Remuneration to key senior executives includes the following:

SEK million	2020	2019
Chairman of the Board Erik Selin	0.0	0.0
Board Member Sara Mindus	0.2	0.2
Board Member Ulf Johansson	0.2	0.2
Board Member Jesper Mårtensson	0.2	0.2
Board Member Christian Karlsson	0.2	0.2
CEO	1.4	1.4
Deputy CEO	1.4	1.3
Other senior executives (2020: 6 people; 2019: 5 people)	4.0	3.4
Total	7.6	6.9

Summary of close party transactions in addition to remuneration to key senior executives

Group SEK million	2020		31 December 2020		
Affiliate relation	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties	Contingent liabilities to related parties
Associated company	13.7	0.0	10.3	0.0	5.7
Jointly controlled company	0.0	0.6	0.4	0.0	0.0
Other related parties	0.2	5.4	0.2	0.1	0.0
Total	13.9	6.0	10.8	0.1	5.7

Group, SEK million	2019		31 December 2019		
Affiliate relation	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties	Contingent liabilities to related parties
Associated company	31.2	0.0	17.5	0.0	14.1
Jointly controlled company	0.0	0.0	1.3	0.0	0.0
Other related parties	0.1	6.8	0.0	0.0	0.0
Total	31.3	6.8	18.8	0.0	14.1

Parent Company, SEK million	2020		31 December 2020		
Affiliate relation	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties	Contingent liabilities to related parties
Associated company	0.0	0.0	10.7	0.0	5.7
Jointly controlled company	0.0	0.6	0.4	0.0	0.0
Other related parties	0.0	5.3	0.0	0.1	0.0
Total	0.0	5.9	11.0	0.1	5.7

Parent Company, SEK million	2019		31 December 2019		
Affiliate relation	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties	Contingent liabilities to related parties
Associated company	0.0	0.0	13.4	0.0	14.1
Jointly controlled company	0.0	0.0	1.3	0.0	0.0
Other related parties	0.0	5.9	0.0	0.0	0.0
Total	0.0	5.9	14.6	0.0	14.1

SUPPLEMENTARY DISCLOSURES – NOTE 37, CONT. AND NOTES 38–39

NOTE 37: SHARES IN GROUP COMPANIES, CONT.

Ongoing agreements, 2020

In the period 1 January 2020 to 31 December 2020, ongoing agreements with related parties encompassed:

- Rental agreement between Jacob Karlsson and K-Fast Holding AB regarding an apartment in central Stockholm. Monthly rent SEK 13,500. Total purchasing 2020: SEK 0.2 million (0.2).
- Agreement between Jacob Karlsson AB and K-Fast Bygg Holding AB relating to the purchase of financial services (book keeping, preparing financial statements, tax returns etc.). Total invoicing in 2020: SEK 0.2 million (0.1).
- Agreement between law firm VICI AB, in which Board Member Christian Karlsson is a partner, and K-Fast Holding AB regarding various legal consultations including corporate law and transactions. Total purchases 2020: SEK 3.5 million (4.3).
- Consultancy agreement between circle360 communication AB (Anders Antonsson) and K-Fast Holding AB relating to IR consultancy. From June 2020, Anders Antonsson is employed by K-Fast Holding AB, and the consultancy agreement has been terminated. Total purchasing 2020: SEK 1.0 million (1.8).
- Contracting agreement signed between Tygelsjö Projekt AB and K-Fast Bygg Syd AB regarding construction of 30 Low-Rise buildings in Tygelsjö. Total sales in 2020: SEK 13.7 million (31.2).
- Consultancy agreement between Novum Samhällsfastigheter AB and K-Fast Holding AB relating to management and project development-related consultancy work. Total purchasing 2020: SEK 0.6 million (2.5).

Transactions 2020

- During 2020, there were no transactions with closely related parties in addition to the above ongoing agreements.

NOTE 38: EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events have occurred since the end of the financial year beyond those reported in the Directors' Report.

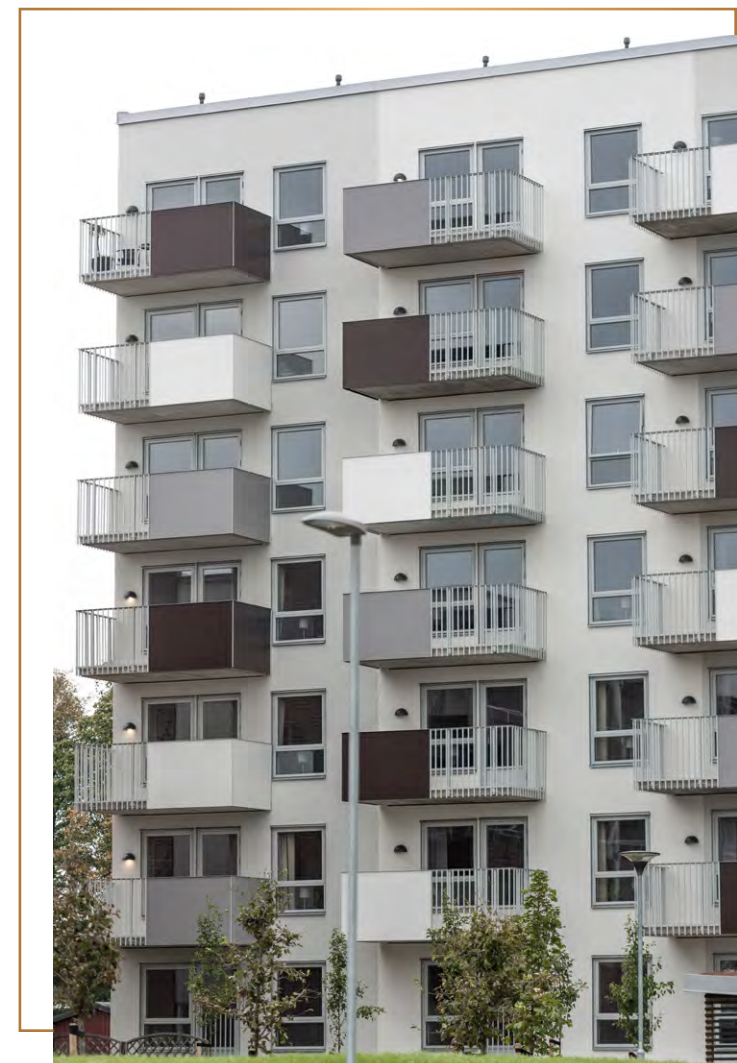
NOTE 39: PROPOSED DISTRIBUTION OF EARNINGS

The unrestricted equity of the Parent Company is at the disposal of the Annual General Meeting.

K-Fastigheter prioritizes growth above dividends. Accordingly, the Board of Directors proposes that no dividend be paid for the 2020 financial year.

The Board proposes that available profits are appropriated as follows:

SEK	
Retained earnings	1,491,421,633
Profit for the year	-9,011,813
Total	1,482,409,820
Carried forward	1,482,409,820



SUPPLEMENTARY DISCLOSURES – NOTE 40

NOTE 40 BUSINESS COMBINATIONS

In connection with an acquisition, an assessment is made to determine whether the transaction relates to a business combination or an acquisition of assets. Business combinations are defined in accordance with IFRS 3, which means that acquired assets and liabilities shall comprise independent operations/business activity. When an acquisition takes place of a group of assets or net assets that do not comprise operations/business activity, it is classified as an asset acquisition. Most of K-Fastigheter's completed acquisitions comprise asset acquisitions.

For a review of business combinations completed in 2020 and after the end of the year, see below. Otherwise, please refer to Note 1 Accounting principles.

Acquisitions in 2020

There were no business combinations in 2020.

Business combinations after the end of the year

On 1 December 2020, K-Fastigheter signed an agreement with Finja AB regarding K-Fastigheters' acquisition of 100 percent of the shares in Finja Prefab AB and Prefabfastigheter AB (the owner of the business properties relating to Finja Prefab AB's operations). On 1 January 2021, K-Fastigheter took possession of Finja Prefab AB and Prefabfastigheter AB.

Finja Prefab AB is a nationwide producer of prefabricated concrete elements and a full-service frame contractor with a product range of wall panels, foundations, floor structures and balconies. Finja Prefab was founded in 1957 and has some 550 employees at seven production plants and three offices, from Vellinge in the south of Sweden to Stockholm in the north. In 2020, sales amounted to SEK 881.4 million. The strategic acquisition secured K-Fastigheter's access to key components for the continued construction of its

concept buildings in several locations around Sweden and Denmark. As part of K-Fastigheter, Finja Prefab AB continues to strengthen its position as a leading partner for Swedish construction companies and to develop its successful sustainability work.

For more information relating to Finja Prefab AB please refer to the Company's website www.finjaprefab.se.

Acquired net assets at the acquisition date (preliminary):	SEK million
Business properties	370.0
Equipment	108.1
New construction in progress	0.4
Inventories	36.2
Accounts receivable	95.4
Other receivables	102.5
Cash and cash equivalents	0.8
Deferred tax	-65.2
Other provisions	-10.3
Interest-bearing liabilities	0.0
Accounts payable	-54.1
Other operating liabilities	-156.2
Identified net assets	427.6
Goodwill	480.9
Total preliminary purchase price	908.5

Preliminary purchase price comprises:	SEK million
Cash	433.5
Acquisition loan*	225.0
Vendor loan	250.0
Total preliminary purchase price	908.5

* The total acquisition loan amounts to SEK 450.0 million, of which SEK 225.0 million was utilized on the date of possession.

Effect of acquisition on Group cash flow:	SEK million
Cash element of preliminary purchase price	-658.5
Less:	
Cash (acquired)	0.8
Net cash flow	-657.7

The acquisition of Finja Prefab AB and Prefabfastigheter AB gave rise to preliminary goodwill of SEK 480.9 million in the form of the difference between the transferred remuneration and the fair value of the acquired net assets. Goodwill mainly relates to expected positive profit effects in the form of lower costs for prefabricated concrete elements and frame construction in connection with K-Fastigheter's construction of concept buildings and more efficient production planning and product development in Finja Prefab AB. Goodwill is not expected to be tax deductible and has been classified as preliminary, as no definitive completion accounts have been produced at the time of publication of this report and the distribution of amounts is being reviewed. Direct transaction fees related to the acquisition of Finja Prefab AB and Prefabfastigheter AB amounts preliminary to SEK 0.4 million. K-Fastigheter will present continuous updates with more information in its reporting during the year.

SIGNATURES OF BOARD OF DIRECTORS AND AUDITOR

The Board of Directors and CEO hereby certify that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The Annual Report and the consolidated accounts present a true and fair picture of the position and earnings of the Parent Company and the Group. The Directors' Report for the Group and the Parent Company provides a true and fair view of the development of the Group's and the Parent Company's operations, financial position and profit, describing the significant risks and uncertainties faced by the Parent Company and Group companies.

The Income Statement and Balance Sheet of the Group and of the Parent Company are subject to approval by the Annual General Meeting on 19 May 2021.

Hässleholm 13 April 2021

Erik Selin
Chairman of the Board

Ulf Johansson
Board Member

Christian Karlsson
Board Member

Sara Mindus
Board Member

Jesper Mårtensson
Board Member

Jacob Karlsson
Board Member and CEO

Our audit report was submitted on 13 April 2021

Ernst & Young AB

Stefan Svensson
Authorized Public Accountant

AUDITOR'S REPORT

To the General Meeting of the shareholders of K-Fast Holding AB (publ), Corp. ID No. 556827-0390.

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of K-Fast Holding AB (publ) except for the corporate governance statement on pages 48–61 for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 63–119 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31st of December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31st of December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 48–61. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the

Key Audit Matter

The fair value of the Group's investment properties reported in the Statement of Financial Position per 31 December 2020 amounted to SEK 6 853,5 million. The valuations are made through discounted future cash flows, with consideration from local price analyses. In accordance with information in Note 17, page 100–102 a portion of the properties were valued externally and internally per 31 December 2020. The properties' direct return requirements are assessed on the basis of each property's unique risk and transactions made in the market for objects of a similar nature. In view of the many assumptions and assessments made in connection with the valuation of investment properties, we believe that this area is to be considered of particular importance in our audit. A description of the valuation of the property holdings is shown in the Annual Report under Note 1 page 88–89, Note 2 page 93 and Note 17 page 100–102.

additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for the Opinions

We conducted our audit in accordance with International

How our audit addressed this key audit matter

In our audit, we have evaluated and examined the internal and external property valuation process by, among other things, evaluating the valuation method and input for the valuations. We have evaluated the skills and objectivity of the external experts.

With the support of our internal property valuation specialists, we have examined a sample of the property valuations and assessed the reasonableness of assumptions made, such as direct return requirements, vacancy rates, rental income and operating costs, and made comparisons to known market information. The internal valuation specialists work has mainly included a reasonableness assessment of the most significant assumptions such as yield requirements and future rental levels as well as an assessment of the final market value. The sample has been made based on risk criteria and size. We have discussed important assumptions and assessments with valuation managers and the entity's management.

For a sample of investment properties, we have examined inputs on revenue and operating expenses and calculations in the valuations at the property level. We have reviewed supplementary disclosures made in the Annual Report.

Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance

with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–61 and 124–150. The remuneration report for the financial year 2020 also constitutes other information. The Board of Directors and the

Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts.

In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remuneration report, if we conclude that there is a material misstatement therein, we are required to communicate the matter with the Board of Directors and require a correction.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of going concern of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive

to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of K-Fast Holding AB

(publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the

company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditors' responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 48–61 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, P.O. Box 7850, SE-103 99 Stockholm, Sweden, was appointed auditor of K-Fast Holding AB (publ) by the general meeting of the shareholders on the 19th of May 2020 and has been the company's auditor since the 4th of January 2017.

Malmö, 13 April 2021

Ernst & Young AB

Stefan Svensson

Authorized Public Accountant

SUSTAINABILITY AND
GENERATING VALUE
SUSTAINABILITY AND
GENERATING VALUE
SUSTAINABILITY AND
GENERATING VALUE
SUSTAINABILITY AND
GENERATING VALUE
**SUSTAINABILITY AND
GENERATING VALUE**
SUSTAINABILITY AND
GENERATING VALUE
SUSTAINABILITY AND
GENERATING VALUE
SUSTAINABILITY AND
GENERATING VALUE
SUSTAINABILITY AND
GENERATING VALUE
SUSTAINABILITY AND
GENERATING VALUE
SUSTAINABILITY AND
GENERATING VALUE

Sustainability is integrated into K-Fastigheter's operations and the Group's work is mainly governed by its Code of Conduct, which is based on UN Global Compact, and policy documents, which shadow the Group's business concept, goals and other policies to ensure that operations are conducted in a long-term sustainable manner.

SUSTAINABILITY AND VALUE CREATION

The Sustainability Report also includes K-Fastigheter's business model on page 16, and a description of risks, how these are analyzed and managed on page 135. For information relating to responsibility and limitations of the Sustainability Report, please refer to the company's website, k-fastigheter.com. K-Fastigheter's Sustainability Report follows the financial year and is published annually. The Report has not been subject to third-party review.

Sustainability governance

Sustainability is integrated into K-Fastigheter's operations and the Group's work is mainly governed by its Code of Conduct, which is based on UN Global Compact and policy documents, which shadow the Group's business concept, goals and other policies to ensure that operations are conducted in a long-term sustainable manner.

Organization for sustainability

The Board holds ultimate responsibility for K-Fastigheter's sustainability agenda and the continuous sustainability work. K-Fastigheter's CEO delegates operational responsibility to each business area manager. For development and support, the company has established a steering committee consisting of K-Fastigheter's CEO, deputy CEO, HR Director and IR and Communication Manager. K-Fastigheter's collaborative model is an important prerequisite for achieving the intended results.

In 2020, K-Fastigheter's Board and management developed a new and clearer plan for the Group's sustainability work. The starting point for the framework determined by the Board for the Group's work comprises the 17 global sustainability targets in UN's Agenda 2030 and other significant issues from the perspective of K-Fastigheter's stakeholders. The framework also includes overarching goals and indicators for measuring the Group's work in the areas where K-Fastigheter is currently deemed to be able to have the greatest effect and social impact, with the aim of benefiting the Group's stakeholders. Read more about target follow-up and K-Fastigheter's contribution to the UN's 2030 Agenda on page 129.

For K-Fastigheter's wholly-owned subsidiaries the same sustainability governance and goals apply as for K-Fast Holding AB. For the sustainability work carried out in associated companies, see the relevant companies' websites.

Materiality analysis

The Group updates its assessment of the key sustainability issues from a stakeholder perspective annually. From 2020, the Group's stakeholders have expanded to include more capital markets operators, mainly new shareholders following the IPO in 2019. The assessment is that the expectations on K-Fastigheter's sustainability work have increased slightly, and that reporting of goals set and measures implemented will also increase.





Stakeholder dialog

K-Fastigheter's main stakeholders are its employees and collaboration partners, tenants and the capital markets. K-Fastigheter's stakeholder dialog focuses on charting key stakeholders' perception of operations from a sustainability perspective, the conditions applying to existing operations, and how the various units work with planning and achieving set goals. Interviews and surveys, and dialog with the company's staff, management and Board have been used to collate views from stakeholders such as shareholders, lenders, collaboration partners and employees.



From 1 January 2021, Finja Prefab AB's operations are included in the K-Fastigheter Group. Finja Prefab AB has published the company's sustainability report on its website, finjaprefab.se.

In 2021, K-Fastigheter will sign Global Compact, the UN's international principles aimed at companies relating to human right, labor law, the environment and anti-corruption. The principles are based on the UN's Declaration of Human Rights, ILO's fundamental conventions regarding human rights in the workplace, The Rio declaration and the UN's anti-corruption convention.

STAKEHOLDER GROUP	CHANNELS FOR DIALOG	KEY SUSTAINABILITY ISSUES
 <p>Society</p>	<ul style="list-style-type: none"> - Collaborations with authorities and organizations - Local collaborations, continuous dialog for long-term commitment - Stakeholder reviews and in-depth interviews 	<ul style="list-style-type: none"> - Compliance with legislation and regulations - Well-being and safety in residential areas - Local social engagement - Energy production and consumption, water consumption and climate adaptations - Health and safety
 <p>Employees, suppliers and collaboration partners</p>	<ul style="list-style-type: none"> - Continuous dialog - Annual performance reviews - Internal training - Workplace meetings - Communication via intranet - Code of Conduct - Group websites 	<ul style="list-style-type: none"> - Well-being, health and safety - K-Fastigheter as an employer and workplace - Competencies, diversity and equal opportunities - Ethics and anti-corruption - Product performance from a lifecycle perspective
 <p>Tenants</p>	<ul style="list-style-type: none"> - Continuous dialog in multiple channels, including personal meetings and social media - Apartment viewings - Customer survey, including annual survey - Stakeholder reviews and in-depth interviews 	<ul style="list-style-type: none"> - Customer satisfaction - Continuous communication - Sustainable and safe living - Energy and emissions - Participation in social progress
 <p>Capital markets</p>	<ul style="list-style-type: none"> - Shareholder meetings - Financial statements - Investor and analyst meetings - Group websites - Press releases - Stakeholder reviews and in-depth interviews 	<ul style="list-style-type: none"> - Financial performance - Sustainability and commitment for long-term construction and management - Energy and emissions - Ethics and anti-corruption - K-Fastigheter as a workplace

In 2021, K-Fastigheter will continue the work to develop its methods relating to materiality analysis and stakeholder dialog.

K-FASTIGHETER'S FRAMEWORK



Homes for the many

Key sustainability issues

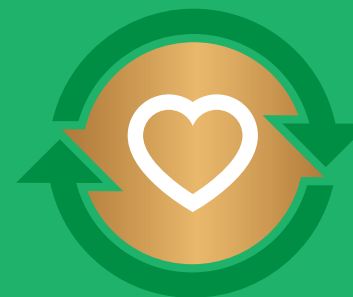
- Safety and well-being
- Customer satisfaction
- Participation in social urban development



Sustainable & environmental consideration over a life cycle

Key sustainability issues

- Reduced consumption of water, electricity and fossil-based fuels
- Long-term climate-smart construction materials
 - Minimize materials use
 - Reduce CO₂ footprint



Long-term relationships

Key sustainability issues

- Financial stability and profitability
 - Impeccable business ethics
- Safe and secure working environment
- Good working conditions and leadership
 - Competencies and strong values



Targets to be reached by the end of 2023

Satisfied customers

- At least 80% of K-Fastigheter's surveyed tenants shall be satisfied or very satisfied with their apartment, house and K-Fastigheter
- At least 80% of faults reported shall be addressed within 24 hours
- Tenant turnover shall be below 15%

Social urban development

- At least 80% of K-Fastigheter's surveyed tenants shall be satisfied or very satisfied with their neighborhood and with K-Fastigheter's support of tenants' environmental initiatives

Efficient energy and water consumption

- More than 95% of the properties' electricity consumption shall come from fossil-free energy sources
- Electricity consumption in K-Fastigheter's offices and production plants shall be sourced from our own photovoltaic cells/fossil-free energy
- All new build Lateral Low-Rise and Apartment Block buildings shall source electricity from photovoltaic cells
- Water consumption for the total property holding shall be reduced to match the average for the Group's proprietary concept buildings

Long-term climate-smart construction materials

- The ten largest suppliers of construction materials to have been reviewed from a sustainability perspective under K-Fastigheter's updated Code of Conduct

Minimize materials use

- The cost associated with waste as a proportion of production at K-Fastigheter's plants and construction sites shall be reduced by 10% compared to 2020

Reduce CO₂ footprint

- Compared to 2020, K-Fastigheter shall double its production of renewable energy and use the electricity produced to operate and heat the Group's vehicles, properties and production plants, and sell surplus energy

Competencies and strong values for impeccable business ethics

- Zero reported incidents of corruption in K-Fastigheter
- All employees and hired staff to receive training in the Code of Conduct

Financial stability

- See page 13 for financial targets and results in 2020

Safe and secure working environment

- All employees and hired staff to have relevant training and experience for work assignments
- Zero reported incidents of discrimination

Good working conditions

- Zero reported incidents of accidents and injuries in the workplace
- At least 80% of employees shall be satisfied or very satisfied with K-Fastigheter as an employer

K-Fastigheter's responsibility mainly encompasses the company's own operations, although as far as possible the company seeks to contribute to positive progress in a wider context, including by placing demands on suppliers and developing sustainable neighborhoods.

K-FASTIGHETER'S WORK WITH THE GLOBAL SUSTAINABILITY GOALS

K-Fastigheter wants to ensure that the Group's work contributes to sustainable development both locally and globally. The UN's 17 Global Sustainable Development Goals (SDG's) aim to eliminate extreme poverty, reduce inequality and injustice, promote peace and justice and solve the climate crisis.

All the UN's 17 SDG's are important, but as an individual company, K-Fastigheter cannot to solve the challenges the UN describes as critical to sustainable development. K-Fastigheter can and wants to make a contribution where we believe we can achieve the best results, and Group management has chosen to focus on the goals where K-Fastigheter can have the greatest impact today and which are relevant to the company's stakeholders.

Our motivation for the goals we have identified is outlined in more detail below. The goals are updated when required.



Goal 3 - The Group has a clear regulatory framework and has implemented measures to ensure that all workplaces are secure from a physical and psychological perspective. Among other things, the Group offers occupational healthcare, contributions for wellness activities, as well as efforts to prevent and treat drug abuse, including narcotics and harmful alcohol use.



Goal 5 - For K-Fastigheter, this goal primarily means that we want to create a working environment providing equal terms and opportunities for leadership at all decision levels.



Goal 7 - K-Fastigheter has a clear ambition to increase the proportion of renewable and recycled energy, which includes purchasing, both for our tenants and our production facilities.



Goal 8 - Decent working conditions and financial growth is the basis for all of K-Fastigheter's operations. Our most important task as an employer is to foster a safe and secure working environment for our employees. Regardless of whether they work in offices, production facilities or in our properties, we will continuously safeguard a working environment that is as favorable as possible. This is because we are convinced that skills development, safety and good working conditions are crucial for job satisfaction and commitment, which is benefits our tenants.



Goal 11 - Inclusive and innovative urban planning is needed to make cities safe, secure and sustainable for the future. This is the essence of K-Fastigheter, and something we work on every day to achieve. We build secure, safe and cost-efficient housing to foster freedom of choice and opportunities for more people.



Goal 12 - Several of the sub-goals form natural elements in K-Fastigheter's day-to-day operations and are included at all stages of production. Managing and reducing the amount of waste and inputs, such as chemicals, is a continuous process that makes us more cost-effective and competitive.

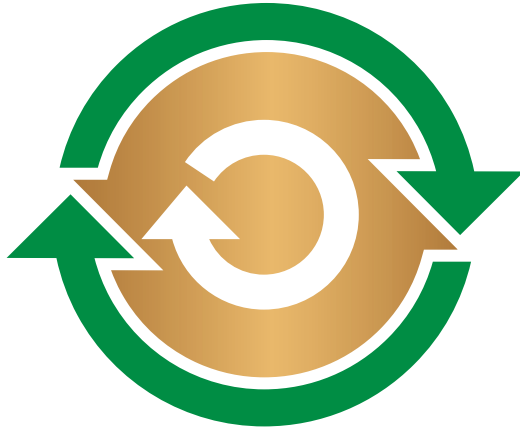


Goal 13 - When K-Fastigheter develops neighborhoods, measures are analyzed and integrated to manage the effects of climate change, such as collaborations with suppliers intended to reduce the impact on the environment and climate, including choice of manufacturing methods, transports and waste management.



Goal 15 - When K-Fastigheter plans new residential buildings and neighborhoods, the existing natural environment at the site is carefully considered. Green areas are sought after by tenants, and the Group strives to reinstate/improve habitats after a construction project has been completed.

K-FASTIGHETER'S INITIAL ASSUMPTIONS



Lifecycle of the building

K-Fastigheter's long-term perspective is fundamental to the Group's sustainability work. Our overarching goal is to create great homes that many people can enjoy. We want tenants to be able to create safe and secure homes and to thrive and develop in our properties. This relates to our buildings and the neighborhood as a whole, including workplaces, traffic solutions and the natural environment, which

together form positive and inclusive residential neighborhoods.

K-Fastigheter strives to construct its buildings with sustainable materials to create sustainable neighborhoods, and to contribute to a circular economy. A sustainable building entails so much more than energy efficiency. Buildings are to be produced in financially and environmentally viable ways and work well from a social perspective, now and in the future. It should be possible to use our concept buildings, and for them to remain functional, for many generations. The estimated life span is about 100 years, meaning that the architecture, materials and construction methods we use today should be well-liked and should last for a very long time. In addition, even at the planning stage, we are already considering how it should be easy to conduct coming renovations and that the buildings can be adapted to shifting future needs.

The choice of concept building is the basis for a long-term sustainable economy. Although each site is unique, we can reuse experiences and solutions from previous projects, making the construction process more familiar and effective. Combined with well-established materials, this makes construction faster and safer than for the average project. Our familiarity with the details of the

building's infrastructure means allows us to minimize waste and optimize property management of the completed building.

Alongside our tenants, employees and collaboration partners, K-Fastigheter works to realize solutions that contribute to reduce dependence on fossil fuels and other factors with a negative climate impact in parallel with the goals of improving quality and cost-efficiency over time.

Climate footprint

The construction and property industry generates a high proportion of society's overall environmental impact. According to the Swedish National Board of Housing, Building and Planning, the sector represents some 10 to 30 percent of the environmental impact in Sweden in the areas measured in its environmental indicators. In addition, the sector contributes to emissions in other countries through imports of construction products. Operators in the construction and property industry have a significant opportunity to influence climate emissions from buildings from a life cycle perspective, for example by measures introduced in materials production, transport, energy, heating, waste and construction requirement.



Environmental classification

K-Fastigheter's proprietary concept buildings are constructed with the ambition of meeting requirements corresponding to those set by the Swedish Environmental Building Silver standard in terms of energy, indoor environment and chemicals.

Construction and construction materials

The fact that K-Fastigheter constructs concept buildings provides the conditions for optimal resource utilization and safeguards both a high level of quality, as well as a favorable working environment. By using a standardized process in proprietary production facilities, consumption of materials, logistics and other resources can be planned in detail, reducing waste, emissions and inventories while also streamlining flows and lowering costs in areas that do not create value.

K-Fastigheter's construction uses quality materials that are sustainable in the long term. The Group's Low-Rise buildings are constructed with wooden frames, while the core of the Lateral Low-Rise and Apartment Block buildings is concrete, a proven material that is durable and safe, with favorable climate characteristics, but that consists largely of concrete, which is energy intensive in its production. Efforts are underway to reduce the environmental impact of concrete production, including reusing concrete from demolished buildings and replacing a proportion of concrete with slag cement.

By building prefabricated construction elements of concrete and wood from its own production facilities, K-Fastigheter is able to control the

Concrete

Concrete is a durable material with a long life span. A concrete building is usually constructed with a life span of 100 years. During its lifespan, the finished concrete element absorbs CO₂ from the atmosphere. Approximately one fifth of the CO₂ released during concrete manufacture can be returned to the concrete. A concrete building has a limited need for maintenance, compared to wooden structures, for example. The long lifespan and minimal maintenance need must be taken into account when assessing the climate impact of a building.

process. Building indoors frees the process from interruptions caused by weather. Another advantage of prefabricated manufacturing methods is more optimized products requiring smaller quantities of materials, helping reduce the number of shipments of building materials, while making it easier to handle the waste that always arises during production. The production time can also be reduced by half compared with cores molded on-site, which also means that the first tenants can move into their new homes significantly earlier than with comparable site-built structures.

On 1 August 2020, new regulations were introduced governing the management of construction and demolition waste. K-Fastigheter satisfies the requirements for removing certain types of waste and storing this waste separately from certain other kinds of waste and from general waste. The purpose of this requirement is to rise higher in the waste hierarchy to improve preparation procedures for reuse and materials recycling.

Emissions

K-Fastigheter reports emissions data for 2020 for Scope 1, data from the company's vehicles, based on standardized calculations of actual consumption. In 2020, the consumption equalled 111 metric tons of CO₂.

From 2019, all electricity in K-Fastigheter's properties is derived from fossil-free production.

Indirectly, the Group's operations also contribute to other emissions, for example at supplier level in connection with concrete manufacture and transport of materials to K-Fastigheter's construction sites.

K-Fastigheter does not conduct operations requiring permits according to the Swedish Environmental Code. However, refrigerants must be reported. The Group's tenants may conduct operations that require permits or notice. In 2020, K-Fastigheter recorded no breaches of environmental legislation or related regulations.

HOMES FOR THE MANY



Indoor environment

All three of K-Fastigheter's concept buildings, as well as apartments upgraded in accordance with K-Fast 2.0, are constructed with an attractive and sustainable selection of materials and surfaces to create pleasant and sustainable living environments. All of the homes are, for example, equipped with kitchen worktops and window sills in stone and with energy-efficient appliances, including a washing machine, dryer, dishwasher and built-in microwave as standard.

Cost efficient renovation and improved standard with K-Fast 2.0

K-Fastigheter has developed a proprietary concept that the Group applies in raising the standard of the older apartments in its holdings. K-Fast 2.0 safeguards the quality and durability of vital building infrastructure, such as wiring, plumbing and other types of technical installations. Surfaces and equipment are also adapted so that the long-term operating costs can be minimized in a way that meets the tenants' expectations of a modern living environment.

By using the same selection of materials as for our newly-produced buildings, we also generate increased volumes and better negotiating conditions for our procurement organization.

Energy consumption

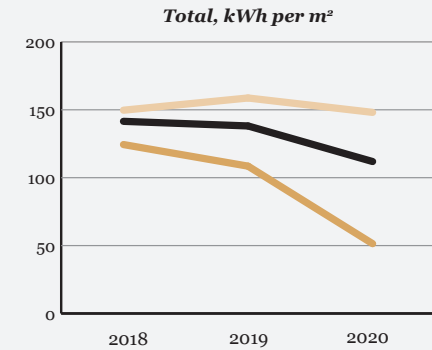
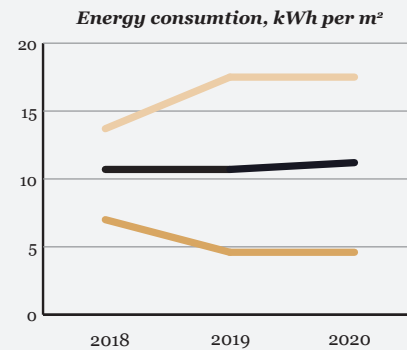
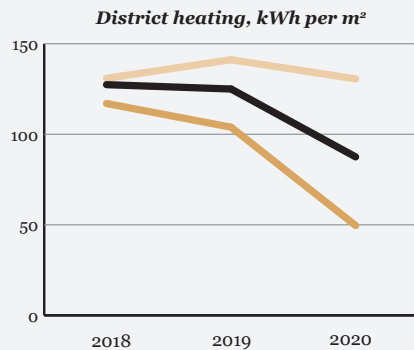
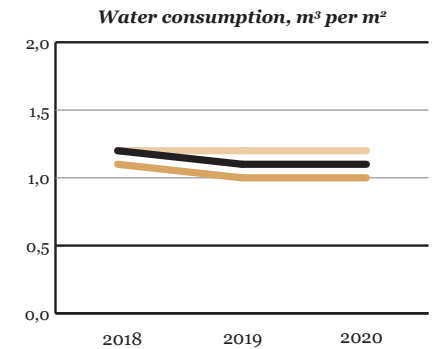
Demand for fossil-free energy is increasing, and K-Fastigheter participates in this trend by installing photovoltaic cells on suitable properties. From the second quarter 2021, photovoltaic cells will be installed on all new build Lateral Low-Rise buildings and Apartment Blocks. Another example is K-Fastigheter's new production facility in Hässleholm, which is self-sufficient in energy from renewable sources.

To limit K-Fastigheter's long-term environmental impact and to keep property management costs down, the concept buildings have been designed to minimize energy consumption. The concept buildings are included in the B energy class according to classification from September 2020, and K-Fastigheter's concept buildings have, on average, 35 percent lower energy consumption than the Group's acquired properties.

When procuring electricity, the Group chooses, as far as possible, suppliers offering electricity from renewable sources, primarily wind and hydropower.

Water consumption

In the buildings that K-Fastigheter produces in-house, water consumption was 20 percent lower than in the properties the Group has acquired.



Concept buildings

Acquired buildings

Full portfolio

LONG-TERM RELATIONSHIPS



Financial stability

K-Fastigheter takes a structured approach to its financing, mainly through conventional bank loans. The loan-to-assets ratio and mix of financial instruments contributes to good value growth for shareholders while safeguarding financial stability. The Group's financial reports are presented in the Directors' Report on pages 63–72.

Continuous personal and professional development

K-Fastigheter aims to support its employees' long-term development, on the basis of individual needs, the company's operations and in line with future market needs. Employees who enjoy going to work every day are fundamental to the Group's success and health, wellness and continued training also play an important role in the terms of employment.

Compliance with and awareness of the Group's Code of Conduct and other policies is reviewed annually and has been included

in the company's internal training program. The content of these documents is also reviewed annually, to ensure it corresponds to the company's operations and key issues.

Working environment

It is K-Fastigheter's objective that no workplace accidents should occur and the Group works preventively to minimize risks in and around the working environment.

Transparency and ethics

An important part of K-Fastigheter's sustainability work is to encourage employees and other representatives, both internally and externally, to behave in a manner compatible with K-Fastigheter's fundamental values. Accordingly, K-Fastigheter has introduced a number of policy documents, including a Code of Conduct that addresses areas such as sustainability, anticorruption, business ethics and a Whistleblower Policy.

Our employees play an important role in sounding the alarm if they suspect illegal activities or other regulatory breaches, or activities that run contrary to K-Fastigheter's ethical guidelines. This gives us the opportunity to prevent such behaviors and to take remedial measures if something has gone awry. Our employees (including hired staff) can report potential departures confidentially through an independent whistleblower function.

K-Fastigheter's business system/intranet is intended to facilitate internal communication and a proportion of administration, and increase engagement on Group-wide issues such as sustainability.

In 2020, no cases of corruption were reported, and no breaches of legislation or regulations.

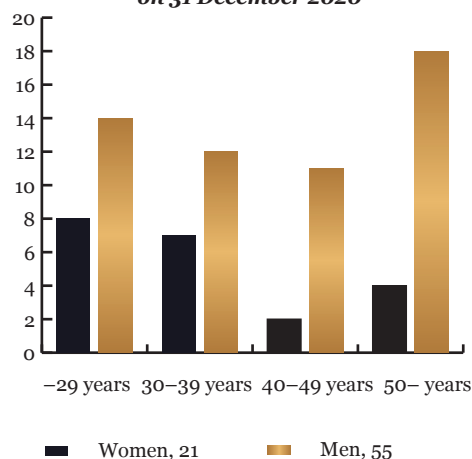


Diversity

K-Fastigheter believes that everyone, regardless of gender, ethnic background, religion or other beliefs, sexual orientation, age, cross-gender identity or functional disability should be able to participate in working life on equal terms. It is important that the equal value of all individuals is respected. K-Fastigheter does not see differences, and focuses on the person. Their results are what count. Accordingly, K-Fastigheter has adopted a gender equality policy with an associated plan of action for achieving equal rights and opportunities for all employees.

As of 31 December 2020, K-Fastigheter had 76 employees, of which 21 were women and 55 men. 28 employees are party to collective agreements. In 2020, no incidences of discrimination were reported.

Gender distribution by age, number, on 31 December 2020



Sponsorship and community engagement

K-Fastigheter collaborates with various parties to create the conditions necessary for tenants to feel at home. This includes providing clear information about agreements and other terms, rapid feedback in the event of any faults in the home or its surroundings, and cooperation with parties such as the municipality, other property companies or local associations to increase engagement, service and security in the area.

We attach great importance to safety and well-being in and around our properties and therefore sponsor youth activities and safety-building initiatives where we can find common ground for objectives and implementation. On this basis, K-Fastigheter contributes financially or with other resources.

A few examples are K-Fastigheter's partnership with OV Helsingborg HK in a Handball School for all (HFA), a partnership that includes handball training, homework support and other social activities for children aged 7-10 and living in vulnerable areas of Helsingborg. More information about HFA: <https://ovhelsingborg.myclub.se>

We believe that community and an understanding of other people's circumstances are important for generating secure neighborhoods, as well as engendering self-respect and respect for the surrounding community. Through a partnership with Dandelion, K-Fastigheter participates in a project for under-privileged children in South Africa. More information about Dandelion: <http://www.dandelionchild.nu/?lang=en>

In 2020, K-Fastigheter initiated a collaboration with the foundation Her House. The aim is to provide women better conditions for finding safe housing after leaving a women's shelter. When women

who have lived in Swedish women's shelters are ready to return to independent accommodation, a shortage of housing can be a problem. More information about Her House can be found at: www.herhouse.se.

Finja Prefab

Finja Prefab AB was incorporated in K-Fastigheter as of 1 January 2021. Sustainability is high on Finja Prefab's daily agenda. The company is certified according to ISO 14001:2015, participates in the work towards achieving a fossil-free construction industry and takes active responsibility for ensuring a climate-neutral construction industry by 2045.

Finja Prefab has produced a route map towards offering its customers climate-positive concrete frames, and complies with climate-neutral standard ISO 14021, which means that the company offsets 100 percent of its CO₂ emissions. Finja Prefab offsets its climate footprint through a biogas project certified according to the UN's Clean Development Mechanism (CDM). In order to offer climate positive frames, the company offsets a further 15 percent of the CO₂ emitted.

RISKS AND RISK MANAGEMENT

K-Fastigheter's operations may be affected, directly or indirectly, by a number of risks and external factors, which, individually or in combination, may have a negative impact on the Group's current and future earnings and financial position.

K-Fastigheter's management systematically identifies and evaluates the Group's material risks. The risks are categorized as strategic, operational and financial, and compliance-related risks. For risks that are considered to have a relatively high probability of occurrence combined with a relatively large impact on the Group, an individual within the Group has been assigned responsibility for these and an action plan has been drawn up. Each quarter, these action plans where the risks are managed through mitigating, exporting and eliminating measures, are reviewed by Group management and a report is presented to the Board by the Audit Committee.

In addition, the Board and management have produced a number of governance documents and policies, and a web-based control application. The aim is to establish a regulatory framework, provide information and facilitate communication with the Group's employees, and to facilitate regulatory compliance with the aim of mitigating, exporting or, as far as possible, eliminating potential risks in the operations.

Strategic risks

These include strategic risks in the Group's governance, planning and resource allocation, market conditions, relations with the surrounding world and political factors.

In this area, the Group manages risks by, for example:

- conducting an active dialog within management and between management and the Board

- continuously supplementing, broadening and developing employees' skills
- conducting an active and transparent dialog with the Group's stakeholders, which include customers, shareholders, the media, suppliers, banks, Auditors and public authorities to maintain positive relationships and to understand different external trends and currents
- focusing operations on project development, construction and property management of residential properties in growth regions and municipalities with a population of more than 50,000 inhabitants
- actively expanding the Group's geographical market
- actively broadening the Group's housing offering through new concept buildings and by upgrading existing stocks to continue attracting customers and to broaden the customer base.

Operational risks

These include operational risks in the Group's Project Development, Construction and Property Management activities, as well as in HR and IT.

In this area, the Group manages risks by, for example:

- maintaining close collaboration between the business areas to actively adapt K-Fastigheter's products according to customers' wishes in order to mitigate rent and vacancy risks and, by making active choices in the project development and construction phases to foster future cost-efficiency in property management, both in terms of ongoing operation and future maintenance
- working proactively and on a broad front, with several projects progressing in parallel to mitigate the risk in individual projects
- working primarily with the Group's own concept buildings, developed in-house, which mitigates the risk of design defects

- and the risk of increased expenditure in the development and construction phases
- working proactively in the letting process and in close collaboration between the Construction and Property Management business areas to safeguard a smooth process when our new customers move in
- working actively to foster support for, and the conditions necessary for, K-Fastigheter's employees to be able to focus on what is essential – generating customer satisfaction (internally and externally) and thereby value to shareholders
- working actively to maintain K-Fastigheter's corporate culture, which is the Group's growth engine.

Financial risks

These include risks involving the Group's property valuation, market risks, liquidity risks, accounting and reporting, capital structure and tax issues.

In this area, the Group manages risks by, for example:

- working actively with the financial policy, adopted by the Board of Directors, which stipulates financial targets and target figures for currency, interest, financing, liquidity and credit risks
- identifying, assessing and managing significant accounting and reporting processes, which are documented in the Group's financial manual
- collaborating actively with, and consulting, specialists and advisers in banking, law, valuation and the financial sector.

Compliance risk

Among other things, this encompasses the Group's compliance with ethical and legal rules, as well as with requirements regarding accounting and reporting.

In this area, the Group manages risks by, for example:

- working actively with the Group's Code of Conduct, its ethical compass
- participating actively in the HSEQ work, to attract the most skilled employees and to have employees who are healthy on retirement
- collaborating actively with, and consulting, specialists and advisers in law, IT and financial compliance.

Some specific risks

Key individuals and corporate culture

K-Fastigheter's operations are conducted as a relatively small organization with a limited number of key individuals, with the most central individual being the founder and CEO, Jacob Karlsson. For K-Fastigheter's employees, a strong driving force is that the Group has successfully built a strong corporate culture based on deep commitment, drive, mutual loyalty and a long-term approach.

The Group has, however, grown rapidly in recent years with the risk that K-Fastigheter's corporate culture could be exposed to stresses and become eroded, which could have consequences for the Group's future growth.

K-Fastigheter works actively with this risk by continuously fostering the corporate culture, both in daily life and by raising it as a strategic issue in the management team and on the Board of Directors, where the issue always has a special status. Furthermore, K-Fastigheter actively works to ensure short- and long-term recruitment supply, and to develop our staff and managers to remain an attractive employer.

Access to land for development

In order for K-Fastigheter to be able to construct its concept

buildings, it needs access to suitable building rights on terms that the Group considers acceptable. In recent years, competition from operators developing both rental and tenant-owned apartments has been tangible. A shortage of suitable building rights would not affect the Group's current profit trend or financial position. Future potential growth could be seriously affected, however.

In K-Fastigheter's view, opportunities to acquire suitable building rights remain favorable. K-Fastigheter has now established operations in additional geographical markets and is now a more well-known and widely recognized operator because of the IPO which was completed in November 2019. The Group also has good financial and organizational opportunities to handle both larger and less developed building rights, which further reduces the risks.

In 2020, K-Fastigheter increased its holding of building rights from some 1,340 apartments at the beginning of the year to 3,880 apartments at the end.

New construction

The construction of a new property is a complicated process, often extending over several years. During the process, several events/risks may arise cause the partial or complete revaluation of the project. Such events include political decisions, decisions in the planning and building permit process, conditions at the construction site, availability of materials and labor.

K-Fastigheter works actively with the above risks by managing several parallel projects simultaneously (as of 31 December 2020 there were 20 projects under construction and 20 projects in project development in 15 locations), long-term and mutual cooperation with public authorities and suppliers and by primarily constructing the Group's concept buildings developed in-house, meaning that K-Fastigheter's construction projects are repetitive

and therefore time and cost-efficient. The financing of construction projects is also always secured before construction commences, either through loans having been approved or through sufficient cash and cash equivalents having been deemed to be available.

Rental income

Rental income is affected by tenants' ability to pay, the letting ratio of the properties, as well as the possibility of charging market based rent. A reduction in the ability to pay or an increase in vacancies would entail a risk of reduced income and profit for the Group.



K-Fastigheter works with this risk actively by developing projects, constructing and actively owning and managing attractive, space-efficient apartments that attract a broad customer base, in markets experiencing economic and demographic growth. Given existing demand for newly-produced housing and based on existing ability to pay in the markets where the Group operates, there appear to be good opportunities to continue developing the property portfolio in the future through new construction and by maintaining the agreed rent levels on existing properties.

Historically, vacancy levels in the ongoing property management operations have been very low and, given the current economic climate and the relative attractiveness of the Group's housing, there are no signs that vacancies would increase significantly in the future. As of 31 December 2020, rental income from housing was approximately 86 percent of total rental income and commercial tenants were distributed over some 140 commercial contracts, with the largest tenant comprising approximately 3 percent of total contractual rental income and the 10 largest commercial tenants comprising approximately 8 percent of total contractual rental income.

Operation and maintenance costs

Operating expenses primarily comprise tariff-linked expenses, such as expenses for electricity, cleaning, water and heating. Of K-Fastigheter's property portfolio, 79 percent was constructed after 2010 and the remainder is in good condition or will be renovated in future according to the K-Fast 2.0 program, which ensures continued low operating and maintenance costs.

Market value of the properties

K-Fastigheter recognizes investment properties at fair value and property value changes are recognized in the Income Statement. Historically, changes in the value of K-Fastigheter's properties have significantly impacted profit for the period/year. The value of a property is primarily affected by the trend in rental income, operating and maintenance expenses, investment needs and the market return requirement for comparable properties. A lower operating surplus due to increased vacancies or operating costs, or an increased return requirement, implies a downward adjustment of price. K-Fastigheter's stocks consist primarily of newly-constructed and attractive housing situated in good micro-locations in growing towns and cities and several geographical markets, which, combined, reduces the risk of all parameters related to a property's valuation. Furthermore, K-Fastigheter values all properties on a quarterly basis in order to monitor market progress.

Interest rates

Interest expenses are the largest-single current expense in K-Fastigheter's operations.

K-Fastigheter works with interest rate risk partly by maintaining a good dialogue with all Swedish commercial banks to secure market-based loan terms and partly by reducing the interest rate risk by means of interest-rate derivatives. As of 31 December 2020, the proportion of variable interest in the loan portfolio amounted to 39 percent, and the average interest fixing period was 3.8 years. In the event of an increase in the market interest rate of one percent, and assuming an unchanged loan and derivatives portfolio, interest expenses would increase by SEK 12.4 million.

Financing

K-Fastigheter is dependent on the financing of existing investment properties and upcoming new construction. The risk of not securing adequate future financing is mitigated by means of a good dialogue with all Swedish commercial banks, as well as by signing longer credit agreements with a diversified maturity structure. As of 31 December 2020, K-Fastigheter had engagements with seven Swedish banks and the average fixed interest period for capital was 2.6 years. The listing of the company's share on Nasdaq Stockholm also broadened the capital base further.

Cash and cash equivalents

The risk of having insufficient cash and cash equivalents to meet current and future payment obligations is managed by preparing a monthly liquidity forecast, which is continuously reviewed, and by contracting the required limits and credits for ongoing operations. Furthermore, no new projects are initiated without financing having been secured. As of 31 December 2020, K-Fastigheter's available cash and cash equivalents totaled some SEK 600 million, including unutilized overdraft facilities.

Credit

Credit risk arises in K-Fastigheter's operations primarily through the Group's tenants' and suppliers' ability to pay. Tenants creditworthiness is tested in accordance with established criteria in connection with new rental agreements being signed. For key suppliers, a credit assessment is performed when a new collaboration is established. For key commercial tenants and suppliers alike, creditworthiness is monitored continuously through the requisite credit monitoring services.

Currency

K-Fastigheter owns properties in Denmark. Because the properties are under construction, the currency risk is currently mainly associated with exchange rate differences on translation of foreign subsidiaries' assets and liabilities to the currency of the Parent Company. As the properties are completed, currency risk will also arise in the companies' income and expenses. Translation differences are mainly managed by borrowing in local currency, equivalent to net assets.

Cyber risk

Cyber risk comprises the risk of being exposed to IT attacks, operational stoppages and information leaks. The risk is managed by using modern soft- and hardware with reliable redundancy. K-Fastigheter has outsourced the management of cyber risk to a professional IT provider, including the systematic work of testing vulnerability, contingency and incident planning and training Group staff to raise security awareness in the organization.

Political risk and compliance

Property operations are, to a great extent, affected by laws and other regulations, as well as decisions by public authorities regarding, for example, taxes, subsidies and support, planning and construction measures, the environment, safety, permitted construction materials and construction standards, letting and regulated rent-setting for rental apartments.

In part, these risks have a major impact on how K-Fastigheter conducts its operations and, in part, they are difficult to manage as they are often changed at short notice. K-Fastigheter addresses the political risks primarily by keeping the organization abreast of ongoing political trends and by engaging specialists and advisers to manage the effects of changing laws and regulations.

Sustainability risks

Climate and environmental risk related to K-Fastigheter's operations are estimated to mainly include the physical environment which affects people and buildings, and production and prices of natural resources in the form of materials and energy.

K-Fastigheter makes the assessment that the Group can be affected in multiple ways, including an increased investment requirement in properties to meet actual and political demands.

The Covid-19 pandemic

There is a risk that K-Fastigheter's operations, profit and financial position are affected by the continuing Covid-19 pandemic by impacting ongoing construction and planning as a result of increased sickness absence amongst K-Fastigheter's employees or various stakeholders, effects on rental income and letting ratio, market value, interest rates and financing opportunities.

At the time of preparing this Annual Report, the actual impact of the Covid-19 pandemic on K-Fastigheter has been limited and has not caused any material adverse impact on the company's operations, profit or financial position.

It is currently uncertain how the Covid-19 pandemic will affect K-Fastigheter looking ahead, although the impact is assessed continuously and will be reported in future Interim Reports. New information will be presented in press releases when required. In general, K-Fastigheter follows the recommendations of the authorities and the Group's efforts to ensure the safety of its tenants and employees has been strengthened. Furthermore, the Group maintains continuous contact with independent valuation experts and partner banks to strengthen its position and to be able to be proactive in the current circumstances.

Sensitivity analysis

K-Fastigheter's earnings are affected by a number of factors. The table below shows a theoretical effect on cash flow and fair value based on K-Fastigheter's current earnings ability as of 31 December 2020 given a change based on four parameters. Each variable in the table has been addressed individually and on the assumption that the other variables remain unchanged. The sensitivity analysis should be read together with the information on current earnings ability on page 32.

K-Fastigheter recognize its properties at fair value, recognizing changes in value in the Income Statement. This means that earnings, in particular, but also financial position can be affected both positively and negatively over time. The table below shows the theoretical value change when increasing or decreasing the property value based on the property value as of 31 December 2020 and its effect on the loan-to-value ratio at that date.

	Cash flow, SEK million	Fair value SEK million
Direct return requirement +/- 0.1%	-	140.5
Rental value +/- 1%	2.4	58.5
Operating and maintenance costs +/- 1%	0.4	9.8
Long-term vacancy ratio +/- 1%	2.4	58.5

Value change in completed investment properties, SEK million

	-10%	10%
Property value	-577.5	577.5
Loan-to-value ratio, %	60%	49%

KEY DATA

In the Annual Report, K-Fastigheter presents certain financial measures that are not defined in accordance with IFRS. K-Fastigheter believes that these measures provide valuable additional information to investors and management as they enable assessment of the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measurements used by other companies. Therefore, these financial measures should not be considered as a replacement for measures defined in accordance with IFRS. The table below presents financial measures that are not defined in accordance with IFRS.

Data per share

When calculating data per share, the average number of shares has been applied, while the calculation of assets, equity and NAV per share is based on the average number of outstanding shares.

Number of shares

Registered number of shares – number of shares at a specific point in time. Outstanding number of shares – the number of registered shares less repurchased Treasury shares at a specific point in time. Average number of shares – weighted average number of outstanding shares in a specific period. The number of historical shares has been recalculated including the bonus issue in August 2019.

Property-related	2020	2019	2018
	Jan-Dec	Jan-Dec	Jan-Dec
Rental value, SEK million	265.1	196.6	133.4
Average financial letting ratio, %	92.0%	96.8%	98.8%
Surplus ratio, %	67.2%	68.4%	64.4%
Lettable area, m ²	169,545	130,486	104,843
Number of apartments under management	2,237	1,711	1,220
Number of construction starts, apartments	912	518	230
Number of apartments under construction	1,311	700	541
Number of apartments under project development	3,880	1,340	688

Financial

Interest coverage ratio, multiple	2.6	2.6	3.5
<i>excl. stock exchange listing costs</i>	2.6	2.8	3.5
Equity/assets ratio, %	41.9%	41.7%	29.3%
Loan-to-value ratio, %	46.7%	40.2%	60.4%
Period for which capital is tied up, years	2.6	3.2	3.2
Period of fixed-interest, years	3.8	3.3	2.7
Average interest, %	1.77%	1.90%	1.71%
Net investments, SEK million	1,888.6	1,061.1	835.7
Profit from property management, SEK million	75.3	52.9	41.1
Long-term net asset value (NAV), SEK million	3,661.2	2,540.2	1,213.4

Share-related

Profit from property management per share, SEK	2.18	2.05	1.64
Growth in profit from property management per share, %	6.3%	24.6%	23.8%
Profit after tax per share for the year, SEK	13.72	14.14	9.79
Long-term net asset value (NAV), SEK	102.02	74.96	48.54
Growth in long-term net asset value (NAV), per share, %	36.1%	54.4%	29.5%
Equity per share, SEK	89.44	66.05	39.25
Number of shares outstanding at the end of the year, thousands	35,889	33,889	25,000
Average number of shares outstanding, thousands	34,583	25,830	25,000

RECONCILIATION TABLE AND DEFINITIONS

Property-related key data

Rental value, SEK million	2020	2019	2018	Definition	Motivation
A Contract value on an annual basis at end of the year, SEK million	241.7	190.5	132.5	Closing annual rent plus estimated market rent for vacant space.	Rental value is used to illustrate the K-Fastigheter's potential income.
B Vacancy value on an annual basis at end of the year, SEK million	23.4	6.1	0.9		
A+B Rental value on an annual basis at end of the year, SEK million	265.1	196.6	133.4		

Financial letting ratio, %

A Contract value on an annual basis at end of the year, SEK million	241.7	190.5	132.5	Contractual annual rent for leases valid at the end of the year in relation to rental value.	This key figure illustrates the financial degree of utilization of K-Fastigheter's properties.
B Vacancy value on an annual basis at end of the year, SEK million	23.4	6.1	0.9		
A/(A+B) Financial letting ratio at the end of the year, %	91.2%	96.9%	99.3%		

Average financial letting ratio, %

A Rental income for the year, SEK million	203.9	156.8	96.6	Rental income during the year in relation to the rental value during the year.	This key figure illustrates the financial degree of utilization of K-Fastigheter's properties.
B Rental value for the year, SEK million	221.7	161.9	97.8		
A/B Average financial letting ratio at the end of the year, %	92.0%	96.8%	98.8%		

Surplus ratio, %

A Gross profit from property management for the year in accordance with the Income Statement, SEK million	137.0	107.3	62.2	Operating surplus in relation to rental income.	This key figure illustrates the profitability of the property management operations.
B Rental income for the year in accordance with the Income Statement, SEK million	203.9	156.8	96.6		
A/B Surplus ratio over the year, %	67.2%	68.4%	64.4%		

Lettable area at the end of the year, m ²	169,545	130,486	104,843	Total area available for lease	
Total number of apartments under management at the end of the year	2,237	1,711	1,220	Total number of apartments under management at the end of the year.	Key figure to illustrate K-Fastigheter's capacity to achieve operational targets.
Apartments where construction has started in the year	912	518	230	Total number of apartments where construction has started in the year.	
Number of apartments under construction at the end of the year	1,311	700	541	Total number of apartments under construction at the end of the year.	
Total number of apartments under project development at the end of the year	3,880	1,340	688	Total number of apartments in project development at the end of the year.	

Financial key data

Interest coverage ratio, multiple	2020	2019	2018	Definition	Motivation
A Profit from property management for the year in accordance with the Income Statement, SEK million	75.3	52.9	41.1	Profit from property management with reversal of depreciation/ amortization and impairment and net interest income and divided by net interest income (incl. realized change in value of current derivative instruments).	This key figure illustrates financial risk by highlighting the sensitivity of the company's performance to interest rate fluctuations.
B Depreciation/amortization and impairment attributable to property management during the year in accordance with the Income Statement, SEK million	-2.8	-5.1	-0.4		
C Net interest income for the year in accordance with the Income Statement, SEK million	-47.7	-35.3	-16.8		
(A-B-C)/-B Interest coverage ratio during the year, multiple	2.6	2.6	3.3		
D Costs during the year attributable to stock exchange listing in accordance with the Income Statement, SEK million	0.0	-13.3	-3.4	Interest coverage ratio adjusted for costs attributable to stock exchange listing included in central administration.	
(A-B-C-D/3)/-B Adjusted interest coverage ratio during the year, multiple	2.6	2.8	3.5		

Equity/assets ratio, %					
A Equity at the end of the year in accordance with the Balance Sheet, SEK million	3,209.8	2,238.5	981.2	Equity as a percentage of total assets at the end of the year.	The key figure highlights financial risk by illustrating the scale of equity in relation to total assets.
B Total equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK million	7,659.6	5,373.7	3,347.1		
A/B Equity/assets ratio at the end of the year, %	41.9%	41.7%	29.3%		

Loan-to-value ratio, %					
A Interest-bearing liabilities at the end of the year in accordance with the Balance Sheet, SEK million*	3,216.6	2,371.9	1,606.6	Net liabilities related to investment and business properties in relation to the fair value of investment and business properties.	Loan-to-value ratio is used to illustrate K-Fastigheter's financial risk.
B Cash and cash equivalents and net value of current investments at the end of the year in accordance with the Balance Sheet, SEK million	507.6	779.0	74.7		
C Investment and business properties at the end of the year in accordance with the Balance Sheet, SEK million	5,805.7	3,962.0	2,535.9		
(A-B)/C Loan-to-value ratio at the end of the year, %	46.7%	40.2%	60.4%		

Average interest, %					
A Interest expense calculated at annual rate at the end of the year, SEK million	55.7	44.3	27.5	Estimated annual interest on liabilities to credit institutions pertaining to investment and business properties, based on current loan agreements, in relation to total liabilities to credit institutions pertaining to investment and business properties.	Average interest is used to illustrate the interest rate risk for K-Fastigheter's interest-bearing liabilities.
B Interest-bearing liabilities at the end of the year in accordance with the Balance Sheet, SEK million	3,145.1	2,331.9	1,606.6		
A/B Average interest rate at the end of the year, %	1.77%	1.90%	1.71%		

Net investments, SEK million					
A Acquisitions during the year, SEK million	1,034.5	557.7	406.7	Total net investments in investment and business properties and new construction projects in progress during the year.	Key figure to illustrate K-Fastigheter's capacity to achieve operational targets.
B New construction projects during the year, SEK million	824.1	499.7	436.8		
C Extensions and remodelling during the year, SEK million	31.0	5.9	5.1		
D Sales during the year, SEK million	-1.0	-2.3	-12.9		
A+B+C+D Net investments during the year, SEK million	1,888.6	1,061.1	835.7		

*Adjusted for stage 1 of Helsingborg / Nyponrosen 4 (SEK 71.5 million), which, as of 31 December 2020 were not refinanced and were not, accordingly, included in interest-bearing liabilities related to investment and business properties.

Financial key data, cont.

Profit from property management, SEK million	2020	2019	2018	Definition	Motivation
A Gross profit from property management for the year in accordance with the Income Statement, SEK million	137.0	107.3	62.2		
B Central administration attributable to property management during the year in accordance with the Income Statement, SEK million	-11.2	-14.0	-3.9	Gross profit from property management less central administration costs and depreciation/amortization and impairment attributable to the Property management business area and net interest income.	This key figure illustrates the profitability of the property management operations.
C Depreciation/amortization and impairment attributable to property management during the year in accordance with the Income Statement, SEK million	-2.8	-5.1	-0.4		
D Net interest income for the year in accordance with the Income Statement, SEK million	-47.7	-35.3	-16.8		
A+B+C+D Net investments during the year, SEK million	75.3	52.9	41.1		

Long-term net asset value (NAV), SEK million					
A Equity at the end of the year in accordance with the Balance Sheet, SEK million	3,209.8	2,238.5	981.2		
B Derivatives at the end of the year in accordance with the Balance Sheet, SEK million	27.2	12.8	6.2	Reported equity with reversal of deferred tax, interest rate derivatives and non-controlling interests.	An established measure of K-Fastigheter's and other listed companies' long-term net asset value, facilitating analyses and comparisons.
C Deferred tax liability at the end of the year in accordance with the Balance Sheet, SEK million	451.2	310.3	228.2		
D Deferred tax asset at the end of the year in accordance with the Balance Sheet, SEK million	27.0	21.4	2.2		
A+B+C-D Long-term net asset value (NAV) at the end of the year, SEK million	3,661.2	2,540.2	1,213.4		

Period for which capital was tied up at the end of the year, years	2.6	3.2	3.2	The period for which capital is tied up with regard to liabilities to credit institutions pertaining to investment and business properties at the end of the period.	This key figure is used to illustrate the (re-) financing risk related to K-Fastigheter's interest-bearing liabilities
---	------------	------------	------------	--	--

Period of fixed-interest at the end of the year, years	3.8	3.3	2.7	The period for which capital is tied up with regard to liabilities to credit institutions pertaining to investment and business properties at the end of the year.	This key figure is used to illustrate the interest rate risk for K-Fastigheter's interest-bearing liabilities.
---	------------	------------	------------	--	--

Share-related key data

Long-term net asset value (NAV), SEK	2020	2019	2018	Definition	Motivation
A Long-term net asset value (NAV) at the end of the year in accordance with the Balance Sheet, SEK million	3,661.2	2,540.2	1,213.4	Long-term net asset value (NAV) in relation to the number of shares outstanding at the end of the year.	Used to illustrate K-Fastigheter's long-term net asset value (NAV) per share in a manner that is uniform for listed companies.
B Number of shares outstanding at the end of the year, thousands	35,889	33,889	25,000		
A/B Long-term net asset value (NAV) per share at the end of the year, SEK	102.02	74.96	48.54		
Growth in long-term net asset value (NAV), per share, %					
A Long-term net asset value (NAV) per share at the end of the year in accordance with the Balance Sheet, SEK	102.02	74.96	48.54	Percentage change in long-term net asset value (NAV) per share during the year.	Used to illustrate growth K-Fastigheter's long-term net asset value (NAV) per share in a manner that is uniform for listed companies.
A Long-term net asset value (NAV) per share at the end of the previous year in accordance with the Balance Sheet, SEK	74.96	48.54	37.49		
A/B-1 Growth in long-term net asset value (NAV) per share for the year, %	36.1%	54.4%	29.5%		
Equity per share, SEK					
A Equity attributable to Parent Company shareholders at the end of the year in accordance with the Balance Sheet, SEK million	3,209.8	2,238.5	981.2	Equity less minority share of equity, in relation to the number of shares outstanding at the end of the year.	Used to illustrate K-Fastigheter's equity per share in a manner that is uniform for listed companies.
B Number of shares outstanding at the end of the year, thousands	35,889	33,889	25,000		
A/B Equity per share at the end of the period, SEK	89.44	66.05	39.25		
Profit from property management per share, SEK					
A Profit from property management for the year in accordance with the Income Statement, SEK million	75.3	52.9	41.1	Profit from property management in relation to the average number of shares outstanding during the year.	Used to illustrate K-Fastigheter's profit from property management per share in a manner that is uniform for listed companies.
B Average number of shares outstanding during the year, thousands	34,583	25,830	25,000		
A/B Profit from property management per share at the end of the year, SEK	2.18	2.05	1.64		
Growth in profit from property management per share, %					
A Profit from property management during the year per share, SEK	2.18	2.05	1.64	Percentage change in profit from property management per share during the year.	Used to illustrate growth in K-Fastigheter's profit from property management in a manner that is uniform for listed companies.
B Profit from property management for the preceding year per share, SEK	2.05	1.64	1.33		
A/B-1 Growth in profit from property management per share during the year, %	6.3%	24.6%	23.8%		
Profit after tax per share for the year, SEK					
A Profit after tax for the year in accordance with the Income Statement, SEK million	474.5	365.3	244.8	Profit for the year in relation to the average number of shares outstanding during the year.	Used to illustrate K-Fastigheter's earnings per share in a manner that is uniform for listed companies.
B Average number of shares outstanding during the year, thousands	34,583	25,830	25,000		
A/B Profit after tax per share for the year, SEK	13.72	14.14	9.79		
Number of shares outstanding at the end of the year, thousands	35,889	33,889	25,000		
Average number of shares outstanding during the year, thousands	34,583	25,830	25,000		

GLOSSARY

Industry-related definitions

Living area (BOA)

Living area is primarily used by property owners to denote the space for which payment can be received on letting. Living area or living space refers to the space in a building that can be used as housing. Combined, living area and secondary space comprise the total space in the building.

Apartments under production

Refers to the time from the commencement of construction until the completion of the building. An apartment is considered completed once a final inspection has been conducted.

Building rights

A building right is the maximum degree of development permitted on an area of land in accordance with a detailed development plan. In housing, a building right corresponds to an apartment, a terraced housing unit or a detached single-family house. To control a building right, an agreement relating to acquisition of the land is required, or an option to acquire the land.

Commencement of construction

K-Fastigheter defines the commencement of construction as the point in time at which planning permission becomes effective, and the construction contract is signed.

Completed housing units

Refers to housing units where final inspection has taken place and tenants have moved in.

Degree of completion

Recognized expenses in relation to calculated total expenses in housing projects in progress.

Development properties

Refers to K-Fastigheter's holdings of land and building rights for future housing development and capitalized project development properties.

Gross floor area (GFA)

Gross floor area is used in many contexts such as in relation to planning provisions, property valuations and the calculation of charges. The gross floor area is the total area of all of floors in the building and is limited by the external surface of the building components.

Lettable area

Total area available for letting.

Property

Property held with title or site leasehold.

Property costs

The item includes both direct property costs, as well as expenses for the operation, maintenance, ground rent and property tax, as indirect property expenses in the form of leasing and property administration.

Public properties

Properties with directly or indirectly tax-financed tenants accounting for the least 70 percent of rental income.

Rental income

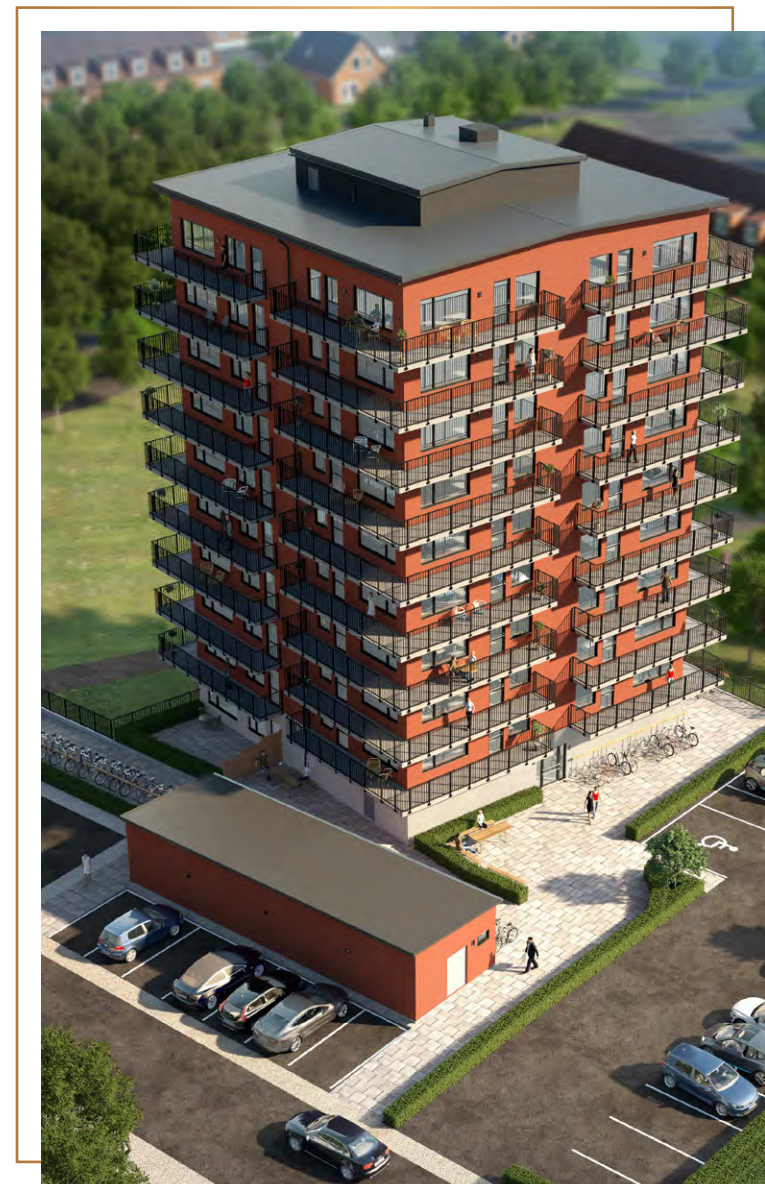
Invoiced rent plus surcharges, as compensation for heating and property tax.

Rental value

Rental income plus estimated market rent for unlet premises.

Surplus ratio

Operating surplus as a percentage of rental income.





SHARE AND SHAREHOLDERS

K-Fast Holding AB's Class B shares (ticker: KFAST B) is listed on Nasdaq Stockholm, Mid Cap, in the Real Estate segment. On 31 December 2020, K-Fastigheter's market capitalization was approximately SEK 8.57 billion (4.85). At the end of the year, there were approximately 3,600 shareholders (3,700).

THE K-FASTIGHETER SHARE

K-Fast Holding AB's Class B shares (ticker: KFAST B) were launched on Nasdaq Stockholm, Mid Cap, in the Real Estate segment, on 29 November 2019. On 31 December 2020, K-Fastigheter's market capitalization was approximately SEK 8.57 billion (4.85). At the end of the year, there were approximately 3,600 shareholders (3,700).

On 31 December 2020, there were a total 35,888,528 shares (33,888,528) in K-Fast Holding distributed between 3,750,000 Class A shares and 32,138,528 Class B shares respectively. The total number of votes on 31 December 2020 was: 50,888,528 (48,888,528).

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

Dividend policy

K-Fastigheter's overarching objective is to generate optimal long-term total returns for shareholders. This is achieved by reinvesting in operations to generate further growth through investments in new construction, property acquisitions and investments in existing properties. Accordingly, dividends will be low or absent for the next few years.

More information about the share capital and about analysts monitoring K-Fastigheter regularly, can be found at: www.k-fastigheter.com/en/investors/the-share

Share price performance and trading

During the period 1 January – 30 December 2020, approximately 5,819,604 million KFAST Class B shares were traded on Nasdaq Stockholm, corresponding to a value of approximately SEK 1,192.4 million. The daily turnover of K-Fastigheter's shares on Nasdaq Stockholm averaged 23,094 shares and the average price paid was SEK 221.22.

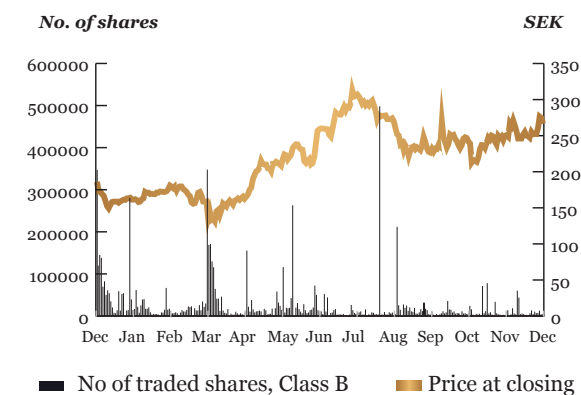
The highest price paid during the period 1 January – 31 December 2020 was SEK 322.00 on 20 July and the lowest price paid was SEK 125.10 on 16 March 2020. On 30 December 2020, the share price was SEK 266.60 (last paid). The market capitalization, that is, the value of the company's Class B shares, amounted to SEK 8,568.1 million on 31 December 2020. The market value of all shares in the company, based on the last price paid for Class B shares on 30 December 2020, amounted to SEK 9,567.9 million.

Marketplace	Nasdaq Stockholm
Name of share	K-FAST Holding B
Ticker	KFAST B
ISIN code	SE0013382355
Segment	Mid Cap
Sector	Real Estate
Currency	SEK
Total number of shares outstanding	35,888,528
Total number of Class B shares listed on Nasdaq Stockholm	32,138,528
Closing price, 30 December 2020	SEK 266,60
Total market value*, 30 December 2020	SEK 9,567.9 million.

* The market value of all shares in the Company, based on the last price paid for Class B shares on 30 December 2020.

Share data	2020	2019
	Jan-Dec	Jan-Dec
Profit from property management per share, SEK	2.18	2.05
Growth in profit from property management per share, %	6.3%	24.6%
Profit after tax per share for the year, SEK	13.72	14.14
Long-term net asset value (NAV), SEK	102.02	74.96
Growth in long-term net asset value (NAV) per share, %	36.1%	54.4%
Equity per share, SEK	89.44	66.05
Number of shares outstanding at the end of the year, thousands	35,889	33,889
Average number of shares outstanding, thousands	34,583	25,830

Share price, 2 December 2019–31 December 2020



Source: Nasdaq Stockholm

Share capital and capital structure

On 26 August 2020, K-Fast Holding AB completed a new share issue of 2,000,000 Class B shares. In connection with listing on Nasdaq Stockholm on 29 November 2019, a total of 8,625,000 new Class B shares were issued.

As of 31 December 2020, K-Fast Holding AB's share capital totaled SEK 57,421,644.80 (54,221,644.80). The total number of shares was 35,888,528 (33,888,528). The quotient value per share is SEK 1.6 (1.6).

Authorization of repurchase of shares

The Annual General Meeting for 2020 authorized the Board of K-Fast Holding to, in the period until the next AGM is held, decide to repurchase Class B shares up to a maximum of 10 percent

Analysts monitoring K-Fastigheter regularly*

Company	Name
Carnegie	Fredric Cyon and Erik Granström
Danske Bank	Philip Hallberg

* Carnegie and Danske Bank acted as joint book runners in connection with the listing of K-Fast Holding AB's Class B shares in November 2019.

of the total number of shares in the company. The purpose of the authorization is to create the right conditions for the Board to reach expedient decisions regarding the effective utilization of the company's capital and liquidity. At the end of 2020, this authorization had not been utilized.

Authorization of new share issuance

The Annual General Meeting for 2020 authorized the Board of K-Fast Holding to, in the period until the next AGM is held, to issue a maximum of 4 million new Class B shares. This authorization was utilized in 2020.

Shareholders

Most of the total share capital as of 31 December 2020 was owned by Swedish institutions, funds and private investors.

As of 31 December 2020, K-Fast Holding AB had some 3,600 shareholders (3,700). The ten largest shareholders accounted for 93.3 percent (90,8) of the votes and 90.6 percent (86.8) of the share capital. Members of K-Fast Holding AB's Board of Directors and Group management held a total of 3,750,000 (3,750,000) Class A shares and 32,138,528 (21,880,810) Class B shares, corresponding to a total of 40,629,097 (40,630,810) votes in the

company. The shareholdings of each of the executives are presented on pages 60 and 61. The company holds no Treasury shares.

Stock market information and insider rules

In connection with the listing on Nasdaq Stockholm, the company has prepared procedures for providing all public and stock market stakeholders simultaneous access to insider information regarding the company. The Board of Directors has also established insider rules with the aim of preventing market abuse.

The Board has adopted a communications policy and an insider policy to ensure accurate and high quality information disclosure, and management of insider information, both externally and internally. The Chairman handles general shareholder-related matters, while the CEO bears overall responsibility for the company's external communications.

Policies and guidelines regarding publication of information and insider rules, as well as updates and changes, are made accessible and known to the employees concerned and Group management reviews the regulations with employees. The company's regulations are formulated in accordance with Swedish legislation, the regulations of Nasdaq Stockholm and the Swedish Code of Corporate Governance and the EU Market Abuse Regulation.

Change in share capital and number of shares	Event	Change in share capital, SEK	Change in number of shares	Of which, Class A shares	Of which, Class B shares	Total number of shares	Of which, Class A shares	Of which, Class B shares	Quota value, SEK	Total share capital, SEK
23 November 2010	New formation	50,000	500	-	-	500	-	-	100	50,000
19 August 2019	Bonus issue and share split 1:50,000	39,950,000	24,999,500	3,750,000	21,250,000	25,000,000	3,750,000	21,250,000	1.6	40,000,000
19 August 2019	New share issue to key individuals	416,939	260,587	0	260,587	25,260,587	3,750,000	21,510,587	1.6	40,416,939.20
16 September 2019	New share issue to key individual	4,706	2,941	0	2,941	25,263,528	3,750,000	21,513,528	1.6	40,421,644.80
29 November 2019	New share issue in connection with listing	12,000,000	7,500,000	0	7,500,000	32,763,528	3,750,000	29,013,538	1.6	52,421,644.80
5 December 2019	Exercise of over-allotment option	1,800,000	1,125,000	0	1,125,000	33,888,528	3,750,000	30,138,528	1.6	54,221,644.80
26 August 2020	New share issue	3,200,000	2,000,000	0	2,000,000	35,888,528	3,750,000	32,138,528	1.6	57,421,644.80

All financial reports and press releases are published on the company's website in connection with publication.

Individuals with insider status

The individuals included in the Board, Group management and the Group CFO, as well as the Authorized Public Accountant, hold positions that entail access to unpublished information that could affect the share price and are registered as senior executives of K-Fastigheter. These individuals are obliged to report changes in their holdings of share related financial instruments in K-Fastigheter in accordance with the Act Concerning Reporting Obligations for Certain Holdings of Financial Instruments. K-Fastigheter maintains a logbook for each financial report or press release containing information that could affect the share price.

Ten largest shareholders (in order of total voting power) as per 31 December 2020

Name	Total Class A shares*	Total Class B shares*	Total Number of shares	Percentage of share capital	Percentage of votes
Jacob Karlsson AB	1,875,000	10,625,000	12,500,000	34.8%	39.3%
Erik Selin Fastigheter Aktiebolag	1,875,000	10,625,000	12,500,000	34.8%	39.3%
Capital Group	0	2,154,310	2,154,310	6.0%	4.2%
Länsförsäkringar funds	0	1,758,378	1,758,378	4.9%	3.5%
AP4	0	902,376	902,376	2.5%	1.8%
Handelsbanken funds	0	734,406	734,406	2.0%	1.4%
SEB funds	0	660,339	660,339	1.8%	1.3%
Nergården families**	0	478,100	478,100	1.3%	0.9%
AP2	0	432,462	432,462	1.2%	0.8%
Er-Ho Förvaltning AB	0	380,500	380,500	1.1%	0.7%
Ten largest shareholders	3,750,000	28,750,871	32,500,871	90.6%	93.3%
Other shareholders	0	3,387,657	3,387,657	9.4%	6.7%
Total	3,750,000	32,138,528	35,888,528	100.0%	100.0%
Of whom, Board of Directors and Group Management	3,750,000	21,879,097	25,629,097	71.4%	79.8%

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

** Through Mjöbäcksvillan Entreprenad Holding AB and Väst kuststugan AB.

The ownership structure as of 31 December 2020 is based on data from Euroclear Sweden and K-Fastigheter.

Investor relations

K-Fastigheter strives to be accessible and to provide shareholders and other stakeholders with accurate information in a timely manner. Financial results and other important messages are published regularly. K-Fastigheter's website, www.k-fastigheter.com, contains a variety of materials for shareholders, including the current share price, press releases and information about the company's financial development.

K-Fastigheter maintains a quiet period of 30 days prior to the release of the Group's quarterly reports. During this period, the Group's representatives do not meet representatives of the financial media, analysts or investors.

IR contact

Martin Larsson, Deputy CEO and CFO,
tel.: +46 (0)703 533 160.
e-mail: martin.larsson@k-fastigheter.se.

Anders Antonsson, Head of Investor Relations,
tel.: +46 (0)708 730 900.
e-mail: anders.antonsson@k-fastigheter.se.

K-Fastigheter as an investment

- An attractive property portfolio exposed to the rental housing market in Swedish growth regions
- Proven business model generating favorable returns. Value is created through in-house project development, construction of proprietary concept buildings and property management with an unlimited time frame
- A clear and stable positive earnings trend with a sustainable, long-term net asset value.
- The Group's concept buildings satisfy growing demand for high-quality rental apartments
- Sustainability is integrated throughout K-Fastigheter's operations. Resource efficiency and cost-optimization, combined with an awareness of the Group's environmental footprint, provide the foundation for the Group's continuous development.

The shareholder list is updated each quarter and can be found at www.k-fastigheter.com/en/investors/the-share
Transactions by insiders and their affiliates are reported to the Swedish Financial Supervisory Authority:
<https://fi.se/en/our-registers/pdmr-transactions/>

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING 2021

19 May 2021

FINANCIAL CALENDAR 2021

7 May 2021 Interim Report January-March
3 August 2021 Interim Report January-June
12 November 2021 Interim Report January-September

2021 Annual General Meeting

K-Fastigheter's Annual General Meeting will take place on 19 May 2021, CEST. For more information and registration, see K-Fastigheter's website, www.k-fastigheter.com.

Notice of the Annual General Meeting is to be communicated within the statutory period through an advertisement in Post- och Inrikes Tidningar (Swedish official gazette) and on the company's website. That fact that such notice has been issued shall be advertised in Swedish financial daily Dagens Industri. The notice will contain instructions on what shareholders should do to participate the Annual General Meeting or submit a power of attorney. Shareholders who have chosen to register their shares with a proxy must temporarily have Euroclear Sweden AB reregister the shares in the shareholder's own name to be entitled to attend the Meeting.

*K-Fast Holding AB is a public company.
Corp. ID No.: 556827-0390
LEI number: 549300VToUXKWES37P59.
Domiciled in Hässleholm, Sweden.*

The Annual Report is published in Swedish and English. The Swedish version is the original version and takes precedence over the English should the translation differ from the original. All values are expressed in Swedish kronor (SEK). "Kronor" is shortened SEK and millions of kronor to "SEK million". Because amounts and values have been rounded, tables/diagrams do not always add up precisely. Figures in brackets refer to the preceding year unless otherwise stated.

Communications from K-Fastigheter

Our communications with the financial market shall be characterized by open, relevant and accurate information to shareholders, investors and analysts, thereby increasing knowledge about the Group's operations and shares. Information in the form of press releases (regulatory as well as non-regulatory), quarterly reports, Annual Report and in-depth information is available on our IR pages at the Group's website, www.k-fastigheter.com. Shareholders and other stakeholders may subscribe for press releases and financial reports. The general information on the IR pages of the website, such as shareholder listings, is normally updated in connection with the quarterly reports. In the event of any major changes, the website is updated immediately.

For 30 days prior to the publication of a financial report, K-Fastigheter observes a silent period, meaning that the Group's representatives do not meet the financial media, analysts or investors during this period.

More information about K-Fastigheter's operations, financial reporting and press releases can be found at www.k-fastigheter.com. For information about the Group's properties and current offering, and information to tenants, please refer to www.k-fastigheter.se and the Group's social media channels.

This report contains forward-looking information based on K-Fastigheter's current expectations. Although management believes the expectations reflected in such forward-looking information to be reasonable, no guarantee can be provided that these expectations will prove correct. Consequently, future outcomes may vary considerably compared to what is presented in the forward-looking information due to factors such as changing economic conditions, market developments and competition considerations, changes in legal requirements and other policy measures, and exchange rates fluctuations.

Follow the Group on social media

Our social media channels serve as a complement to press releases and financial reports. Through these channels, we seek to provide better insight and complementary perspectives on what is happening in the Group and to communicate with our most important stakeholders. Since we use the channels in slightly different ways, you can select those that are best suited to your needs.



LinkedIn

www.linkedin.com/company/12603996
www.linkedin.com/company/finjaprefab/

Our LinkedIn page provides financial news, short updates about our progress and vacant positions.



Facebook

www.facebook.com/kfastigheter/

On our Facebook page, you will find information about vacant properties, ideas for your home, short company news with fun facts and events that we think may be of interest to many people.



Instagram

www.instagram.com/k_fastigheter/

On the Group's Instagram account we publish pictures and texts about current events, brief reflections, vacancies and where there are opportunities to move in and establish a home.



YouTube

www.youtube.com/channel/UCF5molp8mxtljaAl4x3bbuA

See Finja Prefab's videos describing various projects.

Notices of general meetings, minutes and communications from General Meetings are kept available at www.k-fastigheter.com

ANNUAL REPORT
ANNUAL REPORT
ANNUAL REPORT
ANNUAL REPORT
ANNUAL REPORT
ANNUAL REPORT
ANNUAL REPORT
ANNUAL REPORT
ANNUAL REPORT
ANNUAL REPORT
ANNUAL REPORT
ANNUAL REPORT

K-Fast Holding AB

Corp. ID No.: 556827-0390

Address: Bultvägen 7, SE-281 43 Hässleholm, Sweden

Telephone: +46 (0)10 33 00 069

E-mail: ir@k-fastigheter.se

Website: www.k-fastigheter.com

An unlimited time frame implies responsibility. K-Fastigheter participates throughout the value chain. The Group is involved at all stages, from choice of establishment and the first contacts regarding land acquisition, through its own standardized and industrial production and construction for long-term ownership and property management. As a property company, K-Fastigheter's objective is to add value for tenants by creating attractive homes with superior comfort. The Group's operations encompass active property management, project development and proprietary construction operations. To enhance cost efficiency and cut construction times, K-Fastigheter has chosen to work with three concept buildings, developed in-house and constructed for proprietary management. K-Fastigheter provides some 2,240 homes in several locations in the Öresund region, in the province of Småland and in western Sweden, and is assessing new markets as production capacity increases. The Group's property portfolio has a book value of SEK 6.9 billion, with an annual rental value of about SEK 265 million. Since November 2019, the company's Class B shares have been traded on Nasdaq Stockholm under the ticker: KFAST B

Read more at k-fastigheter.com/en



K-FASTIGHETER