

K-FAST HOLDING AB

ANNUAL REPORT

2021

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



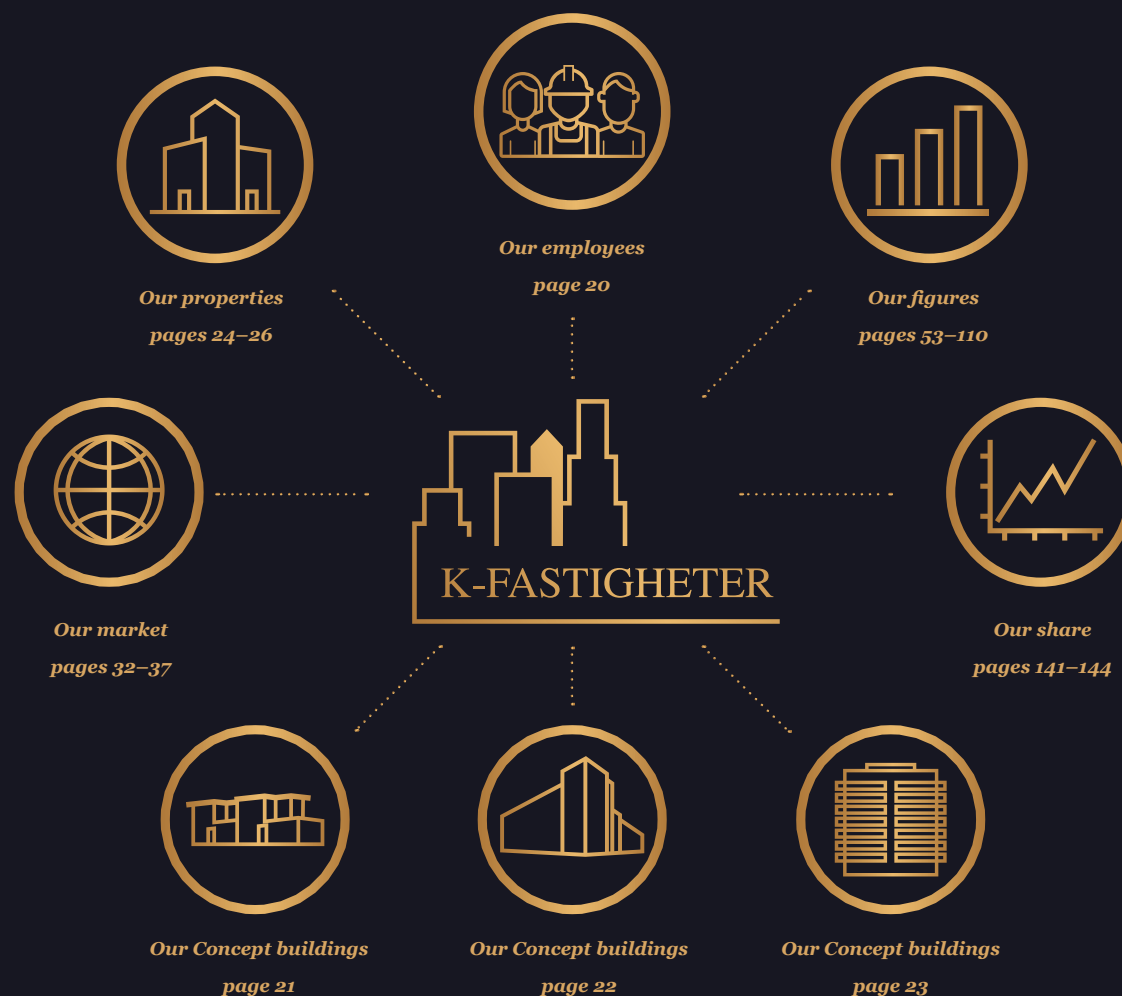
K-FASTIGHETER



K-Fast Holding AB - corp. ID no.: 556827-0390

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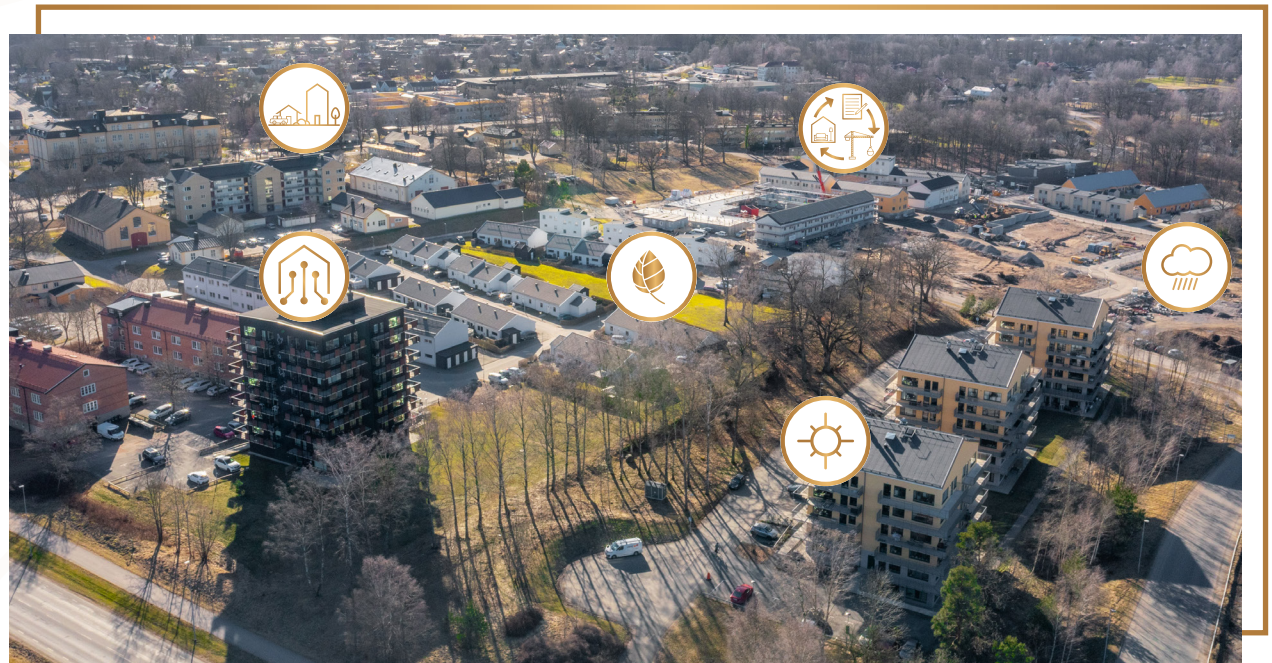
The statutory Annual Report of K-Fast Holding AB (publ) ("K-Fastigheter") comprises pages 53-115 (the Administration Report and appurtenant financial reports) and has been audited by Ernst & Young AB. "K-Fastigheter", "K-Fast Group" and "the Group" refer to K-Fast Holding AB with or without subsidiaries 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: Overview of K-Fastigheter's residential neighborhood T4 in Hässleholm, spring 2022. Design: OAS. Photos: K-Fastigheter, Mjögäcks, Oskar Gydell, OAS and Mockupworld.



EASY TO FIND YOUR WAY HOME

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 with a high degree of comfort. The company's proprietary concept buildings; Low-Rise, Lateral Low-Rise and Apartment Block, meet demands for better housing from tenants and social planners.

The photo on the right is an overview of K-Fastigheter's area known as T4 in central Hässleholm. The activities and goals presented in the illustration relate to the Group as a whole and not only the T4 residential area.



K-Fastigheter develops residential neighborhoods with many functions and meeting places, and with mixed title formats and types of building.



A majority of K-Fastigheter's Apartment Blocks and Lateral Low-Rise buildings are constructed with concrete frames from K-Prefab.



We offer services and smart technical solutions that make everyday life easier.



The Group produces renewable energy through the installation of photovoltaic cells on its Apartment Block and Lateral Low-Rise buildings, as well as on its own production plants.



We develop climate smart properties and adapt residential neighborhoods to meet climate change.



With its concept buildings and extensive experience K-Fastigheter develops cost-effective building rights in the Nordics.

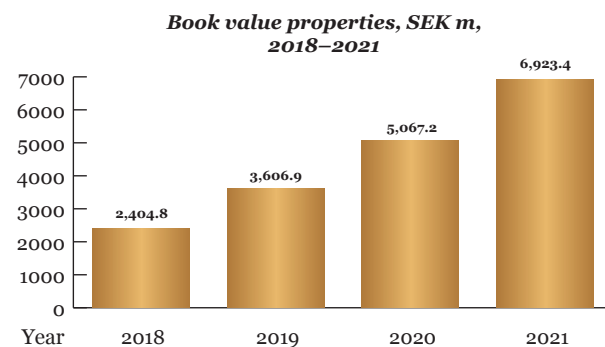


K-FASTIGHETER IN ONE MINUTE

K-Fastigheter has a strong position in the Öresund region and in selected towns and cities in southern and western Sweden. In 2021, K-Fastigheter established operations in several locations in Denmark and the Mälardalen region. Our vision is to become one of the Nordic region's largest operators and a leading property owner of sustainable, innovative and cost-efficient concept buildings that meet the wants and needs of tenants seeking to make a home or secure effective premises for many years to come. The housing and neighborhoods offered by the company are distinguished by an optimal combination of high standard, home comfort and security.

After the acquisition of Finja Prefab AB (now K-Prefab AB), the K-Fast Group established a fourth business area: Prefab. This includes the operations under the K-Prefab brand, a full-service frame contractor with a broad product offering of prefabricated concrete and wall panels, foundations and floor structures.

Based in Hässleholm, Sweden, and with production facilities and local offices in strategically selected location K-Fast Group currently has some 700 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. From 2022 onwards, the share trades on the large cap list. The largest shareholders are Jacob Karlsson AB, Erik Selin Fastigheter Aktiebolag and Capital Group.



THE YEAR 2021 IN BRIEF

Financial results

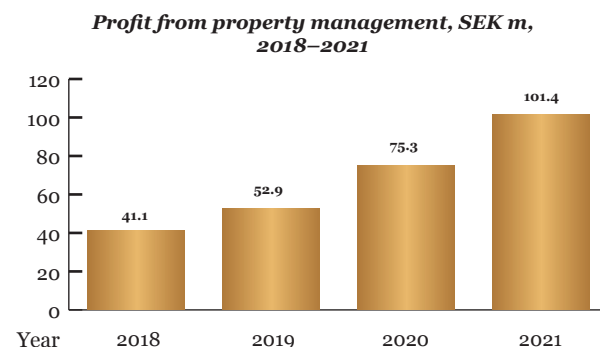
- Rental income for 2021 amounted to SEK 265.9 million, up 30 percent year-on-year.
- Profit from property management for 2021 amounted to SEK 101.4 million, up 35 percent year-on-year. Profit from property management per share was SEK 0.47 (0.36).
- The value of investment properties amounted to SEK 9,603.7 million (6,853.5), an increase of 40 percent compared to 2020.
- Profit after tax for the year was SEK 1,044.4 million, an increase of 120 percent compared to 2020, corresponding to SEK 4.85 (2.29) per share.

Value creation

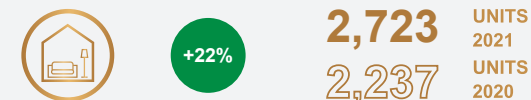
- Over a business cycle, value creation is measured as growth in long-term net asset value per share. K-Fastigheter's long-term net asset value for 2021 increased to SEK 23.11 per share, up 36 percent compared to 2020.

Sustainability

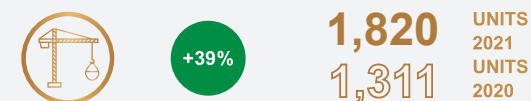
- In 2021, K-Fastigheter updated the Group's sustainability goals, mainly by including the operations in the Prefab business area.



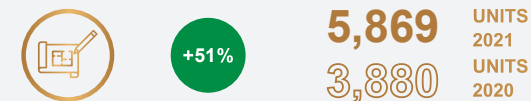
Number of homes under management



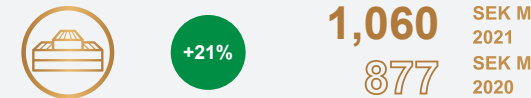
Number of homes in production



Number of apartments in project development



Turnover in prefab operations



Selected key figures (see definition page 136)	2021	2020
Financial		
Interest coverage ratio	3.4	2.4
Equity/assets ratio, %	36.9%	41.9%
Debt-to-equity ratio, %	51.8%	50.2%
Profit from property management, SEK m	101.4	75.3
Long-term net asset value (NAV), SEK m	4,976.1	3,661.2
Share-related		
Profit from property management per share, SEK	0.47	0.36
Growth in profit from property management per share, %	29.8%	6.3%
Long-term net asset value (NAV), per share, SEK	23.11	17.00
Growth in long-term net asset value (NAV), per share, %	35.9%	36.1%

SIGNIFICANT EVENTS IN 2021



More sites in Mälardalen

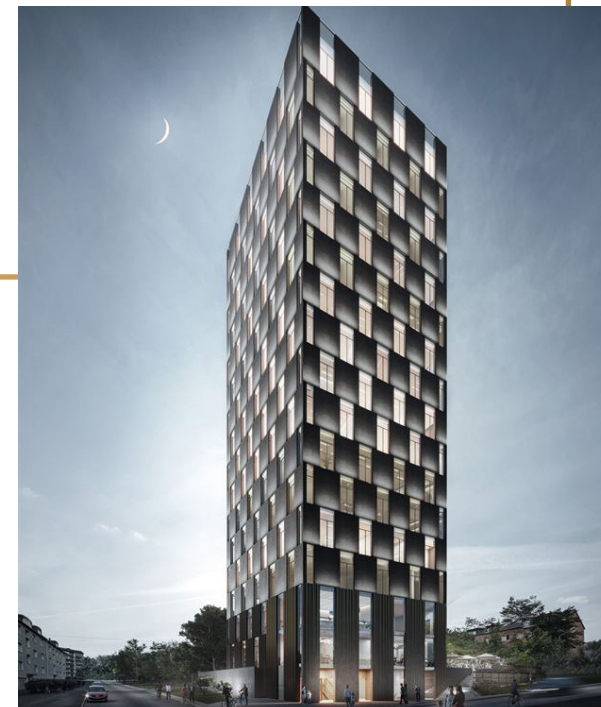
In 2021, K-Fastigheter acquired building rights in several locations in the Mälardalen region and Gävle. Examples include Eskilstuna, Järfälla and Värmdö. In March 2021, K-Fastigheter initiated a collaboration with the construction and property group Kilenkrysset with the aim of developing more rental apartments in the Mälardalen region. Jointly owned company K-Fast Kilen AB acquired building rights for rental apartments and terraced houses in Strängnäs and Nyköping. Construction is scheduled to start in stages in 2022.

In mid-2021, K-Fastigheter acquired building rights for some 260 new rental apartments from BoKlok, with construction intended for K-Fastigheter's long-term management. The companies will build new apartments in locations including Vänersborg, Uppsala and Eskilstuna.



K-Fastigheter part-owner of Mjögäcksvillan

Since August 2021, K-Fastigheter holds a 25 percent stake in Mjögäcksvillan AB ("Mjögäcksvillan"). Mjögäcksvillan produces the well-known single family home Mjögäcksvillan and constructs proprietary housing projects, mainly in western Sweden. Mjögäcksvillan constructs around 450 residential units each year, evenly distributed between single family homes, tenant-owned apartments and rental apartments. K-Fastigheter and Mjögäcksvillan collaborate on some projects where each company contributes competencies to develop residential neighborhoods with different house types and title formats. One example can be found in Höör, where K-Fastigheter has acquired land for the construction of 95 rental apartments, and where Mjögäcksvillan in collaboration with Väst kuststugan will build 200 tenant-owned apartments on an adjacent land parcel.



K-Fastigheter evaluating new commercial concept

K-Fastigheter is evaluating a new concept building for commercial tenants, which we have named K-Commercial. The concept builds on the strengths of the Group's overall operations. K-Prefab contributes optimized construction and production solutions, while K-Fastigheter contributes creativity in project development, construction and management. The first building constructed based on the K-Commercial concept is a pilot project in central Hässleholm.

SIGNIFICANT EVENTS IN 2021

Q1

First quarter:

Rental income for the quarter amounted to SEK 59.5 SEK million (47.8), an increase of 24%.

K-Fastigheter took possession of the acquired company Finja Prefab AB, now K-Prefab AB.

Increased K-Fastigheter's operational target for construction starts for apartments for Group property management from 1,000 to 1,300 before the end of 2023.

Acquisition of building rights in Borås and Malmö for a total of some 780 apartments.

Acquisition of Kilen Prefab AB with operations and production facilities for prefabricated concrete frames in Strängnäs.

K-Fastigheter and Kilenkryssset AB established the joint venture K-Fast Kilen AB.

Number of completed apartments as of 31 March: 2,277, an increase of 2% compared to the previous quarter. At the end of the quarter, the value of the investment properties amounted to SEK 7,426.3 million, an increase of 8% compared to 31 December 2020.

Q2

Second quarter:

Rental income for the quarter amounted to SEK 63.0 SEK million (49.0), an increase of 29%.

K-Fastigheter acquire 25 % of the shares in Mjööbäcks Entreprenad AB and 50 % in PVS Mark&Va Holding AB.

Acquisition of building rights in Järfälla and Helsingborg for a total of some 5,000 apartments. K-Fastigheter and two partners, Innovation Properties and Borohus, formed a company to jointly develop a property in Haninge municipality.

K-Fastigheter and BoKlok continue their collaboration and will construct new apartments in Vänersborg, Uppsala and Eskilstuna.

A 6:1 share split is completed, meaning that each existing share is divided into six shares of the same class.

Number of completed apartments as of 30 June: 2,305, an increase of 1% compared to the previous quarter. At the end of the quarter, the value of the investment properties amounted to SEK 8,043.6 million, an increase of 8% compared to the previous quarter

Q3

Third quarter:

Rental income for the quarter amounted to SEK 68.2 SEK million (51.0), an increase of 34%.

Acquisition of building rights in Helsingborg and Kristianstad.

K-Fastigheter acquired building rights in central Hässleholm and a project consisting of terraced houses with 19 apartments in Åhus.

Decision made to build 60 additional rental apartments in Nyköping.

Number of completed properties as of 30 September: 2,448, an increase of 6% compared to the previous quarter. At the end of the quarter, the value of the investment properties amounted to SEK 8,765.6 million, an increase of 9% compared to the previous quarter.

Q4

Fourth quarter:

Rental income for the quarter amounted to SEK 75.3 SEK million (56.2), an increase of 34%.

K-Fastigheter signed agreements with cement suppliers, securing the Group's estimated total production volume in 2022.

Acquisition of building rights in Eskilstuna, Gävle, Höör and Strängnäs, and property holdings in Kristianstad comprising 105 apartments and two pre-schools. K-Fastigheter to develop properties in Hemmesta Centrum alongside Innovations Properties.

K-Fastigheter to develop new concept building in Hässleholm. K-Commercial pilot project started, focusing on commercial tenants. The project will be evaluated before potential launch in metropolitan areas.

Number of completed apartments as of 31 December: 2,723, an increase of 11% compared to the previous quarter. At the end of the quarter, the value of the investment properties amounted to SEK 9,603.7 million, an increase of 10% compared to the previous quarter.

A YEAR THAT FUNDAMENTALLY STRENGTHENED K-FASTIGHETER

It is almost like a new Group is delivering its full-year results. After a year with K-Prefab as an important part of the Group I can conclude that the synergies, collaborations and improved job satisfaction are proving to be even better than we expected before the acquisition. Prefab is now a well-integrated business area that contributes both competencies and creativity as well as a customer base and cash flow. K-Fastigheter is stronger and better than ever – and we have only just begun.

K-Fastigheter has extensive experience of working at a high pace and with clear goals. The acquisition of K-Prefab, major property acquisitions around Sweden, and uncertainty about cement supply were part of our daily working life in 2021. But something that which should never have to be a part of anyone's life is the terrible war in

the Ukraine. This will affect us all in some way, and as a company and as fellow human beings we all contribute as best we can to help those who are suffering, both in the short and long term

The Group currently has around 700 employees and I am proud of the commitment and competence everyone has exhibited which contributes to finding the best solutions quickly and in a focused manner. I feel privileged and proud to be the team leader of K-Fast.

Thanks to the commitment of the Group's employees and our collaboration partners we are able to report that 2021 was one of K-Fastigheter's most successful years to date. 2021 was also a year marked by Covid-19. The pandemic has affected all of society and to some extent also affected K-Fastigheter's operations, although not to a significant extent. Profit from property management increase by 35 percent to SEK 101.4 million, corresponding to an ▶▶▶



Jacob Karlsson, CEO of K-Fast Holding AB

“K-Fastigheter is stronger and better than ever – and we have only just begun.”



increase of 30 percent per share. Group comprehensive income for 2021 increased by 122 percent, to SEK 1,048.1 million. NAV per share increased by 36 percent in 2021 compared to 2020. Vacancies improved in the fourth quarter and the financial letting ratio amounted to 97.0 percent at the end of the year.

The total acquisition value of proprietary ongoing construction projects corresponds to approximately 69.8 percent of market value on completion, based on market valuations as of the end of the year. The corresponding figure at the end of 2020 was 73.1 percent. This KPI, which we internally term "PTV" (production to value), indicates a gross margin on new construction of approximately 30 percent. We recognize this margin as unrealized value changes in line with projects being completed. The improved PTV was partly

due to increased efficiency and creativity which meant that we were able to offset the price increases experienced during the year, and to increased market values.

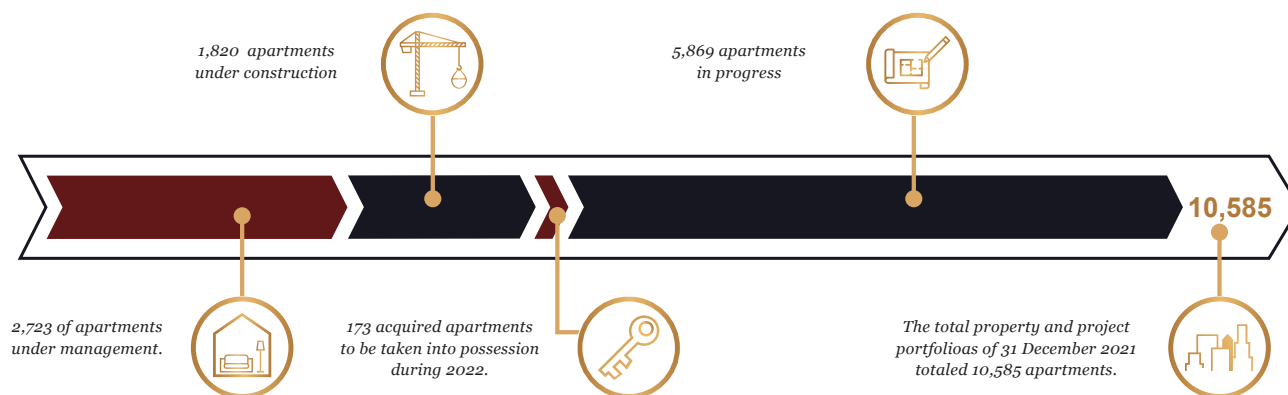
In 2021 we started construction of 996 apartments, which means that we are well in line with achieving our operational target of starting constructions of 1,300 apartments annually from the end of 2023. In addition to ongoing projects, we have acquired reassuring volumes of land and development properties in locations where we see considerable potential for our concept buildings. K-Fastigheter shall be an attractive partner for developing new neighborhoods and we look forward to many interesting proposals and collaborations in 2022.

I have said it many times before, but K-Fastigheter is so much more than a property company. This means that operations have an overall strength that is critical to our success and to creating value for all shareholders. To clarify this, we have decided to report total debt-to-equity ratio from this report onwards, a new KPI that includes the entire Group unlike previously when we only reported the loan-to-value ratio on the property portfolio. From now on we will also be reporting interest cover at Group level and not just for the property portfolio. Please note that our respective targets remain unchanged, it is the definition that has been updated. Both adjustments are a natural step as we are so much more than a property company.

The year started with some uncertainty on the financial markets, and given the outbreak of war in the Ukraine we are faced with a very difficult situation. In addition to providing urgent help K-Fastigheter is looking to the future. We are currently seeing price increases on some input goods, as well as indirect effects resulting from higher energy and fuel prices. We are trying to adapt to the new situation by seeking out alternative suppliers and logistics routes, extending our planning horizons and increasing efficiency throughout the production chain.

My assessment stands that the conditions are in place for 2022 to become another year of growth across the Group. ■

- Jacob Karlsson, March 2022



WE BUILD VALUE THROUGH COMMITMENT

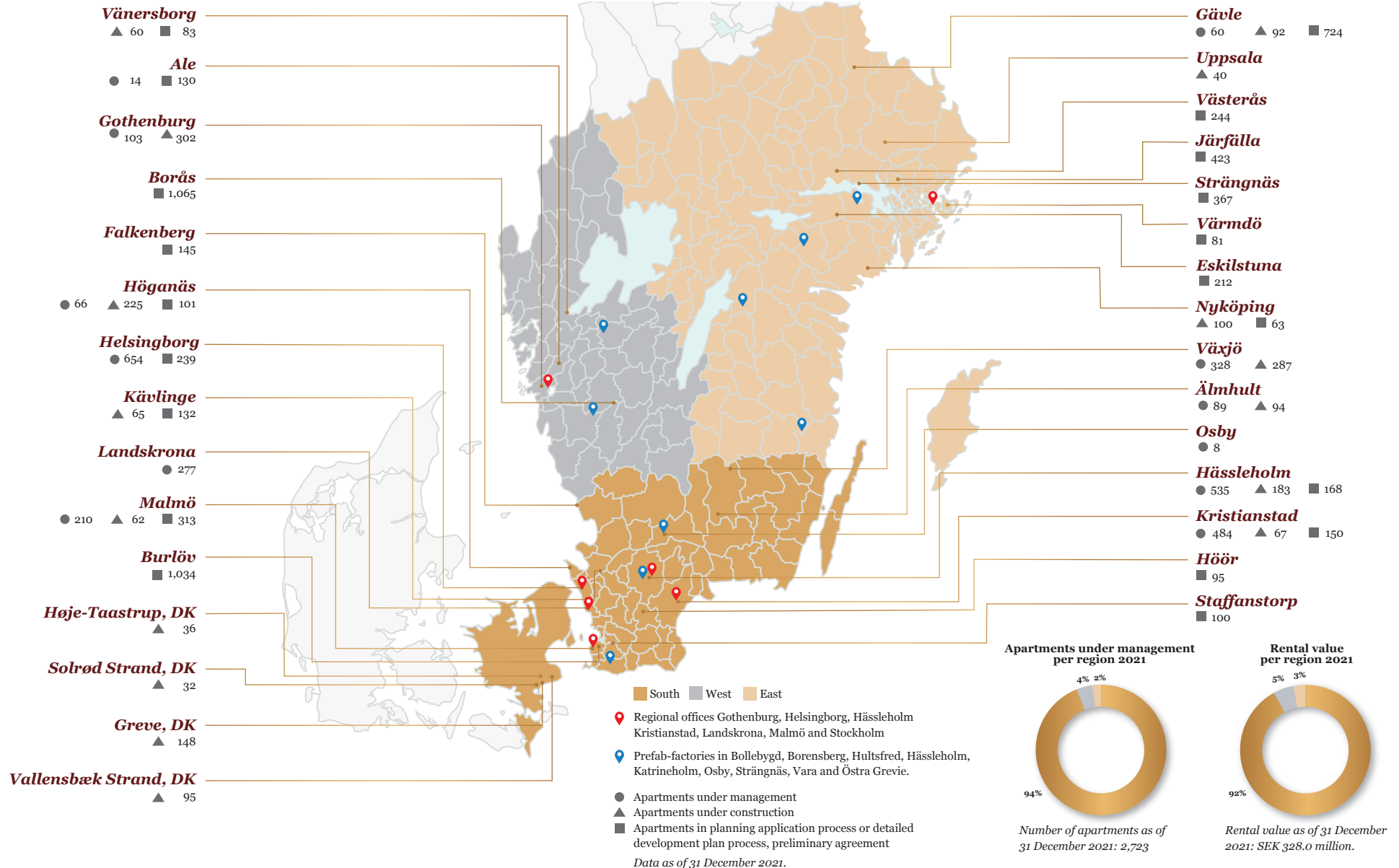
An investment in K-Fastigheter is an investment in a home. A home which is much more than just four walls. A home means better living for many people.

K-Fastigheter was founded in 2010 with the vision of renewing the construction industry, ensuring cost-effective and smart property management, and working methods that are sustainable over the lifespan of a building. Today, we can conclude that we have taken some steps towards this goal, even if we are still only at the start of the journey.

The Group's focus on building proprietary concept buildings means that we satisfy the market's demand for attractive homes at the right cost. The concept buildings make it possible to create value through cost control and financial efficiency throughout the chain, from building rights, construction materials, and construction methods to management over the lifespan of the property.



WE BUILD AND MANAGE PROPERTIES IN GROWTH REGIONS



STRONG CHAIN OF VALUE CREATION

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 building 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 generates value growth based on the following fundamentals:

- **Growth:** The Group's development is achieved by working across functions in the four business areas.
- **Profitability** To ensure high and sustained profitability, the business areas collaborate in the areas of structure and systems support (financing, tendering etc.). Read more about K-Fastigheter's financial progress on pages 54–109
- **The brand/position:** K-Fastigheter is 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 shall 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
	2021	2020	2019	
In the long term, rental income from housing shall comprise at least 80 percent of K-Fastigheter's total rental income	87%	86%	85%	Rental income in 2021 amounted to SEK 265.9 million (203.9) for the year, an increase of 30 percent compared to the previous year. The increase was primarily due to more apartments under management, which increased by 22 percent to 2,723 (2,237) between the years.
Number of annual construction starts for management by the Group shall be 1,300 apartments before the end of 2023.	996	912	518	There were 996 (912) apartment construction starts in 2021. 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.	2,723	2,237	1,711	At the end of 2021, K-Fastigheter had 2,723 apartments under management, 1,820 apartments in production, 5,869 apartments in project development and 173 acquired apartments, totaling 10,585 apartments.

Financial targets	Target achievement			Comment
	2021	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, the long-term net asset value (NAV) amounted to SEK 4,976.1 million (3,661.2), corresponding to SEK 23.11 per share (17.00). Long-term net asset value per share increased by 36 percent compared to 31 December 2020.
Over an economic cycle, annual growth in profit per share from property management shall average at least 20 percent.	✓	●	✓	Profit from property management amounted to SEK 101.4 million (75.3), up 35 percent year-on-year. Growth in profit from property management per share was 30 percent compared to 31 December 2020.
<i>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.</i>				
The equity/assets ratio should amount to at least 25 percent.	✓	✓	✓	As of 31 December 2021, the equity/assets ratio amounted to 36.9 percent. (41.9).
The interest coverage ratio should be a multiple of at least 1.75.	✓	✓	✓	As of 31 December 2021, the interest coverage ratio was a multiple of 3.4. (2.4).
The debt-to-equity ratio may amount to at most 70 percent relative to the Group's total assets and liabilities.	✓	✓	✓	As of 31 December 2021, the loan-to-value ratio was 51.8 percent (50.2).

Compared to the Annual Report 2020 and from the fourth quarter 2021 onwards, the definition of interest cover has changed to include the entire Group and not only the property management operations as was previously the case. Furthermore, the KPI loan-to-value ratio has been replaced with debt-to-equity ratio, including the Group's total assets and liabilities. The Group's sustainability targets can be found on page 121- 122.

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 2021, K-Fastigheter invested approximately SEK 1,700 million in properties, production plants, construction and equipment.

Human capital

- K-Fastigheter has around 700 co-managers who contribute to developing operations.

Natural resources

- K-Fastigheter uses land, input goods, construction materials and energy to build and maintain properties, providing 2,750 existing and 7,900 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 16.

The **Construction** business area, in collaboration with other business areas, builds and develops the cost-efficient Lo 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 17.

The **Prefab** business area manufactures prefabricated concrete elements and complete frame solutions to K-Fastigheter and other customers, including several customers being Sweden's leading construction companies with high demands on quality, cost efficiency and climate adaptations.

Read more about the business area on page 18.

The **Property Management** business area develops cost-efficient local property management operations. The focus is on efficient management of K-Fastigheter's proprietary concept buildings and holdings of acquired buildings. In combination with tenant requests, the Group's internal evaluation provides access to important information for product development of concept buildings.

Read more about the business area on page 19.

The value we create

Customers

- In 2021, K-Fastigheter built and acquired 486 new rental apartments where tenants can create secure and comfortable homes.

- K-Prefab operations are market-leading in terms of using climate-positive concrete frames.

Social

- K-Fastigheter actively contributes to society through collaborations that promote social well-being and safety, reduce criminality and outsidership, and by paying various taxes and fees.

Owners

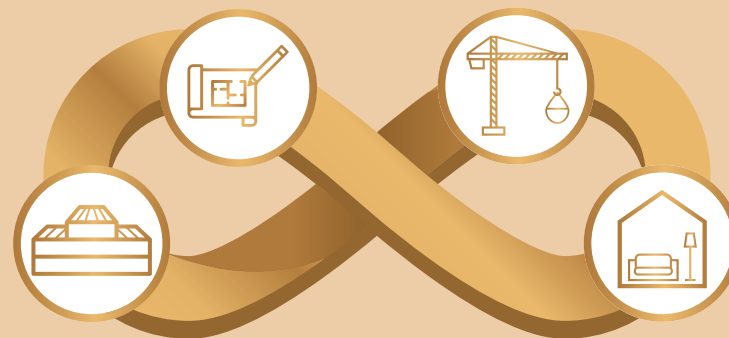
- Long-term net asset value per share (NAV) for 2021 was SEK 23.11, an increase of 36% compared to 2020.

- Profit from property management per share amounted to SEK 0.47 (0.36) for the full year 2021, an increase of 30% year-on-year.

Environment

- 100 percent of electricity in the properties is sourced from fossil-free production and from 2021 onwards, solar panels are installed on all new-build Lateral Low-Rise and Apartment Block buildings. K-Fastigheter's concept buildings are resource-efficient as a result of effective land utilization, minimal transports and construction waste.

- K-Prefab has reduced its CO₂ emissions by 26 percent and contributes to the construction sector's Road map 2045 for a climate neutral sector.



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. Under our renovation program K-Fast 2.0, 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 strive to have our own management personnel in all towns where we own properties. During the build-up phase in a particular town, 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 means that we will continue to grow while retaining our focus on environmental, social and financial sustainability. Everything we do leads to more clear commitments resulting from our efforts to continuously evaluate the best solutions from a lifecycle perspective. This includes choice of construction materials and methods, minimizing energy and water consumption in the property holding, reducing our dependence on fossil fuels and increasing the share of reuse of input goods. We expect corporate social responsibility to become increasingly important to K-Fastigheter and its stakeholders. We already 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. With K-Fastigheter's housing concept, we generate cost control and financial efficiency throughout the chain, from building rights to property management over the lifetime of the building. Through its proprietary concept buildings, K-Fastigheter has established strong positions and commitments on several selected locations in Sweden and Denmark. On 31 December 2021, the Group had 90 completed investment properties distributed over a total of 171,077 square meters of residential and 42,875 square meters of commercial space.



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 collaborate across functions to ensure continuous product development. 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 building developed in-house, with high-quality rental apartments, and occasionally commercial premises. The Group shall also offer prefab components to leading construction and property companies. 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. In this way, the Group's combined experience and knowledge is applied and re-used in project development, construction processes and property management alike.
- Through efficient project development, production, construction acquisitions and long-term property management of concept buildings, K-Fastigheter offers space-efficient rental housing. The Group's concept buildings are mainly built in grade A and B locations in towns with sustained strong demand for rental housing in Sweden and the other Nordic countries, using 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.
- Through efficient and customer-adapted production and an increased property management of apartments with a high level of service and good availability, K-Fastigheter shall generate increasing economies of scale. K-Fastigheter's operations 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 a perpetual perspective and the capacity to generate value through the Group's apartments offering the market's best combination of high standards, comfort and safety, K-Fastigheter shall be viewed as the industry leader by priority stakeholders.
- K-Fastigheter's long-term perspective is fundamental to the Group's sustainability work, which means that we supply the market's best floor structures and 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.



K-FASTIGHETER'S FOUR 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, permit processes and land procurement. The goal is to create and realize value, today and in the future.

In 2021, the business area's operations were characterized by continued high levels of activity in more municipalities than previously. The number of business discussions has increased and since 2021, K-Fastigheter has a dedicated business development manager who coordinates and leads the work associated with the building rights of the future. There were 5,869 apartments in project development at the end of 2021 and to meet the increased number of associated cases, the company employed an additional architect and a ground projector in the year. At a pace with K-Fastigheter becoming established in new municipalities and working with larger projects than previously, the need arises to employ staff that complement existing competencies.

The effects of Covid-19 are still being felt, most clearly in the longer processing periods required by municipalities, various consultants and other collaboration partners. The business area handles the challenging situation through the employees' ability to work on multiple projects in parallel, and as a result of 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



Åsa Fredin

Head of Project Development business area.

“Our focus is to get planning permission for all projects we work on – that gives us good energy! We are a group of very different individuals where everyone brings a lot of knowledge and different perspectives, which is key. K-Fastigheter’s concept buildings can be designed in many different ways and are adapted to their surroundings. Our tenants and others around them appreciate this, and we are proud to have been nominated for various construction prizes in several municipalities and to have won the prize for best urban dwelling in our home municipality is particularly pleasing.

2021 was an intensive year with many transactions and we will remain very active on the market looking ahead in order to strengthen our land bank and project pipeline further. We receive many inquiries and suggestions for attractive building rights, both for land with legally valid zoning plans and land where we drive the planning process ourselves. We are always interested in looking at proposals and prioritize projects with existing zoning plans.”

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 feedback from tenants, managers and property managers on projects completed previously. 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. The employees in the business area have diverse competencies.

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.

K-Fastigheter continuously seeks out land developers holding plots or existing buildings with development potential that are suitable for multi-family dwellings, social properties or commercial construction.

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 Block and the option Apartment Block Plus. K-Fastigheter's construction operations and property management are exclusively internal.

In 2021, Covid-19 remained challenging for most companies and organizations around the world. In order to counteract the negative effects, K-Fastigheter has been more proactive and in some cases departed from "just in time" deliveries to stock components to reduce vulnerability in the materials supply chain.

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 Prefab 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 and dryers and built-in microwaves. Including washing machines



Eric Johansson

Head of Construction business area.

"In October 2021, K-Fastigheter was nominated for Lean Builder of the year, in an awards ceremony arranged by Lean Forum Construction. We won second place of a total of around 40 nominated companies. This once again confirmed that our conceptual working methods, from project development to management with an unlimited time frame, are both profitable and encouraged in the sector. We seek to minimize waste and always aim to get it right from the start with our model based on knowledge transfer, and I still assert that we are Sweden's fastest construction and property

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 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

company, from planning permission to tenants moving in.

In 2021, we started construction of our second proprietary construction project in Denmark. The property in Greve has 148 apartments and we are learning more about the Danish market, which is very positive considering our aim of expanding in the Nordics. During the year, we also took a step further north towards the Mälardalen region, where we are continuing our expansion. We now have a total of three employees that handle the projects in Nyköping, Gävle and Uppsala. We will continue our initiatives aimed at becoming a more geographically diverse employer, and are establishing ourselves in Region West with staff based in Gothenburg, where we are starting construction on a couple of projects with proprietary staff in 2022, which ensures our operational goal of starting construction of 1,300 apartments annually at the end of 2023."

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

From 1 January 2021, K-Fastigheter reports operations in a fourth business area, Prefab. Under its new name, K-Prefab AB, the company has strengthened its position as a nationwide operator in prefabricated concrete and as a full-service frame contractor. Prefabrication frames ensure better working conditions, superior cost- and quality control, reduces waste and improves compatibility, production and just-in-time delivery for projects.

The business area manufactures concrete frames for various types of building and customers. The frame system consists of well-isolated exterior walls, homogeneous interior walls, elevator shafts and joists with embedded installations for electricity, water, waste management and ventilation. External wall units are also included in the Prefab business area. A large proportion of the elements included in K-Fastigheter's three concept buildings are manufactured at Prefab's facilities. In order to further rationalize and reduce the manufacturing time per floor for the Group's Lateral Low-Rise concept building, we have adapted the frame system to make it more similar to that used in the Lateral Low-Rise and Apartment Block buildings. These changes mean that K-Fastigheter can start building internally at an earlier stage, at the same time as achieving increased economies of scale between the concept buildings.

A third of K-Prefab's volumes relate to deliveries to K-Fastigheter's construction sites in Sweden and Denmark. In addition, the company aims to expand its operations by being an active partner to existing and new customers on the Swedish market. The overall increase in demand is handled by investments in production capacity for production and the organization.



Kaj Grönvall

CEO K-Prefab.

“One of the most important goals we realized in 2021 was the inclusion of K-Prefab in the K-Fast Group and the change of its name and brand. We have invested in existing facilities and acquired a factory in Strängnäs, welcoming around 30 new members of staff. Towards the end of the year, we needed to address an urgent issue relating to cement supply as Sweden's largest producer had not obtained the required permits. Early market analysis secured delivery for our entire production in 2022.”

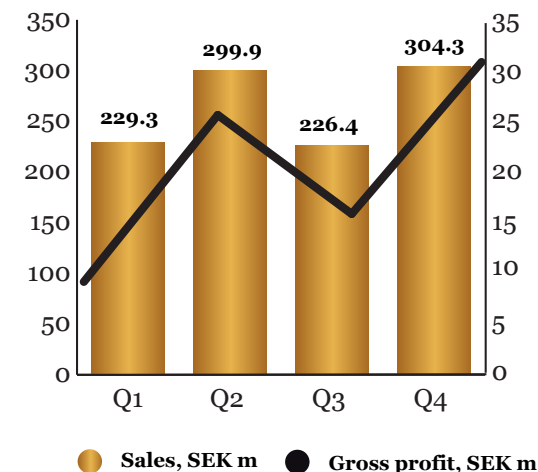
The Covid-19 pandemic has been challenging for a business that is mainly based on large groups of people working together in an indoor environment. Despite increased sickness absenteeism, all deliveries have been made according to agreement thanks to our motivated staff and good planning. These experiences are an important part of our recruitment and growth plans.

Another part of K-Prefab's offering relates to production planning, and the business area is continuing to focus on digital working methods. The company's digital planning tools ensures control of projects throughout the entire chain. Sales, project planning, manufacture and assembly - all aspects can be planned in the tool, which ensures that processes are efficient and optimized. An departures in terms of quality are also registered in the tool.

K-Prefab has worked to reduce its climate footprint for several years, mainly by reducing CO2 emissions. The company has set a sustainability goal of reducing its climate impact by 50 percent over three years. The forecast for 2021 is 33 percent by the end of

2021, with two years remaining. In addition, we continuously work to increase our use of recycled materials, mainly in reinforcement bars, but also for concrete and waste products that can be mixed in with new concrete products.

Prefab operations, sales and gross profit, SEK m per quarter 2021



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.

Since 2020, the business area encompasses the Öresund region, the Västra Götaland region and the Copenhagen area. The number of projects has increased, and K-Fastigheter collaborates with local real estate agents with solid experience of 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, which allows tenants to state their preferences and build a relationship, with the aim of minimizing the number of tenants moving out and other disruptions. Financial management is handled exclusively with internal resources, while technical property management is partly outsourced from external providers. The focus of K-Fastigheter's administration is on achieving satisfied tenants who feel secure in both their homes and their neighborhoods, and in always being able to get in touch with K-Fastigheter representatives should something unforeseen occur. For this reason, K-Fastigheter focuses on local property management, with proprietary and external personnel, and increased digital options for each apartment.

In order to maintain a high level of service and accessibility, the Group has offices in Helsingborg, Landskrona and Kristianstad in addition to its head office in Hässleholm. In other locations,



Martin Johannesson

Head of Property Management business area.

“As new Head of the Property Management business area, I am delighted to see the organization's strength, which is necessary to ensure K-Fastigheter's signature expansion rate. The experience obtained from the establishment in Denmark shows that new countries require new working methods and an understanding of legislation, culture and best practice, and we have therefore outsourced the administration of our

Danish operations to a local partner that meets our requirements.

In line with K-Fastigheter's growth, the need and opportunity for specialization in our operations also increase. We would like to see more colleagues with a high degree of digital maturity and the ability to understand, utilize and develop digital resources.

We collect accessible and high-quality data from sources ranging from customer surveys to measuring individual media consumption. The collated data then forms the basis for analysis and decisions relating to investments and activities that bring us closer to our sustainability goals. K-Fastigheter now works with several initiatives that provide us with better tools, and our tenants with more secure homes.”

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.

K-Fastigheter's properties are managed expediently and efficiently with personal service. The business area continues to digitalize several of its processes, including smart equipment that makes life easier for tenants.

To ensure progress and product development, K-Fastigheter obtains continuous feedback from tenants and other stakeholders, including sector peers.

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 2021 survey indicate that more than 80 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 growth, engagement and responsibility, and support the Group's strategies and objectives. From 1 January 2021 onwards, operations are organized into four business areas: Project Development, Construction, Prefab and Property Management, where managers report to, and are part of, Group management. Prefab is organized as a subsidiary with its own Board, CEO and management. There are also shared functions for Business development, Accounting and Finance, IT, Legal Counsel, HR and Communications/IR/Marketing. From 1 January 2021, the Group's operations have been divided into regions South (including Denmark), West and East in order to build an organization that knows its local market and can make quicker decisions.

The strong growth phase creates more opportunities for K-Fastigheter. To continue to ensure robust success, the Group needs to work towards securing the engagement and participation of all employees. A high degree of involvement and open communication creates trust, engagement and clarity. Engaged, motivated and competent employees engenders confidence, which increases the number of satisfied tenants and customers.

Towards the end of 2021, the company initiated work aimed at further strengthening the Group's corporate culture and values. Clear values will provide both leaders and employees with guidance and support to make the right decisions in various situations. Long-term, Innovative and Caring are three clear words intended to guide all Group employees in their daily work, how they view themselves in their role, how they behave, and how they are experienced by others.

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

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

WORKING ENVIRONMENT

At the end of 2021, the Group had 691 (76) employees, with the increase mainly due to acquired operations. A majority work in production, construction and management.

K-Fastigheter strives to maintain a safe working environment, from a physical, social and psychological perspective, guided by the words "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. Engagement, security and competencies in the relevant areas of expertise create the right conditions for all staff to share responsibility for their own and the company's development.

K-Prefab has several HSEQ specialists and in 2021, despite the pandemic, the business area completed a large number of internal audits, trainings etc. at construction sites, in factories and in offices. K-Prefab works actively with safety in its day-to-day work, and held a safety week with themed trainings for all staff, where the aim was to increase practical competencies in safety and strengthen the safety culture.

To be an attractive employer, K-Fastigheter works with development plans that encourage employees to develop their competencies. It is important to keep up-to-date with digital and sector 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 2021, the company completed a Group-wide leadership development program over six months, with good results. We also invited all employees to participate in an initiative focused on well-being and health, with positive results for individual health and Group cohesion.

As a fast-growing organization, K-Fastigheter continually needs new employees, and to ensure its expansion through a strong corporate culture. The Group has a well-implemented recruitment system with a large database of interested candidates. It is important to secure the inflow of new personnel by conducting a wide search and use complementary search channels in addition to traditional recruitment. This is achieved through internal competence development, collaborations with specialist recruitment firms, partnerships with vocational and academic institutions and a recently launched recruitment training program for one of K-Prefab's factories.

A well executed 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.



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.

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 space

Structural details:

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

Ongoing project where K-Fastigheter is constructing Low-rise buildings in 2022, see www.k-fastigheter.se

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



Low-Rise in Hässleholm

K-Fastigheter's project Intendenten in the T4 area in central Hässleholm consists of 21 apartments in Low-Rise concept buildings. The ground floor apartments have allocated parking spaces and storage space adjacent to the property.

Low-Rise in Viken

In Viken, K-Fastigheter is completing the final phase of a project totaling 91 apartments in Low-Rise concept buildings over two stories with access balconies. The apartments are divided over 17 3-bedroom split-level apartments with terraces and an outside area, 38 2-bedroom apartments and 36 1-bedroom apartments. The apartments are built to a high standard and have access to parking.



Lateral Low-Rise – variation and space efficiency

K-Fastigheter's neighborhood-structure multi-family dwellings can be constructed with 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 51 square meters and two bedrooms, living room and kitchen totaling 68 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. 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.

Ongoing project where K-Fastigheter is constructing Lateral Low-Rise buildings in 2022, see www.k-fastigheter.se



Lateral-Low Rise in Gothenburg

At the end of 2021, 103 rental apartments were completed on Smörslottsgatan in Gothenburg. The project comprises Lateral-Low Rise buildings with a total of 296 apartments. The second phase is preliminary in March 2023. The buildings have seven and nine stories respectively.

Lateral-Low Rise Höfången

Elinegård is located in southwestern Malmö, between Hyllie and Kalkbrottet in Limhamn. Here, with a view of the Öresund bridge, K-Fastigheter has constructed 97 attractive rental apartments in Lateral Low-Rise buildings with six stories. Many of the apartments have balconies, and the penthouse apartments on the top floor have large terraces.



APARTMENT BLOCK AND APARTMENT BLOCK PLUS - 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 two rooms and kitchen totaling 62 square meters and two with three rooms 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 has been designed for cost-efficient long term property management, which includes wall structures that provide access to all drain stacks from the staircase, which makes it possible to replace drain stacks without requiring tenants to move out, in order to be able to replace drainstacks without needing to evacuate tenants in future. Thanks to innovative construction, a high degree of prefabrication and balcony constructions that



Apartment Block in Hässleholm

The project Hällan in central Hässleholm is K-Fastigheter's largest Apartment Block to date, with ten stories. The concept building is characterized by large balconies in two directions for each apartment.

The property on Bokebergsgatan 14 is a split-level house with a storage unit in the basement and two ground floor apartments at entrance level.

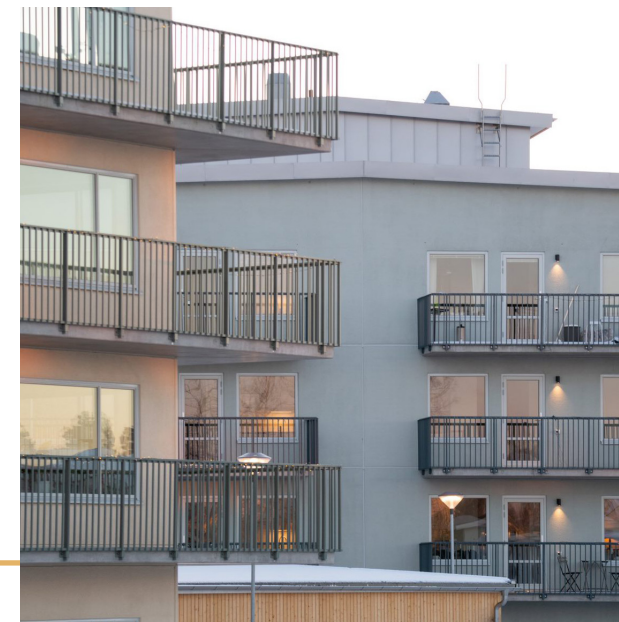
remove the need for scaffolding, the Apartment Block construction process is very time effective

Structural details:

Entirely concrete structure with sandwich exterior walls, uniform walls separating apartments and floor units. The roof is available

Apartment Block in Älmhult

In Älmhult, work on the project Kedjan is underway, including an Apartment Block with 22 rental apartments, of which four at ground level. The tenants that will be moving in are close to IKEA and nature.



in three options: pent, pitched or hipped. The façade color can be individualized and there is a selection of balcony railings to choose from.

Ongoing project where K-Fastigheter is constructing Apartment Block buildings in 2022, www.k-fastigheter.se/en

K-FASTIGHETER'S PROPERTY PORTFOLIO

On 31 December 2021, the Group's property portfolio comprised 90 completed investment properties¹ distributed over a total of 171,077 square meters of residential and 42,875 square meters of commercial space. In addition, the Group had 28 ongoing construction projects, distributed over 122,112 square meters of residential and 2,487 square meters of commercial space. Furthermore, K-Fastigheter has 34 projects in progress in the project development phase, at various stages of building permit application or project planning, of which 14 are projects for which K-Fastigheter has yet to take possession of the land.

Of the property holding, 81 percent of properties were constructed after year 2010. Newsec assesses that all are located in category A or B positions in the communities where the Group operates. As of 31 December 2021, contractual rent amounted to SEK 318.2 million, with an estimated operating surplus of SEK 238.2 million, corresponding to a surplus ratio of some 75 percent. For newly produced concept buildings, the corresponding potential surplus ratio is some 82 percent, and approximately 65 percent for other properties in the portfolio. Of the contractual rent, 85 percent pertains to housing or related rentals (such as parking) divided

between the 1,711 apartments under property management at the end of the year. Contractual rent from commercial tenants is distributed over some 160 commercial contracts, with the largest tenant comprising approximately two percent of total contractual rental income and the ten largest commercial tenants comprising approximately six percent of total contractual rental income.

At the end of the year, the value of investment properties totaled SEK 9,603.7 million (6,853.5), distributed over completed investment properties of SEK 6,923.4 million (5,067.2), undeveloped land and building rights of SEK 722.3 million (707.7), site leases of SEK 18.0 million (18.0) and construction in progress of SEK 1,940.0 million (1,060.6). During the year, SEK 1,366.5 million (855.1) was invested in new construction, extensions and remodeling. Acquisitions for the year amounted to SEK 292.6 million (1,034.5). Sales of building rights totaling SEK 51.0 million (1.0) were completed in the year.

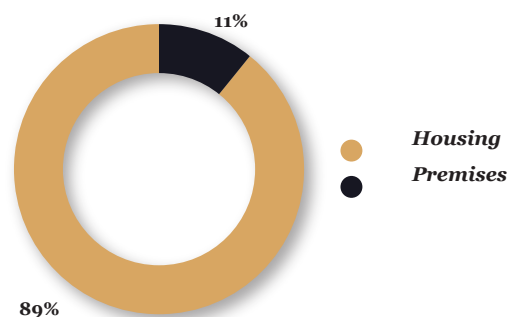
Unrealized value changes in investment properties for the year were SEK 1,139.1 million (577.8), distributed over SEK 431.7 million (169.9) for properties under management and SEK 707.4

million (407.9) for construction projects in progress.

During the year, K-Fastigheter acquired five development projects, comprising commercial properties with mixed occupancy rates at the time of acquisition. The aim is to develop residential building rights in these properties and to partly or wholly demolish the commercial premises on construction of the building rights. These properties and similar future acquisitions will be categorized as development properties in the future.

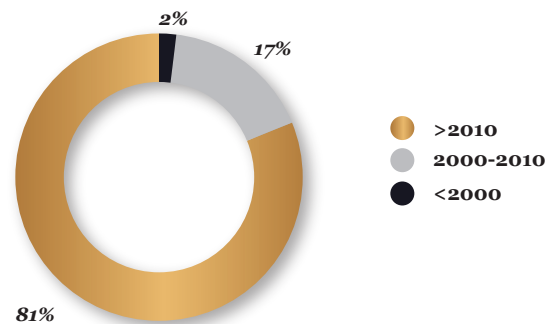
From 2021, K-Fastigheter's management operations are divided into three regions: South, West and East. Of the property holding, 92 percent of property values are located in region South, encompassing Skåne, southern Småland and Denmark. Region West encompasses Halland and the region Västra Götaland. Region East includes the Mälardalen region and Nyköping and Gävle. As of 31 December 2021, all completed investment properties are located in Sweden. Two construction projects totaling 18,101 square meters divided over 243 apartments and two projects totaling 6,919 square meters divided over 68 apartments acquired but not yet possessed, can be found in Denmark.

K-Fastigheter's property value per category, % (31 December 2021)

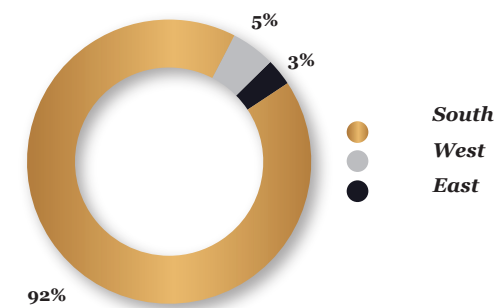


¹ Investment properties are properties held for the purpose of generating rental income, or value growth, or a combination of both.

K-Fastigheter's property value per year of construction, % (31 December 2021)



K-Fastigheter's property value per geography, % (31 December 2021)



Year-end property value was SEK 6,923.4 million.

PROPERTY PORTFOLIO AS OF 31 DECEMBER 2021

Investment properties

Per building category	No. of apartments	Lettable area, m ²			Property value		Rental value		Letting ratio	Contractual rent		Property costs		Operating surplus	
		Housing	Premises	Total	SEK m	SEK/m ²	SEK m	SEK/m ²	%	SEK m	SEK m	SEK/m ²	SEK m	SEK/m ²	
Concept buildings	1,827	112,745	2,212	114,957	4,721.9	41,075	205.4	1,786	97.5%	200.3	24.2	210	176.1	1,532	
Other	896	58,332	26,942	85,274	2,094.0	24,556	113.0	1,326	96.7%	109.3	30.2	354	79.1	928	
Total excluding development properties	2,723	171,077	29,154	200,231	6,815.9	34,040	318.4	1,590	97.2%	309.6	54.4	272	255.2	1,274	
Development properties	0	0	13,721	13,721	107.5	7,835	9.7	703	89.5%	8.6	2.9	213	5.7	417	
Total including development properties	2,723	171,077	42,875	213,952	6,923.4	32,359	328.0	1,533	97.0%	318.2	57.3	268	260.9	1,220	

Per geographical region

South	2,546	161,537	31,920	193,457	6,382.3	32,991	300.6	1,554	97.1%	291.9	52.2	270	239.7	1,239
West	117	5,664	10,135	15,799	371.0	23,482	19.1	1,206	94.4%	18.0	3.5	222	14.5	918
East	60	3,876	820	4,696	170.1	36,222	8.4	1,780	99.9%	8.4	1.6	339	6.8	1,439
Total	2,723	171,077	42,875	213,952	6,923.4	32,359	328.0	1,533	97.0%	318.2	57.3	268	260.9	1,220

Property administration	22.7	106
Operating surplus incl. property administration	238.2	1,113

Construction projects in progress¹⁾

Per building category	No. of apartment	Lettable area, m ²			Property value		Rental value		Investment (including land), SEK million ²⁾		
		Housing	Premises	Total	SEK m	SEK/m ²	SEK m	SEK/m ²	Estimated	Developed	Carrying amount
Concept buildings	1,653	110,093	0	110,093	4,862.6	44,169	219.1	1,990	3,393.7	1,619.9	2,187.8
Other	167	12,019	2,487	14,506	472.9	32,600	22.9	1,582	419.3	236.0	267.9
Total	1,820	122,112	2,487	124,599	5,335.5	42,822	242.0	1,942	3,813.1	1,855.9	2,455.7

Per geographical region

South	1,226	83,287	2,487	85,774	3,507.5	40,893	162.8	1,898	2,516.0	1,273.5	1,648.6
West	362	23,106	0	23,106	1,204.0	52,108	51.2	2,217	825.6	258.5	406.6
East	232	15,719	0	15,719	624.0	39,697	27.9	1,778	471.5	323.9	400.4
Total	1,820	122,112	2,487	124,599	5,335.5	42,822	242.0	1,942	3,813.1	1,855.9	2,455.7

PROPERTY PORTFOLIO AS OF 31 DECEMBER 2021

Project development in progress¹⁾

Per building category	No. of apartments	Lettable area, m ²			Property value		Rental value		Investment (including land), SEK million ²⁾		
		Housing	Premises	Total	SEK m	SEK/m ²	SEK m	SEK/m ²	Estimated	Developed	Carrying amount
Concept buildings	5,860	354,123	975	355,098	15,174.4	42,733	685.3	1,930	10,936.2	150.4	150.4
Other	9	1,208	1,145	2,353	82.8	35,187	4.2	1,768	61.1	25.2	25.2
Total	5,869	355,331	2,120	357,451	15,257.2	42,683	689.4	1,929	10,997.3	175.6	175.6

Per geographical region											
South	2,332	138,565	975	139,540	5,811.7	41,649	264.5	1,896	4,147.3	89.6	89.6
West	1,423	86,707	0	86,707	3,511.0	40,492	167.2	1,929	2,644.1	21.1	21.1
East	2,114	130,059	1,145	131,204	5,934.6	45,232	257.7	1,964	4,205.9	64.9	64.9
Total	5,869	355,331	2,120	357,451	15,257.2	42,683	689.4	1,929	10,997.3	175.6	175.6

Summary¹⁾

	No. of apartments	Lettable area, m ²			Property value		Rental value		Carrying amount
		Housing	Premises	Total	SEK m	SEK/m ²	SEK m	SEK/m ²	SEK m
Completed investment properties	2,723	171,077	42,875	213,952	6,923.4	32,359	328.0	1,533	6,923.4
Construction projects in progress	1,820	122,112	2,487	124,599	5,335.5	42,822	242.0	1,942	2,455.7
Project development in progress	5,869	355,331	2,120	357,451	15,257.2	42,683	689.4	1,929	175.6
New construction projects other									25.6
Undeveloped land									5.4
Acquired but not yet possessed	173	14,759	1,126	15,885	579.8	36,503	28.5	1,793	0.0
Site leaseholds									18.0
Total	10,585	663,279	48,608	711,887	28,096.0	39,467	1,287.9	1,809	9,603.7

¹⁾ Data relates to K-Fastigheter's share of potential Joint venture.

²⁾ Accrued 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 762.0 million in the value of investment properties.

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. 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.

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 2021. 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 2021 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 2021 have therefore not been included in the calculation.

Current earning ability, SEK million

SEK m	2021 31 Dec	2021 30 Sep	2021 30 Jun	2021 31 Mar	2020 31 Dec
Rental value	328.0	298.7	281.4	278.0	265.1
Vacancy	-9.8	-8.5	-10.7	-19.8	-23.4
Rental income	318.2	290.2	270.6	258.2	241.7
Operating costs	-42.7	-39.6	-37.8	-37.9	-35.6
Maintenance	-11.0	-10.4	-10.0	-9.9	-9.0
Property tax/ground rent	-3.5	-3.5	-3.5	-3.5	-3.0
Property administration	-22.7	-21.9	-21.3	-20.5	-19.2
Operating surplus	238.2	214.9	198.1	186.4	174.9
Central administration	-10.2	-9.2	-9.3	-8.4	-11.2
Net interest income	-73.0	-65.4	-56.2	-54.1	-51.4
Profit from property management	155.0	140.3	132.6	123.9	112.3

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

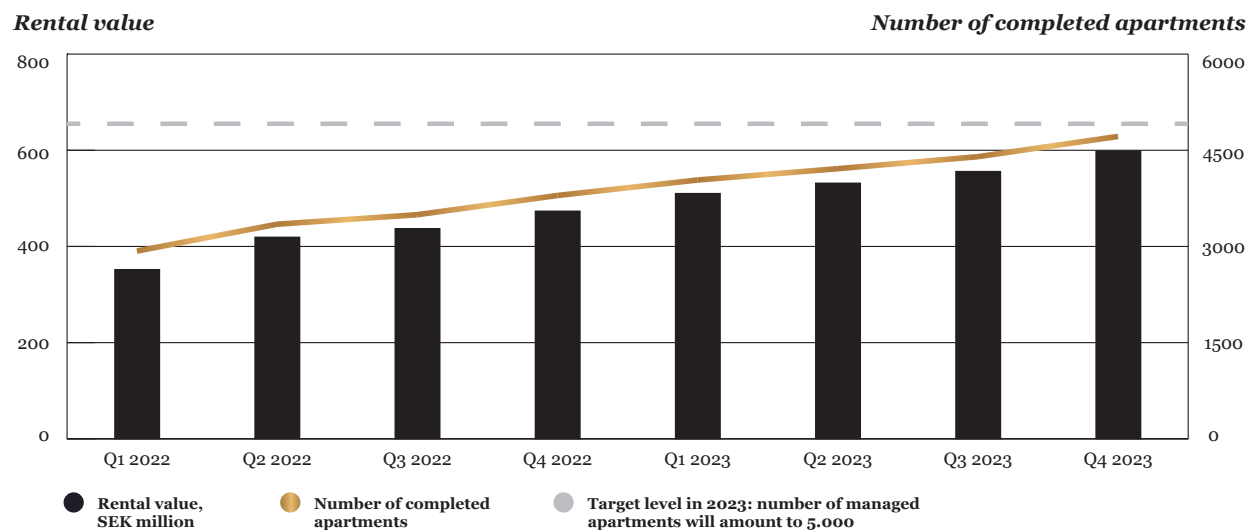
The Income Statement for the management operations is also affected by developments of the value of the property portfolio, as well as by upcoming property acquisitions and/or divestments. Additional items affecting earnings include changes in the value of derivatives. None of the above has been taken 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.

Expected rental trend and number of apartments

The following diagram illustrates the number of apartments and current rental values for completed investment properties as of 31 December 2021 plus expected rental values of construction projects in progress of investment properties and acquired but not yet handed over investment properties as of 31 December 2021 at a pace with these properties being completed or handed over.

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



FINANCING AND VALUATION

FINANCING

K-Fastigheter's assets consist primarily of apartments located in several larger towns in the Öresund Region, including Copenhagen, the Västra Götaland and the Mälardalen region. 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 and/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. 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 Group equity/assets ratio shall amount to at least 25 percent.
- The interest coverage ratio shall be a multiple of at least 1.75.
- The debt-to-equity ratio may amount to at most 70 percent relative to the Group's total assets and liabilities.

These financial targets also correspond generally to the financial covenants that the Group is obliged to monitor and report under the terms of its loan agreements.

Liabilities and derivatives portfolio

At the end of the financial year, K-Fastigheter financed its asset exclusively through bilateral loans with Nordic banks as the counterparties. Consolidated interest-bearing liabilities amounted to SEK 5,943.9 million (3,848.4), of which SEK 947.5 million (847.8) were classified as current interest-bearing liabilities at

Outcome and financial targets

	Total 31 Dec 2021	Financial target	Financial covenant
Equity/assets ratio	36.9 %	>25%	>25%
Interest coverage ratio	multiple of 3.4	> multiple of 1.75	> multiple of 1.50
Debt-to-equity ratio, %	51.8 %	<70 %	

Credit and interest maturity structure as of 31 December 2021 (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	Interest-rate derivatives	Forward starting interest-rate derivatives, SEK m	Interest, %	Value, SEK million
< 1 years	1,650.3	1.40%	790.2	790.2	100.0	0.0	0.50%	-0.4
1-2 years	100.0	2.14%	658.7	658.7	100.0	0.0	0.69%	-0.8
2-3 years	300.0	1.78%	1,390.8	1,390.8	300.0	0.0	0.33%	0.6
3-4 years	200.0	2.09%	0.0	0.0	200.0	0.0	0.64%	-0.6
4-5 years	200.0	1.62%	1,904.1	1,904.1	200.0	0.0	0.17%	4.6
> 5 years	2,300.0	2.10%	6.4	6.4	2,300.0	100.0	0.65%	33.1
Total	4,750.3	1.85%	4,750.3	4,750.3	3,200.0	100.0		36.4

year end. Interest-bearing liabilities are distributed between first mortgages for completed investment properties of SEK 4,017.8 million (3,145.1), construction credits of SEK 1,057.9 million (681.2), leasing liabilities of SEK 92.7 million (22.2), operating and acquisition credits of SEK 539.1 million (0.0) and a promissory note relating to the acquisition of K-Prefab of SEK 250 m (0.0). The debt-to-equity ratio for the Group amounted to 51.8 percent (50.2).

At the end of the year, the Group had contracted credit agreements of SEK 7,282.8, 4 million (4,820.6), of which SEK 4,017.8 million (3,145.1) related to the financing of completed investment and business properties, of which SEK 790.2 million (781.1) mature for renegotiation within the next 12 months. In addition to the financing of completed investment and business properties, contracted credit agreements comprise building credits of SEK 2,132.1 million (1,585.5) and operating and acquisition credits of SEK 882.5 million (90.0), of which SEK 382.5 million 100.0 million relates to acquisition financing of K-Prefab and Mjölback's Entreprenad AB respectively. At the end of the year, building credits and operating and acquisition credits had been utilized at an amount of SEK 1,057.9 million (681.2) and SEK 539.1 million (0.0) respectively.

As per 31 December 2021, the average credit term for the Group's interest-bearing liabilities, relating to acquisition financing and completed investment properties and operational premises was 2.8 years (2.6).

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. The swap portfolio had a total nominal value of SEK 3,200.0 million (1,907.0) at the end of the year, of which SEK 100.0 million comprised swaps with a future start date. At the end of the year, the fair value of the interest derivative portfolio was SEK 36.4 million (-30.5). The average interest period for the Group's interest-bearing liabilities related to acquisition financing, investment and business properties was 4.4 years (3.8), and the average interest rate was 1.85 percent (1.77), including the effects of interest rate derivatives, and 1.40 percent (1.41) excluding the effects of interest rate derivatives. The total proportion of variable interest in relation to interest bearing liabilities related to acquisition financing, investment and business properties was 29 percent (39), and the interest rate sensitivity in the event of a 1 percentage point shift in loan rates amounted to SEK 14.0 million (12.4). All the above KPIs for interest rate risk, with the exception of the average interest period, have been calculated excluding swaps with a future start date.

K-Fastigheter's financing as of 31 December 2021 was exclusively comprised of borrowing from Nordic banks. As a result of the Covid-19 pandemic, K-Fastigheter continuously gathers information from its collaboration banks to corroborate the decisions made as of 31 December 2021. 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 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 2021, all of the Group's completed properties had been valued by the external independent assessor, Newsec Advice 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 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 are 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 Advice AB, in the form of direct return levels and operating and maintenance costs.

The properties are inspected on an ongoing basis. All of the completed 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 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 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.

All cash flow calculations are based on a long term rate of inflation of 2.0 percent (the Riksbank's inflation target). During the year, short-term inflation was adjusted up by between 0.5 and 1.0 percent to a total of 2.0 percent in order 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. For 2022, we have assumed a general rental increase of 1.5 percent for residential units and 2.0 percent for premises, alternatively according to agreement (index). Adjustments occur in connection with actual rental increases being set in the first quarter 2022. 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 operation, 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 statistics and experience regarding 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 assumed rate of inflation

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 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 housing units/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 up in 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 inflation-adjusting the estimated direct return requirement.

For completed investment properties, the required return on valuation units varies from 3.25 percent to 6.75 percent, with a total weighted average of 3.82 percent (4.08) and, for properties under construction valued in advance, from 3.31 percent to 5.50 percent, with a weighted average of 3.77 percent (3.96). 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 year was 5.90 percent (6.07) and, for project properties under construction valued in advance, 5.83 percent (5.97).

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 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.

Valuation assumptions, weighted average	2021 31 Dec	2020 31 Dec
Calculation period, number of years	10-15	10-15
Annual inflation, %	2.00%	1.00-2.00%
Rent trend, % annually	2.00%	1.00-2.00%
Cost of capital, %	5.87%	6.02%
<i>Direct return requirements, residual value, %</i>		
Housing, %	3.67%	3.92%
Commercial premises, %	5.06%	5.02%
<i>Long-term vacancy ratio, %</i>		
Housing, %	0.27%	0.30%
Commercial premises, %	5.84%	5.36%
Rental value, SEK/m ²	1,602	1,589
Operating and maintenance costs, year 1, SEK/m ²	239	248

Average direct return requirement for calculating residual value

Geographical region	Housing		Commercial	
	Completed	New construction	Completed	New construction
South	2.20-4.60%	3.30-4.35%	4.80-6.88%	5.00-6.00%
West	3.25-4.00%	3.25-4.10%	5.59-6.14%	5.50-6.00%
East	3.70%	3.60-3.80%	4.75-5.00%	5.00-5.50%
Denmark	-	4.20-4.25%	-	-

Category	Completed	New construction
Housing	2.20-4.60%	3.25-4.35%
Offices	4.80-6.34%	-
Stores	4.80-6.75%	5.50%
Restaurants	4.80-6.00%	-
Inventories	4.80-6.88%	-
Other	4.75-6.88%	5.00-6.00%

SUBSIDIARIES AND ASSOCIATED COMPANIES



K-FAST KILEN AB

K-Fastigheter and the construction and property group Kilenkryssset AB started a joint venture with the aim of operating in the Mälardalen region to construct K-Fastigheter's concept buildings for long-term management of the residential building rights developed by Kilenkryssset. K-Fastigheter holds 51 percent of the share capital.

Read more about K-Fast Kilen:
k-fastigheter.com



HOMESYSTEM SVERIGE AB

Since fall 2021, K-Fastigheter is a part-owner of Homesystem Sverige AB with a 30 percent stake. Other owners are Panghus Invest AB (60 percent) and the company's founder Jacob Bergström (10 percent). Under the Homevision brand, the company develops customized digital solutions for safer homes and related services that make life easier for tenants and property owners.

Read more about Homevision: homevision.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:
homestate.se/en



PVS MARK&VA AKTIEBOLAG

In the second quarter 2021, K-Fastigheter acquired 50 percent of PVS Mark&Va Holding AB, a land developer and machinery business based in Malmö. The remaining 50 percent is owned by the founders Gadaf Peci and Alexander Karlsson Böös. PVS is active in land and foundation analysis and project planning by assuming total responsibility for construction.

Read more about PVS: pvsab.se



MJÖBÄCKS ENTREPRENAD AB

Since the third quarter 2021, K-Fastigheter holds 25 percent of Mjööbäcksvillan Entreprenad AB. The other owners of Mjööbäck's are Julia Nergården with 50.1 percent and Göran Nergården with 24.9 percent. Mjööbäck's produces the well-known single family home Mjööbäcksvillan and constructs proprietary housing projects, mainly in western Sweden.

Read more about Mjööbäck's: mjöback.s.se



AWAIO AB

Awaio is an app that makes it easy to collate and share different office alternatives that enable companies and individuals to customize their working lives in an easy, cost-efficient and sustainable manner. K-Fastigheter and Balder acquired 5 percent each in Awaio in fall 2021.

Read more about Awaio: awaio.com



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 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:
novumfastigheter.se



PACO PADEL COURT AB

K-Fastigheter owns 25 percent of Paco Padel, a company conducting operations in K-Fastigheter's newly constructed premises in Hässleholm. Other part-owners are three local collaboration partners.

Read more about Paco Padel: pacopadel.se

More information about K-Fastigheter's associated companies can be found in Note 34 and on the Group's website.

CONTINUED STRONG INTEREST IN RESIDENTIAL PROPERTY

The Swedish economy made a strong recovery in 2021 following a fall in GDP of approximately 2.9 percent in 2020. GDP is assessed to have increased by some 4.5 percent in 2021 and is expected to continue to grow in 2022, albeit at a slower rate with growth reaching some 3.7 percent. Progress in 2022 has been strongly influenced by the ongoing war in the Ukraine and its consequences. The assessment is that demand for housing will increase in the short and long term.

Towards the end of 2021, Sweden appointed a new Prime Minister at the same time as parliament passed the opposition budget. The budget meant that investment support for new-build rental apartments was removed from the end of 2021.

Like for the rest of the world, economic progress in Denmark was negatively affected by the pandemic from the first half of 2020 onwards. However, the recovery was strong in the second quarter of 2021. Growth continued throughout the year and is judged to be supported by high vaccination rates and expansive fiscal policy. GDP growth is estimated at some 3.8 percent in 2021 and some 3.1 percent in 2022.



This section is based on a Newsec report produced on assignment by K-Fastigheter. Other information has mainly been obtained from the Swedish Public Employment Service, Statistics Denmark, Statistics Sweden, the Riksbank (Swedish central bank), Svensk Mäklarstatistik (Swedish statistics service for property agents), The Swedish Environmental Protection Agency and Öresunddirekt. 1 DKK = 1,41 SEK.



Macroeconomic factors*

	Sweden**					Denmark				
	2019	2020	2021e	2022e	2023e	2019	2020	2021e	2022e	2023e
GDP growth, %, (annual change)	1.2	-2.9	4.5	3.7	2.7	2.1	-2.1	3.9	2.8	2.1
Inflation, %	1.7	0.5	2.1	2.2	2.0	0.8	0.4	1.8	2.2	1.8
Unemployment rate, %	6.8	8.3	7.2	-	-	3.7	4.4	2.8***	-	-

* Preliminary figures for 2021

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

*** Month of November

Growth in population, unemployment and income, selection of municipalities where K-Fastigheter is present

	Population 2021 ¹	Population 2026e	Population trend 2005–2021 ¹ , %	Unemployment 2021, % ²	Disposable income ⁴ 2020, SEK	Income growth compared to 2019, %
Sweden						
Borås	114,030	117,207	15%	6.7% (-1.8%)	38,733	0.0%
Eskilstuna	107,490	109,540	17%	12.3 (-1.9%)	35,792	-0.1%
Gävle	103,183	105,000	12%	9.7% (-1.4%)	38,292	4.0%
Gothenburg	586,614	605,570	21%	7.8% (-2.3%)	40,683	-0.3%
Helsingborg	150,187	157,000	23%	10.8% (-15%)	40,333	2.9%
Hässleholm	52,290	52,000	6%	9.3% (-1.3%)	36,558	1.2%
Höör	16,933	17,470	16%	5.5% (-1.0%)	41,133	1.6%
Järfälla	82,841	87,460	34%	8.5% (-1.2%)	44,017	-0.2%
Kristianstad	86,707	88,000	14%	10.1% (-1.3%)	37,916	1.7%
Landskrona	46,402	47,600	18%	11.1% (-2.1%)	37,450	2.8%
Malmö	351,039	366,000	30%	13.3% (-2.7%)	37,300	5.7%
Västerås	156,684	161,320	19%	9.4% (-1.4%)	40,567	-1.4%
Växjö	95,846	98,260	24%	7.5% (-1.6%)	39,241	-1.5%
Älmhult	17,932	18,400	17%	7.8 (-1.0%)	40,175	1.2%
Total, Sweden	10,443,100	10,663,635	15%	7.2% (-1.6%)	41,350	1.3%
Denmark³						
Hovedstaden Region	1,866,088	1,909,696	10.3%	3.9% (-1.2%)	55,812	3.7%
Sjælland Region	843,328	847,410	3%	5.1% (-0.9%)	49,523	4.2%

¹ As of November 2021

² As of December 2021, figure in brackets indicates change on the same month in 2020

³ Sjælland Region was established in 2007, information on population growth relates to Q4 2008–Q4 2021

⁴ Average income, SEK per month, all households

PANDEMIC LEADS TO CHANGED HOUSING PREFERENCES

Since the outbreak of the pandemic in Sweden, there has been a clear shift in how and where people choose to live. Demand for single family homes, holiday homes and larger apartments, as well as the willingness to relocate outside city centers, has increased significantly. The reasons are the desire to be closer to nature and needing more living space. This change is a result of the pandemic, which has meant more people working from home due to the recommendations from the authorities aimed at reducing the spread of infection.

Regional towns and smaller communities close to larger towns have been the winners in the wake of the pandemic. The restrictions have also increased interest in the living environment, with higher demands on quality of materials, space and IT support. Various workplace solutions outside the home or regular office space known as office collectives or co-working services, have been established.

AN AGING POPULATION

People are healthier than ever. Thanks to an increased standard of living, medical progress, education and a healthier life style, the average life span continues to increase in Sweden and globally. Since the 1980s, the average life span has increased by six years for women and nine years for men, and is currently 84.3 and 80.6 years respectively. The proportion of elderly people in the population has never been as great as it is today, with every fifth person over the age of 65. In addition to an aging population, Sweden also has a growing population and Sweden is expected to have reached 11 million inhabitants in ten years' time. This will place new demands on housing and housing construction.

K-Fastigheter's three different concept buildings offer attractive housing for tenants of all ages. As the age, owners of detached

houses often appreciate having continued access to a small outside area, something which is included in apartments in the Group's Low-Rise buildings.

CLIMATE CHANGE MAKES NEW DEMANDS ON THE HOUSING AND NEIGHBORHOODS OF THE FUTURE

Ongoing climate change will place major demands on how and where housing is built. There is increased consciousness relating to the climate and sustainability in the population as a whole, and increased demand for sustainable, energy-efficient solutions in installations in housing units influences new construction and renovation.

One of the biggest climate risks in Sweden relates to rising sea levels. According to the UN Climate Panel, an increase of between 0.3 and 1.1 meters will occur in the period until the end of the century with a worst case scenario of an increase of 2 meters. For Sweden, this implies an increased risk of flooding and coastal erosion, mainly in the southwestern and western parts of the country. Increased sea levels will affect housing and built-up areas, particularly in coastal regions. In the longer term, the northern parts of Sweden will also be affected. This will place new demands on the housing construction of tomorrow.

At the acquisition stage, K-Fastigheter appoints experts to evaluate the future impact of climate change on the site the Group intends to build on. At the project development stage, plots and buildings are adapted according to the findings of these studies

DEMOGRAPHICS

Sweden has historically seen average annual population growth of some 0.6 percent in the period 1950–2020. Population growth slowed slightly in 2020, but increased again in 2021.

In the period 2020–2040, Sweden's population is expected to increase by some 8.9 percent to reach approximately 11,300,000 people, corresponding to average annual growth of some 0.4 percent. The population forecast shows that the older segment of the population is expected to increase at the same time as the proportion of people of working age decreases.

On K-Fastigheter's markets, population growth is judged to have been above the national average in the period 2005–2021, with the exception of Hässleholm which experienced lower population growth. However, all locations experienced positive population growth in the period.

EMPLOYMENT AND WAGES

The Swedish labor market started to recover as the spread of Covid-19 decreased and restrictions were eased in fall 2021. Since December 2020, when unemployment was unusually high due to the pandemic, unemployment has decreased in all of K-Fastigheter's regions. Unemployment decreased in all locations with the exception of Borås and Höör, where levels were above the national average. However, unemployment in metropolitan areas, mainly in Stockholm and Gothenburg, remains higher than before the pandemic. The metropolitan areas were harder hit and the recovery has been more sluggish. However, the Swedish Employment Agency judges that employment will increase the most in Stockholm and the region Västra Götaland up until 2023, as there is significant recovery potential in the private sector.

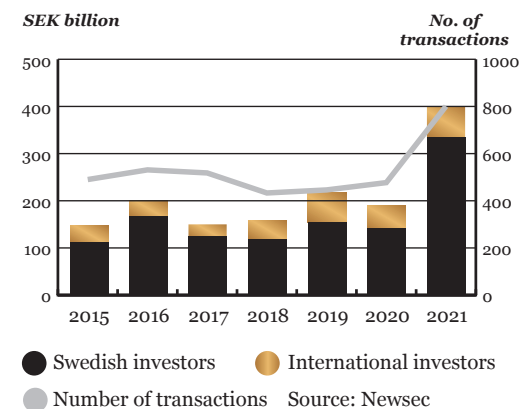
Disposable income and employment have a strong impact on households' willingness to pay for consumption and housing. Following a sharp decrease in 2020 due to the pandemic, household disposable income increased in 2021. There is an increased willingness to pay, both in terms of consumption and housing. Household disposable income on most of K-Fastigheter's markets increased in 2021.

SWEDISH PROPERTY MARKET IN 2021

Following a strong close to the transaction year 2020, the Swedish property market retained its high pace and total transaction volumes for the full year 2021 were SEK 400 Bn. This means that 2021 was a new record year for property investments with transaction volumes that were some 80 percent higher than the previous record year 2019. The number of transactions executed was also at record levels, with some 800 transactions completed in the year. This can be compared to the previous record from 2016 when some 530 transactions were completed.

International investors provided some 16 percent of total transaction volumes in 2021, which is slightly lower than in previous years when international investors provided some 20–25 percent.

Property transactions 2015–2021*
Transactions >= SEK 40 million



* Relates to property transactions with a volume greater than, or equal to, SEK 40 million.

The strong investment appetite is assessed to be due to the continued low interest rate climate, in combination with good financing opportunities and a strong global economic recovery. This has led to rising stock markets and an associated substantial supply of capital seeking attractive returns. In turn, this has contributed to positive value growth on the property market.

The Swedish housing market

In 2021, residential properties saw the highest turnover of all property classes in terms of transaction volumes for the fifth year running, representing some 35 percent of total transaction volumes.

Housing is seen as a safe investment due to the prevailing housing shortages in the nation in combination with a growing population. The transactions completed in 2021 largely comprised existing residential properties, but also included new-build and project properties.

The private housing market in the form of tenant-owner apartments and single family homes was also strong in 2021. This was due to the increase in working from home resulting from the pandemic, which influenced how and where people wanted to live. During the pandemic, households invested more in larger homes, external renovations, home improvements and interior decoration. The increased interest in larger apartments, at the same time as many people looked to move outside city centers, are important explanations for the price increases seen in 2021.

Housing type, municipalities where K-Fastigheter is present

Region	Rental apartments	Tenant-owner apartments	Property rights/single-family houses
Borås	46%	18%	36%
Eskilstuna	49%	19%	32%
Gävle	46%	23%	31%
Gothenburg	54%	29%	17%
Helsingborg	48%	27%	25%
Hässleholm	33%	11%	56%
Höör	23%	5%	72%
Järfälla	27%	45%	28%
Kristianstad	40%	12%	48%
Landskrona	51%	19%	30%
Malmö	46%	39%	15%
Västerås	38%	31%	31%
Växjö	47%	18%	35%
Älmhult	35%	9%	56%
Total, Sweden	38 %	24%	38%

In Sweden, there is a total of just over 5 million housing units, of which 51 percent comprise single family dwellings and 42 percent multi-family dwellings. Other housing units comprise specialty housing and other housing. Rental apartments are the dominant housing form in Sweden, with a share of 58 percent of all multi-family dwellings. Only 32 of Sweden's 290 municipalities hold multi-family dwellings that include more tenant-owner apartments than rental apartments.

DANISH PROPERTY MARKET IN 2021

Just like the Swedish property market, the Danish market benefited from the positive macroeconomic trend coupled with low interest rates and large volumes of capital seeking attractive returns. In the first half of 2021, total transaction volumes amounted to DKK 40 Bn, corresponding to just over SEK 55 Bn*, which was some 54 percent higher than in the corresponding period in 2020. For the full year 2021, total transaction volumes amounted to DKK 99 Bn, corresponding to some SEK 140 Bn, an increase on the previous record year 2017 when transaction volumes amounted to DKK 84 Bn.

International investors have historically had a strong presence on the Danish transaction market, representing some 60 percent in 2021. Since 2015, international investors have provided 40–60 percent.

The Danish housing market

The housing segment was strong in 2021. Over the past year, the segment represented some 56 percent of total transaction volumes, making it the most popular segment.

In the Copenhagen region, residential construction was at a high level in 2021. New construction of student housing increased significantly. Demand for student housing is also clear on the transaction market where investors showed significant interest. Despite high levels of construction, demand for housing is judged to be higher than constructed volumes, meaning that investments in housing are seen as a safe and attractive option.

High demand for housing in Copenhagen and other major cities has resulted in a long period of rising rents for unregulated residential properties, where market rents apply. Low interest rates, rising rent levels and low vacancy risk are judged to be the main reasons for high levels of interest in investing in residential properties in Denmark, and especially Copenhagen and other major cities.

Title formats on the Danish housing market

The Danish housing market differs slightly from the Swedish market with regard to title formats. Like Sweden, Denmark has both rental and tenant-owner apartments and the system works in a similar way.

The equivalent to a tenant-owner apartment in Denmark is known as an “andelsbolig”, which means acquiring a share in a property and the right to live in a specific apartment. The biggest difference compared to a Swedish tenant-owner apartment is that the price of an “Andelsbolig” is not set on the open market, but is governed by Danish legislation based on the finances of the tenant-owner association and the total value of the property.

20,000 affordable housing units

Like in other metropolitan areas, there is high demand for and a shortage of housing units in central Copenhagen, which has led to rising rents and house prices. In order to make it easier for low-income inhabitants, the Danish government plans to construct some 22,000 public housing units in the capital in the period until 2035, in addition to already planned construction.

FOCUS: SELECTION OF K-FASTIGHETER'S LOCATIONS

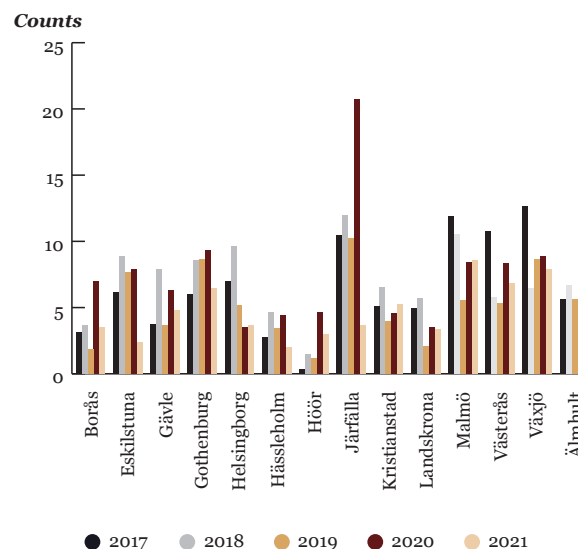
Continued housing shortages

The National Board of Housing, Building and Planning's housing survey for 2021 shows that 207 of 290 municipalities in Sweden reported a housing shortage, compared to 212 municipalities in 2020. This represents a decrease for the fourth year running. However, the number of municipalities with a housing shortage remains considerable. There is currently a

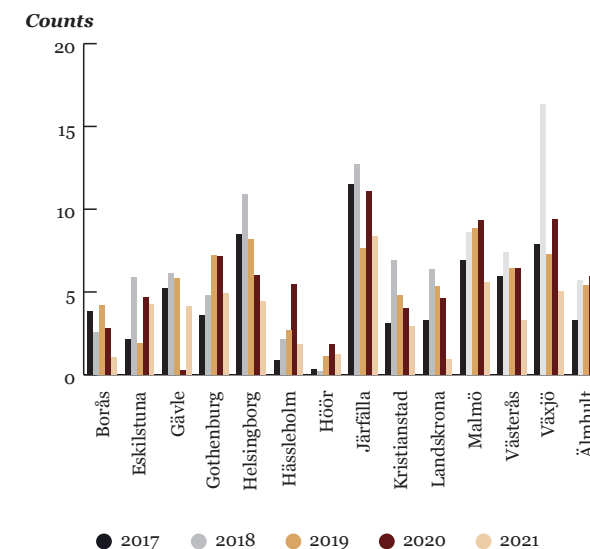
housing shortage in all of K-Fastigheter's locations. The two main obstacles cited are high production costs and a shortage of land with zoning plans.

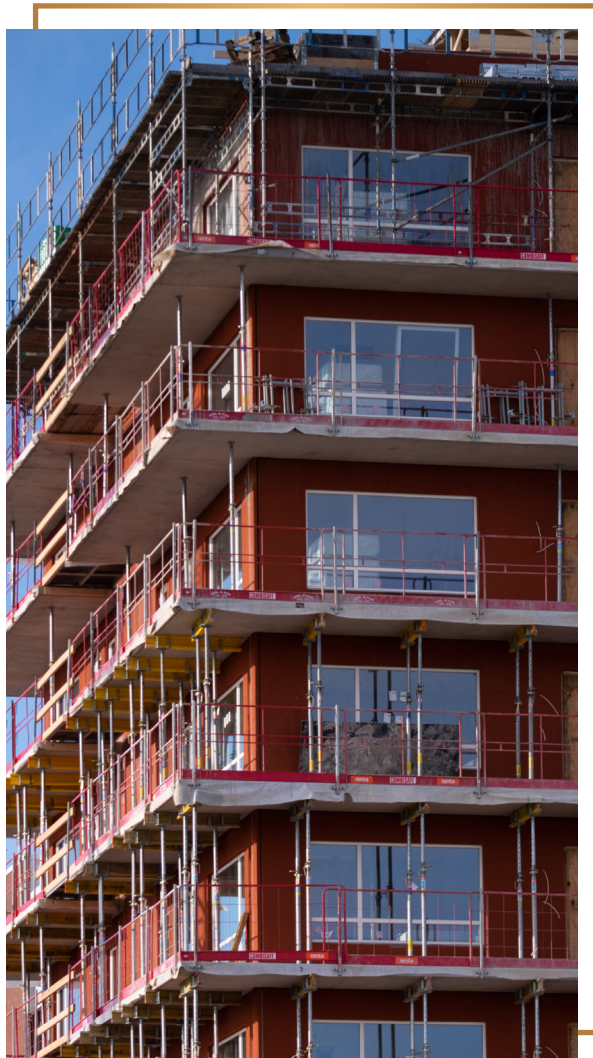
Housing construction remains high in Sweden and the rate increased during the year. The municipalities where K-Fastigheter has a presence reported a good rate of construction based on both housing starts and completed units in the period until the end of the third quarter 2021. Malmö and Helsingborg had already exceeded last year's figure in the third quarter

Commenced housing units per 1,000 inhabitants 2017-2021



Completed housing units per 1,000 inhabitants 2017-2021





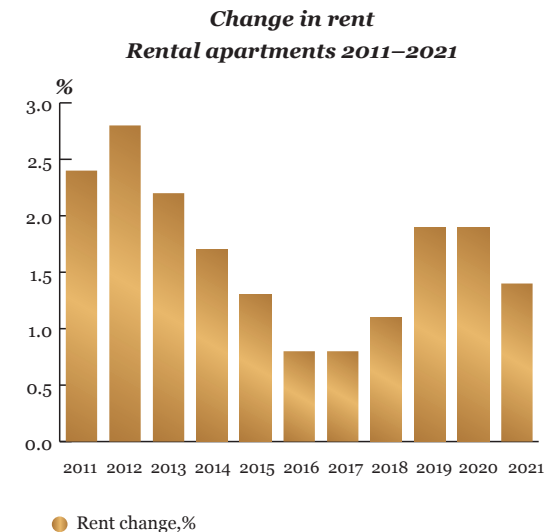
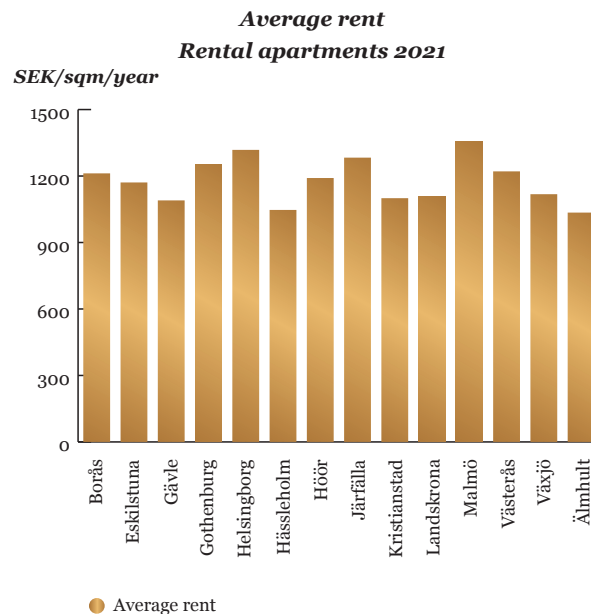
Rent levels

The rent increases in 2021 were lower than in recent years, which can be explained by the pandemic and its effects on the Swedish economy. In 2021, the average rental increase was 1.4 percent, which was lower than the figure for both 2019 and 2020, which stood at 1.9 percent.

In terms of average annual rent for rental apartments in 2021, Malmö reported the highest rent at approximately SEK 1,360/square meter/year, closely followed by Helsingborg where the average rent was at around SEK 1,320/square meter/year. In Älmhult and Hässleholm, the corresponding figure was approximately SEK 1,050/square meter/year. For new-build

rental apartments, rents were at a higher level of approximately SEK 1,800–1,900/square meter/year in Helsingborg and Malmö, and SEK 1,500–1,600/square meter in Älmhult and Hässleholm respectively.

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. K-Fastigheter's property holding is based in locations that benefit from the changing trends caused by the pandemic and long-term changes in housing preferences, including space-efficient apartments with high quality materials choices, management services and digital services that facilitate working from home.



A MESSAGE FROM THE CHAIRMAN

K-Fastigheter maintained the high pace in 2021. For the Board, this meant focusing on strategic development and providing support to management.

Towards the end of 2020, we announced the company's largest acquisition to date. The acquisition, which has been rebranded as K-Prefab, has been included in the Group since 1 January 2021 under the Prefab business area. K-Prefab is a nation-wide operator with a broad product offering in prefabricated concrete elements. The Board concludes that K-Prefab is a well-functioning unit with products that are in demand by leading construction and property companies, including K-Fastigheter. The acquisition is entirely in line with the Group's strategy of engagement throughout the value chain.

K-Fastigheter's unlimited time frame is the foundation of everything the company does. As a long-term property owner, we take responsibility for the operations' financial, environmental and social impact. Last year, we conducted a materiality analysis which the company has now been engaging with for a year. We established an internal framework based on UN Global Compact. This means that we have taken a clear stand and actively work to follow the UN's ten principles for business with regard to human rights, labor law, the environment and anti-corruption.

The Board continuously considers the risks affecting K-Fastigheter's operations, including analysis of the impact of the business cycle and interest rate fluctuations, for example. Unfortunately, the Covid-19 pandemic continued to have an impact this year. The pandemic has had a limited effect on K-Fastigheter, mainly in the form of increased sickness absenteeism and slightly longer lead times in some supply chains.

During the fall, uncertainty arose regarding Swedish cement production capacity as a result of a court order against the manufacturer Cementa, which quarries limestone on the island of Gotland. Thanks to management's forward-looking and fast response, K-Fastigheter was able to secure cement deliveries for the Group's housing construction and customer deliveries throughout 2022.

Other matters addressed by the Board include the company's access to competencies, financing and its contribution to socially and environmentally sustainable progress.

I believe and hope that K-Fastigheter's business model will be effective in meeting the challenges of tomorrow and increase the company's earnings ability.



Chairman of the Board, Erik Selin

On behalf of the Board, I would like to thank all our 700 or so co-managers in the K-Fast Group for their great work during the year. ■

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 great openness, K-Fast Holding AB's Board of Directors 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 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 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 means that some information shall be made available on the company's website.

The Board's opinion is that K-Fastigheter followed the Code in 2021 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

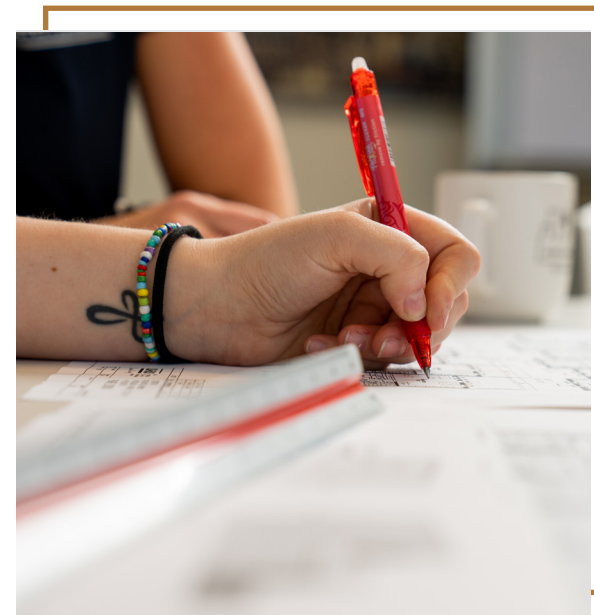
The company's name is K-Fast Holding AB and the company is public (publ) with the corporate ID number 556827-0390. The company's Board of Directors has its registered office in the Municipality of Hässleholm, Sweden. The object of the company's operations shall be, directly or indirectly via subsidiaries, 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 decided by the AGM 2021. 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

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/>

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 their audit to the AGM.

SHAREHOLDERS' DECISION-MAKING FORUMS

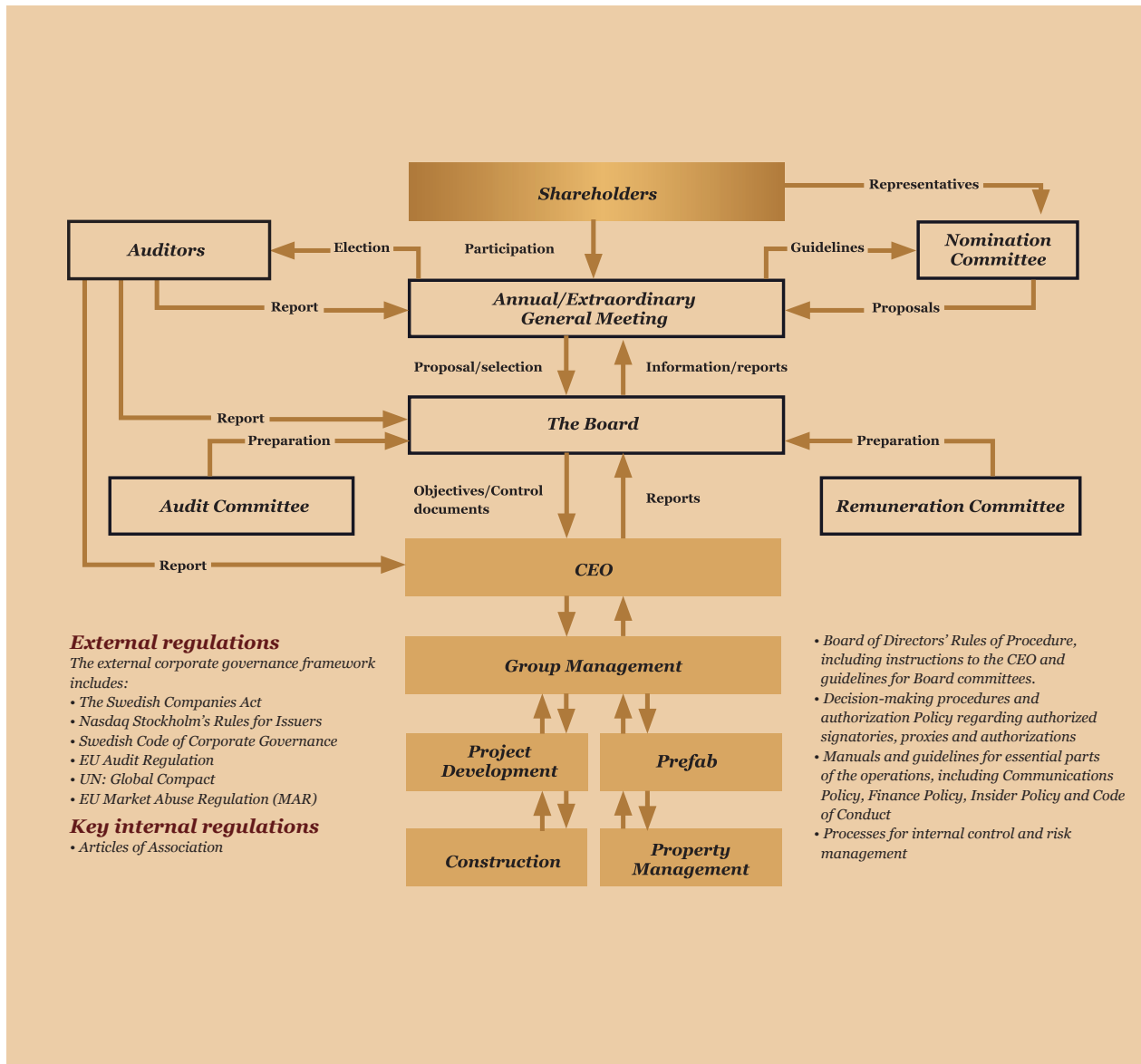
According to the Companies Act, the AGM is the company's highest decision-making body. At the AGM, shareholders exercise their right to vote in matters such as the adoption of Income Statements and Balance Sheets, the disposition of the company's profit, approving discharge from liability for the members 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 six business 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 entitle 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 7 June 2021, K-Fast Holding AB completed a 6:1 share split. On 31 December 2021, there were a total 215,331,168 shares in K-Fast Holding distributed between 22,500,000 Class A shares, 112,500,000 votes and 192,831,168 Class B shares representing 192,831,168 votes. The total number of votes on 31 December 2021 was: 305,331,168. 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 141.

2021 ANNUAL GENERAL MEETING

The AGM was held on 19 May 2021 in Hässeholm, Sweden, through a postal ballot to reduce the spread of Covid-19. A total of 62 shareholders, corresponding to some 94 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 2020 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
- 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
- Articles of Association amended to enable a share split of each existing share into six shares of the same class

- authorize the Board, in the period until the AGM 2022, on one or more occasions and with or without preferential rights for shareholders, to decide on one or more new share issues departing from shareholders' preferential rights of a maximum of 24,000,000 new Class B shares corresponding to one tenth of the total number of shares in the company
- authorize the Board, in the period until the AGM 2022, on one or more occasions, to decide to acquire Class B shares in the company corresponding to a maximum of one tenth of the total number of shares in the company.

2022 ANNUAL GENERAL MEETING

The AGM of K-Fast Holding AB will be held on 12 May 2022. Information regarding the AGM will be published at www.k-fastigheter.com.

Ahead of the 2022 AGM, the Board proposes that no dividend be paid for the 2021 financial year

NOMINATION COMMITTEE

At the Extraordinary General Meeting on 19 August 2019, resolutions were reached regarding principles for the appointment of a Nomination Committee. K-Fastigheter's Nomination Committee for the AGM 2022 was appointed in accordance with these principles. In accordance with the Code and the company's principles, 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. A complete description of the principles for appointing and instructing the Nomination Committee can be found on the company's website, www.k-fastigheter.com.

The composition of the Nomination Committee has been published through a separate press release on 22 October 2021, 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.

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. accordance with point 4.1 of the Swedish Corporate Governance Code, the company's Board shall have an expedient composition with regard to the company's operations, stage of development and conditions otherwise, characterized by versatility and breadth relating to Directors' competencies, experience and background, and an even distribution between the sexes.

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 2021, 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 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 2021, when Ernst & Young AB was reelected, with Stefan Svensson as the principal auditor.

Stefan Svensson

Auditor K-Fastigheter



Auditor for K-Fastigheter and principal auditor since 2016. Authorized Public Accountant and member of FAR.

Other major assignments: Executive Property, Fitness24seven and ONE Nordic.

Former major assignments: Bergendahl & Son and IKEA Centres.

Nomination Committee ahead of the 2022 Annual General Meeting

Name / representing	Percentage of votes, 30 September 2021	Independent*
Stefan Alvarsson / Jacob Karlsson AB	39.3%	Yes/No
Shahram Rahi / Erik Selin Fastigheter AB	39.3%	Yes/No
Eva Gottfridsdotter-Nilsson / Länsförsäkringar Fondförvaltning AB	3.4%	Yes/Yes
Erik Selin, Chairman of the Board of K-Fast Holding AB		

* Independent in relation to the company and management/largest shareholder in terms of votes.

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 of Directors 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 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 about the company's Board of Directors can be found on page 51.

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 2021

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/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 duty

Board of Directors, composition, attendance and compensation

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	2018	Yes	No	10 of 11	6 of 7	1 of 1	-
Ulf Johansson, member	2019	Yes	Yes	11 of 11	7 of 7	1 of 1	SEK 200,000
Christian Karlsson, member	2019	No	No	11 of 11	-	-	SEK 200,000
Sara Mindus, member	2019	Yes	Yes	11 of 11	7 of 7	1 of 1	SEK 200,000
Jesper Mårtensson, member	2018	Yes	No	11 of 11	-	-	SEK 200,000
Jacob Karlsson, member	2010	No	No	11 of 11	-	-	-

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.

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 2021, Erik Selin was elected Chairman of the Board. The Chairman of the Board does not participate in the operational management of the company.



BOARD YEAR 2021

First quarter

Meeting 1, 14 January 2021

- Decision relating to financing

Meeting 2, 25 February 2021

- Approve Year-End Report
- Business plan
- Procedure for the Board, and instructions to the CEO and Board Committees

Second quarter

Meeting 3, 12 April 2021

- Approve the notice convening the AGM
- Approve Annual Report and Corporate Governance Report and Sustainability Report
- Approval of the remuneration report
- Joining UN Global Compact

Meeting 4, 6 May 2021

- Approve Interim Report for the period January-March 2021
- Forecast for the Financial year

Meeting 5, 19 May 2021

(statutory Board meeting)

- Decision on authorized signatories
- Election of members of Board Committees

Meeting 6, 31 May 2021

- Decision on record date for the AGM's resolution on share split

Third quarter

Meeting 7, 29 July 2021

- Approve Interim Report for the period January-June 2021
- Forecast for the Financial year
- Decision on reporting dates 2022

Meeting 8, 15 September 2021

- Decision relating to financing

Fourth quarter

Meeting 9, 11 November 2021

- Review of compliance with policies
- Review of policy document
- Review of internal control
- Review of risk management
- Review of Auditor's audit plan
- Approve Interim Report for the period January-September 2021

Meeting 10, 18 November 2021

- Decision relating to bond

Meeting 11, 16 December 2021

- Approve the budget
- Evaluate the Board's work
- Evaluate salary review and bonus-related considerations
- Determining authorization scheme
- Approve policy documents

WORK OF THE BOARD OF DIRECTORS

During the financial year 2021, the Board held 11 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 2021. The evaluation revealed an open and constructive Board climate and a very well-functioning decision-making process and collaboration with management. 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 43.

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 REPORT

The Board proposes, and the AGM approves, guidelines for determining remuneration to Board members and employment terms for the CEO and other senior executives.

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. In these guidelines, “senior executives” refers to the CEO and other members of Group management. The guidelines shall be presented to the AGM for a decision at least every four years.

The guidelines’ impact on the company’s business strategy, long-term interests and sustainability

The company’s overarching goal is to generate long-term value growth for its shareholders. Over a business cycle, value creation is measured as growth in long-term net asset value per share. This will take place through project development, construction and management of rental apartments in select locations, and through local operations close to the company’s partners and tenants in the locations where the company is established, and by collaborating with public sector operators. Sustainability is central to the company’s operations, focusing on environmental considerations by including energy-efficient solutions in the properties, and by being a responsible employer that attracts and develops its employees. More information about the company’s business strategy, long-term interests and sustainability can be found on the company’s website www.k-fastigheter.com. In order to support the company’s business strategy, long-term interests and sustainability, and generate positive long-term value growth for its shareholders, the company shall offer competitive remuneration on market terms, but not be a salary leader in relation to comparable employers.

Forms of remuneration etc.

Market-based remuneration and employment terms are a prerequisite for retaining and, when required, recruiting senior executives with the required competencies and experience. Total remuneration shall be based on factors such as position, performance and individual qualifications. Remuneration shall consist of the following components: fixed salary, variable or performance-based salary, pension benefits and other benefits. Independently of these guidelines, the Annual General Meeting can also authorize share based and share price based remuneration.

Fixed salary

Remuneration shall be based on the importance of the work carried out, the required competencies and experience, and performance. Fixed basic salary shall correspond to market-based compensation for satisfactory work performance. Fixed basic salary shall be reviewed annually to ensure that salary is on market terms and competitive.

Variable salary

Variable or performance-based remuneration to senior executives is payable at a maximum of 50 percent of fixed salary per calendar year. No variable or performance-based remuneration is payable to the CEO.

Criteria for payment of variable cash remuneration etc.

Variable cash remuneration shall be linked to pre-determined and measurable criteria that can be financial or non-financial. These may also comprise individually-adapted quantitative or qualitative targets. The criteria shall be designed to support the company’s business strategy and long-term interests, including its sustainability by, for example, having a clear link to the business strategy or by benefiting the executive’s long-term development

When the measurement period for satisfying the criteria for payment of variable cash remuneration has concluded, the extent to which the criteria have been met shall be evaluated. The CEO is responsible for the evaluation relating to variable cash remuneration to other executives. With regard to financial targets, the evaluation shall be based on the most recent financial information published by the company.

Pension benefits

Pension provisions can be made for the CEO and senior executives. The retirement age of the CEO and other members of Group management is 65. Pension commitments shall be premium based, meaning that the company has no further obligations once the annual premiums have been paid.

Other benefits

Other benefits shall be on market terms and contribute to enabling the senior executive to complete relevant assignments. Such benefits can be payable in the form of health insurance and company car, for example.

Termination of employment

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

Decision-making process for setting, reviewing and executing the guidelines

The Board has instituted a Remuneration Committee with the primary task of preparing Board decisions relating to remuneration principles, remuneration and other employment terms for the CEO and senior executives. Accordingly, the Remuneration Committee shall propose guidelines for remuneration to Board members, the CEO and senior executives, which the Board presents to the AGM for adoption at least every four years.

Furthermore, the Remuneration Committee shall monitor and evaluate ongoing programs and programs terminated in the year relating to variable remuneration to senior executives, and monitor and evaluate the application of the guidelines for remuneration to Board members, the CEO and senior executives adopted by the Annual General Meeting, and the applicable remuneration structure and remuneration levels in the company..

The Chairman of the Board can also serve as Committee Chairman. Other members shall be independent in relation to the company, the CEO and senior executives. If the Remuneration Committee appoints external consultants to carry out its work, the Committee shall ensure that there is no conflict of interest in relation to other assignments carried out by the consultant on behalf of the company, the CEO or senior executives. Remuneration to the CEO is proposed by the Remuneration Committee and authorized by the Board at a regular Board meeting.

The CEO does not participate in this decision. The Board authorizes the CEO to negotiate with senior executives in accordance with these guidelines.

The Remuneration Committee proposes remuneration levels to senior executives to the Board, based on a proposal from the CEO. If a Board member carries out work on behalf of the company in addition to Board work, a consultancy fee and other remuneration for such work shall be payable following a special decision by the Board.

No remuneration is payable for Board work in addition to Board fees decided by the Annual General Meeting.

Departure from the guidelines

The Board has the right to depart from the above guidelines wholly or in part in individual cases provided special circumstances apply. As indicated above, the Remuneration Committee's tasks include preparing the Board's decisions on matters relating to remuneration, including decisions to depart from the guidelines.

Any departures may only be made if these are considered necessary to safeguard the company's long-term interests and sustainability, or to ensure the company's financial viability.

If the Board departs from the remuneration guidelines for Board members, the CEO and senior executives, this shall be reported at the following Annual General Meeting.

REMUNERATION TO THE BOARD OF DIRECTORS

The AGM on 19 May 2021 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 2021 Annual General Meeting, Ernst & Young AB ("EY") was elected as the company's external auditor for a one-year period until the 2022 Annual General Meeting. 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 2021 financial year, total remuneration to the company's auditor amounted to SEK 3.3 million (1.9) of which, SEK 2.4 million (0.7) was attributable to the Parent Company. SEK 3.1 million (1.8) comprised audit related services. See also Note 8 Remunerations to the auditors.

Fees to the Board of Directors 2020– 2022 (valid from respective Annual General Meeting)

SEK	2020/2021	2021/2022
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	-	-

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.

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 for senior executives.

OTHER BENEFITS

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

RETIREMENT COMPENSATION AGREEMENTS

The company provides compensations following retirement from employment through both defined-contribution and define 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 I 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.



SEK m	Fixed salary and other remuneration (incl. benefits)		Pension		Total	
	2021	2020	2021	2020	2021	2020
President and CEO	1.4	1.4	0.0	0.0	1.4	1.4
Other members of Group management	9.3	4.5	2.6	0.9	11.6	5.4
Total	10.7	5.9	2.6	0.9	13.3	6.8

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 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 on an ongoing basis and in accordance with established instructions. The Group's finance departments are important for ensuring 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 the internal follow-up and reporting, K-Fastigheter's external auditors report to the CEO and Board in 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 Hässleholm. Group management reviews the Income Statement and Balance Sheet on a continuous basis. 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 www.k-fastigheter.com/en 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 (ICT) 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 for reporting cases of misconduct. 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 and Collector Bank AB. Board member of Hexatronic Group AB, I.A. Hedin Bil AB, Swedish Logistic Property 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*

11,250,000 Class A shares and 63,750,000 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*

57,000 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. Chairman and Board member of Björklunda Invest Hässleholm AB and Björklunda Service AB, and 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*

31,254 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 of Besqab AB (publ), TF Bank AB (publ), Dreams AB, Colibri Ventures AB and Faboss Invest AB. Board Member and CEO in Sara Mindus AB. Deputy Board member in several companies in the Mindustri AB Group.

Independence

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

Shareholding in K-Fast Holding AB*

1,650,000 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 Tommy Byggare AB, Connexus AB and K-Prefab 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*

300,000 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*

11,250,000 Class A shares and 63,750,000 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 2021. 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 Skåneflyg AB and Swedish Logistic Property AB.
Selection of previous positions: Investment Adviser at Länsförsäkringar.
Shareholding in K-Fast Holding AB*: 11,250,000 Class A shares and 63,750,000 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 Embra Group AB.
Selection of previous positions: Head of Danske Bank Finanscenter Malmö.
Shareholding in K-Fast Holding AB*: 441,174 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*: 18,000 Class B shares.



Leif Astikainen

Position: Head of HR since 2021 and Deputy CEO and Head of HR in the subsidiary K-Prefab AB.
Employed since: 2004.
Education: SBL Corporate management, construction & property at SSE Executive Education and Swedish Defense University's management program.
Other ongoing assignments: No.
Selection of previous positions: HR and management in the Finja group. Worked in DINOL and EFTEC and Major in the Swedish Armed Forces.
Shareholding in K-Fast Holding AB*: 40,000 Class B shares.



Åsa Fredin

Position: Business Area Manager, Project Development.
Employed since: 2016.
Education: Secondary education in business administration.
Selection of other ongoing assignments: Owner and Board member in Åsa Fredin AB.
Selection of previous positions: Administrator, planning permission, Municipality of Hässleholm.
Shareholding in K-Fast Holding AB*: 443,574 Class B shares.



Kaj Grönvall

Position: CEO K-Prefab AB.
Employed since: 2015.
Education: M.Sc. (Eng.), Lund University.
Other ongoing assignments: No.
Selection of previous positions: CEO of AB Sydsten, Production Manager of Sjukhus Skanska Malta JV, Regional Manager of Skanska Prefab and Production Manager of Öresundsbron Sundlink Contractors.
Shareholding in K-Fast Holding AB*: 80,000 Class B shares.



Eric Johansson

Position: Business Area Manager, Construction.
Employed since: 2017.
Education: Secondary education in technology & business.
Selection of other ongoing assignments: Owner, Board member and CEO of AALTO Holding AB. Board member in Marta Lodge AB.
Selection of previous positions: Calculation Engineer and Project Developer, Peab PGS AB.
Shareholding in K-Fast Holding AB*: 240,000 Class B shares.



Martin Johannesson

Position: Business Area Manager, Property Management.
Employed since: 2021.
Education: M.Sc. (Eng.), Lund University.
Other ongoing assignments: No.
Selection of previous positions: Operational property manager including various roles at Akademiska Hus.
Shareholding in K-Fast Holding AB*: 61,500 Class B shares.



Tonnie Karlsson

Position: Finance Manager.
Employed since: 2015.
Education: Business Administration, Växjö University.
Other ongoing assignments: No.
Selection of previous positions: Finance Manager, G. Larsson Starch Technology AB, LB-Hus AB and ESAB Perstorp AB.
Shareholding in K-Fast Holding AB*: 29,646 Class B shares.



Magnus Persson

Position: Head of Business Development
Employed since: 2021.
Education: Studied Property Science at Malmö University and independent courses at Kristianstad Institute of Higher Education.
Other ongoing assignments: No.
Selection of previous positions: BoKlok/Skanska including as Market Manager and Head of Business Development, and part of BoKlok's Swedish management, Länsförsäkringar real estate, Modulenthus and NCC.
Shareholding in K-Fast Holding AB*: 70,500 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 2021. The information is updated on www.k-fastigheter.com/en.

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DIRECTORS' REPORT

The Board of Directors and CEO of K-Fast Holding AB (publ), 556827-0390, with its registered office in the Municipality of Hässleholm, Sweden, hereby submit the Annual Report and consolidated accounts for 2021. 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, prefab 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, the region Västra Götaland, the Mälardalen region and in the Copenhagen area. 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 want 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 2021, constituted 80 percent of the area under property management and 87 percent of the contractual rent. During the financial year, K-Fastigheter commenced construction of 996 apartments and completed 487. In addition, the Group

has acquired 173 apartments, all to be handed over in 2022. At the end of the financial year, the Group had 2,723 apartments under management. The Group was also actively involved in 28 construction projects relating to a total of 1,820 apartments. The current construction and project portfolio encompasses some 7,700 apartments and guarantees employment for the Group's construction operations into 2026.

In the financial year, the Group's operations were also expanded by the acquisition of K-Prefab (formerly Finja Prefab AB), with operations in construction, production and assembly, mainly of prefabricated concrete frames for residential construction. K-Prefab has significant external sales, and will also secure the Group's internal supply of frames in future. These frames are the main construction component in K-Fastigheter's concept buildings. With its 10 production sites from Östra Grevie in the south to Strängnäs in the north and local assembly teams, K-Prefab is able to deliver to all the Group's construction projects. Furthermore, sustainability has been a strategic priority for K-Prefab for some time and the company was the first in Sweden to offer climate positive concrete frames.

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 debt-to-equity 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 78 subsidiaries and 11 associated company groups. The number of employees amounted to 691 (76), of which 60 were women (21) and 631 were men (55).

Five year summary

SEK m	2021	2020	2019	2018	2017	2016
Group						
Total income	1,252.7	215.1	187.3	124.8	130.9	135.0
Profit for the year	1,044.4	474.5	365.3	244.8	372.6	175.6
Total assets	11,482.7	7,659.6	5,373.7	3,347.1	2,213.6	1,383.9
Equity/assets ratio, %	36.9%	41.9%	41.7%	29.3%	34.4%	28.6%
Number of employees	691	76	68	53	34	26
Parent Company						
Profit for the year	93.5	-9.0	107.6	10.2	38.1	2.5
Total assets	3,429.7	3,025.0	2,490.7	992.8	301.3	177.7
Equity/assets ratio, %	47.6%	50.9%	42.2%	5.1%	16.0%	8.0%
Number of employees	26	17	13	6	3	1

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

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

The head office is located in Hässleholm, Sweden. There are also offices in Malmö, Gothenburg, Stockholm, Helsingborg, Kristianstad and Landskrona, as well as production facilities in Hässleholm, Osby, Östra Greve, Bollebygd, Vara, Hultsfred, Borensberg, Strängnäs and Katrineholm.

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

Consolidated comprehensive income

Income

Total gross profit/loss for the full-year 2021 was SEK 1,252.7 million (215.1). Rental Income amounted to SEK 265.9 million (203.9) for the year, an increase of 30 percent compared to 2020. The increase was primarily due to more apartments under management, which increased by 22 percent to 2,723 (2,237). The financial letting ratio gradually improved in the year and was 97.0 percent (91.2) at the end of the period. The improvement was primarily due to vacancies in Växjö gradually reducing in the year. The average letting ratio was 92.7 percent (92.0) in the year. 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.

Income from project and construction operations for the full-year amounted to SEK 1,659.7 million (448.8), of which SEK 683.6 million (438.6) related to construction for Group companies that has been capitalized for the Group's own purposes. SEK 976.1 million (10.2) related to assignments for external orders, of which Prefab's income comprised SEK 972.2 million. The change compared to previous year was mainly due to the acquisition of K-Prefab, which affected external sales, and higher activity in the construction of apartments for proprietary management, which affects construction of Group companies. At the end of the year, production of apartments for property management was 1,820 apartments (1,311), representing an increase of 39 percent compared to the end of the financial year 2020. In Prefab, total income for the year amounted to SEK 1,059.9 million (877.0), of which SEK 81.5 million (-) relates to intra-Group sales. Income growth in Prefab was positive in the year, despite production being affected by high sickness absences from time to time as a result of the Covid-19 pandemic. The company reported its second strongest year in terms of income due to stable projects and income growth from external and intra-Group customers.

Operating costs

Property management costs totaled SEK 93.1 million (67.4) for the full-year, corresponding to an increase of 38 percent compared with the preceding year. The increase was mainly due to more properties under management, which drives direct property costs and property administration, although increased electricity and heating costs during the fall also contributed. 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 and Prefab organization. The part of operations involving external construction and production 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. Total project and contracting costs were SEK 1,565.4 million (441.1) for the full year, of which SEK 683.6 million (438.6) was capitalized on own account and SEK 881.8 million (2.5) recognized in the Income Statement. The increase was partly due to the acquisition of K-Prefab, and partly to increased activity in the construction of apartments for proprietary management.

Operating expenses for the year include expensed lease charges attributable to low-value leases of a total SEK 2.7 million (0.2). 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 2021 amounted to SEK 277.9 million (145.1), divided into gross profit from property management of SEK 176.1 million (137.0) and gross profit from project and contracting operations of SEK 101.8 million (8.1).

Gross profit from property management was positively affected by increased rental income and negatively affected by a lower surplus ratio. The surplus ratio for the full year amounted to 66.2 percent (67.2). The surplus ratio for the year was negatively affected by a relatively low average letting ratio, although this has improved gradually. The average letting ratio was 92.7 percent (92.0) in the year, and 97.0 percent (91.2) at year end.

Gross profit in Project and contracting sales for the year was SEK 19.8 million (8.1) for the Construction business area, and SEK 81.9 million (38.0) for Prefab. Gross profit for the Construction business area remains positively affected by higher income from intra-Group construction. Prefab's gross profit was positively affected by increased income from external and intra-Group sales, while

increased raw materials prices, mainly on steel and mold materials, and increased personnel costs associated with the Covid-19 pandemic had a negative effect on profit.

Central administration

Central administration, which includes Group-wide management, business development, project development, IR/communications and market, HR, IT, legal and finance, amounted to SEK 40.7 million (33.6) for the full-year. The increase was primarily due to investments in the organization in order to meet future growth.

Depreciation/Amortization and Impairment

Depreciation/amortization and impairment for the year amounted to SEK 58.2 million (8.5), of which depreciation/amortization and impairment attributable to Prefab's operations was SEK 50.8 million, of which SEK 11.0 million was attributable to amortization of intellectual property rights for the year. Total depreciation/amortization for the year totaled SEK 53.3 million (4.0). Impairment for the period amounted to SEK 4.9 million (4.5) and relates to obsolescence of construction components in connection with the Group's K-Fast 2.0 renovation program of SEK 1.3 million (3.8) and impairment of receivables of SEK 2.3 million (0.7) and exchange rate losses of SEK 1.2 million (0.0).

Profit from participations in Group, associated and jointly controlled companies

Profit from participations in associated and jointly controlled companies for the year amounted to SEK 23.3 million (2.6). Profit was primarily affected by K-Fastigheter's share of profit in Mjölback's Entreprenad AB, which amounted to SEK 10.8 million in the year. Furthermore, K-Fastigheter's acquisition of a share in Mjölback's Entreprenad AB generated negative goodwill of SEK 12.5 million, which has been recognized in profit for the year. In addition to the above, profit was positively affected by factor including dividend of SEK 2.8 million in associated company

Fosie mark Skåne AB, where a development projects relating to commercial premises was completed and divested in the year.

Net interest income

Net interest income for the year amounted to SEK -75.6 million (-47.7). At the end of the year, the average interest level was 1.85 percent (1.77), including the effects of interest rate derivatives. Interest expenses in the year compared to the previous year, were negatively affected by increased interest-bearing liabilities relating to acquisition of investment properties and new construction, and positively impacted by relatively lower base rates. Additional interest expenses relating to acquisition credits totaled SEK 13.2 million (0.0). Credit margins continued to decrease in the year.

The interest coverage ratio for the year amounted to a multiple of 3.4 (2.4) and was mainly positively affected by improved profit from property management and strong cash flow from the Prefab operations, and was negatively affected by increased interest expenses due to higher interest-bearing liabilities.

Profit before changes in value and profit from property management

Profit before changes in value for the full-year 2021 totaled SEK 126.6 million (57.9), corresponding to an increase of 119 percent compared to 2020. Profit was positively affected by improved gross profit in property management, project and contracting operations and increased profit from shares in associated and jointly controlled companies, and was negatively affected by increased costs for central administration, increased depreciation, amortization and impairment, and lower net interest income.

Profit from property management amounted to SEK 101.4 million (75.3) for the year, an increase of 35 percent compared to the preceding year. Profit from property management per share amounted to SEK 0.47 (0.36), which is an increase of 30 percent

year-on-year. Profit from property management was positively affected by continued growth in rental income, and negatively affected by a lower surplus ratio and reduced net interest income

Value changes

Unrealized value changes in investment properties for the year were SEK 1,139.1 million (577.8), distributed over SEK 431.7 million (169.9) for properties under management and SEK 707.4 million (407.9) for construction projects in progress. Of unrealized value changes for new construction in progress, properties completed during the year accounted for SEK 98.2 million (65.8). The remaining SEK 609.2 million (342.1) was attributable to properties that were under construction at the end of the year. The increase relating to ongoing new construction was mainly due to increased activity in project development and construction of apartments for property management. At the end of the year, the direct return requirement in the valuation of new construction in progress amounted to 3.77 percent (3.96).

Of unrealized value changes for properties under management, SEK 58.5 million (14.6) related to acquisitions in the year. Of the remaining unrealized value changes for investment properties, the improved operating net contributed SEK 79.5 million (73.0) and changed valuation conditions by SEK 297.2 million (81.7). Unrealized value changes relating to land and building rights decreased at a pace with utilization. The increase in unrealized value changes relating to properties under management was mainly derived from continued growth in property prices in completed property transactions, which gradually during the year filtered through to the average direct return used in connection with the external valuation of K-Fastigheter's properties under management. In total, the increase in the year corresponded to 5.6 percent of the total value of properties under management at the end of the year. In total, the average direct return requirement for properties under management was 3.82 percent (4.08).

The average direct return requirement for K-Fastigheter's entire property portfolio, including undeveloped land and building rights and new construction in progress, amounted to 3.80 percent (4.03) at the end of the year. The decrease was partly attributable to a lower direct return due to the aforementioned market price development, and because K-Fastigheter's property portfolio increasingly consists of a relatively higher proportion of residential units in better locations. For more information, see Property portfolio and Valuation.

Changes in the value of derivatives and other items amounted to SEK 66.0 million (-24.2) for the year, distributed over value changes in interest rate derivatives of SEK 66.8 million (-14.4) and unrealized value changes on exchange rate derivatives of SEK -0.9 million (-9.8). Progress in the year was primarily due to higher market rates, which had a positive impact on the market value of the Group's interest rate derivatives, and a stronger SEK, which had a negative impact on the Group's foreign net assets. The Group's derivatives consist of interest rate and currency derivatives, intended to mitigate the Group's interest rate and currency risks. The fair value of the Group's interest rate and derivatives derivatives was SEK +37.0 million (-27.2) 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 9.7 million (+0.3). Deferred tax amounted to SEK 277.7 million (137.2), affected by unrealized value changes in properties totaling SEK 1,139.1 million (577.8). Tax has been calculated at 20.6 percent on current taxable profit

As of 31 December 2021, K-Fastigheter's accumulated tax loss carry-forwards were estimated at SEK 104.6 million (100.4), which together with interest rate derivatives of SEK 36.4 million (-27.2) and the aforementioned deductions for interest expenses comprise the basis of the Group's deferred tax assets, which amounted to SEK 17.1 million (27.0). The deferred tax liability relates primarily

to temporary differences between fair value and the residual tax base of the properties. On 31 December 2021, the fair value of the properties exceeded their tax base by SEK 3,730.3 million (2,183.7), which constituted the primary basis for the deferred tax liability of SEK 796.4 million (451.2) at year end.

Profit, comprehensive income and other comprehensive income for the year

Profit for the year was SEK 1,044.4 million (474.5), corresponding to SEK 4.85 (2.29) per share.

Comprehensive income for the year totaled SEK 1,048.1 million (473.1). In other comprehensive income includes translation differences relating to K-Fastigheter's foreign operations, which totaled SEK 3.8 million (-1.4) in the year. The full amount relates to items that can be reversed in a later period.

The Group's financial position

Intangible assets

Intangible assets comprise goodwill and other intangible assets arising in the connection with the acquisition of K-Prefab. At the end of the year, goodwill amounted to SEK 440.6 million (0.0) and other intangible assets, comprising the value of K-Prefab's customer relations, amounted to SEK 44.1 million (0.0). Other Intangible assets are amortized over five years.

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 2021, the Group's property portfolio comprised 90 completed investment properties distributed over a total of 171,077 square meters of residential and 42,875 square meters of commercial space. In addition, the Group had 28 ongoing construction projects, distributed over 122,113 square meters

of residential and 2,487 square meters of commercial space. Furthermore, K-Fastigheter has 34 projects in progress in the project development phase, at various stages of building permit application or project planning, of which 14 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 9,603.7 million (6,853.5), distributed over completed investment properties of SEK 6,923.4 million (5,067.2), undeveloped land and building rights of SEK 722.3 million (707.7), site leases of SEK 18.0 million (18.0) and construction in progress of SEK 1,940.0 million (1,060.6).

During the full-year, SEK 1,366.5 million (855.1) was invested in new construction, extensions and remodeling. In total, seven projects were completed, as well as three out of five stages in the construction of Höganäs Stubbarp 33:27 and others, and Helsingborg Nyponrosen 4, having been reclassified from construction projects in progress to completed investment properties, corresponding to a value of SEK 1,162.2 million (626.3). In addition, 15 building projects have commenced construction.

During 2021, acquisitions totaled SEK 292.6 million (1,034.5). These comprise acquisitions of land parcels for development, which increased from SEK 707.7 million at the end of 2020 to SEK 722.3 million (including value changes) at the end of 2021, as well as Falkenberg Motorn 16, Malmö Skjutsstallslyckan 21, Malmö Kvarnhög 19, Borås Getängen 22 and Helsingborg Viktoria 22, which were acquired for a total of SEK 129.6 million. Sales of building rights totaled SEK 51.0 million (1.0) in the year.

In addition, the total value of investment properties was positively impacted by unrealized changes in value of SEK 1,139.1 million (577.8), distributed over SEK 431.6 million (169.9) for properties under management and SEK 707.4 million (407.9) for construction projects in progress.

Business properties

At the end of the year, the value of the Business properties amounted to SEK 448.8 million (30.9). The increase is mainly associated with the acquisition of K-Prefab, whose properties are classified as business properties valued at SEK 370.2 million at the time of the acquisition. During the year, approximately SEK 19.9 million was invested in K-Prefab's properties for upgrades of facilities and to increase production capacity.

Machinery and equipment

Equipment, totaling SEK 189.8 million (18.5) as of 31 December 2021, mainly comprises machinery and equipment related to the Group's Construction and Prefab operations, construction equipment and leased capitalized right-of-use assets in accordance with IFRS 16. The increase during the year was mainly due to the acquisition of K-Prefab where a further SEK 54.1 million was invested in the year in increased production capacity. The Group made total net investments of SEK 61.0 million (7.4) in equipment during the year.

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

Profit from holdings in associated and jointly controlled companies increased in 2021, from SEK 37.3 million to SEK 234.4 million, which primarily was due to the acquisition of a share in Mjöbbäcks Entreprenad AB. Net acquisitions in the year (including negative difference from fair value purchase price) totaled SEK 184.0 million (0.0), and total profit from shares in associated companies (including dividends) amounted to SEK 10.9 million (-1.0).

Non-current receivables of SEK 9.1 million (7.7), 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

Deferred tax receivables as of 31 December 2021 amounted to SEK 17.1 million (27.0) and mainly derived from loss carry-forwards, which are expected to be utilized in coming years, and positive value of interest rate derivatives that reduced deferred tax receivables in the year.

Operating receivables

The Group's operating receivables consist primarily of other receivables of SEK 175.5 million (159.3), mainly comprising advance payments and deposits relating to agreed property acquisitions yet to be handed over. Receivables decreased in the year, from SEK 152.7 million to SEK 98.7 million, mainly due to the inclusion of the advance from Finja Prefab AB at the beginning of the year, and accrued but not invoiced income, totaling SEK 29.0 million (0.0).

Rent and customer receivables amounted to SEK 105.3 million (1.8) at the end of the year of which SEK 1.5 million (1.4) related to rent receivables. The remainder comprises customer receivables, mainly related to K-Prefab's operations. The proportion of rent and customer receivables due for more than 90 days totaled SEK 10.1 million (1.5). SEK 4.3 million (0.8) was posted to provisions in accordance with the Group's loss-sharing model based on historical outcomes and management's assessment of future credit losses (level 2) and SEK 1.2 million (0.0) was posted to provisions following individual assessment (level 3). Total bad debt amounted to SEK 2.3 million (1.9) in the year.

Operating receivables also include receivables from associate and jointly controlled companies of SEK 3.1 million (10.5), consisting primarily of the part-financing of projects in progress, as well as prepaid expenses and accrued income of SEK 29.0 million (5.2).

Cash and cash equivalents

At the end of the year, cash and cash equivalents amounted to SEK 94.0 million (507.6). In addition, K-Fastigheter has an unutilized overdraft facility of SEK 343.4 million (90.0). The decrease was mainly due to acquisitions in the year, where the acquisition of K-Prefab was the most significant

Equity and Net Asset Value

At the end of the year, consolidated equity attributable to the Parent Company's shareholders amounted to SEK 4,233.7 million (3,209.8), corresponding to SEK 19.66 per share (14.91). The increase is explained by the comprehensive income for the year of SEK 1,048.1 million (473.1).

At the end of the year, the long-term net asset value (NAV) amounted to SEK 4,976.1 million (3,661.2), corresponding to SEK 23.11 per share (17.00). The long-term net asset value per share increased by 36 percent compared with 31 December 2020. As of 31 January 2021, there were 215,331,168 (35,888,528) shares outstanding distributed between 22,500,000 Class A shares and (3,750,000) and 192,831,168 Class B shares (32,138,528). There was an average of 215,331,168 shares outstanding in 2021 (207,495,102).

Deferred tax

At the end of the year, the Group's deferred tax amounted to SEK 796.4 million (451.2). 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 5,943.9 million (3,848.3), of which SEK 947.5 million (847.8) was classified as current interest-bearing liabilities. Interest-bearing liabilities are distributed between first mortgages for completed investment properties of SEK 4,017.8 million (3,145.1), construction credits of SEK 1,057.9 million (681.2), leasing liabilities of SEK 92.7 million (22.2), operating and acquisition credits of SEK 539.1 million (0.0) and a promissory note relating to the acquisition of K-Prefab of SEK 250 m (0.0). The debt-to-equity ratio for the Group amounted to 51.8 percent (50.2).

At the end of the year, the Group had contracted credit agreements of SEK 7,282.4 million (4,820.6), of which SEK 4,017.8 million (3,145.1) related to the financing of completed investment and business properties, of which SEK 790.2 million (781.1) mature for renegotiation within the next 12 months. In addition to the financing of completed investment and business properties, contracted credit agreements comprise building credits of SEK 2,132.1 million (1,585.5) and operating and acquisition credits of SEK 882.5 million (90.0), of which SEK 382.5 million 100.0 million relates to acquisition financing of K-Prefab and Mjölback's Entreprenad AB respectively. At the end of the year, building credits and operating and acquisition credits had been utilized at an amount of SEK 1,057.9 million (681.2) and SEK 539.1 million (0.0) respectively.

The average period of capital tied up for the Group's interest-bearing liabilities related to acquisition financing and completed investment and business properties amounted to 2.8 years (2.6) as of 31 December 2021.

The average interest period for the Group's interest-bearing liabilities related to acquisition financing, investment and business

properties was 4.4 years (3.8), and the average interest rate was 1.85 percent (1.77), including the effects of interest rate derivatives, and 1.40 percent (1.41) excluding the effects of interest rate derivatives. The total proportion of variable interest in relation to interest bearing liabilities related to acquisition financing, investment and business properties was 29 percent (39), and the interest rate sensitivity in the event of a 1 percentage point shift in loan rates amounted to SEK 14.0 million (12.4).

Derivative instruments

K-Fastigheter 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.

The swap portfolio had a total nominal value of SEK 3,200 million (1,907.0) at the end of the year, of which SEK 100 million comprised swaps with a future start date. At the end of the year, the fair value of the interest derivative portfolio was SEK 36.4 million (-30.5).

In addition to interest rate derivatives, K-Fastigheter uses exchange rate derivatives to manage currency risk in the Danish operations. At the end of the year, the fair value of the currency derivatives portfolio was SEK 0.5 million (3.3).

Operating liabilities

Operating liabilities consist primarily of accounts payable of SEK 177.2 million (50.4) related to operations, Other liabilities of SEK 70.4 million (25.8), invoiced but not accrued income of SEK 69.1

million (0.0) and accrued costs and prepaid income of SEK 178.2 million (38.2). Operating liabilities primarily relate to ongoing construction operations and personnel-related liabilities.

Consolidated cash flow

Consolidated cash flow from operating activities for the full-year 2021 amounted to SEK 325.3 million (-64.4) and was affected positively by the improved gross profit from the property management and construction and Prefab operations, and negatively by lower capital tied up, mainly because K-Prefab's operations are structurally cash flow positive with higher operating liabilities than operating receivables.

The investment operations were primarily affected by company acquisitions totaling SEK 858.8 million (11.7), primarily comprising K-Prefab and the holding in Mjölback's Entreprenad AB, investments in properties of SEK 330.3 million (1,037.4) and investments in ongoing new construction of SEK 1,326.3 million (831.3). Cash flow from investing activities amounted to a total outflow of SEK 2,515.4 million (-1,888.4)

In addition to being financed through cash flow from operating activities, the Group's financing activities in 2021 were primarily financed through increased interest-bearing liabilities of SEK 1,776.3 million (1,184.6) following amortizations of SEK 133.2 million (48.7). In total, cash flow from financing activities amounted to SEK 1,776.3 million (1,682.9), meaning that consolidated cash and cash equivalents for the year decreased by SEK 413.8 million (-269.9) to SEK 94.0 million (507.6) at the end of the year including exchange rate differences.

Investments

In addition to the information presented relating to the acquisitions of K-Prefab and the holding in Mjölback's Entreprenad AB, and information presented under Investment and Business Properties and Consolidated Cash Flow, no significant investments in non-current assets were made during the year. Beyond investments in non-current assets, in 2021, the Group invested primarily in developing the organization and strengthening processes, systems and functions in business development, management, finance, HR, IT, markets, legal 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 company maintains Group-wide functions for business development, administration, financing, markets, IR/communication, IT, HR, legal, parts of property management 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 2021 was SEK -40.4 million (-33.5). The decrease in gross profit/loss is due to increased costs in relation to strengthening the central organization to meet future growth.

Parent Company profit/loss before tax was SEK 116.7 million (-11.2) after net Group contributions received of SEK 87.9 million (43.4). The Parent Company's profit/loss before tax was positively affected by unrealized value changes on interest and derivatives totaling SEK 66.8 (-14.5) and exchange rate effects related to the Group's Danish assets of SEK 3.2 million (-9.8), which have been included in the Parent Company's net financial items

As of 31 December 2021, Parent Company assets and liabilities consisted primarily of shares, receivables and liabilities relating to Group companies, and cash and cash equivalents. Holdings in Group and associated companies increased in the year, primarily as a result of the acquisitions of K-Prefab and the holding in Mjölback's

Entreprenad AB. Receivables from Group companies totaled SEK 2,058.1 million at the end of the year, and liabilities to Group companies were SEK 823.3 million where current receivables and liabilities mainly comprise balances in the Group's bank account.

As of December 31, 2021, equity was SEK 1,633.3 million (1,539.8), which was positively affected by profit for the year. At the end of the year, cash and cash equivalents in the Parent Company amounted to SEK 69.0 million (482.0) and interest-bearing liabilities to SEK 949.9 million (867.5), of which SEK 17.9 million were classified as current liabilities.

Effects of the Covid-19 pandemic and the war in Ukraine

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.

K-Fastigheter has a stable business model building on cross-functional work within project development, construction, prefab 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, the region Västra Götaland, the Copenhagen region and the Mälardalen region. K-Fastigheter has an attractive property portfolio with 85 percent of contractual rental income deriving from housing and with commercial income being spread between a large number of individual contracts.

Furthermore, K-Fastigheter has a stable financial position (equity assets ratio of 37 percent and debt-to-equity ratio of 52 percent)

and positive liquidity with cash and bank balances of some SEK 437.4 million as per 31 December 2021.

After the fall and winter, the current wave of the Covid-19 pandemic receded in February due to a milder variant of the virus and rising vaccination rates. The restrictions are gradually easing as a result. At the time of preparing the current Annual Report, the effect on K-Fastigheter's operations remains limited.

At the time of preparing the current Annual Report, the war in the Ukraine has been underway for over a month. To date, the war has had limited effect on K-Fastigheter's operations, and has mainly affected the pricing of certain input goods, especially energy prices and the indirect effects of increased energy and fuel prices. The impact of the Covid-19 pandemic and the war in the Ukraine on K-Fastigheter's future operations remains uncertain. K-Fastigheter continuously reviews the situation and will present updates in forthcoming interim reports. Additional information may also be presented in the form of press releases.

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. Ahead of the 2021 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
Share premium reserve	1,372,919,498
Retained earnings	109,490,323
Profit for the year	93,453,282
Total	1,575,863,103
To be appropriated such that the following is carried forward	1,575,863,103

Significant events during and following the financial year

Significant events in 2021

- K-Fastigheter's Board decides 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 took possession of K-Prefab on 25 January 2021. In connection with the acquisition, K-Prefab's CEO Kaj Grönvall joined Group management.
- 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. K-Fastigheter holds 51 percent of the share capital. On the same date, K-Fastigheter signed an agreement relating to the acquisition of a prefab factory. The seller was Kilen Production AB.
- On 26 April 2021, K-Fastigheter announced an agreement relating to the acquisition of 25 percent of Mjögåcks Entreprenad AB. Mjögåcks produces the well-known single family home Mjögåcksvillan and constructs proprietary housing projects, mainly in western Sweden. K-Fastigheter took possession of the shares on 30 July 2021.
- K-Fastigheter's Annual General Meeting was held on 19 May 2021. All Board members were re-elected for another year and Erik Sehlin was re-elected Chairman. The Annual General Meeting authorized the Board to, in the period until the next AGM, issue a maximum of 24,000,000 new shares, and repurchase a maximum of one tenth of the total number of shares in the company.
- On 28 May 2021, K-Fastigheter announced a collaboration with Innovation Properties and Borohus where a jointly owned

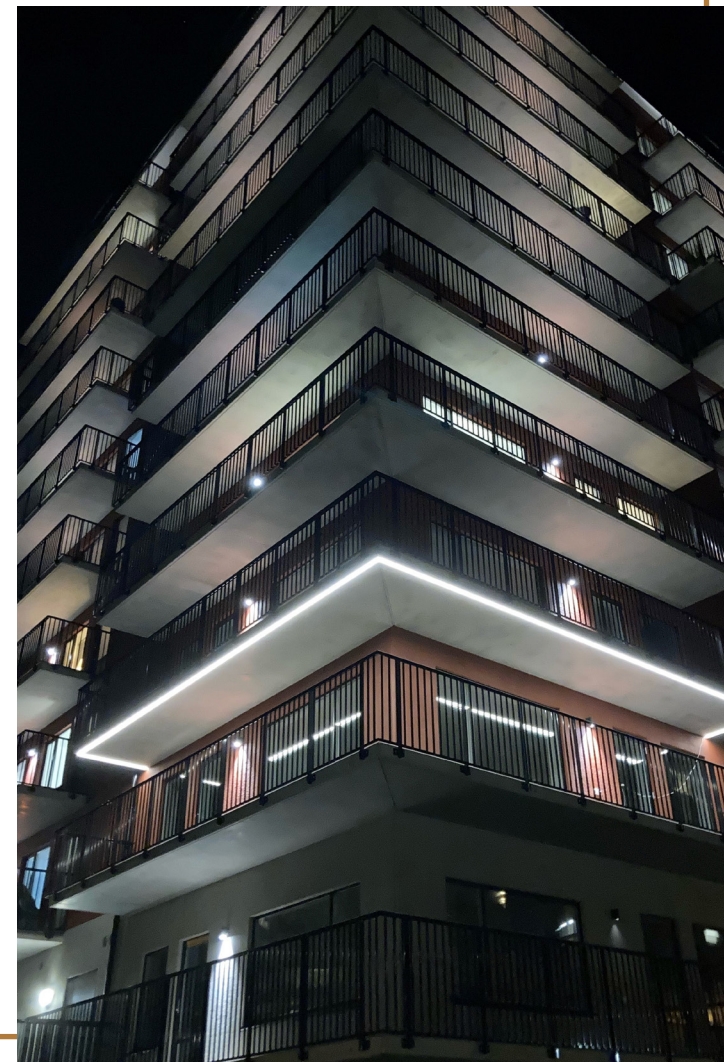
company will develop the property Haninge Ramsdalen 3:1 on a plot of 72,000 square meters.

- On 31 May 2021, K-Fast Bygg Holding AB took possession of the acquisition of site developer PVS Mark&VA. K-Fastigheter's ownership stake is 50 percent and the acquisition strengthens the Group's operations in project development and construction.
- On 7 June 2021, K-Fastigheter completed a 6:1 share split which increases the number of shares from 35,888,528 shares to 215,331,168 shares, divided over 22,500,000 Class A shares and 192,831,168 Class B shares.
- On 1 September and 12 November 2021 respectively, K-Fastigheter announced the appointment of Leif Astikainen, Head of K-Fastigheter's HR function, Martin Johannesson, Head of the Property Management and Magnus Persson, the Group's Business Development manager, as new members of Group management.
- On 7 December, K-Fastigheter announced that its subsidiary K-Prefab AB acquired GH Sydgolv AB, a concrete floor screeding specialist.

Significant events after the end of the year

- As of 3 January 2022, K-Fastigheter's Class B shares are traded on Nasdaq Stockholm Large Cap segment.
- K-Fastigheter's Board of Directors intends to propose to the Annual General Meeting that no dividend be paid.

The table on page 62 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.



Acquired Investment properties

Property	Municipality	Transfer date	Number of apartments	Area m ²	Rental value SEK m	Purchase price, SEK million
Motorn 16	Falkenberg	Feb 2021	Commercial	2,180	0.9	16.1
Skjutsstallslyckan 21	Malmö	Mar 2021	Commercial	1,859	1.1	26.0
Kvarnhög 19	Malmö	Mar 2021	Commercial	1,334	0.9	12.5
Getängen 22	Borås	Mar 2021	Commercial	7,759	5.6	47.0
Viktoria 22	Helsingborg	Jul 2021	Commercial	589	1.0	28.0
Stafvre 7 etc.	Kristianstad	Apr 2022	105 Apartments + two pre-schools	8,966	13.6	227.0

Acquired building rights

Property	Municipality	Construction scheduled to commence	Number of apartments	Area m ²	Estimated annual rental value, SEK million	Purchase price, SEK million
Motorn 16	Falkenberg	2026	145	9,600	17.3	16.1
Skjutsstallslyckan 21	Malmö	2026	279	15,371	34.4	26.0
Kvarnhög 19	Malmö	2026	34	2,220	4.3	12.5
Getängen 22	Borås	2026-	465	25,575	51.0	47.0
Sättra 108:20*	Gävle	2022-	613	39,348	68.9	122.0
Veddesta 2:65*	Järfälla	2023-	423	23,270	54.8	259.0
Viktoria 22	Helsingborg	2022	39	3,432	6.9	28.0
Fullerö 21:103	Uppsala	Commencement of construction	40	2,472	4.5	26.0
Ekeby 3:25*	Eskilstuna	2022	106	7,820	13.3	12.0
Kohagen 1	Vänersborg	construction started /2022-	143	8,910	15.0	24.0
Skymningen 2*	Höganäs	2022	50	2,760	5.1	13.1
Part of Lerberget 49:707*	Höganäs	2022	51	2,760	5.1	13.3
Revisorn 8 & 10*	Kristianstad	2023	150	11,250	17.3	23.0
Oppeby Gård 1:9**	Nyköping	2022	32	1,733	3.0	12.0
Fogdaröd 8:32	Höör	2022	95	6,745	12.5	11.5
Notarien 17*	Eskilstuna	2022	106	5,830	11.7	23.4
Alderholmen 4:34*	Gävle	2022	111	6,105	12.8	28.5
Strängnäs 3:21 etc.**	Strängnäs	2022-	367	23,292	46.2	96.5
Rusthållaren 3 & 4	Hässleholm	2022	Commercial	6,400	NA	18.0
Hemmesta 11:67 etc.*/**	Värmdö	2025	81	4,860	10.3	26.5
Getramsen 1	Kristianstad	Commencement of construction	19	2,166	3.5	7.5
Husensjö 8:11*	Helsingborg	2023	90	6,119	11.3	20.0

* Property not yet transferred.

** Joint venture through K-Fast Kilen AB.

*** Joint venture alongside Innovation Properties (information relates to K-Fastigheter's share of construction).

Projects where construction has commenced

Property	Municipality	Expected completion	Number of apartments	Area m ²	Estimated annual rental value, SEK million
Magasinet 4 "Byggmax"	Hässleholm	Apr 2022	Commercial	2,487	2.5
Smörjhallen 1	Hässleholm	May 2023	37	2,864	4.9
Spoven 1	Växjö	May 2023	83	4,710	9.1
Fullerö 21:103 "BoKlok"	Uppsala	Jun 2022	40	2,472	4.5
Kedjan 1	Älmhult	Nov-Dec 2022	56	3,286	5.9
Fredriksskans 2:79	Gävle	Jul-Nov 2022	92	5,966	10.9
Kildebrønde By 17b	Greve (DK)	Jan-Nov 2023	148	10,354	24.0
Getramsen 1	Kristianstad	Dec 2022	19	2,166	3.5
Kohagen 1 "BoKlok"	Vänersborg	Dec 2022	60	3,978	6.7
Trollet 2*	Växjö	Dec 2023	156	10,262	18.7
Oden 8	Hässleholm	Jul 2023	43	2,305	4.1
Limkokaren 16	Hässleholm	Aug 2023	24	1,984	3.2
Kommissarien 1	Hässleholm	May 2023	41	3,191	5.5
Stubbarp 39:5 – phase 2	Höganäs	Jun-Sep 2023	87	5,789	11.0
Önnered 45:15-16	Gothenburg	Apr 2024	110	6,871	15.8

Project completions

Property	Municipality	Completed	Number of apartments	Area m ²	Rental value SEK m
Björksäter 5	Hässleholm	Feb 2021	40	2,794	4.4
Stubbarp 33:27 phase 1 and 2	Höganäs	May/Dec 2021	66	4,805	8.4
Dirigenten 1, Sångaren 1	Helsingborg	Jul 2021	15	1,410	2.4
Höfånget 1	Malmö	Jul 2021	97	4,838	10.3
Nyponrosen 4 phase 2	Helsingborg	Aug 2021	32	2,118	3.9
Hällan 1	Hässleholm	Oct 2021	38	2,527	4.4
Sävenäs 131:12	Gothenburg	Dec 2021	103	4,870	10.8
Taket 2	Växjö	Oct 2021	36	2,862	4.9
Sättra 108:31 "BoKlok"	Gävle	Dec 2021	60	3,876	7.1

K-Fast 2.0

	Q1	Q2	Q3	Q4	Total
Number of apartments renovated	9	9	6	7	31
Increase in rental value (SEK m)	0.2	0.2	0.1	0.1	0.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	2021 Jan-Dec	2020 Jan-Dec
Rental income		265.9	203.9
Project and construction income		976.1	10.2
Net sales	3	1,242.1	214.1
Other operating income	3	10.7	1.0
Operating costs		-52.3	-33.1
Maintenance		-12.4	-10.6
Property tax		-5.7	-4.5
Property administration		-22.7	-19.2
Property management costs	4, 5, 6	-93.1	-67.4
Project and contracting costs	4, 5, 6	-881.8	-2.5
Gross profit		277.9	145.1
<i>of which, gross profit from property management (operating surplus)</i>		176.1	137.0
<i>of which, gross profit from project and contracting operations</i>		101.8	8.1
Central administration	4, 5, 6, 8	-40.7	-33.6
Depreciation/Amortization and Impairment	7	-58.2	-8.5
Profit from participations in associated and jointly controlled companies	9	23.3	2.6
Net interest income	10	-75.6	-47.7
Profit before value changes		126.6	57.9
<i>of which, profit from property management</i>		101.4	75.3
Change in value of investment properties	11	1,139.1	577.8
Changes in value of derivatives and other	10	66.0	-24.2
Profit before tax		1,331.7	611.4
Tax on profit for the period	12	-287.3	-136.9
Profit for the year		1,044.4	474.5
Other comprehensive income	13	3.8	-1.4
Comprehensive income for the year		1,048.1	473.1
Profit for the period attributable to			
Parent Company's shareholders		1,048.1	473.1
Non-controlling interests		0.0	0.0
Profit after tax per share, SEK/share*	14	4.85	2.29

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK m	Note	2021 31 Dec	2020 31 Dec
ASSETS			
Tangible non-current assets			
Intangible assets	15	484.7	0.0
Investment properties	16	9,603.7	6,853.5
Business properties	17	448.4	30.9
Equipment	18	189.8	18.5
Total tangible non-current assets		10,726.6	6,902.9
Financial non-current assets 22			
Holdings in associated and jointly controlled companies and other non-current receivables	19, 20	243.5	45.1
Derivative instruments	30	37.0	0.0
Deferred tax receivables	21	17.1	27.0
Total financial non-current assets		297.5	72.1
Total non-current assets		11,024.1	6,975.0
Current assets 22			
Inventories	23	51.7	0.2
Accounts receivable	24, 25	105.3	1.8
Other current receivables	25, 26	178.6	169.8
Prepaid costs and accrued income	27	29.0	5.2
Cash and cash equivalents	28	94.0	507.6
Total current assets		458.6	684.6
TOTAL ASSETS		11,482.7	7,659.6

SEK m	Note	2021 31 Dec	2020 31 Dec
EQUITY AND LIABILITIES			
Equity 29			
Share capital		57.4	57.4
Other capital contributions		1,372.9	1,372.9
Currency translation reserve		2.3	-1.4
Profit brought forward including the profit for the year		2,801.1	1,780.9
Total equity		4,233.7	3,209.8
Non-current liabilities 22			
Deferred tax liability	21	796.4	451.2
Long-term interest-bearing liabilities	22	4,996.4	3,000.6
Derivative instruments	30	0.0	27.2
Other provisions and non-current liabilities	31	13.7	8.5
Total non-current liabilities		5,806.5	3,487.5
Current liabilities 22			
Current interest-bearing liabilities	22	947.5	847.8
Accounts payable		177.2	50.4
Other current liabilities	31, 32	139.6	25.8
Accrued costs and prepaid income	32	178.2	38.2
Total current liabilities		1,442.5	962.2
Total liabilities		7,249.0	4,449.8
Total equity and liabilities		11,482.7	7,659.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Number of shares outstanding	Share capital	Other capital contributions	Currency translation reserve	Profit brought forward	Total Equity
Equity, as of 1 January 2020	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 year				-1.4	474.5	473.1
Capital contributions after deduction of transaction costs	2,000,000	3.2	495.1			498.3
Total transactions with shareholders	2,000,000	3.2	495.1			498.3
Equity, as of 31 December 2020	35,888,528	57.4	1,372.9	-1.4	1,781.0	3,209.8
Profit for the year					1,044.4	1,044.4
Other comprehensive income				3.8		3.8
Comprehensive income for the year				3.8	1,044.4	1,048.1
Repurchase of own shares					-24.3	-24.3
Share split	179,442,640					
Capital contributions after deduction of transaction costs		0.0	0.0			0.0
Total transactions with shareholders	179,442,640	0.0	0.0			0.0
Closing balance as of 31 December 2021	215,331,168	57.4	1,372.9	2.3	2,801.1	4,233.7

The Annual General Meeting on May 19, 2021 decided to effect a 6:1 share split. The share split was completed on 7 June 2021.

Acquisitions of Treasury shares relate to K-Fastigheter's share (25%) of the market value of the 1,428,600 shares in K-Fast Holding AB owned by Mjölback's Entreprenad AB.

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 m	Note	2021	2020
Operating activities			
Gross profit adjusted for central administration, depreciation/amortization and impairment		179.0	103.0
Adjustment for items not affecting cash flow	37	45.7	1.6
Dividend received	9	0.0	3.7
Net interest income	37	-74.8	-47.7
Tax paid		-4.3	-5.2
Cash flow from operating activities before changes in working capital		145.6	55.4
Change in operating receivables		37.1	-89.8
Change in operating liabilities		142.5	-29.9
Cash flow from operating activities		325.3	-64.4
Investing activities			
Investments in Group, associated and jointly controlled companies	19, 34	-858.8	-11.7
Property investments	16, 17	-330.3	-1,037.4
Investments in construction in progress	16	-1,326.3	-831.3
Investments in machinery and equipment	18	-50.4	-6.2
Divestments of properties	16	51.0	0.5
Change in other financial non-current assets	20	-0.5	-2.3
Cash flow from investing activities		-2,515.4	-1,888.4
Financing activities			
	37		
Borrowings	22	1,909.6	1,233.3
Loan amortizations		-133.2	-48.7
Capital contributions		0.0	498.3
Cash flow from investing activities		1,776.3	1,682.9
Cash flow for the year	37	-413.8	-269.9
Translation differences in cash and cash equivalents		0.1	-1.4
Opening cash and cash equivalents		507.6	779.0
Closing cash and cash equivalents	27	94.0	507.6

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

PARENT COMPANY INCOME STATEMENT

SEK m	Note	2021	2020
Operating income			
Net sales	3	0.1	0.0
Total operating income		0.1	0.0
Operating costs			
Administration costs	4, 5, 6, 8	-40.3	-33.4
Amortization and depreciation	7	-0.2	-0.2
Total operating costs		-40.5	-33.5
Gross profit		-40.4	-33.5
Profit from financial items			
Profit from participations in associated and jointly controlled companies	9	-0.2	3.6
Net financial items	10	69.5	-24.7
Profit after financial items		28.9	-54.6
Appropriations	33	87.9	43.4
Profit before tax		116.7	-11.2
Tax on profit for the year	12	-23.3	2.2
Profit for the year		93.5	-9.0
Other comprehensive income	13	0.0	0.0
Comprehensive income for the year		93.5	-9.0

PARENT COMPANY BALANCE SHEET

SEK m	Note	2021	2020
ASSETS			
Tangible non-current assets			
Tangible non-current assets	18	0.2	0.3
Total tangible non-current assets		0.2	0.3
Financial non-current assets			
Participations in Group companies	34	1,009.0	883.2
Receivables from Group companies	35	849.6	867.5
Shares in associated companies and other non-current securities holdings	19, 20	190.2	0.1
Derivative instruments	30	36.4	0.0
Deferred tax receivables	21	0.0	15.8
Total financial non-current assets		2,085.3	1,766.6
Total non-current assets		2,085.5	1,766.9
Current assets			
Receivables from Group companies	35	1,208.5	649.0
Receivables from associated companies	26	5.4	10.7
Other current receivables	26	59.4	115.6
Prepaid costs and accrued income	27	2.0	0.9
Cash and cash equivalents	28	69.0	482.0
Total current assets		1,344.2	1,258.1
Total assets		3,429.7	3,025.0

SEK m	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		57.4	57.4
<i>Unrestricted equity</i>			
Share premium reserve		1,372.9	1,372.9
Retained earnings		109.5	118.5
Profit for the year		93.5	-9.0
Total equity		1,633.3	1,539.8
Non-current liabilities			
Deferred tax liability	21	7.5	0.0
Long-term interest-bearing liabilities	22	931.7	849.6
Derivative instruments	30	0.0	27.0
Other provisions and non-current liabilities	31	2.4	6.4
Total non-current liabilities		941.6	883.1
Current liabilities			
Current interest-bearing liabilities	22	17.9	17.9
Accounts payable		1.4	1.5
Liabilities to Group companies	35	823.3	571.7
Other current liabilities	30	7.2	6.9
Accrued costs and prepaid income	32	5.0	4.2
Total current liabilities		854.8	602.1
Total liabilities		1,796.4	1,485.2
Total equity and liabilities		3,429.7	3,025.0

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK m	Number of shares outstanding	Share capital	Other capital contributions	Profit brought forward	Total Equity
Equity, as of 1 January 2020	33,888,528	54.2	877.9	118.5	1,050.5
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
Total transactions with shareholders	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	109.5	1,539.8
Profit for the year				93.5	93.5
Other comprehensive income				0.0	0.0
Comprehensive income for the year				93.5	93.5
Share split	179,442,640				
Capital contributions after deduction of transaction costs		0.0	0.0		0.0
Total transactions with shareholders	179,442,640	0.0	0.0	0.0	0.0
Closing balance as of 31 December 2021	215,331,168	57.4	1,372.9	203.0	1,633.3

The Annual General Meeting on May 19, 2021 decided to effect a 6:1 share split. The share split was completed on June 7, 2021.
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 m	Note	2021	2020
Operating activities			
Gross profit		-40.4	-33.5
Adjustment for items not affecting cash flow	37	5.5	0.2
Dividend received	9	0.0	3.7
Net interest income	37	0.3	-0.4
Tax paid		0.0	0.0
Cash flow from operating activities before changes in working capital		-34.6	-30.0
Cash flow from changes in working capital			
Change in operating receivables		55.0	-572.8
Change in operating liabilities		1.1	54.8
Cash flow from operating activities		21.5	-547.9
Investing activities			
Investment in Group company	34	-125.8	-256.8
Investments in associated companies	19	-190.1	0.0
Investments in machinery and equipment	18	0.1	0.0
Change in receivables and liabilities, Group Companies	35	-290.0	-2.1
Change in receivables from Associated Companies		5.3	0.0
Cash flow from investing activities		-600.4	-258.8
Financing activities			
	37		
Capital contributions		0.0	498.3
Borrowings	22	100.0	0.0
Loan amortizations		-17.9	-17.9
Change in non-current liabilities	31	-4.0	-6.4
Group contributions received		87.9	43.4
Cash flow from investing activities		165.9	517.5
Cash flow for the year			
	37	-413.0	-289.2
Translation differences in cash and cash equivalents		0.0	0.0
Opening cash and cash equivalents		482.0	771.2
Closing cash and cash equivalents	28	69.0	482.0

SUPPLEMENTARY DISCLOSURES – NOTE 1

NOTE 1: ACCOUNTING PRINCIPLES

General information

The financial reports for K-Fast Holding AB as of 31 December 2021 were adopted by the Board of Directors on 31 March 2022 and will be submitted to the Annual General Meeting on 12 May 2022 for approval. K-Fast Holding AB, Corp. ID No. 556827-0390, is the Parent Company in a Group with subsidiaries as presented in Note 34 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 principal business location is Bultvågen 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.

The Accounting Principles are described under each Note with the aim of increasing the reader's understanding of the relevant reporting area. General Accounting Principles and information relating to the Consolidated Financial Statements follows.

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 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 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 krona, which is also the reporting currency for the Parent Company and the Group. The financial statements are presented in Swedish krona rounded to the nearest SEK million unless otherwise stated.

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.

Significant estimates and judgments

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.

Revised accounting principles and disclosures

New and revised standards adopted by the EU

Changes to IFRS 9, IAS 39 and IFRS 7 attributable to Phase 2 amendments of the Interest Rate Benchmark Reform became effective from 1 January 2021 and offer guidance for reporting the effects of the reform. The revised Accounting Principles did not have any impact on K-Fastigheter's financial reporting

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

Changes in Swedish regulatory frameworks

Changes introduced in 2021 did not have any material impact on K-Fastigheter's reporting, and mainly led to slightly increased disclosure requirements.

New standards effective from 2022

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. 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 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. 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.

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 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.

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.

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.

Foreign currency

Financial reporting in foreign operations

Assets and liabilities in foreign operations are converted to SEK at the exchange rate prevailing on the record date. Income and expenses in foreign operations are converted to SEK at an average exchange rate constituting an approximation of the exchange rates at the time of the respective transactions. Translation differences that arise upon currency conversion of foreign operations are recognized as translations reserves under Other comprehensive income.

Transactions denominated in foreign currency

Transactions denominated in foreign currency are converted to the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency are converted to the functional currency at the exchange rate prevailing on the record date. Exchange rate differences are recognized in the Income Statement, with the exception of long-term internal transactions, which are included in net investments in subsidiaries and recognized in Other

comprehensive income. Non-monetary assets and liabilities recognized at historical cost are converted at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities recognized at fair value are converted to the functional currency at the exchange rate prevailing at the time of valuation at fair value.

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. 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 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.

Parent Company accounting principles

The Annual Report for the Parent Company has been prepared 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.

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.

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.

SUPPLEMENTARY DISCLOSURES – NOTE 2

NOTE 2: SEGMENT REPORTING

Accounting principles

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 highest executive decision maker. Each of the operating segments is managed separately as each operating segment 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 has identified four operating segments: Project Development, Construction, Prefab and Property Management.

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 or value generation by refining land

Construction

Profit generated in any of the Group's construction companies and profit from associated companies active in construction

Prefab

Profit generated in any of the Group's prefab companies

Property Management

Profit from property management from rental properties, profit from divestments of investment properties, profit from associated companies active in property management and value changes in investment properties and interest rate derivatives are recognized in the relevant segment.

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



1 January-31 December 2021

Income Statement, SEK million	Property Management	Project Development	Construction	Prefab	Other*	Group
Income	269.2	0.0	607.2	1,059.9	-683.6	1,252.7
Expenses	-93.1	0.0	-587.4	-978.0	683.6	-974.8
Gross profit	176.1	0.0	19.8	81.9	0.0	277.9
Central administration costs	-10.2	-10.2	-10.2	-10.2	0.0	-40.7
Depreciation/Amortization and Impairment	-3.3	0.0	-4.0	-50.8	0.0	-58.2
Profit from holding in associated companies**	0.0	0.0	0.0	0.0	23.3	23.3
Net interest income	-61.2	0.0	-0.1	-14.3	0.0	-75.6
Profit before value changes	101.4	-10.2	5.6	6.6	23.3	126.6
Value change, properties	431.7	707.4	0.0	0.0	0.0	1,139.1
Changes in value of derivatives and other	66.0	0.0	0.0	0.0	0.0	66.0
Profit before tax	599.1	697.2	5.6	6.6	23.3	1,331.7
Tax	-102.5	-145.7	-0.1	-8.7	-30.2	-287.3
Profit for the year	496.5	551.5	5.4	-2.2	-6.9	1,044.4

31 December 2021

Balance Sheet, SEK million	Property Management	Project Development	Construction	Prefab	Other*	Group
Non-current assets	9,715.4	0.0	24.1	1,077.8	206.8	11,024.1
Current assets	67.0	0.0	-0.1	258.9	132.8	458.6
Total assets	9,782.3	0.0	24.0	1,336.8	339.6	11,482.7
Non-current liabilities	5,051.7	0.0	1.2	734.8	18.8	5,806.5
Current liabilities	951.8	0.0	88.0	377.6	25.1	1,442.5
Total liabilities	6,003.5	0.0	89.2	1,112.4	43.9	7,249.0

* Other relates to eliminations, corresponding to the scope of intra-Group revenue related to the Group's extensive intra-Group construction, and information that cannot be broken down by the respective operating segments.

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

1 January-31 December 2020

Income Statement, SEK million	Property Management	Project Development	Construction	Other*	Group
Income	204.4	0.0	449.2	-438.6	215.1
Expenses	-67.4	0.0	-441.1	438.6	-69.9
Gross profit	137.0	0.0	8.1	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	-47.7	0.0	0.0	0.0	-47.7
Profit before value changes	75.3	-14.0	-5.9	2.6	57.9
Value change, properties	169.9	407.9	0.0	0.0	577.8
Changes in value of derivatives and other	-14.4	0.0	0.0	-9.8	-24.2
Profit before tax	230.7	393.9	-5.9	-7.2	611.4
Tax	-35.0	-84.0	0.0	-17.9	-136.9
Profit for the year	195.7	309.8	-5.9	-25.1	474.5

31 December 2020

Balance Sheet, SEK million	Property Management	Project Development	Construction	Other*	Group
Non-current assets	6,916.4	0.0	20.5	38.1	6,975.0
Current assets	74.1	0.0	1.7	608.7	684.6
Total assets	6,990.5	0.0	22.3	646.8	7,659.6
Non-current liabilities	3,463.0	0.0	1.8	23.2	3,487.8
Current liabilities	882.8	0.0	54.4	25.0	962.2
Total liabilities	4,345.8	0.0	56.1	48.2	4,450.1

SUPPLEMENTARY DISCLOSURES – NOTE 3

NOTE 3: INCOME

Accounting principles

Rental income

Rental income, which is classified as operating leases in its entirety, relates to income from lease contracts where the Group is lessee. Rental income includes rent, supplements for investments and property tax, as well as additional billing such as heating, water, cooling, waste management etc. as these items have not been deemed to be of material significance from an accounting perspective and have therefore not been reported separately. Rental income and additional billing are recognized on a straight line basis in the Consolidated Income Statement according to the terms of the lease agreement. The total cost of discounting is recognized as a reduction in rental income on a straight line basis over the lease term. Rental income and additional billing paid in advance are recognized as prepaid income in the Balance Sheet.

As of 31 December 2021 contractual rental income amounted to SEK 318.2 million (241.7), of which commercial premises comprised SEK 41.8 million (34.0). The single largest contract relating to the single largest tenant comprises some 2 percent of the Group's total contractual 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 3-9 months. Annual rental income for these contracts amounted to SEK 272.5 million (202.0). The Group has rental agreements with an annual rental income of SEK 35.7 million (29.6), where the agreements have a remaining maturity of between 1 and 5 years. The Group has annual rental income of SEK 10.0 million (10.1), where the agreements have a remaining maturity of more than 5 years.

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.

Contractual income

The Construction and Prefab segment have income from contracts with customers, these constitute the entire income item of SEK 976.1 million (10.2) for projects and construction operations. Revenue is recognized over time.

Parent Company

Income in the Parent Company primarily relates to services invoiced to Group companies. The Parent Company has no contractual income.

Rental income by geographical area

SEK m	2021	2020
Region South	257.2	202.0
Region West	6.9	1.7
Region East	1.9	0.2
Rental income	265.9	203.9

Rental income by property category

SEK m	2021	2020
Housing (incl. garages/parking spaces)	223.5	172.0
Premises	42.3	31.9
Rental income	265.9	203.9

Project and construction contract income and capitalized work on own account

SEK m	2021	2020
External project and construction contract income	976.1	10.2
Capitalized work on own account	683.6	438.6
Total	1,659.7	448.8
<i>Of which Sweden</i>	<i>1,539.7</i>	<i>424.7</i>
<i>Of which Denmark</i>	<i>120.0</i>	<i>24.1</i>

Other operating income

SEK m	2021	2020
Business area Property Management	3.3	0.6
Business area Construction	1.3	0.4
Business area Prefab	6.1	-
Other operating income	10.7	1.0

SUPPLEMENTARY DISCLOSURES – NOTE 4

NOTE 4: LEASES

Accounting principles

K-Fastigheter applies IFRS 16 Leases. The Group recognizes 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 (USD 5,000).

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 leases assessed by the Group as significant were leases for cars, high-value IT equipment, site leaseholds and rental agreements. The rights-of-use assets attributable to site leases 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 borrowing rate used is 1.95 percent for vehicles and IT equipment, 2.08 percent for site leaseholds, and 2.15 - 2.79 percent for rental agreements depending on the term of the underlying rental contract.

Lease agreements regarding items such as photocopiers, rental agreements with shorter terms 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. For information regarding lease agreements as lessee, see Rental income Note 3 Income.

In the full year 2021, the Group expensed total leasing fees of SEK 13.3 million (1.9), of which SEK 9.1 million (1.2) was attributable to depreciation, (0.5) to interest expenses and SEK 2.7 million (0.2) to low-value leases. The Group has no short-term leases or variable lease charges.

Parent Company

The Parent Company has lease contracts relating to vehicles and IT equipment. IFRS 16 has not been applied in the Parent Company, which applies RFR 2. In cases where the Parent Company is lessor, this means that lease charges are expensed on a straight line basis over the term of the lease. The cost of lease agreements is recognized under Other external expenses. Accordingly, right-of-use assets and lease liabilities are not recognized in the Balance Sheet.

SEK m	Right-of-use assets					Total	Lease liability
	Site leaseholds	Vehicles	IT Equipment	Rental agreements			
As of 1 January 2021	18.0	9.4	0.4	34.5	62.4	62.4	
Additional agreements	0.0	7.4	0.0	32.3	39.7	39.7	
Amortization and depreciation	0.0	-3.4	-0.2	-5.5	-9.1	0.0	
Terminated agreements	0.0	-0.8	0.0	0.0	-0.8	-0.8	
Revaluations of agreements	0.0	0.0	0.0	0.0	0.0	0.0	
Interest costs	0.0	0.0	0.0	0.0	0.0	1.5	
Leasing fees	0.0	0.0	0.0	0.0	0.0	-10.1	
As of 31 December 2021	18.0	12.7	0.2	61.3	92.2	92.7	

Maturity analysis (excluding residual value)

SEK m	Site leaseholds	Vehicles	IT Equipment	Rental agreements	Total
2022	0.4	2.9	0.2	6.3	9.8
2023	0.4	1.7	0.0	7.9	10.0
2024	0.4	0.5	0.0	7.6	8.5
2025	0.4	0.0	0.0	7.5	7.9
2026	0.4	0.0	0.0	5.0	5.4
> 2027	6.8	0.0	0.0	3.1	9.9
Total	8.6	5.2	0.2	37.5	51.4

SUPPLEMENTARY DISCLOSURES – NOTE 5

NOTE 5: PERSONNEL AND PERSONNEL EXPENSES

Accounting principles

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. 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

As of 31 December 2021, the Group had 691 employees (76), of whom 60 were women (21) and 631 were men (55). At the end of the year, there were 26 (17) employees in the Parent Company, of whom 14 were women (9) and 12 were men (8). Including the Chairman of the Board, K-Fast Holding AB had 6 Board Members (6), of whom 1 was a woman (1). Including the CEO, the Group had 11 senior executives (8), of whom 2 were women (1).

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 2021. 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

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.

Salaries, fees and benefits

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Chairman of the Board	0.0	0.0	0.0	0.0
The Board	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	0.2	0.2	0.2
Deputy CEO				
<i>Basic salary</i>	1.1	0.9	1.1	0.9
<i>Benefits</i>	0.1	0.1	0.1	0.1
Other senior executives				
<i>Basic salary</i>	7.8	3.3	3.6	3.1
<i>Benefits</i>	0.3	0.2	0.1	0.1
Other employees				
<i>Basic salary</i>	261.2	26.9	6.2	4.9
<i>Benefits</i>	2.6	0.3	0.0	0.0
Total	275.3	34.0	13.3	11.3

Average number of employees

Gender	Group		Parent Company	
	2021	2020	2021	2020
Women	67	20	12	9
Men	594	50	10	7
Total	661	69	22	16

Statutory social security expenses, including payroll tax

SEK m	Group		Parent Company	
	2021	2020	2021	2020
The Board	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	3.1	1.2	1.3	1.2
Other employees	88.6	7.5	2.0	0.8
Total	92.8	9.8	4.5	3.1

Contractual pension expenses

SEK m	Group		Parent Company	
	2021	2020	2021	2020
The Board	0.0	0.0	0.0	0.0
CEO	0.0	0.0	0.0	0.0
Deputy CEO	0.3	0.4	0.3	0.4
Other senior executives	2.3	0.5	0.7	0.3
Other employees	23.2	1.7	0.4	0.3
Total	25.8	2.7	1.4	1.1

SUPPLEMENTARY DISCLOSURES – NOTE 6

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.

Senior executive's compensation and other benefits during the year

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Chairman of the Board Erik Selin	0.0	0.0	0.0	0.0
Board Member Ulf Johansson	0.2	0.2	0.2	0.2
Board Member Christian Karlsson	0.2	0.2	0.2	0.2
Board Member Sara Mindus	0.2	0.2	0.2	0.2
Board Member Jesper Mårtensson	0.2	0.2	0.2	0.2
CEO	1.4	1.4	1.4	1.4
Deputy CEO	1.5	1.4	1.5	1.4
Other senior executives*	10.4	4.0	4.4	2.5
Total	14.1	7.6	8.1	6.1

* 2021: 11 people; 2020: 6 people

NOTE 6: OPERATING COSTS

Accounting principles

Costs are recognized in the period to which they relate. The Group's property expenses comprise costs that arise in connection with property management such as utilities (electricity, district heating, cooling, gas, water), property maintenance, waste management, repairs, maintenance, property tax and other operating expenses. Property costs are recognized in the period to which they relate. Costs in 2020 were positively affected by SEK 0.4 million in relief for social security expenses awarded for the period March - June.

Costs relating to the project and construction operations comprise direct project-related costs and fixed costs for the construction and Prefab 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 2020 were positively affected by SEK 0.7 million in relief for social security expenses awarded for the period March - June.

Central administration comprises the Group's costs related to Group management, business and project development, Legal Counsel, HR, IT, marketing and communication, accounting and finance. Costs in 2020 were positively affected by SEK 0.3 million in relief for social security expenses awarded for the period March - June.

Property management costs

SEK m	2021	2020
Operating costs	-52.3	-33.1
Maintenance costs	-12.4	-10.6
Property tax	-5.7	-4.5
Direct property costs	-70.3	-48.2
Property administration	-22.7	-19.2
Property management costs	-93.1	-67.4

Project and construction contract costs

SEK m	Group	
	2021	2020
External project and construction contract costs	-881.8	-2.5
Internal project and construction contract costs	-683.6	-438.6
Project and construction contract costs	-1,565.4	-441.1

Central administration

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Other external costs	-19.9	-18.4	-18.6	-17.3
Personnel costs	-21.6	-16.1	-21.6	-16.1
Other operating costs	0.0	-0.2	0.0	-0.2
Reversals, leases	0.8	1.1	-	-
Central administration	-40.7	-33.6	-40.3	-33.4

SUPPLEMENTARY DISCLOSURES – NOTES 7–9

NOTE 7: DEPRECIATION/ AMORTIZATION AND IMPAIRMENT

Accounting principles

The Accounting Principles relating to depreciation, amortization and impairment are presented under each asset class.

Depreciation/Amortization and Impairment

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Depreciation, intangible fixed assets	-11.0	0.0	0.0	0.0
Depreciation, business properties	-19.3	-0.5	0.0	0.0
Depreciation, equipment, tools, fixtures and fittings	-13.9	-2.3	-0.2	-0.2
Obsolescence, investment properties	-1.3	-3.9	0.0	0.0
Impairment, receivables	-3.6	-0.6	-	-
Depreciation, right-of-use assets	-9.1	-1.2	-	-
Total depreciation/amortization and impairment	-58.2	-8.5	-0.2	-0.2

NOTE 8: REMUNERATIONS TO THE AUDITORS

Accounting principles

The audit engagement refers to the review of the Annual Report and the accounting, as well as the administration by the Board of Directors and the CEO. 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. Audit costs are included in Group-wide expenses, which are billed to subsidiaries.

Ernst & Young AB

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Audit engagement	3.1	1.8	2.2	0.7
Tax consultancy	0.0	0.0	0.0	0.0
Other services	0.2	0.1	0.2	0.0
Total	3.3	1.9	2.4	0.7

NOTE 9: PROFIT FROM HOLDINGS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Accounting principles

Dividends paid are recognized as a liability after the approval of the dividend by the Annual General Meeting. Impairment of shares in associated and jointly controlled companies are performed in conjunction with the payment of dividends.

Profit from holdings in associated and jointly controlled companies

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Dividends	2.8	0.0	0.0	3.7
Realized gains on divestments	0.0	-0.1	0.0	-0.1
Impairment	-2.6	0.0	-0.2	0.0
Negative difference from favorable purchase price	12.5	0.0	0.0	0.0
Profit share in associated companies	10.6	2.7	0.0	0.0
Total	23.3	2.6	-0.2	3.6

SUPPLEMENTARY DISCLOSURES – NOTES 10–11

NOTE 10: FINANCIAL INCOME AND EXPENSES

Accounting principles

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

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, which were classified as extended equity from 31 December 2020 and thereby settled against shareholders' equity.

Realized value changes on short-term derivatives are recognized in the Income Statement, under Depreciation/amortization (exchange rate losses) and Net interest income.

Interest income and similar Income Statement items

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Interest income from Group companies	0.0	0.0	26.8	23.6
Other interest income	0.8	0.3	0.7	0.3
Total	0.8	0.3	27.5	23.8

Interest costs and similar Income Statement items

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Interest expenses to Group companies	0.0	0.0	-0.5	-1.9
Other interest expenses and similar Income Statement items	-75.6	-48.0	-26.7	-22.3
Total	-75.6	-48.0	-27.2	-24.2

Changes in value of derivatives and other

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Unrealized value change in non-current derivative instruments	66.0	-14.4	66.8	-14.5
Unrealized value change in Current Assets	0.0	-9.8	3.2	-9.8
Realized value change in current derivative instruments	-1.9	0.0	-0.8	0.0
Total	64.1	-24.2	69.2	-24.3

NOTE 11: UNREALIZED VALUE CHANGE IN INVESTMENT PROPERTIES

Accounting principles

For Accounting Principles relating to investment properties, see Note 16.

SEK m	2021	2020
Change in net operating income	79.5	73.0
Investment properties under construction	707.8	407.9
Building rights	-3.5	1.3
Change in return requirement	297.2	81.7
Acquisitions	58.5	14.6
Divestments	0.0	0.0
Exchange rate effects	-0.4	-0.7
Total	1,139.1	577.8

SUPPLEMENTARY DISCLOSURES – NOTES 12–14

NOTE 12: INCOME TAX

Accounting principles

Income tax comprises current and deferred tax (see Note 21 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.

The current tax has been calculated in accordance with the applicable tax rate in Sweden, 20.6 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 m	Group		Parent Company	
	2021	2020	2021	2020
Current tax	-9.7	0.3	0.0	0.0
Deferred tax	-277.7	-137.2	-23.3	2.2
Total	-287.3	-136.9	-23.3	2.2
Reported profit before tax	1,331.7	611.4	116.7	-11.2
Tax rate, %	20.6%	21.4%	20.6%	21.4%
Tax in accordance with applicable tax rate	-274.3	-130.8	-24.0	2.4
Tax attributable to previous years	0.0	0.8	0.0	0.0
Effect of changed tax rates	-1.1	4.7	0.0	-0.1
Non-taxable income	11.2	0.6	13.8	0.0
Non-deductible costs	-25.1	-14.1	0.0	-3.3
Other unrecognized income and expenses	2.0	2.0	-12.9	3.2
Reported tax cost	-287.3	-136.9	-23.3	2.2

The tax cost comprises the following components:

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Current tax				
- On profit for the year	-9.7	0.3	0.0	0.0
Deferred tax cost/income				
- Untaxed reserves	-5.8	0.0	0.0	0.0
- Tax-loss carry forwards	0.3	7.1	-10.2	0.4
- Net interest income	0.0	-6.4	0.0	-1.1
- Derivatives	-12.9	3.0	-13.1	3.0
- Properties, completed	-108.3	-34.5	0.0	0.0
- Properties, under construction	-147.0	-110.5	0.0	0.0
- Surplus value from business combinations	2.1	0.0	0.0	0.0
- Other items	-6.0	4.1	0.0	0.0
Reported in the Income Statement	-287.3	-136.9	-23.3	2.2
Average tax rate, %	21.6%	22.4%	19.9%	20.0%

NOTE 13: OTHER COMPREHENSIVE INCOME

Other comprehensive income for the Group includes translation differences relating to K-Fastigheter's foreign operations, which totaled SEK 3.8 million (-1.4) in the year. The full amount relates to items that can be reversed in a later period.

In 2021, there was no effect from Other comprehensive income relating to the Parent Company.

NOTE 14: EARNINGS PER SHARE

	Group	
	2021	2020
Profit after tax attributable to Parent Company shareholders, SEK m	1,044.4	474.5
Average number of shares	215.3	207.5
Total Earnings per share	4.85	2.29

As of 31 December 2021, no incentive programs existed and no dilution occurred during the year.

SUPPLEMENTARY DISCLOSURES – NOTE 15

NOTE 15: INTANGIBLE ASSETS

Accounting principles

Goodwill

Goodwill arises in connection with business combinations when the transferred settlement exceeds the fair value of acquired net assets. Goodwill is recognized at cost less accumulated impairment and corresponds to an intangible fixed asset with an indefinite useful life. This means that goodwill is not amortized, but tested annually for impairment. All goodwill is allocated to the cash-generating units that benefit from the synergies from the business combination. In connection with divestments of Group companies, the residual recognized value of goodwill attributable to the divested unit is included in capital gains.

Other intangible non-current assets

Other intangible fixed assets comprise customer relationships, which are recognized at fair value in connection with acquisitions. The value of these customer relationships are amortized over the useful life of the asset, which is estimated at 5 years.

Impairment testing

Goodwill is tested for impairment at least annually, or more often if there is an indication that the recognized amount may not be recoverable. When testing for impairment, goodwill is divided over the cash generating units expected to benefit from the synergies arising from the acquisition. If the recoverable amount for a cash generating unit is assigned a lower value than the recognized amount, goodwill attributable to the cash generating unit is reduced. Recognized goodwill impairment cannot be reversed in later periods.

Impairment testing 2021

Management's assessments are based on historical experience and current information regarding market developments. For the cash generating units that have been acquired and where goodwill has arisen, cash flows after the forecast period have been extrapolated at an assumed sustainable growth rate of 3.0 percent (-), which is in line with the estimated sustainable growth rate. This also takes into account changes in working capital and investment requirement. Expected future cash flow according to these assessments form the basis for the calculation. The present value calculation of future cash flows is based on a cost of capital of 9.4 percent (-) after tax. The reasonable cost of capital has also been reconciled against an external assessment. The calculations show that there is no impairment need for the acquired units given these conditions. A sensitivity analysis indicates that if the long-term growth rate is halved, or alternatively the cost of capital is increased by 1 percent to 10.4 percent after tax, there would still be no impairment need.

Goodwill

SEK m	Group	
	2021	2020
Opening cost	0.0	0.0
Acquisitions	440.6	0.0
Impairment	0.0	0.0
Closing amortized cost	440.6	0.0

Other intangible non-current assets

SEK m	Group	
	2021	2020
Opening cost	0.0	0.0
Acquisitions	55.1	0.0
Impairment	0.0	0.0
Closing amortized cost	55.1	0.0
Opening accumulated amortizations	0.0	0.0
Purchasing	0.0	0.0
Amortizations for the year	-11.0	0.0
Closing accumulated amortization	-11.0	0.0
Closing residual value according to plan	44.1	0.0

SUPPLEMENTARY DISCLOSURES – NOTE 16

NOTE 16: INVESTMENT PROPERTIES

Accounting principles

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 investment properties is mainly based on external valuations performed by valuation institutes and experts accredited by sector organizations Samhällsbyggarna or MRICS, and to some extent on internal valuations based on senior executives' market knowledge and on careful analysis of similar transactions completed on the 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.

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 remodeling 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.

The Group's property portfolio

On 31 December 2021, the Group's property portfolio comprised 90 completed investment properties distributed over a total of 171,077 square meters of residential and 42,875 square meters of commercial space. In addition, the Group had 28 ongoing

construction projects, distributed over 122,112 square meters of residential and 2,487 square meters of commercial space. Furthermore, K-Fastigheter has 34 projects in progress in the project development phase, at various stages of building permit application or project planning, of which 14 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 completed properties are located in Sweden and are held to generate rental income or value growth, or a combination of these.

Investment properties

SEK m	2021	2020
Opening carrying amount	5,792.9	3,949.1
Acquisitions	286.5	1,011.5
Investments	40.2	31.0
Divestments/obsolescence	-52.1	-5.2
Reclassifications	1,162.2	637.3
Exchange rate fluctuations	2.4	-0.7
Unrealized value changes	431.6	169.9
Closing carrying amount	7,663.7	5,792.9

Construction in progress

SEK m	2021	2020
Opening carrying amount	1,060.6	447.7
Investments	1,326.3	824.1
Divestments/obsolescence	0.0	0.0
Acquisitions	6.1	23.0
Reclassification as completed investment properties	-1,163.5	-642.1
Exchange rate fluctuations	3.2	0.0
Unrealized value changes	707.4	407.9
Closing carrying amount	1,940.0	1,060.6

SUPPLEMENTARY DISCLOSURES – NOTE 16, CONT.

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. 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.

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.

As of 31 December 2021, all of the Group's completed investment properties have been valued by the external independent assessor, Newsec Advice 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. With regard to internally valued properties, all 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 Advice AB and from

Investment properties

SEK m	2021	2020
Opening carrying amount	6,853.5	4,396.7
of which, completed investment properties	5,067.2	3,606.9
of which, undeveloped land	707.7	335.1
of which, site leaseholds	18.0	7.0
of which, construction in progress	1,060.6	447.7
+Acquisitions	292.6	1,034.5
+ New construction	1,326.3	824.1
+ Extensions and rebuilds	40.2	31.0
- Divestments	-51.0	-1.0
- Other reclassifications and obsolescence	3.1	-9.7
+/- Unrealized value changes	1,139.1	577.8
of which, completed investment properties	434.5	168.6
of which, undeveloped land	-2.9	1.3
of which, construction in progress	707.4	407.9
Closing carrying amount	9,603.7	6,853.5
of which, completed investment properties	6,923.4	5,067.2
of which, undeveloped land	722.3	707.7
of which, site leaseholds	18.0	18.0
of which, construction in progress	1,940.0	1,060.6

completed transactions. 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 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 Advice AB, in terms of direct return levels and operation and maintenance costs.

The properties are inspected on an ongoing basis. All of the completed 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 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 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 2.0 percent (the Riksbank's inflation target). In 2021, the short term inflation was adjusted up with between 0.5, to 1.0 percent, to total 2.0 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. For 2022, we have assumed a general rental increase of 1.5 percent for residential units and 2.0 percent for premises, alternatively according to agreement (index). Adjustments occur in connection with actual

SUPPLEMENTARY DISCLOSURES – NOTE 16, CONT.

rental increases being set in the first quarter 2022. 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 payments

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 Advice 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 assumed rate of inflation

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 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 completed investment properties, the direct return requirement on valuation units varies from 3.25 percent to 6.75 percent, with a total weighted average of 3.82 percent (4.08) and, for properties under construction valued in advance, from 3.31 percent to 5.50 percent, with a weighted average of 3.77 percent (3.96). 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 year was 5.90 percent (6.07) and, for project properties under construction valued in advance, 5.83 percent (5.97).

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 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.

SUPPLEMENTARY DISCLOSURES – NOTE 16, CONT.

Valuation assumptions, weighted average

SEK m	2021 31 Dec	2020 31 Dec
Calculation period, number of years	10-15	10-15
Annual inflation, %	2.00%	1.00-2.00%
Rent trend housing, % annually	2.00%	1.00-2.00%
Cost of capital, %	5.87%	6.02%
Direct return requirements, residual value		
Housing, %	3.67%	3.92%
Commercial, %	5.06%	5.02%
Long-term vacancy ratio		
Housing, %	0.27%	0.30%
Commercial, %	5.84%	5.36%
Rental value, SEK/m ²	1,602	1,589
Operating and maintenance costs, year 1, SEK/m ²	239	248

Average direct return requirement for calculating residual value

Region, %	Housing		Commercial	
	Completed	New construction	Completed	New construction
South	2.20-4.60%	3.30-4.35%	4.80-6.88%	5.00-6.00%
West	3.25-4.00%	3.25-4.10%	5.59-6.14%	5.50-6.00%
East	3.70%	3.60-3.80%	4.75-5.00%	5.00-5.50%
Denmark	-	4.20-4.25%		

Category	Completed	New construction
Housing	2.20-4.60%	3.25-4.35%
Offices	4.80-6.34%	-
Stores	4.80-6.75%	5.50%
Restaurants	4.80-6.00%	-
Inventories	4.80-6.88%	-
Other	4.75-6.88%	5.00-6.00%

Sensitivity analysis

SEK m	Cash flow	Fair value
Direct return requirement +/- 0.1%	-	179.0
Rental value +/- 1%	3.0	78.2
Operating and maintenance costs +/- 1%	0.5	13.1
Long-term vacancy ratio +/- 1%	3.0	78.2

Value change in completed investment properties and building rights

SEK m	-10%	10%
Property value, SEK m	-764.6	764.6
Debt-to-equity ratio, %	55%	49%

Other

The completed investment properties and investment properties under construction are generally posted as collateral for loans and construction credits for financing those

During 2021, interest expenses on construction credits of SEK 27.5 million (21.2) was capitalized on investment properties. As of 31 December 2021, the average interest rate on capitalized interest expenses was 1.90 percent (1.99).

As of 31 December 2021, the Group had investment commitments for the completion of construction projects in progress of SEK 1,957.2 million (1,593.2).

There is no restriction to the right to sell any investment properties or to appropriate rental income and compensation in connection with divestment.

K-Fast Holding AB has no contractual obligations to purchase, construct or exploit an investment property or to perform repairs, maintenance or improvements.

SUPPLEMENTARY DISCLOSURES – NOTE 17

NOTE 17: BUSINESS PROPERTIES

Accounting principles

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.

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.

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.

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.

Depreciation principles

Assets are depreciated on a straight line basis over the asset's estimated useful life, with the exception of land which is not depreciated. Buildings are depreciated over 15 - 100 years depending on the components in the building and its age. For depreciation of individual components, please refer to Note 16 Investment properties. Ground installations are depreciated over 20 years.

Depreciation of components – properties, years

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

SEK m	2021	2020
Opening amortized cost	34.2	22.8
Purchasing	437.0	7.1
Reclassifications	0.0	4.4
Closing amortized cost	471.3	34.2
Opening accumulated amortizations	-3.3	-2.9
Purchasing	-0.2	0.0
Amortizations for the year	-19.3	-0.5
Reclassifications	0.0	0.0
Closing accumulated amortization	-22.9	-3.3
Closing residual value according to plan	448.4	30.9

SUPPLEMENTARY DISCLOSURES – NOTE 18

NOTE 18: MACHINERY AND EQUIPMENT

Accounting principles

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.

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.

Depreciation principles

Assets are depreciated on a straight line basis over the estimated useful life of the asset as follows:

- Construction equipment: 10 years
- Equipment, tools, fixtures and fittings: 3- 20 yea
- Machinery and other technical plant: 3- 20 years
- Cars and other vehicles: 5- 10 years

Machinery and equipment

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Opening cost	28.4	21.0	0.6	0.6
Purchasing	64.7	7.6	0.1	0.0
Sales and obsolescence	-3.7	-0.2	0.0	0.0
Through acquisitions of subsidiaries	173.1	0.0	0.0	0.0
Closing amortized cost	262.6	28.4	0.7	0.6
Opening depreciation	-10.0	-7.1	-0.3	-0.1
Sales and scrappings	0.2	0.1	0.0	0.0
Through acquisitions of subsidiaries	-39.7	0.0	0.0	0.0
Amortizations for the year	-23.6	-3.0	-0.2	-0.2
Closing accumulated amortization	-72.8	-10.0	-0.5	-0.3
Closing residual value according to plan	189.8	18.5	0.2	0.3

Leased assets

See also Note 4 Leases. The item machinery and equipment includes leased items that the Group holds under leases at the following amounts:

SEK m	Group	
	2021	2020
Cost	17.6	5.7
Accumulated depreciation/amortization	-4.8	-1.5
Carrying amount	12.8	4.2

SUPPLEMENTARY DISCLOSURES – NOTE 19

NOTE 19: HOLDINGS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Accounting principles

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. When applying the equity method, investments are initially valued at cost. The recognized value is subsequently increased or decreased to consider 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

Holdings in associated and jointly controlled companies

Group	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	36.4
Fosie mark Skåne AB	559196-0173	Malmö	31	31	310	0.0	3.1
Homestate AB	559179-2253	Jönköping	33	33	166	0.0	0.5
Homesystem Sverige AB	559336-6106	Stockholm	30	30	150	0.7	0.5
Ramsdalen 3:1 Fastighets AB	559306-2531	Hässleholm	33	33	50	0.1	0.1
Käglinge Holding AB	559030-5305	Malmö	50	50	250	0.0	0.5
Tygelsjö Ångar Holding AB	559085-3445	Malmö	49	49	245	0.0	0.3
Mjögäcks Entreprenad AB	556135-1254	Svenljunga	25	25	112,750	187.6	186.6
Körplanen 1 Fastighets AB	559333-4617	Hässleholm	25	25	125	0.7	0.6
Paco Padel Court AB	559294-2774	Hässleholm	25	25	6,250	0.0	0.0
PVS Mark & VA Holding AB	559259-4914	Hässleholm	50	50	250	0.0	5.8
						189.2	234.4

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 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).

Parent Company

Participations in subsidiaries and jointly controlled associated companies are reported in the Parent Company in accordance with the cost method less potential impairment.

Acquisitions

In 2021, K-Fastigheter acquired several holdings in different companies, where the stake in Mjögäcks Entreprenad AB was the most significant. The purchase consideration for K-Fastigheter's share (25%) in Mjögäcks Entreprenad AB amounted to SEK 187.5 million.

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Opening carrying amount	37.3	38.3	0.1	0.1
Acquisitions	171.5	0.0	189.1	0.0
Shareholder contribution	2.3	0.0	0.0	0.0
Participation in associated companies' profit after tax	10.9	2.7	0.0	0.0
Negative difference from favorable purchase price	12.5	0.0	0.0	0.0
Dividend received	0.0	-3.7	0.0	0.0
Closing carrying amount	234.4	37.3	189.2	0.1

SUPPLEMENTARY DISCLOSURES – NOTES 20–21

NOTE 20: OTHER NON-CURRENT RECEIVABLES AND SECURITIES HOLDINGS

Accounting principles

Long-term receivables are recognized according to the principles described in Note 22 Financial risks and finance policies for financial assets valued at amortized cost

Non-current receivables

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Other non-current receivables	8.0	7.7	0.0	0.0
Other non-current securities holdings	1.1	0.1	1.0	0.0
Closing carrying amount	9.1	7.8	1.0	0.0

NOTE 21: DEFERRED TAX

Accounting principles

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 loss carry-forwards in the Group have been capitalized as deferred tax receivables. There is no time limitation for utilizing the Group's loss carry-forwards. The Group has chosen not to capitalize non-utilized interest rate deductions as tax receivables, as the current assessment is that these will not be able to be utilized in future.

Parent Company

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.

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Recognized in the Balance Sheet				
Deferred tax assets attributable to:				
Tax-loss carry forwards	21.7	20.7	0.0	10.2
Properties	0.2	0.1	0.0	0.0
Derivatives	-7.3	5.6	0.0	5.6
Other items	2.5	0.7	0.0	0.0
Total	17.1	27.0	0.0	15.8

Deferred tax liability attributable to:				
Properties, completed	349.2	306.0	0.0	0.0
Properties, under construction	291.9	144.6	0.0	0.0
Surplus value from business combinations	143.0	0.0	0.0	0.0
Derivatives	0.0	0.0	7.5	0.0
Untaxed reserves	12.2	0.7	0.0	0.0
Total	796.4	451.2	7.5	0.0

SUPPLEMENTARY DISCLOSURES – NOTE 22

NOTE 22: FINANCIAL RISKS AND FINANCE POLICIES

Accounting principles

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, derivative instruments, prepaid costs and accrued income and other short-term and long-term receivables. The liabilities side includes accounts payable, current and non-current interest-bearing liabilities, customer advances, invoiced but not accrued income, accrued expenses and prepaid revenue, derivative instruments, liabilities to associated companies and other current and non-current 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. 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.

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 and cash and cash equivalents and are all assigned to the amortized cost category.

Cash and cash equivalents

Cash and cash equivalents in the Group and Parent Company Balance Sheet and Cash Flow Statement refer in their entirety to cash and bank balances immediately accessible with banks and similar institutes, and short-term liquid investments with a term of less than three months from the acquisition date.

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

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

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.

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.

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 loss provisions are 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

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 derecognizes 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).

- 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. 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.

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

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 risks, while achieving the Group's financial targets

The Finance Policy is revised and adopted annually. Any departures from the Finance Policy's guidelines shall be approved by the Board.

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.

Financial mitigation goals

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 mitigation goals:

- Debt-to-equity ratio may amount to at most 70 percent relative to 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 mitigation 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 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 m	2021	2020	Financial targets	Financial covenant
A Interest-bearing liabilities at the end of the year in accordance with the Balance Sheet, SEK million	5,943.9	3,848.4		
B Total equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK m	11,482.7	7,659.6		
A/B Debt-to-equity ratio at the end of the year, %	51.8%	50.2%	<70%	
A Equity at the end of the year in accordance with the Balance Sheet, SEK m	4,233.7	3,209.8		
B Equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK m	11,482.7	7,659.6		
A/B Equity/assets ratio at the end of the year, %	36.9%	41.9%	>25%	>25%
A Profit before changes in value for the year in accordance with the Income Statement, SEK million	126.6	57.9		
B Depreciation/amortization and impairment during the year in accordance with the Income Statement, SEK million	-58.2	-8.5		
C Net interest income for the year in accordance with the Income Statement, SEK million	-75.6	-47.7	> multiple of 1.75	> multiple of 1.50
(A-B-C)/-C Interest coverage ratio during the year, multiple	3.4	2.4		

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 dialog is conducted primarily with the banks' interest analysts to monitor the interest market.

As of 31 December 2021, the average period of fixed interest was 4.4 years (3.8) and the interest rate sensitivity in the event of a 1 percentage point shift in the loan rates amounted to SEK 14.0 million (12.4). As a percentage of the total debt portfolio, variable interest accounted for 29 percent (39). At the end of the year, the average interest rate was 1.85 percent (1.77) including interest rate derivatives and 1.40 percent (1.41) excluding interest rate derivatives.

Credit and interest maturity structure as of 31 December 2021 (excluding construction credits-, overdraft facilities and custody account credits)

Term	Interest maturity		Credit maturity		Swap maturity			
	Amount, SEK million	Average interest, %	Credit agreements, SEK million	Utilized, SEK million	Interest-rate derivatives	Amount, SEK million	Interest, %	Value, SEK million
0–1 years	1,650.3	1.40%	790.2	790.2	100.0	0.0	0.50%	-0.4
1–2 years	100.0	2.14%	658.7	658.7	100.0	0.0	0.69%	-0.8
2–3 years	300.0	1.78%	1,390.8	1,390.8	300.0	0.0	0.33%	0.6
3–4 years	200.0	2.09%	0.0	0.0	200.0	0.0	0.64%	-0.6
4–5 years	200.0	1.62%	1,904.1	1,904.1	200.0	0.0	0.17%	4.6
> 5 years	2,300.0	2.10%	6.4	6.4	2,300.0	100.0	0.65%	33.1
Total	4,750.3	1.85%	4,750.3	4,750.3	3,200.0	100.0		36.4

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' borrowing expenses.

The (re)financing risk is managed through diversification of the total debt portfolio with financially stable counterparties and with varying terms. Target levels are set for the minimum number of banks, maximum size and minimum rating per bank, maximum percentage with a maturity of less than 12 months and average capital tied. At the end of the year, the average capital tied up was 2.8 years (2.6) and 17 percent (25) of the loans matured within 12 months.

At the end of 2021, the Group had loan agreements to credit institutions totaling SEK 7,282.4 million (4,820.6), of which SEK 882.5 million (90.0) constituted overdraft facilities and covered loans and SEK 2,132.1 million (1,585.5) constituted construction credits. Remaining credit agreements, SEK 4,017.8 million (3,145.1), consist 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 790.2 million (781.1) expired during 2022, credits K-Fastigheter believes it will be possible to renegotiate or extend due to the Group's good relationship with its partner banks. The debt-to-equity ratio for the Group amounted to 51.8 percent (50.2).

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 2021.

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 m	Maturity credits	Interest credits	Interest-rate derivatives	Total
2021	790.2	61.6	21.5	873.3
2022	658.7	54.0	20.9	733.6
2023	1,390.8	37.8	19.9	1,448.5
2024	0.0	26.4	18.6	45.0
2025	1,904.1	2.9	17.5	1,924.6
> 2026	6.4	2.7	47.1	56.3
Total	4,750.3	185.4	145.6	5,081.3

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Liquidity risk

Liquidity risk refers to the risk of not being able to fulfill 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 and cash equivalents amounted to SEK 94.0 million (507.6). In addition, there is an unutilized overdraft facility of SEK 343.4 million (90.0).

Credit risk

Credit risk refers to the risk that a counterparty or issuer is unable to fulfill 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 there is a fixed repayment plan.

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Matures within 1 year	495.0	114.5	13.6	12.5
Matures after 1 year	4.8	8.5	825.7	578.1
Total	499.7	123.0	839.3	590.7

Other

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.



SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Breakdown of financial assets and liabilities as of 31 December 2021

Group SEK million	Financial assets/ liabilities measured at fair value in the Income Statement	Financial assets/ liabilities valued at amortized cost	Total carrying amount	Fair value
Other non-current receivables	0.0	8.0	8.0	8.0
Derivative instruments	37.0	0.0	37.0	37.0
Accounts receivable	0.0	105.3	105.3	105.3
Receivables from associated companies and jointly controlled companies	0.0	3.1	3.1	3.1
Other current receivables	0.0	175.5	175.5	175.5
Prepaid costs and accrued income	0.0	29.0	29.0	29.0
Cash and cash equivalents	0.0	94.0	94.0	94.0
Total assets	37.0	414.9	451.9	451.9
Long-term interest-bearing liabilities	0.0	4,996.4	4,996.4	4,996.4
Other non-current liabilities	0.0	4.8	4.8	4.8
Current interest-bearing liabilities	0.0	947.5	947.5	947.5
Advances from customers	0.0	1.9	1.9	1.9
Accounts payable	0.0	177.2	177.2	177.2
Other current liabilities	0.0	68.6	68.6	68.6
Invoiced, not accrued income	0.0	69.1	69.1	69.1
Accrued costs and prepaid income	0.0	178.2	178.2	178.2
Total liabilities	0.0	6,443.6	6,443.6	6,443.6

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 valued at amortized cost	Total carrying amount	Fair value
Other non-current receivables	0.0	7.7	7.7	7.7
Accounts receivable	0.0	1.8	1.8	1.8
Receivables from associated companies and jointly controlled 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 assets	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

SUPPLEMENTARY DISCLOSURES – NOTE 22, CONT.

Breakdown of financial assets and liabilities as of 31 December 2021

Parent Company 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
Receivables from Group companies	0.0	2,058.1	2,058.1	2,058.1
Receivables from associated companies	0.0	5.4	5.4	5.4
Derivative instruments	36.4	0.0	36.4	36.4
Current tax receivables	0.0	0.7	0.7	0.7
Other current receivables	0.0	58.7	58.7	58.7
Prepaid costs and accrued income	0.0	2.0	2.0	2.0
Cash and cash equivalents	0.0	69.0	69.0	69.0
Total assets	36.4	2,193.8	2,230.2	2,230.2
Long-term interest-bearing liabilities	0.0	931.7	931.7	931.7
Other non-current liabilities	0.0	2.4	2.4	2.4
Current interest-bearing liabilities	0.0	17.9	17.9	17.9
Accounts payable	0.0	1.4	1.4	1.4
Liabilities to Group companies	0.0	823.3	823.3	823.3
Other current liabilities	0.0	7.2	7.2	7.2
Accrued costs and prepaid income	0.0	5.0	5.0	5.0
Total liabilities	0.0	1,788.9	1,788.9	1,788.9

Breakdown of financial assets and liabilities as of 31 December 2020

Parent Company 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
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 assets	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	1,485.2	1,485.2

SUPPLEMENTARY DISCLOSURES – NOTES 23–25

NOTE 23: INVENTORIES

Accounting principles

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. As of 31 December 2021, the entire inventories were valued at cost.

NOTE 24: ACCOUNTS RECEIVABLE

Accounting principles

Customer receivables are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets valued at amortized cost. 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 25 Impairment expected credit losses.

The 2021 profit for the Group was charged with SEK 2.3 million (1.9) in confirmed customer losses. The receivables are current in nature, which means that recognized amounts correspond to fair value.

SEK m	Group	
	2021	2020
Within 90 days	100.8	1.1
91-120 days	0.7	0.4
121 days -	9.4	1.1
Doubtful accounts receivable <90 days	-4.3	-0.8
Doubtful accounts receivable >90 days	-1.2	0.0
Accounts receivable, net	105.3	1.8

NOTE 25: IMPAIRMENT, EXPECTED CREDIT LOSSES

Accounting principles

Impairment of asset takes place according to the principles described in Note 22 Financial risks and finance policies

Financial instruments covered by the simplified method

The simplified method is used for accounts receivable and rental claims. Customer claims and rental claims due 0-90 days are classified as stage 2, while accounts receivable and rent receivables 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 six years (2016-2021). 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 4.3 million (0.8) as of 31 December 2021.

For the accounts receivable in stage 3 (overdue over 90 days) individual tests have been made for each claim. This has resulted in total reserves of SEK 1.2 million (0.0) as of 31 December 2021.

Financial instruments covered by the general 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 1.1 million (2.5).

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 25–27

Analysis of changes in financial instruments covered by the simplified method

SEK m	Stage 1 (0-30 days)	Stage 2 (0- 90 days)	Stage 3 (>90 days)
Opening balance (OB) Customer and rent receivables		1.1	1.5
Change		0.0	8.6
Closing Balance (CB) Customer and rent receivables		100.8	10.1
OB Receivables from other companies, associated companies and jointly controlled companies	170.0		
Change	-51.2		
CB Receivables from other companies, associated companies and jointly controlled companies	118.7		
OB Provision for expected credit losses	-2.5	-0.8	0.0
Change in Provision for expected credit losses	1.3	-3.5	-1.2
CB Provision for expected credit losses	-1.1	-4.3	-1.2
Recognized net value	117.6	96.5	8.9

NOTE 26: OTHER RECEIVABLES

Accounting principles

Other receivables are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets valued at amortized cost

Receivables from associated and jointly controlled companies

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Receivables from associated and jointly controlled companies	3.1	10.5	5.4	10.7
Total	3.1	10.5	5.4	10.7

Other receivables

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Accrued, not invoiced income	29.0	0.0	0.0	0.0
Other receivables	146.5	159.3	59.4	116.4
Total	175.5	159.3	59.4	116.4

NOTE 27: PREPAID COSTS AND ACCRUED INCOME

Accounting principles

Prepaid costs and accrued income are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets valued at amortized cost

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Prepaid leases	0.0	0.2	0.0	0.0
Other prepaid costs and accrued income	29.0	5.0	2.0	0.9
Total	29.0	5.2	2.0	0.9

SUPPLEMENTARY DISCLOSURES – NOTES 28–29

NOTE 28: CASH AND CASH EQUIVALENTS AND GROUP BANK ACCOUNT

Accounting principles

Cash and cash equivalents are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets valued at amortized cost

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.

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 m	Group	
	2021	2020
Utilized credit, K-Fast Holding AB	957.4	-500.6
Available credit, K-Fast Holding AB	-888.7	582.3
Total Group bank balances relating to the Group account	68.6	81.7
Available amount, K-Fast Holding AB	300.0	90.0
Total Group bank balances relating to the Group account, including unutilized credit	368.6	171.7

NOTE 29: SHAREHOLDERS' EQUITY

The share capital of the Parent Company, K-Fast Holding AB, amounts to SEK 57.4 million (57.4) and is distributed between 215,331,168 shares (33,888,528). On 7 June 2021, K-Fastigheter completed a 6:1 share split.

The shares have a quotient value of SEK 0.27 per share (1.6). The shares are divided between 22,500,000 Class A shares that each convey five votes and 192,831,168 Class B shares that each convey one vote. The total number of votes on 31 December 2021 was: 305,331,168. 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.

The specification of changes in equity are included in the Consolidated Statement of Changes in Equity.

No dividend was paid in 2021 or 2020.

Development of share capital

Date	Event	Change in number of shares	Total 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	500	100.0		0.1
19 August 2019	Bonus issue and share split	24,999,500	25,000,000	25,000,000	1.6	39.9	40.0
19 August 2019	Directed new share issue	260,587	25,260,587	25,260,587	1.6	0.4	40.4
16 September 2019	Directed new share issue	2,941	25,263,528	25,263,528	1.6	0.0	40.4
29 November 2019	New share issue	8,625,000	33,888,528	33,888,528	1.6	13.8	54.2
26 August 2020	New share issue	2,000,000	35,888,528	35,888,528	1.6	3.2	57.4
7 June 2021	Share split 6:1	179,442,640	215,331,168	215,331,168	0.27	0.0	57.4
31 December 2021			215,331,168	215,331,168	0.27		57.4

	Quotient value, SEK		No. of shares	
	2021 31 Dec	2020 31 Dec	2021 31 Dec	2020 31 Dec
Shares	0.27	1.6	215,331,168	33,888,528

	Outstanding number of shares at the end of the year*		Average number of shares outstanding*	
	2021 31 Dec	2020 31 Dec	2021 31 Dec	2020 31 Dec
Shares	215,331,168	215,331,168	215,331,168	207,495,102

*Adjusted for share split as per 7 June 2021.

SUPPLEMENTARY DISCLOSURES – NOTES 30–31

NOTE 30: DERIVATIVE INSTRUMENTS

Accounting principles

Derivatives are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial liabilities valued at fair value. To manage the interest rate risk 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. Reclassification in the Parent Company for 2021 relates to intra-Group transfers of exchange rate derivatives from K-Fast Holding AB to K-Fast Bygg Syd AB.

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Opening amount	-27.2	-12.8	-27.0	-12.8
Reclassification	0.0	0.0	-2.5	0.0
Realized value change, derivatives	-1.9	0.0	-0.8	0.0
Unrealized value change, derivatives	66.0	-14.4	66.8	-14.4
Closing amount	37.0	-27.2	36.4	-27.0
Interest-rate derivatives	36.4	-30.5	36.4	-30.3
Currency derivatives	0.5	3.3	0.0	3.3
Total derivatives	37.0	-27.2	36.4	-27.0
Distribution derivatives portfolio				
Less than 1 year	100.0	7.0	100.0	0.0
1- 2 years	100.0	100.0	100.0	100.0
2- 3 years	300.0	100.0	300.0	100.0
3- 4 years	200.0	300.0	200.0	300.0
4- 5 years	200.0	200.0	200.0	200.0
More than 5 year	2,300.0	1,200.0	2,300.0	1,200.0
Total interest-rate derivatives	3,200.0	1,907.0	3,200.0	1,900.0

NOTE 31: OTHER PROVISIONS AND NON-CURRENT AND CURRENT LIABILITIES

Accounting principles

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.

Other non-current and current liabilities

Other non-current and current liabilities are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial liabilities valued at amortized cost. Non-current liabilities have an expected maturity longer than one year, while current liabilities have a maturity shorter than one year.

Other provisions and non-current liabilities

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Other provisions	8.9	0.0	-0.1	0.0
Other non-current liabilities	4.8	8.6	2.5	6.4
Total	13.7	8.5	2.4	6.4

Other current liabilities

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Advances from customers	1.9	1.7	0.0	0.0
Income invoiced but not vested	69.1	0.0	0.0	0.0
Other current liabilities	68.6	23.9	7.2	6.9
Total	139.6	25.6	7.2	6.9

SUPPLEMENTARY DISCLOSURES – NOTES 32–34

NOTE 32: ACCRUED COSTS AND PREPAID INCOME

Accounting principles

Accrued costs and prepaid income are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial liabilities valued at amortized cost

Accrued costs and prepaid income

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Accrued personnel-related expenses	8.8	7.3	3.2	2.2
Accrued interest	2.1	0.7	0.3	0.0
Prepaid rental income	25.4	18.8	0.0	0.0
Other items	141.9	11.5	1.5	2.0
Total	178.2	38.2	5.0	4.2

NOTE 33: APPROPRIATIONS

SEK m	2021	2020
Change in accelerated depreciation	0.1	0.0
Group contributions received	130.3	57.6
Group contributions paid	-42.5	-14.2
Total	87.9	43.4

NOTE 34: PARTICIPATIONS IN GROUP COMPANIES

Accounting principles

Shares in subsidiaries are recognized in the Parent Company according to the acquisition value method less accumulated depreciation increased or decreased by the change in capital. A subsidiary's carrying amount is tested for impairment at least annually, or more often if there is an indication that the recognized amount may not be recoverable. Depreciation and reversals of earlier depreciation is recognized in the Income Statement.

SEK m	2021	2020
Opening cost	883.2	626.4
- Acquired shares	120.3	257.4
- Divested shares	0.0	-0.6
- Reclassifications	5.5	0.0
Closing amortized cost	1,009.0	883.2

SUPPLEMENTARY DISCLOSURES – NOTE 34, CONT.

Company	Corp. ID No.	Reg. office	Proportion of equity, %	Share of votes, %	Acquisition value, SEK m
Property Hammar 9:197 AB	559242-0839	Kristianstad	100	100	1.3
Karlsson Fastigheter i Hässleholm AB	556827-7569	Hässleholm	100	100	1.0
K-Fast 21:an AB	559282-9898	Hässleholm	100	100	19.0
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 Danmark Holding A/S	41221194	Copenhagen (DK)	100	100	6.1
K-Fast Elinegård AB	559094-9144	Hässleholm	100	100	18.8
K-Fast Kilén AB	559314-5740	Hässleholm	100	100	0.0
K-Fast Flora AB	556750-0979	Hässleholm	100	100	14.5
K-Fast Fogdaröd AB	559347-7481	Hässleholm	100	100	0.0
K-Fast Fredriksdal AB	559076-5888	Hässleholm	100	100	17.7
K-Fast Fredriksskans AB	559219-4897	Hässleholm	100	100	4.7
K-Fast Getramsen AB	559317-1191	Hässleholm	100	100	3.4
K-Fast Getängen AB	556261-4544	Hässleholm	100	100	15.0
K-Fast Gävle Sättra AB	559103-8160	Hässleholm	100	100	0.1
K-Fast Göteborg 2 AB	559203-6262	Hässleholm	100	100	64.5
K-Fast Göteborg AB	559114-1568	Hässleholm	100	100	23.3
K-Fast Helsingborg AB	556915-0393	Hässleholm	100	100	14.7
K-Fast Hässjan AB	559023-2913	Hässleholm	100	100	7.1
K-Fast Högaffeln AB	559023-2921	Hässleholm	100	100	6.6
K-Fast Jupiter AB	559314-5773	Hässleholm	100	100	0.2
K-Fast Kilén AB	559305-2136	Hässleholm	51	51	0.0
K-Fast Kirseberg AB	559283-1399	Hässleholm	100	100	22.1
K-Fast Kullavägen AB	556995-9587	Hässleholm	100	100	3.5
K-Fast Kävlings 1 AB	559178-4490	Hässleholm	100	100	1.6
K-Fast Kävlings 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 Limkokaren AB	556959-7643	Hässleholm	100	100	22.0
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 Motorn AB	559291-3023	Hässleholm	100	100	9.0

Company	Corp. ID No.	Reg. office	Proportion of equity, %	Share of votes, %	Acquisition value, SEK m
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
K-Fast Rusthållaren 3-4 AB	556801-0010	Hässleholm	100	100	14.8
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	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	7.7
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	Malmö	100	100	8.9
K-Fast Trollet AB	559258-4642	Hässleholm	100	100	9.6
K-Fast Viken 2 AB	556806-0791	Hässleholm	100	100	53.2
K-Fast Viken AB	556995-8779	Hässleholm	100	100	12.4
K-Fast Viktoria 22 AB	559311-8515	Hässleholm	100	100	14.5
K-Fast Vildrosen AB	559136-9961	Hässleholm	100	100	24.5
K-Fast Vänersborg AB	559314-0121	Hässleholm	100	100	0.2
K-Fast Värdepapper AB	559096-4671	Hässleholm	100	100	0.1
K-Fast Yxan AB	559276-4483	Hässleholm	100	100	26.1
K-Fast Älmhult AB	556977-8664	Hässleholm	100	100	14.9
K-Fast Örnen 33 AB	559096-7195	Hässleholm	100	100	29.8
K-Fast Örnen 34 AB	559096-7245	Hässleholm	100	100	49.8
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
					1,009.0

SUPPLEMENTARY DISCLOSURES – NOTES 35–36

NOTE 35: RECEIVABLES AND LIABILITIES, GROUP COMPANIES

Accounting principles

Receivables and liabilities to Group companies are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets/liabilities measured at amortized cost.

As of 31 December 2021, the Parent Company had an outgoing receivable from a subsidiary of SEK 2,058.1 million (1,516.5), of which SEK 1,208.5 million (649.0) pertains to current receivables. In December 2021, the Parent Company loaned SEK 849.6 million (867.5) 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 2021, amounted to SEK 823.3 million (571.7), of which SEK 823.3 million (571.7) pertains to current liabilities. Parent Company liabilities to Group companies relate to Group company balances to the Parent Company in the Group account.

NOTE 36: PLEDGED ASSETS AND CONTINGENT LIABILITIES

Accounting principles

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.

Parent Company - 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.

Pledged assets

SEK m	Group		Parent Company	
	2021	2020	2021	2020
For own provisions and liabilities				
<i>Pertaining to liabilities to credit institutions</i>				
Mortgages	5,482.3	4,621.1	0.0	0.0
Chattel mortgages	100.0	0.0	0.0	0.0
For the benefit of Group companies				
Other pledged assets	978.2	568.6	935.7	179.1
Total pledged assets	6,560.4	5,189.7	935.7	179.1

Contingent liabilities

SEK m	Group		Parent Company	
	2021	2020	2021	2020
Guarantee for the benefit of Group companies	0.0	0.0	4,569.1	2,910.8
Other contingent liabilities	549.2	56.5	541.7	5.7
Total contingent liabilities	549.2	56.5	5,200.8	2,916.5

SUPPLEMENTARY DISCLOSURES – NOTE 37

NOTE 37: CASH FLOW STATEMENT

Accounting principles

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.

Cash and cash equivalents

The Group's cash and cash equivalents comprise cash and bank balances. Cash and cash equivalents are recognized according to the principles described in Note 22 Financial risks and finance policies relating to financial assets valued at amortized cost

Cash and cash equivalents

SEK m	Group		Parent Company	
	2021	2020	2021	2020
The following components are included in cash and cash equivalents:				
Cash and bank balances	94.0	507.6	69.0	482.0
Total according to the Balance Sheet	94.0	507.6	69.0	482.0
Total according to the Cash Flow Statement	94.0	507.6	69.0	482.0
Interest received and paid				
Interest received	0.8	0.3	27.5	23.8
Interest paid	-75.6	-48.0	-27.2	-24.2
Total	-74.8	-47.7	0.3	-0.4
Adjustment for items not affecting cash flow				
Amortization and depreciation	53.3	4.0	0.2	0.2
Change in provisions	-7.0	-2.6	0.0	0.0
Other	-0.5	0.2	5.3	0.0
Total	45.7	1.6	5.5	0.2
Change in financial liabilities				
Opening balance, financial liabilities	3,884.1	2,672.6	901.0	910.7
Borrowings	1,909.6	1,233.3	100.0	0.0
Amortization	-133.2	-48.7	-21.9	-24.3
Change derivatives	-66.0	14.4	-66.8	14.5
Acquisition/divestment of operations	313.9	-0.5	0.0	0.0
Change financial leasing	1.0	13.0	0.0	0.0
Currency effects	2.4	0.0	3.2	0.0
Closing balance, financial liabilities	5,911.7	3,884.1	915.6	901.0

SUPPLEMENTARY DISCLOSURES – NOTE 38

NOTE 38: 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 m	2021	2020
Chairman of the Board Erik Selin	0.0	0.0
Board Member Ulf Johansson	0.2	0.2
Board Member Christian Karlsson	0.2	0.2
Board Member Sara Mindus	0.2	0.2
Board Member Jesper Mårtensson	0.2	0.2
CEO	1.4	1.4
Deputy CEO	1.5	1.4
Other senior executives*	10.4	4.0
Total	14.1	7.6

* (2021: 11 people; 2020: 6 people)

SUPPLEMENTARY DISCLOSURES – NOTE 38, CONT.

Ongoing agreements, 2021

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 2021: SEK 3.6 million (3.5).

Agreement between Jacob Karlsson AB and K-Fast Bygg Holding AB relating to administrative services. Total sales in 2021: SEK 0.4 million (0.2).

Construction agreement signed between PVS Mark & VA Holding AB and K-Fast Bygg Syd AB relating to ground works in connection with several started construction projects. Total sales in 2021: SEK 26.9 million (0.0).

Transactions 2021

During the year, K-Fast Holding AB acquired all the shares in Swedish Logistic Property Förvärv 2 AB (name changed to K-Fast Kirseberg AB) from SLP Förvaltning 5 AB, in which Erik Selin and Jacob Karlsson held an indirect ownership stake. The purchase consideration amounted to SEK 38.5 million.

During 2021, there were no transactions with closely related parties in addition to the above ongoing agreements.

Summary of close party transactions in addition to remuneration to key senior executives

Group, SEK million	2021		31 December 2021		
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	3.2	0.0	10.3
Jointly controlled company	0.0	26.9	0.0	0.5	0.0
Other related parties	0.4	3.7	0.2	0.0	0.0
Total	0.4	30.7	3.4	0.5	10.3

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

Parent Company, SEK million	2021		31 December 2021		
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	5.4	0.0	10.3
Jointly controlled company	0.0	0.0	0.0	0.0	0.0
Other related parties	0.0	3.7	0.0	0.0	0.0
Total	0.0	3.7	5.4	0.0	10.3

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

SUPPLEMENTARY DISCLOSURES – NOTES 39–41

NOTE 39: 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.

Business combinations completed in 2021 and after the end of the year are reported below. Otherwise, please refer to the Annual Report Note 1 Accounting principles.

Acquisitions in 2021

Finja Prefab AB and Finja Prefabfastigheter Sverige AB, now K-Prefab AB and K-Prefab Fastigheter AB, were acquired and classified as a business combination in 2021. This means that acquired assets, liabilities and contingent liabilities are valued at fair value as of the acquisition date.

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 K-Prefab. Goodwill is not expected to be tax deductible.

Acquired net assets at the acquisition date:	
Business properties	370.0
Other assets	340.2
Cash and cash equivalents	0.8
Deferred tax	-67.7
Interest-bearing liabilities	-5.7
Other liabilities	-224.8
Identified net assets	412.9
Intangible non-current assets	55.1
Goodwill	440.6
Total purchase price	908.5

Purchase price comprises:	
Cash	433.5
Acquisition loan	225.0
Vendor loan	250.0
Total purchase price	908.5

Effect of acquisition on Group cash flow:	
Cash element of purchase price	658.5
Cash (acquired)	-0.8
Transaction costs	-0.4
Net cash flow	657.3

NOTE 40: 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 41: 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. Ahead of the 2021 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
Share premium reserve	1,372,919,498
Retained earnings	109,490,323
Profit for the year	93,453,282
Total	1,575,863,103
To be appropriated such that the following is carried forward	1,575,863,103

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 face 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 12 May 2022.

***Hässleholm, Sweden,
31 March 2022***

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 31 March 2022

Ernst & Young AB

Stefan Svensson

Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of
K-Fast Holding AB (publ), corporate identity
number 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 38–52 for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 54–110 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 2021 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 2021 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 38–52. 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 consolidated statement of comprehensive income and consolidated statement of financial position for the group

Property Valuation

Description

The fair value of the Group's investment properties reported in the Statement of Financial Position at 31 December 2021 amount to SEK 9,603.7 million. The valuations are made through a combination of local price analyses and market simulations of future cash flows. The properties were valued externally at year-end. 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 16.

How our audit addressed this key audit matter

In our audit of the fair value of the Group's investment properties we have evaluated and examined the external property valuation process by, among other things, evaluating the valuation method. With the support of our internal property valuation specialists, we have examined a sample of the external property valuations and assessed the reasonableness of assumptions made, such as direct return requirements, vacancy rates, rental income and operating costs. We have made comparisons with available market data. For a selection of investment properties, we have examined inputs on revenue and operating expenses and calculations in the external valuations at the property level. We have evaluated the external valuers' competence and objectivity.

We have reviewed supplementary disclosures made in the Annual Report.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the 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 Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards

Goodwill

Description

At 31 December 2021 the Group's consolidated statements of financial position includes goodwill amounting to SEK 440.6 million. Break-down of goodwill is found in Note 39 in the Annual Report.

The Group has assessed goodwill for impairment at 31 December 2021. As disclosed within Note 15 of the Annual Report, the assessment of the impairment of the Group's goodwill and other intangible assets incorporated significant judgments and estimates, specifically concerning factors such as forecast cashflows, discounts rates and terminal growth rates.

These estimates and assumptions incorporate future performance, market and economic conditions. Minor changes in certain assumptions can lead to significant changes in the recoverable amount of these assets.

Accordingly, we considered this to be a key audit matter due to the judgements required in the impairment testing of goodwill.

How our audit addressed this key audit matter

Our audit procedures included the following:

- Assessed the cash flow forecasts, assumptions and estimates used by the Group, by considering the reliability of the Group's historical cash flow forecasts, our knowledge of the business and corroborating data with external information and other internal data sources where possible;
- Involved our valuation specialists to assess whether the methodology applied was in accordance with International Financial Reporting Standards and to evaluate the key assumptions applied in the impairment models. These included the discount rates, growth rates and terminal value assumptions;
- Tested the mathematical accuracy of the impairment testing models including the consistency of relevant data with latest approved forecasts;
- Performed sensitivity analysis on key assumptions including discount rates, terminal growth rates and forecast cashflows; and
- Assessed the adequacy of the disclosure in the financial report.

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 1–53 and 115–143. The Board of Directors and the Managing Director are responsible for this other information.

Business combinations

Description

The Group acquired K-Prefab AB incl. subsidiaries in 2021 for a total purchase consideration of SEK 908.5 million as disclosed in Note 39 of the Annual Report.

Accounting for this transaction involves a series of complex judgements requiring the Group to:

- determine the fair value of the acquired assets and liabilities; and
- allocate the purchase consideration to goodwill and separately identifiable intangible assets.

This was considered a key audit matter due to the size of the acquisition and the judgment involved in accounting for this transaction.

How our audit addressed this key audit matter

Our audit procedures included amongst others the following:

- We read the underlying contract.
- We assessed the Group's accounting for the transaction including:
- Assessed the determination of fair values of identifiable assets and liabilities acquired;
- Assessed the identification of intangible assets acquired as part of the transaction as performed by management;
- Assessed the allocation of the purchase price to all assets and liabilities including the calculation of the resulting goodwill.

We have considered the financial report disclosures in relation to the business combination in Note 39.

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

Revenue and results recognition in construction projects

Description

Revenue and results recognition in construction projects 2021 revenue in the Group's construction operations amount to approximately SEK 976.1 million. Refer to Note 3 in the Annual Report.

In all material respects revenue is related to construction projects and is recognized over time, i.e., applying percentage-of-completion. This means that recognized revenue and costs in construction projects are based on assumptions and estimates on future outcome as documented in the project forecasts. These forecasts include estimates of costs for, e.g., labour, material, subcontractors and warranty obligations.

Given the elements of assumptions and estimates makes this a key audit matter.

How our audit addressed this key audit matter

We have assessed the revenue process and the process for construction projects. We have also evaluated processes, routines and methodology for project completion. We have performed analytical reviews of revenue and margins reported and evaluated management's routines for follow-up of the projects financial results and also discussed the latter with management.

On a sample basis, we have examined revenue and the recognized project costs on which the determination of completion ratio is based. We have also tested the mathematical accuracy of the percentage-of-completion profit calculation.

We have discussed with K-Fast the principles, methods and assumptions on which estimates are based. For selected projects, we have performed more in-depth procedures including, e.g., reading contract excerpts, review of project forecasts and discussions with project leaders and controllers on judgements, assumptions and estimates.

We have considered the financial report disclosures in relation to Revenue and results recognition in construction projects.

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.

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 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.

Auditor's 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 scepticism 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 identify

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

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

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 2021 and the proposed appropriations of the company's profit or loss

We recommend to the general meeting of shareholders that the profit be appropriated 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.

Auditor's 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 scepticism 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 ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for K-Fast Holding AB (publ) for the financial year 2021

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report #5e2a4cff24eed4ba11d7c1008b1bf50fd06cf386654e715ff256b7ee30020659 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the ESEF report*. Our responsibility under this recommendation is described in more detail in the *Auditors' responsibility* section. We are independent of K-Fast Holding AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 38–52 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's 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, 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 17th of May 2021 and has been the company's auditor since the 4th of January 2017.

Malmö 31st of March, 2022

Ernst & Young AB

Stefan Svensson

Authorized Public Accountant

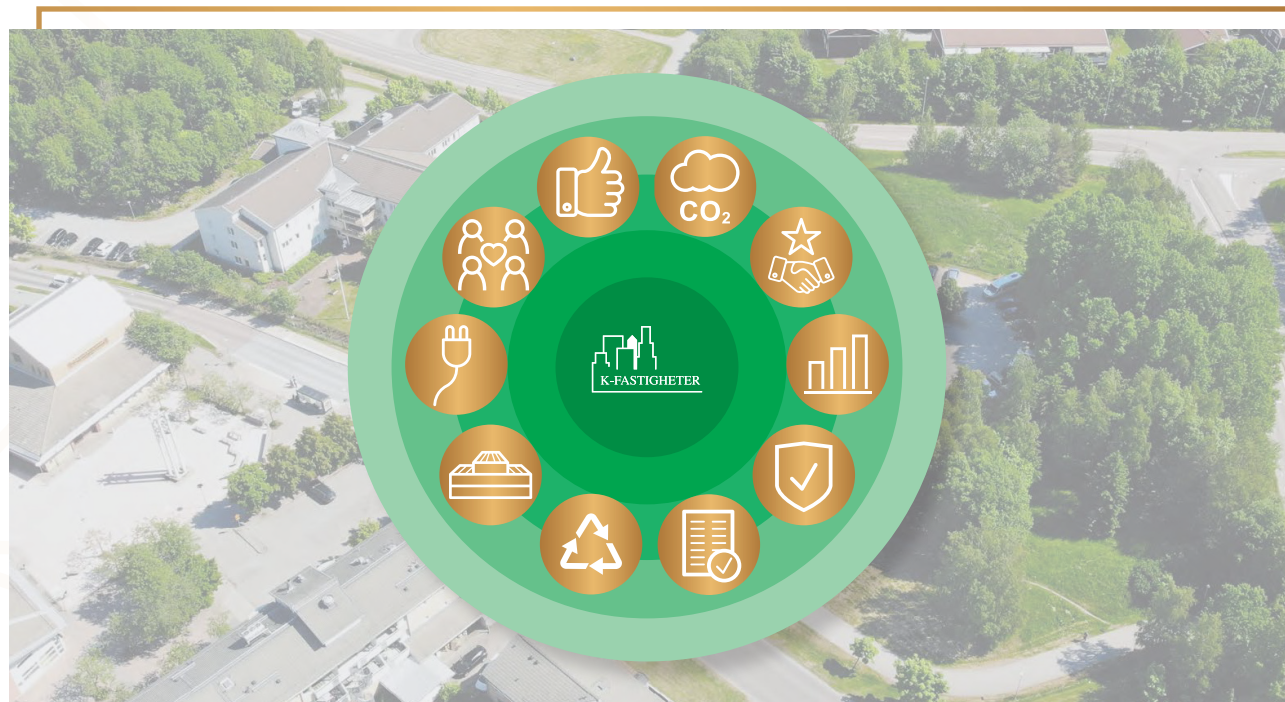
SUSTAINABILITY AND VALUE CREATION

This is K-Fastigheter's Sustainability Report, which should be read alongside the Group's business model on page 12 and the description of the risks the company faces and how these are analyzed and managed on page 128.

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 Sustainability Report has not been subject to third-party review.

K-FASTIGHETER'S INITIAL ASSUMPTIONS

K-Fastigheter's long-term perspective is fundamental to the Group's sustainability work. The overarching goal is to create great homes that many people can enjoy. In K-Fastigheter's buildings, tenants shall be able to create safe and secure homes where they can thrive and develop. K-Fastigheter's buildings and neighborhoods, including local workplaces, traffic solutions and the natural environment, create positive and inclusive residential neighborhoods.



K-Fastigheter's prioritized goals and stakeholders are described on pages 119-122.



K-FASTIGHETER'S SUSTAINABILITY REPORT

Sustainability has been a prioritized area for K-Fastigheter since the company was founded in 2010. Sustainable operations and extensive responsibility are integrated into the company's business model and long-term strategy. The sustainability work is divided into three focus areas related to the Group's stakeholders:



Homes for the many



Sustainable & environmental considerations over a lifecycle



Long-term relationships

K-Fastigheter has signed the UN Global Compact's governance framework for companies relating to human rights, labor law, the environment and anti-corruption. The principles are based on the UN Declaration of Human Rights, ILO's fundamental conventions regarding human rights in the workplace, the Rio Declaration and the UN anti-corruption convention.

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. The Code of Conduct is available as two separate Codes, one for the Group's employees and one for the Group's suppliers and collaboration partners.

EU TAXONOMY DIRECTIVE

K-Fast Holding AB (publ) is covered by the EU Directive on non-financial reporting and is required to disclose the proportion of operations classified as sustainable according to the taxonomy. The purpose of the taxonomy is to identify the proportion of investments that are environmentally sustainable, and the taxonomy is an important tool for reaching the EU's climate goals. Compulsory reporting for 2021 includes disclosing the proportion of Group sales, operating costs and capital expenses classified as eligible or non-eligible in the EU taxonomy.

Economic activity

K-Fastigheter develops, builds and manages rental apartments for proprietary management, and develops, produces and assembles concrete frames for its own and external construction. Operations are focused on southern Sweden and the Västra Götaland, Mälardalen and Copenhagen regions.

A majority of the company's property holding is covered by the framework of the taxonomy and is divided into the following categories:

- 7.1 Construction of new buildings; relates to management properties in construction or properties that will be completed in 2021.
- 7.2 Renovation of existing buildings; relates to management properties undergoing renovation where a significant proportion of the property is affected by the project
- 7.7 Acquisitions and ownership of buildings; relates to a majority of the Group's properties. All management properties generating operating cashflow are included

Development, production and assembly for external sales, i.e. when construction is not capitalized for own account, are not currently

	Total, SEK million	Proportion of economic activity	
		eligible in the taxonomy, %	not eligible in the taxonomy, %
Sales	1,252.7	21%	79%
Operating expenses	974.8	3%	97%
Capital expenditure	2,565.8	65%	35%

covered by the framework of the taxonomy according to the Group's assessment.

Accounting principles

Sales

Sales, SEK 265.9 million (21 percent), includes all income associated with the investment properties included in the economic activity outlined above. Income relates to rental income including customary additions. This income is presented in Note 3 Income, and total sales corresponds to Group comprehensive income. The proportion of sales not included in the taxonomy primarily comprises K-Prefab's income from external sales.

Operating expenses

Operating expenses of SEK 31.0 M (3 percent), includes costs of property maintenance, ongoing repairs and maintenance required to ensure the basic standard and functionality of the properties. The proportion not included in the taxonomy primarily consists of K-Prefab's costs for external sales and property administration, and operating costs for electricity, heating, water and waste in the Group's investment properties.

Capital expenditure

Capital expenditure of SEK 1,659.1 million (65 percent), includes acquisitions and capitalized investment expenses associated with the investment properties included in the economic activity

outlined above. These expenses are indicated in Note 16 Investment properties, and comprise Acquisitions and investments in investment properties and construction in progress. The proportion of non-eligible investments in the taxonomy mainly relates to the acquisition of, and investments in, K-Prefab, the acquisition of the holding in Mjögäcks Entreprenad AB and investments in plant and equipment. Total capital expenditure is indicated under Investment activities in the Group's cashflow

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/CFO, Head of Construction, Head of Property Management, and the IR and Communications Manager. This collaborative model is an important prerequisite for achieving the intended results.

The acquired operations of Finja Prefab AB, now K- Prefab, have been included in K-Fastigheter from 1 January 2022. Accordingly, K-Fastigheter's Board and management have amended the Group's sustainability work to reflect this. The Group's framework is based on the 17 sustainable development goals included in the UN's Agenda 2030 and other significant matters affecting K-Fastigheter's stakeholders. The framework also includes overarching goals and indicators for measuring the Group's work in areas where K-Fastigheter is currently considered 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 Agenda 2030 on page 121-122.

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 company websites.



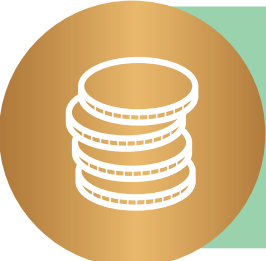
MATERIALITY ANALYSIS

The Group updates its assessment of the key sustainability issues from a stakeholder perspective annually. After the establishment of the new business area Prefab, the relevant parts of the materiality analysis have been amended to include operations that mainly comprise production and transports. The Board assesses that K-Fastigheter's sustainability work is making satisfactory progress and that reporting of goals and measures will increase, mainly relating to the new EU Taxonomy introduced on 1 January 2022.

STAKEHOLDER DIALOG

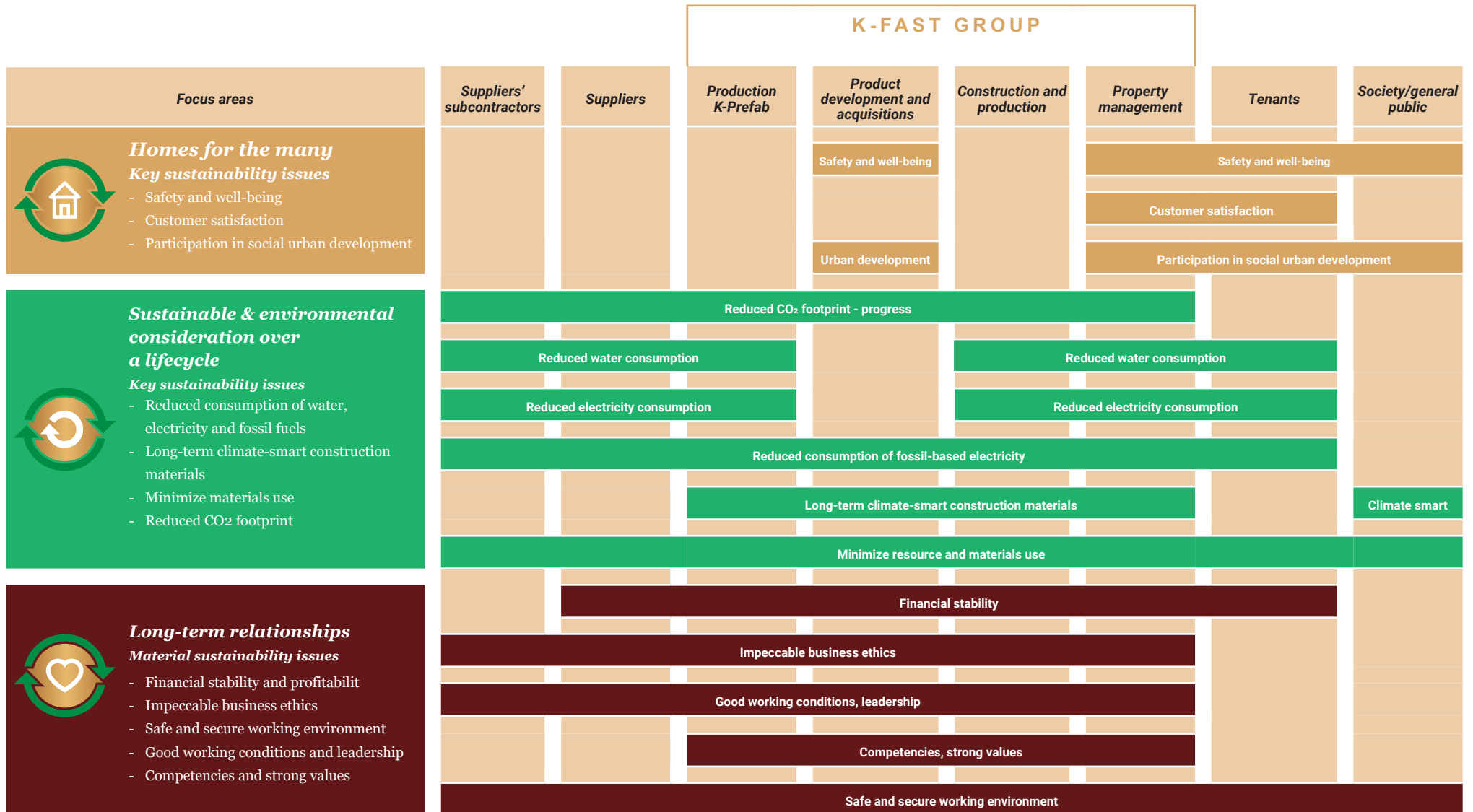
K-Fastigheter's main stakeholders are its employees and collaboration partners, tenants, customers and the capital markets. K-Fastigheter's stakeholder dialog focuses on charting key stakeholders' perception of operations from a sustainability perspective, the conditions applying to existing operations, 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.













STAKEHOLDER GROUP	CHANNELS FOR DIALOGUE	KEY SUSTAINABILITY ISSUES
 <p>Society</p>	<ul style="list-style-type: none"> - Stakeholder reviews and in-depth interviews - Local collaborations, continuous dialogue for long-term engagement - Collaborations with authorities and organizations 	<ul style="list-style-type: none"> - Energy production and consumption, water consumption and climate adaptations - Local social engagement - Compliance with legislation and regulations - Health and safety - Transparency - Well-being and safety in residential areas
 <p>Employees, suppliers and collaboration partners</p>	<ul style="list-style-type: none"> - Workplace meetings - Internal training - Communication via Group intranet - Group websites - Continuous dialogue - Code of Conduct - Annual performance reviews 	<ul style="list-style-type: none"> - Ethics and anti-corruption - K-Fastigheter as an employer and workplace - Competencies, diversity and equal opportunities - Product performance from a lifecycle perspective - Well-being, health and safety
 <p>Tenants and customers</p>	<ul style="list-style-type: none"> - Stakeholder reviews and in-depth interviews - Customer survey, including annual survey - Apartment viewings - Continuous dialogue in multiple channels, including personal meetings, websites and social media 	<ul style="list-style-type: none"> - Energy and emissions - Sustainable and safe living - Customer satisfaction - Continuous communication - Participation in social progress - Development of products that increase customers' competitiveness
 <p>Capital markets</p>	<ul style="list-style-type: none"> - Shareholder meetings - Financial statements - Stakeholder reviews and in-depth interviews - Investor and analyst meetings - Group websites - Press releases 	<ul style="list-style-type: none"> - Financial performance - Energy and emissions - Ethics and anti-corruption - Sustainability and commitment for long-term construction and management - K-Fastigheter as a workplace - Transparency

















In 2022, K-Fastigheter will continue to develop its methods relating to the materiality analysis and stakeholder dialogue.

K-FASTIGHETER'S SUSTAINABILITY WORK IN THE VALUE CHAIN



TARGETS TO BE REACHED BY THE END OF 2023

Focus area	Category	UN goals	Partial targets	Actual 2021	Plan to 2023
Homes for the many 	 Satisfied customers	  	<ul style="list-style-type: none"> - 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 reported faults shall be addressed within 24 hours. - Tenant turnover shall be below 15%. 	<ul style="list-style-type: none"> - The proportion of satisfied and very satisfied tenants who have moved into apartments produced in 2021 was 87%. - K-Fastigheter's staff addressed approximately 60% of reported faults within 24 hours. - In 2021, 28% of K-Fastigheter's tenants moved between, or from, the company's apartments. 	<ul style="list-style-type: none"> - K-Fastigheter measures customer satisfaction in new production and existing property management (Service index). The survey results are systematically broken down into subdivisions to increase the Group's understanding of the changing demand for housing and neighborhoods. The design of exterior environments shall be prioritized at an early stage of project development. - K-Fastigheter measures and follows up fault management on a weekly basis, using its own staff and external contractors. - Results of tenant surveys are analyzed and systematically integrated into all business areas in order to optimize the benefit for long-term customer relationships.
	 Social urban development	 	<ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - The proportion of tenants satisfied or very satisfied with their neighborhood was 83%. The proportion satisfied with K-Fastigheter's contribution to their individual environmental work was 86%. 	<ul style="list-style-type: none"> - K-Fastigheter measures, follows up and implements measures that contribute to increase the attractiveness of housing through a strong sustainability focus from planning to finished neighborhood.
Sustainable & environmental approach over a lifecycle 	 Efficient energy and water consumption		<ul style="list-style-type: none"> - More than 95% of the properties' electricity consumption shall be derived 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 sources. - 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. 	<ul style="list-style-type: none"> - Fossil-free energy sources represented some 90% of K-Fastigheter's electricity consumption in properties and production plants. - 100% of the electricity consumption in K-Fastigheter's offices in Hässleholm, Helsingborg and Kristianstad is derived from photovoltaic cells/fossil-free energy. - From the third quarter 2021, photovoltaic cells have been installed on all new build Lateral Low-Rise buildings and Apartment Blocks. - In 2021, average consumption in buildings constructed by K-Fastigheter was in line with previous years. 	<ul style="list-style-type: none"> - All agreements relating to electricity used in K-Fastigheter's properties shall be transferred to fossil-free production. K-Prefab has a plan to realign purchasing for at least two production plants before the end of 2023. - Continue to procure fossil-free electricity and review the possibility of fitting photovoltaic cells to the Group's facilities. - Continue to fit photovoltaic cells according to plan. - Digitalized measurement technology to be introduced across all of K-Fastigheter's holdings. This enables real-time monitoring of water consumption, and provides an early indication of above-average water consumption in individual units.
	 Long-term climate-smart construction materials		<ul style="list-style-type: none"> - The ten largest suppliers of construction materials shall have been reviewed from a sustainability perspective under K-Fastigheter's updated Code of Conduct. 	<ul style="list-style-type: none"> - The Code of Conduct is available as two separate Codes, one for the Group's employees and one for the Group's suppliers and collaboration partners. Internal training is provided on an ongoing basis, and training of collaboration partners has started. 	<ul style="list-style-type: none"> - Implementation of clear routines for training of employees and collaboration partners.

Focus area	Category	UN goals	Partial targets	Actual 2021	Plan to 2023
Sustainable & environmental over a lifecycle 	 Minimized materials use	 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The cost of landfill per produced apartment increased in 2021, mainly as a result of increased charges and more construction sites. K-Prefab's waste recipients calculate the environmental benefit generated by the material K-Prefab presents for recycling compared to equivalent new production. In 2021, the environmental benefit corresponded to approximately 1,800 tons CO₂. 	<ul style="list-style-type: none"> The Group has clarified its plans and routines for reducing costs associated with waste management and materials use.
	 Reduce CO₂ footprint	 	<ul style="list-style-type: none"> 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 and properties, and sell surplus energy. By 2023, the Prefab business area will halve its CO₂ footprint compared to 2019, by means including investments in fossil-free heating and production plants. 	<ul style="list-style-type: none"> Completed or initiated use of climate-positive concrete frames in 2021: Aboristen in Uppsala, Brännaren in Malmö and Kvarteret Facklan in Motala. K-Prefab's efforts to reduce the climate impact from reinforcement bars, binding agents and waste mean that the company's updated EPD, indicate an average 26% reduction in the CO₂ footprint. This means that the company's frames have a lower climate impact compared to the market average. Three factories are currently entirely fossil-free in terms of heating. Seven factories use biodiesel to operate trucks and vehicles. 	<ul style="list-style-type: none"> In 2022, Prefab will update its environmental product declarations (EPD) and recalculate the reduction of the CO₂ footprint. All the Group's units will contribute by reducing emissions of greenhouse gases. In addition to Prefab's plans, this includes measures such as planting trees with high CO₂-binding capacity in the group's properties.
Long-term relationships 	 Financial stability		<ul style="list-style-type: none"> The Group equity/assets ratio shall amount to at least 25 percent. Interest cover shall amount to a minimum of 1.75 x. The debt-to-equity ratio may amount to at most 70 percent relative to the Group's total assets and liabilities. 	<ul style="list-style-type: none"> As of 31 December 2021, the equity/assets ratio amounted to 36.9 percent, interest cover to 3.4 x and the debt-to-equity ratio to 51.8 percent. 	<ul style="list-style-type: none"> The aim is to ensure growth in NAV and profit from property management while maintaining a stable and sound financial position, and balanced risk-taking.
	 Safe and secure working environment	  	<ul style="list-style-type: none"> All employees and hired staff shall have relevant training and experience for their work assignments. There were no reported accidents and injuries in the workplace. Zero tolerance of accidents. Zero tolerance of incidents. Zero tolerance of discrimination. 	<ul style="list-style-type: none"> All new employees receive training relating to specific work tasks and the Group's regulatory frameworks, HSEQ work and Code of Conduct. Five accidents and ten incidents were reported in 2021, of which several related to Covid-19. In 2021, the Group continued its preventative HSEQ work and the work associated with clarifying the governing values in the updated Code of Conduct. No incidences of discrimination were reported in 2021. 	<ul style="list-style-type: none"> All the Group's sites follow a clear regulatory framework for ensuring a safe workplace, and continuously provide trainings and exercises to introduce new employees to the regulatory framework and HSEQ measures. The training also includes the Group's Code of Conduct, which all employees, suppliers and collaboration partners are required to sign and follow. Regular employee surveys are carried out at short intervals to discover weaknesses at an early stage and establish plans for the Group's work with potential shortcomings.
		 Impeccable business ethics		<ul style="list-style-type: none"> There were no reported incidents of corruption in K-Fastigheter. 	<ul style="list-style-type: none"> In 2021, no cases of corruption were reported, and no breaches of legislation or regulations.

K-Fastigheter's responsibility for the sustainability work includes the Group's operations. The Group also strives to contribute to positive progress in a wider perspective, including by making demands on suppliers and developing sustainable neighborhoods. The goals are updated when required.

INCREASED EFFICIENCY REDUCES CLIMATE FOOTPRINT



LIFECYCLE OF THE BUILDING

K-Fastigheter strives to construct its buildings with sustainable materials in order to create sustainable neighborhoods and contribute to a circular economy. A sustainable building entails much more than just 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 enjoyed and last for a very long time. In addition, we strive to facilitate future renovations and adaptations to changing needs at the planning stage.

The use of concept buildings forms the basis for a long-term

sustainable economy. Although each site is unique, we can reuse experience and solutions from previous projects, making the construction process more familiar and effective. Combined with well-established materials, this ensures that construction is faster and safer compared to average projects. Our familiarity with the details of the building's infrastructure 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 to reduce dependence on fossil fuels and other climate-negative factors, while also aiming to improve 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 between 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 significant potential to influence climate emissions from buildings from a lifecycle perspective, by measures relating to areas such as materials

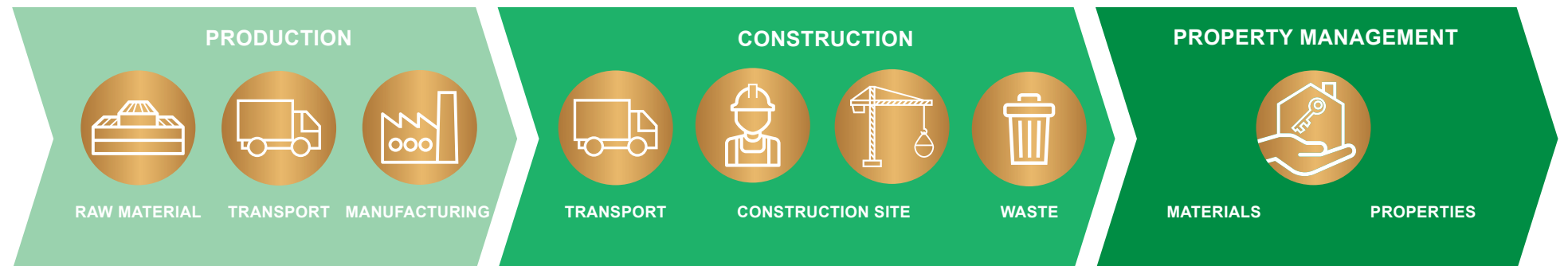
production, transport, energy, heating, waste and construction.

K-Prefab strives to increase its internal production of fossil-free energy, including by fitting more photovoltaic cells to its buildings. The operations are committed to the construction industry standard Byggförretagens Färdplan 2045, a sector-wide plan to ensure a climate-neutral and competitive construction industry that supports Sweden's goal of achieving net zero greenhouse gas emissions by 2045. K-Prefab complies with independent climate-neutral standard ISO 14021, and offsets 100% of CO₂e generated by operations

ENVIRONMENTAL CLASSIFICATION

K-Fastigheter's proprietary concept buildings are constructed with the aim of meeting the requirements of the Swedish Environmental Building standard in terms of energy consumption, indoor environment and materials.

K-Prefab's operations are certified according to ISO 14001 and seek to minimize any negative environmental impact, including avoiding materials and methods that could generate an environmental hazard when better alternatives are available, and to reduce/increase the efficiency of transports. Three factories are currently entirely fossil free in terms of heating. Seven factories use biodiesel to operate trucks and vehicles.



Construction and construction materials

The fact that K-Fastigheter constructs concept buildings provides the right conditions for optimal resource utilization and ensures high quality and a positive working environment. By using a standardized process in K-Fastigheter's 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, and the core of its Low-Rise and Apartment Block buildings is constructed with concrete, a tried and tested material that is both durable and safe, and has favorable climate characteristics, but which consists largely of cement, which is energy-intensive in production. Efforts are underway to reduce the environmental impact of cement production, including reusing concrete from demolished buildings and replacing a proportion of cement with ground granulated blast furnace slag.

By building prefabricated construction elements using concrete and wood from its own production facilities, K-Fastigheter is able to control the process. Building indoors frees the process from interruptions caused by the 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

K-Prefab's goal is to gradually transition to use only concrete ballast in its concrete. This means that natural gravel can be set aside for purposes where concrete ballast cannot be used. In total, just over 65 percent of current ballast at the Group's plants comprises ungraded crush rock, and this proportion will increase in coming years.

Since 2020, K-Fastigheter satisfies the demand to sort certain types of waste, and to store it separately from other types of waste. The aim of the sorting requirement is to rise higher in the waste hierarchy and improve preparation procedures for reuse and materials recycling.

Reduced emissions

K-Fastigheter's operations contribute indirectly to greenhouse gas emissions, mainly at supplier level in connection with procurement of cement for concrete manufacture, and transport of materials to our own and customers' construction sites.

K-Fastigheter's prefab operations continuously seek to optimize the type and volume of binding agents used in concrete products, thereby reducing CO₂ emissions. In 2021, the Group made clear advances in this area by replacing a proportion of the cement used with slag cement, for example.

Emissions data for 2021 includes Scope 1, data from proprietary vehicles, based on standard calculations of actual consumption. For the full year 2021, this consumption corresponded to 287.0 tons CO₂e (314.7). From 2019 onwards, all electricity in K-Fastigheter's properties is derived from fossil-free production.

K-Fastigheter does not conduct operations requiring permits according to the Swedish Environmental Code. However, a reporting requirement applies to refrigerants. The Group's tenants may, however, conduct operations that require permits or notice. In 2021, K-Fastigheter did not register any infringement of environmental legislation and related regulations.

Biodiversity

Nature and resources that feed humans are affected as ecosystems and biodiversity come under threat. To protect biodiversity, K-Fastigheter includes green spaces and other functions that benefit plant and animal life in its project development and new construction.

THE WORLD IN 2050

In order to increase the transparency of K-Fastigheter's work related to the transition to a low-carbon economy, the company continuously improves the Group's reporting on its greenhouse gas emissions. This means that climate measures are part of K-Fastigheter's risk management process in accordance with the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). This involves identifying the potential effects of climate change on property costs and value growth.

Activities

K-Fastigheter's work relating to different climate scenarios includes reviewing and implementing plans for existing properties that could be in the risk zone, for example in areas at high risk of flooding.

Ahead of reporting in line with TCFD's recommendations, K-Fastigheter has identified the following important risks and planned activities to mitigate these risks:

Risk	Activity
Increased energy costs	Increased energy efficiency and increased internal production of renewable energy, e.g. photovoltaic cells
Increased demands on reporting of emissions	More information to be included in financial reports and on the Group's website
Physical effects on properties, such as flooding, increased sea levels, heat waves and other extreme weather	Improved information sourcing and strengthened collaborations with municipalities and experts
Increased cost of replacing fossil fuels in vehicles	Digital tools for coordination and planning to ensure more efficient transports
Increased recycling	Continued development of ongoing projects, such as mixing in concrete to replace cement
Decisions by authorities, e.g. tax increases and more stringent demands on measures to mitigate climate change	Improved information sourcing and strengthened collaborations with municipalities and experts

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 contributes to this development by installing photovoltaic cells on suitable properties. From the third quarter 2021 onwards, photovoltaic cells will be installed on all new build Lateral Low-Rise buildings and Apartment Blocks. K-Fastigheter's production plant in Hässleholm is self-sufficient in terms of renewable energy, and the Group is evaluating the potential for installing photovoltaic cells in all plants owned by the Group.

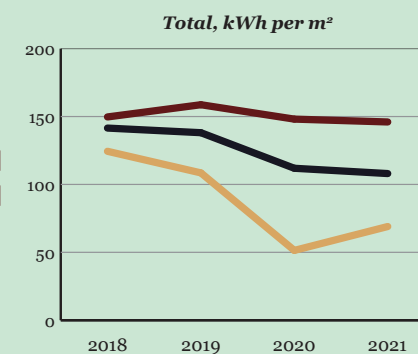
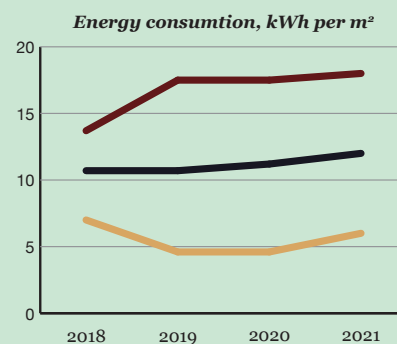
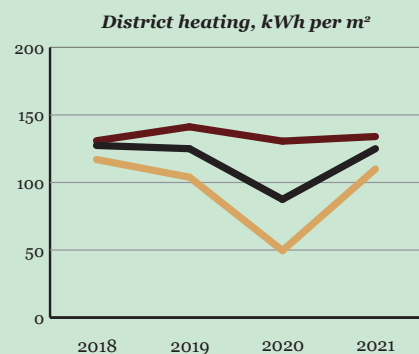
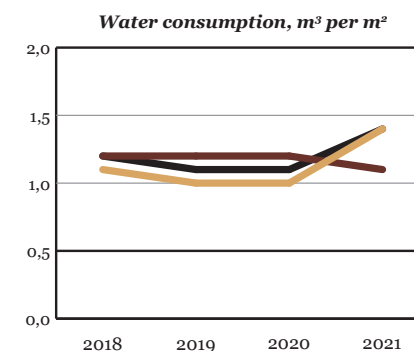
To limit K-Fastigheter's long-term environmental impact and to keep property management costs down, the concept buildings have been designed to minimize energy consumption. The concept buildings are included in energy class B according to classification

dating from September 2020. K-Fastigheter's concept buildings consume, on average, 35 percent less energy than the Group's acquired properties.

When purchasing electricity, the Group chooses, as far as possible, suppliers that offer electricity from renewable sources, primarily wind and hydropower.

WATER CONSUMPTION

Water consumption is generally 20 percent lower in K-Fastigheter's proprietary buildings compared to acquired properties.



LONG-TERM RELATIONSHIPS



FINANCIAL STABILITY

K-Fastigheter takes a structured approach to its financing, mainly through conventional bank loans. The Group's financial reports are presented in the Administration Report on pages 54-60.

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 future market requirements. 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, 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 suppliers and collaboration partners) 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.

DIVERSITY

K-Fastigheter believes that everyone, regardless of sex, ethnicity, religion or other beliefs, sexual orientation, age, transgender 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, we focus on the person. Their results are what count. Accordingly, K-Fastigheter has adopted a HR policy that includes a diversity policy, and an associated plan of action for achieving equal rights and opportunities for all employees.

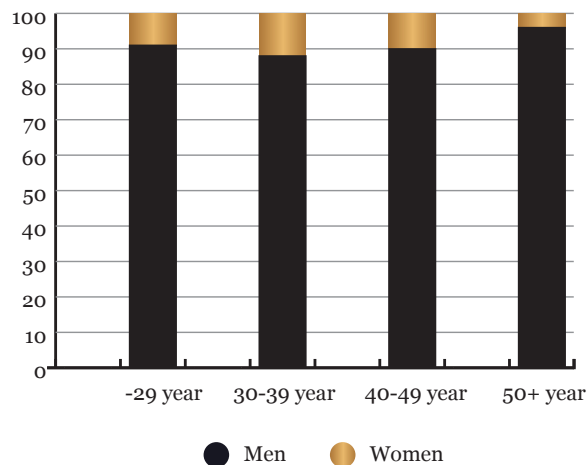


HUMAN RIGHTS

K-Fastigheter respects and follows a number of conventions relating to human rights which means that child labor, unpaid overtime, forced labor and other infringements of human rights are counteracted. Risks can arise, mainly when employing subcontractors. Accordingly, K-Fastigheter carefully evaluates its suppliers and subcontractors to ensure they comply with the Group's Code of Conduct.

As of 31 December, K-Fastigheter had 691 employees, of which 60 (21) were women and 631 (55) men. 616 employees are party to collective agreements (28).

Gender distribution by age group, percent, as of December 31, 2021



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. We prioritize collaborations where the Group's employees participate actively in organizations/associations that report results and benefits of our sponsorship or support. On this basis, K-Fastigheter contributes financially or with other resources.

Examples include K-Fastigheter's partnership with OV Helsingborg HK in a Handball School for all (HFA), a partnership that offers handball training, homework support and other social activities for children aged 7–10 living in deprived areas of Helsingborg.

More information about HFA: www.ovhelsingborg.myclub.se.

We believe that community and an understanding of other people's circumstances are important for ensuring safe 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 underprivileged children in South Africa.

More information about Dandelion: www.dandelionchild.nu.

In 2020, K-Fastigheter initiated a collaboration with the foundation Her House. The aim is to provide women with 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.



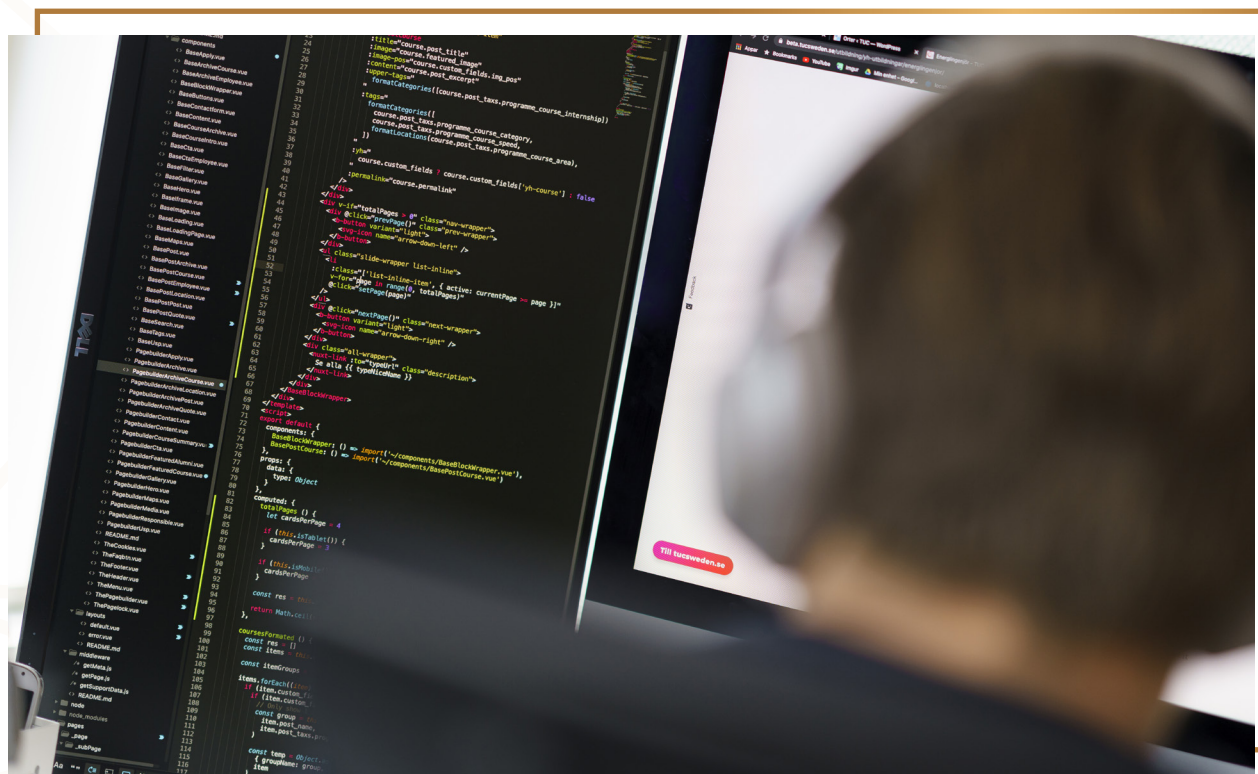
Read more about our engagement: k-fastigheter.se/engagemang/

CONTINUOUS RISK ASSESSMENT

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.





OPERATIONAL RISKS

These include operational risks in the Group's Project Development, Construction, Prefab 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 tenants' wishes and 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 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 return to shareholders.
- working actively to maintain K-Fastigheter's company culture, which is the Group's growth engine.



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 complementing, broadening and developing the competencies.
- 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 broadening 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.
- actively broaden the Group's supplier base to minimize risk in relation to individual suppliers or input goods.



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



Operational risks

Access to input goods

This relates to the risk that a certain type of input goods required for K-Fastigheter's production becomes unavailable. For example, access to cement, reinforcement bars or other input goods that ensure optimal capacity utilization of K-Fastigheter's production and management. This was further clarified in 2021, when the Swedish Land and Environment Court rejected Cementa AB's application to renew its permit to mine limestone on the island of Gotland, which potentially threatened the supply of cement to the Swedish construction industry.

K-Fastigheter has well-established relationships with several suppliers to ensure the supply of input goods and materials in the event of shorter delivery or production problems. In the event of more extensive disruptions, K-Fastigheter is able to hire

additional suppliers even if this were to increase costs slightly in the short term. Furthermore, purchasing is a central function in K-Fastigheter, and the Group has established a purchasing organization and created a framework for selecting and reviewing suppliers to improve control and planning, and ensure compliance with the Group's Code of Conduct, focusing on human rights, working conditions, environmental aspects and anti-corruption.

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 2021 there were 28 projects under construction and 34 projects in project development in 26 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 lower 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 market 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 2021, total rental income from housing was approximately 85 percent. The commercial rent income was distributed over some 160 commercial contracts, with the largest tenant comprising approximately two percent of total contractual rental income and the ten largest commercial tenants comprising approximately six percent of total contractual rental income.

Operating and maintenance costs

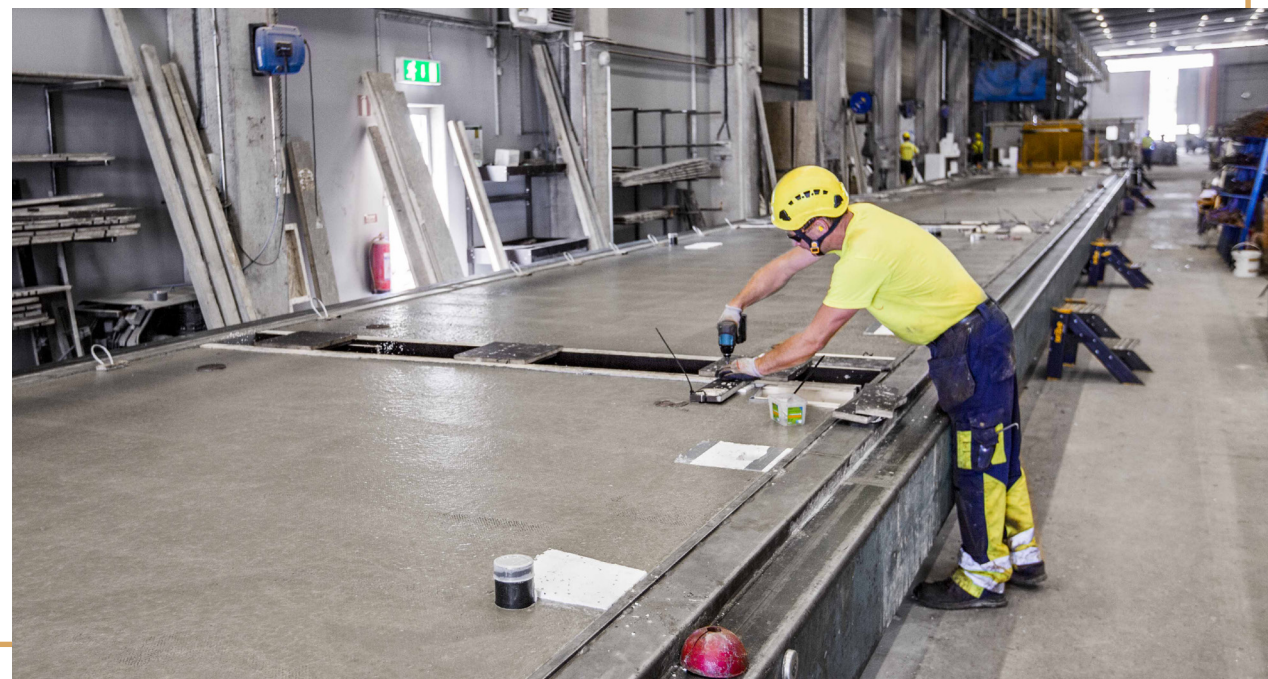
Operating expenses primarily comprise tariff-linked expenses, such as expenses for electricity, cleaning, water and heating. Of K-Fastigheter's property holding, 81 percent was constructed after 2010 and the remainder is in good condition or will be renovated in future according to the K-Fast 2.0 program, which ensures continued low operating and maintenance.

Cyber risk

Cyber risk comprises the risk of being exposed to IT attacks, operational stoppages and information leaks. The risks are managed by using modern soft- and hardware with reliable redundancy, which is handled on an ongoing basis by K-Fastigheter's IT Manager and contracted professional IT provider, including the systematic work of testing vulnerability, contingency and incident planning and training our staff to raise security awareness in the organization.

The Covid-19 pandemic

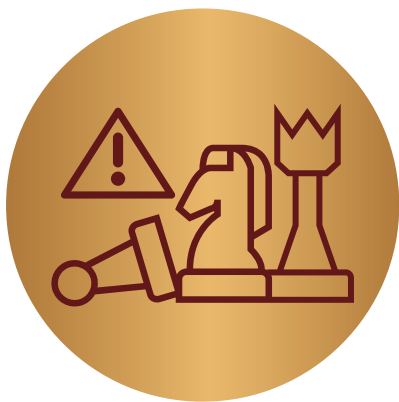
There is a risk that K-Fastigheter's operations, profit and financial position are affected by the continuing Covid-19 pandemic by impacting ongoing construction and planning as a result of



increased sickness absence amongst K-Fastigheter's employees and/or contractors and 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 in future. The situation is monitored continuously and updated information will be presented in Interim Reports and 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.



Strategic 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. This risk has been accentuated further over the past year as a result of the acquisition of K-Prefab, the integration of the corporate culture, and the continuing Covid-19

pandemic, which has periodically meant that the Group's employees have found it harder to meet in person for formal and informal meetings in the workplace.

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, the Group actively works to ensure short- and long-term recruitment supply, and to develop 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 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 on additional geographical markets and is now a more well-known and widely recognized operator because the company's share is listed on Nasdaq Stockholm. The Group also has good financial and organizational opportunities to handle both larger and less developed building rights, which further reduces the risks.

In 2021, K-Fastigheter increased its holding of building rights from some 3,880 apartments at the beginning of the year to 5,900 apartments at the end.

Climate and the environment

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. The planning process determines which climate adaptations may become necessary in connection with new construction, and are governed by zoning plans.

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. K-Fastigheter works with different scenarios relating to climate risk, which includes action plans that may be required in the event that existing properties are judged to be in the risk zone, for example in areas at risk of flooding



Financial risks

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 dialog 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 2021, the proportion of variable interest in the loan portfolio amounted to 29 percent, and the average interest fixing period was 4.4 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 14.0 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 dialog with all Swedish commercial banks, as well as by signing longer credit agreements with a diversified maturity structure.

As of 31 December 2021, K-Fastigheter had engagements with eight Nordic banks and the average fixed interest period for capital was 2.8 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 2021, K-Fastigheter's available cash and cash equivalents totaled some SEK 437.4 million, including unutilized overdraft facilities.

Credit

Credit risk arises in K-Fastigheter's operations primarily through the Group's tenants', customers' and suppliers' ability to pay. Tenants' and customers' creditworthiness is tested in accordance with established criteria in connection with new rental or customer agreements being signed. For key suppliers, a credit assessment is performed when a new collaboration is established. For key commercial tenants, customers 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.



Compliance risks

Political and legal risks

This refers to risks related to identifying changes in legislation, regulations and directives, which affects K-Fastigheter's ability to adapt its operations according to legislation and other regulations, and decisions by authorities relating to areas such as tax, subsidies and support, planning and construction measures, the environment, security, permitted construction materials and construction standards, lettings and the regulated rental market for 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

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 2021 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 capacity on page 27.

K-Fastigheter measures the Group's 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 2021 and its effect on the debt-to-equity ratio at the date

	Cash flow, SEK m	Fair value SEK m
Direct return requirement +/- 0.1%	-	179.0
Rental value +/- 1%	3.0	78.2
Operating and maintenance costs +/- 1%	0.5	13.1
Long-term vacancy ratio +/- 1%	3.0	78.2

Value change in completed investment properties, SEK million

SEK m	-10%	10%
Property value	-764.5	764.6
Debt-to-equity ratio, %	55%	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. The number of outstanding shares at the end of the year and the average number of outstanding shares in the period have been adjusted for the 6:1 share split on 7 June 2021.

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 have been recalculated including the share split element in June 2021.

Compared to the Annual Report 2020, the definition for the key measure Interest cover has changed to include the entire Group and not, as previously, just the management operations. Additionally, the KPI loan-to-value ratio has been replaced with debt-to-equity ratio, including the Group's total assets and liabilities. These changes have been made as the Group's profit and assets and liabilities significantly changed in 2021, for reasons including the acquisition of Finja Prefab AB (now K-Fast Prefab AB).

Property-related	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec
Rental value, SEK m	328.0	265.1	196.6	133.4
Financial letting ratio, %	97.0%	91.2%	96.9%	98.8%
Average financial letting ratio, %	92.7%	92.0%	96.8%	64.4%
Surplus ratio, %	66.2%	67.2%	68.4%	104,843
Lettable area, m ²	213,952	169,545	130,486	1,220
Number of homes under management	2,723	2,237	1,711	230
Number of construction starts, apartments	996	912	518	
Number of apartments under construction	1,820	1,311	700	541
Number of apartments under project development	5,869	3,880	1,340	688

Financial				
Interest coverage ratio, multiple	3.4	2.4	3.7	4.2
<i>excl. stock exchange listing costs</i>	3.4	2.4	2.8	3.5
Equity/assets ratio, %	36.9%	41.9%	41.7%	29.3%
Debt-to-equity ratio, %	51.8%	50.2%	49.2%	59.6%
Period for which capital is tied up, years	2.8	2.6	3.2	3.2
Period of fixed-interest, years	4.4	3.8	3.3	2.7
Average interest, %	1.85%	1.77%	1.90%	1.71%
Net investments, SEK m	1,608.1	1,888.6	1,061.1	835.7
Profit from property management, SEK m	101.4	75.3	52.9	41.1
Long-term net asset value (NAV), SEK m	4,976.1	3,661.2	2,540.2	1,213.4

Share-related				
Profit from property management per share, SEK	0.47	0.36	17.00	1.64
<i>Growth in profit from property management per share, %</i>	29.8%	6.3%	36.1%	23.8%
Profit after tax per share for the year, SEK	4.85	2.29	14.91	9.79
Long-term net asset value (NAV), SEK	23.11	17.00	0.36	48.54
<i>Growth in long-term net asset value (NAV), per share, %</i>	35.9%	36.1%	6.3%	29.5%
Equity per share, SEK	19.66	14.91	2.29	39.25
Number of shares outstanding at the end of the year, millions*	215.3	215.3	215.3	25,000
Average number of shares outstanding during the year, millions*	215.3	207.5	207.5	25,000

* The number of outstanding shares at the end of the year and the average number of outstanding shares in the period have been adjusted for the 6:1 share split on 7 June 2021.

RECONCILIATION TABLE AND DEFINITIONS

K-Fastigheter uses alternative key performance indicators as a complement to allow investors to evaluate the Group's progress and the conditions for meeting its financial commitments. The following KPIs are updated on a quarterly basis and the reports are published on www.k-fastigheter.com. Compared to the Annual

Report 2020 the definition of interest cover has changed to include the entire Group and not only the property management operations as was previously the case. Furthermore, the KPI loan-to-value ratio has been replaced with debt-to-equity ratio, including the Group's total assets and liabilities. These changes have been made

as the Group's profit and assets and liabilities significantly change in 2021, for reasons including the acquisition of Finja Prefab AB (now K-Fast Prefab AB).

Property-related key performance indicators

Rental value, SEK m	2021	2020	2019	2018	Definition	Motivation
A Contract value on an annual basis at end of the year, SEK million	318.2	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	9.8	23.4	6.1	0.9		
A+B Rental value on an annual basis at end of the year, SEK million	328.0	265.1	196.6	133.4		

Financial letting ratio, %	2021	2020	2019	2018	Definition	Motivation
A Contract value on an annual basis at end of the year, SEK million	318.2	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	9.8	23.4	6.1	0.9		
A/(A+B) Financial letting ratio at the end of the year, %	97.0%	91.2%	96.9%	99.3%		

Average financial letting ratio, %	2021	2020	2019	2018	Definition	Motivation
A Rental income for the year, SEK million	265.9	203.9	156.8	96.6	Rental income during the year in relation to the rental value.	This key figure illustrates the financial degree of utilization of K-Fastigheter's properties.
B Rental value for the year, SEK million	286.7	221.7	161.9	97.8		
A/B Average financial letting ratio at the end of the year, %	92.7%	92.0%	96.8%	98.8%		

Surplus ratio, %	2021	2020	2019	2018	Definition	Motivation
A Gross profit from property management for the year in accordance with the Income Statement, SEK million	176.1	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	265.9	203.9	156.8	96.6		
A/B Surplus ratio over the year, %	66.2%	67.2%	68.4%	64.4%		

Lettable area at the end of the year, m ²	213,952	169,545	130,486	104,843	Total area available for lease	Key figure to illustrate K-Fastigheter's capacity to achieve operational targets.
Total number of apartments under management at the end of the year	2,723	2,237	1,711	1,220	Total number of apartments under management at the end of the year.	
Number of construction starts in the year	996	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	1,820	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	5,869	3,880	1,340	688	Total number of apartments in ongoing projects at the end of the year.	

Financial key performance indicators

Interest coverage ratio, multiple	2021	2020	2019	2018	Definition	Motivation
A Profit before changes in value for the year in accordance with the Income Statement, SEK million	126.6	57.9	79.3	-52.7	Profit before changes in value 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 during the year in accordance with the Income Statement, SEK million	-58.2	-8.5	-15.2	-1.3		
C Net interest income for the year in accordance with the Income Statement, SEK million	-75.6	-47.7	-35.3	-16.8		
(A-B-C)/-C Interest coverage ratio during the year, multiple	3.4	2.4	3.7	4.2		

Equity/assets ratio, %						
A Equity at the end of the year in accordance with the Balance Sheet, SEK m	4,233.7	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.
B Total equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK million	11,482.7	7,659.6	5,373.7	3,347.1		
A/B Equity/assets ratio at the end of the year, %	36.9%	41.9%	41.7%	29.3%		

Debt-to-equity ratio, %						
A Interest-bearing liabilities at the end of the year in accordance with the Balance Sheet, SEK million*	5,943.9	3,848.4	2,644.3	1,994.8	Interest-bearing liabilities as percentage of total assets at the end of the year.	Debt-to-equity ratio is used to illustrate K-Fastigheter's financial risk.
B Total equity and liabilities at the end of the year in accordance with the Balance Sheet, SEK m	11,482.7	7,659.6	5,373.7	3,347.1		
A/B Debt-to-equity ratio at the end of the year, %	51.8%	50.2%	49.2%	59.6%		

Average interest, %						
A Interest expense calculated at annual rate at the end of the year, SEK million	87.8	55.7	44.3	27.5	Estimated annual interest for interest-bearing liabilities as a percentage of interest-bearing liabilities at the end of the year excluding overdrafts and building credits.	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	4,750.3	3,145.1	2,331.9	1,606.6		
A/B Average interest rate at the end of the year, %	1.85%	1.77%	1.90%	1.71%		

Net investments, SEK m						
A Acquisitions during the year, SEK million	292.6	1,034.5	557.7	406.7	K-Fastigheter's total net investments in property management 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	1,326.3	824.1	499.7	436.8		
C Extensions and remodeling during the year, SEK million	40.2	31.0	5.9	5.1		
D Sales during the year, SEK million	-51.0	-1.0	-2.3	-12.9		
A+B+C+D Net investments during the year, SEK million	1,608.1	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 performance indicators, cont.

Profit from property management, SEK m	2021	2020	2019	2018	Definition	Motivation
A Gross profit from property management for the year in accordance with the Income Statement, SEK million	176.1	137.0	107.3	62.2	Gross profit from property management less central administration costs and depreciation/amortization and impairment attributable to the Property management business area and net financial items respectively.	This key figure illustrates the profitability of the property management operations.
B Central administration attributable to property management during the year in accordance with the Income Statement, SEK million	-10.2	-11.2	-14.0	-3.9		
C Depreciation/amortization and impairment attributable to property management during the year in accordance with the Income Statement, SEK million	-3.3	-2.8	-5.1	-0.4		
D Net interest income for the year in accordance with the Income Statement, SEK million	-61.2	-47.7	-35.3	-16.8		
A+B+C+D Net investments during the year, SEK million	101.4	75.3	52.9	41.1		
Long-term net asset value (NAV), SEK m						
A Equity at the end of the year in accordance with the Balance Sheet, SEK m	4,233.7	3,209.8	2,238.5	981.2	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.
B Derivatives at the end of the year in accordance with the Balance Sheet, SEK million	-37.0	27.2	12.8	6.2		
C Deferred tax liability at the end of the year in accordance with the Balance Sheet, SEK m	796.4	451.2	310.3	228.2		
D Deferred tax asset at the end of the year in accordance with the Balance Sheet, SEK m	17.1	27.0	21.4	2.2		
A+B+C-D Long-term net asset value (NAV) at the end of the year, SEK million	4,976.1	3,661.2	2,540.2	1,213.4		
Period for which capital was tied up at the end of the year, years	2.8	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 year.	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	4.4	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 performance indicators

Long-term net asset value (NAV), SEK	2021	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	4,976.1	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.
Number of shares outstanding at the end of the year, millions	215.3	215.3	33,889	25,000		
A/B Long-term net asset value (NAV) per share at the end of the year, SEK	23.11	17.00	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	23.11	17.00	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	17.00	12.49	48.54	37.49		
A/B-1 Growth in long-term net asset value (NAV) per share for the year, %	35.9%	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	4,233.7	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.
Number of shares outstanding at the end of the year, millions	215.3	215.3	33,889	25,000		
A/B Equity per share at the end of the period, SEK	19.66	14.91	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	101.4	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, millions	215.3	207.5	25,830	25,000		
A/B Profit from property management per share at the end of the year, SEK	0.47	0.36	2.05	1.64		
Growth in profit from property management per share, %						
A Profit from property management during the year per share, SEK	0.47	0.36	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	0.36	0.34	1.64	1.33		
A/B-1 Growth in profit from property management per share during the year, %	29.8%	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	1,044.4	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, millions	215.3	207.5	25,830	25,000		
A/B Profit after tax per share for the year, SEK	4.85	2.29	14.14	9.79		
Number of shares outstanding at the end of the year, millions*	215.3	215.3	33,889	25,000		
Average number of shares outstanding during the year, millions*	215.3	207.5	25,830	25,000		

* The number of outstanding shares at the end of the year and the average number of outstanding shares in the period have been adjusted share split on 7 June 2021.

GLOSSARY

Industry-related definitions

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.

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.

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.

Property

Property held with title or site leasehold.

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.



THE K-FAST CLASS B SHARE ON NASDAQ STOCKHOLM

K-Fast Holding AB's Class B shares (ticker: KFAST B) were launched on Nasdaq Stockholm, in the Real Estate segment on 29 November 2019. The share has been included on Nasdaq Stockholm's Large Cap list since 3 January 2022. On 31 December 2021, K-Fastigheter's market capitalization was approximately SEK 16.8 billion (8.6). At the end of the year, there were approximately 5,800 (3,600) shareholders.

On 7 June 2021, K-Fastigheter completed a 6:1 share split. On 31 December 2021, there were a total of 215,331,168 shares in K-Fast Holding distributed between 22,500,000 Class A shares and 192,831,168 Class B shares. The total number of votes on 31 December 2021 was: 305,331,168. All KPIs and share-related information in this report have been adjusted for the number of shares after the share split.

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.

Marketplace	Nasdaq Stockholm
Name of share	K-FAST Holding B
Ticker	KFAST B
ISIN code	SE0016101679
Segment	Mid Cap
Sector	Real Estate
Currency	SEK
Total number of shares outstanding	215,331,168
Total number of Class B shares listed on Nasdaq Stockholm	192,831,168
As of 31 December 2021	SEK 87,00
Market price 31 December 2021*	SEK 18,733.8 million

* Market value of all shares in the company, based on the last price paid for a Class B share on 31 December 2021.

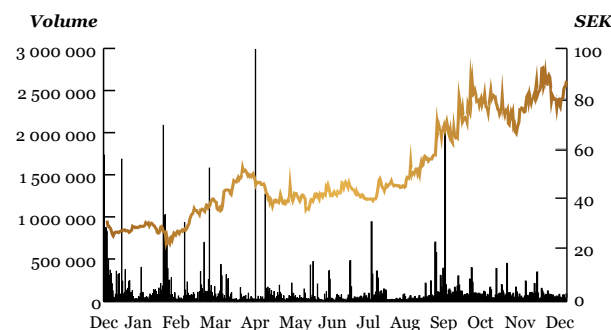


THE K-FASTIGHETER SHARE

SHARE PRICE PERFORMANCE AND TRADING

During the period 1 January – 31 December 2021, approximately 17.4 million KFAST Class B shares were traded on Nasdaq Stockholm. The daily turnover of K-Fastigheter's shares on Nasdaq Stockholm averaged 68,600 shares and the average price paid was SEK 64.02. The highest price paid during the period 1 January – 31 December 2021 was SEK 96.30 on 19 November and the lowest price paid was SEK 38.57 on 18 February. On 31 December 2021, the share price was SEK 87.00 (last paid). The market capitalization, that is, the value of the company's Class B shares, amounted to SEK 16,776.3 million on 31 December 2021. The market value of all shares in the company, based on the last price paid for Class B shares on 31 December 2021, amounted to SEK 18,733.8 million.

Share price 2019-2021



● No of traded shares, Class B ● Price at closing, Class B

Source: Nasdaq

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 data	2021	2020
	Jan-Dec	Jan-Dec
Profit from property management per share, SEK	0.47	0.36
Growth in profit from property management per share, %	29.8%	6.3%
Profit after tax per share for the year, SEK	4.85	2.29
Long-term net asset value (NAV), SEK	23.11	17.00
Growth in long-term net asset value (NAV) per share, SEK	35.9%	36.1%
Equity per share, SEK	19.66	14.91
Number of shares outstanding at the end of the year, millions	215.3	215.3
Average number of shares outstanding, millions	215.3	207.5

Shareholders

As of 31 December 2021, a majority of the total share capital was held by main owners Jakob Karlsson and Erik Selin through companies. Other owners include Swedish institutions, funds and private investors.

As of 31 December 2021, K-Fast Holding AB had some 5,800 shareholders (3,600). The ten largest shareholders accounted for 92.1 percent (93.3) of the votes and 88.8 percent (90.6) of the share capital. Members of K-Fast Holding AB's Board of Directors and Group management held a total of 22,500,000 (22,500,000) Class A shares and 131,403,822 (131,274,582) Class B shares, corresponding to a total of 243,903,822 (266,274,582) votes in the company. The shareholdings of each of the executives are presented on pages 51 and 52. The company holds no Treasury shares.

Ten largest shareholders (in order of total voting power) as per 31 December 2021

Name	Number of Class A shares*	Number of Class B shares*	Total number of shares	Percentage of share capital	Percentage of votes
Jacob Karlsson AB	11,250,000	63,750,000	75,000,000	34.8%	39.3%
Erik Selin Fastigheter Aktiefbolag	11,250,000	63,750,000	75,000,000	34.8%	39.3%
Capital Group	0	12,910,144	12,910,144	6.0%	4.2%
Länsförsäkringar funds	0	10,298,935	10,298,935	4.8%	3.4%
AP4	0	5,380,525	5,380,525	2.5%	1.8%
SEB funds	0	4,164,677	4,164,677	1.9%	1.4%
Nergården families**	0	2,868,600	2,868,600	1.3%	0.9%
ER-HO Förvaltning AB	0	2,283,000	2,283,000	1.1%	0.7%
AP2	0	1,665,685	1,665,685	0.8%	0.5%
Sara Mindus	0	1,650,000	1,650,000	0.8%	0.5%
Ten largest shareholders	22,500,000	168,721,566	191,221,566	8.8%	92.1%
Other shareholders	0	24,109,602	24,109,602	11.2%	7.9%
Total	22,500,000	192,831,168	215,331,168	100.0%	100.0%
Board of Directors and Group Management	22,500,000	131,403,822	153,903,822	71.5%	79.9%

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

** Through Mjöbbäcksvillan Entreprenad Holding AB and VästskustStugan AB.

The ownership structure as of 31 December 2021, based on data from Euroclear Sweden and K-Fastigheter.

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.

Authorization to repurchase shares

The Annual General Meeting for 2021 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 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 2021, this authorization had not been utilized.

Authorization to complete new share issue

The AGM 2021 authorized 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 of 24 million new Class B shares. At the end of 2021, this authorization had not been utilized.

Stock market information and insider rules

K-Fastigheter 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 of K-Fastigheter 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.

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 company's 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

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 with prefabricated concrete frames 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*

Share capital and capital structure

On 7 June 2021, K-Fast Holding AB completed a share split, where each existing share was split into six shares of the same share class. On 26 August 2020, K-Fast Holding AB completed a new share issue of 2,000,000 Class B shares.

As of 31 December 2021, K-Fast Holding AB's share capital totaled SEK 57,421,644.80 (57,421,644.80). The total number of shares was 215,331,168 (35,888,528). The quotient value per share is SEK 0.27 (1.6).

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.

Analysts monitoring K-Fastigheter regularly

Company	Name
Carnegie	Fredric Cyon and Erik Granström
Danske Bank	-
Nordea	Katja Melnikova and Staffan Bülow

IR contact

Martin Larsson, Deputy CEO and CFO,
tel.: +46 (0)703 533 160.
e-mail: martin.larsson@k-fastigheter.se.

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
7 June 2021	Share split, 6:1	0	179,442,640	18,750,000	160,692,640	215,331,168	22,500,000	192,831,168	0.27	57,421,644.80

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: marknadssok.fi.se/publiceringsklient

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING 2022

12 May 2022

FINANCIAL CALENDAR 2022

5 May 2022	Interim Report January-March
28 July 2022	Interim Report January-June
10 November 2022	Interim Report January-September

2022 Annual General Meeting

The AGM of K-Fast Holding AB will be held on 12 May 2022.

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 attend 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 krona (SEK). "Krona" 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.

On 7 June 2021, K-Fastigheter completed a 6:1 share split. On 30 June 2021,

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 (statutory and non-statutory), quarterly reports, annual reports and more in-depth information is available on the IR pages on 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,

there were a total 215,331,168 shares in K-Fast Holding distributed between 22,500,000 Class A shares and 192,831,168 Class B shares respectively. The total number of votes on 31 December 2021 was: 305,331,168. All KPIs and share-related information in this report have been adjusted for the number of shares after the share split.

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

and information to tenants, please refer to www.k-fastigheter.se/en/ and the Group's social media channels. More information about K-Prefab's operations and offering can be found at www.kprefab.se/en/

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/kprefab/

Our LinkedIn pages provide 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/
www.instagram.com/kprefab/

On our Instagram accounts we publish pictures and texts about current events, brief reflections, vacancies and where there are opportunities to move in and establish a home.

Notices of general meetings, minutes and communications from General Meetings are available at www.k-fastigheter.com

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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. 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 3,000 homes in several locations in the Öresund region, southern Sweden and the Mälardalen region, and evaluates new markets as production capacity increases. The Group's property portfolio has a book value of SEK 10 billion, with an annual rental value of about SEK 350 million. Since November 2019, the company's Class B shares have been traded on Nasdaq Stockholm under the (ticker: KFAST B).

Read more at
www.k-fastigheter.com/en
www.k-fastigheter.se/en
www.kprefab.se/en



K-FASTIGHETER