

# Q4

Year-end report 2021

K2A Knaust & Andersson Fastigheter AB (publ)



# YEAR-END REPORT 2021

## OCT-DEC 2021

- Rental income increased to SEK 79.7 million (57.5)
- Net operating income amounted to SEK 49.6 million (37.6)
- Profit from property management amounted to SEK 131.9 million (14.8)
- Value changes from investment properties amounted to SEK 371.4 million (156.4)
- Net profit for the period amounted to SEK 433.6 million (125.4) and earnings per ordinary share<sup>1</sup> amounted to 4.86 SEK (1.36)

## JAN-DEC 2021

- Rental income increased to SEK 272.7 million (202.2)
- Net operating income amounted to SEK 183.9 million (139.5)
- Profit from property management amounted to SEK 167.6 million (41.7)
- Value changes from investment properties amounted to SEK 741.9 million (217.7)
- Net profit for the year amounted to SEK 756.5 million (219.6) and earnings per ordinary share<sup>1</sup> amounted to 8.10 SEK (2.28)
- Total number of apartments under management at the end of the year amounted to 3,910 (2,981)
- The Board of Directors proposes that a dividend of SEK 0.15 per ordinary share (0.10) be paid to ordinary shareholders. The Board of Directors proposes that a dividend be paid to preference shareholders in accordance with the Articles of Association, which means a quarterly dividend of SEK 5.00 per preference share (a total of 20.00 per year).

Number of apartments in property and project portfolio

**9,743**

Property value

**8,458 MSEK**

EPRA NRV attributable to ordinary shareholders

**2,396 MSEK**

Key figures, MSEK	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income	79.7	57.5	272.7	202.2
Net operating income	49.6	37.6	183.9	139.5
Profit from property management	131.9	14.8	167.6	41.7
Value change, investment properties	371.4	156.4	741.9	217.7
Profit after tax	433.6	125.4	756.5	219.6
No. of managed apartments	3,910	2,981	3,910	2,981
No. of apartments under production	2,025	1,361	2,025	1,361
No. of apartments in projects	3,808	2,992	3,808	2,992
Total no. of apartments	9,743	7,334	9,743	7,334
Net loan-to-value ratio, per cent	59.0	62.1	59.0	62.1
Interest-coverage ratio, 12 months, times	-	-	1.9	2.0
Long-term EPRA NRV	3,365.9	2,062.5	3,365.9	2,062.5
EPRA NRV attributable to ordinary shareholders	2,396.4	1,542.3	2,396.4	1,542.3
EPRA NRV per ordinary share, SEK	27.91	18.06	27.91	18.06
Growth in EPRA NRV per ordinary share, per cent	-	-	54.6	26.6

Number of apartments added to the property and project portfolio (quarter)

**306**

Change in property value (quarter)

**880 MSEK**

Growth in EPRA NRV attributable to ordinary shareholders (quarter)

**495 MSEK**

A right of use asset that was previously reported as Depreciation among property costs is, as of October 2021, reported under Change in value of investment properties. The correction has not had any effect on the Group's balance sheet or equity. Note 9 reports the effects in the income statement and cash flow analysis.

1) In the fourth quarter, the company carried out a bonus issue where four new shares were allotted for each share held. This means that the number of shares has been recalculated retroactively, which also affects key figures based on earnings per share.

# EVENTS DURING THE PERIOD

## First quarter

- K2A issued green hybrid bonds of SEK 450 million under a total financing framework of SEK 750 million. The hybrid bonds have no maturity date and a three-month STIBOR rate plus 595 basis points until the first call date. K2A is entitled to redeem the hybrid bonds prematurely on 21 March 2026, and thereafter on each coupon payment date. (14 Jan 2021)
- K2A announced that all buildings older than three years are environmentally certified according to Miljöbyggnad iDrift. In addition, all buildings undergo a climate risk assessment. (27 Jan 2021)
- K2A won a land allocation competition for the development of rental apartments in the Bjurhovda neighbourhood in Västerås Municipality. K2A intends to construct four buildings with 180 rental apartments, premises for a bakery or a similar business on the ground floor, adjacent to a welcoming square. (10 Feb 2021)
- K2A won another land allocation competition in Västerås for the development of apartments in the Sättra neighbourhood. K2A is planning to construct two buildings with 100 residential apartments. (25 Feb 2021)
- K2A acquired the Trädan 27 property in Växjö. The acquisition cost was SEK 12 million. The aim is to construct 100 student housing apartments with a total living area of 2,200 sqm on the property, with construction start scheduled for the end of 2021. (4 Mar 2021)
- K2A acquired the Vallan 1 property in Luleå, where 115 rental apartments will be constructed. The seller was Riksbyggen and the transaction was based on a property value of SEK 177 million. Riksbyggen is financing, constructing and completing the project in its entirety and K2A will access the property upon completion of the project, which is scheduled for the third quarter of 2023. (5 Mar 2021)
- K2A acquired the Glidet 1 property in Luleå, where 95 residential apartments will be developed. The seller was Lerstenen and the transaction was based on a property value of SEK 184 million. Lerstenen will finance, construct and complete the project in its entirety and K2A will access the property upon completion of the project, which is scheduled for the second quarter of 2023. (8 Mar 2021)
- K2A acquired the Förseglet property lot D in Västerås. The seller was the municipal property company Mimer and the transaction was based on a property value of SEK 45 million. K2A is planning to construct three buildings with a total of 155 rental apartments and a lettable area of 5,300 sqm. Construction start is scheduled for the end of 2022. The estimated rental value is SEK 11.4 million on an annual basis. (12 Mar 2021)
- K2A announced that Ulrika Grewe Ståhl had decided to resign from her position as K2A's CFO for personal reasons. (16 Mar 2021)
- K2A concluded an agreement with ABG Sundal Collier ASA (ABGSC) that ABGSC would act as liquidity guarantor for K2A's Series B share. The commitment is taking place under the framework of Nasdaq OMX's rules for liquidity requirements. The aim is to promote the liquidity of the share. The commitment commenced on 19 March 2021. (18 Mar 2021)
- K2A published a prospectus and applied for admission to trading on Nasdaq Stockholm with green hybrid bonds. (24 Mar 2021)
- K2A commenced the development of 98 rental apartments on the Näcken 1 property in Lund, with an estimated lettable area of 3,400 sqm. Completion and occupancy are scheduled for the fourth quarter of 2022. (31 Mar 2021)

## Second quarter

- K2A entered into an acquisition agreement and accessed the Karlstad Ukulelen 1 leasehold property. The seller was Lecab Properties and the transaction was based on a property value of SEK 248 million. The property comprises 248 student housing apartments directly adjacent to Karlstad University. The lettable area is 5,300 sqm and the rental value is SEK 12.7 million on an annual basis. (7 Apr 2021)
- K2A entered into an acquisition agreement for the Umeå Äppellunden 1 property. The seller was Bonava, who will be responsible for completing the project. The transaction is based on a property value of SEK 158 million. The property comprises 83 rental apartments with a lettable area of 3,850 sqm. The estimated rental value is SEK 8 million on an annual basis. K2A will access the property in the fourth quarter of 2021. (12 Apr 2021)
- K2A published a base prospectus concerning a newly established MTN programme. K2A launched an unsecured Medium Term Note programme with a financing framework of SEK 3 billion. Under the MTN programme, the company can issue senior unsecured bonds in SEK or EUR with maturities of more than one year. (21 May 2021)
- K2A appointed Ola Persson as CFO. Ola is a member of K2A's Executive Management. (21 May 2021)
- K2A issued senior unsecured green bonds of SEK 400 million under the company's MTN programme. The bonds have a three-year maturity, a 3-month STIBOR rate plus 325 basis points and a maturity date of 1 June 2024. (25 May 2021)
- K2A entered into an agreement to acquire parts of the Sidsjö 2:41 and Sidsjöhöjden 14 properties in Sundsvall. The seller was Sidsjö Fastigheter and the transaction was based on a property value of SEK 254 million. The property comprises 63 cooperative rental apartments with a lettable area of 11,680 sqm. The rental value is SEK 16 million on an annual basis. K2A will access the property in the third quarter of 2021. (27 May 2021)
- K2A completed a public issue of 90,900 Series B shares at a price per share of SEK 288.17. The issue was oversubscribed by 570 per cent of the Series B shares offered, and added more than 4,500 new K2A shareholders. (11 Jun 2021)

- K2A Knaust & Andersson Fastigheter AB (publ) attained Nasdaq Green Equity Designation. The Green Designation indicates that more than 50 per cent of K2A's turnover are derived from activities considered green and that the company has continued to make significant investment in green activities. (15 Jun 2021)
- K2A commenced the development of 185 rental apartments on the Diskusen 2 property in the Arenastaden development area in Växjö, with a total estimated lettable area of 6,863 sqm. Completion and occupancy are scheduled for the first quarter of 2023. (23 Jun 2021)
- K2A commenced the development of 62 rental apartments on the Kornknarren 2 property in Västerås, with an estimated lettable area of 2,463 sqm. Completion and occupancy are scheduled for the end of 2022. (24 Jun 2021)
- K2A entered into an agreement to acquire the Brynäs 19:21 property in Gävle. The seller was Riksbyggen and the transaction was based on a property value of SEK 222 million. The property comprises 121 rental apartments with a lettable area of 6,390 sqm. Construction is scheduled to start in the fourth quarter of 2021 and K2A will access the property upon completion of the project, which is scheduled for the end of 2023. After completion, the estimated rental value is SEK 11 million. (9 Jul 2021)
- K2A entered into an agreement to acquire part of the Sundsvall Alliero 20 property. The seller was Diös and the transaction was based on a building permit value of SEK 42 million. The property has been granted a house building permit for a gross area of 12,100 sqm, where K2A is planning to construct 200 rental apartments. (16 Jul 2021)

### Third quarter

- K2A acquired the Nynäshamn Vansta 5:28 property. The seller was Byggnadsfirman Viktor Hanson AB and a consideration of SEK 18 million was paid. K2A is planning to construct four buildings with 140 rental apartments and a lettable area of 5,500 sqm. Construction is scheduled to start in 2023 with occupancy during 2025. After completion, the estimated rental value is SEK 11 million. (2 Jul 2021)
- K2A entered into an agreement to acquire the Rödalen 1 property in Norrtälje. The seller was Slättö Value Add I and the transaction was based on a property value of SEK 550 million. The property comprises 191 rental apartments with a lettable area of 10,785 sqm. After completion, the expected rental value is SEK 25 million. K2A will access the property upon completion of the project, which is scheduled for the fourth quarter of 2023. (6 Jul 2021)
- K2A entered into an agreement to acquire three newly built properties in Växjö from Peab for SEK 716 million. The properties will be developed into two new residential blocks with a total of 334 rental apartments and a lettable area of 17,100 sqm. K2A will access the properties after completion, which is scheduled for 2025. After completion, the estimated rental value is SEK 38 million. (6 Jul 2021)
- K2A commenced the development of 90 student housing apartments and 22 sheltered housing apartments in the Linköping Intervall 7–9 properties with an estimated lettable area of 3,150 sqm. The project is being developed in partnership with architectural firm Spridd AB and comprises three energy-plus buildings. (10 Sep 2021)
- K2A decided to adopt a new climate target, entailing that K2A's entire value chain will be climate positive by 2027. (20 Sep 2021)
- K2A entered into an agreement to acquire the assisted living properties Nyköping Nälberga 1:250 and Flen Ripan 2. The transaction was based on a total property value of SEK 49 million. The properties comprise six apartments each, as well as common rooms for staff and residents, with a total lettable area of 1,000 sqm. The total rental value is SEK 2.9 million. K2A will access the property in the fourth quarter of 2021. (21 Sep 2021)
- K2A decided to issue senior unsecured green bonds of SEK 400 million under the company's existing MTN programme. The bonds have a 3.5-year maturity, a 3-month STIBOR rate plus 300 basis points and a maturity date of 1 April 2025. The bonds were issued on 1 October 2021 and are not included in interest bearing liabilities at 30 September 2021. (24 Sep 2021)

## Fourth quarter

- On 8 October, an Extraordinary General Meeting resolved to implement a bonus issue, and to also issue 68,692,240 ordinary shares, whereby one existing ordinary share would entitle the holder to four new ordinary shares. (8 Oct 2021)
- K2A decided to gather its subsidiaries under the shared K2A brand. In conjunction with the name change for subsidiaries, a new website was launched. (13 Oct 2021)
- K2A commenced the development of 155 rental apartments on the Västerås Forntiden 2 property, with a total estimated lettable area of 6,750 sqm. Completion and occupancy are scheduled for the fourth quarter of 2022 and the first quarter of 2023. (20 Oct 2021)
- In October, K2A increased the number of ordinary shares in the company by issuing bonus shares. The number of shares increased by 68,692,240, comprising 8,483,712 ordinary A shares, 54,763,600 ordinary B shares, and 5,444,928 ordinary D shares. The number of votes increased by 145,045,648. (29 Oct 2021)
- K2A accessed the Äppellunden 1 property in Umeå, which K2A had agreed to acquire on 1 April 2021. The project commenced in October 2021 and is scheduled for completion in the second quarter of 2023. (4 Nov 2021)
- In the third quarter of 2021, K2A entered into a collaboration agreement with Idrottsnämnden in the City of Stockholm to construct a full size sports hall in Stockholm's meatpacking district (Slakthusområdet) with an area of 2,300 sqm. Under the collaboration agreement, the contract will be awarded in a public procurement process and the City of Stockholm will be the ultimate tenant. Construction is scheduled to start in the fourth quarter of 2023. (22 Nov 2021)
- K2A entered into an agreement to acquire, and also accessed, three community service properties with assisted living apartments in Täby, Uppsala and Enköping. The seller was Tarpen and the transaction was based on a total property value of approximately SEK 106 million. The properties comprise a total of 18 assisted living apartments as well as common rooms for staff and residents, with a total lettable area of approximately 1,750 sqm. The total rental value is approximately SEK 5 million on an annual basis. (1 Dec 2021)
- K2A concluded an agreement to acquire a community service property comprising an assisted living facility in central Enköping. The transaction was based on a property value of SEK 28 million. The property contains six assisted living apartments and common rooms for staff and residents, with a total lettable area of 680 sqm. The total rental value is approximately SEK 1.6 million on an annual basis. K2A will access the property on 25 February 2022. (15 Dec 2021)
- K2A was allocated land to develop 150 student apartments in Visby. The land allocation is K2A's second project in Visby and both are aimed at creating new student housing. Upon the completion of these two projects, K2A will own and manage a total of 350 student apartments in Visby with a lettable area of approximately 7,500 sqm. (20 Dec 2021)

## After the balance sheet date

- K2A concluded an arrangement to subscribe and pay for shares in a new issue in the housing developer Boet Bostad Holding AB (publ) ("Boet"). K2A has committed to subscribe for 905,000 ordinary B shares, corresponding to 10.3 per cent of the shares and 1.6 per cent of the votes in Boet. K2A will pay total proceeds of SEK 53.4 million for the subscribed shares, which will be financed with equity. The private placement is subject to the approval of a proposal presented by the Board at an Extraordinary General Meeting of Boet. (3 Feb 2022)
- K2A entered into an agreement to acquire two assisted living properties in Södertälje and Nyköping. The transaction was based on a total property value of SEK 49 million. The properties comprise a total of twelve apartments, as well as common rooms for staff and residents, with a total lettable area of approximately 1,000 sqm. The total rental value is approximately SEK 2.5 million. K2A will access on 1 March 2022. (15 Feb 2022)

## K2A exceeds growth target

2021 was a strong year for K2A with sustained high levels of activity in transactions, project development and management.

During the year, K2A concluded agreements for 14 acquisitions with a total transaction value of SEK 2,800 million, of which SEK 800 million relates to acquisitions of investment objects and land, and SEK 2,000 million pertained to forward purchases where K2A will take over fully developed properties when they are completed. The project portfolio also grew due to the high level of transaction activity and in 2021, K2A added building rights for the development of more than 2,200 apartments.

During the year, K2A started a total of nine projects comprising 1,120 apartments, which meant that the target of 1,000 apartments under construction was exceeded. At the turn of the year, K2A had more than 2,000 apartments under development that will be completed within 12 to 24 months, enabling continued high organic growth. K2A has never had so many apartments under development.

K2A is therefore growing through both property development and acquisitions, where new investment objects are gradually being added to the property portfolio. The number of managed units increased by 156 during the fourth quarter, and by 929 for the full year, representing an increase of 31 per cent and that K2A managed 3,910 apartments at year-end. This means that management is increasing in significance and contributing to a growing and stable cash flow.

In the fourth quarter of 2021, rental income amounted to SEK 79.7 million and the net operating income was SEK 49.6 million. The fourth quarter was characterised by higher electricity prices, which led to higher property costs and therefore a lower than normal surplus ratio for the quarter. The vacancies that arose in student housing in particular, mainly in the second quarter of 2021, have now been let as face-to-face teaching has resumed at universities and colleges. At the turn of the year, only seven of 2,396 student apartments in total were vacant.

For the full year, rental income amounted to SEK 272.7 million and the net operating income was SEK 183.9 million, up 34.8% and 31.8%, respectively. Our target for the operating surplus is annual average growth of 25%, which means that our growth target was exceeded.

The Swedish property market was strong in 2021 and more and more capital is being allocated to real estate investments. Stronger demand has led to falling yield requirements and higher property valuations. The interest in secure assets such as rental apartments and public properties has been particularly high and favoured K2A. Value changes amounted to SEK 371 million for the fourth quarter, and SEK 742 million for the full year. The value changes are helping to grow EPRA NRV. K2A's growth target for EPRA NRV is an average annual growth of at least 20%. In 2021, EPRA NRV per ordinary share rose 54.6%.

During the year, K2A invested SEK 2,087.3 million in properties, of which about half was related to acquisitions and the other half to project development. Due to investments in acquisitions and project development, and changes in value during the year, assets rose from SEK 6,488.8 million to SEK 9,563.2 million, corresponding to growth of 47.3%. K2A is well on the way to meeting its operational target of managing at least 10,000 homes, or holding investment properties with a property value of more than SEK 20 billion, by the end of 2025.

In 2021, K2A distributed a dividend to ordinary shareholders for the first time, corresponding to SEK 0.10 per ordinary share. The Board of K2A proposes that the dividend to ordinary shareholders for 2022 be increased to SEK 0.15 per ordinary share. In addition, the Board proposes that a dividend be paid to preference shareholders in accordance with the Articles of Association, entailing a quarterly dividend of SEK 5.00 per preference share (a total of SEK 20.00 per year).

Finally, I would like to thank our shareholders for the past year and I'm looking forward to 2022 with confidence. K2A's focus on rental units and public properties combined with organic growth and a strong green profile means that we are also well positioned for a continued positive trend and high activity moving forward.

*Joban Knaust, CEO*



# THIS IS K2A

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

## Mission statement

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

## Objectives

### Overall objective

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

### Sustainability targets

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

### Operational targets

- In 2022, K2A shall commence the construction of at least 1,000 new apartments, including at least 500 under own management
- Thereafter, K2A's long-term target is to commence the construction of 700-1,000 apartments per year
- By the end of 2025, K2A shall manage at least 10,000 apartments, or hold investment properties with a property value of more than SEK 20 billion

### Financial targets

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

### Financial risk limits

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

### Dividend policy

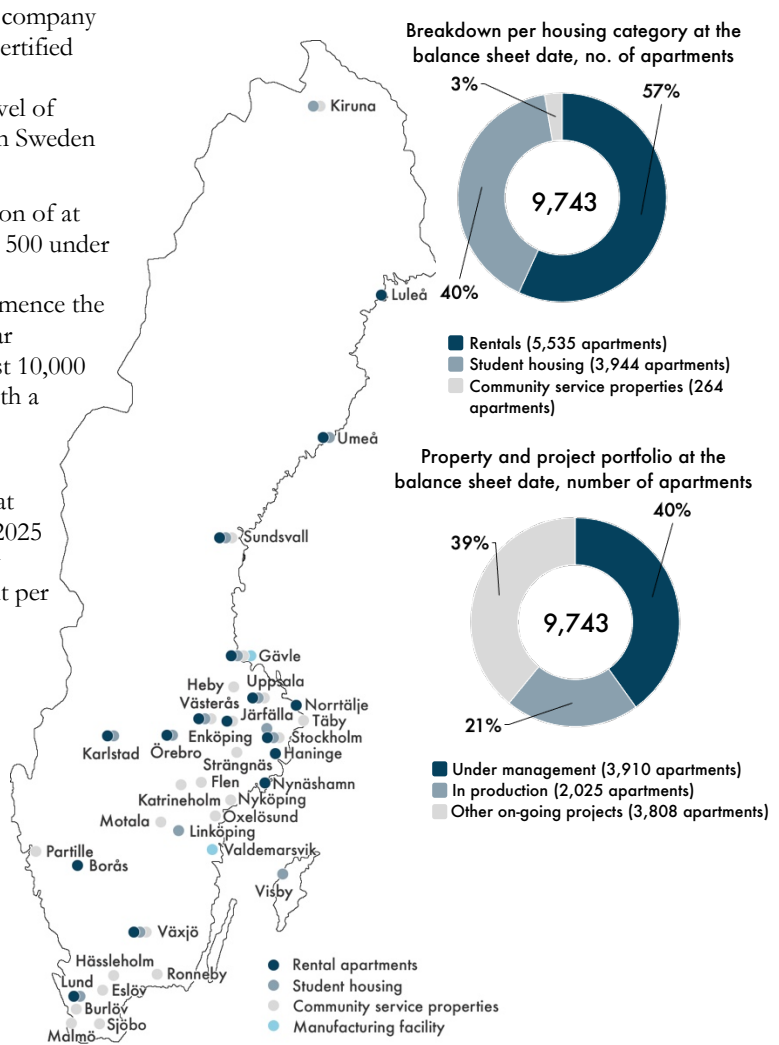
Over the long-term, dividends shall amount to maximum one third of average annual profit over the past three financial years. Over the next few years, K2A will prioritise growth over dividend, which could mean that low or no dividend is paid on ordinary shares. Preference shares shall be allotted in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

## To achieve its targets, K2A shall

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

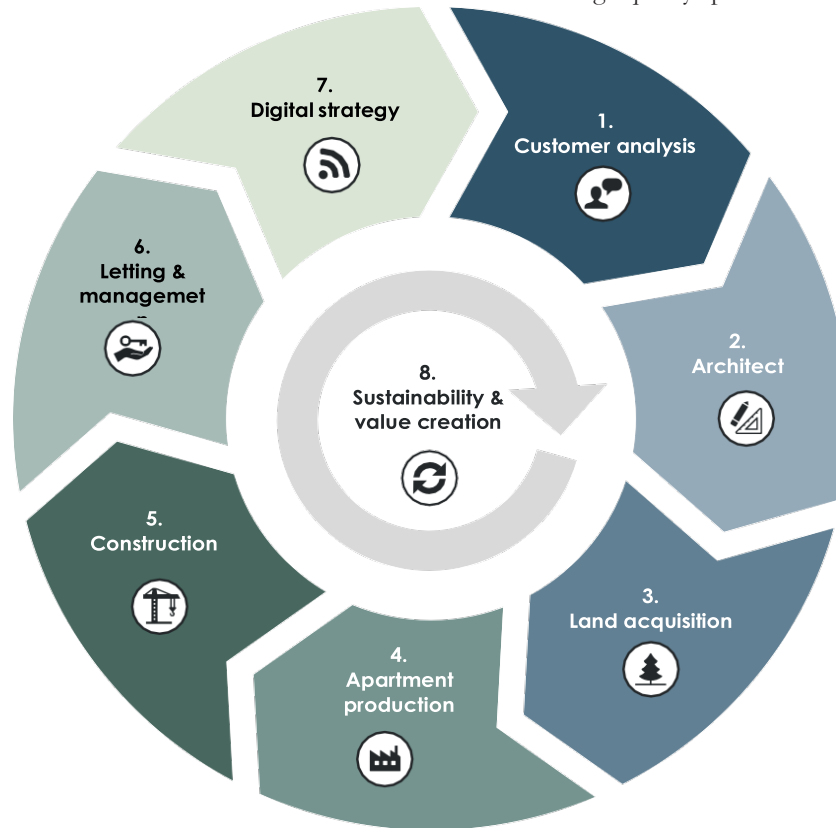
## Property and project portfolio

K2A's operations are concentrated to Stockholm, the Mälardalen and a selected number of university/college cities. The property and project portfolio comprises 9,743 apartments, including 3,910 managed apartments, with a total property value of SEK 8,458 million at the balance sheet date.



# HOW K2A CREATES VALUE

K2A is active across the entire value chain – from analysis of the housing market to efficient management of sustainable apartments. K2A is a modern version of the old-fashioned builder who built high quality apartments with care that paid off in the long run.



## 1. Customer analysis

K2A has made a careful analysis of the most important factors for potential customers. Well-designed space and function are often more important than the size of the apartment.

## 3. Land acquisition

K2A continuously interact with municipalities and other property owners to gain access to developable land. We develop rental apartments, in collaboration with the relevant municipalities, in prime locations close to good public transport links and proximity to services.

## 5. Construction

The finished apartments are transported to the construction site and quickly become ready-to-occupy residential buildings due to an effective construction process. The exterior architecture is designed to fit in with the surroundings.

## 7. Digital strategy

K2A strives to identify and attract the right customer from the onset. Targeted marketing, keyword optimisation and social media help us to minimise churn and establish long-term customer relationships.

## 2. Architect

K2A's architects work diligently to develop apartments that meet customer needs while also enabling resource-efficient production.

## 4. Apartment production

K2A owns two facilities for the manufacture of wooden apartments for rational production in a controlled environment with a low climate impact. A number of own-developed standard apartments for use in various combinations provide the basis for all housing apartments that are built. Our production is environmentally certified under the Nordic Swan Ecolabel scheme.

## 6. Letting & management

K2A has a clear customer focus and strives for self-management of properties in order to develop and strengthen its customer relationships. We also strive to reduce the energy used in our housing stock. The target is management of at least 500 apartments in each location to achieve efficient local management.

## 8. Sustainability & value creation

K2A shall be developed in a sustainable direction through efficient operational control and with careful consideration of the surrounding community. By using resources efficiently and contributing to a positive development in the places where we operate, multidimensional value is created.

# SUSTAINABILITY

## Value chain with low environmental impact

With a focus on a sustainable planet, rational production and climate friendly housing, K2A has chosen to develop apartments in locally produced and certified Swedish timber as the main building material for its own production. Building with timber also contributes to a healthy work environment in the company's self-produced apartments. K2A builds for longterm ownership and therefore prioritises high-quality equipment and materials that have a long life and are possible to recycle or reuse. The production method is certified according to the Nordic Swan Ecolabel, providing tenants with high-quality apartments, with an environmentally and health-conscious choice of materials.

In accordance with K2A's sustainability strategy, the apartments are developed and built with optimised environmental and energy performance, conditions for sustainable lifestyles, and maintained or increased biodiversity. The company works proactively and climateproofs new developments and conversions for future emission scenarios, and ensures that the existing property portfolio is equipped for future climatechange challenges. In the housing projects developed under own management, rooftop solar panel systems are installed with the goal of making the properties self-sufficient in electricity. K2A has an electric car carpool in several locations according to its own BoBil concept, which are exclusively for the company's tenants. Features such as electronic notice boards in entrances with bus and train timetables promote climatefriendly travel and coolers for grocery deliveries have been installed in a number of buildings to simplify everyday life for tenants.

## After a new climate target – continued emissions reduction

In the third quarter of 2021, K2A set a new climate target – K2A's entire value chain should be climate positive by the end of 2027. Due to the inclusion of climate issues in K2A's business model since the company's inception, with the mission to develop new apartments from Swedish timber in the company's manufacturing facilities, and with own management of the buildings, K2A has already made good progress in its efforts to reduce emissions. In 2021, the proportion of square metres managed by K2A rose 35 per cent compared with 2020. When following up the company's environmental impact from buildings under management in 2021, GHG emissions per sqm declined 24 per cent year-on-year, which is proof that the company's efforts to improve its environmental performance are yielding results. By introducing measures such as switching to green electricity contracts for all existing properties, making informed decisions about the materials used in production, installing solar panel systems and optimising operations and maintenance for the existing portfolio, K2A has taken important initiatives that are one step closer to achieving the important climate target of being climate positive by 2027. Before and during 2022, K2A will continue to work with a climate-friendly housing development process, optimise the energy performance of its existing portfolio, invest further in own-generated renewable energy and work strategically with circularity in the company's properties to reduce environmental impacts across the entire value chain.

## Customer offering broadened with pilot project to test coolers

K2A aims to create conditions for a sustainable lifestyle and provide services that simplify everyday life for its customers. At the end of the fourth quarter, a pilot project to test coolers was started in Vega Park, in Haninge outside Stockholm. K2A's customers were able to order groceries from a range of suppliers which were then delivered to coolers.

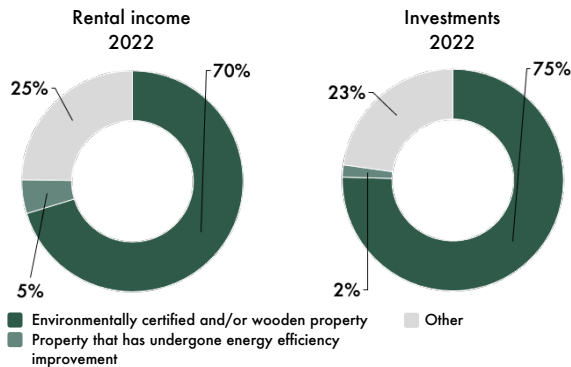


In December, K2A received its second land allocation in Visby, where a total of 350 Nordic Swan Ecolabelled student apartments will be developed.

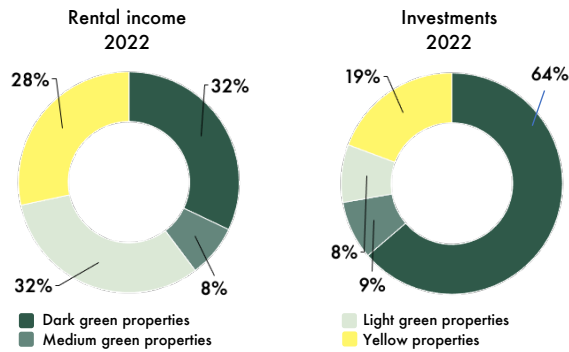
# GREEN FINANCING FRAMEWORK FOLLOW-UP

## GREEN FINANCING FRAMEWORK FOR SHARES

Breakdown according to definition in the green financing framework for shares

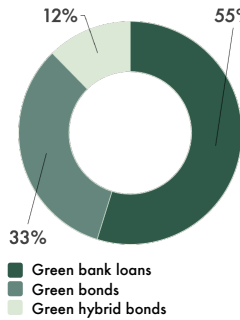


Breakdown according to framework

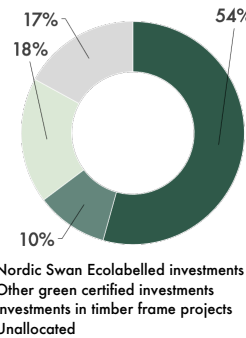


## GREEN FINANCING FRAMEWORK

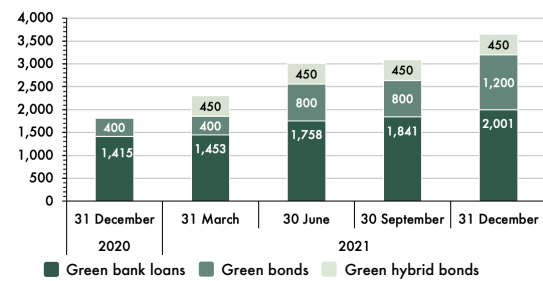
Green financing at the balance sheet date



Allocation at the balance sheet date



Green finance performance, MSEK



## GREEN BUILDINGS

Certified properties under management

Certification	Certified properties under management			On-going	Total
	Certified	On-going	Coming		
Nordic Swan	9	-	-	9	39
Miljöbyggnad nybyggnad					
Silver	4	-	-	4	1
Miljöbyggnad iDrift					
Silver	10	38	19	67	-
Bronse	22	7	-	29	-
Passivhus/other	1	-	-	1	6
<b>Total</b>	<b>46</b>	<b>45</b>	<b>19</b>	<b>110</b>	<b>46</b>

## ENERGY EFFICIENCY

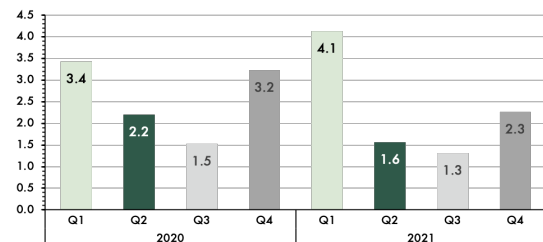
Year	Quarter	Total CO <sub>2</sub> e-emissions		Energy use
		tonne	kg/sqm	
2020	Q1	266.4	3.4	51.0
	Q2	185.9	2.2	26.6
	Q3	143.6	1.5	16.7
	Q4	327.2	3.2	39.6
2021	Q1	460.3	4.1	50.3
	Q2	182.7	1.6	23.6
	Q3	142.0	1.3	15.2
	Q4	338.3	2.3	40.4

Example of green buildings – Gävle Kungsbäck 2:29



- 126 newly developed student housing apartments
- Constructed with environmental certification (Nordic Swan Ecolabel)
- Completed fourth quarter of 2021

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



1) The difference energy use and CO<sub>2</sub>-emissions in this report compared to earlier reports is due to adjusted emission factors from property electricity.  
 2) Scope 1 refers to the company's direct emissions from own sources as company vehicles and boilers. Scope 2 refers to the company's indirect emissions from purchased energy. Scope 3 refers to the company's indirect emissions from sources such as construction materials and business travel.

# PROPERTY AND PROJECT PORTFOLIO

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

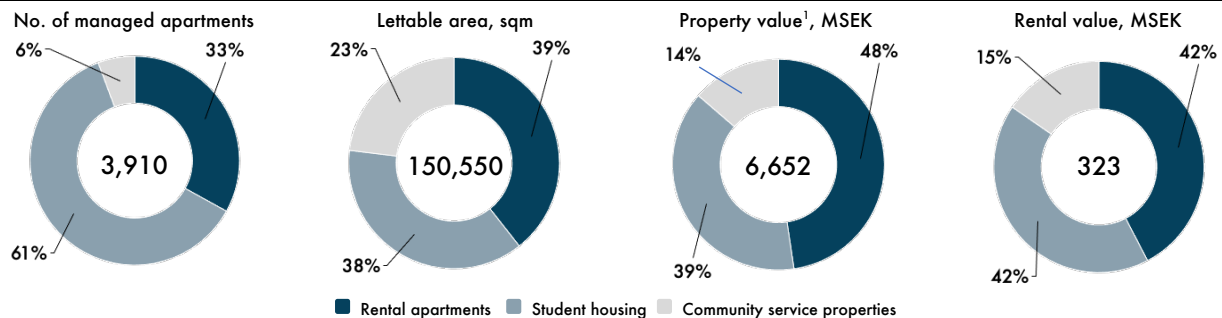
The investment objects comprise a total of 3,910 housing apartments and a lettable area of 150,550 m<sup>2</sup>, of which 129,506 m<sup>2</sup> relates to housing apartments.

## INVESTMENT OBJECTS AT THE BALANCE SHEET DATE

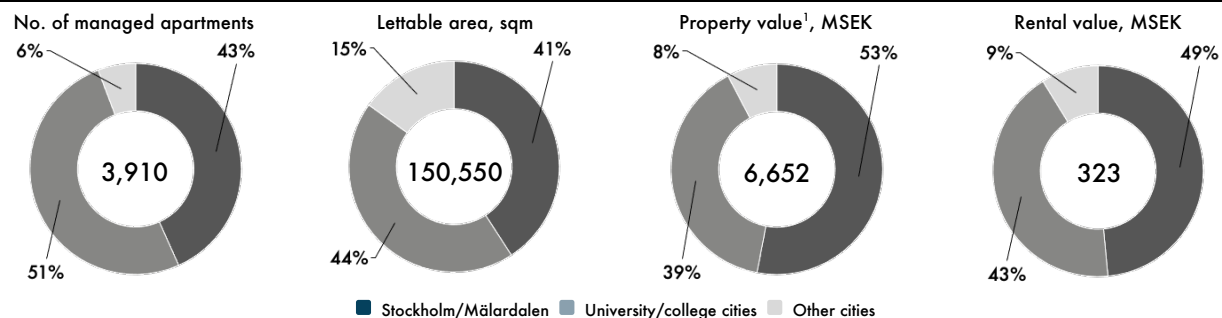
Investment objects per category	No. of apts.	Lettable area, sqm		Property value <sup>1</sup>		Rental value		Property costs		Net operating income	
		Residential	Premises	MSEK	SEK/sqm	MSEK	SEK/sqm	MSEK	SEK/sqm	MSEK	SEK/sqm
Rental apartments	1,292	56,576	2,707	3,170	53,473	137	2,309	29	490	106	1,786
Student housing	2,396	53,836	2,698	2,575	45,548	136	2,414	34	603	99	1,743
Community service properties	222	19,094	15,639	907	26,116	50	1,435	9	255	41	1,179
<b>Total/average</b>	<b>3,910</b>	<b>129,506</b>	<b>21,044</b>	<b>6,652</b>	<b>44,186</b>	<b>323</b>	<b>2,147</b>	<b>72</b>	<b>478</b>	<b>245</b>	<b>1,630</b>

Investment objects geographic distribution	No. of apts.	Lettable area, sqm		Property value <sup>1</sup>		Rental value		Property costs		Net operating income	
		Residential	Premises	MSEK	SEK/sqm	MSEK	SEK/sqm	MSEK	SEK/sqm	MSEK	SEK/sqm
Stockholm/Mälardalen	1,694	59,069	2,415	3,527	57,358	157	2,550	33	535	121	1,972
University/college cities	1,991	55,929	10,479	2,618	39,420	138	2,078	33	498	102	1,534
Other cities	225	14,508	8,150	508	22,412	28	1,254	6	264	22	983
<b>Total/average</b>	<b>3,910</b>	<b>129,506</b>	<b>21,044</b>	<b>6,652</b>	<b>44,186</b>	<b>323</b>	<b>2,147</b>	<b>72</b>	<b>478</b>	<b>245</b>	<b>1,630</b>

## INVESTMENT OBJECTS PER CATEGORY



## INVESTMENT OBJECTS, GEOGRAPHICAL DISTRIBUTION



1) The property value pertains to investment objects. At the balance sheet date, the total value of all investment properties, including the fair value of ongoing projects, was SEK 8,458.4 million. The difference between the property value given in this table and the information about fair value at the balance sheet date for the investment objects segment in Note 6 is essentially due to the effects of IFRS 16 and the value given for ground leases and rental contracts, which totalled SEK 80.0 million at the balance sheet date.

Information about investment objects in the year-end report is based on estimates and assumptions of rental value, economic occupancy rate and property costs. Information about rental value and property costs is based on estimates and pertains to the full year. Property administration is not included in property costs. Assumptions of the economic occupancy rate pertain to long-term vacancy excluding project vacancy and temporary initial vacancy during the occupancy period in connection with completion. Information about property value pertains to fair value at the balance sheet date. These estimates and assumptions are subject to uncertainty and the information set out above should not be considered a forecast.

## PROPERTIES UNDER MANAGEMENT

Property	Municipality	Category	Completed	Total area, sqm	No. of apartments	Rental value MSEK
Kiruna 1:304-305, 307-309	Kiruna	C	2000	8,038	-	12.6
Olsbacka 50:6	Gävle	S	1998/2017	4,754	200	10.5
Kungsbäck 2:21	Gävle	S	2015	2,024	95	5.2
LSS Uppsala	Uppsala	C	2014	840	10	2.8
LSS Partille	Partille	C	2015	572	6	1.7
LSS Hässleholm	Hässleholm	C	1992 till 2003	5,397	44	3.0
Vega Park, etapp 1	Haninge	R	2016	5,753	123	14.4
Roten 1	Umeå	S	2016	6,141	277	16.0
Oreganon 1	Örebro	S	2017/2018	6,635	306	18.4
Jägarskolan 8:6	Kiruna	S	2017	1,646	72	4.8
Kopiepenan 1	Stockholm	S, C	2017	1,610	60	5.1
Bottenhavet 21	Örebro	S	1968/2020	7,239	352	16.7
Glidplanet 5	Örebro	R	2018	3,912	88	8.6
Vega Park, etapp 2	Haninge	R	2018	7,923	185	21.6
Gånsta 2:106	Enköping	R	2019	4,560	80	9.8
Havsmannen 1	Västerås	R, C	2019	5,076	114	13.8
Parasollet 1	Lund	S	2019	2,564	120	6.9
Helgonagården 5:12	Lund	S	2010/2017/2020	1,136	40	2.7
LSS Gävle	Gävle	C	2014	448	6	1.4
LSS Eslöv	Eslöv	C	1915 till 2010	1,480	13	0.2
Vega Park, etapp 3	Haninge	R	2020	5,883	154	16.9
Galgvreten 3:7, 3:8	Enköping	R	2016/2019	4,066	140	9.9
Vårdfastigheter Skåne	Malmö, Sjöbo, Burlöv	C	1980/1987/1999	3,955	71	0.3
Grönborg 6	Sundsvall	S	1998/2009	2,719	80	4.3
Slottsstaden 4	Växjö	S	2005	3,794	113	6.5
Kungsbäck 2:26	Gävle	S, C	2020	4,499	139	10.1
Ekologen 1	Växjö	R	2018	5,332	75	8.9
Bredsand 1:353	Enköping	R	2020	2,324	34	4.0
LSS Strängnäs	Strängnäs	C	2018/2019	1,365	18	3.9
LSS Heby	Heby	C	2019	462	6	1.5
LSS Katrineholm	Katrineholm	C	2020	493	6	1.6
Kronokassören 3	Karlstad	S	2017	2,635	122	6.8
Isberg 1	Stockholm	F	1971	1,282	-	2.5
Skutkrossen 16	Stockholm	F	1967	384	-	0.5
Ukulelen 1	Karlstad	S	2016	5,294	248	12.8
Kungsbäck 2:27, 2:28	Gävle	R	2021	4,440	107	8.5
Sidsjöhöjden 4	Sundsvall	C	1942/2015	8,061	0	10.1
Sidsjöhöjden 14	Sundsvall	R	1942/2021	3,693	63	6.2
LSS Oxelösund	Oxelösund	C	2021	440	6	1.4
LSS Ronneby	Ronneby	C	2021	505	6	1.4
Harklövern 1, etapp 1	Karlstad	S	2021	1,058	46	2.6
Brynäs 19:18	Gävle	R, C	2021	4,655	129	11.5
LSS Nyköping	Nyköping	C	2020	500	6	1.5
LSS Flen	Flen	C	2020	500	6	1.5
LSS Täby	Täby	C	2021	726	6	1.9
LSS Uppsala 2	Uppsala	C	2020	510	6	1.5
LSS Enköping	Enköping	C	2018	441	6	1.4
Kungsbäck 2:29	Gävle	S	2021	2,786	126	7.0
Sum				150,551	3,910	323.2
Acquired, not accessed properties (access date in parentheses) <sup>2</sup>						
LSS Enköping 2 (2022-02-25)	Enköping	C	1940/2017	680	6	1.4
LSS Södertälje (2022-03-01)	Södertälje	C	1893/2017	532	6	1.3
LSS Nyköping 2 (2022-03-01)	Nyköping	C	2020	486	6	1.2
Sum				1,698	18	3.9
<b>Total</b>				<b>152,249</b>	<b>3,928</b>	<b>327.1</b>

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

2) Acquired but not yet accessed properties are not included on the income statement and balance sheet. They are only included in the table above as supplementary information.

## ONGOING PROJECTS AT THE BALANCE SHEET DATE

## ONGOING PROJECTS

On-going projects per category	No. of apts.	Lettable area, sqm		Estimated rental value		Estimated investment	Accumulated investment	Fair value
		Residential	Premises	MSEK	SEK/sqm	MSEK	MSEK	MSEK <sup>1</sup>
Rental apartments	4,243	183,239	6,351	400	2,108	7,468	563	644
Student housing	1,548	40,710	3,339	125	2,840	1,939	732	1,077
Community service properties	42	3,176	25,259	67	2,339	1,225	3	3
Total/average	5,833	227,125	34,949	591	2,256	10,632	1,298	1,725

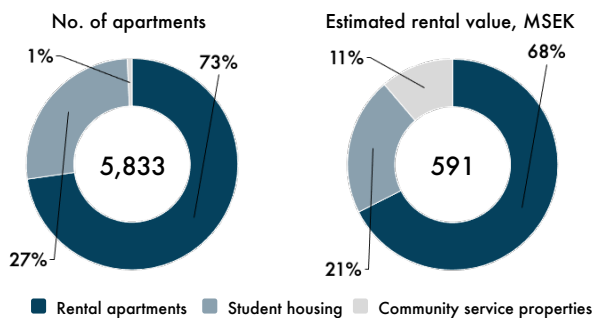
  

On-going projects geographic distribution	No. of apts.	Lettable area, sqm		Estimated rental value		Estimated investment	Accumulated investment	Fair value
		Residential	Premises	MSEK	SEK/sqm	MSEK	MSEK	MSEK <sup>1</sup>
Stockholm/Mälardalen Valley	2,933	119,424	32,828	364	2,392	6,362	560	922
University/college cities	2,894	107,701	1,616	226	2,064	4,247	736	801
Other cities	6	-	505	1	2,828	23	2	2
Total/average	5,833	227,125	34,949	591	2,256	10,632	1,298	1,725

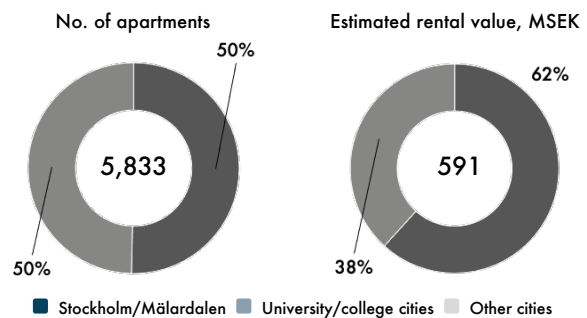
1) Fair value pertains to the ongoing projects segment. The difference between the value given in this table and the information about fair value at the balance sheet date for the ongoing projects segment in Note 6 is due to the effects of IFRS 16 and the value given for ground leases, which totalled SEK 1.5 million at the balance sheet date.

## INVESTMENT OBJECTS PER CATEGORY

## ONGOING PROJECTS PER CATEGORY



## ONGOING PROJECTS, GEOGRAPHICAL DISTRIBUTION



The information about ongoing projects in the year-end report is based on estimates of the size, focus and scope of ongoing projects, and when the project is expected to start and finish. In addition, the information is based on assumptions of future project costs and rental value. These estimates and assumptions should not be considered a forecast. The estimates and assumptions are subject to uncertainty regarding the implementation, design and size, time frames, project costs and future rental value of the projects. The information about ongoing projects is periodically reviewed and estimates and assumptions are adjusted as ongoing projects are completed or added, and as circumstances change. For projects where construction has not yet started, financing has not been procured, which means that financing of ongoing projects is subject to uncertainty.

## ONGOING PROJECTS

Projects in production	Municipality	Category <sup>1</sup>	Status <sup>2</sup>	Construction		Total area, kvm	No. of apartments	Rental value MSEK
				start	Completed			
Bottenhavet 21 (new construction)	Örebro	S		4, 2018	2, 2023	1,048	46	2.7
Brynäs 19:18, house 4	Gävle	R		4, 2019	1, 2022	192	9	0.5
Barkarby 2:60, lot A	Järfälla	S, C		4, 2019	1, 2022	6,311	205	21.3
Soluppgången 1	Växjö	R, C		1, 2020	1, 2022	4,800	60	8.6
Biologen 3	Växjö	R		1, 2020	2, 2022	4,124	70	6.7
Skärvet 11	Växjö	R		3, 2020	1, 2022	3,650	56	5.8
LSS Motala	Motala	C		3, 2020	1, 2022	505	6	1.4
Förrådet 4 and 9	Sundsvall	S, C		3, 2020	2, 2022	5,335	237	15.1
Startbanan 3	Örebro	R		3, 2020	1, 2022	3,108	115	7.0
Hortonomen 1	Växjö	S		4, 2020	3, 2022	2,573	100	6.6
Näcken 1	Lund	R		1, 2021	2, 2023	3,497	98	7.4
Sala backe 50:1 & 2	Uppsala	R		1, 2021	2, 2023	11,350	216	21.4
Glidet 1	Luleå	R		2, 2021	2, 2023	4,600	95	8.1
Vallan 1	Luleå	R		2, 2021	3, 2023	5,400	115	9.5
Diskusen 2	Växjö	R		2, 2021	3, 2023	6,863	185	14.2
Kornknarren 2	Västerås	R		2, 2021	3, 2023	2,463	62	5.0
Intervall 7-9	Linköping	S		3, 2021	3, 2023	3,177	112	7.1
Fortiden 2	Västerås	R		4, 2021	2, 2023	6,747	155	13.1
Äppellunden 1	Umeå	R		4, 2021	2, 2023	3,850	83	7.2
<b>Sum</b>						<b>79,593</b>	<b>2,025</b>	<b>168.8</b>
<b>Other on-going projects</b>								
Rödalen 1	Norrtilje	R	6	1, 2022	4, 2023	10,785	191	
Korpralen 1, stage 1	Gotland	S	6	1, 2022	3, 2022	1,887	74	
Brynäs 19:21	Gävle	R	6	2, 2022	4, 2023	6,390	121	
Trådan 27	Växjö	S	6	2, 2022	3, 2023	1,935	90	
Harklövern 1, stage 2	Karlstad	R	6	2, 2022	1, 2024	3,195	88	
Sidsjöhöjden 4 (new construction)	Sundsvall	R	6	3, 2022	1, 2024	2,250	60	
Alliero 25	Sundsvall	R	6	4, 2022	4, 2024	7,007	187	
Österport <sup>3</sup> , stage 1	Växjö	R	6	4, 2022	3, 2024	5,610	110	
Brohuvudet 13-16	Sundsvall	S	6	4, 2022	2, 2024	1,811	85	
Förseglet 9, lot D	Västerås	H	6	4, 2022	4, 2024	5,240	136	
Vansta 5:28	Nynäshamn	R	2	2023	2025	5,480	140	
Sätra	Västerås	R	5	2023	2025	6,960	180	
Juliana 8	Västerås	S	1	2023	2025	975	45	
Ekersvägen <sup>3</sup>	Örebro	R	1	2023	2025	10,500	200	
Bredsand 1:282	Enköping	C	6	2023	2024	1,350	0	
Jakobsbergsplatsen <sup>3</sup>	Västerås	C	1	2023	2025	1,900	36	
Österport <sup>3</sup> , etapp 2	Växjö	R	6	2023	2025	5,610	110	
Slakthusområdet <sup>3</sup>	Stockholm	S	6	2023	2025	6,175	250	
Slakthusområdet <sup>3</sup>	Stockholm	C	6	2023	2025	1,130	0	
Slakthusområdet <sup>3</sup>	Stockholm	C	6	2023	2025	2,300	0	
Torpa-Sjöbo 2:1, stage 1	Borås	R	3	2023	2025	10,200	274	
Visborg 1:9 (part of)	Gotland	S	5	2023	2025	3,763	175	
Stora Sköndal <sup>3</sup>	Stockholm	R	4	2024	2026	7,900	248	
Korpralen 1, stage 2	Gotland	S	1	2024	2026	1,634	76	
Torpa Sjöbo 2:1, stage 2	Borås	R	3	2024	2026	4,150	110	
Isaberg 1 (project)	Stockholm	R	1	2024	2026	3,400	95	
Österport <sup>3</sup> , stage 3	Växjö	R	6	2024	2026	5,814	114	
Skutkrossen 16 (project)	Stockholm	R	1	2026	2028	3,000	70	
<b>Sum</b>						<b>128,351</b>	<b>3,265</b>	
<b>Total per balance sheet day</b>						<b>207,944</b>	<b>5,290</b>	
<b>Co-owned projects<sup>4</sup></b>								
Flogsta 22:3	Uppsala	C	4	2024	2026	9,360	143	
Ångpannan 12	Västerås	C	6	2023	2025	21,250	-	
Viby 19:3	Upplands-Bro	R	6	2022	2029	23,520	400	
<b>Total</b>						<b>54,130</b>	<b>543</b>	
<b>Total</b>						<b>262,074</b>	<b>5,833</b>	

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

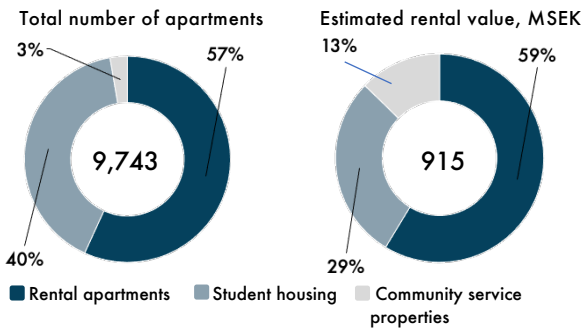
2) Depending on the current phase of each zoning plan, K2A takes a percentage of the assumed fair value of the building permits into account. 1 = Planning notification (25 per cent), 2 = Start memorandum (50 per cent), 3 = Planning programme (75 per cent), 4 = Public consultation (75 per cent), 5 = Exhibition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

3) The project pertains to a site that include parts of several properties where the property has not been subdivided, which is why the final property designation is not yet known.

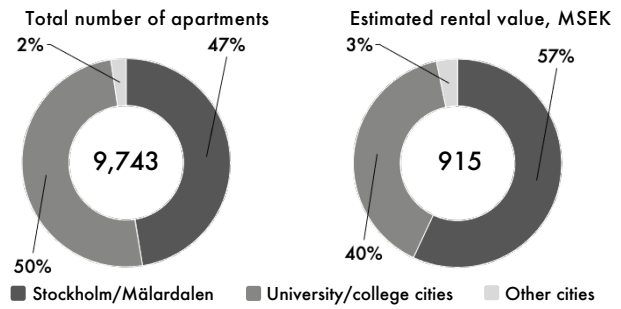
4) The table only shows the number of apartments and area attributable to K2A.

## TOTAL PROPERTY AND PROJECT PORTFOLIO AT THE BALANCE SHEET DATE

Total property and project portfolio per category

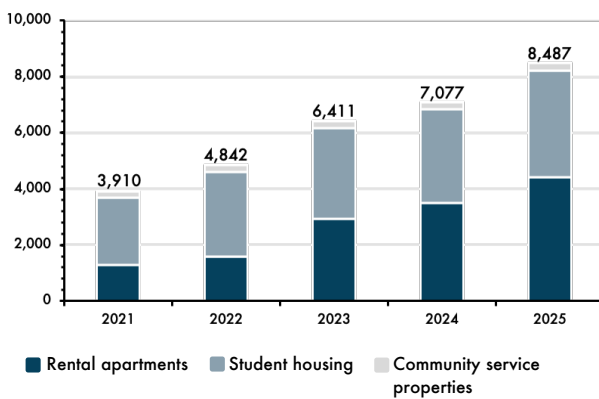


Total property and project portfolio, geographic distribution



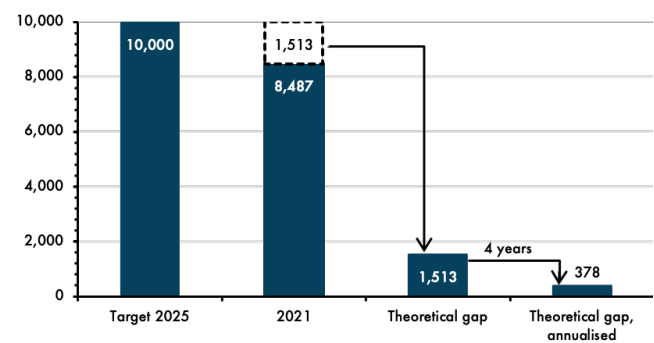
No. of apts. after gradual completion of ongoing projects up to and including 2025

No. of apartments



Operational target: 10,000 apartments by the end of 2025

No. of apartments

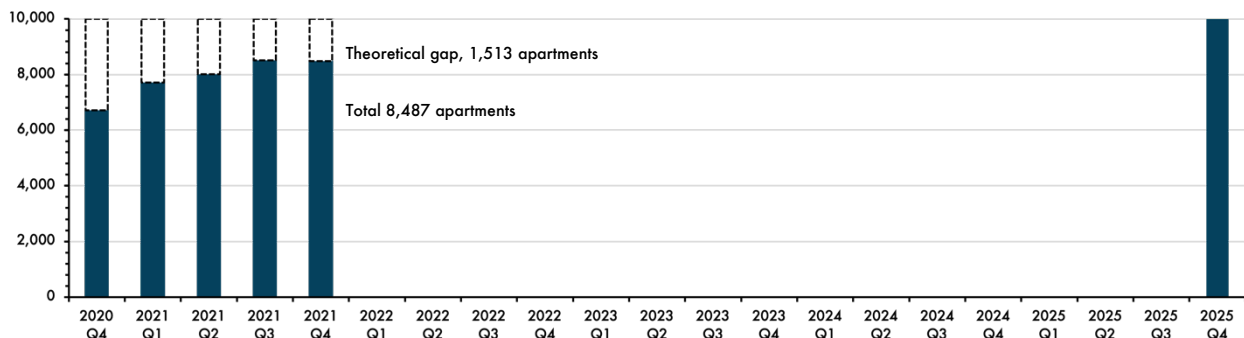


K2A's existing ongoing projects are scheduled for completion during the period up to and including 2025, except for seven projects that will be gradually developed by 2026, 2028 and 2029, respectively (which is why the number of apartments in the pie charts above deviates from the value for 2025 in the bar charts above). Based on the assumptions of time frame, space and number of apartments presented in the project table in this year-end report, K2A's property management portfolio is expected to grow to 8,487 apartments by 2025.

However, K2A's growth target is to manage 10,000 apartments or have a property value of SEK 20 billion by the end of 2025. Subsequently, there were not enough building permits to develop 1,513 apartments in K2A's project portfolio (the theoretical gap) at the balance sheet date. With four years remaining until the end of 2025, the gap of 1,513 apartments in the project portfolio means that K2A, in addition to completing ongoing projects, needs to add 378 apartments per year on average until the end of 2025 to achieve the operational target.

Estimated number of completed apartments by the end of 2025 and the theoretical gap between the operational target of 10,000 apartments

No. of apartments



K2A is continuously adding building permits to the project portfolio and during the quarter, the project portfolio with house building permits was expanded, which means that the theoretical gap was reduced from 3,291 apartments on 31 December 2020 to 1,513 at 31 December 2021.

# EARNING CAPACITY PROPERTY MANAGEMENT OPERATIONS

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

## Assumptions

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

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

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

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

## EARNINGS CAPACITY

MSEK	Investment objects	Acquired investment properties <sup>1)</sup>	On-going projects in production	Group	Total
Rental value	323.2	3.9	168.8		495.9
Vacancies	-5.9	0.0	-2.9		-8.8
Rental income	317.3	3.9	165.9		487.1
Total property costs, including administration	-91.6	-1.0	-47.3		-139.9
Net operating income	225.7	2.9	118.6		347.2
Central administration costs, property management				-18.0	-18.0
Net interest income/expense					-125.1
Profit from property management					204.2
Remaining investments	5.8	79.0	2,006.7		2,091.4

1) These investment objects have not been added on the balance sheet.

## SENSITIVITY ANALYSIS

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

	Change	Effect on net operating income, MSEK
Rental value	+/- 5 per cent	+/- 24.8
Occupancy rate	+/- 2 percentage points	+/- 9.9
Property cost	+/- 10 per cent	-/+ 14.0
Interest expense	+/- 1 percentage point	-/+ 55.7

# FINANCING

## Risk limits

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

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

## Assets and equity

At 31 December 2021, the value of K2A's assets was SEK 9,563.2 million (6,488.8), of which investment properties accounted for SEK 8,458.4 million (5,782.8). At the balance sheet date, cash and cash equivalents amounted to SEK 379.2 million (412.1). Equity amounted to SEK 2,906.2 million (1,763.5) and was impacted by the hybrid bond of SEK 450.0 million (0.0) that was issued in January 2021 and the share series B rights issue in June 2021 adding SEK 24.1 million after issue costs.

## Interest bearing liabilities

At 31 December 2021, K2A had interest bearing liabilities (excluding lease liabilities) of SEK 5,802.2 million (4,183.4). The group's net loan-to-value ratio was 59,0 per cent (62,1). At period end, the average interest rate was 2.02 per cent (2.42). Overall, the fair value of liabilities does not deviate materially from their carrying amounts.

At the balance sheet date, the average interest period was 28 months (34) and the average loan maturity was 27 months (27). K2A has derivative contracts totalling SEK 1,075.0 million (1,075.0). At period end, loan repayments over the next 12 months amounted to SEK 54.0 million (39.2). Accrued borrowing costs of SEK 20.5 million (8.1) reduced interest bearing liabilities on the balance sheet.

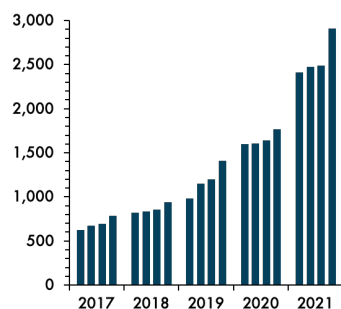
During the quarter, K2A issued senior unsecured green bonds of SEK 400 million under the company's existing MTN programme. The bonds have a 3.5-year maturity, a 3-month STIBOR rate plus 300 basis points and a maturity date of 1 April 2025. The bonds were issued on 1 October 2021.

## INTEREST AND AVERAGE LOAN MATURITY AT THE BALANCE SHEET DATE

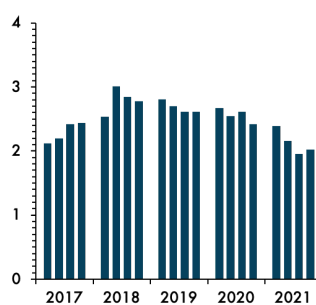
Due year	Fixed interest		Loan maturity, MSEK		
	Volume, MSEK	INTEREST (%)	Commitment	Drawn	Undrawn
Variable interest rate	2,177.4	2.39	-	-	-
2021	-	-	-	-	-
2022	392.3	1.62	2,000.0	1,445.8	554.2
2023	329.9	1.75	1,501.6	1,376.7	124.9
2024	635.0	1.52	1,937.4	1,741.7	195.7
2025	1,355.8	1.63	955.8	955.8	-
2026	457.2	1.94	257.2	257.2	-
2027	-	-	45.5	45.5	-
2028	475.0	2.71	-	-	-
2029	-	-	-	-	-
<b>Total/average</b>	<b>5,822.7</b>	<b>2.02</b>	<b>6,697.4</b>	<b>5,822.7</b>	<b>874.8</b>

## EQUITY, AVERAGE INTEREST RATE AND FIXED INTEREST PERIOD

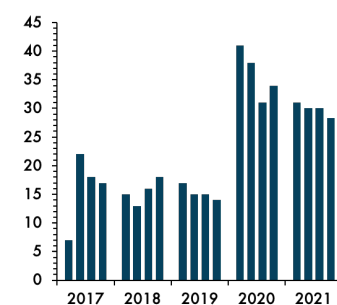
Equity, MSEK



Average interest rate, per cent



Fixed interest period, months



# PERFORMANCE ANALYSIS, JANUARY-DECEMBER 2021

## Rental income and occupancy rate

During the period, rental income increased to SEK 272.7 million (202.2). The increase corresponded to growth of 34.9 per cent in rental income. During the period, the economic occupancy rate was 92.9 per cent (96.7).

In the second quarter, K2A was impacted by the consequences of the pandemic in the form of higher vacancies for student housing in a number of university/college cities where classes moved online. At the end of the period, only seven of 2,396 student apartments were vacant.

The increase in rental income was mainly due to the fact that K2A managed a larger property portfolio in 2021 compared with the year-earlier period, as well as rental increases. Rental income rose 0.8 per cent in the comparable portfolio. At 31 December 2021, the lettable area in K2A's property portfolio was 150.6 tsqm, compared with 111.3 tsqm at 31 December 2020, up 35.3 per cent. On 31 December 2021, the total rental value of investment objects was SEK 323.2 million (243.9) on an annual basis, up 33.1 per cent.

## Property costs

During the period, operations and maintenance costs, including property tax, amounted to SEK -73.5 million (-47.8), up 53.8 per cent. The increase was due to the fact that K2A managed a larger property portfolio year-on-year. Higher costs for heating, electricity and snow clearing in the first quarter of 2021 due to a cold and snowy winter, and higher costs for electricity in the fourth quarter of 2021, also affected costs. A retroactive cost of SEK -0.9 million for water related to the preceding year was recognised for the period. Property costs rose 6.7 per cent in the comparable portfolio.

Property administration costs amounted to SEK -15.0 million (-14.4), up 4.2 per cent. The increase was due to the fact that K2A managed a larger property portfolio.

## Net operating income and surplus ratio

During the period, the Net operating income was SEK 183.9 million (139.5), up 32.8 per cent. The surplus ratio for the past 12 months was 67.6 per cent (69.2). The lower surplus ratio was due to higher property costs during the period, and higher vacancies primarily in the second quarter.

## Central administration

Central administration costs amounted to SEK -58.3 million (-47.2), up 23.6 per cent. The increase was due to strengthening of the organisation. The number of employees at the head office rose by 12 people year-on-year. The central costs are allocated between K2A's two business areas – property management and project development – and costs during the period amounted to SEK -19.8 million (-13.2) and SEK -38.5 million (-33.9), respectively.

## Profit from joint ventures

The income effect of K2A's share of profit or loss from joint ventures with an external party is recognised under this item. The share of profit during the period was SEK 127.8 million (11.3). The year-on-year increase was largely due to value changes attributable to joint projects.

## Net interest income/expense

Net interest expense amounted to SEK -85.8 million (-61.9). The year-on-year increase in interest bearing liabilities led to higher interest expense. The interest-coverage ratio for the past 12 months was 1.9 (2.0).

## Profit from property management

During the period, profit from property management was SEK 167.6 million (41.7). The increase was largely attributable to the share of profit from joint ventures, see above.

## Value changes

During the period, unrealised changes in the value of investment properties amounted to SEK 741.9 million (217.7). The higher value changes were mainly attributable to lower yield requirements.

K2A has interest rate swaps for loans with a total nominal value of SEK 1,075.0 million (1,075.0). During the period, unrealised changes in the value of derivatives amounted to SEK 24.6 million (1.0), due to changes in long-term market rates. Unrealised value changes have no impact on cash flow.

## Current and deferred tax

Current tax for the period amounted to SEK -0.5 million (-0.6). Deferred tax amounted to SEK -185.3 million (-47.1) and was mainly impacted by unrealised changes in the value of properties and derivatives. The corporation tax rate from tax year 2021 was reduced to 20.6 per cent.

On 31 December 2021, the group's accumulation of tax loss carryforwards amounted to SEK 245.9 million (197.9). Deferred tax is recognised on a net basis on the consolidated balance sheet.

## Profit for the period

Profit after tax for the period totalled SEK 756.5 million (219.6) and earnings per ordinary share were SEK 8.10 (2.28). In the fourth quarter, the company carried out a bonus issue where four new shares were allotted for each share held. As a result, earnings per share have been adjusted retroactively.

## THE GROUP'S STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Rental income	2	79.7	57.5	272.7	202.2
<i>Property costs</i>					
Operating costs	3	-19.8	-12.3	-62.3	-43.0
Maintenance	3	-4.1	-1.1	-8.5	-3.9
Property tax	3	-1.1	-0.3	-2.7	-0.9
Depreciation		-0.1	-0.5	-0.4	-0.5
Property administration	3	-4.9	-5.8	-15.0	-14.4
Total property costs		-30.0	-20.0	-88.8	-62.7
Net operating income		49.6	37.6	183.9	139.5
Central administration, property management		-5.7	-4.0	-19.8	-13.2
Central administration, project development		-11.9	-10.7	-38.5	-33.9
Gain/loss from joint ventures	7	123.1	10.2	127.8	11.3
Net interest income/expense		-23.2	-18.3	-85.8	-61.9
Profit from property management		131.9	14.8	167.6	41.7
<i>Value change, unrealised</i>					
Investment properties	4	371.4	156.4	741.9	217.7
Participations in other companies		8.2	-	8.2	6.9
Derivatives	8	7.0	3.9	24.6	1.0
Profit before tax		518.5	175.2	942.3	267.3
Current tax	5	-0.2	0.1	-0.5	-0.6
Deferred tax	5	-84.6	-49.8	-185.3	-47.1
Comprehensive income for the period/year		433.6	125.4	756.5	219.6
<i>Net profit/loss for the period/year attributable to:</i>					
Parent Company shareholders		433.4	125.2	755.5	219.1
Non-controlling interests		0.3	0.2	1.0	0.5
<i>Earnings per share</i>					
Earnings per ordinary share (before dilution), SEK		4.86	1.36	8.10	2.28
Earnings per ordinary share (after dilution), SEK		4.86	1.36	8.10	2.28
Average number of outstanding ordinary shares		85,865,300	85,410,800	85,659,841	80,233,180
Average number of outstanding ordinary shares after dilution		85,865,300	85,410,800	85,659,841	80,233,180

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

## THE GROUP'S STATEMENT OF FINANCIAL POSITION

MSEK	Note	2021-12-31	2020-12-31
<b>ASSETS</b>			
<i>Intangible assets</i>			
Licences		6.3	1.2
Total intangible assets		6.3	1.2
<i>Tangible assets</i>			
Investment properties	6	8,458.4	5,782.8
Owner-occupied properties		14.4	17.8
Equipment		17.9	11.4
Total tangible assets		8,490.7	5,812.0
<i>Financial assets</i>			
Participations in joint ventures		267.7	139.8
Participations in other companies	7	101.0	35.0
Other fixed assets		148.3	52.2
Derivatives	8	25.6	1.0
Total financial assets		542.6	228.0
Total fixed assets		9,039.6	6,041.2
<i>Current assets</i>			
Inventories		15.8	15.8
Accounts receivable		1.5	0.7
Tax assets		1.5	1.3
Receivables from joint ventures		6.8	-
Other receivables		107.1	11.4
Prepaid expenses and accrued income		11.8	6.3
Cash and cash equivalents		379.2	412.1
Total current assets		523.6	447.6
Total assets		9,563.2	6,488.8
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital		547.9	118.0
Other contributed capital		942.0	917.9
Hybrid bond		450.0	-
Retained earnings including net profit/loss for the period/year		965.6	726.1
Equity attributable to Parent Company shareholders		2,905.6	1,762.1
Equity attributable to non-controlling interests		0.7	1.4
Total equity		2,906.2	1,763.5
<i>Non-current liabilities</i>			
Deferred tax liabilities	5	485.3	300.1
Non-current lease liabilities		81.7	53.1
Non-current interest bearing liabilities	8	4,345.4	3,340.8
Derivatives		-	-
Total non-current liabilities		4,912.4	3,694.0
<i>Current liabilities</i>			
Current interest bearing liabilities	8	1,456.8	842.6
Current lease liabilities		12.6	10.7
Accounts payable		100.7	95.8
Tax liabilities		5.1	2.8
Liabilities to joint ventures		-	0.2
Other liabilities		49.4	32.5
Accrued expenses and deferred income		120.0	46.7
Total current liabilities		1,744.5	1,031.4
Total liabilities		6,656.9	4,725.3
Total equity and liabilities		9,563.2	6,488.8

## THE GROUP'S STATEMENT OF CHANGES IN EQUITY

MSEK	Attributable to parent company shareholders				Non-controlling interests	Total equity
	Share capital	Other contributed capital	Hybrid bond	Retained earnings		
<b>Equity, 31 Dec 2019</b>	<b>111.6</b>	<b>754.7</b>	<b>-</b>	<b>544.0</b>	<b>0.0</b>	<b>1,410.2</b>
Profit for the year <sup>1</sup>				219.1	0.5	219.6
New share issue, Series B ordinary shares	6.5	168.5	-	-	-	175.0
Costs for new issue of Series B ordinary shares	-	-5.3	-	-	-	-5.3
Resolved dividend, preference shares	-	-	-	-36.1	-	-36.1
Contributions from non-controlling interests	-	-	-	-	0.0	0.0
Divestment of participations in subsidiaries to non-controlling interests	-	-	-	-0.8	0.8	0.0
Shareholders' contributions from non-controlling interests	-	-	-	-	0.1	0.1
Acquisition of participations from non-controlling interests	-	-	-	-0.1	-	-0.1
<b>Total transactions with shareholders</b>	<b>6.5</b>	<b>163.3</b>	<b>-</b>	<b>-37.0</b>	<b>0.9</b>	<b>133.7</b>
<b>Equity, 31 Dec 2020</b>	<b>118.0</b>	<b>917.9</b>	<b>-</b>	<b>726.1</b>	<b>1.4</b>	<b>1,763.5</b>
Profit for the year <sup>1</sup>				755.5	1.0	756.5
New share issue, Series B ordinary shares	0.6	25.5	-	-	-	26.1
Costs for new issue of Series B ordinary shares	-	-1.5	-	-	-	-1.5
New issue, hybrid bond	-	-	450.0	-	-	450.0
Costs for issue of hybrid bond	-	-	-	-7.5	-	-7.5
Bonus issue, ordinary shares	429.3	-	-	-429.3	-	-
Payment, hybrid bond	-	-	-	-25.4	-	-25.4
Resolved dividend, ordinary shares	-	-	-	-8.5	-	-8.5
Resolved dividend, preference shares	-	-	-	-36.1	-	-36.1
Acquisition of participations from non-controlling interests	-	-	-	-9.2	-1.7	-10.9
<b>Total transactions with shareholders</b>	<b>429.9</b>	<b>24.0</b>	<b>450.0</b>	<b>-516.0</b>	<b>-1.7</b>	<b>386.1</b>
<b>Equity, 31 Dec 2021</b>	<b>547.9</b>	<b>941.9</b>	<b>450.0</b>	<b>965.6</b>	<b>0.7</b>	<b>2,906.2</b>

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

## THE GROUP'S CASH FLOW STATEMENT

MSEK	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
<i>Operating activities</i>				
Profit/loss from property management	131.9	14.8	167.6	41.7
Adjustments for non cash items	-114.7	-7.9	-109.5	1.6
Tax paid	-0.7	-	-0.7	-
Change in inventories	-4.1	27.1	0.0	-5.0
Change in operating receivables	-9.3	46.3	-142.2	-2.0
Change in operating liabilities	79.8	-20.3	150.2	69.2
Cash flow from operating activities	82.8	60.1	65.3	105.6
<i>Investing activities</i>				
Acquisition of investment properties	-215.3	-189.7	-982.7	-759.8
Investments in investment properties	-315.7	-279.8	-939.8	-757.3
Deposits paid for acquisition of investment properties	-3.9	-37.6	-96.3	-44.2
Investments in joint ventures	-	-0.7	-	-0.7
Investments in other fixed assets, net	-18.2	-0.6	-68.6	-1.1
Cash flow from investing activities	-553.1	-508.3	-2,087.3	-1,563.1
<i>Financing activities</i>				
New share issue	-	-	26.2	175.0
Costs for new share issue	0.0	-	-1.5	-5.3
Issue of hybrid bond	-	-	450.0	-
Costs for issue of hybrid bond	-0.5	-	-7.5	-
Capital contribution from non-controlling interests	-	-	-	0.1
Loans raised	653.5	483.8	2,090.1	1,613.8
Repayment of loans	-13.5	-5.9	-481.5	-29.9
Repayment of lease liability	-3.1	-2.5	-10.9	-6.3
Acquisition of participations, non-controlling interests	-10.9	-	-10.9	-0.1
Divestment of participations to non-controlling interests	-	0.0	-	0.0
Payment, hybrid bond	-6.8	-	-20.2	-
Dividend, ordinary shares	-	-	-8.5	-
Dividend, preference shares	-9.0	-9.0	-36.1	-36.1
Cash flow from financing activities	609.6	466.4	1,989.1	1,711.3
Cash flow for the period	139.3	18.1	-32.9	253.8
Cash and cash equivalents at the beginning of the period/year	239.8	394.0	412.1	158.3
Cash and cash equivalents at the end of the period/year	379.2	412.1	379.2	412.1

## SEGMENT REPORTING

	Investment objects		Ongoing projects		Undistributed items		Group	
	2021 Oct-Dec	2020 Oct-Dec	2021 Oct-Dec	2020 Oct-Dec	2021 Oct-Dec	2020 Oct-Dec	2021 Oct-Dec	2020 Oct-Dec
MSEK								
<b>INCOME STATEMENT</b>								
Rental income	270.9	201.9	1.9	0.2	-0.0	-	272.7	202.2
Property costs	-86.1	-62.5	-2.8	-3.2	0.0	-	-88.8	-62.7
Net operating income	184.8	139.4	-0.9	-2.9	-0.0	-	183.9	139.5
Central administration	-19.8	-13.2	-38.5	-33.9	-	-	-58.3	-47.2
Gain/loss from joint ventures	-	-	-	-	127.8	11.3	127.8	11.3
Net interest income/expense	-54.2	-42.2	0.4	-0.0	-31.9	-19.7	-85.8	-61.9
Profit/loss from property management	110.8	84.0	-39.0	-36.9	95.9	-5.4	167.6	41.7
<i>Value changes, unrealised</i>								
Properties	577.1	137.7	164.8	83.0	0.0	-	741.9	217.7
Participations in other companies	-	-	-	-	8.2	6.9	8.2	6.9
Derivatives	-	-	-	-	24.6	1.0	24.6	1.0
Profit before tax	687.9	221.7	125.8	46.1	128.7	2.5	942.3	267.3
Current tax							-0.5	-0.6
Deferred tax							-185.3	-47.1
Profit for the year							756.5	219.6
<b>INVESTMENTS</b>								
Investments in fixed assets	858.8	1,300.1	1,042.1	1,240.3	-452.0	-1,018.2	1,448.9	1,522.3
<b>BALANCE SHEET</b>								
Fixed assets	6,732.2	4,476.7	2,170.7	1,385.4	136.7	179.1	9,039.6	6,041.2
Current assets	123.5	193.7	137.7	76.5	262.5	177.3	523.6	447.6
Total assets	6,855.7	4,670.4	2,308.4	1,461.9	399.2	356.5	9,563.2	6,488.8
Non-current liabilities	3,147.1	2,177.6	1,130.2	1,040.6	635.0	475.8	4,912.4	3,694.0
Current liabilities	1,163.0	873.6	574.8	123.4	6.7	34.4	1,744.5	1,031.4
Total liabilities	4,310.2	3,051.2	1,705.1	1,163.9	641.7	510.2	6,656.9	4,725.3

1) Net interest/expense income for investment objects refers to interest on property loans. Net interest income/expense for ongoing projects refers only to interest expense recognised, while interest expense for credit during the project period is not included in net interest income but capitalised and included in investments. Net interest income/expense attributable to unallocated items refers to unallocated interest expense (net) attributable to loans that have not been allocated to either the investment object or ongoing projects segments.

## THE GROUP'S KEY FIGURES<sup>1</sup>

	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
<b>Property-related key figures</b>				
No. of managed apartments	3,910	2,981	3,910	2,981
No. of apartments under production	2,025	1,361	2,025	1,361
No. of apartments in projects	3,808	2,992	3,808	2,992
Total no. of apartments	9,743	7,334	9,743	7,334
Lettable area apartments, 1,000 sqm	110.4	84.9	110.4	84.9
Lettable area community service properties, 1,000 sqm	38.4	24.7	38.4	24.7
Lettable area other, 1,000 sqm	1.8	1.7	1.8	1.7
Total lettable area, 1,000 sqm	150.6	111.3	150.6	111.3
Economic occupancy rate, per cent	97.0	97.0	92.9	96.7
Surplus ratio, per cent	-	-	67.4	69.0
<i>Cash flows from investment activities</i>				
Investments in new construction, extension and refurbishment, MSEK	315.7	279.8	939.8	757.3
Acquisitions <sup>2</sup> , MSEK	219.2	227.2	1,079.0	804.0
Investments in joint ventures, MSEK	-	0.7	-	0.7
<b>Financial key figures at the balance sheet date</b>				
Return on equity, per cent	-	-	26.0	12.5
Equity/assets ratio, per cent	30.4	27.2	30.4	27.2
Loan-to-value ratio, per cent	60.7	64.5	60.7	64.5
Net loan-to-value ratio, per cent	59.0	62.1	59.0	62.1
Average interest rate, per cent	2.0	2.4	2.0	2.4
Interest-coverage ratio, 12 months, times	-	-	1.9	2.0
Fixed-rate period, no. of months	28	34	28	34
Average loan maturity, no. of months	27	27	27	27
<b>Share-related key figures</b>				
Total number of preference shares outstanding <sup>3</sup>	1,804,800	1,804,800	1,804,800	1,804,800
Average number of preference shares outstanding <sup>3</sup>	1,804,800	1,804,800	1,804,800	1,804,800
Total dividend preference shares, MSEK	9.0	9.0	36.1	36.1
Dividend per preference share, SEK	5.00	5.00	20.00	20.00
Total number of ordinary shares outstanding <sup>3</sup>	85,865,300	85,410,800	85,865,300	85,410,800
Average number of ordinary shares outstanding <sup>3</sup>	85,865,300	85,410,800	85,659,841	80,233,180
Profit from property management per ordinary share, SEK	1.35	0.07	1.24	0.07
Earnings per ordinary share <sup>3</sup> , SEK	4.86	1.36	8.10	2.28
Adjusted earnings per ordinary share, SEK	4.87	1.36	8.11	2.29
Equity, MSEK	2,906.2	1,763.5	2,906.2	1,763.5
Equity attributable to ordinary shareholders, MSEK	1,936.7	1,243.2	1,936.7	1,243.2
Equity per ordinary share, SEK	22.55	14.56	22.55	14.56
EPRA NRV, MSEK	3,365.9	2,062.5	3,365.9	2,062.5
EPRA NRV attributable to ordinary shareholders, MSEK	2,396.4	1,542.3	2,396.4	1,542.3
EPRA NRV per ordinary share, SEK	27.91	18.06	27.91	18.06
Growth in EPRA NRV per ordinary share (12 months), per cent			54.6	26.6

1) Refer to the Definitions section, as well as Reconciliation of Alternative Performance Measures.

2) Deviations from comparative periods are due to the inclusion of deposits in the amount (as of the interim report for the second quarter of 2021).

3) There is no dilutive effect, which is why the information refers to both before and after dilution.

## PARENT COMPANY'S COMPREHENSIVE INCOME IN SUMMARY

MSEK	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Operating income	9.8	6.8	32.2	24.1
Operating expenses	-25.3	-19.5	-81.8	-64.5
Operating profit/loss	-15.5	-12.7	-49.7	-40.4
Profit/loss from financial items	229.1	-2.3	224.0	-9.1
Profit/loss after financial items	213.5	-15.0	174.4	-49.5
Appropriations	8.4	13.1	8.4	13.1
Profit/loss before tax	222.0	-1.9	182.8	-36.4
Tax	7.1	14.0	3.3	14.6
Net profit for the period/year	229.0	12.2	186.1	-21.8

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

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

MSEK	2021-12-31	2020-12-31
<b>ASSETS</b>		
Intangible assets	6.3	1.2
Tangible assets	2.2	1.4
Financial assets	2,138.9	455.9
Fixed assets	2,147.4	458.6
Current assets	1,876.5	1,585.3
<b>Total assets</b>	<b>4,024.0</b>	<b>2,043.8</b>
<b>EQUITY AND LIABILITIES</b>		
Restricted equity	547.9	118.0
Non-restricted equity	1,035.8	882.4
<b>Total equity</b>	<b>1,583.7</b>	<b>1,000.5</b>
Non-current liabilities	1,190.3	393.0
Current liabilities	1,249.9	650.4
<b>Total liabilities</b>	<b>2,440.3</b>	<b>1,043.4</b>
<b>Total equity and liabilities</b>	<b>4,024.0</b>	<b>2,043.8</b>

# GENERAL INFORMATION

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

## Organisation and employees

At period-end, K2A had a total of 131 employees (132). 40 people (28), of whom 17 (10) are women, are employed in project development, finance, communication and property management, with placement at K2A's head office in Stockholm or in other locations where K2A has investment objects. The remaining 91 people (104) refer to employees in the K2A Trähus subsidiary, or the company's manufacturing facilities for wooden apartment apartments.

## Significant related party transactions during the period

During the January-December 2021 period, the Group (Parent Company) purchased project management services from Samhed Fastighets AB, Ljungskär AB, iBoP AB and Genlott Fastighetsutveckling AB for a total amount of SEK 7.3 million (6.3). These companies are owned (indirectly) by four people who hold shares in K2A. During the period, the Group purchased ongoing legal services from Advokatfirman Lindahl for SEK 3.9 million (6.0), of which SEK 2.4 million (2.5) was invoiced to the Parent Company. Sten Gejrot is a member of K2A's Board and a partner of Advokatfirman Lindahl.

## Rounding

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

# NOTES

## Note 1 Accounting policies

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

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

The Parent Company applies RFR 2, Accounting for Legal Entities, and prepares its interim report in accordance with Chapter 9 of the Swedish Annual Accounts Act. The Parent Company applies the same accounting policies and valuation methods as in the most recent Annual Report.

The hybrid bonds issued during the period have no maturity date and K2A determines the payment of compensation and principal amounts in the instruments, which is why they are classified as an equity instrument in accordance with IAS 32. Transaction costs and compensation attributable to the green hybrid bonds are recognised directly in equity.

## Note 2 Rental income

During the period, rental income increased to SEK 272.7 million (202.2). The increase corresponded to 34.9 per cent growth in rental income. The increase was largely due to the fact that K2A managed a larger property portfolio compared with the preceding period. On 31 December 2021, the lettable area in K2A's property portfolio was 150,550 m<sup>2</sup> compared with 111,310 m<sup>2</sup> on 31 December 2020.

Rental income			
	2021	2020	
MSEK	Jan-Dec	Jan-Dec	Change, %
Student housing	121.4	86.2	40.7
Rental apartments	110.9	89.4	24.2
Community service properties	40.4	26.6	51.9
<b>Total income</b>	<b>272.7</b>	<b>202.2</b>	<b>34.9</b>

## Note 3 Property costs

During the period, total property costs increased to SEK 88.8 million (62.7), up 41.6 per cent. The increase was attributable to the fact that K2A managed a larger property portfolio year-on-year and to higher costs for heating, electricity and snow clearing due to the cold and snowy weather in the first quarter of 2021. A retroactive cost of SEK -0.9 million for water related to the preceding year was recognised for the period.

### Property costs for the year 2021

MSEK	Student housing	Rental apts.	Community service	Total
			properties	
Operating costs	-31.1	-24.5	-6.7	-62.3
Maintenance	-3.8	-3.2	-1.4	-8.5
Property tax	-2.1	-0.6	-0.0	-2.7
Depreciation/amortisation	-0.1	-0.3	-	-0.4
Direct property costs	-37.1	-28.6	-8.2	-73.9
<b>Property administration</b>				<b>-15.0</b>
<b>Total property costs</b>				<b>-88.8</b>

### Property costs for the year 2020

MSEK	Student housing	Rental apts.	Community service	Total
			properties	
Operating costs	-21.3	-18.0	-3.8	-43.0
Maintenance	-1.8	-1.1	-1.0	-3.9
Property tax	-0.6	-0.3	-0.0	-0.9
Depreciation/amortisation	-0.0	-0.4	-	-0.5
Direct property costs	-23.7	-19.8	-4.7	-48.3
<b>Property administration</b>				<b>-14.4</b>
<b>Total property costs</b>				<b>-62.7</b>

## Note 4 Value changes

During the period, unrealised value changes on properties amounted to SEK 741.9 million (217.7), corresponding to 12.8 per cent (5.5) of the total value of the investment properties at the beginning of the year.

### Value change, investment properties

MSEK	2021	2020
	Jan-Dec	Jan-Dec
Investment objects	577.1	137.7
Project gains upon completion	53.0	6.8
Ongoing projects	111.8	76.3
<b>Total value change</b>	<b>741.9</b>	<b>220.8</b>
Total as a percentage of opening balance	12.8	5.5

## Note 5 Tax

Current tax expense for the period amounted to SEK -0.5 million (-0.6) and was attributable to estimated tax expense in newly acquired companies. Deferred tax is calculated with a tax rate of 20.6 per cent.

### Reconciliation effective tax for the group

MSEK	2021	2020
	Jan-Dec	Jan-Dec
Profit before tax	942.3	267.3
Tax rate, per cent	20.6	21.4
Tax according to current tax rates	194.1	57.2
Tax attributable to prior years	-0.6	0.0
Effect of changed tax rates	0.1	-2.7
Non-taxable income	-26.3	-3.9
Non-deductible expenses	0.1	0.0
Non-deductible net interest expense	19.9	13.8
Use of prior non-deductible net interest expense	-0.7	-
Use of prior uncapitalised tax loss carryforwards	-1.5	-2.9
Increase in tax loss carryforwards without corresponding capitalisation of deferred tax	1.0	-13.6
Tax impact of tax depreciation	-0.4	-0.3
<b>Total</b>	<b>185.8</b>	<b>47.7</b>

### Recognised effective tax rate

Recognised in profit or loss	185.8	47.7
Profit before tax, per cent	19.7	17.8

### Recognised on balance sheet

	2021-12-31	2020-12-31
<i>Deferred tax liabilities attributable to:</i>		
Properties	525.0	338.4
Tax loss carryforwards	-50.4	-40.5
Untaxed reserves	1.9	0.1
Derivatives	5.3	0.2
Other items	3.5	1.8
<b>Total</b>	<b>485.3</b>	<b>300.1</b>

At period end, the group's estimated tax loss carryforwards amounted to SEK 245.9 million compared with SEK 197.9 million at the beginning of the year. Deferred tax is recognised on a net basis on the consolidated balance sheet.

## Note 6 Investment properties

The property portfolio value increased SEK 2,638.5 million (1,738.1) compared with the end of 2020. The increase is attributable to acquisitions of SEK 1,001.4 million (763.1), investments of SEK 895.2 million (757.3) and total unrealised value changes of SEK 741.9 million (217.7).

During the period, SEK 782.6 million (387.2) was transferred (without consideration) from the Ongoing projects segment to Investment objects. At 31 December 2021, the total value of the investment properties was SEK 8,458.4 million (5,782.8), of which SEK 6,732.2 million (4,476.7) pertained to investment objects and SEK 1,726.2 million (1,306.1) to the value of ongoing projects. The fair value of investment properties includes the right-of-use value of ground leases and rental income of SEK 81.5 million (38.3), in accordance with IFRS 16 Leases.

### Change in property portfolio for the period

Fair value, MSEK	Investment objects	On-going projects	Total
Property portfolio at start of period	4,476.7	1,306.1	5,782.8
Acquisition of properties	-	48.0	48.0
Asset acquisitions via subsidiaries	851.2	102.2	953.4
Divestments	-	-	-
Investments	7.5	887.7	895.2
Unrealised value changes, investment objects	577.1	-	577.1
Unrealised value changes, projects gains upon completion	-	53.0	53.0
Unrealised value changes, ongoing projects	-	111.8	111.8
Right-of-use assets	37.2	-	37.2
Right-of-use asset depreciation	-0.1	-	-0.1
Reclassified from ongoing projects to investment object	782.6	-782.6	-
<b>Property portfolio at period-end</b>	<b>6,732.2</b>	<b>1,726.2</b>	<b>8,458.4</b>

### Change in property portfolio for the period

Fair value, MSEK	Investment objects	On-going projects	Total
Property portfolio at start of period	3,184.1	839.0	4,023.1
Acquisition of properties	66.7	36.0	102.7
Asset acquisitions via subsidiaries	660.5	-	660.5
Divestments	-	-	-
Investments	22.1	735.2	757.3
Unrealised value changes, investment objects	134.7	-	134.7
Unrealised value changes, projects gains upon completion	-	6.8	6.8
Unrealised value changes, ongoing projects	-	76.3	76.3
Right-of-use assets	21.6	-	21.6
Right-of-use asset depreciation	-0.0	-	-0.0
Reclassified from ongoing projects to investment object	387.2	-387.2	-
<b>Property portfolio at period-end</b>	<b>4,476.7</b>	<b>1,306.1</b>	<b>5,782.8</b>

**Residual value for tax purposes, investment properties**

MSEK	2021-12-31	2020-12-31
Building	3,471.5	2,487.5
Land	501.0	380.9
Ongoing projects	1,213.5	909.5
Equipment in investment properties	38.9	28.2
<b>Total</b>	<b>5,225.0</b>	<b>3,806.1</b>

**Valuation process and method**

The value of properties is measured at the end of every quarter. Internal valuations are carried out in the first and third quarters in dialogue with independent property valuers. External valuations are carried out in the second and fourth quarters. Valuations are performed in accordance with International Valuation Standards (IVS) which are issued by the International Valuation Standards Council (IVSC). The properties are classified as Level 3 assets according to IFRS 13. Investment properties are measured at fair value in accordance with IAS 40. The fair value of investment properties may include building permits/future building permits. For valuations of future investments, such as land allocations with related building permits/future building permits, the valuer uses local price method, rate of return method and a simplified development estimate, where the valuer bases the valuation on the prices in similar markets and transactions and how the market considers the relevant object. The valuation of ongoing projects also accounts for risks and uncertainties such as time aspects, percentage of completion and local market risks in regard to building permit valuation. The fair value of completed ongoing projects is determined using the same valuation method as for investment objects. However, the value of a completed project can only be determined when the project is almost completed and almost fully let, provided an external valuation has taken place.

For more information about K2A's valuation method, refer to the 2020 Annual Report (Note 15).

**Investment property related key figures – valuation**

Key figures, per cent	2021-12-31	2020-12-31
Discount rate, apartments	5.6	6.0
Discount rate, community service properties	6.6	7.3
<b>Yield requirement for assessment of residual value</b>		
Apartments	3.6	4.0
Community service properties	4.7	5.4
<b>Total</b>	<b>3.8</b>	<b>4.1</b>

**Note 7 Joint ventures**

K2A has created joint ventures together with external parties for the development of properties in partnership. The joint ventures are owned together with Samhällsbyggnadsbolaget i Norden AB and Genova Property Group AB. The relevant properties are presented under joint projects in Property and Project Portfolio in the interim report. K2A owns 30–50 per cent of the joint ventures, which are recognised using the equity method.

**Gain from joint ventures**

During the period, gain from joint ventures amounted to SEK 127.8 million (11.3).

**Participations in joint ventures**

The Group recognises participations in joint ventures using the equity method. The total value was SEK 267.7 million (139.8) and pertained to the Uppsala Flogsta 22:3, Västerås Ångpannan 10 and 12, and Upplands-Bro Viby 19:3 properties.

**Note 8 Interest bearing liabilities and derivatives****Interest bearing liabilities**

Refer to the “Financing” section in the interim report.

**Derivatives**

Derivative instruments are initially measured at fair value. In subsequent periods, derivative instruments are recognised directly on the balance sheet and measured at fair value. Gains or losses are recognised directly in profit or loss, since hedge accounting is not applied. For financial hedging of forecast interest rate flows from borrowing to variable interest rates, interest rate swaps can be used where the company receives variable interest rates and pays fixed interest rates, and/or interest rate caps, where the company can use the variable interest rate flexibility up to a predetermined maximum level. Interest rate swaps and interest rate ceilings comprise derivatives that are recognised on the balance sheet and measured at fair value. The coupon portion is recognised directly in net profit for the period/year as part of interest expense.

Unrealised changes in the fair value of the derivatives are recognised in profit or loss on the line item of Value changes, derivatives. K2A has contracted derivatives in the form of interest rate swaps with a total nominal value of SEK 1,075.0 million (1,075.0). K2A has also raised fixed rate loans, where the interest rate is fixed throughout the loan term.

## Note 9 Correction

K2A has a rental agreement for the Hydra property on Campus Ultuna in Uppsala. The property is owned by Akademiska Hus. The rental agreement has a non-cancellable lease term until 1 August 2023 with an option to extend for an additional period of one year at a time.

K2A applies IFRS 16 Leases for this contract. Previously, depreciation of the right-of-use asset was recognised as a Depreciation item under Property costs. As of October 2021, this depreciation is recognised under Value change, investment properties in accordance with IAS 40.

The correction has not had any effect on the consolidated balance sheet or equity. The following table presents the effects on the income statement and cash flow statement for 2020, and for the January-September period of 2021.

### CONSOLIDATED INCOME STATEMENT

MSEK	1 Jan 2020-31 Dec 2020			1 Jan 2021-30 Sep 2021		
	According to previously approved Annual Report	Correction of error	After correction of error	According to previously approved interim report	Correction of error	After correction of error
Rental income	202.2	-	202.2	193.1	-	193.1
<i>Property costs</i>						
Operating costs	-43.0	-	-43.0	-42.6	-	-42.6
Maintenance	-3.9	-	-3.9	-4.3	-	-4.3
Property tax	-0.9	-	-0.9	-1.6	-	-1.6
Depreciation/amortisation	-3.5	3.0	-0.5	-5.6	5.4	-0.2
Property administration	-14.4	-	-14.4	-10.1	-	-10.1
Total property costs	-65.7	3.0	-62.7	-64.2	5.4	-58.8
Net operating income	136.5	3.0	139.5	128.9	5.4	134.3
Central administration, property management	-13.2	-	-13.2	-14.1	-	-14.1
Central administration, project development	-33.9	-	-33.9	-26.6	-	-26.6
Profit from joint ventures	11.3	-	11.3	4.8	-	4.8
Interest income	0.0	-	0.0	-	-	-
Interest expense	-61.9	-	-61.9	-62.6	-	-62.6
Profit from property management	38.7	3.0	41.7	30.4	5.4	35.7
<i>Value changes</i>						
Value change, investment properties, unrealised	220.7	-3.0	217.7	375.8	-5.4	370.5
Value change, participations in other companies	6.9	-	6.9	-	-	-
Value change derivatives, unrealised	1.0	-	1.0	17.6	-	17.6
Total value changes	228.6	-3.0	225.6	393.5	-5.4	388.1
Profit before tax	267.3	-	267.3	423.8	-	423.8
Current tax	-0.6	-	-0.6	-0.3	-	-0.3
Deferred tax	-47.1	-	-47.1	-100.6	-	-100.6
Profit for the period/year	219.6	-	219.6	322.9	-	322.9

### CONSOLIDATED CASH FLOW STATEMENT

<i>Operating activities</i>						
Profit from property management	38.7	3.0	41.7	30.4	5.4	35.7
Adjustments for non-cash items	4.6	-3.0	1.6	10.6	-5.4	5.2
Tax paid	-	-	-	-	-	-
Change in inventories	-5.0	-	-5.0	4.1	-	4.1
Change in operating receivables	-2.0	-	-2.0	-133.0	-	-133.0
Change in operating liabilities	69.2	-	69.2	70.4	-	70.4
Cash flow from operating activities	105.6	-	105.6	-17.5	-	-17.5

# OPPORTUNITIES AND RISKS FOR THE GROUP AND THE PARENT COMPANY

## Cash flow risks and opportunities

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

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

	Change	Effect on cash flow, MSEK
Rental value	+/- 5 per cent	+/- 24
Occupancy rate	+/- 2 percentage points	+/- 10
Property cost	+/- 10 per cent	-/+ 13
Interest expense	+/- 1 percentage point	-/+ 24

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

## Financial risk

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

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

## Opportunities and risks in the value of properties

K2A recognises investment properties at fair value. Changes in the fair value of properties are recognised in profit or loss. Historically, changes in the fair value of properties have had a material effect on K2A's net profit for the period or year, which means that profit can be volatile. The value of the properties is determined by supply and demand, where the price is mainly dependent on the expected Net operating income of the properties and the buyer's yield requirement. Growing demand leads to lower yield requirements and therefore pushes prices up, while declining demand has the opposite effect. Similarly, a positive trend for the Net operating income pushes prices up, while a negative trend has the opposite effect.

Property valuations should account for an uncertainty interval, which is usually between +/- 5 and 10 per cent in a properly functioning market, to reflect the uncertainty that exists in the assumptions and estimates made.

### Sensitivity analysis 1 - value changes

Value change, per cent	-10	-5	0	+5	+10
Value change <sup>1</sup> , MSEK	-846	-423	0	423	846
Net loan-to-value ratio <sup>2</sup> , per cent	65.0	61.9	59.0	56.4	54.1

1) The value change is based on the fair value of investment properties at the balance sheet date.

2) The loan-to-value ratio adjusted for the theoretical value change in each of the scenarios in the table above.

### Material non-observable input to real-value valuation

	Community service properties	Housing properties
Expected normalised rent year 16, SEK/sqm	2,478	3,152
Current rent, SEK/sqm	1,759	2,320
Remaining duration rental contracts, years	6.2	e.t.
Expected long-term vacancy year 16, per cent	3.1	1.3
Current vacancy, per cent	4.4	1.8
Expected normalised operating profit year 16, SEK/sqm	1,986	2,296
Discount rate, per cent	6.6	5.6
Yield requirement for assessment of residual value year 16, per cent	4.7	3.6

### Sensitivity analysis 2 - value changes, MSEK

	Effect on real value		
	Community service properties	Housing properties	
Expected normalised rent	+/- 5%	+/- 33	+/- 221
Expected long-term vacancies	+/- 5%	-/+ 33	-/+ 221
Expected property costs	+/- 5%	-/+ 6	-/+ 51
Discount rate, per cent	+/- 1%	-/+ 116	-/+ 683
Yield requirement for assessment of residual value	+/- 1%	-/+ 154	-/+ 1 329

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

## Operational risk

K2A is in an expansion phase and has identified a number of growth-oriented targets. Risks and opportunities linked to achieving the growth targets include: continued access to new projects, key individuals, risk management in projects (regarding time, cost and quality), as well operational continuity and capacity in the company's own manufacturing facilities.

## Ongoing projects

The information about ongoing projects in the interim report is based on estimates of the size, focus and scope of ongoing projects, and when projects are expected to start and finish. In addition, the information is based on assumptions of future project costs and rental value. These estimates and assumptions should not be considered a forecast. Estimates and assumptions are subject to uncertainty regarding the implementation, design and size, time frames, project costs and future rental value of the projects. The information about ongoing projects in the interim report is periodically reviewed and estimates and assumptions are adjusted as ongoing projects are completed or added, and as circumstances change. For projects where construction has not yet started, financing has not been procured, which means that financing of ongoing projects is subject to uncertainty.

## Parent Company

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

## State investment support

In November 2021, the Swedish Riksdag decided to adopt the opposition's budget for 2022. As a result, it is no longer possible, as of 1 January 2022, to apply for state investment support for the construction of rental apartments. In brief, the investment support took the form of a one-off payment for property owners, providing the apartments met specific energy consumption requirements and that the rent level was reduced for a period of 15 years.

In recent years, K2A has used the investment support to construct housing outside the Stockholm Region. The basic principles of the investment support, to stimulate the construction of smaller apartments with low energy consumption, was well aligned with K2A's existing strategy to build space efficient and environmentally friendly housing. K2A does not therefore intend to change its strategy now that the investment support has been withdrawn. We have been generating value by building space efficient, environmentally friendly apartments since before the investment support existed, and will continue to do so. However, we believe that the investment support benefited K2A's business model and long-term management, as well as the tenants who received a lower rent.

## Effects of covid-19

K2A has not noted any significantly negative effects on its operations during 2020/2021 in connection with the covid-19 pandemic, or the negative effects of the pandemic on society and the economy. In the second and third quarters, the operations were marginally impacted by the covid-19 pandemic mainly in the form of lower supply and higher costs for certain inputs for production processes as well as higher vacancy rates for student housing in a number of university/college cities where classes moved online. K2A is continuously following developments in order to manage any risks or situations that may arise promptly and efficiently.

## Sickness absence

Sickness absence for employees at the head office did not increase compared with preceding years. Sickness absence for the K2A Trähus subsidiary rose to 12.0 per cent (12.3) year-on-year and remains at a higher level compared with a "normal" year.

## Rent and occupancy rate

In the second quarter of 2021, vacancies were higher than normal for student housing in a number of university/college cities where classes moved online. When face-to-face tuition resumed after the summer, vacancies returned to normal levels. At 31 December 2021, the economic occupancy rate was 92.9 per cent on a rolling 12-month basis. The number of tenants with payment difficulties has not increased.

## Transactions and property valuation

K2A believes that the buying and selling of apartments and community service properties in the Swedish transaction market during the year does not indicate any depreciation due to the change in market conditions associated with covid-19.

## Project development

K2A follows the guidance issued by authorities which, to date, has enabled production and project development according to plan. In 2021, K2A has commenced the construction of 1,120 apartments, including 612 under own management, in line with set targets. All ongoing projects are on track and K2A believes that the time frames, in all material respects, can be met.

## Financing

K2A has not yet noted any significantly negative effects on the credit market with regard to bank loans, which are K2A's main source of finance. All loans maturing in 2021 have been extended with unchanged or more attractive financing terms. All acquisitions that K2A completed were financed with bank loans, with the levels and terms that applied before the outbreak of COVID-19. K2A has a stable financial position and at 31 December 2021, cash and cash equivalents amounted to SEK 379.2 million. After the balance sheet date, cash and cash equivalents were strengthened with SEK 394 million by issuing bonds. K2A has taken out credit facilities, and at 31 December 2021, K2A's undrawn credit line amounted to SEK 874.8 million.

## THE SHARE AND SHAREHOLDERS

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

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

At 31 December 2021, the total number of outstanding shares was 87,670,100, comprising 10,604,640 A shares, 68,454,500 B shares, 6,806,160 D shares and 1,804,800 preference shares. The total number of votes in the company was 183,111,860.

### LARGEST SHAREHOLDERS AT 31 DECEMBER 2021

	A shares	B shares	D shares	Preference-shares	Total no. of shares	% of total no. of shares	% of total no. of shares <sup>1</sup>
Johan Knaust med bolag	2,841,840	17,402,015	6,806,160	94,025	27,144,040	31.0	28.8
Länsförsäkringar Fastighetsfond	-	10,342,852	-	-	10,342,852	11.8	5.6
Johan Ljungberg med bolag	2,412,000	5,795,000	-	13,864	8,220,864	9.4	16.3
Johan Thorell med bolag	2,412,000	5,711,000	-	19,499	8,142,499	9.3	16.3
Claes-Henrik Julander med bolag	2,176,800	5,086,280	-	17,659	7,280,739	8.3	14.7
SEB Fonder	-	6,508,134	-	55,900	6,564,034	7.5	3.6
Enter Sverige	-	3,594,717	-	-	3,594,717	4.1	2.0
Verdipapirfondet Odin Eiendom	-	2,538,190	-	-	2,538,190	2.9	1.4
Ludwig Holmgren	762,000	1,316,730	-	2,032	2,080,762	2.4	4.9
Swedbank Försäkring	-	1,281,905	-	15,647	1,297,552	1.5	0.7
Humle fonder	-	1,135,732	-	-	1,135,732	1.3	0.6
Försäkringsaktiebolaget Avanza Pension	-	877,284	-	165,703	1,042,987	1.2	0.6
Handelsbanken Liv Försäkringsaktiebolag	-	651,278	-	5,290	656,568	0.7	0.4
LK Finans	-	636,999	-	-	636,999	0.7	0.3
Erik Selin Fastigheter	-	500,000	-	-	500,000	0.6	0.3
IKC Fastighetsfond	-	408,000	-	-	408,000	0.5	0.2
Handelsbanken Fonder	-	379,331	-	-	379,331	0.4	0.2
Christian Lindberg	-	375,000	-	-	375,000	0.4	0.2
The Northern Trust Company	-	312,500	-	-	312,500	0.4	0.2
NRP Anaxo Nordic M2 Fund	-	283,876	-	-	283,876	0.3	0.2
Övriga	-	3,317,677	-	1,415,181	4,732,858	5.4	2.6
<b>Summa</b>	<b>10,604,640</b>	<b>68,454,500</b>	<b>6,806,160</b>	<b>1,804,800</b>	<b>87,670,100</b>	<b>100.0</b>	<b>100.0</b>

1) No. of votes/total no. of votes. A shares carry 10 votes per share, while B, D and preference shares carry 1 vote per share.

# SIGNATURES OF THE BOARD OF DIRECTORS

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

Stockholm, February 16, 2022

K2A Knaust & Andersson Fastigheter AB (publ)

Johan Thorell  
*Chairman*

Sten Gejrot  
*Member*

Ludwig Holmgren  
*Member*

Claes-Henrik Julander  
*Member*

Johan Knaust  
*CEO and Member*

Ingrid Lindquist  
*Member*

Johan Ljungberg  
*Member*

This interim report has not been audited.

# DEFINITIONS

## Adjusted earnings per ordinary share

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

## Adjusted interest bearing liability

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

## Currency

MSEK and SEK million corresponds to one million Swedish crowns.

## Earnings per ordinary share

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

## EPRA

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

## EPRA NRV

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

## EPRA NRV attributable to ordinary shareholders

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

## EPRA NRV per ordinary share

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

## Equity/assets ratio

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

## Equity per ordinary share

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

## IFRS

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

## Interest coverage ratio

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

## Lettable area

Total area available for letting.

## Loan-to-value ratio

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

## Net debt

Interest bearing liabilities less cash and cash equivalents.

## Net loan-to-value ratio

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

## Net operating income

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

## Occupancy rate, economic

Contract value relative to rental value at period end. This key figure is expressed as a percentage and is relevant for measuring vacancies, where a high occupancy rate indicates low economic vacancy.

## Profit from property management

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

## Profit from property management per ordinary share

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

## Rental value

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

## Required yield

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

## Return on equity

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

## Rounding

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

## Surplus ratio

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

# RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASUREMENTS

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

MSEK	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
<b>Profit from property management per ordinary share</b>				
Profit from property management	131.9	14.8	167.6	41.7
Dividend, preference shares	-9.0	-9.0	-36.1	-36.1
Hybrid bond expenses	-6.8	-	-25.4	-
Adjusted profit from property management	116.1	5.8	106.1	5.6
Weighted average number of ordinary shares <sup>1</sup>	85,865,300	85,410,800	85,659,841	80,233,180
Profit from property management per ordinary share, SEK	1.35	0.07	1.24	0.07
<b>Earnings per ordinary share<sup>2</sup></b>				
Profit after tax	433.6	125.4	756.5	219.6
Dividend, preference shares	-9.0	-9.0	-36.1	-36.1
Hybrid bond expenses	-6.8	-	-25.4	-
Profit after preferred dividend and hybrid bond expenses	417.8	116.4	695.0	183.5
Weighted average number of ordinary shares <sup>1</sup>	85,865,300	85,410,800	85,659,841	80,233,180
Adjusted earnings per ordinary share, SEK	4.87	1.36	8.11	2.29
Less minority interest, SEK	0.00	0.00	-0.01	-0.01
Earnings per ordinary share, SEK	4.86	1.36	8.10	2.28
<b>Equity per ordinary share</b>				
Equity	2,906.2	1,763.5	2,906.2	1,763.5
Less non-controlling interests	-0.7	-1.4	-0.7	-1.4
Less value of preference shares <sup>3</sup>	-518.9	-518.9	-518.9	-518.9
Less hybrid bond	-450	-	-450.0	-
Equity attributable to ordinary shareholders	1,936.7	1,243.2	1,936.7	1,243.2
No. of ordinary shares at period-end <sup>1</sup>	85,865,300	85,410,800	85,865,300	85,410,800
Equity per ordinary share, SEK	22.55	14.56	22.55	14.56
<b>EPRA NRV per ordinary share</b>				
EPRA NRV	2,396.4	1,542.3	2,396.4	1,542.3
No. of ordinary shares at period-end <sup>1</sup>	85,865,300	85,410,800	85,865,300	85,410,800
EPRA NRV per ordinary share, SEK	27.91	18.06	27.91	18.06
<b>Net operating income ratio</b>				
Rental income	-	-	272.7	202.2
Net operating income	-	-	183.9	139.5
Surplus ratio, per cent	-	-	67.4	69.0
<b>Return on equity</b>				
Profit after tax, rolling 12-month period	-	-	756.5	219.6
Closing equity	-	-	2,906.2	1,763.5
Return on equity, per cent	-	-	26.0	12.5
<b>Equity/assets ratio</b>				
Equity	2,906.2	1,763.5	2,906.2	1,763.5
Total assets	9,563.2	6,488.8	9,563.2	6,488.8
Equity/assets ratio, per cent	30.4	27.2	30.4	27.2

# RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASUREMENTS, CONT'D

MSEK	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<b>Interest bearing liabilities</b>				
Non-current interest bearing liabilities	4,345.4	3,340.8	4,345.4	3,340.8
Non-current lease liabilities	81.7	53.1	81.7	53.1
Current interest bearing liabilities	1,456.8	842.6	1,456.8	842.6
Current lease liabilities	12.6	10.7	12.6	10.7
Interest bearing liabilities	5,896.5	4,247.3	5,896.5	4,247.3
Lease liabilities	-94.3	-63.8	-94.3	-63.8
Interest bearing liabilities excluding leases	5,802.2	4,183.4	5,802.2	4,183.4
<b>Net debt</b>				
Interest bearing liabilities excluding leases	5,802.2	4,183.4	5,802.2	4,183.4
Cash and cash equivalents	-379.2	-412.1	-379.2	-412.1
Net debt	5,423.0	3,771.3	5,423.0	3,771.3
<b>Loan-to-value ratio</b>				
Interest bearing liabilities excluding leases	5,802.2	4,183.4	5,802.2	4,183.4
Total assets	9,563.2	6,488.8	9,563.2	6,488.8
Loan-to-value ratio, per cent	60.7	64.5	60.7	64.5
<b>Net loan-to-value ratio</b>				
Net debt	5,423.0	3,771.3	5,423.0	3,771.3
Total assets less cash and cash equivalents	9,184.0	6,076.7	9,184.0	6,076.7
Net loan-to-value ratio, per cent	59.0	62.1	59.0	62.1
<b>Interest coverage ratio</b>				
Net operating income	-	-	183.9	139.5
Administrative costs, property management	-	-	-19.8	-13.2
Net interest income/expense	-	-	-85.8	-61.9
Interest coverage ratio (12 months), times			1.9	2.0
<b>EPRA NRV</b>				
Equity	2,906.2	1,763.5	2,906.2	1,763.5
Derivatives	-25.6	-1.0	-25.6	-1.0
Deferred tax	485.3	300.1	485.3	300.1
EPRA NRV	3,365.9	2,062.5	3,365.9	2,062.5
Less non-controlling interests	-0.7	-1.4	-0.7	-1.4
Less value of preference shares <sup>1</sup>	-518.9	-518.9	-518.9	-518.9
Less hybrid bond	-450.0	-	-450.0	-
EPRA NRV attributable to ordinary shareholders	2,396.4	1,542.3	2,396.4	1,542.3
<b>Growth in EPRA NRV per ordinary share<sup>2</sup></b>				
OB EPRA NRV attributable to ordinary shareholders, SEK	-	-	18.06	14.26
CB EPRA NRV attributable to ordinary shareholders, SEK	-	-	27.91	18.06
Growth in EPRA NRV per ordinary share (12 months), per cent	-	-	54.6	26.6

1) In the fourth quarter, the company carried out a bonus issue where four new shares were allotted for each share held. This means that the number of shares has been recalculated retroactively, which also affects key figures based on earnings per share.

2) Calculation of earnings per ordinary shareholders less minority interest is included in the above table even though it is an IFRS key figure.

3) The value of all preference shares outstanding was calculated as SEK 287.50 multiplied by the number of preference shares at the balance sheet date. SEK 287.50 corresponds to the amount per preference share that the holder has a preferential right to, before ordinary shares, in the event of the company's dissolution.

# FINANCIAL CALENDAR

## FINANCIAL REPORTS AND COMPANY EVENTS

Annual report 2021	Week 13 2022
Q1 Interim Report, January-March 2022	29 April 2022
Annual General Meeting 2022	29 April 2022
Q2 Interim Report, January-June 2022	15 July 2022
Q3 Interim Report, January-September 2022	26 October 2022
Q4 Interim Report, January-December 2022	14 February 2023

## PREFERRED DIVIDENDS

Last trading day, including right to dividend payment	8 March 2022
Record date for dividend payment	10 March 2022
Expected date of payment from Euroclear	15 March 2022

## SUGGESTED DIVIDEND, PREFERRED SHARES

Last trading day, including right to dividend payment	8 June 2022
Record date for dividend payment	10 June 2022
Expected date of payment from Euroclear	15 June 2022
Last trading day, including right to dividend payment	7 September 2022
Record date for dividend payment	9 September 2022
Expected date of payment from Euroclear	14 September 2022
Last trading day, including right to dividend payment	7 December 2022
Record date for dividend payment	9 December 2022
Expected date of payment from Euroclear	14 December 2022

## SUGGESTED DIVIDEND, ORDINARY SHARES

Last trading day, including right to dividend payment	29 April 2022
Record date for dividend payment	3 May 2022
Expected date of payment from Euroclear	6 May 2022

For further information, please contact:

Johan Knaust, CEO, +46 707 40 04 50, [johan.knaust@k2a.se](mailto:johan.knaust@k2a.se)  
 Christian Lindberg, deputy CEO, +46 707 23 39 48, [christian.lindberg@k2a.se](mailto:christian.lindberg@k2a.se)  
 Ola Persson, CFO, +46 708 32 99 93, [ola.persson@k2a.se](mailto:ola.persson@k2a.se)

The information in this report is such that K2A Knaust & Andersson Fastigheter AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above on February 16, 2022.



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

Nybrogatan 59, 114 40 Stockholm, Sweden, [info@k2a.se](mailto:info@k2a.se), [www.k2a.se](http://www.k2a.se), org.nr 556943-7600