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Roundings in the annual accounts can result in columns and rows not adding up.

Property on the cover, Blåsterugnen 3 i Västerås

Calendar

Interim reports

January – March 2021: 4 May 2021

January – June 2021: 9 July 2021

January – September 2021: 22 October 2021

Year-end report 2021: 11 February 2022

Proposed record days for dividend on common shares

6 May 2021

29 October 2021

Proposed record days for dividend on preference shares

30 July 2021

29 October 2021

31 January 2022

29 April 2022

Annual general assembly 4 May 2021

This Annual Report is an in-house translation of NP3s Swedish Annual Report. In the event of discrepancies, the Swedish original will supersede the translation.

Distribution policy

NP3's annual report is available as a document in PDF format at:
www.np3fastigheter.se.

The year in brief

9.26 SEK

Profit from property management per common share, an increase of 15 percent

558 MSEK

The profit from property management increased by 15 percent

1,091 MSEK

Revenue increased by 8 percent

12,582 MSEK

The property value increased by 10 percent

18 MSEK

Positive net letting

3.60 SEK

Proposed dividend per common share, an increase of 6 percent

Q1

- Acquisition of six properties for 169 MSEK with a focus on Skellefteå.

Q2

- A selective stock offering of preference shares provided the company with 90 MSEK.
- Annual general assembly postponed due to Covid-19, which approved an adjusted dividend of 1.70 SEK per common share.

Q3

- Acquisition of six properties, mainly in Karlstad, at a value of 163 MSEK.
- Letter of intent with AB Sagax regarding the formation of a joint venture with 37 properties and a property value of 1,410 MSEK.
- Issue of a green senior unsecured bond loan for 500 MSEK with a financial framework of 800 MSEK, with a term of 2020/2024.

Q4

- NP3 calls an extraordinary company general assembly and this decides on an extra dividend of 1.70 SEK per common share.
- Acquisition of four properties at a value of 210 MSEK, of which 150 MSEK are for a property in Borlänge.
- Acquisition of properties for 420 MSEK, of which one property in Falun with a property value of 309 MSEK.
- NP3 receives the credit rating "BB" with stable outlook by Nordic Credit Rating.

Effect of the pandemic

The pandemic has so far had a limited effect on the company's financial position, profit and activities.

Challenges for the organisation have included letting activities, as opportunities for face-to-face meetings have been limited. Our positive net letting for the year shows that we have managed this challenge successfully.

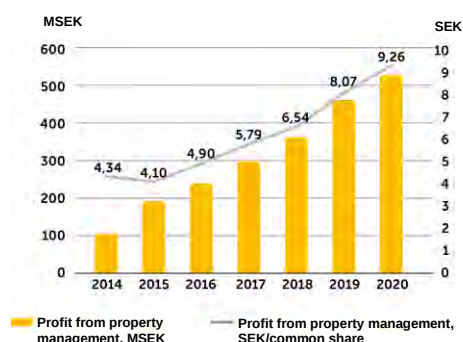
Despite limited acquisition of properties during midyear, acquisitions for whole year amounted to some 800 MSEK.

Significant events after year-end

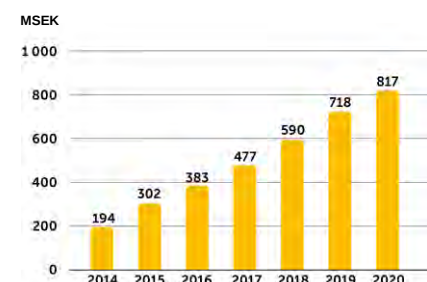
- Agreement with PostNord for the construction of a logistics property in Borlänge, with an investment of over 80 MSEK.
- Forming of a joint venture with Jämtkraft AB, primarily for the construction of a head office and operating centre for Jämtkraft. The investment is estimated to amount to 250-300 MSEK.
- Issue of 200 MSEK under an existing framework of 800 MSEK regarding a green bond loan 2020/2024.

NP3 is a cash flow-oriented real estate company with a focus on high yield commercial investment properties primarily in North Sweden. As of 31 December 2020, the property portfolio amounted to 1,436,000 square metres of lettable area, divided between 388 properties in the categories industrial, retail, office, logistics and others. The property portfolio is spread across seven business areas: Sundsvall, Gävle, Dalarna, Östersund, Umeå, Luleå and Middle Sweden. At year-end, the property value amounted to over 12.5 BSEK. The NP3-share has been listed on Nasdaq Stockholm, Mid Cap., since December 2014. NP3 was founded in 2010 and has its domicile and head office in Sundsvall.

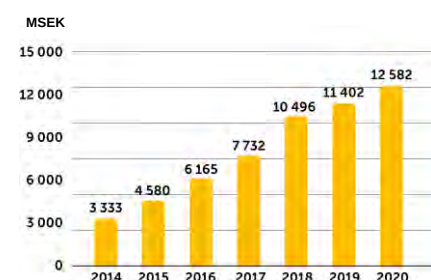
The profit from property management increased by 15 % to 558 MSEK. The profit from property management per common share amounted to 9.26 SEK, an increase of 15 %.



The net operating income increased by 14 % to 817 MSEK



The property value increased by 10 % to 12,582 MSEK



Key ratios	2020	2019
------------	------	------

Outcome

The investment properties' reported value, MSEK	12,582	11,402
Rental income, MSEK	1,091	1,006
Net operating income, MSEK	817	718
Profit from property management, MSEK ²⁾	558	487

Share-based

Profit after tax, SEK/common share	11.12	13.60
Profit from property management, SEK/common share ¹⁾	9.26	8.07
Equity, SEK/common share ¹⁾	68.67	61.42
Long-term net asset value, SEK/common share ¹⁾	80.47	70.36

Property-related

Financial occupancy rate, %	93	93
Surplus ratio, % ¹⁾	75	71

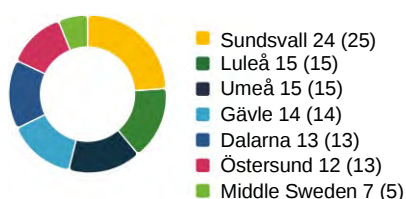
Financial

Loan-to-value ratio, % ¹⁾²⁾	57.3	58.0
Interest coverage ratio, x ¹⁾²⁾	3.4	3.5
Net debt to EBITDA ratio, x ¹⁾	9.6	9.4

¹⁾ Financial measurements which are not defined according to IFRS. For reconciliation and definitions, see pages 130-131.

²⁾ The definition of profit from property management has been updated and now excludes changes in value and tax from shares in profits in associated companies and joint ventures. The definition of loan-to-value ratio has been updated and now includes investments in the associated companies and joint ventures. When calculating the interest coverage ratio, the share of profits in associated companies and joint ventures has been excluded. The key ratios for previous periods have been recalculated in accordance with the new definitions.

Property value by business area (%)



Property value by property category (%)



Comparisons within brackets relate to the beginning of the year.

Comments by the CEO

This time last year, the corona pandemic had just broken out and there was great fear and anxiety in society. For better and for worse, I can now say that I was very wrong in regard to what I anticipated. Excessive mortality in Sweden, which is real, is lower than what I feared it would be. On the other hand, we are still stuck in an ongoing pandemic, which few believed we would be a year later. In the past year the pandemic has led to several restrictions in our lives, but despite all sacrifices and efforts many of us have unfortunately still lost loved ones.

Now, one year after the outbreak, it is my impression that society has, for the most part, still kept running and rolled on. Not as usual, but it has still made headway. However, way too many contractors and entrepreneurs have seen their life's work ruined, which is deeply regrettable. For NP3 the operations were strongly affected, especially due to fear and uncertainty, but as time has passed the pandemic has affected us less and less. I am happy that we have a simple business model where our clear focus on cash flow has turned out to be of particular importance in turbulent times. But we are not yet out of the pandemic and it continues to be hard to know which consequences we will see in the future. But one thing is sure, we will learn to deal with and accept "new realities" at a faster rate than what we previously thought. I believe one lasting change are the digital alternatives for meetings - not for all meetings but for many. The way digital meetings have matured lets us who live in smaller communities get closer to metropolitan areas and even international relations are now closer at hand. What previously may have been a disadvantage of our locations - distance - has suddenly changed.

Business opportunities

NP3 Fastigheter was started in 2010 with the business idea of owning and managing high-yield commercial properties, primarily in North Sweden. Our focus on conducting business in a stable and rather narrow market segment remains unchanged. NP3's market and property portfolio are characterised by rent levels with low volatility, which in turn means that the rent development is relatively stable, both in a booming economy as well as during a recession. In order to reduce our risk in the net operating income, we prefer investing in a high number of long-term rental agreements. Our proximity to our properties is crucial in order to reduce the risk of vacancies and make the most of any business opportunities. This proximity is ensured primarily through our local offices in eleven locations.

Our resources must be aimed at activities in order to allow us to deliver a stable, predictable and growing profit from property management to our shareholders. The profit from property management for 2020 amounted to 588 MSEK, which is the company's highest result to date. This is equivalent to an increase of 15 percent compared to the previous year. During 2020, we invested 792 million SEK in acquiring a total of 35 properties. In order to utilise further business opportunities, we established a new business area in 2019 which we now report as a separate segment, Middle Sweden. Acquisitions during 2020 were primarily located in Västerås and Karlstad, which belong to the new segment, as well as Skellefteå - locations we prioritise to grow in, in order to get greater local presence.

Our biggest investment during 2020 was the acquisition of 50 percent of the shares in the company Ess-Sierra, which we own together with AB Sagax. The company owns properties worth some 1.4 billion SEK spread out all across Sweden. Ess-Sierra is a clear example of how co-investment provides NP3 and our shareholders with a business opportunity we could not have captured ourselves. NP3 has invested a total of 456 million SEK in joint ventures and associated companies, of which 307 million SEK during 2020. In order to continue making the most of business opportunities, NP3 will continue in the same way we have since the start in 2010. We feel comfortable with our local presence and are certain that this will contribute to good conditions for future acquisitions.



Funding

In autumn 2020, NP3 established its first green framework. The green framework gives more investors the opportunity to invest in our bonds, which gives us more reliable and somewhat cheaper access to the capital market. On the other hand, we also take on responsibility to follow the guidelines and sustainability targets we have set up ourselves, but also to report them. To keep doing everything a little bit better has been important, even with regard to our sustainability work.

Growth for the year have in addition to bank funding and our earnings been financed by an issue of preference shares and green bonds. The issue of preference shares provided 90 million SEK and our green bond provided 500 million SEK.

Even though today we are seeing a somewhat higher return on preference shares compared to recent years, I believe that preference shares will continue to be an instrument for NP3 to finance its future growth with. In the last five years, NP3 has generated an average return on equity before tax of 22.5 percent. To then offer holders of preference shares a stable return of 6 to 7 percent gives holders of our common shares an excess return, as our financial target is 15 percent return on equity. To keep increasing equity in relation to our growth gives our financiers and shareholders a more diversified company with the same or lower risk.

Future

I believe in continued growth during 2021, even if the transaction market is challenging and very competitive with squeezed levels of return. I also believe that we to an even larger extent will make decisions regarding investments based more on following our tenants than which locations they are active in. Good knowledge of and relations with our tenants provides better business opportunities and this will be of even greater significance henceforth. We will also see more collaborations. At the beginning of the new year we already established collaboration with Jämtkraft regarding their new head office in Östersund, and we have also invested in a new issue which Emilshus has carried out. Investments that give NP3 added value which we cannot achieve ourselves. These are collaborations I look at positively.

In conclusion, I would like to take the opportunity to thank our staff, shareholders and stakeholders for a turbulent year which, looking back, still turned out to be a good one—thanks to you. I look forward to a more stable 2021, even if we will continue to feel the negative effects of the pandemic for some time to come.

A handwritten signature in black ink, appearing to read 'A Wahlén'.

Andreas Wahlén

Financial targets and dividend targets

Objective	Explanation and result	Outcome																		
Growth in profit from property management per common share The growth in profit from property management per common share shall amount to at least 12 % annually.	The key ratio shows the company's overall growth target. Growth in profit from property management per common share for 2020 amounted to 15 %.	<table><tr><th>Year</th><th>Profit from property management per common share, SEK</th><th>Annual growth, %, right scale</th></tr><tr><td>2016</td><td>4.8</td><td>20%</td></tr><tr><td>2017</td><td>5.5</td><td>18%</td></tr><tr><td>2018</td><td>6.2</td><td>13%</td></tr><tr><td>2019</td><td>8.0</td><td>23%</td></tr><tr><td>2020</td><td>9.0</td><td>15%</td></tr></table>	Year	Profit from property management per common share, SEK	Annual growth, %, right scale	2016	4.8	20%	2017	5.5	18%	2018	6.2	13%	2019	8.0	23%	2020	9.0	15%
Year	Profit from property management per common share, SEK	Annual growth, %, right scale																		
2016	4.8	20%																		
2017	5.5	18%																		
2018	6.2	13%																		
2019	8.0	23%																		
2020	9.0	15%																		
Return on equity before tax Return on equity before tax for a five-year period shall amount to at least 15 %.	The target shows the long-term return on the company's equity over a five-year period. The target is a measure of the company's ability to create long-term return. The return on equity before tax for 2020 was 19 %. Average return on equity before tax 2016-2020 amounted to 22.5 %.	<table><tr><th>Year</th><th>Return on equity before tax, %</th></tr><tr><td>2016</td><td>26%</td></tr><tr><td>2017</td><td>23%</td></tr><tr><td>2018</td><td>19%</td></tr><tr><td>2019</td><td>25%</td></tr><tr><td>2020</td><td>19%</td></tr></table>	Year	Return on equity before tax, %	2016	26%	2017	23%	2018	19%	2019	25%	2020	19%						
Year	Return on equity before tax, %																			
2016	26%																			
2017	23%																			
2018	19%																			
2019	25%																			
2020	19%																			
Interest coverage ratio The interest coverage ratio shall be no less than 2x	The interest coverage ratio shows the company's ability to cover its interest expenses. An interest coverage ratio of 2x means that the result after financial revenue exceeds interest expenses by double the amount. The interest coverage ratio as of 31 December 2020 was 3.4x.	<table><tr><th>Year</th><th>Interest coverage ratio, x</th></tr><tr><td>2016</td><td>3.7</td></tr><tr><td>2017</td><td>3.6</td></tr><tr><td>2018</td><td>3.3</td></tr><tr><td>2019</td><td>3.5</td></tr><tr><td>2020</td><td>3.4</td></tr></table>	Year	Interest coverage ratio, x	2016	3.7	2017	3.6	2018	3.3	2019	3.5	2020	3.4						
Year	Interest coverage ratio, x																			
2016	3.7																			
2017	3.6																			
2018	3.3																			
2019	3.5																			
2020	3.4																			
Loan-to-value ratio The long-term loan-to-value ratio shall amount to 55-65 %.	The loan-to-value ratio shows how great a proportion of the property portfolio is financed by liabilities. The target is to be at a level between 55 and 65 % over time. As of 31 December 2020, the loan-to-value ratio amounted to 57 %.	<table><tr><th>Year</th><th>Loan-to-value ratio, %</th></tr><tr><td>2016</td><td>58%</td></tr><tr><td>2017</td><td>61%</td></tr><tr><td>2018</td><td>62%</td></tr><tr><td>2019</td><td>58%</td></tr><tr><td>2020</td><td>57%</td></tr></table>	Year	Loan-to-value ratio, %	2016	58%	2017	61%	2018	62%	2019	58%	2020	57%						
Year	Loan-to-value ratio, %																			
2016	58%																			
2017	61%																			
2018	62%																			
2019	58%																			
2020	57%																			
Dividend The company aims to pay dividends of around 50 % of the profit from property management after tax to holders of common and preference shares.	The dividend target is set based on the company's cash flows and levels of return. The board proposes a dividend for 2020 of 3.60 SEK/common share and a dividend of 2.00 SEK/preference share. The total dividend is 252 MSEK, which is equivalent to an increase of 5 %. The proposed dividend for 2020 amounts to approximately 50 % of the profit from property management after tax to holders of common and preference shares.	<table><tr><th>Year</th><th>Dividend, %</th></tr><tr><td>2016</td><td>56%</td></tr><tr><td>2017</td><td>56%</td></tr><tr><td>2018</td><td>59%</td></tr><tr><td>2019</td><td>51%</td></tr><tr><td>2020</td><td>49%</td></tr></table>	Year	Dividend, %	2016	56%	2017	56%	2018	59%	2019	51%	2020	49%						
Year	Dividend, %																			
2016	56%																			
2017	56%																			
2018	59%																			
2019	51%																			
2020	49%																			
Proportion of preference share dividend Preference share dividend is limited to max 20 % of the profit from property management after current tax.	The key ratio that the preference share dividend is limited to max 20 % of the profit from property management after tax aims to ensure a good balance between the interests of holders of common and preference shares.	<table><tr><th>Year</th><th>Proportion of preference share dividend, %</th></tr><tr><td>2016</td><td>-</td></tr><tr><td>2017</td><td>-</td></tr><tr><td>2018</td><td>12%</td></tr><tr><td>2019</td><td>11%</td></tr><tr><td>2020</td><td>11%</td></tr></table>	Year	Proportion of preference share dividend, %	2016	-	2017	-	2018	12%	2019	11%	2020	11%						
Year	Proportion of preference share dividend, %																			
2016	-																			
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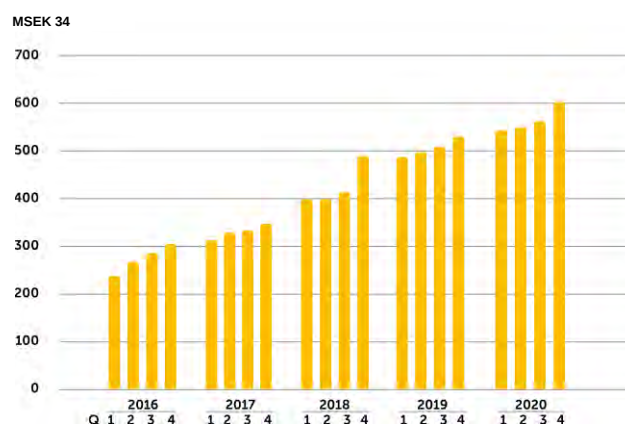
Earnings capacity

Earnings capacity is based on the coming 12-month period on the basis of the property portfolio the company owned as of 31 December 2020. The earnings capacity is based on rental agreements signed and shows what return company can generate under the given conditions. Current earnings capacity is not a forecast but to be regarded only as a snapshot, the aim of which is to present revenue and costs on an annual basis, given the property portfolio, borrowing expenses, capital structure and organisation at a given time. The earnings capacity does not include an assessment of the coming period with regard to the development of rents, degree of vacancies, property expenses, interest or other factors affecting income.

Current earnings capacity, MSEK	1 Jan 2021	1 Jan 2020	Change 12 months, %
Adjusted rental value	1,236	1,123	
Vacancy	-92	-79	
Rental income	1,144	1,045	
Property costs	-273	-252	
Property tax	-40	-36	
Net operating income	831	757	10 %
Central administration	-49	-46	
Net financial items	-211	-194	
Profit from property management from associated companies and joint ventures	46	13	
Profit from property management	616	530	16 %
Profit from property management, SEK/common share*	10.32	8.84	17 %

* Profit from property management/common share refers to the result less dividends to holders of preference shares.

Profit from property management from earnings capacity, 12 months



The estimated earnings capacity is based on the following information.

- Contracted rental income on an annual basis (including additional charges and rent discounts taking into account) and other property-related income as of 1 January 2021 based on the rental agreements in effect.
- Property costs consist of an estimate of the operating expenses and maintenance measures during a normal year. The operating expenses include property-related property management.
- Property tax has been calculated based on the properties' current tax assessment value.
- Costs for central administration are calculated based on existing organisation and the size of the property portfolio.
- Financial earnings and costs are calculated based on the company's actual average interest rate level as of 1 January 2021, but have not been adjusted for effects regarding distribution of borrowing expenses over a period of time.

Comments earnings capacity

The earnings capacity is based on rental agreements signed as of 1 January 2021 and shows what return the company can generate with the existing property portfolio. As of 31 December 2020, the company had signed acquisitions for four properties, which have not been taken into account in this table. The adjusted future-oriented rental value in the earnings capacity in essence is equivalent to the company's closing rental value at year-end 2020. The largest adjustment items were primarily discounts of -6 MSEK which were met by tenants moving in and out (forthcoming) of 5 MSEK.

Since the beginning of the year, the company's net operating income in the earnings capacity has increased by 10 percent to 831 MSEK. The yield in the earnings capacity amounted to

6.6 percent of the property value 12,582 MSEK. The profit from property management in the earnings capacity increased by 16 percent compared to the beginning of the year.

Acquisitions and divestments

Signed acquisitions which have not yet been taken possession of as of 31 December 2020 relate to two properties in the business area Luleå, one property in Falun and one property in Västerås. In total, the rental value amounts to 55 MSEK, which would increase the profit from property management in the earnings capacity by 18 MSEK. As of 31 December 2020, there were no divestments underwritten or withdrawn from.

Value-generating business model

Putting the customer at the centre is NP3's strategy for creating value for the company's shareholders with a focus on continuous improvement of the cash flow through transactions, development of the existing property portfolio and efficient management. NP3 keeps adding value to the property portfolio through acquisitions and divestments in order to create risk diversification by category in terms of both geographical location and good total return on the property portfolio.

Resources that we have

Properties

- 388 properties
- 1,436,000 square metres lettable area
- 180,000 square metres development rights

Staff and human resources

Our staff's individual skills, competencies and experience which collectively create value by delivering our business objectives.

Financial

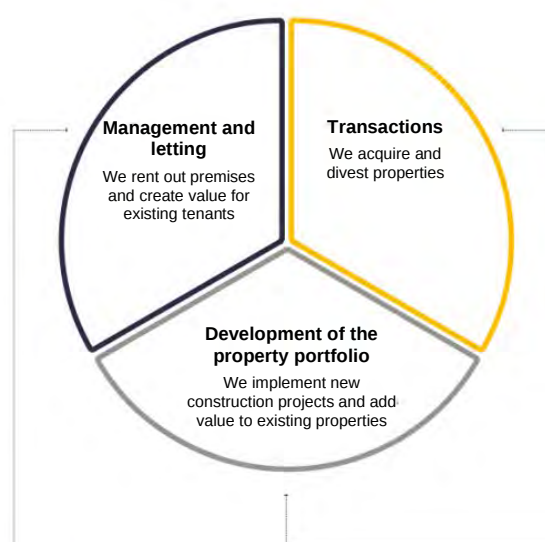
Equity and external funding in form of interest-bearing loans and credits.

Good relations

- Cooperation and dialogue with municipalities, businesses and local interest groups.
- Long-term collaborations with our suppliers.
- A great number of tenants who have aggregated represent more than 1,800 rental agreements.
- The relation with the capital market's players and our shareholders.

What we do

By supplying accessible resources and assets to our operations, NP3 creates stable and long-term values for shareholders, staff, tenants, suppliers and our geographical regions.



Property management

Our work involves letting vacant premises while also looking after existing tenants.

Efficient management creates increasing net operating income, which also has a positive effect on the property value. NP3 is a company with a clear customer focus, which is achieved through local presence and long customer relations, which in turn creates stable rental income. NP3 is present in all business areas, which facilitates accessibility and involvement in tenants' activities. An important parameter in being able to satisfy customers' needs in every location is to create clusters of properties with different types of premises in every business area. This focus allows NP3 to offer tenants more options for premises and thus develop together with the changing needs of existing tenants. NP3's local presence gives us awareness of customers' requests and requirements, while also making management and service more efficient.

Net letting during the year amounted to 18 MSEK.

The vacancy rate at year-end was 7 %, which was the same level as at the beginning of the year.

Surplus ratio: 75 %

Business idea

With our tenants in focus, to acquire, own and manage high-yield commercial properties, primarily in North Sweden.

Vision

Leveraging good business acumen and satisfied tenants, investors and stakeholders, to create Sweden's long-term most profitable real estate company.

Strategy

NP3 aims to create value in the property portfolio by means of local presence, creativity and good business acumen, and thus create conditions for continued good expansion and high reputation.

What we create

Owners

- Profit from property management per common share: 9.26 SEK
- Return on equity: 15 %
- Profit after tax: 660 MSEK
- Proposed dividend to shareholders: 252 MSEK of which 196 MSEK to holders of common shares and 56 MSEK to holders of preference shares
- Total return on common shares: 10 %

Customers

- Developing premises/properties according to customers needs in order to create growth and value in the tenants' business.
- A repurchase rate of 81 %, i.e. number of contracts that are renewed in relation to the proportion of cancellable contracts.

Staff

- Job openings with a safe and stable employer
- Development and benefits
- Salaries to staff: 30 MSEK

Suppliers, business partners and lenders

- Contribute directly and indirectly to creating job openings
- Purchased goods and services from suppliers 499 MSEK
- Interest to lenders: 226 MSEK

Society

- Value-creating development in the locations where we work together with municipalities and businesses.
- Tax revenue and job openings
- Current tax and property tax: 87 MSEK

Environment

- Gradual reduction of energy use and carbon emissions associated with our properties

Transactions

We acquire and divest properties

NP3 works actively and continuously with acquisitions and divestments in order to develop the property portfolio with regard to its composition, based on geography and property category in order to optimise the risk-adjusted return. One important aspect in the portfolio strategy is focusing the holdings to specific areas in every location. The transaction activities are governed by the overall strategy, which specifies that the company shall be active in locations with a stable and growing population. NP3 distills the holdings by divesting those properties that are part of the transaction in larger acquisitions and which have a return that is below the company's long-term targets, or which due to their geographical location are not considered to fit in with the portfolio strategy.

Acquisitions: 792 MSEK

Divestments: 146 MSEK

Development of the property portfolio

We add value to existing properties and build new ones

NP3's development of the property portfolio is based on close cooperation and long-term relations with tenants. We satisfy tenants' requirements by providing suitable premises to benefit their activities. This results in happy tenants and growth in value as well as a higher net operating income for NP3. As part of NP3's project work, new construction projects can be accommodated on our development rights, as well as developing and adding value to existing properties. Adding value to the existing portfolio makes the premises attracts long-term tenants. New construction projects also often have the effect that they increase the value of neighbouring properties, and thus the area as a whole.

Occupancy rate new construction projects: 100 %

Investment in existing properties and new construction projects: 271 MSEK

Property portfolio

NP3's property portfolio consists of commercial properties, primarily in North Sweden. Achieving risk diversification and effective management in the property portfolio is crucial in order to attain best possible risk-adjusted revenue.

In order to achieve the aforementioned objective, the distribution of property categories differs in each business area as a result of markets differing and different property types having different conditions in the business areas.

The property portfolio as of 31 December 2020 consisted of 388 investment properties (358) with a total lettable area of 1,436,000 square metres (1,350,000). The market value of the portfolio amounted to 12,582 MSEK (11,402) and the yield for the properties amounted to 6.9 percent (6.7).

NP3's property portfolio is divided into seven business areas, Sundsvall, Gävle, Dalarna, Östersund, Umeå, Luleå and Middle Sweden. As part of the company's continued expansion, a new business area was established during the year, Middle Sweden.

Risk diversification of the rental value

The company works continuously on diversifying the risk of the rental value. This is done primarily via two dimensions, rental value per property category and exposure to industry affiliation. The holdings overall show a well diversified portfolio with regard to both property categories and exposure to industry affiliation.

The rental value per property category shows the nature of the property, while industry exposure shows which industry the company's rental income is allocated to. The difference is that tenants in a certain industry can rent premises in a number of different categories. This becomes most clear with regard to state and municipalities, which together stand for 10 percent (10) of the rental income, where letting is in the categories offices, other and industrial. A big difference can also be seen in the fast-moving consumer goods (FMCG) industry, which in the property categorisation amounts to 2 percent (2) of the total rental value and to 6 percent (7) with regard to industry exposure of the total rental income. This difference is explained by FMCG suppliers also renting in the categories logistics and industrial. The exposure of the rental income is distributed between many sectors, with industrial and construction suppliers being the biggest ones.

Rental value per municipality (15 largest)

As of 31 Dec. 2020

Municipality	Rental value, MSEK	Proportion, %
Sundsvall	198	16
Östersund	145	12
Gävle	144	12
Umeå	126	10
Luleå	92	8
Borlänge	89	7
Skellefteå	56	5
Falun	56	5
Piteå	38	3
Timrå	36	3
Sollefteå	35	3
Karlstad	31	3
Gällivare	28	2
Kiruna	26	2
Västerås	19	2
Other municipalities	116	9
Total	1,236	100

Rental value by property category (%)



Industry exposure (%)



The table below is based on NP3's investment property portfolio as of 31 December 2020. Rental value refers to rental income plus estimated market rent on non-let areas in existing condition. Rental income refers to contracted rental income, including contracted surcharges on an annual basis.

Distribution by business area as of 31 December 2020

Business area	Number of properties	Lettable area, sqm	Property value		Rental value		Financial letting ratio, %
			MSEK	SEK/sqm	MSEK	SEK/sqm	
Sundsvall	103	356,347	2,980	8,364	291	817	91
Luleå	41	192,780	1,901	9,858	195	1,012	95
Umeå	65	205,541	1,873	9,114	183	890	93
Gävle	60	227,372	1,755	7,720	171	752	93
Dalarna	54	220,296	95	7,694	167	758	92
Östersund	38	129,532	1,560	12,043	145	1,119	94
Middle Sweden	27	104,011	817	7,857	84	808	88
Total	388	1,435,879	12,582	8,762	1,236	861	93

Distribution by business area and lettable area per type of premise as of 31 December 2020

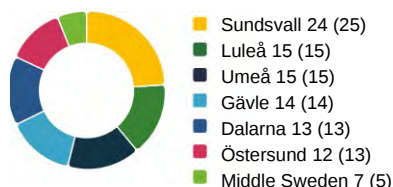
Business area	Lettable area, sqm						Share of total, %
	Industrial	Retail	Offices	Logistics	Other	Total	
Sundsvall	175,245	58,935	44,107	28,500	49,560	356,347	25
Gävle	146,002	41,616	15,795	10,792	13,167	227,372	16
Dalarna	103,678	41,983	26,659	34,618	13,358	220,296	15
Umeå	79,557	71,994	23,016	7,357	23,617	205,541	14
Luleå	67,370	84,398	22,701	14,289	4,023	192,780	14
Östersund	50,736	26,223	25,843	5,947	20,783	129,532	9
Middle Sweden	78,579	25,432	-	-	0	104,011	7
Total	701,167	350,581	158,121	101,503	124,508	1,435,879	100

Distribution by property category as of 31 December 2020

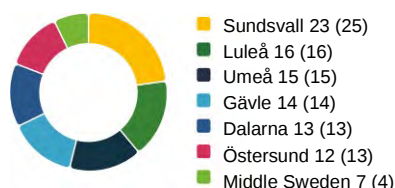
Property category	Number of properties	Lettable area, sqm	Property value		Rental value		Financial letting ratio, %
			MSEK	SEK/sqm	MSEK	SEK/sqm	
Industrial	181	701,167	4,667	6,656	504	720	92
Retail	94	350,581	3,929	11,207	342	976	92
Offices	52	158,121	1,531	9,682	166	1,050	90
Logistics	27	101,503	1,316	12,961	83	818	96
Other	34	124,508	1,139	9,147	141	1,132	96
Total	388	1,435,879	12,582	8,762	1,236	861	93

Property value per square metre is based on the property's area. Rental value per square metre is based on the contracts' area.

Property value by business area (%)



Rental value by business area (%)



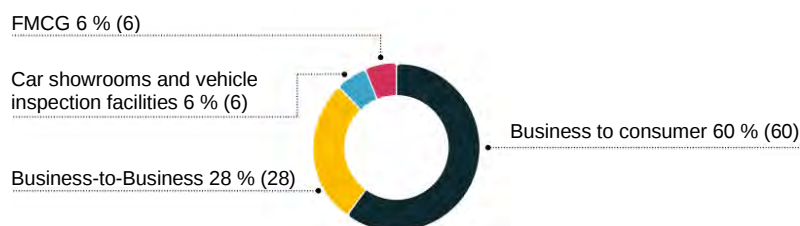
Property value by property category (%)



Property categories

The properties are divided into five property categories, industrial, retail, office, logistics and other. The largest property category is industrial, which represents 41 percent (38) of the rental value. Retail is the next largest property category with 28 percent (29) of the rental value. In the retail category, business to consumer represents 60 percent (60), business-to-business-retail 28 percent (28), car showrooms and other viewing facilities 6 percent (6) and FMCG 6 percent (6). Business to consumer is dominated by discount chains such as Dollarstore, ÖoB and Rusta. Ready-made clothing stores have a share of 5 percent. B2B includes large tenants such as Mekonomen, Ahlsell and Swedol. Retail properties have a somewhat higher vacancy rate than the average for the entire property portfolio. The remaining average term for the rental agreements in the retail category is 4.6 years, which was longer than the average for the entire portfolio.

Distribution within the retail category



Several of NP3's properties located outside of town and city centres have become interesting to convert so that the premises are adapted to current demand, thanks to the growing regional towns. An example of this trend can be found in Östersund, where former regiment buildings have been converted into modern offices and schools. Converting properties into mainly schools and offices is profitable, as these property categories have the highest contracted average rents: 1,136 SEK per square metre for offices and 1,211 SEK per square metre for the Other category, which includes schools.

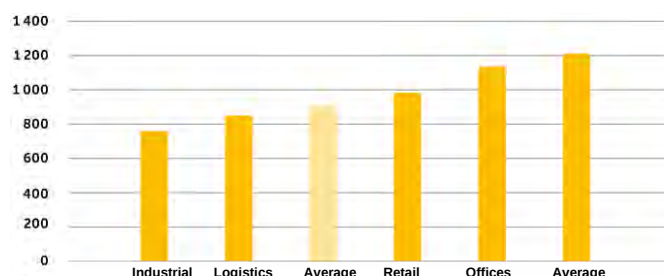
The largest tenants in the office category are the Swedish Public Employment Service, Skanska and Region Dalarna. Relative to the portfolio's total rental value, the office category is the biggest in Sundsvall.

In the industrial category, NP3 owns primarily so-called light industry, which requires smaller machinery. This is a category that gives NP3 steady yields with low prices per square metre. For the industrial category, the rental value amounted to 720 SEK per square metre, including the estimated market rent for vacant premises, and to 758 SEK per square metre for contracted areas. The market value was 6,656 SEK per square metre. Due to the high cost of new construction in the category it is limited, which leads to good demand for these premises.

Logistics properties made up 11 percent of the total property value. This low proportion is a result of increased e-commerce, and the interest in logistics properties has pushed up the market price to levels where it is getting difficult for NP3 to make acquisitions that allow the desired yield requirements. The largest tenants in the category are PostNord, Svensk Cater and Systembolaget. The average rental value for the entire logistics category per square meter was 818 SEK including the estimated market rent for vacant premises (849 SEK per square metre for contracted area) and the market value was 12,961 SEK per square metre.

Also included in the category are hotels, restaurants and properties for public use, such as schools and the law courts. The largest tenants in the category are Sollefteå Municipality, Ulno AB which is part of the private school group Prolympia and Leos Lekland. These three tenants represent 21 % of the category's total rental value. Dalecarlia Hotel & Spa and Tönnebro Vårdshus, strategically located by European route E4 in Söderhamn Municipality, are two of a limited number of tenants for which rent is based on turnover. The category other had the highest rental value per square metre: 1,132 SEK including estimated market rent for vacant premises and 1,211 SEK per square metre for contracted area. Relative to the portfolio's total rental value, the category is largest in the business area Sundsvall and had an occupancy rate of 96 percent, which is the highest in the portfolio.

Average rent per category for contracted area, SEK/sqm



Property valuation

The company's properties are valued at fair value every quarter. The valuation policy states that at least 90 percent of the total property portfolio is valued externally during the second and fourth quarters, and other properties are supplemented with internal valuations. During the first and third quarters, the property values are adjusted mainly through internal valuations. During the fourth quarter 2020, 99 percent of the total property portfolio was valued externally.

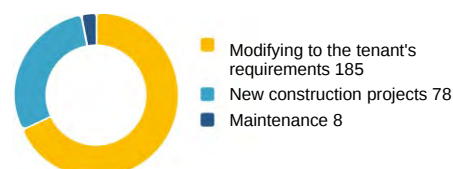
Method

Assessment of fair value is done using a combination of local sales comparison method and yield-based method in form of discounting future estimated cash flow. Year one is based on actual rents and normalised operating and maintenance cost. From year two, rents that deviate from the assessed market rent are market-adjusted at the end of the respective contract term. For operating expenses, an assessment is made adjusted to market conditions. The net operating income is calculated at present value together with the residual value to calculate the property's fair value, meaning the property's market value. The market value, which shall reflect an estimated price when selling on the open property market, is compared with prices of known, comparable transactions. Cost of capital and assigned yield requirement, for the calculation of present value of the cash flow and calculation of the property's residual value, shall reflect the property's location and market development.

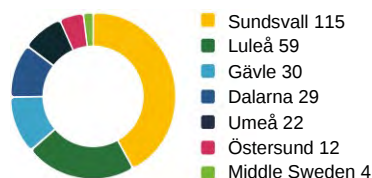
Outcome

The total value of the company's property portfolio amounted to 12.6 BSEK at year-end 2020. The change in value during the period was 263 MSEK, of which 49 MSEK are realised changes in value from divestments. Of the unrealised changes in value of 213 MSEK, 109 MSEK were for cash flow-related changes, while assumptions regarding lower yield requirements positively affected the valuations by 104 MSEK. The yield requirements used when doing valuations during the period varied between 5.2 and 10.6 percent. The weighted yield requirement for the valuation of the property portfolio as of 31 December 2020 amounted to 6.94 percent (6.97).

Investments in the property portfolio by project type MSEK,



Investments in the property portfolio by business area MSEK,



The table below shows basic data and assumptions for property valuation as of 31 December 2020 and 2019

Parameters	2020	2019
Realised change in value, MSEK	49	16
Unrealised change in value, MSEK, of which	214	432
<i>Cash flow generated</i>	109	310
<i>Yield generated</i>	104	112
Yield level valuation, %	6.94	6.97
Inflation assumption year 1 in forecast period, %	1.5	2.0
Inflation remaining forecast period, %	2.0	2.0

Change in the property portfolio

During the year, the property value increased by 10 percent and the lettable area by 6 percent. In the period January to December, NP3 increased the property portfolio by 30 properties. The value of the property acquisitions during the period amounts to 792 MSEK (1,075). In addition to this come acquired properties not yet taken possession of at a value of 382 MSEK. Furthermore, 271 MSEK have been invested in existing properties and new construction projects. Of these, 78 MSEK consisted of investments in new construction projects, 185 MSEK were for investments in existing properties in form of modifications to the tenant's requirements and 8 MSEK related to value-increasing maintenance. For 2020, divestments of properties amounted to 146 MSEK.

Middle Sweden was the business area with the highest growth in property and rental value during 2020. The property value rose by 41 percent and the rental value by 78 percent, which is largely explained by the business area being newly established.

Industrial is the property category that saw the greatest change during the year. At the start of 2020, industrial made up 38 percent of the rental value and at year-end 2020 accounted for 41 percent. The retail category's share of the total rental value has decreased from 29 percent of the rental value at the beginning of the year to 28 percent of the rental value at the end of the year. The category office reduced its share of the total rental value from 15 percent to 13 percent at the end of the year. The category logistics has increased its share of the total rental value by 1 percentage to 7 percent, while the category other reduced its share by 1 percentage to 11 percent. The investment properties' value per square metre increased during the year by 4 percent from 8,446 SEK at the beginning of the year to 8,762 SEK per square metre at year-end 2020.

Investment properties, change in value

MSEK	2020 whole year	2019 whole year
Opening value	11,402	10,496
Acquisition of properties	792	1,075
Investments in existing properties	193	182
Investments in new construction projects	78	79
Divestment of properties	-146	-878
Realised changes in value	49	16
Unrealised changes in value	214	432
Closing value	12,582	11,402
Acquired properties not taken possession of	382	216

Property costs and property tax

NP3's property costs consist of four main categories, utility costs, other operating expenses, corrective maintenance and scheduled maintenance. Utility costs relate to heating, electricity and water, which are costs that to a large extent are passed on to tenants in form of extra charges. Operating expenses that are not passed on relate to care-taking of the property by means of service agreements with external suppliers.

Property costs for the year amounted to -236 MSEK (-251), the costs are distributed between property care-taking and operating expenses -192 MSEK (-201), maintenance -33 MSEK (-42) as well as apprehended and confirmed customer losses of -10 MSEK (-9). Property tax amounted to -38 MSEK (-37).

Tenants and contract structure

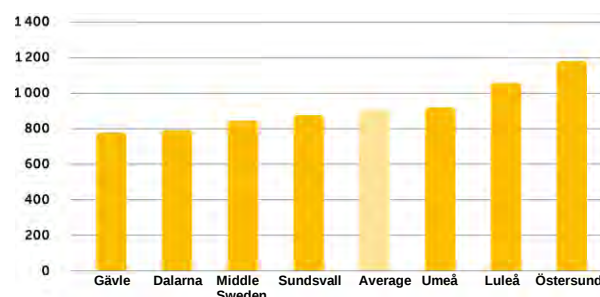
NP3's exposure to individual tenants is limited. The number of rental agreements and their average remaining lease terms, together with the fact that no tenant, except for public and municipal operations, shall make up more than five percent of the rental value creates a diversified and stable tenant structure.

At year-end 2020, NP3 had just over 1,800 rental agreements (1,750). The average remaining term for all rental agreements was 4.2 years (4.2). The 10 biggest tenants in relation to rental value were distributed across 77 agreements with a remaining term of 4.9 years (4.8) and they accounted for 13 percent (13) of total rental value. The number of agreements and their average remaining lease terms mean that NP3's exposure to individual tenants is limited.

Total rental value amounted to 1,236 MSEK (1,131) and the contracted annual rent was 1,144 MSEK (1,052) at the end of the period. This corresponded to a financial occupancy rate of 93 percent (93). The average rent varies between different regions, depending on the type of property, the property's location and the local rental market. The average contracted rent level amounted to 900 SEK per square metre, which is an increase of 21 SEK, corresponding to just over 2 percent compared to 879 SEK at the beginning of the year.

The highest rent per square metre in the company is in Östersund, where the average rent for let areas is 1,174 SEK (1,148). Gävle has the lowest average rent per square metre let, 774 SEK (737). Of the total contract value, excluding extra charges, 93 percent was indexed to the consumer price index (CPI). There are also agreements with indexation to a fixed percentage and rental agreements that are subject to indexation in relation to the tenant's turnover, i.e. rent based on turnover, where the base rent is CPI-adjusted.

Average rent per business area for contracted area, SEK/sqm



Rental income increased during the year by 8 percent to 1,091 MSEK (1,006). Rental income has increased mainly as a result of property acquisitions and to some extent also from own projects, lettings and revenue-increasing investments. Rental income in the existing property portfolio has increased by 1.8 percent (3.5), see table on next page.

MSEK	2020	2019
Comparable holdings	938	921
Acquired properties	139	39
Divested properties	14	47
Contracted rental income	1,091	1,006

Comparable holdings include properties that the company owned during all of 2019 and 2020. Rental income for properties acquired and divested is calculated to the part of the year in which the properties were owned by NP3.

Contract structure by year of maturity

Rental income as of 31 Dec 2020

Year	MSEK	%
2021	138	12
2022	207	18
2023	192	17
2024	164	14
2025	133	12
2026	73	7
2027	48	4
2028	61	5
2029-	128	11
Total	1,144	100

Net letting and change in vacancies

Net letting amounted to 18 MSEK (24) for the year. The positive net letting indicates that continued demand for the company's premises. During 2020 vacancies have increased, but the financial occupancy rates has been maintained.

Net letting

Contracts signed during the period amounted to 178 MSEK (110) and included all newly signed rental agreements. Newly signed rental agreements include all new rentals as well as existing agreements that have been renegotiated. Terminated rental agreements including bankruptcies amounted to -160 MSEK (-86) for the period. This figure includes all agreements that were terminated for vacating premises during the period, those agreements that were terminated as a result of bankruptcies and those rental agreements that were renegotiated during the current period of contracts where the new agreement is recorded under "signed agreements".

Net letting, MSEK	2020	2019
Signed rental agreements	178	110
Cancelled rental agreements incl. bankruptcies	-160	-86
Net	18	24

Vacancy

During the year, the value of vacancies increased by 13 MSEK in total. This increase is due to the difference in the number of tenants moving in and out during the period. Net for vacancies in acquired and divested properties increased the value of vacancies by 1 MSEK. The changes for the period brought a total value of vacancies of 92 MSEK and a financial occupancy rate of 93 percent.

At the end of the fourth quarter, signed agreements, not yet occupied, amounted to 29 MSEK. The rental value for terminated contracts not yet vacated amounted to 38 MSEK, of which 28 MSEK relate to 2021.

Change in the value of vacancies, MSEK	2020	2019
Opening value of vacancies as of 1 January	79	78
Net change in tenants moving in/out	12	0
Value of vacancies, acquired properties	4	4
Value of vacancies, divested properties	-3	-3
Closing value of vacancies	92	79
Occupancy rate, %	93	93
Terminated agreements not vacated	38	33
-of which acquired	-	1
New rentals, not taken possession of	-29	-25

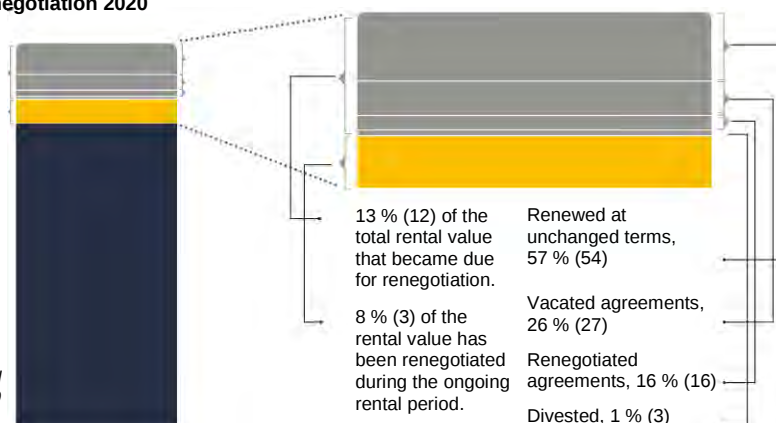
Vacating year terminated

rental agreements	Number of	Rental value, MSEK
2021	82	28
2022	20	5
2023	7	4
2024	1	1
Total	110	38

Share of the rental value that became due for renegotiation 2020

At the beginning of the year, 13 percent of the total rental value became due for renegotiation during 2020. Another 8 percent of the rental value has been renegotiated during the ongoing rental period. Only rental agreements that existed at the start of 2020 are recorded, thus rental agreements for properties acquired during the year are excluded.

The column refers to rental value as of 1 January 2020



	Sundsvall		Gävle ²⁾		Dalarna ²⁾		Östersund		Umeå		Luleå		Middle Sweden ²⁾		Not distributed		Total in the group	
(12 Months) MSEK	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Rental income and other revenue	288	285	162	164	158	157	145	134	176	144	185	173	59	29	1	-2	1,174	1,084
Vacancy	-28	-28	-12	-14	-13	-12	-7	-7	-8	-4	-12	-13	-2	0	-	-	-83	-78
Repairs and maintenance	-9	-14	-4	-4	-4	-5	-5	-5	-5	-7	-5	-6	0	0	-1	-1	-33	-42
Property costs	-51	-61	-25	-29	-23	-26	-25	-25	-30	-26	-36	-34	-4	-1	1	-	-192	-201
Property tax	-7	-7	-5	-5	-5	-5	-5	-5	-8	-7	-7	-6	-3	-1	-	-	-38	-37
Customer losses	-2	-2	0	-1	-2	0	0	0	-2	-2	0	-1	-2	0	-1	-2	-10	-9
Net operating income	191	173	116	110	111	109	102	93	123	98	126	113	48	26	0	-4	817	718

²⁾ The comparative period has been recalculated due to the new business area, Middle Sweden.

NP3's largest tenants

Tenant	Rented area, sqm	Share of tot. area (%)	Number of rental agreements
Dagab Inköp & Logistik AB (Axfood)	27,851	1.9	6
Granngården AB	24,776	1.7	14
Assemblin EI AB	22,401	1.6	10
HL Display AB	21,368	1.5	1
Trelleborg Sealing Solutions			
Kalmar AB	20,000	1.4	1
PostNord Sverige AB	19,604	1.4	10
Byggmax AB	19,312	1.3	9
Plantagen Sverige AB	17,926	1.2	5
Ahlsell Sverige AB	16,715	1.2	7
Svensk Cater AB	15,572	1.1	5
Total	205,525		68
Average remaining lease term for the 10 largest/area 4.9 years			

Tenant	Number of rental agreements
Dagab Inköp & Logistik AB (Axfood)	6
PostNord Sverige AB	10
Plantagen Sverige AB	5
Assemblin EI AB	10
Granngården AB	14
Svensk Cater AB	5
Swedol AB	6
Mekonomen AB	7
Public Employment Service	5
Byggmax AB	9
Total	77
Aggregate rental value 156 MSEK, which is equivalent to 13 % of the total rental value	
Average remaining lease term for the 10 largest/rental value 4.9 years	

Brief description of some of the largest tenants

- Dagab is part of the Axfood Group and manages product lines, purchasing and logistics for Willys, Hemköp and Axfood Snabbgross (restaurant wholesaler). NP3 also has Willys and Axfood Snabbgross as tenants, but Dagab is responsible for all rental agreements in the group.
- Granngården AB supplies products for agriculture and forestry, among others, and has more than 100 shops all around Sweden as well as e-commerce. The head office is located in Malmö.
- Assemblin EI AB is an installation and service partner with operations in Sweden, Norway and Finland. Since 2015, the investment firm Triton has been the principal owner.
- PostNord Sverige AB was formed through the merger between PostDan- mark A/S and Posten AB 2009 and is owned to 40 percent by the Danish state and to 60 percent by the Swedish state. The parent company PostNord AB is a Swedish public company with corporate office in Solna.
- Byggmax AB is a building supplier with 180 stores in Scandinavia. The first Byggmax store was opened in 1993. Byggmax AB is part of the Byggmax Group, which has been listed on NASDAQ Stockholm since 2010.
- Plantagen AB has more than 140 stores in Norway, Sweden and Finland with just over 1,300 employees. Since 2016, Plantagen is owned by Ratos.
- Svensk Cater AB is a market-leading restaurant wholesaler. Svensk Cater is owned by Euro Cater A/S.
- Swedol AB has around 100 stores and some 900 employees in Sweden, Norway, Finland and Estonia under the brand names Swedol, Grolls, Univern and Nima. Since 1 April 2020, Swedol is part of the Momentum Group listed on ASDAQ Stockholm.
- Mekonomen AB is Scandinavia's leading car servicing chain with its own wholesale operations. The company is listed on Nasdaq Stockholm Mid Cap-list.

Funding

Access to capital is a requirement for NP3's continued growth and development of its property portfolio. As part of this, the company works continuously with improving its credit worthiness vis-a-vis external lenders, where the capital structure and financial risk level are central areas. The guiding parameters in this process is that the company's growth and profitability targets are achieved with a balanced degree of financial risk.

During the first part of the financial year, much of the work was focused on strengthening the company's liquidity and financial position by means of increased credit facilities in order to cope with the uncertainty the Covid-19 pandemic brought. Important steps were taken during the second half of 2020 with efforts to improve the company's creditworthiness. In September, NP3 issued 200 MSEK under its first green funding framework. At the end of November, the company obtained a credit rating of "BB" with stable outlook from Nordic Credit Rating.

Financial policy

NP3's financial policy aims at clarifying governance, risk limitation, division of responsibilities and follow-up and fund management. With support of the financial policy, financial risks are governed and managed in order to ensure a proper and efficient risk management process by the company.

The board has defined a number of objectives for the funding activities:



Håkan Wallin
CFO

Objectives concerning loan maturity profile	Outcome
The average loan maturity period shall be no less than two years for the loan portfolio. Written credit commitments for loan extensions as of the day for the company's year-end report published on 19 February 2021 led to the average loan maturity period being projected to increase to 3.1 years.	1.9 years
Maximum 40 percent of the loan portfolio should fall due within 1 year	21 %
No one individual lender shall account for more than 60 percent of the loan portfolio	31 %

Objectives concerning fixed interest profile	Outcome
No less than 30 % of the loan portfolio should have fixed interest, with a remaining average fixed interest period that exceeds 1 year	32 %
Except for the interest that is variable, the dates when the interest becomes due shall be distributed across a 7-year period	Fulfilled
The average fixed interest rate period should be at least 1 year	1.7 years

Other objectives concerning the funding activities	Outcome
The loan-to-value ratio shall be between 55 and 65 percent	57.3 %
The company's interest coverage ratio shall be no less 2x	3.4x

Equity and liabilities, %



Equity	35 (35)
Loans from credit institutes	46 (46)
Bond loans	11 (11)
Other liabilities	4 (4)
Deferred tax	4 (4)

Debt management

Debt management aims to continuously ensure that the company, through borrowing from banks and in the capital market, has a stable, well-balanced and cost-effective management. Relations with lenders are of great importance to the company. The company aims to be a stable and trusted partner in all regards, by making information to lenders transparent, correct and easily accessible.

During 2020, the company continued to work on further streamlining debt management by reducing the number of loan and credit agreements in relation to the total credit volume. This has been done mainly by replacing mortgaging between credit institutes and property-owning companies with mortgaging via parent or holding companies.

Funding	31/12/2020	31/12/2019
Number of loan agreements	50	70
Bank loans, MSEK	6,130	5,524
Bond loans, MSEK	1,475	1,375
Interest coverage ratio, x	3.4	3.5
Average interest rate, borrowings, (%)	2.73	2.76
Cash and bank balance, MSEK	104	192
Loan-to-value ratio, %	57.3	58.0
Equity/assets ratio, %	34.7	34.7
Average, loan maturity period, years	1.9	2.2
Average fixed interest period, years	1.7	2.4
Proportion of interest-hedged loan portfolio, %	31.8	45.3
Net debt to EBITDA ratio, x	9.6	9.4

Funding structure

The company regularly evaluates capital requirements based on earnings capacity, net investment volume, valuation of the groups' properties and compliance with covenants in credits agreements. At year-end 2020, the company complied with a comfortable margin with all its covenants vis-a-vis lenders. The covenants relate mainly to loan-to-value ratio, interest coverage ratio and equity/assets ratio.

A sound funding structure supports access to sufficient short and long term capital for company operations at a cost balance versus risk profile. In order to manage the risk of a lack of accessible capital, NP3 employs good forward planning vis-a-vis lenders, diversification of funding sources and continuous renegotiation of terms and credits. At the end of the period, the average loan maturity period was 1.9 years (2.2 years) with maturity distributed according to the table on page 21. NP3 works continuously with refinancing and extension of its loans in order to optimise the loan portfolio's average loan maturity period based on needs and assessment of market conditions. At the date of publication of the year-end report 2020, on 19 February 2021, the company had based on letters of intent and credit committee decisions from lenders received promises for loan extensions with terms between three and five years for loans amounting to 2.8 BSEK, which resulted in the average loan maturity period being estimated to increase from 1.9 to approximately 3.1 years.

The company aims to have a loan-to-value ratio of between 55 and 65 percent with funding sources coming from bank loans and bond loans at an appropriate balance between the sources. The loan to value ratio calculated as a net debt (interest-bearing liabilities less liquid funds and current investments) of 7,466 MSEK, in relation to the property value of 12,582 MSEK and investments in associated companies and joint ventures of 456 MSEK, totalling 13,038 MSEK, amounted to 57.3 percent (58.0) as of 31 December 2020. The net debt to EBITDA ratio amounted to 9.6x (9.4).

Streamlining of debt management and improvement of creditworthiness

As a step in the company's efforts to streamline its debt management, the number of loan agreements has decreased in connection with loan extensions. At the beginning of the year there were 70 agreements, to be compared to 50 agreements at the end of the period.

At the end of the third quarter, NP3 issued a green senior secured bond of 500 MSEK under a financial framework and newly established green framework of a total of 800 MSEK. The bond matures in January 2024 and carries a variable interest of STIBOR (Stockholm Interbank Offered Rate) 3 months plus a margin of 3.9 percentage points. 400 MSEK of the proceeds from the issue were used for buybacks and early redemption, to completely refinance the company's bond loans 2017/2021.

At the end of November, NP3 received a credit rating "BB" with stable outlook from Nordic Credit Rating. The rating is an important part of NP3's ongoing work to strengthen its funding opportunities in the capital markets to obtain more beneficial terms. The rating contributes to increasing transparency and understanding of NP3's operations and creditworthiness, thus also reducing funding costs.

In February 2021, the company issued an additional 200 MSEK within its existing green framework of 800 MSEK. The bonds were issued at a rate of 100.5 percent of the nominal amount, which is equivalent to variable interest of STIBOR 3 months with a margin of 3.68 percentage points on the first redemption date, which is the company's lowest interest term on a bond loan to date.

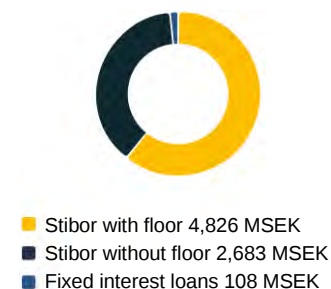
Interest-bearing liabilities

The interest-bearing liabilities on the reporting date amounted to 7,668 MSEK including interest-bearing liabilities relating to leasehold rights pursuant to IFRS 16, which amounted to 83 MSEK at the end of the financial year.

The interest-bearing liabilities excluding above liabilities of 83 MSEK amounted to 7,585 MSEK (6,913) of which bank funding 6,130 MSEK (5,524), bond loans 1,475 MSEK (1,375), other interest-bearing liabilities 12 MSEK (42) and accrued borrowing expenses, which reduced the interest-bearing liabilities by 32 MSEK (28).

Secured loans in bank and promissory note loans against sureties made up 78 percent (80) and non-secured debenture and promissory note loans 22 percent (20) of total interest-bearing liabilities. Bank loans due within 12 months amounted to 1,629 MSEK (1,563). A majority of these loans will be extended as stated above with a term of three to five years, which means that they are classified as long-term in the financial report.

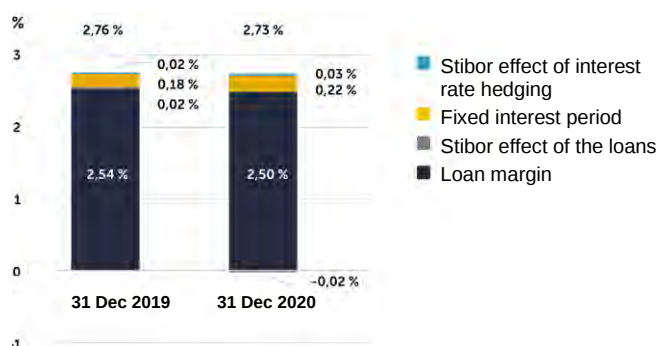
Interest base as of 31 December 2020



Fixed interest period

Average interest rate for the company's interest-bearing liabilities amounted to 2.73 percent (2.76). For bank loans, the average interest is 2.07 percent (2.10) and for bond loans 4.14 percent (4.42). The primary explanation for the average interest having decreased from 2.76 to 2.73 percent from the beginning of the year was that the reduction for the loans' interest margin and STIBOR-effect, 0.09 percent in total, has exceeded a higher total cost for the company's interest rate hedging by approximately 0.06 percent. See graph below for further details concerning this.

Average interest rate level



In order to limit the interest rate risk over time and increase predictability in the company's profit from property management, loans at fixed interest rates or interest rate hedging in form of interest rate swaps are used. The average fixed income period amounted to 1.7 years (2.4). At year-end, 32 percent (45) of the loan portfolio was interest rate hedged with a maturity structure of between 1 and 10 years as per the table on page 21. The remaining portion remains at fixed interest against Stibor three months.

Sensitivity analysis	Change	Annual effect on interest expense
Change Stibor	+ 0.5 %	+ 22 MSEK
Change Stibor	+ 1.0 %	+ 46 MSEK

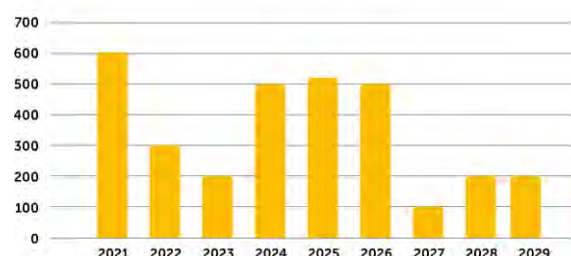
Derivatives

The company's swap agreements (derivatives) are valued at fair value and classified in level 2 according to IFRS 13. Fair value is determined by using market interest rates for the respective term and are based on discounting of future cash flow. If the agreed interest rate differs from the market interest rate, this gives rise to an excess or deficit in value and the change in value is accounted over the income statement. Upon maturity, a derivative's market value has been dissolved and the changes in value over time do not affect equity.

The total market value of the company's derivatives amounted to -73 MSEK (-36) on the reporting date, which led to a negative change in value during the year of -37 MSEK (-8) in the result.

Net exposure of NP3's derivatives portfolio as of last December is 3,129 MSEK in total with last maturity by the end of 2029. The agreements have been signed with three different lenders.

Maturity date derivatives



Commitments in loan agreements

Bank loans

The majority of the group's bank loans are subject to various commitments vis-a-vis the lenders. If the commitments are not complied with, the bank may require the loans to be repaid early, in part or in whole. The commitments encompass key ratios in line with the industry standard, which must be fulfilled. Examples of commitments include interest coverage ratio and loan to value ratio, which must not exceed or fall below certain levels. Other examples of commitments are that the subsidiaries shall be wholly-owned and that intragroup agreements shall be in accordance with market conditions. In addition, NP3 has made certain information commitments and pledged assets in shares and mortgage deeds in properties/site-leasehold rights to the banks. All commitments to the banks are fulfilled.

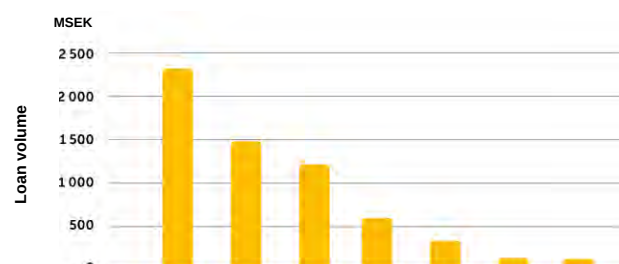
Bond loans

The company has three outstanding frameworks for bond loans, these have three financial commitments as per the table.

Commitments	2018/2022	2019/2023	2020/2024
Loan-to-value ratio	< 70 %	< 70 %	< 70 %
Interest coverage ratio	> 1.5x	> 1.8x	> 1.8x
Equity/assets ratio	> 25 %	> 25 %	> 25 %

Furthermore, there are certain information commitments with regard to quarterly reporting and annual accounting, and that the bond loan shall be listed on Nasdaq OMX. All commitments are fulfilled.

The credit portfolio's distribution by creditor



The above diagram shows the credit portfolio's distribution by banks which are lenders to the company as of 31 December 2020.

Listed bonds 31/12/2020

Term	Framework	Amount outstanding	Interest	Interest rate terms and conditions	Interest rate floor	Maturity date
2018/2022	800 MSEK	375 MSEK	4.92 %	Stibor 3M + 5.00	No	23/05/2022
2019/2023	800 MSEK	600 MSEK	3.90 %	Stibor 3M + 4.00	No	13/03/2023
2020/2024	800 MSEK	500 MSEK	3.84 %	Stibor 3M + 3.90	No	05/01/2024

Fixed interest profile in bank loans and bonds

	Derivatives, MSEK		Capital , MSEK		Average interest rate, %		Proportion, %	
	2020	2019	2020	2019	2020	2019	2020	2019
31 December								
-12 months	-2,525	-3,127	5,009	3,483	3.73	4.78	66	50
1-2 years	300	602	353	797	0.54	0.33	5	12
2-3 years	200	300	217	393	0.47	0.70	3	6
3-4 years	-	200	-	200	-	0.32	-	3
4-5 years	500	500	500	500	0.69	0.69	7	7
5-10 years	1,525	1,525	1,525	1,525	0.93	0.93	20	22
Total/average	0	0	7,605	6,899	2.73	2.76	100	100

The above derivatives relate to underlying basis for interest rates and are thus not derivatives for future interest payments. Interest rate derivatives have been taken into account in the average interest rate above.

Loan maturity profile in bank loans and bonds

	Bank loans				Bond loans				Total capital			
	MSEK		Average interest rate, %		MSEK		Average interest rate, %		MSEK		Proportion, %	
31 December	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
-12 months	1,629	1,563	1.98	2.11	-	-	-	-	1,629	1,563	21	23
1-2 years	2,774	1,372	2.15	2.05	375	400	4.92	4.41	3,149	1,772	41	26
2-3 years	452	1,638	2.00	2.07	600	375	3.90	5.07	1,052	2,013	14	29
3-4 years	1,049	292	2.03	2.01	500	600	3.84	4.02	1,549	892	20	13
4-5 years	170	598	2.13	2.25	-	-	-	-	170	598	2	9
5-10 years	57	61	2.07	2.20	-	-	-	-	57	61	1	1
Total/average	6,130	5,524	2.07	2.10	1,475	1,375	4.14	4.42	7,605	6,899	100	100

Property management



Mattias Lyxell
Head of property management

Efficient property management creates increasing net operating income, which in turn has a positive effect on the profit from property management. In order to achieve cost-efficient property management, it is important to achieve a volume of properties in every location that justifies our local presence. The local presence allows us to adapt our property management based on tenants' and properties' specific needs.

NP3's customer focus is achieved through local presence and long customer and supplier relations, which creates cost-efficient property management and stable rental income that are sustainable. It is of the utmost importance that we know our properties and tenants. By this we mean our ability to understand and create opportunities for how premises can be optimally used and how this allows us to efficiently adapt our property management to our tenants' needs and activities. The company achieves efficient property management by working with existing tenants, letting vacant premises and through renegotiation of existing rental and operating agreements. Our approach is based on our three value words - committed, trustworthy, businesslike.

In the year that has passed, keeping close relations with our customers has been particularly important. In close cooperation with tenants, NP3 has found solutions that benefited the respective party in a cost-efficient way. We have also been helped by the mild winter with little snow in most of our geographic area. At the same time, the year has given us the opportunity to develop processes and approaches to continue streamlining property management.

Proximity to our customers

NP3 is present in all geographic main locations and operates on a flat organisational model with short decision-making channels. Day-to-day work is done in close cooperation with tenants by means of frequent meetings with property managers and business managers. Regular meetings with tenants give the company the opportunity to accommodate opinions, thoughts and ideas. By having a well-diversified property portfolio in the main locations, the company over time has the opportunity to meet customers' changing demands on different types of premises.

NP3's availability is crucial to be able to perform service by the agreed time and to quickly notify tenants of current decisions and measures. The company carries out property management with its own staff, while contractors are hired for day-to-day operations and care-taking of the company's properties, as in the current situation this is the most cost-efficient solution.

Sustainability and cost reduction

NP3 works actively on adding value to the properties, with sustainability being a natural component. The company's aim is to, together with tenants, contribute to sustainable development of both properties and tenants' activities. The company employs operating optimisation and energy-efficient solutions, renegotiates operating agreements and strives to achieve favourable purchasing terms with central agreements where possible. We also aim to meet customers' needs both in day-to-day maintenance as well as with regard to more long-term solutions, such as when modifying premises.

Long-term relations

The company takes a long-term approach both with regard to management and development of the property portfolio, as well as in relations with tenants. As NP3's operating and property care-taking contractors have direct contact with tenants, their conduct affects the company's long-term relations with tenants. In order to ensure that contractors' way of working and conduct meets NP3's standards, we have high requirements when it comes to sustainability, business ethics and behaviour.

Development of the property portfolio

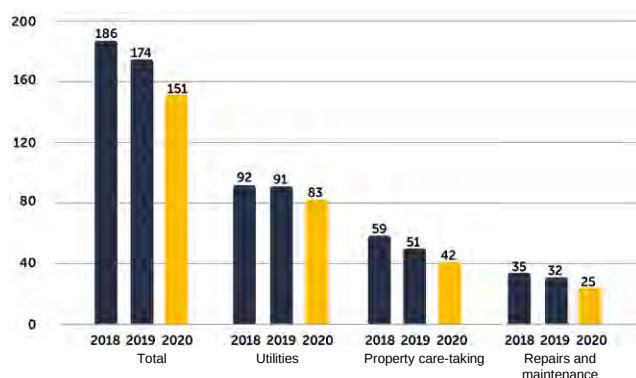
Close contact between NP3 and the local market is important in order to identify development opportunities in the property portfolio. NP3 with its local presence has a wide network of contacts in our locations. This together with quick decision-making channels gives the company good opportunities for new business. It also allows the company to find new tenants, new ways to use vacant areas and developing development rights. The starting point is having a creative approach which in the long term can contribute both to adding value for the tenant and increasing the value of the property portfolio through sustainable investments.

Property costs

NP3's rental income usually includes extra charges, such as property tax, heating and electricity costs which are passed on to tenants. NP3's property costs consist of four main categories, utility costs, other operating expenses, corrective maintenance and scheduled maintenance. The focus is on efficient property management and working together with tenants to optimise operating expenses. The company thus continuously implements energy-saving operating and maintenance measures in the property portfolio, both to reduce costs and limit the environmental impact of the properties. In order to preserve the properties' value over time, both scheduled and corrective maintenance is carried out.

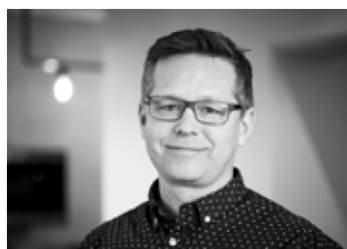
Tenants are mainly responsible for costs relating to the day-to-day running and interior maintenance of the company's industrial and logistics properties, while NP3 is mainly responsible for exterior maintenance. The graph below shows the company's positive cost trend during the years 2018 to 2020 in SEK per square metre in budgeted holdings for property care-taking and operation. Costs for property tax, customer losses and allocated staff costs are excluded.

Costs, SEK/sqm



Projects

The project activities in NP3 aim to contribute to annual growth with good profitability. The projects aim to create the best possible conditions for long-lasting tenant relations, while at the same time creating additional value in NP3's property portfolio.



Josef Andersson
Project manager

NP3's project activities consist of three components, new construction projects, additions and renovations, and maintenance projects. During 2020, NP3 invested 271 MSEK in the project portfolio.

As the pandemic broke out, most talk about new construction projects slowed down and the focus shifted to maintaining and extending existing contracts and finding tenants for vacant premises. The greater part of the year's project activities were thus about making modifications to tenants' requirements in form of redevelopment and extensions. During the latter part of autumn, talks about new construction projects resumed with the positive effects of new rental income mainly generated at the time of the projects being completed next year.

New construction projects

New construction projects give NP3 good initial return when the development rights are in the existing property portfolio. An evaluation of the company's holdings of development rights is the foundation for further marketing and land development work. Ongoing strategic work includes marketing a selection of our development rights to potential tenants with the purpose of illustrating the opportunities that can be found in our business areas. During 2020, a new construction project was started on the company's development rights, while bids are being prepared for several development rights in our various business areas.

A main principle for NP3's new construction projects is that construction does not start until rental agreements have been signed. For new construction, there are strict requirements for long rental agreements and an attractive rent level. New construction projects require a low level of property management and often have the effect that they increase the value of neighbouring properties, and thus the area as a whole. As new construction often takes place in areas where NP3 already owns a property portfolio, the construction project also has positive effects on the company's neighbouring properties. New construction thus has a positive effect on NP3 in several respects, in addition to the construction project and its return.

During the year, NP3 invested 78 MSEK in five new construction projects. The average remaining lease term is nine years and the rental value for the newly produced units amounts to 15 MSEK per year. The rental value on average is equivalent to 1,060 SEK per square metre, to be compared with a 900 SEK per square metre in the existing property portfolio. At the end of the year, there were ongoing new construction projects at a projected value of 59 MSEK.

Redevelopment and extensions

Redevelopment and extensions are normally done in order to adapt existing premises to the tenant's activities. For investments in redevelopments and extensions the rent is adjusted, which leads to better return and to premises and buildings of higher quality and standard, which also results in a reduced need for maintenance.

There are currently 88 projects underway involving redevelopment and extensions, and the estimated investment for the period amounts to 188 MSEK. During 2020, the number of projects completed was 119 at a total invested amount of 167 MSEK. The average remaining lease term for the ten largest completed redevelopment and extension projects is on average 12 years and the rental value amounts to 27 MSEK per year. The rental value is equivalent to 1,074 SEK per square metre, to be compared with 900 SEK per square metre in the existing property portfolio.

Maintenance and energy projects

Maintenance projects are carried out in order to maintain good quality in the property portfolio and to safeguard the properties' value in the long term. These projects lead to benefits such as lower energy consumption, more attractive premises and lower repair costs. Energy projects are carried out when return and pay-off time match our internal investment requirements.

Environmental certification

The company's investment in energy-efficient properties aims to generate, in addition to the requirement for sustainability, a return that is equivalent to the company's financial targets. The company aims to get environmental certification for every major new construction or redevelopment project.

NP3 today has six environmentally certified buildings, of which five are Green Building-certified and one is BREEAM-certified. Another certification was started during the year. The requirement for Green Building-certification is that the property uses 25 percent less energy than previously or compared to the requirements for new construction projects in the Swedish National Board of Housing's construction regulations.

Completed projects 2020 (>10 MSEK)

Property	Municipality	Category	Tenant	Completed	Project cost, MSEK	Lettable area, sqm
Gällivare 12:334	Gällivare	Industrial	Multiple tenants	Q1 -20	17	1,762
Vivsta 13:84	Timrå	Industrial	Roplan	Q2 -20	55	4,509
Vivstamon 1:16	Timrå	Industrial	Fromells	Q2 -20	12	930
Tällberg 4:13, 4:26	Tällberg	Other	Hotell Darlecarlia	Q3 -20	18	400
Ljusta 3:10	Sundsvall	Other	Padel centre	Q4 -20	38	4,300
Total					140	11,901

Total rental value for the above completed projects amounts to 12.3 MSEK.

Ongoing projects as of 31 Dec 2020 (>10 MSEK)

Property	Municipality	Category	Tenant	Estimated completion	Project budget, MSEK	Lettable area, sqm
Målås 4:3	Sundsvall	Industrial	Cramo AB	Q2 -21	36	2,768
Vivstamon 1:63	Sundsvall	Offices	Timråbo	Q2 -21	11	1,165
Svarven 6	Östersund	Industrial	Region Jämtland Härjedalen	Q3 -21	11	1,980
Björnägaren 3	Umeå	Retail	Dollarstore AB	Q4 -21	26	3,050
Rondellen 2	Skellefteå	Retail	Dollarstore AB	Q4 -21	23	3,100
Total					107	12,063

Total rental value for the above ongoing projects amounts to 15.5 MSEK.

Example of completed projects during 2020



Sundsvall, Ljusta 3:10

During the fourth quarter, new construction of a padel centre was completed in Birsta, Sundsvall. The padel facility is the biggest in Norrland, 4,000 sqm in total, and includes twelve courts, a gym, conference areas, a changing room and lounge area. The property is environmentally certified.



Timrå, Vivsta 13:84

During the second quarter, construction was completed on an industrial property of 4,500 sqm with Roplan Machining AB being the tenant. The rental agreement is for ten years and the annual rental value amounts to 4.6 MSEK. The property is environmentally certified.

Example of ongoing projects

Sundsvall, Målås 4:3

The existing building 1,161 sqm is adapted to house an office, shop, workshop and staff areas as well as a car wash of some 100 sqm. New construction of 1,500 sqm industrial building. Preparation of 5,000 sqm land with new asphalt, renovation of fences and new gates plus automatic opening.

Sundsvall, Vivstamon 1:63

Conversion of 1,150 sqm commercial premises to offices.

Östersund, Svarven 6

Industrial premises are converted to premises for cultural purposes.

Umeå, Björnägaren 3

New construction of retail premises, where part of the existing building is demolished and rebuilt to achieve efficient and customised premises.

Skellefteå, Rondellen 2

New construction of retail premises for Dollarstore.

Transactions



David Nises
Business developer



John Fransson
Transaction analyst

During 2020, NP3 acquired 35 properties for 792 MSEK in 23 different transactions. In addition to these acquisitions, the transaction in which NP3 acquired 50 percent of the shares in Fastighetsaktiebolaget Ess-Sierra for 247 MSEK was completed. This was the single largest investment NP3 made during 2020.

The year was characterised by the Covid-19 pandemic, which affected the transaction market especially from the end of February up to summer. The uncertainty that prevailed during the period resulted in some transactions being postponed and some cancelled, hence the transaction volume was below that of the year's second quarter. Despite few transactions being completed mid-year due to Covid-19, net investments of 646 MSEK were made in 2020 through acquisitions and divestments. During the year, five properties at a value of just over 146 MSEK were divested, with the realised changes in value amounting to 49 MSEK.

Growth for the year in property value amounted to 1,180 MSEK of which 213 MSEK relate to unrealised change in value. The change in value is mainly attributed to the acquired properties but also to projects in our existing portfolio and positive new lettings.

The transaction effort during the year was characterised by finding properties with high yields off-market, to contribute to NP3's average return. One contributing element in the growth is our local presence that allow us to identify business opportunities which otherwise we would miss out on if we had no presence in the location. The properties that NP3 acquires often have higher yields than what is normally the case in portfolio acquisitions and are thus important for the portfolio to continue providing a good aggregated level of return.

Property investments that were initiated in Västerås, Karlstad and Örebro at the end of 2019 continued during the year. In the year-end report for 2020, the new segment Middle Sweden was reported as a separate business area for the first time. The main share of the segment relates to properties in Karlstad and Västerås. Growth in Västerås, Karlstad and Örebro continue to be prioritised areas for NP3.

First quarter

During January and February the transaction activity was quite high. Seven properties were acquired for 234 MSEK and ten properties taken possession of. The properties are located in a number of different locations, during the quarter the focus was on completed acquisitions in Skellefteå. In March, the transaction activity slowed down as caution was exercised due to the pandemic. Several of the transactions the company worked on were postponed and some potential transactions cast aside due to the new circumstances resulting from the pandemic.

Second quarter

The pace and volume of transactions decreased strongly during the second quarter. Focus was put on continuing the discussions that were still ongoing in order to, if possible, take up the transactions and reach completion when the market for transactions has recovered. In mid-April, some smaller acquisitions were carried out. During the quarter a total of six properties were acquired in four different transactions. The total transaction volume was 81 MSEK. Most of the acquisition values were located in Karlstad and Östersund.

Third quarter

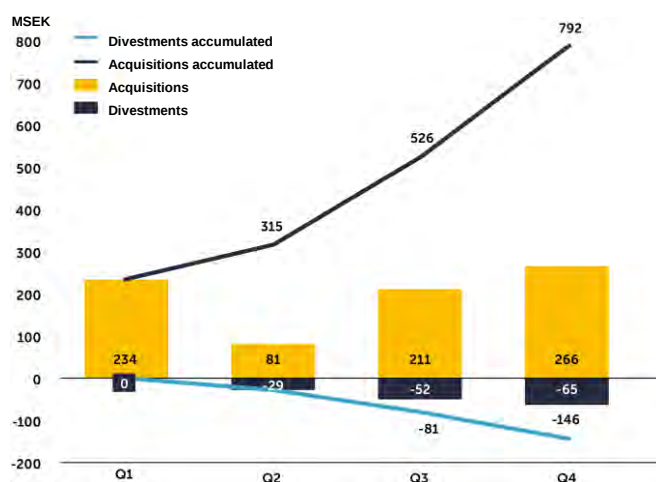
At the start of the third quarter, a number of transactions were taken up again that had been postponed due to the uncertain situation that prevailed during spring. In Karlstad and Västerås, which are prioritised markets to grow in, three transactions were completed with a total of 25,000 sqm being added. Altogether, eleven properties were taken possession of at a value of 211 MSEK in five different transactions.

Fourth quarter

In December, the transaction in which NP3 acquired 50 percent of the shares in Fastighetsaktiebolaget Ess-Sierra was completed. The property-owning company owns 37 properties with a property value of 1,410 MSEK. This was the single largest investment NP3 made during the year.

Apart from this transaction, eight properties were taken possession of in seven different transactions at a value of 266 MSEK. The biggest acquisitions were in Borlänge and Västerås. During the last quarter of the year, two properties were divested at a total value of 65 MSEK, of which one property in Enköping and one in Mölndal.

Acquisitions and divestments 2020



Transactions 2020

Property	Municipality	Category	Area, sqm	Rental value, MSEK	Occupancy rate* %
Acquired properties taken possession of Q1					
Björka 2	Haparanda	Retail	8,116	7.5	100
Utmeland 47:34	Mora	Logistics	4,820	2.3	100
Bielke 6	Skellefteå	Logistics	4,031	3.2	87
Pumpen 2	Umeå	Industrial	3,341	2.2	100
Fanjunkaren 2	Västerås	Other	2,411	2.7	96
Sture 13	Skellefteå	Industrial	2,005	1.7	92
Slagan 6	Sundsvall	Industrial	1,151	0.9	74
Svärdet 5	Nyköping	Industrial	600	0.6	100
Bielke 3	Skellefteå	Other	560	0.5	100
Ljusta 7:3	Sundsvall	Land	-	-	-
Total			27,035	21.6	

Acquired properties taken possession of Q2					
Pinnpojken 3 and 4	Borlänge	Industrial	2,271	1.6	100
Ilanda 1:47	Karlstad	Industrial	2,163	1.8	100
Nyckelpigan 3 and 4	Östersund	Other	1,585	3.8	100
Ilanda 1:37	Karlstad	Industrial	1,398	1.2	100
Ilanda 1:54	Karlstad	Industrial	1,192	0.8	100
Älgräset 2	Skellefteå	Industrial	989	0.5	100
Total			9,598	9.7	

Acquired properties taken possession of Q3					
Städet 2	Karlstad	Industrial	20,661	12.2	100
Blästerugnen 3	Västerås	Industrial	3,075	3.7	100
Nybo 3:43	Gävle	Industrial	2,451	1.6	100
Kilen 18	Orsa	Industrial	1,667	1.2	100
Busterud 1:116	Karlstad	Other	1,483	1.8	100
Svarvaren 14	Sandviken	Industrial	1,153	1.8	100
Eriksberg 2:9 and 2:11	Hallstahammar	Industrial	950	0.6	100
Kryddgården 4:11	Enköping	Industrial	600	0.6	100
Södra Edsbyn 46:2	Ovanåker	Industrial	410	0.5	100
Flottaren 4	Östersund	Land	-	-	-
Rondellen 2	Skellefteå	Land	-	-	-
Total			32,450	23.9	

Property	Municipality	Category	Area, sqm	Rental value, MSEK	Economic occupancy rate* %
Acquired properties taken possession of Q4					
Härdsmedet 1	Västerås	Industrial	11,963	8.9	77
Buskåker 4:13	Borlänge	Industrial	8,600	9.5	100
Norrmalm 6	Haparanda	Retail	2,986	3.3	100
Sture 12	Skellefteå	Industrial	2,502	2.2	100
Brädgården 3:12	Söderhamn	Industrial	2,040	1.3	100
Näringen 3:3	Gävle	Industrial	954	0.9	100
Näringen 3:4	Gävle	Land	0	0.2	100
Ångvälten 4	Östersund	Land	-	0.0	-
Total			29,045	26.3	
Total acquired properties 2020			98,128	81.5	

Acquired properties taken possession of Q1 and Q2 2021					
Främby 1:56	Falun	Industrial	67,606	48.8	89
Storheden 2:10	Luleå	Industrial	4,890	3.3	100
Pitholmen 47:59	Piteå	Industrial	4,500	2.1	100
Munkeboängen 4	Västerås	Industrial	1,081	1.3	100
Total			78,077	55.5	

Properties divested and vacated Q2					
Brynäs 34:9	Gävle	Industrial	3,498	2.8	100
Närby 1:72	Söderhamn	Land	-	-	-
Total			3,498	2.8	

Properties divested and vacated Q3					
Orsa Kyrkby 19:11	Orsa	Industrial	6,397	2.8	100
Total			6,397	2.8	

Properties divested and vacated Q4					
Torrekulla 1:172	Mölnådal	Retail	2,470	1.5	89
Romberg 11:5	Enköping	Other	1,195	1.2	100
Total			3,665	2.7	

Total divested properties 2020			13,560	8.3	
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*on transaction day

Associated companies and joint ventures

The share of profits for the year from associated companies and joint ventures amounts to 60 MSEK (14) of which 19 MSEK (7) is related to income from property management.

In August 2020, NP3 Fastigheter signed a letter of intent with AB Sagax for the formation of a joint venture. All terms and conditions for the joint venture were met in December 2020, with NP3 and Sagax owning 50 percent each. In addition to Fastighetsaktiebolaget Ess-Sierra, NP3 owns 20.2 percent in Småland county-based Fastighetsbolaget Emilshus AB.

Fastighetsbolaget Emilshus AB

In June 2019, NP3 invested in Fastighetsbolaget Emilshus AB which acquires, develops and manages commercial properties in Småland. As of 31 December 2020, the holdings comprise 69 properties with a lettable area of 360,000 square metres. NP3's share capital in the company amounts to 20.2 percent and the holdings are reported as participations in associated companies. For the financial year 2020, Emilshus contributed 17 MSEK (7) to NP3's profit from property management and the total share of profits for the year amounted to 36 MSEK (14).

For more information, see the company's homepage emilshus.com.

Fastighetsaktiebolaget Ess-Sierra

In December 2020, NP3 Fastigheter acquired 50 percent of the shares in Fastighetsbolaget Ess-Sierra, whose operations consist of owning and managing 37 properties that are let to Beijer Byggmaterial AB. The properties' lettable area amounts to 203,000 square metres, of which 64 percent consists of warehouses, 27 percent of building supply stores and 9 percent of office space. The annual rental value amounts to 85 MSEK and the property value as of 31 December 2020 amounted to 1,440 MSEK. The key purpose of the joint-venture structure is the ability to offer tenants local service. A little over 40 percent of the property value overlaps with the locations where NP3 is already established today.

	Fastighetsbolaget Emilshus AB		Fastighetsaktiebolaget Ess-Sierra		Total associated companies and joint ventures	
	2020 Jan-Dec	2019 ¹⁾ Jan-Dec	2020 ²⁾ Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
NP3's share of the profit from associated companies and joint ventures, MSEK						
NP3's share capital, %	20.2	20.2	50	-		
Profit from property management	17	7	2	-	19	7
Changes in value	28	11	31	-	59	11
Tax	-9	-3	-8	-	-17	-3
Total share of profits	36	14	24	-	60	14

	2020 Jan-Dec	2019 ¹⁾ Jan-Dec	2020 ²⁾⁽³⁾ Jan-Dec	2019 Jan-Dec
Associated companies and joint ventures (total), MSEK				
Rental income	182	90	85	-
Profit from property management	86	46	-	-
Net profit	177	93	-	-

	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Number of properties	58	44	37	-
Lettable area, thousand sqm	294	216	203	-
The properties' reported value	2,715	1,543	1,440	-

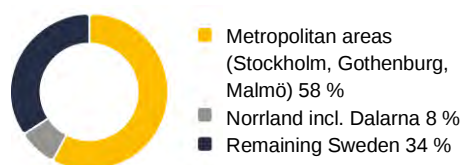
¹⁾ The share capital and share of profits in Fastighetsbolaget Emilshus AB covers the comparative period 15 June-31 December 2019.

²⁾ The share capital and share of profits in Fastighetsbolaget Ess-Sierra covers the period 11-31 December 2020.

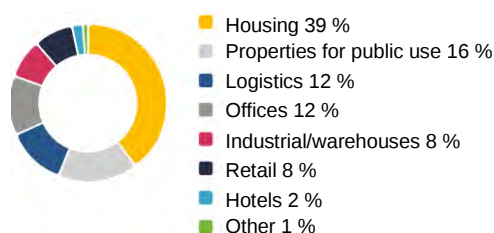
³⁾ Reported rental income refers to estimated rental value for the whole year. As Fastighetsbolaget Ess-Sierra group was formed at the end of 2020, neither the profit from property management nor the net profit are declared for 2020 and 2019.

The transaction market

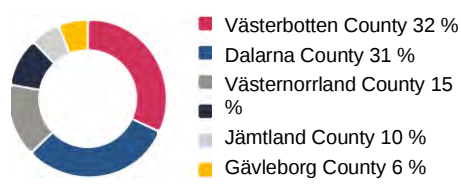
Transaction volume by region 2020



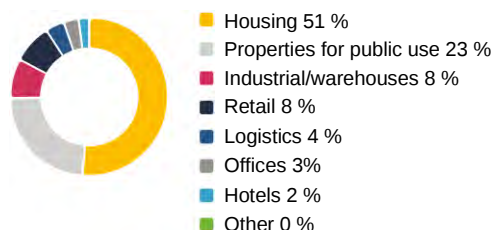
Transaction volume in Sweden by category 2020



Transaction volume in Norrland by county 2020

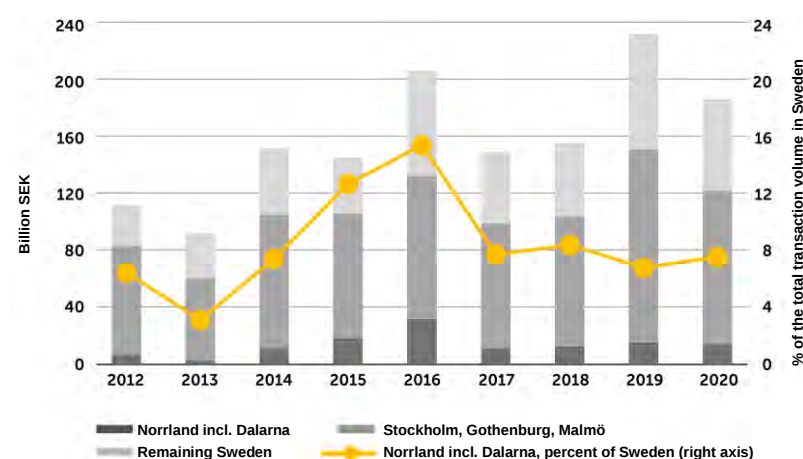


Transaction volume in Norrland by category 2020



Transaction volume in the property market in Norrland ¹⁾

The transaction volume in Norrland (incl. Dalarna) reached just over 14 BSEK during 2020, which is -11 percent lower than the volume in 2019. However, measured as a share of the entire Swedish market, the volume did increase somewhat to 7.6 percent. The transaction volume in all of Sweden decreased by -20 percent during 2020 to 188 BSEK, driven by a very weak second quarter. The year finished strongly with a volume of 56 BSEK and 92 transactions in December, which is the highest monthly volume ever in Sweden. Housing was the largest segment during the year, followed by properties for public use, logistics and offices.



The bars show the total transaction volume in the property market in Sweden, based on individual transactions of over 50 MSEK split into three geographic areas: the three metropolitan areas, Norrland and remaining Sweden. The yellow dots show how many percent the Norrland counties represented of the country's total transaction volume.

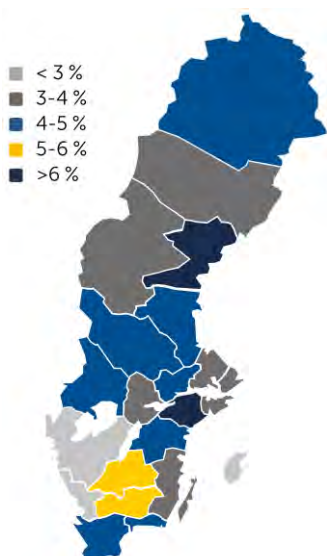
Seen as different submarkets, the highest transaction volume was in Västerbotten County during 2020. The volume amounted to just over 4.5 BSEK, with the main share relating to transactions in Skellefteå. Västerbotten County accounted for no less than 46 percent of the transaction volume in Norrland (excl. Dalarna) last year, followed by Västernorrland and Jämtland counties, which accounted for 21 percent and 14 percent, respectively.

Seen as different segments, housing represented no less than 51 percent of the transaction volume in Norrland during 2020, followed by properties for public use which accounted for 23 percent of the volume.

¹⁾ Source: Pangea Research. Based on transactions over 50 MSEK. Figures by segment are excl. Dalarna.

Turnover rate in the Norrland real estate market

The map shows the average turnover per year in the last five years in relation to the property portfolio total estimated market value by region. The last five years the average for all counties was 3.7 percent, to be compared with the five-year average for the Norrland counties of 4.6 percent. The counties in the nation with the highest turnover rates the last five years are Södermanland, Västernorrland and Kronoberg, in that order. The lowest transaction rate was found in Gotland, in Halland and in Västra Götaland.



Turnover rate	10 years	5 years	Turnover rate	10 years	5 years
Blekinge County	4.4 %	4.9 %	Södermanland County	6.3 %	7.8 %
Dalarna County	3.4 %	4.8 %	Uppsala County	3.8 %	3.7 %
Gotland County	3.0 %	2.1 %	Värmland County	3.7 %	4.7 %
Gävleborg County	3.4 %	4.3 %	Västerbotten County	3.8 %	3.8 %
Halland County	2.5 %	2.7 %	Västernorrland County	6.1 %	7.1 %
Jämtland County	4.3 %	3.7 %	Västmanland County	4.3 %	4.3 %
Jönköping County	3.9 %	5.1 %	Västra Götaland County	2.8 %	2.9 %
Kalmar County	3.4 %	3.8 %	Örebro County	3.0 %	3.8 %
Kronoberg County	4.3 %	5.4 %	Östergötland County	4.3 %	4.4 %
Norrbottn County	4.2 %	4.7 %	Norrland	4.3 %	4.6 %
Skåne County	3.7 %	4.1 %	Nationwide	3.6 %	3.7 %
Stockholm County	3.3 %	3.3 %			

Source: Pangea Research. Based on transactions over 50 MSEK. The average for Norrland is incl. Dalarna.

Biggest transactions in Norrland 2020

The biggest transaction in Norrland during 2020 was SBB's acquisition of a property portfolio in Skellefteå, comprising housing and buildings for public use from Skebo for approx. 1.3 BSEK. Skebo was also the buyer in the next-largest transaction in Norrland, when it bought three housing projects, also here in Skellefteå, from Lindbäcks Fastigheter for approx. 900 MSEK. The third-largest transaction during 2020 was also for housing, and it was Niam that bought an apartment portfolio in Östersund from Rikshem for some 750 MSEK. Most of the buyers in the top-10 list were Swedish players, except for Heimstaden (Swedish/Norwegian) and Blackstone (American).

2020	Buyer	Seller	Area, sqm	Assessed value		Object
				(MSEK)	(SEK/sqm)	
Nov	SBB i Norden	Skebo	66,400	~1,300	~19,500	Property portfolio in Skellefteå (Morö Backe)
May	Skebo	Lindbäcks Fastigheter	~23,000	~900	~39,000	Three housing projects in Skellefteå (523 apartments)
May	Niam	Rikshem	62,500	750	12,000	883 apartments in i Torvalla, et al.
June	Nyfosa	SBB i Norden	~43,000	~700	~16,500	44 properties all around Sweden*
June	Heimstaden	Magnolia	16,800	670	39,900	360 apartments (First phase of the project Norra Kajen)
June	SBB i Norden	Several shareholders	~34,000	~560	~16,600	54.3 % by Offentliga hus*
July	Heimstaden	Magnolia	16,170	475	29,400	300 apartments in Skellefteå
Oct	Lansa Fastigheter	Bonava	11,550	427	37,000	175 apartments in Tomtebo
Aug	Sagax/NP3	Lone Star	61,000	~420	~6,900	Portfolio with 37 properties*
July	Blackstone	Nyfosa	n/a	~360	n/a	Logistics portfolio

* Part of a larger portfolio with properties outside of Norrland

Source: Pangea Research. Figures for Norrland are incl. Dalarna.

Our market

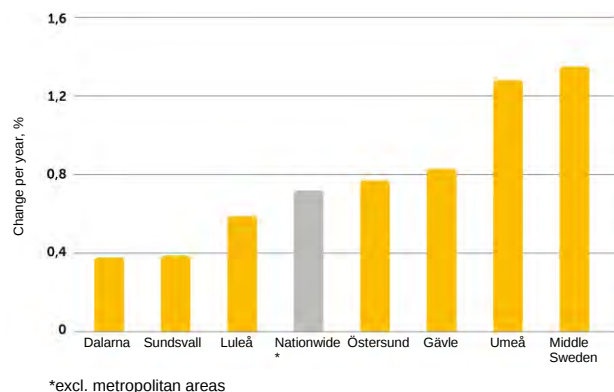
NP3 owns and manages high-yield commercial properties in the categories retail, industrial, logistics, offices and other. The property portfolio is divided into seven business areas, Sundsvall, Gävle, Dalarna, Östersund, Umeå, Luleå and Middle Sweden.

Despite a turbulent year in terms of the economy, with negative BNP-development, a slowdown in employment and uncertainty with regard to the spread of Covid-19, the Swedish real estate markets was very strong during 2020. Capital has continued to be allocated to the property sector, which is considered to be an attractive, risk-adjusted investment alternative, and with a transaction volume of some 188 BSEK the third-largest investment volume in the Swedish real estate market to date was registered. The high transaction intensity shows strong interest from investors in commercial properties, which favours NP3 whose business idea is to own and manage commercial premises in select geographic areas in Sweden.

NP3's property portfolio is mainly focused on North Sweden, and Middle Sweden. North Sweden¹⁾ has some 1.5 million residents, of which about half the population live in the 10 largest municipalities Umeå, Gävle, Sundsvall, Luleå, Skellefteå, Östersund, Falun, Örnköldsvik, Borlänge and Piteå. The universities have a significant presence in North Sweden, such as with Umeå University, Luleå University of Technology, Mid Sweden University in Sundsvall and Dalarna University. Businesses in the various counties focus on various sectors, with a base in energy production, raw material exports and metal and manufacturing industry, as well as a strong connection to the university education conducted in the locations. This has resulted in North Sweden pushing development towards an expanding IT and service sector, and local clusters with a clear connection to both the academic world and industrial sector. Several major development projects in North Sweden, such as the establishment of Northvolts battery factory in Skellefteå and the North Bothnia Line between Umeå and Skellefteå, continue to provide good opportunities for growth in the locations where NP3 is active and which are anticipated to see strong future development.

The migration flows in the markets where NP3 is active differ from the three metropolitan areas, Stockholm, Gothenburg and Malmö, and show positive net population development. Since 2015, the three cities have all reported negative population development to the own county, a trend that became stronger during the coronavirus pandemic. However, all of NP3's main municipalities, apart from Dalarna, showed positive population development during 2020 and almost all locations have a stronger increase in population than the national average, which brings with it added value for the properties the company owns in the locations.

Population development NP3's main locations 2010-2020, annual rate



Region	Population 2020, number of residents	Population development 2010-2020	Population development 2020
Sundsvall	99,439	3.9 %	0.0 %
Gävle	102,904	8.3 %	0.5 %
Dalarna*	287,676	3.8 %	-0.1 %
Östersund	63,985	7.7 %	0.3 %
Umeå	130,224	12.8 %	1.0 %
Luleå	78,549	5.9 %	0.6 %
Middle Sweden**	406,760	13.5 %	0.8 %
Nationwide excl. metropolitan areas	6,189,280	7.0 %	0.3 %

*Dalarna in this table refers to Dalarna County

**Middle Sweden here refers to NP3's main locations of Karlstad, Örebro and Västerås

¹⁾ Norrland counties including Dalarna

Source: SCB, processed by Newsec

Employment and salary development

The spread of the coronavirus has had clear effects on the labor market in Sweden. At the end of the year, unemployment in Sweden was 8.5 percent, which is an increase of 1.5 percentage points compared to the same period the year before, as figures from the Public Employment Service show. From a global perspective, however, the increase in unemployment in Sweden is low, as financial stimulus and other measures aimed at reducing the number of dismissals have mitigated the effects of the crisis.

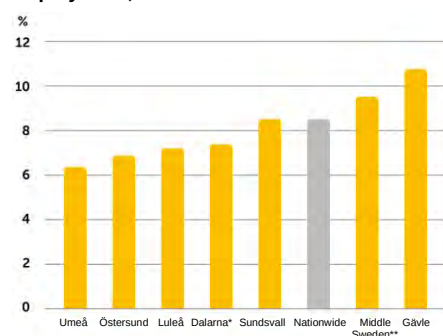
Of NP3's locations, only Gävle and Middle Sweden have higher unemployment than the country as a whole. Generally, the big cities also show a higher increase in unemployment, while the locations where NP3 is active in North Sweden have a lower percental increase than the average in Sweden. Luleå and Sundsvall recorded the lowest increase in unemployment, with one percentage point during the year.

The average disposable income in Sweden for all households at the end of 2019, was 40,825 SEK per month for households older than 18 years. If excluding the metropolitan areas, the same number is 36,090 SEK per month. In the last 20 years, the disposable household income has seen a strong development in Sweden and is in line with Sweden's record development during the 1950s and 60s. During 2020, the average income for all households in Sweden decreased, according to preliminary figures, which is strongly linked to the spread of the coronavirus. In North Sweden and Middle Sweden, however, the decrease has been milder and development of disposable income in NP3's main markets has been more positive than the average in Sweden. Generally, income is higher in the metropolitan areas, but even if excluding the metropolitan areas from the statistics, NP3's main locations all show higher disposable incomes when compared to the nation as a whole.

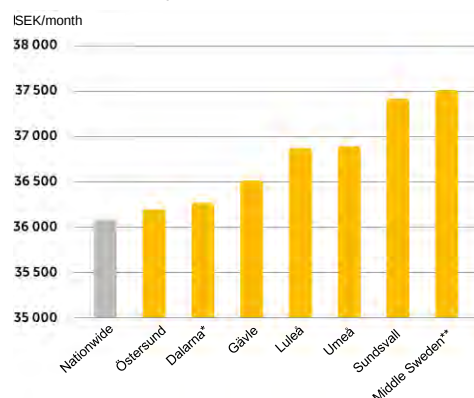
Property-owning companies in North Sweden

Owners of commercial properties in North Sweden, to a larger extent than in the rest of Sweden, consist of municipally owned companies, local private property owners, owner-occupiers and nationally property-owning companies with head office outside of North Sweden. NP3 is one of a small number of real estate companies with a clear strategy to own and manage properties in North Sweden, which gives us an advantage over other players in the market. With its long-term local presence, NP3 has succeeded in gaining a unique position with good local knowledge and experience in the market. At the same time, an increasing number of players are showing interest in the property market in North Sweden, which can be seen in the transaction statistics and creates space for continued growth in value NP3's in property portfolio.

Unemployment, 2020



Average disposable income per month, all households 18+, 2019



Region	Unemployment 2020	Unemployment development 2020	Average disposable income per month, 2019 ²⁾	Development of disposable income, 2019
Sundsvall	8.5 %	1.0 %	37,425 SEK/month	0.51 %
Gävle	10.7 %	1.1 %	36,525 SEK/month	0.27 %
Dalarna*	7.4 %	1.3 %	36,275 SEK/month	0.38 %
Östersund	6.9 %	1.2 %	36,208 SEK/month	3.23 %
Umeå	6.4 %	1.3 %	36,892 SEK/month	0.45 %
Luleå	7.2 %	1.0 %	36,875 SEK/month	1.07 %
Middle Sweden**	9.5 %	1.8 %	37,505 SEK/month	0.39 %
Nationwide	8.5 %	1.5 %	36,090 SEK/month***	0.51 %

*Dalarna in this table refers to NP3's main locations Falun and Borlänge. The figure is unweighted per number of residents per municipality.

**Middle Sweden here refers to NP3's main locations of Karlstad, Örebro and Västerås. The figure is unweighted per number of residents per municipality.

*** Excluding metropolitan areas.

²⁾ Latest available data is for 2019, so the level for 2020 is not shown. Refers to all households, 18+.



Ilanda in Karlstad. Photographer: Johan Höwler, Studio054
Ilanda i Karlstad. Fotograf: Johan Höwler, Studio054

Our business areas

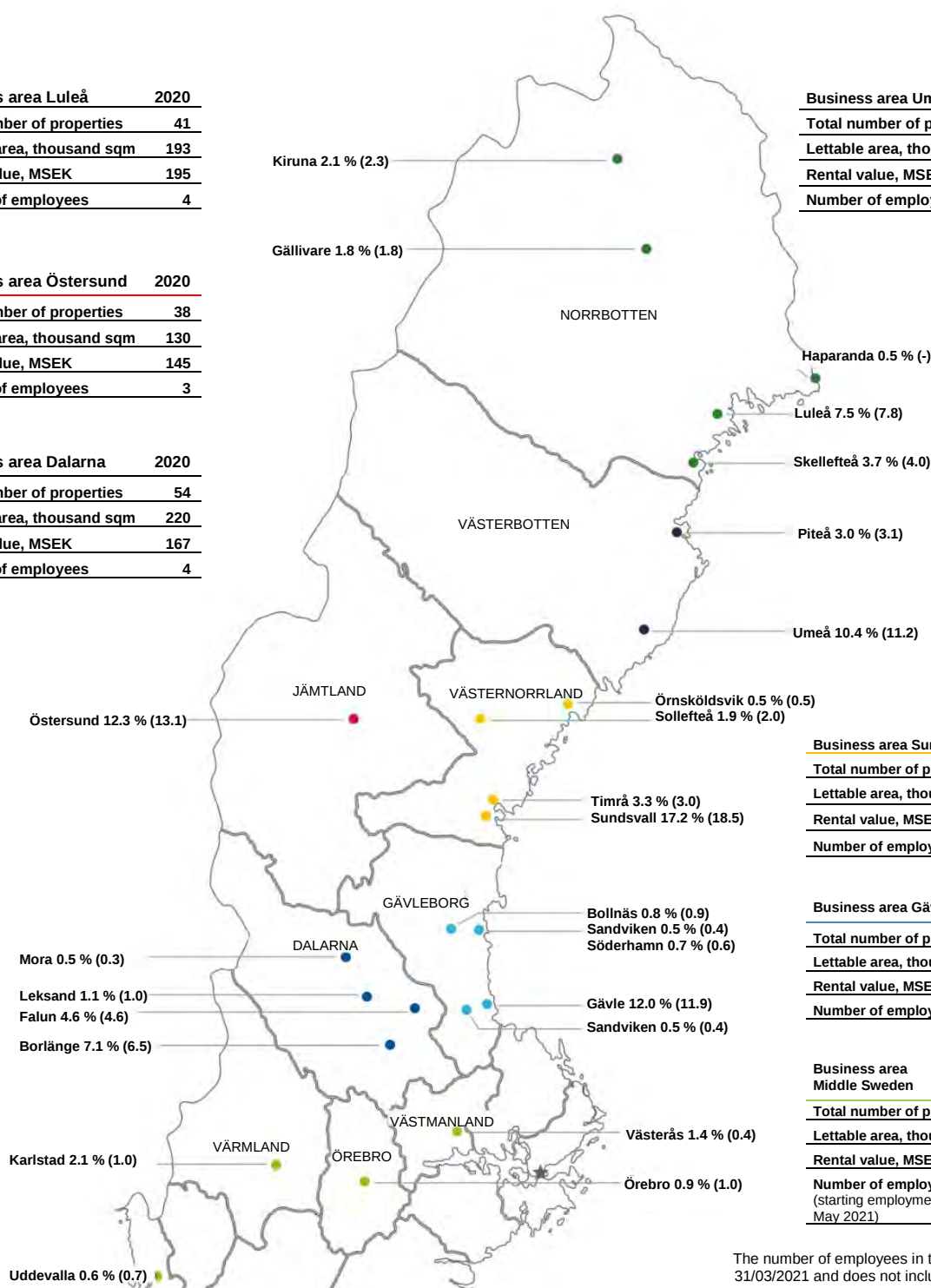
The colours show our seven business areas and which municipalities¹⁾ are included in the respective business area. The number after the municipality shows how large a share the municipality accounts for of the company's total property value.

Business area Luleå	2020
Total number of properties	41
Lettable area, thousand sqm	193
Rental value, MSEK	195
Number of employees	4

Business area Östersund	2020
Total number of properties	38
Lettable area, thousand sqm	130
Rental value, MSEK	145
Number of employees	3

Business area Dalarna	2020
Total number of properties	54
Lettable area, thousand sqm	220
Rental value, MSEK	167
Number of employees	4

Business area Umeå	2020
Total number of properties	65
Lettable area, thousand sqm	206
Rental value, MSEK	183
Number of employees	4



Business area Sundsvall	2020
Total number of properties	103
Lettable area, thousand sqm	356
Rental value, MSEK	291
Number of employees	8

Business area Gävle	2020
Total number of properties	60
Lettable area, thousand sqm	227
Rental value, MSEK	171
Number of employees	3

Business area Middle Sweden	2020
Total number of properties	27
Lettable area, thousand sqm	104
Rental value, MSEK	84
Number of employees (starting employment in May 2021)	1

The number of employees in the tables is correct as of 31/03/2021 and does not include group-wide services.

¹⁾ Only municipalities with a share of more than 0.5 % in the property value are shown on the map.

Other major property owners of commercial premises in Sundsvall:

- Nyfosa • Diös
- Catena • Lilium



Leif Svensson, business manager, Matilda Rydstedt, business manager, Ulf Nordlander, technical administrator, Ella Bromée, property administrator (on leave), Adde Andersson, technical administrator, Mats Andersson, business manager and Håkan Andersson, business manager. Tobias Eriksson, property administrator, not in picture.

Area by property category (%)



Rental value by property category (%)



Business area Sundsvall

Sundsvall is Sweden's 20th largest municipality by residents and the population continues to grow annually. The demand for premises is high and the positive growth in employment in recent years indicates continued high demand for commercial areas henceforth. The retail and industrial sector is well-established in the municipality, not least in connection with the development of Birsta commercial area.

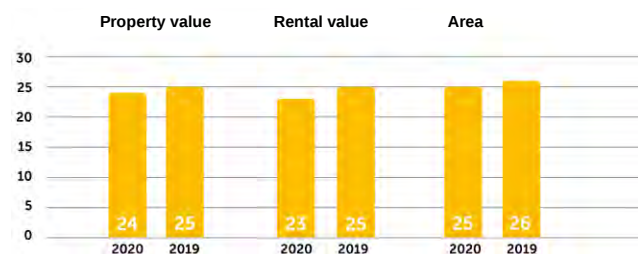
NP3 has its domicile and head office in Sundsvall and the business area is the largest one, both in terms of property value and rental value. The business area comprises 103 properties (101) with a lettable area of 356,000 square metres (354,000). The rental value amounted to 291 MSEK (280) with a financial occupancy rate of 91 percent (91). The properties in Sundsvall/Timrå make up 81 percent (80) of the rental value in the business area, followed by Sollefteå with 12 percent. The remaining five municipalities in the business area contribute seven percent of the total rental value. Industrial makes up the largest property category of the rental value, followed by retail.

In Sundsvall/Timrå, properties consist mainly of light industry, business- to-business-retail and vehicle dealerships. In Birsta, which is best known for its retail area, NP3 owns primarily logistics and retail properties. Birsta is strategically located between European routes E4 and E14, which makes the area attractive and popular for logistics properties. Major tenants in Sundsvall include Bilbolaget, Systembolaget and PostNord. In Härnösand, the focus is mainly on retail and industrial.

In Sollefteå, the portfolio mainly consists of the previous regiment I21, which is located at Hågesta, which is the district in Sollefteå that is seeing the strongest development. The area consists of activities in all segments, with Sollefteå Municipality being the biggest tenant.

During the year, a number of new development projects were started where NP3's activities include bringing a new development project for Cramo in Birsta to completion.

The business area's share of the total portfolio in percent



Net letting, MSEK

Cancelled rental agreements incl. bankruptcies	-42
Signed rental agreements	48
Net letting	6

Change in vacancies, MSEK

Opening value of vacancies 1 January	25
Value of vacancies, acquired properties	0
Value of vacancies, divested properties	-1
Net change in tenants moving in/out	2
Closing value of vacancies	27

Largest tenants, based on rental value

Area, sqm

Sollefteå Municipality	12,647
Systembolaget AB	7,302
Dagab Inköp & Logistik AB	4,225
Total	24,174
Share of the business area's rental value	8 %

BA Sundsvall as of 31 December	2020	2019
Total number of properties, of which	103	101
Sundsvall	76	74
Härnösand	5	5
Sollefteå	4	4
Timrå	13	13
Örnsköldsvik	2	2
Others	3	3
Lettable area, thousand sqm	356	354
Rental value, MSEK	291	280
Economic vacancy, %	9	9
Average remaining lease term, years	4.1	4.1
Property value, MSEK	2,980	2,828
Yield, %	7.0	6.6
Net operating income, MSEK	191	173
Surplus ratio, %	74	67

Sundsvall

Business area Sundsvall

No. Property	Address	Municipality	Category	Area
Sundsvall				
1 Köpstadén 23	Bultgatan 12	Sundsvall	Industrial	21,368
2 Sköns Prästbord 2:3	Timmervägen 6	Sundsvall	Logistics	12,686
3 Huggsta 1:160	Johannedalsvägen 65	Sundsvall	Industrial	12,412
4 Birsta 12:2	Birstavägen 1	Sundsvall	Industrial	8,000
5 Sköns Prästbord 1:50	Norra Förmansvägen 17	Sundsvall	Retail	6,296
6 Ljusta 3:10	Gesällvägen 20	Sundsvall	Industrial	6,288
7 Vandringsmannen 1	Gärdevägen 3	Sundsvall	Offices	6,073
8 Sköns Prästbord 1:53	Läringsvägen 1	Sundsvall	Industrial	5,692
9 Vandringsmannen 5	Gärdevägen 5A-C, G	Sundsvall	Offices	5,211
10 Gärde 1:26	Krossvägen 11	Sundsvall	Logistics	4,983
11 Geten 2	Fridhemsgatan 122	Sundsvall	Offices	4,604
12 Vandringsmannen 2	Gärdevägen 1	Sundsvall	Industrial	4,253
13 Skönsmon 2:100	Kontorsvägen 4	Sundsvall	Retail	4,000
14 Vandringsmannen 6	Gärdevägen 9-11	Sundsvall	Industrial	3,834
15 Ljusta 7:8	Antennvägen 12-18	Sundsvall	Retail	3,822
16 Ljusta 7:9	Antennvägen 43	Sundsvall	Retail	3,822
17 Målås 4:6	Norra Förmansvägen 18	Sundsvall	Industrial	3,800
18 Sköns Prästbord 1:14	Gesällvägen 4	Sundsvall	Retail	3,711
19 Högom 3:179	Mejselvägen 11	Sundsvall	Industrial	3,608
20 Laboratoriet 2	Kontorsvägen 9	Sundsvall	Logistics	3,425
21 Slagan 4	Axvägen 6	Sundsvall	Industrial	3,311
22 Högom 3:217	Mejselvägen 14	Sundsvall	Retail	3,245
23 Målås 3:20	Birstavägen 21	Sundsvall	Industrial	3,234
24 Linjeförmannen 7	Bäckebovägen 12	Sundsvall	Industrial	3,201
25 Högom 3:172	Bergsgatan 122	Sundsvall	Retail	3,116
26 Baggen 7	Enhörningsvägen 22	Sundsvall	Retail	2,788
27 Baggen 3	Enhörningsvägen 24	Sundsvall	Logistics	2,715
28 Valknytt 4	Norra Vägen 25	Sundsvall	Retail	2,670
29 Sköns Prästbord 1:47	Södra Förmansvägen 4	Sundsvall	Industrial	2,667
30 Sköns Prästbord 2:7	Timmervägen 6B	Sundsvall	Logistics	2,635
31 Vandringsmannen 3	Gärdevägen 7	Sundsvall	Offices	2,538
32 Sköns Prästbord 2:5	Timmervägen 8	Sundsvall	Industrial	2,505
33 Nolby 7:142	Svartviksvägen 10-12	Sundsvall	Industrial	2,458
34 Baggen 6	Hovgatan 6	Sundsvall	Industrial	2,456
35 Högom 3:155	Montörvägen 10	Sundsvall	Industrial	2,424
36 Plikhuggaren 1,2 + 6	Björneborgsgatan 25	Sundsvall	Other	2,397
37 Nacksta 5:19	Bergsgatan 118	Sundsvall	Retail	2,349
38 Vävskeden 6	Norra vägen 34	Sundsvall	Offices	2,280
39 Sköns Prästbord 1:91	Norra Förmansvägen 24	Sundsvall	Retail	1,993
40 Sköns Prästbord 1:59	Arbetsledarvägen 14	Sundsvall	Industrial	1,988
41 Vandringsmannen 4	Gärdevägen 5	Sundsvall	Offices	1,863
42 Sköns Prästbord 1:62	Läringsvägen 2-4	Sundsvall	Retail	1,844
43 Rosenborg 4	Kolvägen 14 B	Sundsvall	Offices	1,800
44 Slagan 10	Axvägen 14	Sundsvall	Industrial	1,800
45 Vävskeden 9	Norra vägen 40	Sundsvall	Retail	1,749
46 Geten 1	Hovgatan 1	Sundsvall	Industrial	1,721
47 Vävskeden 5	Norra vägen 32	Sundsvall	Retail	1,668
48 Granlo 3:373	Linköpingsvägen 7-9	Sundsvall	Offices	1,542
49 Lillhällom 1:162	Tvåspannsvägen 6	Sundsvall	Industrial	1,461
50 Sköns Prästbord 1:67	Södra Förmansvägen 5A	Sundsvall	Retail	1,447
51 Högom 3:198	Mejselvägen 6-12	Sundsvall	Industrial	1,395
52 Plutonen 1	Plutonsvägen 13	Sundsvall	Industrial	1,345
53 Kompaniet 5	Kompanivägen 12	Sundsvall	Industrial	1,329
54 Skedlo 2:63	Skedlovägen 25	Sundsvall	Logistics	1,327
55 Tuna-Ångom 1:74	Stationsvägen 4	Sundsvall	Industrial	1,327

No. Property	Address	Municipality	Category	Area
56 Högom 3:187	Tegelvägen 14	Sundsvall	Industrial	1,298
57 Målås 4:3	Förmansvägen 15	Sundsvall	Industrial	1,280
58 Granlo 3:335	Linköpingsvägen 3	Sundsvall	Industrial	1,279
59 Sköns Prästbord 2:6	Timmervägen 6 A	Sundsvall	Logistics	1,150
60 Slagan 6	Axvägen 16	Sundsvall	Industrial	1,131
61 Luftvärnet 1	Regementsvägen 9	Sundsvall	Offices	1,093
62 Huggsta 1:167	Johannedalsvägen 67	Sundsvall	Industrial	1,020
63 Sköns Prästbord 1:82	Arbetsledarvägen 6	Sundsvall	Industrial	992
64 Rosenborg 6	Kolvägen 22	Sundsvall	Retail	988
65 Rosenborg 1	Kolvägen 20	Sundsvall	Retail	926
66 Rosenborg 2	Kolvägen 14	Sundsvall	Industrial	655
67 Veterinären 4	CA Svenssons väg 2	Sundsvall	Offices	567
68 Staben 6	Granmodalsvägen 22	Sundsvall	Industrial	500
69 Älgen 32	Hovgatan 4	Sundsvall	Industrial	450
70 Huggsta 1:173	Johannedalsvägen 65A	Sundsvall	Industrial	383
71 Bergsåker 5:12	Västra vägen 158	Sundsvall	Land	-
72 Bergsåker 5:18	Västra vägen 158	Sundsvall	Land	-
73 Granlo 3:391	Lindköpingsvägen 8	Sundsvall	Land	-
74 Lillhällom 1:165	Tvåspannsvägen 6	Sundsvall	Land	-
75 Ljusta 7:3	Västra vägen 158	Sundsvall	Land	-
76 Sköns Prästbord 1:65	Norra Förmansvägen 20	Sundsvall	Land	-

Härnösand

Yrkesskolan 4	Gånsviksvägen 4	Härnösand	Offices	3,195
Saltvik 8:12	Saltviksvägen 9	Härnösand	Industrial	1,550
Saltvik 8:17	Saltviksvägen 7	Härnösand	Retail	1,438
Saltvik 8:22	Verkstadsvägen 10	Härnösand	Industrial	1,307
Ångbåten 6	Varvsallén 3	Härnösand	Logistics	508

Timrå

1 Vivstamon 1:16	Svetsarvägen 4	Timrå	Industrial	6,953
2 Vivstamon 1:37, 1:38	Terminalvägen 4	Timrå	Retail	6,187
3 Vivstamon 1:62	Terminalvägen 10-16	Timrå	Offices	5,148
4 Vista 13:84	Årvältsvägen 10	Timrå	Other	4,509
5 Vivstamon 1:86	Årvältsvägen 14	Timrå	Industrial	3,472
6 Vivstamon 1:27	Kabelvägen 5	Timrå	Industrial	3,415
7 Vivstamon 1:21	Kabelvägen 1	Timrå	Industrial	3,410
8 Norrberge 1:116	Midlandavägen	Timrå	Offices	3,260
9 Vivstamon 1:63	Terminalvägen 30	Timrå	Retail	2,061
10 Vivstamon 1:51	Terminalvägen 13	Timrå	Industrial	1,989
11 Vivstamon 1:54	Svarvarvägen 8	Timrå	Industrial	1,650
12 Vivstamon 1:17	Terminalvägen 20-24	Timrå	Other	2,856
13 Norrberge 1:113	Midlandavägen 14	Timrå	Offices	725

Sollefteå

Hågesta 3:115	Hågesta	Sollefteå	Other	47,183
Orren 6	Kungsgatan 10	Sollefteå	Offices	4,317
Hågesta 3:128	Hågesta 4	Sollefteå	Other	2,953
Färgaren 8	Strömgatan 3	Sollefteå	Land	-

Örnsköldsvik

Själéavds Prästbord 1:131	Kavelvägen 17	Örnsköldsvik	Industrial	7,974
Anundsjö-Näs 5:40	Köpmangatan 3	Industrial	Industrial	784

Others

Fiskja 15:2	Aspåsvägen 14	Kramfors	Industrial	17,100
Norrången 6:1	Norra Industrivägen 4	Hudiksvall	Industrial	3,683
Rösta 13:1	Strömsbruksvägen 2	Nordanstig	Industrial	329



Other major property owners of commercial premises in Gävle:

- Castellum
- Nyfosa
- FastPartner
- Diös



Jens Lennefeldt, business director south, Anton Johansson, business manager and Johan Wik, technical administrator.

Area by property category (%)



Rental value by property category (%)



Business area Gävle

Gävle has historically been an industrial and commercial town, but is now developing with older traditions coming upon modern growth industries with a focus on the service sector. The local market in Gävle saw good development last decade, with limited new construction projects bringing a marginal net addition of office premises, while a growing and diversified business sector has propelled demand. The demand for premises has benefited from major infrastructure investments, such as extension of the European route E4 and extension of the railway mainline.

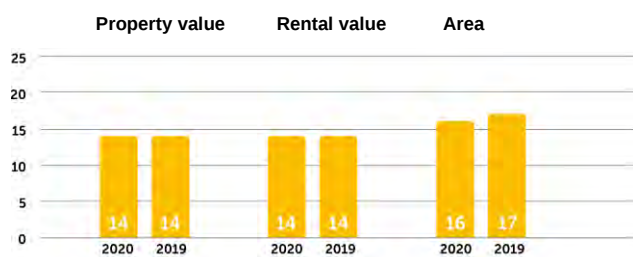
NP3's business area Gävle made up 14 percent (14) of NP3's total property value as of 31 December 2020. The business area comprises 60 properties (56) with a lettable area of 227,000 square metres (225,000). The property value in the business area Gävle has increased by 12 percent compared to the previous year. The rental value at year-end 2020 amounted to 171 MSEK (161) with a financial occupancy rate of 93 percent (93). Industrial makes up the largest property category, followed by retail both by area and rental value.

NP3 has chosen to mainly focus on two areas in Gävle, Närke and Sörby Urfjäll. Närke is a centrally located industrial area, where NP3 owns many business-to-business retail properties with Elektroskandia, Ahlsell and Bevego being major tenants. Sörby Urfjäll is NP3's largest area in Gävle and an area where NP3 is the dominating property owner. The property portfolio includes logistics, business-to-business-retail and light industry.

In Söderhamn Municipality, just north of Gävle, NP3 owns the property Tönnebro 1:5 where Rasta Tönnebro restaurant is located. It is one of Sweden's most visited motorway restaurants and one of the few properties in NP3's portfolio for which turnover rent is applied. During the second half of the year, the business area saw good demand for premises and a positive letting trend.

The comparative period for Gävle business area has been recalculated due to the new business area, Middle Sweden.

The business area's share of the total portfolio in percent



Net letting, MSEK

Cancelled rental agreements incl. bankruptcies	-17
Signed rental agreements	24
Net letting	7

Change in vacancies, MSEK

Opening value of vacancies 1 January	11
Value of vacancies, acquired properties	0
Value of vacancies, divested properties	-3
Net change in tenants moving in/out	3

Closing value of vacancies **12**

Largest tenants, based on rental value	Area, sqm
BGA Group AB	7,547
Nilar AB	6,536
Dagab Inköp & Logistik AB	3,863
Total	17,946
Share of the business area's rental value	10 %

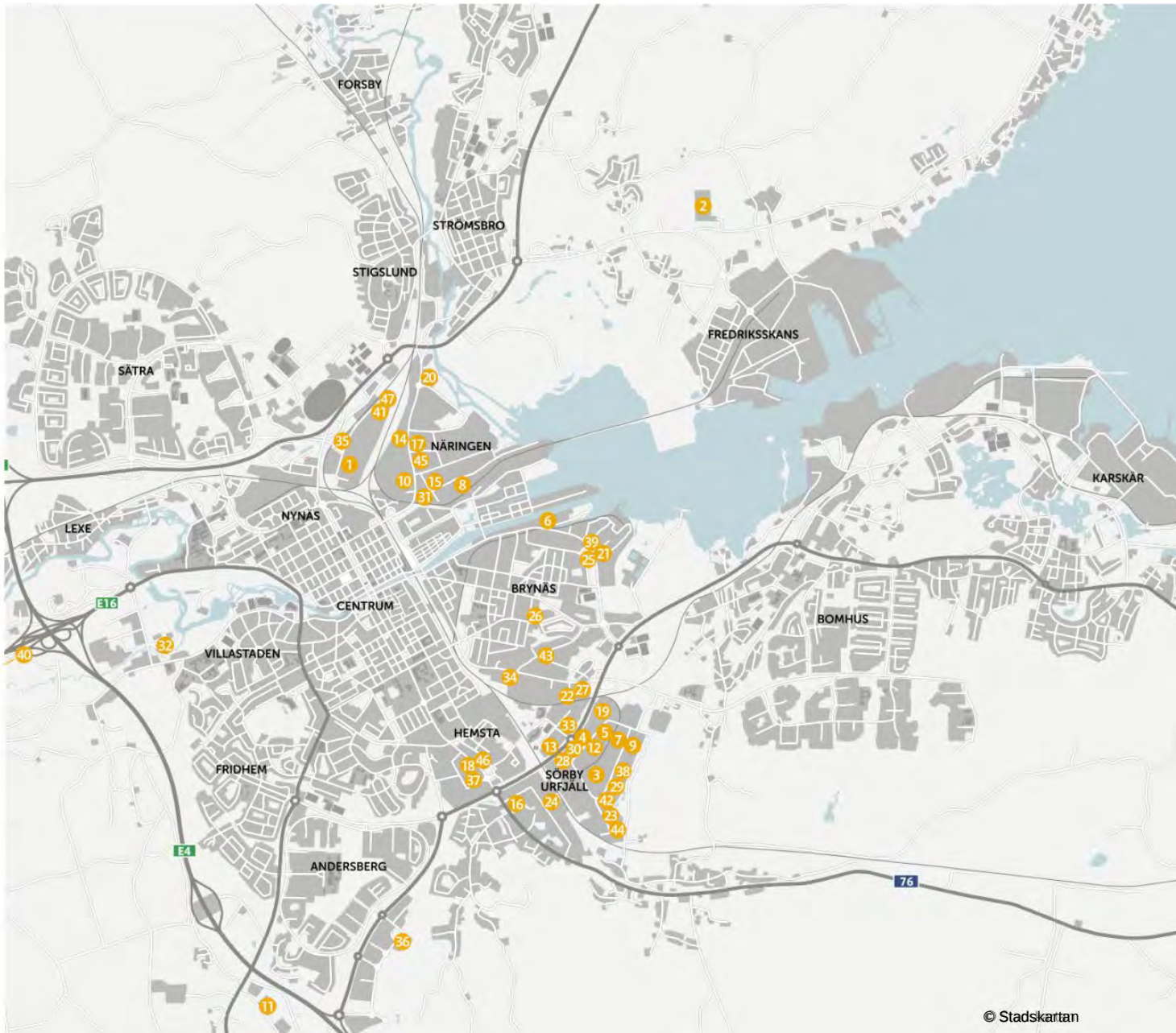
BA Gävle as of 31 December	2020	2019
Total number of properties, of which	60	56
Gävle	47	45
Bollnäs	4	4
Sandviken	6	5
Söderhamn	2	2
Others	1	-
Lettable area, thousand sqm	227	225
Rental value, MSEK	171	161
Economic vacancy, %	7	7
Average remaining lease term, years	3.9	3.9
Property value, MSEK	1,755	1,573
Yield, %	7.5	7.2
Net operating income, MSEK	116	110
Surplus ratio, %	77	74

Gävle

Business area Gävle

No. Property	Address	Municipality	Category	Area
Gävle				
1 Näringen 5:15	Lötångsgatan 6	Gävle	Industrial	25,400
2 Fredriksskans 15:16	Bönnavägen 55	Gävle	Industrial	13,911
3 Sörby Urfjäll 37:3	Utmarksvägen 10	Gävle	Industrial	13,612
4 Sörby Urfjäll 30:1	Utmarksvägen 1-3	Gävle	Retail	10,182
5 Sörby Urfjäll 29:1	Utmarksvägen 4	Gävle	Logistics	9,992
6 Brynäs 86:1	Södra Skeppsbron 35	Gävle	Retail	7,680
7 Sörby Urfjäll 37:1	Utmarksvägen 6	Gävle	Offices	6,773
8 Näringen 16:6	Kanalvägen 4-10	Gävle	Industrial	6,563
9 Sörby Urfjäll 36:4	Utmarksvägen 15	Gävle	Industrial	6,237
10 Näringen 8:5	Strömsbrovägen 19	Gävle	Industrial	5,945
11 Andersberg 14:46	Ersbogatan 14	Gävle	Logistics	5,750
12 Sörby Urfjäll 29:4	Utmarksvägen 2	Gävle	Logistics	5,198
13 Sörby Urfjäll 27:2	Rälskatan 2-4	Gävle	Industrial	5,042
14 Näringen 8:3	Strömsbrovägen 23	Gävle	Retail	4,953
15 Näringen 14:4	Kanalvägen 1-3	Gävle	Offices	4,692
16 Hemlingby 21:4	Kryddstigen 2	Gävle	Retail	4,500
17 Näringen 11:3	Snäppv. 1, Strömsbrov. 18	Gävle	Industrial	4,252
18 Hemsta 12:6	Södra Kungsvägen 14	Gävle	Retail	3,863
19 Sörby Urfjäll 30:4	Utmarksvägen 5-7	Gävle	Industrial	3,486
20 Näringen 25:1 +25:2	Strömmavägen 1	Gävle	Retail	3,461
21 Brynäs 34:8	Atlasgatan 11	Gävle	Industrial	3,448
22 Sörby Urfjäll 38:5	Elektrikergatan 6	Gävle	Retail	3,307
23 Järvsta 63:3	Utjordsvägen 9	Gävle	Industrial	3,094
24 Hemlingby 20:7	Kryddstigen 23	Gävle	Industrial	3,054
25 Brynäs 32:3	Riggargatan 15	Gävle	Other	2,575
26 Brynäs 63:6 + 63:7	Kaserngatan 107	Gävle	Other	2,508
27 Sörby Urfjäll 38:1	Elektrikergatan 3	Gävle	Industrial	2,350
28 Sörby Urfjäll 28:3	Utmarksvägen 35	Gävle	Industrial	2,199
29 Sörby Urfjäll 34:5	Utmarksvägen 23	Gävle	Industrial	1,999
30 Sörby Urfjäll 28:6	Utmarksvägen 37	Gävle	Offices	1,990
31 Näringen 13:11	Förrådsatan 7	Gävle	Industrial	1,975
32 Kungsbäck 4:6	Regementsvägen 29	Gävle	Offices	1,962
33 Sörby Urfjäll 26:1	Växelgatan 2, Rälskatan 8	Gävle	Retail	1,760
34 Sörby Urfjäll 8:12	Upplandsgatan 6	Gävle	Offices	1,690
35 Näringen 6:4	Lötångsgatan 13	Gävle	Industrial	1,520

No. Property	Address	Municipality	Category	Area
36 Hemlingby 49:30	Ingenjörsgatan 18	Gävle	Industrial	1,500
37 Hemsta 12:21	Skolgången 6	Gävle	Retail	1,455
38 Sörby Urfjäll 36:2	Utmarksvägen 19	Gävle	Industrial	1,280
39 Brynäs 34:12	Atlasgatan 7	Gävle	Industrial	1,145
40 Nybo 3:43	Valbovägen 177	Gävle	Industrial	1,015
41 Näringen 3:3	Lötångsgatan 20	Gävle	Industrial	698
42 Sörby Urfjäll 34:4	Utmarksvägen 25	Gävle	Industrial	927
43 Sörby Urfjäll 4:2	Fjällbacken 1, Industrig. 8	Gävle	Industrial	785
44 Järvsta 63:4	Utjordsvägen 13	Gävle	Industrial	760
45 Näringen 12:2	Snäppv. 4, Strömsbrov 14	Gävle	Industrial	602
46 Hemsta 17:23	Rynningsgatan 10	Gävle	Other	390
47 Näringen 3:4	Lötångsgatan 22	Gävle	Industrial	360
Bollnäs				
Häggesta 7:122	Industrigatan 10	Bollnäs	Industrial	6,181
Häggesta 8:50, 51	Industrigatan 21	Bollnäs	Retail	5,137
Säversta 4:101	Skidvägen 7-9	Bollnäs	Industrial	2,244
Häggesta 4:19	Häggestavägen 10	Bollnäs	Industrial	1,680
Sandviken				
Blixten 5	Blixtvägen 15	Sandviken	Industrial	2,400
Eldaren 13	Förrådsatan 12	Sandviken	Offices	1,843
Mom 14:4	Ovansjövägen 303	Sandviken	Industrial	1,808
Svarvaren 14	Förrådsatan 7	Sandviken	Industrial	1,153
Svarvaren 11	Industrivägen 14	Sandviken	Industrial	970
Knappermursvreten 7	Högbovägen 49	Sandviken	Industrial	824
Söderhamn				
Tönnebro 1:5	Tönnebro 115, 125	Söderhamn	Other	2,672
Brädgården 3:12	Arend Stykes väg 11	Söderhamn	Industrial	2,314
Others				
Södra Edsbyn 46:2	Karlsvägen 11	Ovanåker	Industrial	410



Dalarna

Other major property owners of commercial premises in Falun/Borlänge:

- Fastighets AB Balder
- SBB
- Fastighets AB Hushagen
- Diös



Anna Mårshans, property administrator, Thomas Rapp, technical administrator, Örjan Willemark, business manager and Johan Eklund, business manager.

Business area Dalarna

Area by property category (%)



Rental value by property category (%)

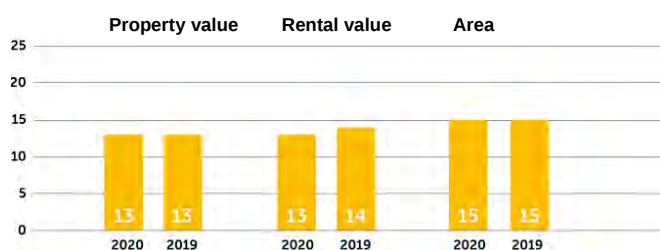


Dalarna with NP3's main locations Falun and Borlänge constitutes an integrated job market region with a great transaction of commuting between the towns. With population growth expected to continue, there is a demand for new construction in the market, where both industrial, warehousing and other commercial types of properties see increased demand, even if much is turned over between smaller premises. In particular housing and properties for public and industrial use saw good development in Dalarna last year, even if there is demand for further types of premises.

NP3's business area Dalarna made up 13 percent (13) of NP3's total property value as of 31 December 2020. The business area comprises 54 properties (51) with a lettable area of 220,000 square metres (209,000). The rental value amounted to 167 MSEK (182) with a financial occupancy rate of 92 percent (91). The property portfolio in the business area is primarily focused on Borlänge and Falun, which together represent 87 percent of the rental value. The largest property category is industrial, which represents 44 percent of the rental value. The two next-largest rental categories are retail and offices, each representing 17 percent of the rental value. The category mainly consists of Dalecarlia Hotel & Spa located in Tällberg in Leksand Municipality.

The comparative period for Dalarna business area has been recalculated due to the new business area, Middle Sweden.

The business area's share of the total portfolio in percent



Net letting, MSEK

Cancelled rental agreements incl. bankruptcies	-22
Signed rental agreements	23
Net letting	1

Change in vacancies, MSEK

Opening value of vacancies 1 January	14
Value of vacancies, acquired properties	0
Value of vacancies, divested properties	0
Net change in tenants moving in/out	-1
Closing value of vacancies	13

Largest tenants, based on rental value

Area, sqm

Svenska Krämfabriken AB	8,600
Region Dalarna	6,743
Borlänge Municipality	5,657
Total	21,000
Share of the business area's rental value	16 %

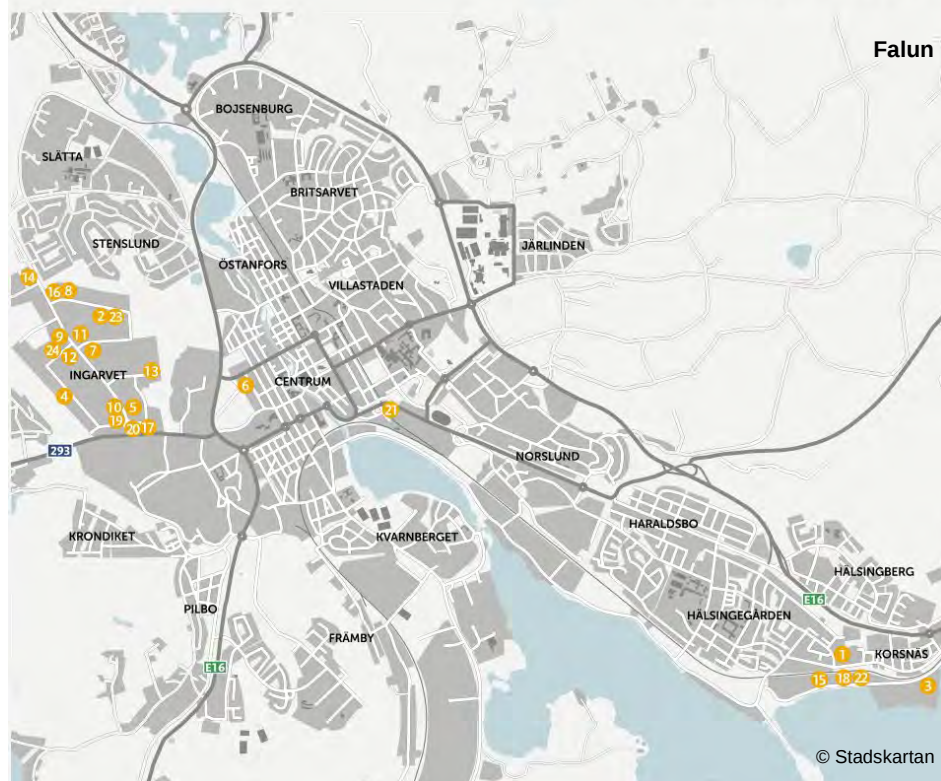
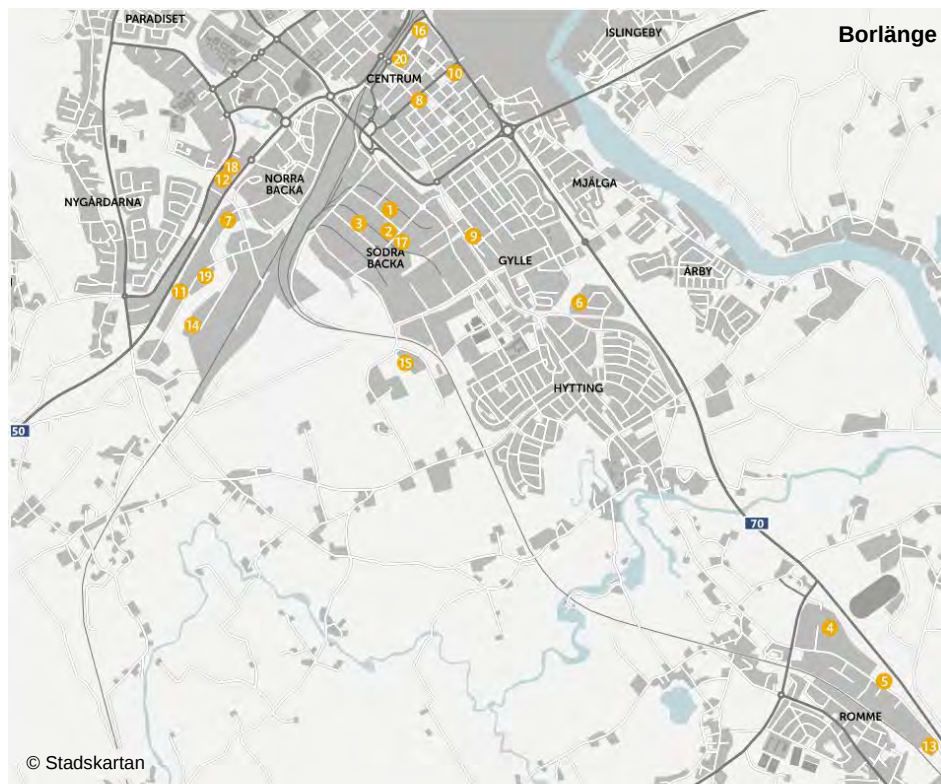
BA Dalarna as of 31 December	2020	2019
Total number of properties, of which	54	51
Borlänge	20	18
Falun	24	24
Leksand	4	4
Remaining Dalarna	6	5
Lettable area, thousand sqm	220	209
Rental value, MSEK	167	155
Economic vacancy, %	8	9
Average remaining lease term, years	4.5	4.3
Property value, MSEK	95	1,458
Yield, %	7.5	7.1
Net operating income, MSEK	111	109
Surplus ratio, %	77	75

Dalarna

Business area Dalarna

No. Property	Address	Municipality	Category	Area
Borlänge				
1 Ässjan 1	Gesällgatan 3-7	Borlänge	Logistics	18,268
2 Blåsbälgen 1	Mästargatan 8	Borlänge	Logistics	18,117
3 Banvakten 1	Hejargatan 4-8	Borlänge	Industrial	15,011
4 Buskåker 4:13	Tunavägen 277 B	Borlänge	Industrial	8,600
5 Norr Romme8:42	Tunavägen 284	Borlänge	Industrial	7,069
6 Kroken 3	Cirkelgatan 16-18	Borlänge	Industrial	6,487
7 Lantmätaren 3 o 4	Ritargatan 4	Borlänge	Other	3,790
8 Rektangeln 8	Tunagatan 20	Borlänge	Offices	3,512
9 Separatorn 2	Källstigen 1	Borlänge	Retail	3,318
10 Röken 1	Tunagatan 44-46	Borlänge	Offices	3,219
11 Teknikern 2	Gjutaregatan 40	Borlänge	Retail	3,178
12 Sotaren 2	Nygårdsvägen 13	Borlänge	Retail	2,889
13 Sör Romme 1:17	Tunavägen 300	Borlänge	Logistics	2,420
14 Pinnpojken 3 + 4	Planerargatan 12-14	Borlänge	Industrial	2,217
15 Kolvagnen 5	Lagergatan 4	Borlänge	Retail	1,985
16 Sigge 7	Ovanbrogatan 50	Borlänge	Offices	1,711
17 Släggan 2	Mästargatan 7	Borlänge	Offices	1,550
18 Nygårdarna 14:202	Nygårdsvägen 11	Borlänge	Industrial	1,493
19 Ingenjören 1	Gjutaregatan 37	Borlänge	Industrial	877
20 Turisten 1	Sveagatan 1	Borlänge	Offices	355
Falun				
1 Hälsinggården 1:427	Lövåsvägen 26	Falun	Logistics	10,800
2 Ingarvsskogen 10	Västermalmsvägen 13	Falun	Industrial	9,640
3 Korsnäs 3:7	Roxnåsvägen 13	Falun	Industrial	8,240
4 Riset 4	Matsarvsvägen 7	Falun	Industrial	6,912
5 Ingarvsmymren 1	Ingarvsvägen 2	Falun	Retail	6,285
6 Hyttberget 3	Yxhammargatan 5-7	Falun	Retail	4,507
7 Ingarvsbacken 1	Västermalmsvägen 2-4	Falun	Retail	4,223
8 Ingarvsvreten 2	Västermalmsvägen 28	Falun	Retail	3,567
9 Lunsta 4	Ingarvsvägen 13	Falun	Retail	3,432
10 Skyfallet 20	Ingarvsvägen 1	Falun	Retail	3,324
11 Ingarvsskogen 4	Västermalmsvägen 1	Falun	Industrial	2,784
12 Västra Tullen 3	Matsarvsvägen 16	Falun	Retail	2,533
13 Vägverket 2	Zettergrens väg 14	Falun	Retail	2,213
14 Tviksta 1	Skyfallsvägen 2	Falun	Offices	2,122

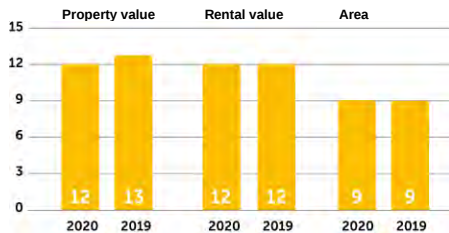
No. Property	Address	Municipality	Category	Area
15 Hälsinggården 1:68	Roxnåsvägen 10	Falun	Industrial	1,487
16 Ingarvsvreten 1	Västermalmsvägen 30	Falun	Industrial	1,216
17 Ryckepungen 2	Ryckepungsvägen 3	Falun	Retail	1,184
18 Hälsinggården 1:498	Roxnåsvägen 6	Falun	Offices	990
19 Skyfallet 18	Ryckepungsvägen 4	Falun	Industrial	869
20 Ryckepungen 1	Ryckepungsvägen 5	Falun	Retail	855
21 Falun 8:7	Tullkammaregatan 2	Falun	Offices	756
22 Hälsinggården 1:499	Roxnåsvägen 4	Falun	Offices	730
23 Ingarvsskogen 7	Västermalmsvägen 11A	Falun	Offices	729
24 Lunsta 5	Matsarvsvägen 19	Falun	Offices	450
Leksand				
Tällberg 4:13 + 4:26	Tällgårdsgattu 6, 21	Leksand	Other	6,920
Åkerö 1:15	Gamla Siljansv. 14, 18	Leksand	Retail	6,851
Noret 37:5	Lima Kersbacken 2	Leksand	Industrial	1,484
Övermo 2:43	Övermo Moskogsvägen 27	Leksand	Industrial	1,051
Others				
Utmeland 47:34	Örjasvägen 11	Mora	Logistics	4,820
Noret 52:43	Skålmyrsvägen 41-45	Mora	Retail	4,027
Daldansen 3	Skolvägen 3	Ludvika	Industrial	3,356
Bävern 13	Bäverstigen 6	Smedjebacken	Industrial	1,999
Hulån 55:7	Hulån 56	Vansbro	Industrial	1,951
Kilen 18	Stormyrgatan 5	Orsa	Industrial	1,667



Other major property owners of commercial premises in Östersund:

- Kungsleden
- Diös
- Persson Invest

The business area's share of the total portfolio in percent



Net letting, MSEK

Cancelled rental agreements incl. bankruptcies	-17
Signed rental agreements	19
Net letting	2

Change in vacancies, MSEK

Opening value of vacancies 1 January	7
Value of vacancies, acquired properties	0
Value of vacancies, divested properties	0
Net change in tenants moving in/out	1
Closing value of vacancies	8

Largest tenants, based on rental value

	Area, sqm
Public Employment Service	7,555
Ulno AB	6,393
Wipro Infrastructure Engineering AB	10,435
Total area	24,383
Share of the business area's rental value	20 %

BA Östersund as of 31 December

	2020	2019
Total number of properties, of which	38	35
Östersund	34	31
Remaining Jämtland	4	4
Lettable area, thousand sqm	130	127
Rental value, MSEK	145	140
Economic vacancy, %	6	5
Average remaining lease term, years	4.3	4.0
Property value, MSEK	1,560	1,504
Yield, %	5.6	6.7
Net operating income, MSEK	102	93
Surplus ratio, %	74	73



Marie Karlstedt, property administrator, Leif Byström, technical administrator and Marcus Carlsson, business manager.

Business area Östersund

Östersund has positive population growth. The labor market is stable, which in part is explained by a strong public sector where the municipality and county council are the biggest employers. The Public Employment Service is also a big employer in the municipality, which has also chosen to expand its operations in Östersund.

Östersund business area made up 12 percent (13) of NP3's total property value as of 31 December 2020. The business area comprises 38 properties (35) with a lettable area of 130,000 square metres (127,000). The rental value amounted to 145 MSEK (140) with a financial occupancy rate of 94 percent (95).

Retail makes up 25 percent of the rental value. The retail category consists mainly of Lillänge retail area, which is one of North Sweden's strongest non-urban retail areas with tenants such as Elgiganten, Rusta och Coop, etc. Beyond Lillänge, the portfolio is focused on Stadsdel Norr and Odenskog.

The properties in Stadsdel Norr consist of the former Jämtland Ranger Corps' properties constructed in the 1910s. The area consists mainly of offices and educational premises. Odenskog is an attractive area for light industry and business-to-business-retail, where NP3 has tenants including Ahlsell, Swedol and Svensk Cater.

The year has been characterised by a strong rental market with good demand, mainly in the office category. During the year, a number of projects focused on the environment, where lighting was replaced and heating and ventilation optimised, were carried out.

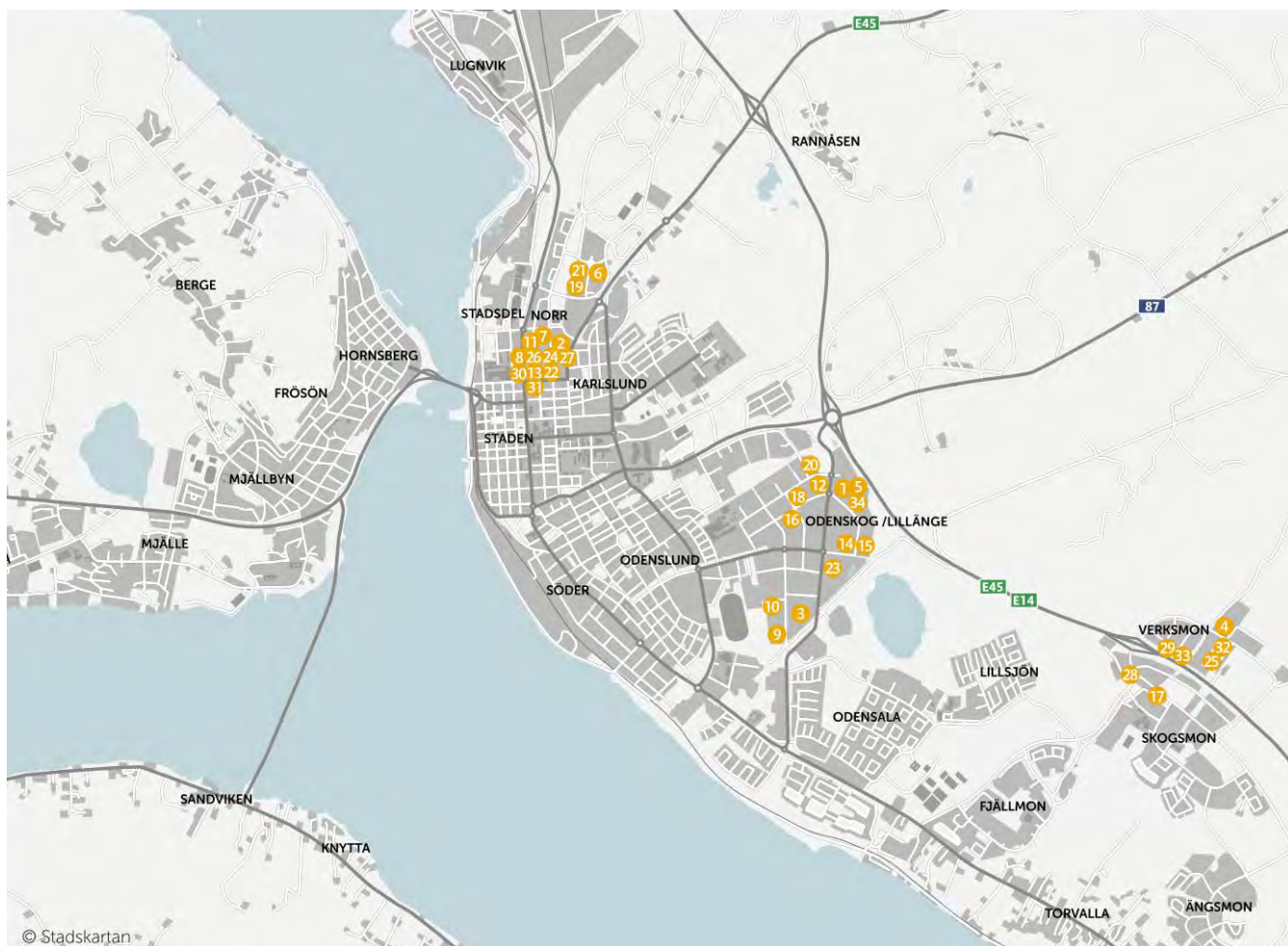
Area by property category (%)



Rental value by property category (%)



*of which B2B 20 % (17)



Business area Östersund

No. Property	Address	Municipality	Category	Area	No. Property	Address	Municipality	Category	Area
Östersund									
1	Ångvålden 5	Östersund	Retail	12,506	21	Hjultraktorn 2	Östersund	Offices	1,516
2	Lugnet 7	Östersund	Offices	11,326	22	Fältjägaren 1	Östersund	Offices	1,466
3	Hejaren 5	Östersund	Industrial	11,075	23	Bandsågen 11	Östersund	Industrial	1,305
4	Timmerlasset 1	Östersund	Industrial	9,235	24	Lastbilen 2	Östersund	Retail	1,296
5	Ångvålden 7	Östersund	Retail	8,167	25	Virkesmätaren 7	Östersund	Industrial	1,281
6	Lastbilen 1	Östersund	Industrial	7,489	26	Fältjägaren 11	Östersund	Offices	950
7	Fältjägaren 6	Östersund	Offices	6,943	27	Lugnet 11	Östersund	Offices	930
8	Fältjägaren 3	Östersund	Other	5,603	28	Motorsågen 2	Östersund	Industrial	876
9	Svarven 6	Östersund	Industrial	5,527	29	Flottaren 1 + 3	Östersund	Industrial	660
10	Svarven 10	Östersund	Industrial	5,328	30	Hjultraktorn 4	Östersund	Land	-
11	Fältjägaren 4	Östersund	Other	5,169	31	Hjultraktorn 5	Östersund	Land	-
12	Trucken 16	Östersund	Logistics	4,720	32	Virkesmätaren 6	Östersund	Land	-
13	Fältjägaren 2	Östersund	Offices	4,469	33	Flottaren 4	Östersund	Land	-
14	Släpvagnen 6	Östersund	Industrial	4,014	34	Ångvålden 4	Östersund	Land	-
15	Snöslungan 8	Östersund	Industrial	2,632	Others				
16	Traktorn 1	Östersund	Industrial	2,025					
17	Busken 1	Östersund	Offices	2,012		Brunflo-Ånge 3:1	Brunflo	Industrial	3,569
18	Trucken 7	Östersund	Industrial	1,925		Namn 3:1	Berg	Industrial	1,042
19	Hjultraktorn 1	Östersund	Offices	1,864		Kånkback 1:246	Ragunda	Industrial	1,027
20	Nyckelpigan 4	Östersund	Offices	1,585		Så 2:91	Åre	Land	-

Other major property owners of commercial premises in Umeå:

- Balticgruppen
- Diös
- SBB
- Lerstenen



Maria Paringer, business director north, Niklas Brander, business manager, Annelie Connysson, property administrator and Lundberg, technical administrator.

Area by property category (%)



Rental value by property category (%)



Business area Umeå

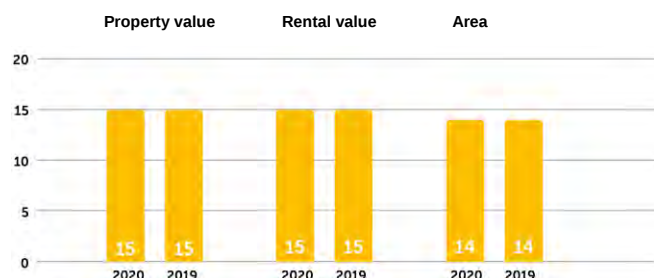
Umeå is north Sweden's largest municipality since 1992, and since 1976 the fastest-growing municipality in the region. The property market in Umeå has developed strongly in recent years with falling yield requirements and a marked increase in rent levels in basically all segments and sub-markets in the region. One project that is expected to be of great significance for the economy in Umeå and the property market at large is the planned railway between Umeå and Luleå, Norrbotten. Improved infrastructure will link together North Norrland's regional towns and open up the labor market to new investments and establishments.

Umeå business area made up 15 percent (15) of NP3's total property value at year-end 2020. The business area comprises 65 properties (58) with a lettable area of 206,000 square metres (192,000). The rental value amounted to 183 MSEK (170) with a financial occupancy rate of 93 percent (97). The increase in vacancies compared to the previous year is mainly due to a number of tenants moving out. Vacancies in Umeå will decrease due to two rental agreements already signed where projects are underway. Retail makes up the dominating property category with 37 percent (40) of the rental value in the business area.

Umeå business area also includes Skellefteå, where NP3 owns 30 properties that make up 31 percent (27) of the business area's rental value. Major tenants in Skellefteå are Optronic Partner, XL Bygg, Svensk Cater, Trampolinhuset Skellefteå and Granngården. During the year the property portfolio in Skellefteå, via three separate acquisitions, has been expanded by five properties with a total of 10,000 square metres of lettable area. In Skellefteå the portfolio consists mainly of industrial properties and a smaller proportion of retail properties.

The properties in Umeå are mainly concentrated around Östteg, Ersboda and Västerslätt. Östteg is a sought-after and expanding area, which is located right next to the new retail area, Söderslätt, where IKEA has set up shop. At Östteg NP3 owns both B2B-retail, industrial and office buildings as well as land. NP3 is a major property owner at Ersboda, which is Umeå's largest retail area. The portfolio is focused on retail aimed at consumers. At Ersboda there are tenants such as Tretti.se, NetOnNet and MIO furniture. At Ersboda a construction project is being carried out on behalf of Dollarstores, with an estimated completion date at the end of 2021. At Västerslätt the focus is on business-to-business-retail with tenants such as Axfood and Swedol.

The business area's share of the total portfolio in percent



Net letting, MSEK

Cancelled rental agreements incl. bankruptcies	-23
Signed rental agreements	25
Net letting	2

Change in vacancies, MSEK

Opening value of vacancies 1 January	5
Value of vacancies, acquired properties	1
Value of vacancies, divested properties	0
Net change in tenants moving in/out	6
Closing value of vacancies	12

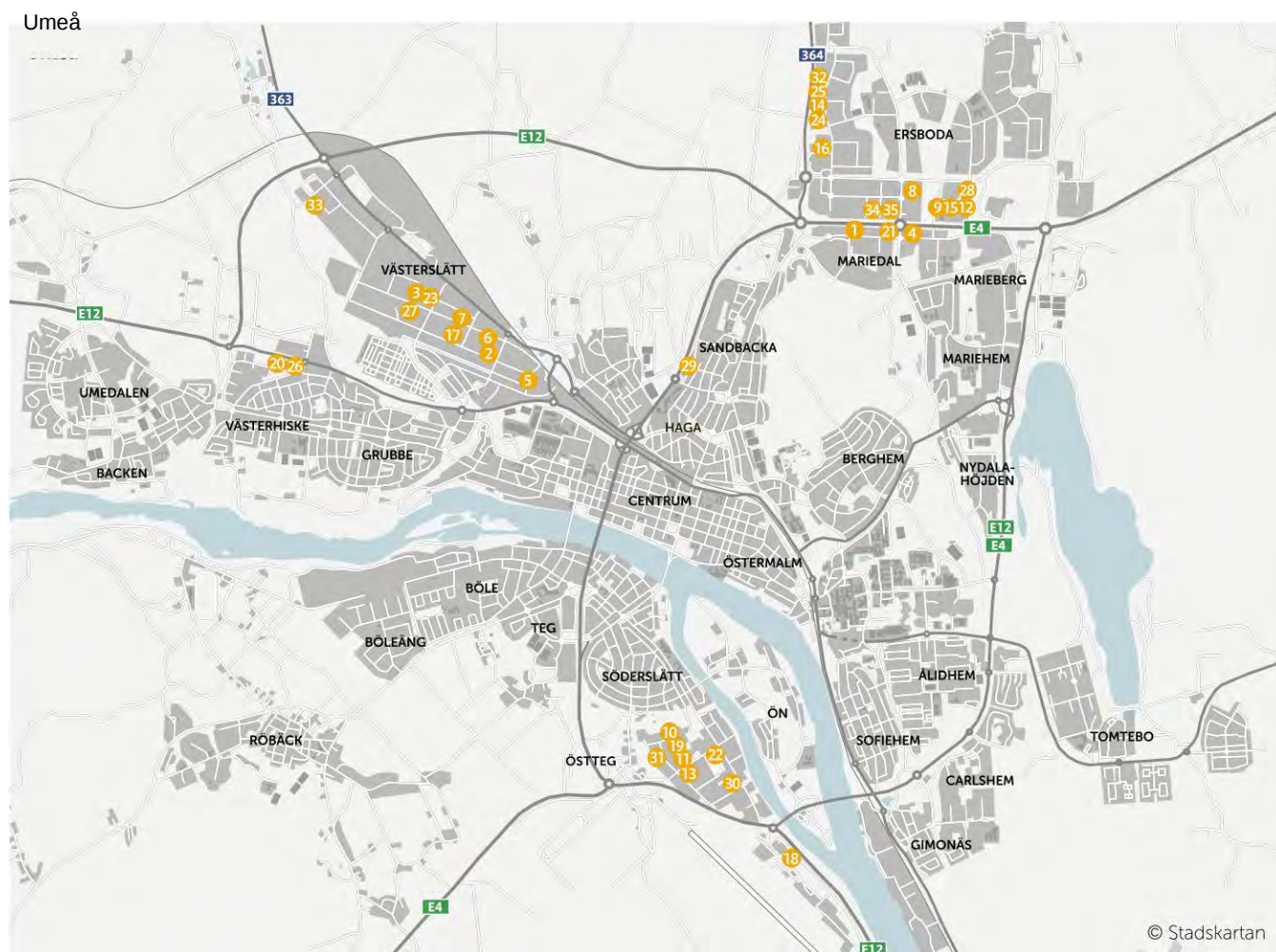
Largest tenants, based on rental value

Area, sqm

Skanska Sverige AB	4,823
Mariedals Möbler i Umeå AB (MIO)	5,859
Länstrafiken i Västerbotten AB	9,626
Total	20,308
Share of the business area's rental value	11 %

BA Umeå as of 31 December	2020	2019
Total number of properties, of which	65	58
Umeå	35	34
Skellefteå	30	24
Lettable area, thousand sqm	206	192
Rental value, MSEK	183	170
Economic vacancy, %	7	3
Average remaining lease term, years	4.3	4.5
Property value, MSEK	1,873	1,738
Yield, %	6.7	6.7
Net operating income, MSEK	123	98
Surplus ratio, %	74	70

Umeå



Business area Umeå

No. Property	Address	Municipality	Category	Area
Umeå				
1 Björnjägaren 3	Björnvägen 7	Umeå	Retail	11,242
2 Vevstaken 9	Spårvägen 10	Umeå	Retail	10,870
3 Ledningen 1	Strömvägen 3-5	Umeå	Other	9,626
4 Huggormen 1	Björnvägen 15-17	Umeå	Offices	8,504
5 Rälsbussen 5	Industrivägen 2	Umeå	Industrial	7,671
6 Generatoren 7	Förrådsvägen 11-15	Umeå	Retail	6,939
7 Rålen 3	Förrådsvägen 12	Umeå	Industrial	5,340
8 Laven 2	Formvägen 16	Umeå	Offices	5,219
9 Cementgjuteriet 1	Bruksvägen 15	Umeå	Retail	5,200
10 Schablonen 6	Läringsgatan 10-14	Umeå	Industrial	5,127
11 Matrisen 6	Läringsgatan 1	Umeå	Offices	4,686
12 Cementgjuteriet 5	Bruksvägen 7	Umeå	Retail	4,635
13 Cisternen 26	Maskingatan 7-9	Umeå	Offices	4,599
14 Kedjan 8	Gräddvägen 15A	Umeå	Other	4,328
15 Cementgjuteriet 6	Bruksvägen 7	Umeå	Retail	4,116
16 Länken 2 + 3	Gräddvägen 3	Umeå	Retail	3,574
17 Pumpen 2	Spårvägen 18	Umeå	Industrial	3,371
18 Flygaren 1 + 3	Flygplatsvägen 19	Umeå	Offices	3,155

No. Property	Address	Municipality	Category	Area
19 Matrisen 2	Läringsgatan 9	Umeå	Retail	2,850
20 Kronoskogen 2	Kronoskogsvägen 8-10	Umeå	Industrial	2,760
21 Björnjägaren 2	Björnvägen 11B	Umeå	Retail	2,461
22 Maskinen 1	Maskingatan 1	Umeå	Offices	2,430
23 Ledningen 2	Strömvägen 1	Umeå	Industrial	2,083
24 Kedjan 5	Gräddvägen 13	Umeå	Logistics	2,068
25 Kedjan 7	Gräddvägen 15B	Umeå	Other	2,058
26 Kronoskogen 3	Kronoskogsvägen 2-6	Umeå	Industrial	1,829
27 Spänningen 5	Förrådsvägen 23	Umeå	Retail	1,686
28 Bruket 2	Bruksvägen 3	Umeå	Industrial	1,680
29 Ledet 1	Sandbackavägen 1	Umeå	Retail	1,562
30 Maskinen 7	Läringsgatan 41	Umeå	Industrial	1,506
31 Schablonen 3	Läringsgatan 20	Umeå	Offices	1,409
32 Kedjan 6	Gräddvägen 15C	Umeå	Retail	1,360
33 Grubbe 9:48	Kabelvägen 1A	Umeå	Logistics	899
34 Singeln 17	Formvägen 10	Umeå	Offices	857
35 Singeln 18	Formvägen 10DD	Umeå	Offices	515



Business area Umeå

No. Property	Address	Municipality	Category	Area	No. Property	Address	Municipality	Category	Area
Skellefteå					17 Motorn 8	Tjarnvägen 26	Skellefteå	Industrial	1,795
1 Flamman 1	Nöppelbergsvägen 16	Skellefteå	Retail	6,628	18 Släpvnagen 1	Tjarnvägen 36	Skellefteå	Retail	1,486
2 Nybruket 5	Industrivägen 38-42	Skellefteå	Industrial	6,317	19 Gradsågen 2 + 3	Risbergsgatan 81	Skellefteå	Industrial	1,459
3 Företagaren 3	Företagsvägen 34	Skellefteå	Industrial	4,722	20 Älgräset 4	Brogatan 39	Skellefteå	Industrial	1,217
4 Motorn 1	Tjarnvägen 2	Skellefteå	Retail	4,629	21 Älgräset 1	Brogatan 33	Skellefteå	Offices	1,426
5 Karossen 1	Tjarnvägen 1B	Skellefteå	Retail	4,325	22 Muttern 3	Verkstadsvägen 14	Skellefteå	Industrial	1,077
6 Bielke 6	Fabriksgatan 6	Skellefteå	Logistics	3,956	23 Släpvnagen 2	Tjarnvägen 40	Skellefteå	Retail	1,012
7 Porsen 2	Brogatan 29	Skellefteå	Industrial	3,396	24 Älgräset 2	Brogatan 35	Skellefteå	Industrial	989
8 Rikthyveln 1	Hyvelgatan 15	Skellefteå	Industrial	2,876	25 Motorn 11	Verkstadsvägen 11	Skellefteå	Industrial	850
9 Lagret 7	Lagergatan 3D	Skellefteå	Industrial	2,832	26 Bielke 3	Norrbölegatan 68	Skellefteå	Other	560
10 Sture 12	Järnväggsgatan 60-62	Skellefteå	Industrial	2,502	27 Motorn 9	Verkstadsvägen 15	Skellefteå	Offices	545
11 Utköraren 1	Nålvägen 3	Skellefteå	Industrial	2,283	28 Älgräset 3	Brogatan 37	Skellefteå	Industrial	241
12 Rikthyveln 3	Hyvelgatan 1	Skellefteå	Industrial	2,232	29 Motorn 2	Tjarnvägen 4	Skellefteå	Land	-
13 Operatören 1	Gymnasievägen 4	Skellefteå	Retail	2,110	30 Rondellen 2	Gymnasievägen 18	Skellefteå	Land	-
14 Utköraren 2	Filtergränd 4	Skellefteå	Industrial	2,030					
15 Sture 13	Norra Järnväggsgatan 64	Skellefteå	Industrial	2,009					
16 Släpvnagen 3	Tjarnvägen 38	Skellefteå	Retail	1,822					

Other major property owners of commercial premises in Umeå:

- Galären i Luleå
- Diös
- Stålstaden
- I Fastigheter

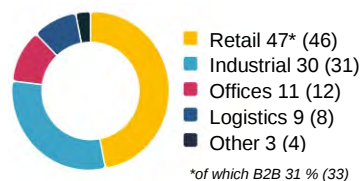


Henrik Forsberg, business manager, Ulf Larsson, technical administrator and Niclas Wikman, business manager, Ralph Hedlund, technical administrator not in picture.

Area by property category (%)



Rental value by property category in (%)



Business area Luleå

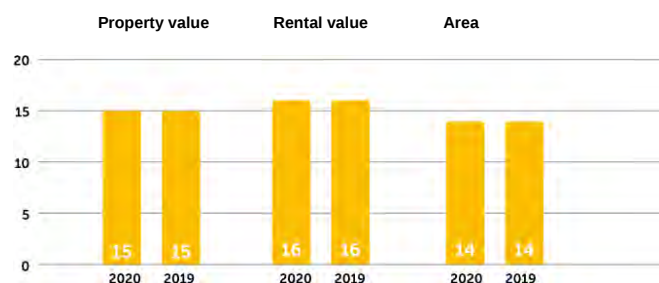
Luleå has shown a steady growth in population in recent years. The rate of project activities is high with projects underway in several submarkets, both tenant-ownership as well as tenancy rights and some commercial properties. In the office market, rent levels in Luleå have increased strongly in recent years. This applies particularly to modern premises in the centre, where vacancies continue to be few despite rising rents. With an established university, further development plans and improved infrastructure, development in Luleå is anticipated to be positive going forward.

Luleå business area made up 15 percent (15) of the company's total property value as of 31 December 2020. The business area comprises a lettable area of 193,000 square metres (181,000) spread across 41 properties (39). The rental value amounted to 195 MSEK (178) with a financial occupancy rate of 95 percent (91). Retail makes up the largest property category with 47 percent (46) of the rental value, followed by industrial with 30 percent (31). The holdings in Luleå municipality account for 47 percent (49) of the business area's rental value, followed by Piteå with 19 percent (20). In addition, the holdings in Gällivare, Kiruna, Boden and Haparanda account for 34 percent in total of the business area's rental value.

In Luleå, NP3 is primarily active at Storheden and Notviksstan, which is located just outside of Luleå centre. NP3 also owns properties at Bergnäset, which is located near the airport, and Porsödalen near the university.

Major tenants in Luleå are Scania, PostNord and Mekonomen. In Piteå, NP3 owns almost exclusively non-urban retail properties in BackCity area, which is Piteå's only non-urban retail area. Major tenants in BackCity are Willys (Dagab Inköp & Logistik), Rusta and Dollarstore.

The business area's share of the total portfolio in percent



Net letting, MSEK

Cancelled rental agreements incl. bankruptcies	-22
Signed rental agreements	29
Net letting	7

Change in vacancies, MSEK

Opening value of vacancies 1 January	15
Value of vacancies, acquired properties	0
Value of vacancies, divested properties	0
Net change in tenants moving in/out	-5
Closing value of vacancies	10

Largest tenants, based on rental value	Area, sqm
PostNord	7,607
Rusta AB	6,257
Scania CV AB	10,079
Total	23,943
Share of the business area's rental value	11 %

BA Luleå as of 31 December	2020	2019
Total number of properties, of which	41	39
Luleå	20	20
Gällivare	4	4
Kiruna	3	3
Piteå	11	11
Others	3	1
Lettable area, thousand sqm	193	181
Rental value, MSEK	195	178
Economic vacancy, %	5	9
Average remaining lease term, years	3.6	3.7
Property value, MSEK	1,901	1,719
Yield, %	6.7	7.0
Net operating income, MSEK	126	113
Surplus ratio, %	73	71

Business area Luleå

No. Property	Address	Municipality	Category	Area
Luleå				
1 Skotet 8	Spantgatan 14	Luleå	Retail	18,253
2 Räfsan 4	Depåvägen 2	Luleå	Logistics	18,251
3 Räfsan 5	Depåvägen 4C-G	Luleå	Industrial	8,850
4 Skotet 1	Banvägen 11A-B	Luleå	Industrial	7,936
5 Storheden 1:81	Cementvägen 8	Luleå	Logistics	6,330
6 Ödlan 6	Ödlegatan 6	Luleå	Retail	5,202
7 Notviken 4:48	Banvägen 13, Spantgatan 5	Luleå	Retail	4,502
8 Storheden 1:26	Handelsvägen 3C	Luleå	Industrial	2,994
9 Storheden 1:5	Besiktningvägen 6 + 12	Luleå	Industrial	2,719
10 Storheden 1:24	Handelsvägen 7	Luleå	Logistics	2,633
11 Notviken 4:51	Banvägen 19	Luleå	Logistics	2,055
12 Mjölner 32 + 33	Föreningsgatan 5	Luleå	Industrial	1,660
13 Storheden 3:2	Makadamvägen 4	Luleå	Industrial	1,655
14 Storheden 1:51 + 1:57	Betongvägen 20	Luleå	Industrial	1,628
15 Bergnäset 3:51	Upplagsvägen 3-5	Luleå	Logistics	1,486
16 Storheden 1:55	Betongvägen 10	Luleå	Retail	1,085
17 Storheden 1:33	Besiktningvägen 9	Luleå	Industrial	890
18 Bergnäset 3:6 + 3:7	Industrivägen 19-20	Luleå	Industrial	789
19 Bergnäset 3:38 + 3:39	Fabriksvägen 4-6	Luleå	Industrial	750
20 Storheden 1:25	Handelsvägen 7	Luleå	Land	-
Gällivare				
Gällivare 12:334	Vouskojärvivägen 11-23	Gällivare	Industrial	16,497
Gällivare 15:336	Energiplan 3	Gällivare	Retail	8,022
Gällivare 12:573	Treenighetens Väg 1	Gällivare	Retail	3,437
Gällivare 57:22	Metallvägen 4	Gällivare	Industrial	1,221
Kiruna				
Välten 8 (Krämaren 4)	Österleden 12	Kiruna	Retail	16,263
Linbanan 2	Linbanevägen 1	Kiruna	Retail	3,323
Släpvagnen 10	Forvägen 29-31	Kiruna	Industrial	1,198
Piteå				
1 Stadsön 8:50	Fläktgatan 6-14	Piteå	Retail	8,066
2 Stadsön 8:9	Fläktgatan 9	Piteå	Retail	5,348
3 Öjebyn 33:222	Hammarvägen 32	Piteå	Logistics	4,390
4 Stadsön 8:5	Reläggatan 4	Piteå	Industrial	4,020
5 Stadsön 8:34	Fläktgatan 24	Piteå	Retail	3,551
6 Stadsön 8:36	Fläktgatan 20	Piteå	Retail	3,400
7 Öjebyn 3:462	Turbovägen 7	Piteå	Retail	3,260
8 Stadsön 8:11	Fläktgatan 7	Piteå	Retail	3,190
9 Stadsön 8:38	Fabriksgatan 8-10	Piteå	Retail	2,215
10 Stadsön 8:37	Fabriksgatan 4-6	Piteå	Retail	1,922
11 Stadsön 8:15	Fabriksgatan 5	Piteå	Retail	800
Others				
Björka 2	Hästskovägen 4A-D	Haparanda	Retail	8,100
Norrmalm 6	Lillgatan 4 A-C	Haparanda	Retail	2,980
Uven 13	Ugglegatan 11	Boden	Industrial	1,910

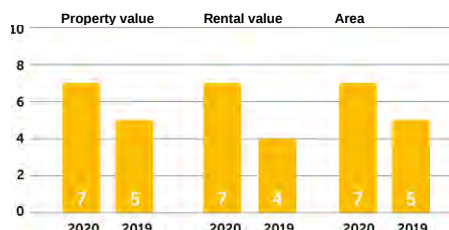


Middle Sweden

Other major property owners of commercial premises in Middle Sweden:

- Castellum
- Kungsleden
- Nyfosa

The business area's share of the total portfolio in percent



Net letting, MSEK

Cancelled rental agreements incl. bankruptcies	-18
Signed rental agreements	10
Net letting	-8

Change in vacancies, MSEK

Opening value of vacancies 1 January	0
Value of vacancies, acquired properties	3
Value of vacancies, divested properties	0
Net change in tenants moving in/out	7
Closing value of vacancies	10

Largest tenants, based on rental value

	Area, sqm
Assemblin EI AB	17,116
Plantagen Sverige AB	9,852
K-Rauta AB	8,627
Total area	35,595

Share of the business area's rental value

	34 %
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BA Middle Sweden as of 31 December

	2020	2019
Total number of properties, of which	27	18
Karlstad	7	2
Västerås	4	1
Other	16	15
Lettable area, thousand sqm	104	63
Rental value, MSEK	84	47
Economic vacancy, %	12	-
Average remaining lease term, years	5.5	7.9
Property value, MSEK	817	581
Yield, %	5.1	7.0
Net operating income, MSEK	48	26
Surplus ratio, %	84	92



Adam Jönsson takes up the post of business manager for middle Sweden business area in May 2021.

Business area Middle Sweden

Middle Sweden and NP3's main locations Karlstad, Örebro and Västerås have seen strong development in the property market in recent years. With a strategic location and good communications, the region is a strong logistics centre. The commercial property market benefits from the region's positive population growth, which has been among the highest in the country.

As part of NP3's continued expansion, the new business area Middle Sweden has been established. The properties included in the new business area were previously part of the business areas Gävle and Dalarna. Middle Sweden business area made up 7 percent (5) of NP3's total property value as of 31 December 2020.

The property portfolio is mainly situated in Karlstad, Örebro and Västerås, with Västerås representing 69 percent of the rental value and 68 percent of the property value. The business area comprises 27 properties (18) with a lettable area of 104,000 square metres (63,000). The rental value amounted to 84 MSEK (47) with a financial occupancy rate of 88 percent (100). A new rental agreement has been signed for the largest vacancy in the business area, with the tenant taking occupancy during the first quarter of 2021.

The main tenants in Middle Sweden business area consist of Assemblin EI, Plantagen and K-Rauta, which together account for 34 percent of the business area's rental value.

As part of continuing to develop and expand the new business area NP3 employed a business manager at the beginning of 2021, who will take up his post in mid-May 2021.

Area by property category (%)



Rental value by property category (%)



*of which B2B 3 % (0)



Business area Middle Sweden

No.	Property	Address	Municipality	Category	Area
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Karlstad

1 Stådet 2	Gjuterigatan 38 A-D	Karlstad	Industrial	20,390
2 Planeraren 9	Körkarlvägen 1-3	Karlstad	Industrial	8,627
3 llanda 1:47	Fjärrviksvägen 2A	Karlstad	Industrial	2,163
4 Spårren 2	Spärrgatan 7	Karlstad	Industrial	1,954
5 llanda 1:37	Fjärrviksvägen 2	Karlstad	Industrial	1,326
6 llanda 1:54	Fjärrviksvägen 2B, 4A	Karlstad	Industrial	1,192
7 Busterud 1:160	Bråtebacksvägen 22	Karlstad	Industrial	911

Västerås

1 Hårdsmidet 1	Ånghammargatan 6-8	Västerås	Industrial	11,999
2 Sågklingan 9	Pilgatan 19	Västerås	Industrial	3,580
3 Blåsterugnen 3	Kokillgatan 9	Västerås	Industrial	2,475
4 Fanjunkaren 2	Klockartorpsgatan 16	Västerås	Other	2,411

No. Property	Address	Municipality	Category	Area
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Others

Hissmontören 2	Klerkgatan 18	Örebro	Industrial	10,331
Terminalen 10	Magasinsvägen 5	Karlskoga	Industrial	9,184
Vägskälet 15 + 16	Rönngatan 2-6	Katrineholm	Industrial	5,635
Hedkärr 1:24	Herrestads Torp 354	Uddevalla	Retail	4,000
Guldet 1	Södra Metallvägen 1	Skövde	Retail	3,373
Ormbunken 8	Industrigatan 9	Mariestad	Retail	3,271
Odonet 1	Moränvägen 2	Motala	Retail	2,479
Generatoren 2	Turbinvägen 5	Motala	Industrial	1,564
Halla-Stenbacken 1:102	Fossumsbergsvägen 1	Uddevalla	Industrial	1,518
Nollplanet 8	Fabriksgratan 7	Eskilstuna	Industrial	1,251
Eriksberg 2:9 + 2:11	Eriksbergsvägen 3	Hallstahammar	Industrial	950
Draken 19	Hangarvägen 11	Karlskoga	Industrial	799
Lindeshyttan 5:5	Fotbollsgatan 16	Lindesberg	Industrial	789
Silvret 2	Kromgatan 5	Kristinehamn	Industrial	639
Kryddgården 4:11	Ågatan 12	Enköping	Industrial	600
Svårdet 5	Gasverksvägen 3A	Nyköping	Industrial	600

Shares and owners

NP3 Fastigheter is listed on Nasdaq Stockholm Mid Cap and had at the end of the year 7,843 shareholders (6,912). The share price for common shares amounted to 121.20 SEK (113) at year-end 2020, which is equivalent to a market value of 6,586 MSEK (6,140). In addition come the preference shares with a market value of 917 MSEK (907) at the end of the year.

The year's highest price paid for the common shares was 136.00 SEK and was recorded on 17 January. The lowest price for the year was recorded on 19 March and was 59.00 SEK. The volume-weighted average price for the share during 2020 was 98.46 SEK (87.21). During 2020, the share rose by 7 percent (85) to be compared with Nasdaq's real estate index (OMXS Real Estate PI) which changed by -6 percent (59) and Carnegie's Real Estate Index (CREX) which changed by -6 percent (57). The total return on the share, which is defined as share price development including reinvested dividend, has provided a return of 10 percent during 2020 (90) to be compared with Nasdaq's total return index for real estate companies (OMXS Real Estate GI) which gave a negative return of -4 percent (62). Nasdaq's total return index (OMXS GI), which shows the average development of the entire Stockholm Stock Exchange including dividends, saw a rise of 15 percent (35).

Dividend

The board proposes a dividend of 3.60 SEK per common share (3.40) for the 2020 financial year, an increase of 5 percent, divided into two payments of 1.80 SEK per share each. The proposed dividend for common shares is equivalent to a yield of 3 percent (3) calculated on the share price at the end of the year.

The board also proposes a dividend of 2.00 SEK per preference share with a quarterly dividend of 0.50 SEK. The total proposed dividend amount is 252 MSEK (241), which is an increase of 5 percent. The proposed dividend is in accordance with the company's dividend target to provide a dividend of about 50 percent of the company's profit from property management after current tax.

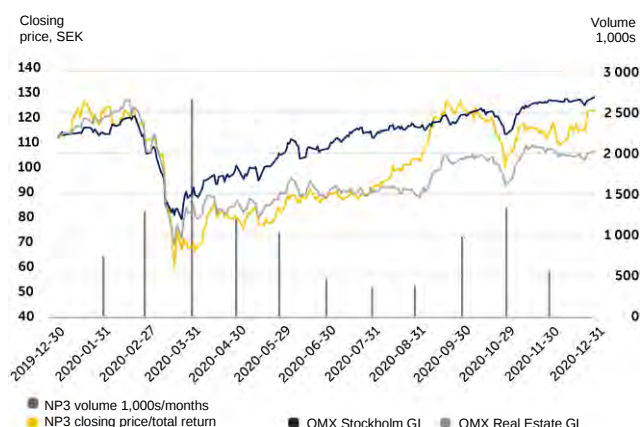
Equity per common share

Equity amounted to 4,637 MSEK (4,140), of which the preference capital amounted to 894 MSEK (795) and non-controlling interest to 11 MSEK (8). Altogether, there were 54,338,946 common shares and 27,950,000 preference shares at the end of the year. After deductions for preference capital and non-controlling interest, equity corresponded to 68.67 SEK per common share (61.42). The equity/assets ratio in the company was 35 percent (35). Long-term net asset value indicates long-term net worth reduced by preference capital and non-controlling interest and amounted to 4,373 MSEK (3 823), which is equivalent to 80.47 SEK per common share (70.36). The share price at the end of the year was 176 percent (184) of equity per common share and 151 percent (161) of the long-term net asset value per common share.

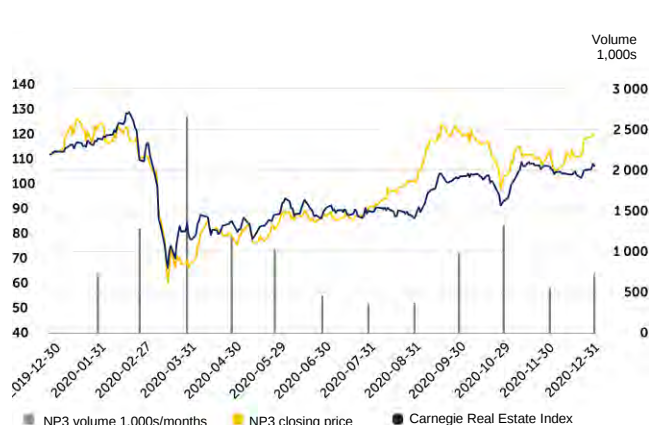
Trading of the share at Nasdaq Stockholm

	Closing price		Transactions per trading day		Turnover rate on an annual basis		Average trading volume per trading day	
	31 Dec 2020	30 Dec 2019	Whole year 2020	Whole year 2019	Whole year 2020	Whole year 2019	Whole year 2020	Whole year 2019
Common share	121.20	113.00 SEK	278	61	21 %	17 %	4.5 MSEK	3.1 MSEK
Preference share	32.80	36.50 SEK	94	57	46 %	79 %	1.6 MSEK	2.5 MSEK

NP3's total return compared to Nasdaq Stockholm's total return index



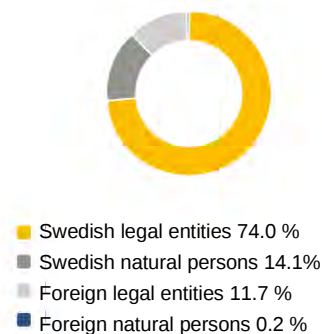
NP3 volume 1,000s/month NP3 closing price/total return



Stock-market price/Profit from property management per common share



Owner categories, proportion of share



Preference share development

NP3's preference share was listed on Nasdaq Stockholm 12 March 2018. The graph below shows the preference share's development compared to PREX Pref, which is a share index that includes all preference shares issued by the listed real estate companies in Sweden on Nasdaq's main list. The index is weighted based on the preference shares' market value. The imputed yield for the preference share (annual dividend/share price) is higher than the return for the index.

Share price development¹⁾



Imputed yield¹⁾



¹⁾ Source: Pangea Research, Thomson Reuters. Relates to the period 01/01/2020 - 26/02/2021.

Share facts as of 31 December 2020 Marketplace: Nasdaq Stockholm, Mid Cap

Market value: 6,586 MSEK
Number of shareholders: 7,843

Common shares

Quantity: 54,338,946
Closing price: 121.20
ISIN: SE0006342333

Preference shares

Quantity: 27,950,000
Closing price: 32.80
ISIN: SE0010820514

Ownership structure

Shareholders as of 31 Dec 2020	Number of common shares	Number of preference shares	Share capital	Votes per share
Lars Göran Bäckvall (Poularde AB)	13,584,267	2,066,707	19.0 % (19.6)	24.1 % (24.1)
AB Sagax (Satrap Kapitalförvaltning AB)	11,571,061	-	14.1 % (14.4)	20.2 % (20.0)
Fourth AP fund	3,800,840	2,884,712	8.1 % (7.7)	7.2 % (7.0)
Länsförsäkringar Fondförvaltning AB	4,138,993	-	5.0 % (5.8)	7.2 % (8.1)
Försäkringsaktiebolaget Avanza Pension	632,552	2,323,635	3.6 % (3.9)	1.5 % (1.8)
SEB Investment Management	2,415,860	-	2.9 % (2.4)	4.2 % (3.3)
Erik Selin Fastigheter AB	1,600,000	640,000	2.7 % (2.8)	2.9 % (2.9)
RBC Investor Services Bank S.A.	427,050	1,468,000	2.3 % (1.7)	1.0 % (0.4)
Patrik Brummer (PPB Holding AB)	-	1,666,666	2.0 % (2.1)	0.3 % (0.3)
J.A. Göthes AB	1,041,600	416,686	1.8 % (1.8)	1.9 % (1.9)
Handelsbanken Liv	822,419	574,643	1.7 % (2.1)	1.5 % (2.0)
Didner & Gerge Fonder Aktiebolag	1,097,170	-	1.3 % (1.3)	1.9 % (1.8)
Ulf Greger Jönsson	-	1,006,232	1.2 % (1.3)	0.2 % (0.2)
Verdipapirfond Odin Ejendom	965,829	-	1.2 % (1.5)	1.7 % (2.1)
SEB AB, Luxembourg Branch	106,360	525,014	0.8 % (-)	0.3 % (-)
Odin Small Cap	600,000	-	0.7 % (-)	1.0 % (-)
Peg Capital Partners AB	-	581,189	0.7 % (0.7)	0.1 % (0.1)
Swedbank Försäkring	25,306	541,662	0.7 % (0.5)	0.1 % (0.2)
Second AP fund	542,974	-	0.7 % (0.7)	1.0 % (0.9)
Nordnet Pensionsförsäkring AB	119,937	353,232	0.6 % (0.6)	0.3 % (0.3)
Total 20 largest shareholders	43,492,218	15,048,378	71.4 % (70.9)	78.8 % (78.4)
Other shareholders	10,846,728	12,901,622	28.6 % (27.1)	21.2 % (20.4)
Total number of shares	54,338,946	27,950,000	100 %	100 %

Figures in brackets relate to holdings and votes at the beginning of the year.

Holdings	Number of shareholders	Number of common shares	Number of preference shares	Share capital	Votes per share
1 - 500	5,363	385,904	317,260	0.9 %	0.7 %
501 - 1 000	810	288,555	328,632	0.8 %	0.6 %
1,001 - 2,000	611	379,602	527,495	1.1 %	0.8 %
2,001 - 5,000	503	563,803	1,059,143	2.0 %	1.2 %
5,001 - 10,000	216	437,034	1,199,211	2.0 %	1.0 %
10,001 - 50,000	231	18,868,63	3,273,269	6.3 %	3.9 %
50,001 -	109	50,397,85	21,244,990	87.1 %	91.9 %
Total number of shareholders	7,843	54,338,946	27,950,000	100 %	100 %

Development of share capital

Year	Event	Change in number of shares	Total number of shares	Change in share capital	Total share capital	Quotient value per share
2007	New formation	1,000	1,000	100,000	100,000	100
2008	New issue	9,000	10,000	900,000	1,000,000	100
2011	New issue	19,007	29,007	1,900,700	2,900,700	100
2011	Bonus issue	1,114	30,121	111,400	3,012,100	100
2011	Share split (1.43:1)	12,909	43,030	-	3,012,100	70
2011	New issue/offset issue	35,403 ¹⁾	78,433	2,478,210	5,490,310	70
2011	New issue/offset issue	9,918 ²⁾	88,351	694,260	6,184,570	70
2012	New issue	1,896	90,247	132,720	6,317,290	70
2012	Offset issue	8,238	98,485	576,660	6,893,950	70
2012	New issue	66,948	165,433	4,686,360	11,580,310	70
2012	Offset issue	25,731	191,164	1,801,170	13,381,480	70
2013	Exchange of convertibles	2,280	193,444	159,600	13,541,080	70
2013	New issue/offset issue	16,854 ³⁾	210,298	1,179,780	14,720,860	70
2013	Offset issue	14,424	224,722	1,009,680	15,730,540	70
2013	New issue/offset issue	64,500 ⁴⁾	289,222	4,515,000	20,245,540	70
2013	Offset issue	6,588	295,810	461,160	20,706,700	70
2013	New issue	30,225	326,035	2,115,750	22,822,450	70
2014	New issue/offset issue ⁵⁾	18,096 ⁶⁾	344,131	1,266,720	24,089,170	70
2014	New issue/offset issue ⁷⁾	27,624 ⁸⁾	371,755	1,933,680	26,022,850	70
2014	New issue ⁹⁾	26,649	398,404	1,865,430	27,888,280	70
2014	Exchange of convertibles	933,816	1,332,220	65,367,120	93,255,400	70
2014	Offset issue ¹⁰⁾	6,290	1,338,510	440,300	93,695,700	70
2014	New issue ¹¹⁾	655,805	1,994,315	45,906,350	139,602,050	70
2014	Offset issue ¹²⁾	44,925	2,039,240	3,144,750	142,746,800	70
2014	Share split (20:1)	38,745,560	40,784,800	-	142,746,800	3.50
2014	New issue ¹³⁾	6,666,667	47,451,467	23,333,334	166,080,134	3.50
2014	New issue ¹⁴⁾	1,000,000	48,451,467	26,833,334	169,580,134	3.50
2015	New issue ¹⁵⁾	1,900,000	50,351,467	6,650,000	176,230,134	3.50
2016	New issue ¹⁶⁾	246,974	50,598,441	864,409	177,094,543	3.50
2016	New issue ¹⁷⁾	398,883	50,997,324	1,396,090	178,490,634	3.50
2016	New issue ¹⁸⁾	3,341,622	54,338,946	11,695,677	190,186,311	3.50
2018	New issue ¹⁹⁾	10,867,789	65,206,735	38,037,261	228,223,572	3.50
2018	New issue ²⁰⁾	10,867,789	76,074,524	38,037,261	266,260,834	3.50
2019	New issue ²¹⁾	3,114,422	79,188,946	10,900,477	277,161,311	3.50
2020	New issue ²²⁾	3,100,000	82,288,946	10,850,000	288,011,311	3.50

1) Of which 24,350 shares through set-off.

2) Of which 9,192 shares through set-off.

3) Of which 16,554 shares through set-off.

4) Of which 24,390 shares through set-off.

5) The issue price amounted to 568 SEK per common share before 20:1. The issue price is thus equivalent to 28,40 SEK per common share after.

6) Of which 4,056 shares through set-off.

7) The issue price amounted to 568 SEK per common share before 20:1. The issue price is thus equivalent to 28,40 SEK per common share after split.

8) Of which 21,129 shares through set-off.

9) The issue price amounted to 568 SEK per common share before 20:1. The issue price is thus equivalent to 28,40 SEK per common share after split.

10) The issue price amounted to 580 SEK per common share before split 20:1. The issue price is thus equivalent to 29 SEK per common share after.

11) The issue price amounted to 580 SEK per common share before split 20:1. The issue price is thus equivalent to 29 SEK per common share after split.

12) The issue price amounted to 580 SEK per common share before split 20:1. The issue price is thus equivalent to 29 SEK per common share after split.

13) The issue price amounted to 30 SEK per common share.

14) The issue price amounted to 30 SEK per common share.

15) The issue price amounted to 35.60 SEK per common share.

16) The issue price amounted to 40.49 SEK per common share.

17) The issue price amounted to 50.14 SEK per common share.

18) The issue price amounted to 48.92 SEK per common share.

19) The issue price amounted to 26.50 SEK per preference share.

20) The issue price amounted to 28 SEK per preference share.

21) The issue price amounted to 32.70 SEK per preference share.

22) The issue price for the issue amounted to 29 SEK per preference share..

Staff and organisation

One of the most important success factors for NP3's continued development are committed and motivated staff who understand and work towards the company's vision. As the organisation grows, it is important that the vision, targets and strategies are communicated to motivate and involve staff.

The company continues to see a high rate of growth, which means a focus on business development to make the best possible use of economies of scale. During the year, NP3 has developed the organisation with new staff and take active measures to streamline a number of processes.

The first robotization initiative was implemented with good results, where two processes in the finance function have been automated. Alongside improves cost efficiency, the work has become more stimulating for NP3's staff when repetitive work tasks are automated.

Employees

NP3's organisation is flat and decentralised, which promotes an entrepreneurial and creative culture among staff. Continuing to have an efficient and responsive organisation is one of the company's main competitive advantages, something that has also been protected in the transformation from a start-up to a listed company. Based on clear targets, every member of staff gets to take on greater responsibility within their area of expertise, which creates commitment and job satisfaction.

The company's core values are built on staff being committed, trustworthy and businesslike in both internal as well as external dealings. As in previous years, vision and common targets have been broken down into personal action plans, which have been prepared in the entire organisation.

As the company continues to develop, it is crucial to find best practice in form of common guidelines and ways of working. The common operational procedures are continuously developed and easily accessible on the company's intranet in order to coordinate and streamline the geographically scattered organisation.

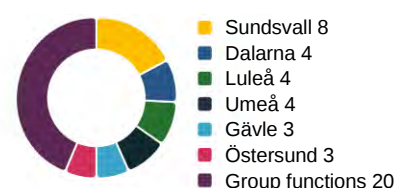
NP3 has a profit-sharing foundation, which covers all staff except for the CEO. The basis for the allocation to the foundation has amounted to a basic amount per employee during the year, and is based on a combination of set targets for growth, result and business development. At the end of the year, the foundation owned a total of 36,285 common shares in NP3.

During 2020, all permanently employed staff in the company were offered to participate in a share warrants programme for the third year in a row. The programme is used as a further incentive for staff to contribute actively to creating value in the operations. Personal ownership commitment is expected to increase motivation and stimulate more interest in the operations and profit development as a whole.

Number of staff by field of work



Number of staff by business area



As of 31 December 2020, the company had 46 staff (45) of which 16 women (16) and 30 men (29). Four people took up employment during the year and three people quit. One member of staff worked on a consultancy basis for the company during 2020. The company's business areas include business managers, technical administrators and property administrators. The group-wide functions are based at the head office in Sundsvall. In addition to the head office in Sundsvall, NP3 has staff in Umeå, Gävle, Luleå, Piteå, Skellefteå, Borlänge, Östersund, Sollefteå and Stockholm.

Work environment and health

The company cares about staff and encourages them to lead a healthy life. In order to motivate them to exercise and stay fit, staff are given one hour per week to pursue fitness activities and exercise, even during working hours if their work allows it. In addition, all employees receive an allowance to spend on preventive healthcare in order to facilitate individual exercise in their free time. All employees are also covered by private health insurance. For 2020, total sick leave was at 0.76 percent (0.43). The company has been following the Swedish Public Health Agency's guidelines during the pandemic, and a number of staff have been working from home to avoid spreading the infection.

The company has developed procedures for systematic work environment management, including a clearer division of responsibilities. Regular consultation meetings with the company's safety officer. No serious workplace incidents occurred during the year.

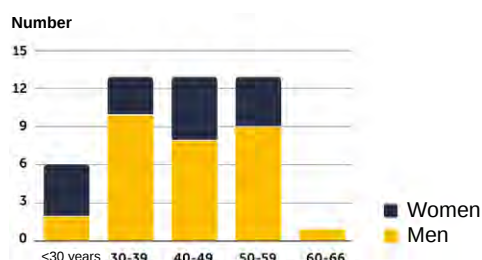
Management

At the end of the financial year, NP3's management consisted of CEO, CFO, Head of property management and COO. The individuals in the management team are in charge of their respective areas of responsibility in the company and together with the CEO prepare matters for the board to consider. The management team deals with issues of strategic character. During the year, the management team has focused on the company's growth, risks, supply of capital and sustainability work. In the last three years the company has also run an operations management team, which is a cross-functional group whose task is to work for optimised processes in the organisation. A finance manager was hired during the year through external recruitment, and a business manager through internal recruitment, both these individuals are part of the operations management team. The Head of IR terminated his employment during the year. The head of IR's work tasks have been reallocated.



Marie Selin
COO

Age distribution of staff



31 December	2014	2015	2016	2017	2018	2019	2020
Number of employees	12	19	25	36	40	44	45
Number of consultants	3	1	1	1	1	1	1

Average age for all staff at the end of the year was 43 years. Of 46 staff, 16 were women and 30 men

Letting and market

The property portfolio has increased and the company formed a new business area at the end of the year. NP3 thus has seven geographic business areas with own staff in six of them. The seventh business area is under construction. The organisation is flat and in every business area there are one or several business managers responsible for development, growth and marketing in the region. There are also business managers in Piteå, Skellefteå and Sollefteå, which are not separate business areas. The business managers' most important tasks consist of renting out vacant premises and making sure that existing tenants are happy and want to stay. Another central task for the business managers is to find new and efficient solutions to meet tenants' requests. Efficient premises adapted to the tenant benefit the property and make for satisfied tenants. The company's focus on a local presence contributes to good relations with tenants.

Property management and operation

The company has its own property management organisation which consists of technical administrators, property administrators, a project manager and a head of property management. During the year, development work has continued in order to optimise property management. This work has both boosted quality and introduced cost-saving measures, while further steps in systematisation, contract optimisation and energy savings have been taken. Experience transfer between the locations where NP3 is active also contributes to continuous improvements.

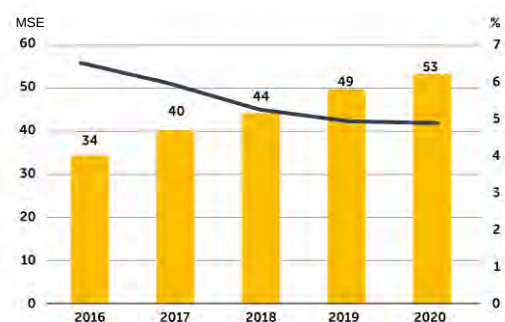
Care-taking and day-to-day running of our properties are services that we outsource to external suppliers by means of well-developed cooperation agreements. The aim is to maintain a small and agile organisation, where the company has the essential functions internally and the more standardised services are handled by subcontractors. The company pays much attention to ensuring that the external suppliers for care-taking and day-to-day running of our properties provide service and repairs by the agreed time and with ensured quality.

Group functions

The group functions include accounting and controlling, financing, transactions, investor relations and business development. During the year, the company changed IT-supplier and has worked actively on ensuring information security. Digital maturity has increased further and the company has succeeded in maintaining good internal communications during the epidemic that prevailed during the year.

Personnel costs

- Central administration
- Central administration/
Rental income



Costs for central administration during 2020 amounted to 53 MSEK (49). For 2020, costs for central administration in relation to rental income amounted to 4.86 percent (4.91).

Sustainability report

Comments by the CEO

At NP3 we do not see any conflict between long-term financial sustainability and sustainability issues - rather to the contrary. Being a good employer, landlord, customer and a company with a good reputation that limits its environmental impact are all important components for us to be able to achieve the aim of providing our shareholders with good, long-term returns.

We follow the Swedish Companies Act's main rule regarding purpose - giving profit to be distributed among shareholders - while we also act in accordance with a definition of sustainable development which was drawn up on behalf of the UN in 1987: "meeting the needs of the present without compromising the ability of future generations to meet their own needs."

Simply put: For NP3, sustainability and long-term returns go hand in hand.

Issues concerning sustainability have always been important to NP3. We have always tried to do everything a little bit better and a little bit more every year, even if we have not always communicated this clearly to the outside world.

During autumn 2020, we created our first green framework under which we carried out a bond issue. This green framework allowed us to reach more investors and get better funding. It also increased disclosure requirements for the company's day-to-day sustainability work. In the past we often did the same thing, but did not communicate this externally. We did not get environmental certification for our buildings to any major extent even if we could have - the buildings' environmental footprint was the same, after all. The green framework created a clearer picture of the company's sustainability profile and constitutes one of several good reasons to be transparent in this area.

We have good dialogue with all our stakeholders. As a result of this dialogue, we have selected seven of the UN's 17 global sustainability targets that are closest to our operations and which we will give higher priority to. This, of course, is a lot about reducing the climate footprint. During the year, we set far-reaching targets to reduce carbon emissions and energy consumption and we will do everything to achieve these targets. Our sustainability report has become more important both for our shareholders and our other stakeholders. During 2020, NP3 also adapted the sustainability report so that we can now report for the first time in accordance with Global Reporting Initiative (GRI) Standards' level "core".

The sustainability challenges are huge and real. Something that sets me at ease with regard to NP3's concrete work to meet these challenges is that I can feel the great commitment of our staff, their willingness to take responsibility and ability to handle difficult challenges.

For NP3 it will continue to be important to keep doing everything a little bit better. We will do this also with regard to sustainability.

Andreas Wahlén

Our sustainability work

NP3's sustainability work is based on taking long-term responsibility for economic, environmental and social development. Matters of long-term value creation and sustainability are an integral part of the overall governance of the company, for which the board and CEO have the ultimate responsibility. The sustainability work has its origin in NP3's sustainability policy, which is based on the UN's Global Compact's ten international principles regarding human rights, principles and rights at work, environmental consideration and anti-corruption.

Stakeholder dialogue and essentiality analysis

The starting point for the sustainability report is the continuous stakeholder dialogue that NP3 holds and an relevance analysis. The stakeholder dialogue gives NP3 extensive insights of our stakeholders' expectations, requirements and preferences and contributes to shine a light on both risks and opportunities for the company. The six stakeholder groups that have been identified as being the most important are those that have been most affected by the company's operations and/or whose actions have a significant impact on NP3:

- Shareholders
- Banks, lenders and investors
- Tenants
- Employees
- Suppliers and business partners
- Local communities and interest groups

In order to develop and improve the operations and the organisation's sustainability work, NP3 has utilised staff dialogue, board meetings, talks with suppliers and tenants to survey and analyse stakeholders' expectations on NP3's operations. The stakeholder dialogue shows which sustainability issues stakeholders consider to be the most important ones for NP3.

The analysis also takes into account which areas are relevant for NP3's overall objectives and to what extent NP3 can influence sustainable development in the matter.

In light of the stakeholder dialogue and relevance analysis, NP3 has identified which of the UN's 17 global goals the operations can contribute to, see image below. The analysis led to seven global goals being selected, which NP3 believes it has the greatest chance of having an influence on. By integrating these seven objectives into the operations, NP3 achieves all three dimensions of sustainable development that have been set out in the global goals: economic, environmental and social sustainability. The overall result of the stakeholder dialogue and the essentiality analysis can thus be summarised as shown in the matrix on page 70.

UN's Global Sustainable Development Goals



NP3's sustainability work primarily aims to promote these sub-goals within the sustainability goals 3, 5, 7-8, 11-12 and 16.

	Focus area	How NP3 works on the issue	The UN's global goals
 Financial sustainability	Economic result	NP3 creates the conditions for a sustainable economy, partly by providing a return on the capital the owners have invested in the business, partly by the properties creating value for customers: their business, staff and owners with the sustainability issues in the various categories.	
	Market presence	With its local commitment and active market presence, NP3 contributes to employment and purchasing power as well as to an active local economy.	 
	Anti-corruption	NP3 has zero tolerance for all forms of corruption and financial irregularities, e.g. bribes, unauthorised commission, fraud, embezzlement and money laundering.	
 Environmental sustainability	Cities and communities	NP3 works to improve our technical installations and to replace fossil fuel with environmentally friendly technology. We create long-term, sustainable solutions to address the properties' environmental risks and liabilities. Environmental certification is considered for new construction and major redevelopment or extension projects.	
	Energy	NP3 shall reduce annually the total energy consumption (kwh) in the existing property portfolio by working towards set targets.	
	Emissions and waste	NP3 shall work to continuously reduce the operations' carbon emissions and strive to minimise landfill and incineration waste.	
 Social sustainability	Health and safety at work	NP3 shall provide a good work environment. In this way, we promote physical and social well-being and prevent work-related injury and illness. The work environment shall be safe for NP3's staff and meet the requirements set by laws and agreements.	 
	Non-discrimination	NP3 works to prevent discrimination, harassment, sexual harassment and degrading treatment from occurring in the company.	  
	Social evaluation of suppliers	NP3 sets sustainability requirements when procuring goods and services from suppliers and business partners.	 

Global Reporting Initiative (GRI)

During 2020, NP3 has adapted its sustainability work to be able to report it in accordance with the Global Reporting Initiative (GRI) Standards at level Core. GRI's industry-specific addition for the construction and property sector has also been taken into account. The report for 2020 is the first time the company reports according to GRI. The report covers NP3 and its subsidiaries.

Governance of the company's sustainability work is based on the company's policies, guidelines and overall targets as well as laws, external guidelines and regulations. NP3's board of directors determines the company's sustainability policy and other policies. All policies are reviewed annually and then updated if needed. Externally relevant policies are available on NP3's website.

NP3's report according to GRI level Core follows the main division into financial sustainability, environmental sustainability and social sustainability.

FINANCIAL SUSTAINABILITY

Business model

NP3 is a listed property company, whose business idea is with our tenants in focus to acquire, own and manage high-yield commercial properties, primarily in North Sweden.

NP3's business model is characterised by a consistent long-term view. The company's long-term value creation takes priority over short-term profit. The sustainability work is thus integrated into the business model.

NP3 works with long rental agreements and continuous renegotiation of existing contracts, which provides a stable maturity structure in the contract portfolio. Demand for premises in the company's property categories and market locations is less cyclical than, for example, premises in downtown locations, which reduces the risk for the company and its stakeholders.

NP3 is a company with customer focus, which is achieved through local presence and long customer relations, which in turn create stable rental income. By supplying accessible resources and assets to our operations, NP3 creates long-term values for shareholders, staff, tenants, suppliers.

Business ethics

The company's sustainability policy emphasises the principles that govern NP3's relations to staff, business partners and other stakeholders. The policy is approved by NP3's board. NP3's sustainability policy provides clear guidelines on how to conduct responsible entrepreneurship by summarising the group's views on human rights, working conditions, business ethics and anticorruption, in addition to environmental responsibility. All staff are covered by and shall follow the sustainability policy. In addition to the sustainability policy, NP3 has drawn up a policy for business ethics, which is more detailed regarding matters of bribery and procurement. The policy for business ethics also includes a specific guideline for entertainment and gifts.

Focus area	Governance and follow-up
Anti-corruption	Ethical matters are continuously discussed by the board and management and governed by the policy for business ethics and sustainability policy. Opportunity to report suspicion of breach to a member of the audit committee.

Outcome 2020

- No reported cases of corruption or abuse of position of power or trust for own benefit or that of others, or suspicion of such.
- No issues concerning deviations from the sustainability policy or the policy for business ethics were reported.

Economic value created and distributed

Economic sub-targets for NP3 are that the growth in the profit from property management per common share shall amount to 12 percent annually and that return on equity before tax, over a 5-year period, shall amount to 15 percent.

Detailed information about NP3's financial position can be found in the company's financial reports on pages 102-110. The economic value created amounted to 1,392 MSEK during 2020 and consists primarily of rental income, profit from property management from joint ventures and associated companies as well as changes in value of the properties. Distributed value to the owners refers to the dividend paid to the owners. The residual value amounted to 409 MSEK.

GRI-indicators regarding financial sustainability

GRI 201-1 Economic value created and distributed

	2020		2019	
Economic value created	MSEK	%	MSEK	%
Rental income and other revenue	1,089	78	1,003	69
Profit from property management, joint ventures	19	1	7	0
Changes in value	284	21	451	31
Total	1,392	100	1,461	100

	2020		2019	
Economic value distributed	MSEK	%	MSEK	%
Operating expenses	-239	17	-252	17
Employees	-38	3	-36	2
Taxes	-229	16	-195	13
Lenders	-225	16	-189	13
Owners (proposed dividend)	252	18	-234	16
Economic value retained	409	29	555	38

GRI 205-2 Communication and training in the organisation's policies and procedures with regard to fighting corruption

NP3's sustainability policy sets out the principles that govern the company's relations to staff, business partners and other stakeholders. In addition to the sustainability policy, NP3 has a policy for business ethics which is more detailed regarding issues such as bribery and procurement and which provides specific guidance for, e.g., entertainment and gifts. NP3's sustainability policy also provides clear guidelines regarding and anti-corruption. Issues concerning business ethics and anti-corruption are continuously discussed during staff meetings to highlight these issues and create awareness of them. All staff are covered by and shall follow specified policies, which are also made available to staff at all times.

GRI 205-3 Confirmed corruption incidents and measures taken

NP3 has not had any confirmed corruption incidents during the reporting period, nor any reports of such. Thus no measures have been taken.

ENVIRONMENTAL SUSTAINABILITY

NP3's environmental commitments

NP3 manages and develops properties. Our success in this work affects the well-being and work environments of a large number of people through our tenants. Environmental issues are integrated into day-to-day work and the operations shall be run resource-efficiently. This means, among other things, that NP3 always tries to choose products and services with minimal impact on the environment.

NP3 has worked long and continuously on reducing the company's environmental impact. In practice this is manifested by, among other things, NP3 committing to:

- **Integrate environmental issues into the operations so that the company meets the requirements of authorities and customers.**
- **Work proactively to, together with tenants, safeguard the environment.**
- **Show respect for natural resources by using raw materials sparingly and achieving a high level of recycling in, for example, construction projects.**
- **Work to continuously reduce the operations' environmental impact, primarily by reducing energy consumption in our properties.**
- **Setting environmental requirements when procuring products and services.**

The properties' energy consumption

The properties' energy consumption is, as for most real estate companies, the main factor affecting the climate and is thus NP3's most important environmental issue.

NP3 to a large degree makes use of individual reading and billing, which means that tenants pay for their own energy consumption. In cooperation with our tenants we keep trying to find new solutions to save energy. Even if tenants are responsible for their own energy consumption, NP3 considers it its obligation to support tenants in finding sustainable solutions with regard to energy savings and more environmentally friendly heating sources.

During 2020 NP3 was able for the first time to utilize digital follow-up of the properties where the company has right of disposition over consumption with regard to electric and district heating.

Since the company has statistics available as of the full year 2017, this constitutes the base year for the company's work to increase energy efficiency.

Weather-normalised average consumption within the existing property portfolio for 2017 amounted to 158 kWh/sqm LOA and for 2020 to 149 kWh/sqm LOA, which means a reduction of 6 percent compared to the base year 2017. Consumption also includes tenants' consumption where these are included in the company's readings.

Carbon dioxide emissions

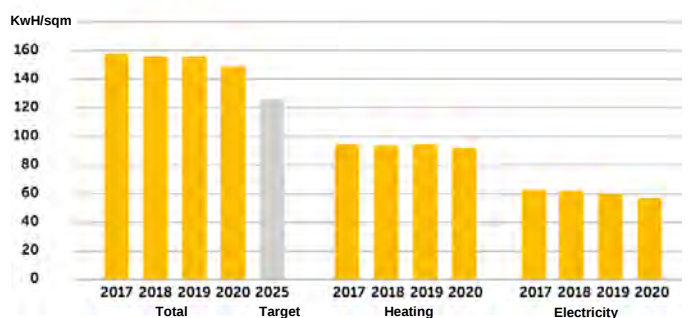
NP3 measures and follows the carbon dioxide emissions from the energy consumption the company has right of disposition regarding electricity and heating, which also includes parts of tenants' consumption. In order to reduce the company's total climate impact, work is ongoing to evaluate alternative energy sources and phase out fossil fuels. As of 2021, a gradual transition is underway to 100 percent hydropower for the properties' energy consumption NP3 works actively on reducing energy use by optimising operations and investing in energy efficiency projects.

For 2020, the emissions of carbon dioxide amounted to 24 kg CO₂/sqm LOA. The company calculates emissions for purchased electricity-based residual mix with data from the Swedish Energy Markets Inspectorate. The emissions data is made available with a lag of one year, which means that the data for 2020 is not available until 2021. Statistics for heating are based on data from the respective district heating supplier, here also with a one-year lag.

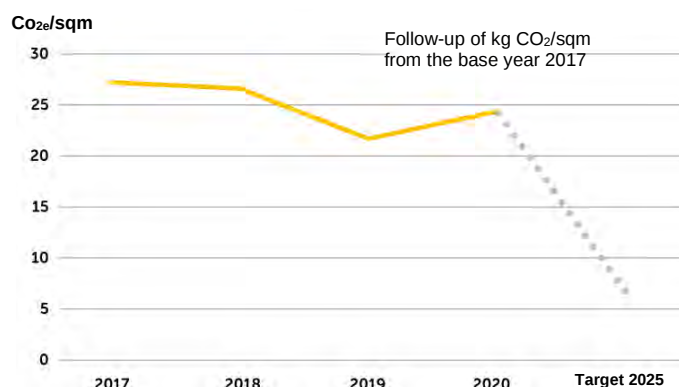
The long-term target is to reduce the company's carbon dioxide emissions by 75 percent compared to the base year 2017 before the end of 2025.

Targets for reduced energy consumption and reduced carbon dioxide emissions

In light of the above, we have put our targets for reduced energy consumption and reduced carbon dioxide emissions in concrete terms during 2020. We have set far-reaching and binding targets: Compared to the base year 2017, which was the year when the company had annual statistics available for the first time, NP3 is committed to reducing its total energy consumption by 20 percent by 2025 at the latest. NP3's total carbon dioxide emissions shall also have decreased by at least 75 percent by 2025 at the latest.



Square metres relate to (LOA) lettable area.



NP3's focus areas for energy and emissions

Focus area	Governance and follow-up
Increased number of energy-saving and sustainable properties	Quarterly follow-up of energy certifications and energy targets in NP3's sustainability committee.
Energy and emissions	Governed by the sustainability policy. Base year 2017, annual follow-up of key figures.

Environmental certification

NP3 aims to get environmental certification for major redevelopment and new construction projects. Certified buildings relate to buildings with sustainability certification from an independent certification programme. During 2020, NP3 certified two newly constructed properties and at year-end 2020 had six environmentally certified properties. A further certification was initiated during the year and after the end of the period environmental certification was started for three redevelopment or new construction projects.

Environmentally certified properties

Property	Municipality	Category	Certification
Part of Ljusta 3:10	Sundsvall	Industrial	Green Building
Part of the Ödla 6	Luleå	Retail	Green Building
Cementgjuteriet 5	Umeå	Retail	Green Building
Cisternen 26	Umeå	Offices	BREEAM
Vivsta 13:84	Timrå	Other	Green Building
Part of Släpavagnen 6	Östersund	Retail	Green Building
Baggen 3 ¹⁾	Sundsvall	Industrial	Green Building
Målås 4:3 ²⁾	Sundsvall	Industrial	Green Building
Vivstamon 1:63 ²⁾	Timrå	Retail	Green Building
Sköns Prästbord 2:6 ²⁾	Sundsvall	Logistics	Green Building

¹⁾ Certification underway

²⁾ Certification initiated after the end of the period

Investment in energy-saving measures

NP3 continuously invests in more efficient systems for electricity, heating and ventilation in the properties, thus reducing consumption and environmental impact. Some examples of investments of this type that have been implemented during 2020 are shown here.

- Laboratoriet 2, project in cooperation with tenants, district heating has been replaced by using waste heat from the ice rink's chiller system to heat the property. Energy savings on heating are estimated at 80 percent.
- Målås 4:3, district heating has been replaced by a new geothermal heating plant for heating and cooling. Energy savings on heating are estimated at 65 percent.
- Sköns Prästbord 2:6, project in cooperation with tenant, installation of new geothermal heating plant for heating and cooling for vegetable market. Additional insulation in room and disconnection of district heating plus new steering for ventilation and heating. Energy savings are estimated at 85 percent for heating and 25 percent for electricity.
- Vivstamon 1:63, completion of existing geothermal heating plant, new ventilation and new steering of the installations. Total energy savings are estimated at 30 percent.
- Birsta 12:2, new steering for ventilation and heating plus new LED lighting. Total energy savings are calculated at 25 percent.
- Continuous replacement of existing lighting to LED lighting in a number of properties in the portfolio with estimated energy savings of between 20 to 30 percent on electricity.

Reduced environmental footprint through digitisation

During the last two years, NP3 has digitised a number of administrative processes, resulting in a reduced environmental footprint.

The monthly salary processing, including expenses and driving logs, is now completely digitised and payslips are distributed to staff via Kivra. NP3 has also worked on digitising both incoming and outgoing invoices. During 2020, more than 38,000 supplier invoices were received by NP3, 96 percent of these invoices were digital. By using a calculation model for green index developed by NEA, a network for electronic business, this change in our procedures is equivalent to the effect achieved by 13,000 trees absorbing carbon dioxide. Corresponding figures with regard to customer sub-ledgers are just over 14,000 outgoing invoices, of which 59 percent were digital, which is equivalent to almost 5,000 trees absorbing carbon dioxide.

During 2020, the company also successfully automated a couple of economic processes.

GRI-indicators regarding environmental sustainability

302-1 Energy use in the organisation

NP3 reports the energy used for the properties where the company has right of disposition over the supply of electricity and/or heating.

In other properties, tenants have their own contracts for energy supply and the company thus does not have access to the current information. Acquired and divested properties are included in relation to the holding period. See table on next page.

GRI 302-1 Energy use in the organisation

MWh	2020		2019		Change
	Actual energy use	Proportion of total lettable area	Actual energy use	Proportion of total lettable area	
Heating	64,892	55 %	73,770	58 %	-8,878
Electricity	43,043	54 %	46,468	58 %	-3,425
Total MWh	116,896		120,768		-3,873
Total lettable area	1,435,879		1,350,223		85,657

GRI 302-4 Reduction of energy use

The weather-normalised average consumption within the existing property portfolio for 2019 amounted to 156 kWh/sqm LOA and for 2020 to 149 kWh/sqm LOA, which means a reduction of 4 percent, then also including part of our tenants' consumption.

For heating, the reduction was from 95 kWh/sqm LOA to 92 kWh/ sqm LOA and for electricity from 60 to 57 kWh/sqm LOA.

CRE 1 Buildings' energy intensity

Weather-normalised average consumption for the properties where the company has right of disposition over the supply of electricity and/or heating amounted to 93 kWh/sqm for heating and 56 kWh/sqm for electricity.

GRI 305-2 Purchased energy - indirect emissions of greenhouse gases

NP3 reports the carbon dioxide emissions from energy use for the properties where the company has right of disposition over the supply of electricity and/or heating. In other properties, tenants have their own contracts for energy consumption and the company thus does not have access to the current information. The electricity that NP3 supplies to tenants is residual mix, with emission figures obtained from the Swedish Energy Markets Inspectorate. As of 2020, NP3 has begun buying electricity produced exclusively by hydropower, which going forward will ensure zero carbon dioxide emissions. Emissions for district heating are based on actual consumption, with the emission figures for calculating emissions obtained from the respective district heating supplier. Acquired and divested properties are included in relation to the holding period.

GRI 305-2 Indirect emissions from the company's properties

	2020		2019		Change
	Actual consumption of purchased energy	Proportion of total lettable area	Actual consumption of purchased energy	Proportion of total lettable area	
District heating	4,349 tons CO ₂	55 %	4,310 tons CO ₂	58 %	39
Electricity	14,571 tons CO ₂	54 %	11,652 tons CO ₂	58 %	2,919
Total tons CO₂e	19,477		15,994		2,958
Total lettable area	1,435,879		1,350,223		85,657

GRI 305-2 Emissions of greenhouse gases, source

Consumption of purchased energy	Data source	Conversion factor
District heating	Respective energy supplier via the collection and follow-up system Mestro	Emission factor for respective supplier
Electricity	Respective energy supplier via the collection and follow-up system Mestro	Emission factor for residual mix with data from the Swedish Energy Markets Inspectorate

GRI 305-3 Other indirect emissions of greenhouse gases

Source	2020		Conversion factor
	Emissions tons CO ₂	Data source	
Company vehicles, business trips	52.1	Internally obtained information	Calculated via Carbon Footprint Ltd
Private vehicles, business trips	3.8	Internally obtained information	Calculated via Carbon Footprint Ltd
Business trips by plane	7.2	Internally obtained information	Calculated via Carbon Footprint Ltd
Total	63.1		

GRI 305-4, CRE 3 Intensity concerning greenhouse gas emissions

	2020	2019
Emissions from heating and electricity CO2e kg/sqm	24.37	20.66

GRI 307-1 Breaches of applicable laws and regulations

NP3's successes depend on the confidence of the tenants, staff, owners, competent authorities and other stakeholders that the company will act in a responsible and eco-friendly and sustainable way. As can be seen from NP3's sustainability or environmental policy, the company conducts environmental work that shall always follow or exceed current environmental legislation and other environmental requirements that concern the operations. In connection with annually recurring assessments of whether these policies shall be reviewed, a follow-up is done regarding whether they have been followed.

SUSTAINABILITY CERTIFICATIONS

CRE 8 Sustainability certifications and ranking of the property portfolio

Certified buildings relate to buildings with sustainability certification from an independent certification body.

Certification	Number properties	Operations	Let table area
BREEAM Good	1	Offices	4,599
Green Building	5	Retail/industrial/other	17,243
Certifications underway	4 ¹⁾	Industrial/office/retail	8,435
Certified lettable area			30,277

¹⁾ of which three have been initiated after the end of the period

SOCIAL SUSTAINABILITY

NP3 taking responsibility for social sustainability means that the company shall be a respected employer which offers its staff good employment conditions and a good work environment, that our tenants shall have good and safe premises, that we shall be seen as a reliable business partner for customers and suppliers, and that we are good neighbours in the places and locations where we are present and generally work in such a way that allows us to maintain a high degree of trustworthiness. On a global level, we respect and support human rights in any way we can.

Employees

NP3 depends on competent and professional staff. The company shall be an attractive employer that can attract competent staff.

Satisfaction and good health contribute to a good work environment and are of great significance to the long-term development of both individuals and the company. The work environment must comply with all requirements according to laws, regulations and agreements as well as be safe and sound, both from a physical and social perspective. The goal is that no one should become ill or injured at work.

NP3 stands for safe employment, has a pro-active approach to health and safety, and continually improves awareness, competence and knowledge in this area.

NP3 actively supports fitness and preventive healthcare. The company benefits from healthy staff who feel well. NP3 as a workplace shall have a good balance between work and leisure. The workplace shall be free from bullying, victimisation or other degrading treatment. All staff shall feel safe and respect for those who think differently shall be ensured.

Non-discrimination

NP3 has a clearer anti-discrimination policy according to which the company shall take active measures to achieve equal treatment, fight discrimination and victimisation and work to promote equal rights and opportunities. All employees shall be given equal opportunities. When recruiting or promoting staff, the company looks at the required qualifications regardless of gender, cross gender identity or expression, ethnicity, religion or other beliefs, disabilities, sexual orientation or age.

Focus area	Governance and follow-up
Equal treatment and non-discrimination	Are governed by the equality policy and anti-discrimination and equal treatment policy. The work for equal treatment and non-discrimination is followed up annually during the follow-up conversation with each member of staff.
Health and safety	NP3 has developed procedures for systematic work environment management. Consultation takes place regularly with the company's safety officer present. Documented risk mapping is completed and follow-up for 2020 has been done. Procedures can be found in the staff manual for how to handle health-related issues.
Social evaluation of suppliers	Is governed by the sustainability policy where NP3 sets sustainability requirements when procuring goods and services from suppliers and business partners.

Outcome 2020

- Sick leave for the company was 0.76 percent (0.43).
- No cases regarding discrimination or harassment have been reported.
- During 2020, salary mapping took place which shows that in NP3 there is no salary inequality that can be attributed to gender.

Important internal documents for governance and follow-up

- Staff manual
- Work environment policy
- Equality policy
- Anti-discrimination and equal treatment policy
- Salary policy
- Sustainability policy

Tenants

NP3 is a company with customer focus. The development of our property portfolio is based on close cooperation and long-term relations with tenants. We satisfy tenants' requirements with suitable premises to benefit their activities. Our local presence contributes to awareness of customers' preferences and needs and at the same time to availability and involvement in tenants' activities. That our premises shall be safe is a matter of course. Security checks and inspections are carried out annually on all properties where NP3 is responsible for active management.

Code of conduct and follow-up of requirements on suppliers

NP3 carries out continuous evaluation and follow-up of suppliers and other business partners. The companies that supply goods and services to NP3 shall meet our requirements regarding work environment and ethical standards and the orders shall be completed in an environmentally conscious manner.

NP3 has drawn up a code of conduct for suppliers in order to ensure that work conditions and business ethics at our suppliers meet NP3's requirements with regard to ethics, working conditions, work environment and sustainability.

When assessing future and current suppliers, the principles in the code of conduct shall be applied.

Important internal documents for governance and follow-up

- Sustainability policy
- Policy for business ethics
- Anticorruption policy
- Supplier code
- Environmental policy

Human rights

In accordance with the UN's guiding principles for companies and human rights, NP3 supports and respects the safeguarding of human rights and ensures that participating in breaching human rights does not occur.

Memberships and collaborations during 2020

Organization	Role and purpose
Fastigo	The employers' organisation that helps NP3 create good relations between the company and employees.
Fastighetsägarna Mittnord	Member organisation that works with opinion forming, membership service, legal issues, environmental issues, rent negotiations, communication and education.
Chamber of commerce Jämtland, Västernorrland & Västerbotten	Member organisation that works actively to create attractive regions where people want to live, where companies dare to invest and politicians improve the conditions together with residents.
Hand in Hand	Non-profit organisation that works with entrepreneurship as an efficient, long-term and sustainable way to fight poverty.

In addition to this, NP3 supports several local sports associations in the locations where we are active. Many of these sports associations also have social projects, see for example GIF Sundsvall's project Back 2 Basics
<http://gifsundsvall.se/samhallsansvar/>

GRI-indicators regarding social sustainability

GRI 401-1 Number and share of newly employed and staff turnover

	2020	2019
Number of employees at the beginning of the year	44	40
Number of newly employed	4	5
Number of terminated jobs	3	1
Number of employees at the beginning of the year	45	44
Staff turnover	6.7 %	2.4 %

GRI 403-2 Work-related injuries and illness and others sick leave

Sick leave at NP3 is continuously low. During 2020, it was 0.76 percent (0.43). No cases of work-related injuries or illness were found during 2020.

GRI 404-3 Proportion of employees given regular assessment and follow-up of the performance

Every year, employee dialogues are held with all employees.

GRI 405-1 Composition of board, management and staff

NP3's board during 2020 consisted of 5 persons (6) of which 2 women (2) And 3 men (4).

The management group during 2020 consisted of 4 persons (4): CEO, CFO, COO and Head of property management, of which 1 woman (1) and 3 men (3).

As of 31 December 2020, the company had 46 staff (45) of which 16 women (16) and 30 men (29). One member of staff worked on a consultancy basis for the company during 2020.

Age distribution	<30	30-39	40-49	50-59	60-66
Number	6	13	13	13	1

GRI 406-1 Incidents of discrimination and measures taken

No cases regarding discrimination were reported during 2020.

GRI 416-1 Proportion of properties covered by preventive work linked to health and safety

Security checks and inspections are carried out at all properties where our operating suppliers are active.

GRI 419-1 Breaches of applicable laws and regulations

The company has not had any breaches of law during the reporting period.

GRI information	General standard indicators	Page	Comment
102-1	Name of organisation		NP3 Fastigheter AB (publ)
102-2	The most important activities, products and/or services	8-9	
102-3	Location of the organisation's head office		Sundsvall
102-4	Countries the organisation is active in		Sweden
102-5	Ownership structure and company form	60-63, 89	
102-6	Markets where the organisation is active	10, 32-35	
102-7	Size of organisation	64-66, 76	
102-8	Employee data	64, 65, 76	
102-9	The organisation's supply chain	22-23, 76	
102-10	Significant changes during the reporting period		No significant changes occurred during the reporting period.
102-11	How the organisation follows the precautionary principle		The precautionary principle is an integral part of NP3's sustainability work and is written into NP3's sustainability policy and the code of conduct for suppliers. NP3's implementation of the precautionary principle is done by systematic handling of the properties' management and operation, which prevents any problems linked to indoor environment and health, as well as when using new materials and products.
102-12	External regulations, standards, principles which the organisation is covered by/supports	61, 71, 73, 89	
102-13	Membership in trade associations and unions		Fastigo, Fastighetsägarna Mittnord, Chamber of commerce Jämtland, Västernorrland and Västerbotten, Hand in Hand.
102-14	Comments by the CEO/chairman of the board	4-5, 68, 97	
102-16	The organisation's values, principles, standards, code of conduct and ethics policies	64-65, 71-72, 75, 76, 89-95	
102-18	The organisation's corporate governance	89-95	
102-40	The organisation's stakeholders	69	
102-41	Proportion of the workforce that has collective agreements		All except the CEO are covered by collective agreements
102-42	Principle for identifying and selecting stakeholders	69	
102-43	Forms of communication with stakeholders	69	
102-44	Significant areas emphasised via communication with stakeholders	69-70	
102-45	Organisation structure and account of units that are included or excluded	122	The report covers the parent company and the subsidiaries. Subsidiaries relate to companies over which the parent company has a controlling influence. The GRI-Report has its basis in matters concerning corporate governance and social aspects. The objective is to gradually include more data regarding environmental impact.
102-46	Process for materiality analysis	69	
102-47	Focus areas	70	
102-48	Effect of or reason for conversion/change of data/info		No conversion/change of data/info has been made
102-49	Significant changes compared to previous reports		The 2020 report is the first time the company reports in accordance with GRI.
102-50	Reporting period		01/01/2020- 31/12/2020
102-51	Date of publication of latest report		08/04/2020
102-52	Reporting cycle		Calendar year
102-53	Contact person for the report		CEO
102-54	Reporting in accordance with GRI Standards Core/Comprehensive	71	Statement on how the organisation has reported in accordance with GRI. The report follows GRI level "core".
102-55	GRI-content index	77-79	
102-56	Policy and procedures for external audit	136	

GRI-index

GRI information	General standard indicators	Page	Comment
SIGNIFICANT ASPECTS, SUSTAINABILITY GOVERNANCE AND RESULT INDICATORS			
ECONOMIC RESPONSIBILITY			
GRI 201	Economic result		
103-1	Explanation of materiality and delimitation	69-70	
103-2	Sustainability governance	89-95	
103-3	Follow-up	89-95	
201-1	Direct economic value created and delivered	71	
GRI 205	Anti-corruption		
103-1	Explanation of materiality and delimitation	69-70	
103-2	Sustainability governance	71, 76	
103-3	Follow-up	71	
205-2	Communication and training in the organisation's policies and procedures with regard to fighting corruption	72, 76, 94-95	
205-3	Confirmed corruption incidents and measures taken	72	Has not had any confirmed corruption incidents during the reporting period.
ENVIRONMENTAL RESPONSIBILITY			
GRI 302 CRE 1	Energy		
103-1	Explanation of materiality and delimitation	69-70, 72-74	
103-2	Sustainability governance	22, 25, 72-73	
103-3	Follow-up	72	
302-1	Energy use in the organisation	74	
302-4	Reduction of energy use	74	
CRE 1	Buildings' energy intensity	74	
GRI 305 CRE 3	Climate impact		
103-1	Explanation of materiality and delimitation	69-70	
103-2	Sustainability governance	72	
103-3	Follow-up	72-73	
305-2	Purchased energy - indirect emissions of greenhouse gases	74	
305-3	Other indirect emissions of greenhouse gases	74	
305-4	Intensity concerning greenhouse gas emissions	75	NP3 reports the climate impact per lettable area (square metres).
CRE 3	Emission intensity in buildings	75	Refers to climate emissions from electricity use and district heating in the management activities per lettable area. Calculation factors are from the Swedish Energy Markets Inspectorate and energy suppliers.
GRI 307	Compliance with laws and regulations		
103-1	Explanation of materiality and delimitation	69-70	
103-2	Sustainability governance	70, 75, 76, 84-88, 95	
103-3	Follow-up	75	
307-1	Breaches of applicable laws and regulations	75	The company has not had any breaches of law during the reporting period.

GRI information	General standard indicators	Page	Comment
SUSTAINABILITY CERTIFICATIONS			
CRE 8	Sustainability certifications and ranking of the property portfolio	75	
SOCIAL RESPONSIBILITY			
GRI 401	Employment conditions		
103-1	Explanation of materiality and delimitation	64-65, 69-70	
103-2	Sustainability governance	64-65	
103-3	Follow-up	75	
401-1	Number and share of newly employed and staff turnover	65, 76	
GRI 403	Staff health and safety		
103-1	Explanation of materiality and delimitation	69-70, 75	
103-2	Sustainability governance	65	
103-3	Follow-up	76	
403-2	Work-related injuries and illness and other sick leave	76	
GRI 404	Competence development		
103-1	Explanation of materiality and delimitation	69-70	
103-2	Sustainability governance	75	
103-3	Follow-up	75	
404-3	Proportion of employees given regular assessment and follow-up of the performance	76	All staff is assessed and followed up during annual performance reviews.
GRI 405	Diversity, equality and non-discrimination		
103-1	Explanation of materiality and delimitation	69-70	
103-2	Sustainability governance	70, 75	
103-3	Follow-up	75	
405-1	Composition of board, management and staff	65, 76	
GRI 416	Tenants' health and safety		
103-1	Explanation of materiality and delimitation	69-70	
103-2	Sustainability governance	76	
103-3	Follow-up	76	
416-1	Proportion of properties covered by preventive work linked to health and safety	76	Security checks and inspections are carried out on all properties where NP3 is responsible for active management.
GRI 419	Socio-economic compliance with rules		
103-1	Explanation of materiality and delimitation	69-70	
103-2	Sustainability governance	75-76, 84-88	
103-3	Follow-up	71, 75-76	
419-1	Breaches of applicable laws and regulations	76	

Directors' report 2020

NP3 Fastigheter AB (publ) is a cash flow-oriented real estate company with a focus on high-yield commercial properties, primarily in northern Sweden. Since the start at the end of 2010, NP3 has had a growth strategy focused on properties with stable cash flows and high returns. The properties are in the property categories retail, warehouses/logistics, industrial, offices and other.

Parent company

The parent company NP3 Fastigheter AB (publ) has no direct ownership in properties, but these are owned via wholly- or partly-owned subsidiaries. The parent company provides administrative and technical property management services to the subsidiaries and group management. The company has its headquarters and main office in Sundsvall.

Organization

NP3's organisation consists of management and three main functions: letting and market, operation and property management as well as funding and economic accounting and controlling. At the end of the year, the company had 46 staff.

Performance

- The group's net sales amounted to 1,091 MSEK (1,006).
- The group reported a net operating income of 817 MSEK (718) and profit before tax of 824 MSEK (934).
- The parent company's net sales amounted to 47 MSEK (45).
- The parent company reported an operating loss of -27 MSEK (26) and profit before tax of 3 MSEK (11).

Comments on profit/loss for the year can be found on pages 103 and 109.

Significant events of the year

- During the year, the group acquired 35 properties at a value of 792 MSEK and divested five properties at a value of 146 MSEK. Investments in existing properties amounted to 193 MSEK and in new construction projects to 78 MSEK, total 271 MSEK.
- During the first six-month period the group acquired properties at a value of 315 MSEK, with the largest acquisition located in Falun. During the second six-month period the group acquired properties for 476 MSEK, with the largest acquisitions located in Västerås and Borlänge.
- In December, NP3 acquired a 50-percent share in a jointly owned joint venture company, Fastighetsbolaget Ess-Sierra, with AB Sagax. Fastighetsbolaget Ess-Sierra owns 37 properties directly and through companies with a property value of 1,440 MSEK.
- As part of the company's expansion to a new nearby geographic area, Middle Sweden was established as a separate business area.
- With help of the authorisation received at the annual general assembly on 15 June 2020, NP3 put out a directed new issue of 3,100,000 preference shares during the second quarter at a price of 29 SEK/share. The new issue provided NP3 with some 90 MSEK.

- During the third quarter, NP3 issued a green senior unsecured bond for a total of 500 MSEK in a financial framework of 800 MSEK in total. The new bonds became due for payment in January 2024 and bear a floating interest rate of STIBOR (3 months) with a margin of 3.90 percent per year. 400 MSEK of the proceeds from the issue were used for buybacks and early redemption to fully refinance the company's bond loans 2017/2021.
- At the end of November, NP3 received a credit rating "BB" with stable outlook from Nordic Credit Rating. The rating is an important part of NP3's ongoing work to strengthen its funding opportunities in the capital markets to obtain more beneficial terms.

Anticipated future development

The company's overall objective is to continue its growth by means of selective acquisitions in all business areas, including the new business area middle Sweden. In order to become an established player and achieve efficient property management in the major locations in the new business area, the company's ambition is to reach 100,000 sqm of lettable area per location. NP3's continued growth is largely focused on the objective of generating annual growth in the profit from property management per common share of 12 percent, which also ensures that NP3 achieves its target of paying a dividend of about 50 percent of the company's profit from property management after tax to the company's holders of common and preference shares.

Sustainability report

NP3 has chosen to publish the company's sustainability report as a separate section before the directors' report, see pages 67-79.

Proposed appropriation of retained earnings

The following non-restricted equity in the parent company is at the disposal of the annual general assembly:

	Amount (SEK)
Retained earnings	1,492,748,871
Net profit for the year	498,838
Total	1,493,247,709

The board proposes that the amount be allocated as follows:

Dividend 3.60 SEK/common share	195,620,206
Dividend 2.00 SEK/preference share	55,900,000
To be carried forward	1,241,727,503
Total	1,493,247,709

As of the balance sheet date, the company has 54,338,946 registered common shares and 27,950,000 registered preference shares.

Covid-19 - Effect of the pandemic on NP3

Rental property management

The most immediate risk to NP3's operations is the uncertainty regarding tenants' ability to pay their contractual rent both in the short and long term. One of the strengths in NP3's operations is diversification between different sectors in the company's rental portfolio. The company has noticed that tenants in some specific segments such as restaurants, hotels, playlands and parts of durable goods retailing have so far been the most affected by the crisis with less revenue and visitors. For some other sectors such as consumer goods and industrial businesses, the effect has been less. But if the pandemic becomes protracted there is a general risk of lower demand for premises, which can lead to a high rate of vacancies and declining rent levels. To mitigate the effects of the pandemic the company makes individual agreements with tenants for a temporary transition from quarterly to monthly rent payment, but also agreements for temporary discounts on rents.

As of the balance sheet date, the company has received payment for 99 percent of the adjusted rental value for the fourth quarter of 2020, the remaining part has been set aside as bad debt losses. During 2020 the company was affected by discounts and transactions that had a negative effect on rent payments by 11 MSEK, for which government grants of 2 MSEK have since been received.

At the end of the year, NP3 had approved changing rental payments for the first quarter of 2021 from quarterly to monthly payments for a total of 3 MSEK, while the value of rent discounts is estimated at 1 MSEK. A total of 99 percent of notified rents due for the first quarter have been paid at the time of reporting.

Financial position

As of 31 December 2020, the company had cash and bank balance and existing credit facilities amounting to 324 MSEK. At the same time, NP3 had loans falling due within the next 12 months amounting to 1,629 MSEK, all of which were bank loans. The company is in continuous dialogue with its banks to allow it to reach agreements to extend these loans in good time before they become due. At the date of publication of the company's year-end report the company had received promises for loan extensions according to credit decisions from lenders amounting to 1,235 MSEK with terms of three to five years for the above loans falling due for a total of 1,629 MSEK. In addition, NP3 had received further agreements for loan extensions according to credit decisions from lenders for 1,579 MSEK with a term of three to five years, to fall due between one and two years from the balance sheet date.

Since the crisis began, its effects on NP3's operations and financial performance have been relatively limited. At the same time, the financial and capital market has returned to normality with funding costs at the same level as before the crisis. But it is too early to draw any conclusions regarding the length of the crisis and its total effect on NP3's operations. If the crisis becomes protracted and worsens, refinancing existing loans may also become more difficult. Efforts to secure the company's financial position and preparedness to handle the negative effects of a more prolonged pandemic will thus continue to take high priority in the company's financial planning.

Transaction and valuation

In parallel with the company continuously evaluating the effects of Covid-19 on its operations, a strengthening of the company's liquidity and financial position has allowed the company to once again gradually become active with regard to acquisition opportunities during the third and fourth quarters. Property valuations remain at a stable level with a positive increase in value for the year, thanks to continued positive development in the cash flow compared to the negative effect that a somewhat higher level of return has had on the valuations. In the longer term, the company believes there is a risk that the valuation may be negatively affected by decreasing cash flows and declining rent levels.

Project activities

The company has not seen any significant effects on ongoing projects to date. One advantage of the company's operations being located mainly in North Sweden is that the economy has stronger local roots than in the metropolitan regions, and thus the construction and building activities are still less affected. The company places great importance on implementing its ongoing projects as these in the majority of cases are linked to rental agreements already signed.

Organization

NP3's geographically scattered organisation has, among other things, made staff used to working and communicating via digital technology. Staff work from home to a large extent to reduce the risk of spreading the virus. Staff is updated through regular digital meetings.

Multi-year summary

Key ratios	2020	2019	2018	2017	2016
Property-related					
Number of investment properties at the year-end	388	358	344	234	197
Investment properties' lettable area at year-end, 1,000 sqm	1,436	1,350	1,308	934	787
The investment properties' reported value, MSEK	12,582	11,402	10,496	7,732	6,165
Investment property value, SEK/sqm	8,762	8,446	8,024	8,278	7,833
Financial occupancy rate, %	93	93	93	91	93
Surplus ratio, % ¹⁾	75	71	70	71	72
Yield, % ¹⁾	6.9	6.7	6.6	6.9	7.2
Financial					
Return on equity, common share, % ¹⁾	17.4	25.2	16.6	18.6	21.1
Return on equity, % ¹⁾	15.2	21.4	15.7	18.6	21.1
Return on equity, before tax, % ¹⁾	19.0	25.3	19.2	23.0	26.0
Return on profit from property management, % ^{1) 2)}	12.9	13.2	12.8	13.1	13.1
Debt/equity ratio, x ¹⁾	1.6	1.6	1.9	1.8	1.6
Net debt to EBITDA ratio x ¹⁾	9.6	9.4	9.7	9.8	8.9
Interest coverage ratio, x ^{1) 2)}	3.4	3.5	3.3	3.6	3.7
Loan-to-value ratio, % ^{1) 2)}	57.3	58.0	61.7	60.8	58.3
Equity/assets ratio, % ¹⁾	34.7	34.7	32.4	32.5	35.3
Average interest rate, %	2.73	2.76	2.60	2.67	2.66
Share-based, common share					
Number of common shares at year-end, thousands	54,339	54,339	54,339	54,339	54,339
Weighted average number of common shares, thousands	54,339	54,339	54,339	54,339	51,548
Equity, SEK/common share ¹⁾	68.67	61.42	50.93	47.51	41.69
Long-term net asset value SEK/common share ¹⁾	80.47	70.36	57.81	52.61	45.09
Profit from property management, SEK/common share ^{1) 2)}	9.26	8.07	6.54	5.79	4.90
Profit after tax, SEK/common share	11.12	13.60	8.04	8.22	7.89
Dividend, SEK/common share	3.60 ³⁾	3.40	3.00	2.70	2.40
Share price at year-end SEK/common share	121.20	113.00	61.00	52.00	46.00
Share-based, preference share					
Number of shares at year-end, thousands	27,950	24,850	21,736	-	-
Equity, SEK/preference share	32.00	32.00	32.00	-	-
Result, SEK/preference share	2.00	2.00	2.00	-	-
Dividend, SEK/preference share	2.00 ³⁾	2.00	2.00	2.00	-
Share price at year-end SEK/preference share	32.80	36.50	31.90	-	-

1) Financial measurements which are not defined according to IFRS. For reconciliation and definitions, see pages 130-131.

2) The definition of profit from property management has been updated and now excludes changes in value and tax from shares in profits in associated companies and joint ventures. The definition of loan-to-value ratio has been updated and now includes investments in associated companies. When calculating the interest coverage ratio, the share of profits in associated companies and joint ventures has been excluded. The key ratios for previous periods have been recalculated in accordance with the new definitions.

3) Dividend proposed by the board.

Quarterly summary

Key ratios	2020 Fourth quarter Oct-Dec	2020 Third quarter Jul-Sep	2020 Second quarter Apr-Jun	2020 First quarter Jan-Mar	2019 Fourth quarter Oct-Dec	2019 Third quarter Jul-Sep	2019 Second quarter Apr-Jun	2019 First quarter Jan-Mar
Property-related								
Number of investment properties at the end of the period	388	382	372	368	358	344	336	338
Investment properties' lettable area at the end of the period, 1,000 sqm	1,436	1,406	1,392	1,381	1,350	1,309	1,266	1,290
The investment properties' reported value, MSEK	12,582	12,079	11,845	11,730	11,402	10,661	10,309	10,414
Investment property value, SEK/sqm	8,762	8,591	8,509	8,494	8,446	8,145	8,144	8,073
Financial occupancy rate, %	93	93	92	93	93	93	92	93
Surplus ratio, % ¹⁾	76	81	75	68	71	78	73	65
Yield, % ¹⁾	6.9	6.9	6.8	6.8	6.7	7.0	6.9	6.7
Financial								
Return on equity, common share % ¹⁾	17.4	21.8	22.3	23.6	25.2	16.6	16.9	17.1
Return on equity, % ¹⁾	15.2	18.7	19.0	20.1	21.4	14.8	15.3	15.6
Return on equity, before tax % ¹⁾	19.0	22.5	22.7	23.8	25.3	17.8	18.9	18.8
Return on profit from property management % ^{1) 2)}	12.9	12.9	12.4	13.1	13.2	13.9	13.6	13.1
Debt/equity ratio, x ¹⁾	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.7
Net debt to EBITDA ratio, x ¹⁾	9.6	9.3	9.4	9.5	9.4	9.3	9.3	9.4
Interest coverage ratio, x ^{1) 2)}	3.5	3.5	3.3	3.2	3.3	3.7	3.6	3.3
Loan-to-value ratio, % ^{1) 2)}	57.3	57.6	58.0	58.3	58.0	58.8	58.7	59.9
Equity/assets ratio, % ¹⁾	34.7	33.8	34.5	34.6	34.7	32.7	33.0	33.1
Average interest rate, %	2.73	2.74	2.92	2.88	2.76	2.75	2.72	2.71
Share-based, common share								
Number of common shares at the end of the period, thousands	54,339	54,339	54,339	54,339	54,339	54,339	54,339	54,339
Weighted average number of common shares, thousands	54,339	54,339	54,339	54,339	54,339	54,339	54,339	54,339
Equity, SEK/common share ¹⁾	68.67	64.80	62.43	62.36	61.42	53.67	51.51	52.56
Long-term net asset value, SEK/common share ¹⁾	80.47	75.39	72.59	71.96	70.36	62.35	59.70	59.85
Profit from property management, SEK/common share ^{1) 2)}	2.49	2.57	2.25	1.94	2.10	2.26	2.02	1.69
Profit after tax, SEK/common share	5.58	2.39	1.75	1.41	7.76	2.06	2.06	1.73
Share price at the end of the period SEK/common share	121.20	122.80	88.00	70.10	113.00	98.90	80.60	75.00
Share-based, preference share								
Number of preference shares at the end of the period, thousands	27,950	27,950	27,950	24,850	24,850	24,850	24,850	21,736
Equity, SEK/preference share	32.00	31.50	31.00	32.50	32.00	31.50	31.00	32.50
Result, SEK/preference share	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Share price at the end of the period SEK/preference share	32.80	33.60	30.40	26.50	36.50	36.00	34.30	34.20

1) Financial measurements which are not defined according to IFRS. For definitions, see page 131.

2) The definition of profit from property management has been updated and now excludes changes in value and tax from shares in profits in associated companies and joint ventures. The definition of loan-to-value ratio has been updated and now includes investments in associated companies and joint ventures. When calculating the interest coverage ratio, the share of profits in associated companies and joint ventures has been excluded. The key ratios for previous periods have been recalculated in accordance with the new definitions.

Structured risk management

The group's business activities are exposed to risks that can become significant to the company's future operations, earnings and financial position. The company has a high level of risk awareness in the whole organisation and with active and preventive work, the risks are limited and managed in the best way and to the greatest extent possible.

The significant risks the company is exposed to are affected to a great extent by the general economic trend, economic growth and population growth in the business areas, together with inflation risk and interest rate risk. Below are the risks associated with property acquisitions and property management as well as operational risks linked to business sense and quality in internal procedures. The risk factors below relate to general risks which

over an economic cycle could have an effect on NP3's operations. The risk section thus does not make specific allowance for the immediate risks the Covid-19 pandemic has on society and the economy and, by extension, the company's operations. Risks and uncertainties for the parent company are indirectly the same as for the group.

Rental income and property management

The company's property portfolio is geographically located in areas of growth, mainly in the northern parts of Sweden. The properties house a large number of tenants with commercial activities, distributed across the categories, retail, industrial, warehouses/logistics and other. The spread in a geographical respect, number of contracts, sectors and categories provide stability. Risks linked to tenants are affected by the general business climate. Lower rental income or cancelled payments affect earnings, cash flow and eventually also the market value of the company's properties.

Risk	Description of risk	Management	L	C
Lower rental income	Lower rental income as a result of lower rent levels or reduced occupancy rate.	The company works with long rental agreements and continuous renegotiation of existing contracts, which provides a stable maturity structure in the contract portfolio. Demand for premises in the company's property categories and market locations is less cyclical than, for example, premises in downtown locations, which reduces risk.		
Customer losses, credit risk	NP3's primary counterparty risk lies in tenants not being able to meet their payments as per the rental agreements.	The company's business managers have close relations with tenants and continuously follow up on the market situation. Credit checks are done for acquisitions and new lettings and, if required, the agreement is supplemented with collateral in form of guarantees. The risk policy states that no one individual tenant shall account for more than five percent of the rental value.		
Significantly increased operating and maintenance costs	Increased costs for electricity, water, heating and snow removal, etc. Extreme weather conditions and unexpected events can have an effect on the cost for property care-taking and insurance.	The company continuously works to reduce risk exposure for cost increases in operations by means of ongoing contract negotiations and tendering with suppliers in order to reduce costs. As tenants often bear the costs for electricity, water, heating and snow removal themselves, the company's exposure to fluctuations is reduced.		

L = Likelihood, with green being low, yellow medium and red high likelihood.

C = Consequence (effect on the company's return and position), with green being low, yellow middle and red great consequence.

Acquisitions and investments

The company is a growth company and carries out a large number of transactions annually, which are associated with a certain risk. The same applies to the investing activities with modifications to tenants' requirements and new construction projects, additions and renovations. Wrong acquisition or investment decisions constitute a risk of increased costs and lower return on capital. The company's organisation has great experience and expertise with regard to acquisitions and divestments, and has a well-established process for reducing risk in transactions. The company does not make any major investments on speculation, but on beforehand set terms and conditions.

Risk	Description of risk	Management	L	C
Transaction-related risks	Transaction-related risks include future loss of rent, environmental conditions and technical deficiencies. There are also some risks of taxes and legal disputes.	Acquisitions of properties are done in accordance with the company's strategic plan and a decision-making process, which takes into account market conditions and risk. For every acquisition situation, a careful analysis is made and due diligence applied. Risks are managed via agreements in form of guarantees for the seller and the price based on external valuation.		
Risks in project investments for new construction projects, additions and renovations	Risks in project investments include cost increases, environmental and work environment risks.	Investment decisions are taken in accordance with the company's strategic plan and with well-prepared decision guidance documents. New construction projects, additions and renovations are done based on signed contracts with tenants. Requirements are put on contractors regarding environmental considerations and assessments of the work environment are carried out for each project.		

Property values

The company's properties are valued at fair value every quarter and the change in value accounted over the result. The value is affected by several factors, some property-specific such as occupancy rate, rent level and property cost, some market-specific such as yield and cost of capital. The market's yield requirements are a factor the company has no influence on, but thanks to the geographical spread of properties in growth locations, the risk for major changes in value during a short period is assessed as low.

Risk	Description of risk	Management	L	C
Lower market value of properties	Declining market values for the company's properties.	The company works continuously on maintaining or increasing the market value of the properties by letting vacant premises and adding value to and further develop existing properties. The risk of a strong negative effect due to declining market conditions in a specific location is reduced thanks to the properties' geographical spread.		

Tax

Changes in tax legislation as well as the level of company taxation, interest deduction limitations, property tax or other applicable taxes have an effect on the company's result. Risks of incorrect interpretation or application of laws and rules concerning taxes and VAT can have implications on the result and position. Tax also affects calculations and can have an impact on valuation estimates.

Risk	Description of risk	Management	L	C
Changes in tax legislation	Changes in tax legislation such as company taxation, property assessment, tax for property transactions and other applicable taxes.	The company has a clear and uncomplicated approach regarding tax. There is continuous training in this field and external expertise in tax matters is resorted to if required.		

L = Likelihood, with green being low, yellow medium and red high likelihood.

C = Consequence (effect on the company's return and position), with green being low, yellow middle and red great consequence.

Funding

Property acquisition and property management are capital-intensive activities, which expose the company to changes in the credit markets and interest rate levels. Access to funding via banks and the capital market are of great significance to the company and changes in interest rate levels affect the company's cash flow and result. Interest rate levels are mainly affected by the level of current market rates and lenders' margins. For more information, see note 24, page 126.

Risk	Description of risk	Management	L	C
Reduced access to funding and refinancing	Risk that funding cannot be obtained or only at considerably higher cost.	The company's planned expansion rate is dependent on new loans from lenders and issued capital from shareholders. To reduce the risk of not being able to obtain funding, the company uses a number of funding sources and places great importance on a balanced loan maturity structure. The company has well-functioning cooperation with the banks.		
Interest risk	Interest expenses are a significant cost item for the company and changes in interest rate levels have a significant effect on the result and cash flow.	In order to limit interest rate risk over time and increase predictability in the company's profit from property management, loans at fixed interest rates or interest rate hedging in form of interest rate swaps are used.		
Counterparty risk, bank	Counterparty risk in bank funds, borrowing and derivatives refers mainly to the company's borrowings from merchant banks, and means that these cannot meet their commitments regarding existing and new funding to the company.	The company's counterparty risks in banks are managed by borrowings being distributed across primarily five different banks. This reduces the total counterparty risk in bank funds, borrowings and derivatives.		

Effect on loan-to-value ratio in case of change in value of the property portfolio as of 31 Dec 2020

Change, %	-15	-10	-5	0	5	10	15
Change in value, MSEK	-1,887	-1,258	-629	0	629	1,258	1,887
Loan-to-value ratio, %	67.0	63.4	60.2	57.3	54.6	52.2	50.0
Effect on interest coverage ratio in case of changed occupancy rate as of 31 Dec 2020							
Change, %	-10	-5	0	5	10		
Occupancy rate, %	84	88	93	98	ET		
Interest coverage ratio, %	3.0	3.2	3.4	3.6	ET		

L = Likelihood, with green being low, yellow medium and red high likelihood.

C = Consequence (effect on the company's return and position), with green being low, yellow middle and red great consequence.

Environmental risk

The risk of climate change has been assessed as a less significant risk for NP3. The assessment is, however, that the risk may increase and in the long run constitute a significant risk. For NP3, environmental risks associated with pollution in the ground of existing and/or acquired properties is assessed as a significant risk that can have an effect on the company

Risk	Description of risk	Management	L	C
Environmental risk linked to the climate	For NP3, climate change means a risk of damage to property caused by change in weather conditions, especially with regard to higher levels of precipitation, but also other changes in the climate that affect the properties or the running of the properties. NP3 assesses these risks as potentially increasing in the long run. Eco-political decisions may also have future effects on the company's costs.	All investments and acquisitions are examined from a climate perspective in order to assess the properties' or investment's sensitivity to climate change. Procedures for operation and property management in extreme weather conditions have been further developed. Environmental aspects are prioritised in all parts of the operations and the company follows the development with regard to legal regulations.		
Environmental risk linked to pollution	If polluted soil is discovered at any of the company's properties, the soil will likely have to be decontaminated. The company may then be ordered to pay for soil decontamination or remedy.	The company is well aware of at which properties activities that require a permit or notification are or have been conducted and always checks previous activities when acquiring properties.		

Staff and organisation

The company's human capital and capital structure are its most important assets, and development is highly dependent on the ability to be able to keep and motivate staff. A healthy organisation and satisfied employees also increase the opportunity for good recruitments.

Risk	Description of risk	Management	L	C
Staff risk	NP3 has a relatively small workforce where certain key functions are person-dependent and the loss of one or several key persons can mean that the company does not achieve set targets.	The company works on the basis of policies and documented procedures, which makes the operations less vulnerable in case of staff changes. Staff play an active role in process improvements in their fields, which creates commitment and job satisfaction. The company's staff get together regularly to share knowledge and experience. During 2020, regular digital meetings were held with all staff using the Teams tool.		
Risk of corruption and unethical conduct	Risk that employees behave in a way that is in breach of the company's values or improperly use their position within the company.	The company does not accept any forms of threat, bribery or unethical behaviour. Guidelines for this can be found in the company's sustainability policy and policy for business ethics. Ethical matters are also continuously discussed during staff meetings to highlight these issues and create awareness of them.		

L = Likelihood, with green being low, yellow medium and red high likelihood.

C = Consequence (effect on the company's return and position), with green being low, yellow middle and red great consequence.

Reporting and internal control

The company's financial reporting shall give a true and fair view of the company's result and financial position and follow the laws and accounting rules that apply. A misleading report might lead to uncertainty with investors and to a negative effect on the price and increased risk premium. Risk that inadequate internal procedures and/or irregularities cause disruptions or damage to the operations.

Risk	Description of risk	Management	L	C
Misleading reporting	Intentional or unintentional errors in the company's external reporting.	The company has well-functioning internal control and a culture based on order and discipline. The reporting role is taken care of by competent and experienced staff who continuously follow the development of laws, practice and changed accounting rules.		

IT

With today's use of new technology, issues concerning information security and IT security easily come into focus, as new risks and threats become visible and need to be managed. The work with IT security is central, which is amplified by current laws that have been reviewed, such as GDPR, regulatory industry requirements and requirements from the Swedish Financial Supervisory Authority. An important part of the work with IT security is about understanding various threats, manage the likelihood of being exposed to damage and balancing costs for stronger protection against the value you are protecting.

Risk	Description of risk	Management	L	C
IT- and information security risks	The risk of the company being exposed to cyber attacks, i.e. electronic attacks against information systems, technical infrastructure, computer networks or personal computers. Increasing use of mobile devices, connected to the company's network, has increased the number of weak points for potential attackers to target.	The IT role is subcontracted to a professional supplier who is certified in information security. In the tendering, NP3 has carefully assessed the quality of the services supplied and puts high requirements on suppliers' expertise in IT security. NP3 uses only reliable and standardised systems and platforms for its IT environment. According to a report by PWC* it is "the unknowing employee" with a member of staff unwittingly damaging the company, who represents the greatest risk. In order to limit the human factor, NP3 puts high requirements on processes and internal governance and control regarding information security. *PWC - Nordic Cyber Crime Survey 2020		

L = Likelihood, with green being low, yellow medium and red high likelihood.

C = Consequence (effect on the company's return and position), with green being low, yellow middle and red great consequence.

Corporate governance report

Corporate governance comprises various decision-making systems, through which the owners directly or indirectly govern the company.

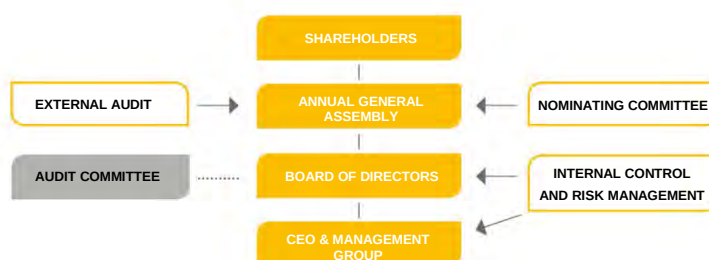
Governance, management and control of the company are distributed between the board, CEO and other individuals in the company's management. Corporate governance is the framework that manages division of responsibility and reporting and sets out how risks in the operations are limited. Governance is based on external and internal regulations, which are subject to continuous development, change and improvement.

External regulations

- Swedish Companies Act
- Nasdaq Stockholm's regulations for issuers
- Swedish Corporate Governance Code
- IFRS standard

Important internal regulations

- Articles of association
- Formal workplan for the board of directors and terms of reference issued by the board of directors to the CEO
- Authorised signatory and authorisation arrangement
- Policy for information and IR, insider policy, sustainability policy and policy for business ethics
- Financial policy, valuation policy
- Processes for internal control and risk management



Articles of association

The company's name is NP3 Fastigheter AB (publ). The company is to be based in Sundsvall. The object of the company's operations is to - directly or indirectly through wholly or partly owned companies or through procured services - own, develop and manage real estate and pursue other activities consistent with this. The company's properties are mainly located in North Sweden. Changes to the articles of association are made in accordance with the regulations in the Swedish Companies Act. The articles of association, which otherwise contain information such as share capital, number of board members and auditors as well as regulations on notice of and agenda for the annual general assembly, can be found in their entirety on the company's homepage.

Swedish Corporate Governance Code

Swedish Corporate Governance Code (code) is applicable to all companies whose shares are admitted for trading on Nasdaq Stockholm. The code is administered by the Swedish Corporate Governance Board and is available at www.bolagsstyrning.se. Companies are not required to follow all of the code's rules if there are grounds for not doing so and these can be explained. The board has decided not to set up a separate remuneration committee. Instead, the full board shall carry out the tasks such a committee would have. The board believes that in all other respects, the company follows the code.

Shares and shareholders

NP3 has two classes of shares: common shares and preference shares. NP3's shares are a registered for trading at Nasdaq Stockholm, Mid Cap. At the end of the year, the total number of shares amounted to 82,288,946, of which 54,338,946 were common shares and 27,950,000 preference shares. Every common share has one (1) vote and every preference share has a tenth (1/10) of a vote, which means that the number of votes amounts to 57,133,946 votes in total. As of the balance sheet date, the company had about 7,800 shareholders. Of the total share capital, 12 percent was owned by foreign investors. Of the total number of shareholders, 95 percent were natural persons whose holdings amounted to 14 percent of the total share capital. The remaining 5 percent of owners were legal entities whose holdings amounted to 86 percent of all shares. NP3 has no directly registered shareholder with holdings exceeding ten percent. The share capital amounts to 288,011,311 kr, the shares have a P/B ratio of 3.50 SEK each.

Every shareholder is entitled to vote for the full number of shares owned and represented by him/her at the company general assembly.

Preference shares entail preferential rights ahead of the common shares for 2.00 SEK annual dividend per preference share with quarterly payout of 0.50 SEK per preference share. If no dividend has been paid on preference shares in conjunction with a record day

or if dividend of less than 0.50 SEK has been paid, the preference shares, provided that the company general assembly decides on distribution of profit, bring the right to additionally to future preference dividends receive an amount corresponding to the difference between what should have been paid out and the amount paid out ("amount outstanding") before dividend on the common shares or other transfer of value according to chap. 17 § 1 Swedish Companies Act is paid out to holders of common shares. Amounts outstanding shall be accrued with an annual interest rate of 10 percent, whereby accrued interest shall take place starting with the quarterly date when payout has fallen below 0.50 SEK. The company general assembly in NP3 has the unilateral right, but no obligation, to redeem preference shares for 35.00 SEK per share, with addition for any amounts outstanding. If the company is dissolved, the preference shares shall carry a preferential right to receive from the company's equity an amount per share calculated as the sum of 30.00 SEK and any amounts outstanding before distribution takes place between the common shares (for more information see section Articles of association). Preference shares shall otherwise not carry any right to participate in the distributions.

There have been no own holdings of repurchased shares. Staff hold 700,285 warrants which is equivalent to 1.3 percent of the number of common shares outstanding in the company. There are no further warrants, convertibles or equivalent securities that can lead to additional shares in the company.

Company general assembly

The company's highest decision-making body is the annual general assembly (ordinary company general assembly), which is held in Sundsvall during the first six months of the year after the end of the financial year. Together with any extraordinary company general assemblies, the assembly provides shareholders with the opportunity to govern via their decision-making rights. At the annual general assembly the board and chairperson of the board are appointed, and principles determined for both the nominating committee as well as for remuneration to senior executives. The meeting also appoints auditors for auditing the group's accounts and decides on changes in the articles of association and change in the share capital, among other things. In order to be able to participate in decisions shareholders need to attend the meeting, either in person or through a representative. It is further required that the shareholder is registered in the share register at a specific date before the meeting and that the company has been notified of attendance in a certain order. Decisions at the company general assembly are normally made by a simple majority. For certain issues, however, the Swedish Companies Act prescribes that proposals shall be approved by a majority of the shares represented at the meeting and votes submitted.

Annual general assembly 2020

The last annual general assembly took place on 15 June 2020 in Sundsvall.

At the time of the annual general assembly, the total number of shares was 82,288,946 and the number of votes 57,133,946. At the meeting, 42,591,932 shares and 37,212,376 votes were represented, equivalent to 51.8 percent of the total number of shares and 65.1 percent of the total number of votes. The annual general assembly adopted the accounting records for 2019 and discharged the board and CEO from liability for the management of the company for the year 2019. The following decisions were taken at the annual general assembly on 15 June:

- Dividend of 1.70 SEK per common share for the 2019 financial year (at the extraordinary company general assembly on 30 October 2020, a decision was made for extra dividend of 1.70 per common share). The annual general assembly further decided on dividend to shareholders of 2.00 SEK per preference share with quarterly payment of 0.50 SEK per preference share.
- Remuneration to the chairperson of the board shall be paid at 330,000 SEK and two other board members at 165,000 SEK each. Remuneration for members
- in the audit committee shall amount to a further 150,000 SEK in total, to be distributed by the board between the members in the audit committee.
- That the board shall consist of five board members and no alternate.
- Re-election of board members Lars Göran Bäckvall, Åsa Bergström, Anders Nilsson, Mia Bäckvall Juhlin and Nils Styf. Re-election of board member Anders Nilsson to chairman of the board and Nils Styf newly elected as deputy chairman of the board.
- Selection of KPMG AB as audit firm until the end of the next annual general assembly.
- Approval of guidelines for remuneration to CEO and senior executives.
- Principles for appointment of the nominating committee.
- Introduction of incentive programme 2020/2023 by means of an issue of max. 500,000 warrants of series 2020/2023, with the maximum number of common shares to be added estimated to amount to max. 500,000, equivalent to approx. 0.9 percent of the total number of common shares in the company, subject to full subscription and full utilisation of all warrants.
- Mandate for the board to decide on new issue of shares for a total subscription settlement volume of max. 5,400,000 common shares and 10,000,000 preference shares in order to offer shares to investors in connection with the acquisition of properties.

Minutes from the annual general assembly on 15 June 2020 are available on the company's homepage.

Nominating committee ahead of the annual general assembly 2021

At NP3's annual general assembly on 15 June 2020, it was decided that the nominating committee ahead of the annual general assembly 2021 shall consist of the chairperson of the board and one representative for each of the three largest owner-registered shareholders as of the last banking day in the current year. In accordance with the decision, the three largest shareholders based on ownership on 31 August 2020 have been offered a place on NP3's nominating committee and the following nominating committee has been formed:

- Poularde AB has appointed Lars-Göran Bäckvall, CEO Poularde AB,
- AB Sagax has appointed David Mindus, CEO AB Sagax,
- Länsförsäkringar Fondförvaltning AB has appointed Johannes Wingborg, responsible as owner, Länsförsäkringar Fondförvaltning,
- Anders Nilsson, chairman of the board for NP3.

Johannes Wingborg has been appointed chairman of the nominating committee by the nominating committee.

The nominating committee shall prepare and submit to the company general assembly proposals for chairperson for the assembly, board members, chairperson of the board, board fee to each of the board members, chairperson of the board, board fee to each of the board members and chairperson and other remuneration for board assignments, fee to the auditor and, if applicable, proposal for choice of auditor.

The nominating committee shall further prepare and submit a proposal to the company general assembly for principles for the composition of the nominating committee. The composition of the nominating committee shall be announced no later than six months before the annual general assembly. The nominating committee's term of office lasts until a new nominating committee has been appointed. The chairperson in the nominating committee shall, unless the members agree otherwise, be the member who represents the largest shareholder by number of votes. The nominating committee's work is carried out in accordance with the instructions that have been adopted and, as far as applicable, in line with the Code. The nominating committee applies the code's regulations regarding the composition of the board and as diversity policy is to apply rule 4.1. in the code when preparing their proposal for election of board members.

Board of directors

The shareholders appoint the board of directors at the annual general assembly. According to the articles of association, the board shall consist of no less than 3 and no more than 13 members. No alternates shall be appointed. During 2020, the board consisted of five ordinary members with Anders Nilsson as chairman. The board works according to a formal workplan and the work is regulated by, among other things, the Swedish companies act, articles of association and Swedish Corporate Governance Code. The rules of the Swedish Companies Act apply to decisions in the board, meaning that both more than half of members present and more than a third of the total number of members must vote for the decision. If the vote is tied, the chairperson has the casting vote. The long-term and strategic decisions for NP3 are made jointly by the board and management. The company's CEO Andreas Wahlén attends board meetings but is not included in the board. Remuneration is paid for board work as well as for members in the audit committee. Board members are not entitled to severance pay.

Responsibility of the board

According to the Swedish Companies Act and the board's formal work plan, the board's overall role is to on behalf of the owners manage the company's affairs in such a way that the interests of all owners are met in the best possible way. The board has ultimate responsibility for the operations. Against this background, the board is responsible for achieving set targets and strategies regarding the company's operations. The board is further responsible for the company's business focus being subject to continuous review and that major changes in the business focus are discussed by the board. The responsibilities of the board include handling the company's organisation, among with appointing, assessing and, if required, dismissing the CEO and to determine salary and other remuneration for the same. The board determines the budget, business objective and strategies for the company's operations as well as takes decisions concerning acquisitions, investments and divestments or restructuring of the property portfolio.

The board's formal workplan

Every year, the board determines a formal workplan for the board work. The formal work plan sets out the board's responsibilities and division of responsibility between the board and CEO. The formal work plan also sets out which affairs are to be discussed at the respective board meeting, and instructions regarding economic reporting to the board. The formal work plan also stipulates that the board shall have an audit committee. The full board makes up the remuneration committee. At each of the ordinary board meetings, issues of significant importance to the company such as acquisitions and divestments of properties as well as funding are discussed. Furthermore, the board is informed of the state of the market

Before the annual general assembly 2021

Before the annual general assembly on fourth May 2021, the board proposes;

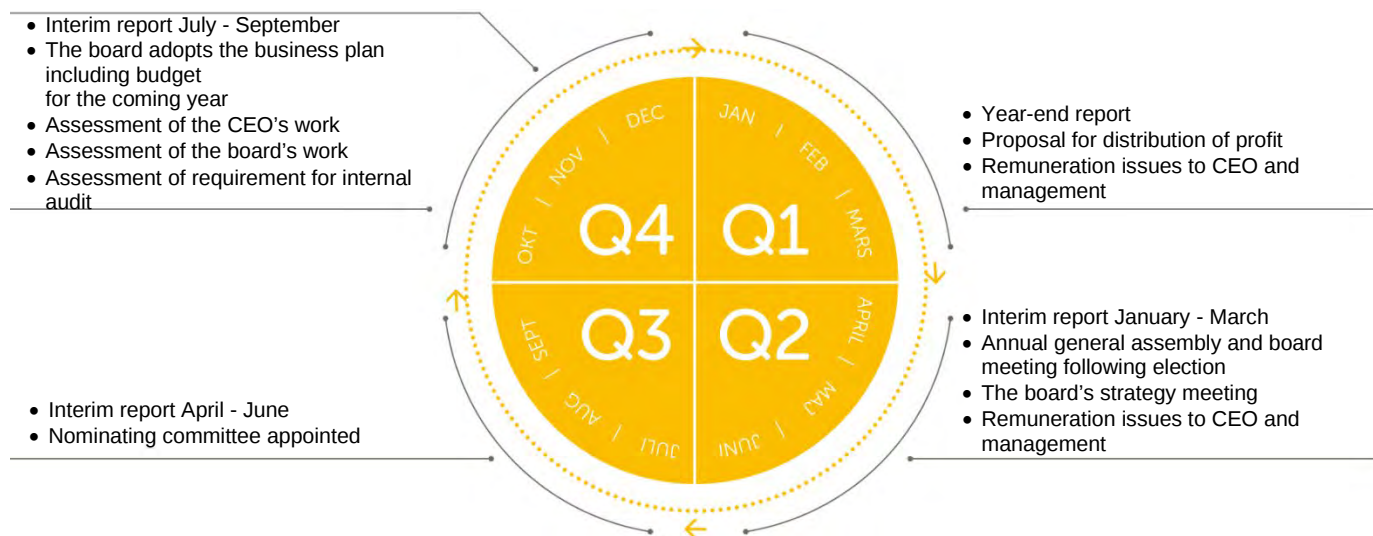
- a dividend of 3.60 SEK per common share and that the annual general assembly also decides on dividend to shareholders of 2.00 SEK per preference share.
- that remuneration to the CEO shall consist of fixed salary, variable salary of max 25 percent of the total fixed salary, share-based incentive programme and other benefits plus pension. Remuneration to other senior management shall consist of fixed salary, variable performance-based salary of max. two monthly salaries, share-based incentive programmes and other benefits plus pension.
- that the annual general assembly authorise the board to, up to the next annual general assembly, on one or several occasions, with or without deviation from the shareholders' preferential rights, against payment in cash or through set-off or non-cash issue, decide on increasing the company's share capital by means of a new issue of common shares and/or preference shares. The authorization may not be used to a greater extent than that a total of 5 400 000 shares and 15,000,000 preference shares are issued.
- that the annual general assembly decides to introduce an incentive programme 2021/2024 through a) issue of warrants to the subsidiary NP3 Förvaltning AB and b) approval of the transfer of warrants to employees and the company or its subsidiaries.

Before the annual general assembly, the nominating committee proposes:

- re-election of board members Lars Göran Bäckvall, Åsa Bergström, Anders Nilsson, Mia Bäckvall Juhlin and Anders Nilsson. The nominating committee further proposes Nils Styf be elected new chairman of the board.
 - that remuneration to board members is paid as follows:
 - chairperson of the board: 330,000 SEK,
 - each of the other board members: 165,000 SEK,
 - remuneration to the audit committee shall be paid at 150,000 SEK in total.
- The proposed total remuneration to board members, incl. remuneration for committee work, thus amounts to 1,140,000 SEK (1,140,000).
- the number of board members elected at the company general assembly shall be 5 persons (5).
 - in accordance with the audit committee's recommendation, for the time up to the end of the next annual general assembly, re-election of the authorised audit firm KPMG AB as the company's auditor
 - that the meeting decides that the new nominating committee be appointed before the 2021 annual general assembly according to unchanged principles.

The board's working year

In addition to the points above, work on acquisitions and growth is ongoing all throughout the year.



in the rental and property market. Meetings in connection with the company's reporting discuss market valuation of the property portfolio and determine the period's or year's result and financial position. Before the annual general assembly, the board submits a proposed appropriation of retained earnings. At the meeting following election the board shall, among other things, determine the company's signatory and appoint the audit committee and remuneration committee.

Chairperson of the board

The chairperson of the board shall have special responsibility in the board for the board's work to be well-organised and run efficiently and that the board completes its duties. The chairperson shall be in continuous contact with and act as a discussion partner and support for the company's CEO.

The work of the board during 2020

NP3's board work during the year has to a great extent been characterised by the growth the company has undergone, which has involved several acquisition discussions. According to the current formal work plan, the board shall hold at least six ordinary board meetings per year and an additional meeting following election. During 2020, the board has held 19 board meetings, of which one meeting following election. Of these, eight were Teams meetings, six telephone meetings, three per capsulam and one face-to-face meeting. During 2020, the board carried out an internal evaluation of its work.

Remuneration committee

The board has decided not to set up a special remuneration committee, but for the full board to instead carry out the duties such a committee shall have according to the code. With regard to remuneration matters, this means that the board shall:

- Prepare decisions in matters of remuneration principles, remunerations and other employment terms for the company management.
- Follow and evaluate ongoing programmes and those completed during the year for variable remuneration to company management.
- Follow and evaluate the application of the guidelines for remuneration to senior executives that the annual general assembly has decided on, and with regard to remuneration structures and remuneration levels in the company.

Audit committee

The board's audit committee is appointed by the board once annually. Included in the audit committee for 2020 were board members Åsa Bergström and Nils Styf. The audit committee shall perform the duties stated in chap. 8 § 49 b of the Swedish Companies Act, which among other things involve:

- Overseeing the company's financial reporting.
- Overseeing the efficiency in the company's internal control, internal audit and risk management, with regard to financial reporting.
- Keeping up-to-date with the audit of the annual accounts and consolidated accounts.
- Examining and overseeing the auditors' impartiality and independence and thereby pay special attention to whether the auditor provides other services to the company than auditing services.
- Assist in preparing proposals for the company general assembly's decision on choice of auditor.

In addition, the audit committee shall prepare the board's decision in the aforementioned matters. Minutes are kept of the audit committee's meetings and the committee reports to the board. The audit committee's board members shall be appointed with special attention to competency and experience in accounting and auditing of listed companies. The majority of the committee's members shall be independent in relation to the company and

company management. At least one of the members who is independent in relation to the company and company management shall also be independent in relation to the company's major owners. The committee's members must not be employees of the company. The audit committee also supports company management in accounting matters.

Managing director

Andreas Wahlén has been NP3's CEO since the company was formed. The CEO is responsible for the company's ongoing management in accordance with the rules in the Swedish Companies Act and instructions for the CEO and for the financial reporting the board has adopted. According to the instruction, the CEO is responsible for the company's accounting and management of funds. The CEO shall further prepare delegation regulations for various officeholders in the company and employ, dismiss or set down terms and conditions for the company's staff. A mutual period of notice of 12 months applies to the CEO. There is no arrangement for severance pay with the CEO.

Management

The management group's composition at the start of 2020 was CEO, CFO, Head of IR and COO. The head of IR resigned from his position during the first half year and was replaced in management by the head of property management as of mid-year. Every person in the management group has their own area of responsibility. In management group meetings the overall strategy and operational issues are discussed. During the year, the management team has focused on the company's growth, risks, supply of capital and sustainability work. The CEO together with the CFO and COO make up the board in the respective subsidiary in the group. A mutual period of notice of six months applies to the CFO, COO and head of property management. The COO is entitled to six months' severance pay if given notice by the company. There is no arrangement for severance pay with the CFO and head of property management.

Guidelines for remuneration to senior executives

Guidelines for remuneration to senior executives cover the members in the company's group management team, which currently consists of the company's CEO, CFO, COO and head of property management. The guidelines shall be applied to remuneration that is contracted and changes that are made to remuneration already contracted, after the guidelines have been adopted at the 2021 annual general assembly. The guidelines do not cover remuneration decided by the company general assembly.

The guidelines' advancement of the company's business strategy, long-term interests and sustainability.

The company's business strategy in short is to create value in the property portfolio by means of local presence, creativity and good business acumen, and thus create conditions for continued good expansion and high reputation. The board is of the opinion that successful implementation of the company's business strategy and safeguarding the company's long-term interests, including its sustainability, requires the company to recruit and keep senior executives with the expertise and capacity to achieve set targets. This requires the company to offer competitive remuneration, to motivate senior executives to do their

utmost. These guidelines allow senior executives to be offered competitive total remuneration. The company has set up long-term, share-based incentive programmes. These have been decided by the company general assembly and are thus not covered by these guidelines. Variable cash remuneration covered by these guidelines shall aim to advance the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration, etc.

Remuneration shall be in line with market conditions and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

Meeting the criteria for payment of variable cash remuneration must be measurable during a period of one or several years. The variable cash remuneration may amount to max 25 percent of the total fixed cash salary during the measuring period for such criteria. The variable cash remuneration shall be linked to predetermined and measurable criteria, which may be financial or non-financial. These can also consist of personalised quantitative or qualitative targets. The criteria shall be designed so that they advance the company's business strategy and long-term interests, including its sustainability, such as by being linked to the business strategy or being designed so that a higher level of mutual interest is achieved between senior executives and the company's shareholders. When the measuring period for meeting the criteria for a payment of variable cash remuneration is completed, it shall be assessed/determined to what extent the criteria have been met. The board is responsible for assessment as far as variable cash remuneration to the CEO is concerned. With regard to variable cash remuneration to other senior executives, the CEO is responsible for the assessment. As far as financial targets go, the assessment shall be based on the financial information most recently published by the company.

For the CEO, pension benefits including health insurance, shall be defined contribution plans. Variable cash remuneration shall not be pensionable. Pension contributions for defined contribution pension plans shall amount to max 30 percent of the fixed annual cash salary, but not more than 10 price base amounts. Four other senior executives pension benefits including health insurance shall be defined contribution plans, unless the office holder is covered by a defined contribution pension plan according to mandatory collective agreement provisions. Variable cash remuneration shall be pensionable to the extent that follows from mandatory collective agreement provisions that are applicable to the office holder. Pension contributions for defined contribution pension plans shall amount to max 30 percent of the fixed annual cash salary, but not more than 10 price base amounts.

Other benefits may include life insurance, healthcare insurance and car benefits. Such benefits may amount to max 15 percent in total of the fixed annual cash salary.

The company has a profit-sharing foundation, which covers all employees except for the CEO. Provisions for the profit-sharing foundation are based on the company's annually set and achieved targets and must not exceed a price base amount per year and employee.

Termination of employment

When notice of termination is given by the company, the period of notice can be max. 12 months. Fixed cash salary during the period of notice and severance pay must together not exceed an amount equivalent to the fixed cash salary for one year. When notice of termination is given by the senior executive, the period of notice can be max. six months, without the right to severance pay.

In addition to this, remuneration for committing to non-compete clause may also be paid. Such remuneration shall compensate for any loss of income and shall only be paid to the extent that the previous senior executive has no right to severance pay. The remuneration shall amount to max. 60 percent of the fixed cash salary at the time of notice of termination, unless otherwise set out in mandatory collective agreement provisions, and be paid during the time the commitment to non-compete clause applies, which shall be max. 12 months after the employment ends.

Consideration of current salary and employment terms for employees

When preparing the board's proposal for its remuneration guidelines, current salary and employment terms for the company's employees have been considered as information about employees' total remuneration, the components of the remuneration and the increase and rate of increase of the remuneration over time have constituted part of the board's decision basis when assessing the adequacy of the guidelines and the restrictions that follow from these. The development of the difference between senior executives remuneration and other employees remuneration will be disclosed in the remuneration report before the next annual general assembly.

The decision-making progress to determine, review and implement the guidelines

The board in full performs the compensation-related tasks that are typically the duty of a remuneration committee. These tasks include preparing proposals for guidelines for remuneration to senior executives. The board shall prepare proposals for new guidelines when the need arises for significant changes and submit the proposal to the annual general assembly to decide on, but at least every four years. The guidelines shall apply until new guidelines have been adopted by the company general assembly. The board shall also follow and evaluate programmes for variable remuneration to company management, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels in the company. In order to avoid conflicts of interest, board members involved in discussing and making decisions concerning remuneration to senior executives shall be independent in relation to the company and company management. When the board discusses and makes decisions in issues relating to remuneration, the CEO or other individuals in company management shall not be present if they are affected by those issues. When preparing issues relating to remuneration, external consultation shall be used when assessed as necessary.

In case the board decides to set up a remuneration committee, what is said in these guidelines about the board in its capacity as the company's remuneration committee shall apply to the remuneration committee.

Departure from the guidelines

The board may decide to temporarily depart from the guidelines in full or in part, if in individual cases there are special reasons for this and departure is necessary to safeguard the company's long-term interests, including its sustainability, or in order to ensure the company's financial viability. If such departure takes place, it shall be disclosed in the remuneration report ahead of the next annual general assembly.

Description of significant changes in the guidelines and remuneration report 2020

As a result of the changes to the Swedish Companies Act that became effective on 1 July 2019, the company drew up new guidelines for remuneration to senior executives. The guidelines were adopted at the annual general assembly in June 2020. The review of the guidelines has not resulted in any significant change to the remuneration that has been paid. The guidelines for 2021 essentially correspond to the guidelines that were adopted at the meeting in 2020, and the guidelines adopted at the annual general assembly in June 2020 thus apply until further notice. Chap. 8, § 53b Swedish Companies Act sets out that the board shall prepare a remuneration report. The remuneration report shall cover the remuneration governed by the guidelines adopted at the meeting. The remuneration report for 2020 will be presented at the meeting in May 2021, and will also be available on the company's homepage, np3fastigheter.se. For the guidelines that applied during 2020, see also note 6.

Auditing

The auditor shall examine the company's annual accounts and accounting records as well as the board's and CEO's management. The auditor is appointed by the assembly. The 2020 assembly decided, in accordance with the nominating committee's proposal, to re-elect for the time up to the end of the next annual general assembly the authorised audit firm KPMG AB as the company's auditor Mattias Johansson was appointed auditor in charge.

Internal control

According to the Swedish Companies Act, the board is responsible for internal control and governance of the company. In order to maintain and develop a well-functioning control environment, the board for NP3 has arranged a number of fundamental documents of significance to financial reporting. These include the board's formal workplan and the instructions for the CEO and financial reporting, insider policy, IR and information policy as well as financial policy. In addition to this, a functioning control environment also requires a developed structure with continuous review. The responsibility for the day-to-day work of maintaining the control environment primarily falls on the CEO. The CEO regularly reports to the board and submits, in addition to interim reports, financial reports about the operations to the board on a continuous basis all throughout the year.

A fundamental element in designing the internal control is being aware of the risk for errors that can arise in the financial reporting and, based on these errors, adjust the processes and organisation. The internal control is designed so that control activities are routinely carried out with the purpose of preventing, identifying and correcting errors and deviations. These controls take place on several levels in the company. On an operational

level they include reviewing and accepting supplier invoices, as well as ongoing analysis of the financial result on a property level. Review and follow-up by property and business area with the business managers in charge of operations takes place continuously during the year. On an overall group level, other types of controls are carried out such as analysing key ratios, reconciling completed transactions and so on.

Since 2017, the company has gradually implemented organisational change in the accounting administration. From having previously used an external provider for these processes, NP3 now handles the ongoing accounting internally using its own accounting function. The aim of this has been to leverage the proximity to the figures to achieve better control, greater commitment and cost efficiency. The work on developing the accounting function has continued during 2020, when a couple of processes were automated. The annual accounts process already follows set checklists and schedules to ensure that all formal records and updates are implemented. Procedures and manuals with appropriate items are established for internal control. Preparing the consolidated accounts and financial reports is done by a centralised function.

When preparing the quarterly financial report, the review and analysis is focused on the most essential income statement items and balance sheet items. The income statement items include rental income and property costs but also interest expenses, which make up a significant item as well as changes in value which to a high degree depend on assessments. In the balance sheet, the focus is on reviewing and analysing investment properties, deferred tax and interest-bearing liabilities as well as on acquisitions of properties being correctly reported. Built-in checks between different reports and systems are continuously developed and improved. The company's auditors examine the financial reporting twice a year and perform an audit of internal control. Their observations and assessments are then reported to the audit committee. The board always reviews interim reports and annual accounts before publication.

Policy documents

The board has renewed or revised the below policies during 2020:

Financial policy

The financial policy sets out guidelines and rules for how to run the funding activities. The aim is to clarify governance, risk limitation, division of responsibilities and follow-up and oversight of financial management.

Dividend policy

The company shall distribute approx. 50 percent of the profit from property management after current tax to holders of preference shares and common shares. Preference share dividend is limited to max 20 percent of the profit from property management after current tax.

Valuation policy

The company assesses its investment properties at market value. The valuation policy sets out guidelines for how the valuation process shall work and at what intervals the valuations shall be verified with valuations obtained externally.

Information and IR policy

The information policy sets out guidelines and rules in order to ensure that the company's dissemination of information to players in the stock market is fast, concurrent, correct, relevant and reliable. Information about the company is provided mainly in the form of press releases and financial reports.

Insider policy

The insider policy shall act as guidance for persons who are regarded as having insider information in the company. The insider policy supplements current insider legislation.

Sustainability policy and business ethics policy

The purpose of the sustainability policy is to ensure that the company is a respected employer and a reliable business partner for customers and suppliers, and thus also helps to maintain a high level of confidence in the company. The policy is based on the environmental, social conditions/staff and human rights reporting requirements, as well as anti-corruption reporting requirements set out in the Swedish Annual Accounts Act. It is also based on the UN's Global Compact principles. In addition to the policy documents above, the board has also decided on environmental policy, integrity policy, IT policy, alcohol and drug policy, car policy, equality policy, salary policy and policy for SWEM (systematic work environment management).

Board of directors



ANDERS NILSSON

*Chairman of the board since 2017,
board member since 2011.
Born 1951.*

Civil engineer, KTH Royal Institute of Technology

Other commitments:

Chairman of the board in SSG Standard Solutions Group AB, Castanum Förvaltning AB, Implementeringssystem i Sundsvall AB and board member in Specialistläkarhuset AB, Frontit AB, Eurocon Consulting AB (publ), Polskenet Invest AB, InCoax Networks AB (publ).

Background:

Former CEO and group CEO for the IT-consulting firm Know It AB (publ) 2003-2011.



LARS GÖRAN BÄCKVALL

*Board member since 2010.
Born 1946.*

Civil engineer, Stockholm Technical Institute

Other commitments:

Chairman of the board in Poularde AB. Board member in Knut Karlsson Invest AB, Norrlandspojkarna Utveckling AB, Frösö Park Hotel AB, Frösö Park Fastighets AB, BBFV i Norrland AB and Fastighetsbolaget Emilshus AB

Background:

Active principal owner in Poularde AB. Solid background in the real estate sector and many years of experience as a contractor.



MIA BÄCKVALL JUHLIN

*Board member since 2019.
Born 1974.*

Registered Psychologist and registered psychotherapist, Lund University

Other commitments:

Board member in Poularde AB and in Bluecall Digital AB.

Background:

Active partner in Poularde AB. Psychologist with a focus on consulting assignments and individual contacts.



NILS STYF

*Board member since 2019.
Born 1976.*

MSc in Business and Economics, Stockholm School of Economics

Other commitments:

CEO in Hemsö Fastighets AB. Board member in all wholly- or partly-owned subsidiaries of Hemsö Fastighets AB. Board member in Mattssons Fastighetsutveckling i Stockholm AB.

Background:

Various positions in real estate companies, private equity and investment banker in London and Stockholm with a focus on the hotel and real estate sector.



ÅSA BERGSTRÖM

*Board member since 2016.
Born 1964.*

MSc in Business and Economics, Uppsala University.

Other commitments:

Board member in Hemsö Fastighets AB, Svensk FastighetsFinansiering AB (publ), Selfoss Invest AB, CFO and deputy CEO in Faberge AB, as well as deputy board member in all wholly-owned subsidiaries in the Faberge Group.

Background:

Senior manager KPMG, financial manager positions in several real estate companies

Board of directors

COMMENTS BY THE CHAIRMAN

In my role as chairman, I can state that NP3 continues to have a well-functioning board with a suitable composition of skills where all members allocate considerable time and show commitment to the issues that are under management. During 2020 the board had some 20 meetings, most in form of digital meetings.

It is my opinion that we have efficient corporate governance that creates trust with the stock market and other stakeholders. Internal and external reporting are done with high quality.

The board both guides and supports company management in day-to-day work, and 2020 was a year which despite the pandemic was characterised by continued acquisitions which were combined with collaborations where we invest together with other players in the real estate market. NP3 has also continued investing in adding value to our properties, which leads to renewed rental agreements.

The board's formal workplan, which is reviewed annually, ensures that no significant areas of responsibility are missed. As usual we have also carried out a board assessment, in combination with assessing the CEO's work. The result has been submitted to the nominating committee and is also used for the board's own improvement work.

I continue to be very satisfied with NP3's company management, which works skilfully and efficiently. We continue to strengthen our market areas in order to be a significant player and thus become more interesting in the current market. This gives us a higher number of business opportunities. The area Middle Sweden is also being built up via a number of profitable acquisitions.

Company management has also dealt with the effects of the pandemic in a way that has entailed very little negative repercussions on our economy. The reasons for this include, of course, that we have picked the right tenants through the years.

Good funding of upcoming expansion is an important success factor. NP3 is in good contact with banks and the mix of bank loans, preference shares and bonds, most recently a green bond, provides us with a continued flexible toolbox for future expansion.

In conclusion, I want to thank all NP3's staff, financiers and other stakeholders who make possible our continued development in the Swedish real estate market.

March 2021



Anders Nilsson

Member	Elected	Resigned	Independent in relation to		Participated in total number of meetings		Fee	Shareholdings as of 31/12/2020	
			Major shareholder	The company	Board meetings	Audit committee meetings		Common shares	Preference shares
Anders Nilsson (chair)	2011		Yes	Yes	19/19		330	133,500	-
Lars Göran Bäckvall	2010		No	Yes	19/19		165	13,584,267	2,066,707
Mia Bäckvall Juhlin	2019		No	Yes	19/19		165	131,909	22,110
Nils Styf* (vice chair)	2019		Yes	Yes	19/19	2/5	240	17,156	-
Åsa Bergström	2016		Yes	Yes	19/19	5/5	240	11,000	700
Gunnar Lindberg*	2016	2020	Yes	Yes	9/19	3/5	-	-	-

* At the company general assembly on 15 June 2020, Gunnar Lindberg resigned from the board and Nils Styf joined the audit committee.

Management

NP3's management group consisted of four persons during the financial year. Management is responsible for developing and managing the company in accordance with the strategy decided on. In addition to the management group, there are four other operational senior executives. Shareholdings as of 31/12/2020.



ANDREAS WAHLÉN

*CEO since 2008.
Born 1980.*

4.5 years studies in Business and economics with a focus on auditing and financing, Mid Sweden University.

Other commitments:

Board member in Jonels AB and Kinema AB.

Background:

CEO for Norrlandspojkarna Fastighets AB and the construction company Tre Jonsson Bygg AB.

Shareholdings in the company:

299,000 common shares (private and via company) and 94,933 warrants.



HÅKAN WALLIN

*CFO since 2018.
Born 1962.*

Master of Business Administration at Stockholm University and Certified European Financial Analyst (CEFA) at Stockholm School of Economics.

Other commitments:

Chairman of the board in Pharmed AB and board member in HWA Advisory & Capital AB, Nywasu AB and Nywasu Fond AB.

Background:

Several years' experience in financing, capital markets and accounting. Previous positions include business development manager at mid-cap listed Medivir AB, partner in the investment bank ABG Sundal Collier in corporate finance and executive positions at the audit firms Arthur Andersen and Ernst & Young.

Shareholdings in the company:

51,120 warrants.



MARIE SELIN

*COO since 2017.
Born 1961.*

Higher qualification in business administration - TBV.

Other commitments:

Board member in Länsförsäkringar Västernorrland and Fastigo Aktiebolag.

Background:

Has several years' experience of leadership from larger organisations in the real estate sector and energy sector. Previously worked as CEO for Mitthem AB and before that was in charge of operations in Finance & Accounting Services at Vattenfall.

Shareholdings in the company:

5,000 common shares and 56,654 warrants.



MATTIAS LYXELL

*Head of property management since 2018.
Born 1969.*

Other commitments:

-

Background:

Several years' experience of real estate, mainly in the segments operation, property management and construction projects. In previous positions worked with property management optimisation in larger operating and real estate companies, and most recently held a position in management development at Castellum.

Shareholdings in the company:

1,100 common shares, 100 preference shares and 9,456 warrants.

Other senior operations executives



ANNA WIRTÉN

*Head of accounting
since 2015.
Born 1976.*

**Shareholdings in the
company:**

25,974 warrants.



JENS LENNEFELDT

*Business director South
since 2020.
Business manager,
Gävle since 2017
Born 1984.*

**Shareholdings in the
company:**

5,236 common shares,
50 preference shares and
21,956 warrants.



MARIA PARINGER

*Business director North
since 2018.
Born 1974.*

**Shareholdings in the
company:**

15,863 warrants.



MARKUS HÄGGBERG

*Finance manager since 2020.
Born 1972.*

**Shareholdings in the
company:**

230 common shares and
13,022 warrants.

Financial reports

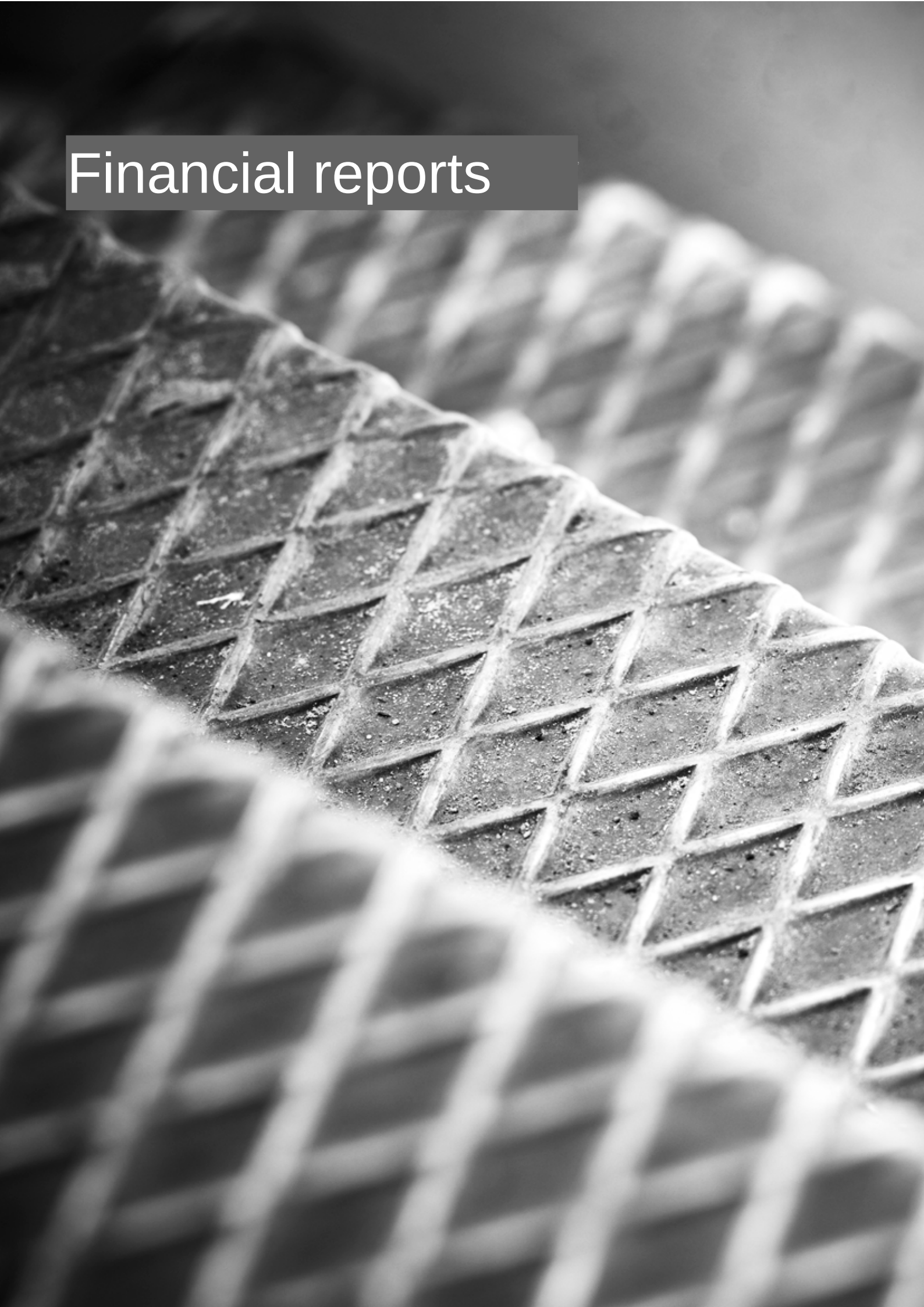




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Roundings in the annual accounts can result in columns and rows not adding up.

Consolidated statement of comprehensive income

Amounts in MSEK	Note	2020	2019
Rental income	2, 3	1,091	1,006
Property costs	4	-236	-251
Property tax	4	-38	-37
Net operating income		817	718
Central administration	5, 6	-53	-49
Result from associated companies and joint ventures	8	60	14
- of which profit from property management		19	7
- of which changes in value of properties and financial instruments		59	11
- of which tax		-17	-3
Financial income	9	1	4
Financial expenses	10	-226	-192
Profit/loss after financial items		599	494
- of which profit from property management ¹⁾		558	487
Change in value of investment properties	11	263	448
Changes in value financial instruments	12	-38	-8
Profit before tax		824	934
Current tax	13	-49	-38
Deferred tax	13	-115	-107
Net profit for the year		660	789
Other comprehensive income		-	-
Total comprehensive income for the year		660	789
Comprehensive income relating to the parent company's shareholders		659	787
Comprehensive income relating to non-controlling interest		1.5	1.3
Profit after tax per common share, SEK ²⁾		11.12	13.60
Number of common shares at year-end, thousands		54,339	54,339
Weighted average number of common shares, thousands		54,339	54,339
The earnings per common share have been calculated as follows:			
Comprehensive income for the year relating to the parent company's shareholders		659	787
Preference shares' preferential right to dividend for the year		-54	-48
Weighted average number of common shares outstanding, thousands		54,339	54,339
Earnings per common share, SEK		11.12	13.60
Earnings per common share after dilution, SEK		10.98	13.49
Number of common shares after dilution as a result of warrants outstanding		55,039	54,801

¹⁾ The definition of profit from property management has been updated and now excludes changes in value and tax from shares in profits in associated companies and joint ventures.

The profit from property management for previous periods has been recalculated in accordance with the new definition.

²⁾ Reduced by the preference shares' preferential right to dividend for the period.

Comments on the result January-December 2020

Comparisons in brackets relate to the corresponding period and the previous year.

Earnings

The profit from property management, which is the result of operations before changes in value and tax, increased by 15 percent compared to the same period the previous year and amounted to 558 MSEK (487). The increase in the profit from property management is primarily attributable to a larger property portfolio, but also a higher contribution from our associated companies and joint ventures and lower expenses for maintenance and utilities during the year. The profit from property management per common share reduced by the holders of preference shares' right to dividend was equivalent to 9.26 SEK per common share (8.07) and the profit from property management in relation to earnings amounted to 51 percent (48). The net operating income for the period amounted to 817 MSEK (718), which corresponds to a surplus ratio of 75 percent (71).

Changes in value of properties affected the result by 263 MSEK (448), 50 MSEK related to realised changes in value and 213 MSEK related to unrealised changes in value during the year. Changes in value in financial instruments amounted to -38 MSEK (-8) and related to unrealised changes in value of derivatives and listed securities.

Profit after tax relating to the parent company's shareholders amounted to 659 MSEK (787), which was equivalent to 11.12 SEK per common share (13.60). Earnings per common share was reduced by 54 MSEK (48), which relates to the holders of preference shares' preferential right to dividend for the period.

Income and expenses

Rental income increased by 8 percent to 1,091 MSEK (1,006). Rental income has increased mainly as a result of property acquisitions and to some extent through own projects and lettings. Rent discounts attributable to Covid-19 amounted to 11 MSEK of which government grants of 2 MSEK having been received. In the existing property portfolio, revenue increased by 2 percent. Revenue comprised rental income 999 MSEK (919) and service revenue 92 MSEK (87). Service revenue consisted primarily of passed on costs for heating, electricity and water as well as snow clearing.

The rental value for contracted annual rent at the time of reporting amounted to 1,144 MSEK, to be compared with 1,052 MSEK at the beginning of the year.

The occupancy rate at year-end amounted to 93 percent (93).

Property costs for the period amounted to -236 MSEK (-251). The costs were distributed between property care-taking and operating expenses - 192 MSEK (-201), maintenance -33 MSEK (-42) as well as anticipated and confirmed customer losses of -10 MSEK (-9). Property tax amounted to -38 MSEK (-37).

Central administrative expenses amounted to -53 MSEK (-49) and consisted mainly of overhead expenses such as personnel costs as well as economic/financial and marketing/selling expenses. The proportion of costs for central administration in relation to revenue amounted to 4.9 percent (4.9).

The company's investments in Fastighetsbolaget Emilshus AB and Fastighetsaktiebolaget Ess-Sierra are classified as associated companies and joint ventures. NP3's share of the result from these investments has positively affected the company's profit from property management by 19 MSEK (7).

The financial expenses increased and amounted to -226 MSEK (-192), which is mainly due to higher interest-bearing liabilities as a result of a larger property portfolio. The financial expenses also include, apart from interest and interest hedging, -14 MSEK (-9) in accrued borrowing expenses. In addition, the introduction of IFRS 16 regarding expenses for site leasehold fees and other leasing increased financial expenses by -2 MSEK.

The average interest on the loan portfolio at year-end was 2.73 percent (2.76). The interest coverage ratio was 3.4x (3.5). For more information regarding the company's funding, see pages 17-21.

Tax

Current tax amounted to -49 MSEK (-38) and is calculated on the period's taxable profit. The taxable profit for real estate companies is usually lower than the profit from property management as the taxable profit is reduced with accelerated depreciation and other adjustments for tax purposes.

Deferred tax amounted to -115 MSEK (-107) and consisted mainly of changes in temporary differences between market value and residual value on investment properties.

Consolidated statement of financial position

Amounts in MSEK	Note	31/12/2020	31/12/2019
Assets			
Fixed assets			
Investment properties	11	12,582	11,402
Leasehold rights	14	83	72
Participations in associated companies and joint ventures	18	456	149
Other fixed assets	15, 16	34	23
Total fixed assets		13,156	11,645
Current assets			
Current receivables	19	47	54
Prepaid costs and accrued income		30	29
Listed shares	12, 24	15	16
Cash and bank balance		104	192
Total current assets		197	291
Total assets		13,352	11,937
Equity and liabilities			
Equity	20	4,637	4,140
Non-current liabilities			
Deferred tax	21	568	450
Non-current interest-bearing liabilities	22	7,404	6,720
Non-current interest-bearing liabilities rights of use		83	71
Derivatives	12, 23	73	36
Total long-term liabilities and provisions		8,128	7,277
Current liabilities			
Current interest-bearing liabilities	22	181	193
Other current liabilities	24	175	139
Accrued expenses and deferred income	25	231	187
Total current liabilities		587	519
Total equity and liabilities		13,352	11,937

Comment on financial position *Comparisons in brackets relate to the beginning of the year.*

The investment properties' value at the end of the year amounted to 12,582 MSEK (11 402), which is equivalent to an increase of 10 percent since the beginning of the year.

Closing cash and bank balance at the end of the year amounted to 104 MSEK (192). Equity has been affected by net profit, new issue of preference shares as well as dividends, and amounted to 4,637 MSEK (4,140).

Accrued borrowing expenses have reduced interest-bearing liabilities in the statements of financial position by 32 MSEK. Non-current interest-bearing liabilities after adjustment for accrued borrowing expenses amounted to 7,404 MSEK (6,720). Interest-bearing liabilities amounted to 181 MSEK (193), of which 171 MSEK related to current amortisations

for the coming 12 months and 10 MSEK repayment of promissory note liabilities. At the end of the year, the company's interest rate derivatives had a negative value of -73 MSEK (-36). For more information regarding the company's interest-bearing liabilities, see pages 17-21.

The introduction of IFRS 16 as of 2019 has led to leasehold rights for site leaseholds and other lease contracts having been capitalised by 83 MSEK while 83 MSEK have been recorded as liabilities as of 31 December 2020. The loan-to-value ratio amounted to 57 percent (58) and the equity/assets ratio to 35 percent (35). The company's net debt to EBITDA ratio at year-end 2020 was 9.6x (9.4).

Consolidated statement of changes in equity

Amounts in MSEK	Share capital	Other contributed capital	Retained earnings incl. profit for the year	Equity capital relating to the parent company's shareholders	Non-controlling interest	Total equity
Equity 01/01/2019	266	1,879	1,312	3,458	6	3,464
New issue of preference shares	11	91		102	-	102
Issue expenses		-4		-4	-	-4
Dividend			-211	-211	-	-211
Incentive programme		1		1	-	1
Comprehensive income for the year ¹⁾			787	787	1	789
Equity 31/12/2019	277	1,968	1,888	4,132	8	4,140
Equity 01/01/2020	277	1,968	1,888	4,132	8	4,140
New issue of preference shares	11	79		90	-	90
Issue expenses		-3		-3	-	-3
Dividend			-253 ²⁾	-253	-	-253
Incentive programme		1		1	-	1
Acquisition non-controlling interest				-	2	2
Comprehensive income for the year ¹⁾			659	659	1	660
Equity 31/12/2020	288	2,045	2,294	4,627	11	4,637

NP3's share capital consists of 54,338,946 common shares and 27,950,000 preference shares.

1) Profit for the year corresponds to comprehensive income for the year.

2) 12 MSEK relate to previous year.

Consolidated statement of cash flows

Amounts in MSEK	2020	2019
Current operations		
Profit from property management ¹⁾	558	487
Adjustments for items not included in the cash flow	-23	-4
Tax paid	-37	-28
Cash flow from operating activities before changes in working capital	498	455
Cash flow from changes in working capital		
Increase (-) /Decrease (+) in current receivables	33	18
Increase (+) /Decrease (-) in current liabilities	14	-52
Cash flow from operating activities	545	422
Investment activities		
Acquisition of investment properties, directly or via companies	-751	-985
Divestment of investment properties	116	616
Investments in existing properties and other fixed assets	-195	-183
Investments in new construction projects	-78	-79
Investments in financial assets	-251	-35
Divestment of financial assets	-	30
Cash flow from investment activities	-1,159	-637
Funding activities		
New issue	88	99
Borrowings	3,176	2,827
Amortisation of borrowings	-2,513	-2,392
Dividend paid	-225	-199
Cash flow from funding activities	526	336
Cash flow for the year	-88	121
Cash and bank balance at beginning of the year	192	71
Cash and bank balance at end of year	104	192

¹⁾ NP3 Fastigheter has updated the definition of profit from property management, which now excludes changes in value and tax from shares in profits in associated companies. The profit from property management for previous periods has been recalculated in accordance with the new definition.

Comment on the cash flow

Comparisons in brackets relate to the corresponding period of the previous year.

Cash flow for the year from operating activities amounted to MSEK 545 (422). Acquisition of properties directly or via subsidiaries affected cash flow by -751 MSEK (-985) and divestments of properties contributed with 116 MSEK (616). Investment in existing properties amounted to -195 MSEK (-183), which mainly related to modifications and redevelopment according to existing and new tenants' requirements. Accrued expenses for new construction projects during the year amounted to -78 MSEK (-79). Investments relating to financial assets amounted net to -251 MSEK (-5) and mainly related to investment in Fastighetsaktiebolaget Ess-Sierra.

The funding activities' cash flow amounted to 526 MSEK (336), of which new issue amounted to 88 MSEK (99), net borrowings amounted to 663 MSEK (435) and dividends to -225 MSEK (-199). Altogether, cash and bank balance during the period changed by -88 MSEK (121), which resulted in cash and bank balance outstanding of 104 MSEK (192).

Supplementary disclosures statement of cash flows – group, MSEK

Paid interest and dividends received	2020	2019
Interest received	1	2
Interest paid	-204	-179
Dividends received	0	2

Adjustment for items not included in the cash flow

Depreciation of assets	2	3
Share of profits in associated companies and joint ventures	-19	-7
Other items	-6	-
Total items not included in the cash flow	-23	-4

Acquisition of investment properties

Acquired assets and liabilities:		
Tangible fixed assets	792	1,075
Current receivables	15	17
Cash and bank balance	21	20
Borrowings	-10	-
Current liabilities	-388	-447

Purchase price	-424	-648
To be added: Redemption of existing group liabilities	-358	-382
To be subtracted: Seller loan notes	10	25
Paid purchase price and redemption of liabilities	-772	-1,005
To be subtracted: Cash and bank balance in the acquired operations	21	20

Effect on cash and bank balance	-751	-985
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Divestment of properties

Divested assets and liabilities:		
Investment property	146	878
Current receivables	1	1
Borrowings	-	-90
Current liabilities	-17	-420

Sales price	131	389
To be added: Redemption of existing group liabilities	13	411
To be subtracted: Seller loan note and non-cash issue	-28	-173
Received purchase price including exercise of group liabilities	116	627
To be subtracted: Cash and bank balance in the divested operations	-	-11

Effect on cash and bank balance	116	616
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Reconciliation of liabilities relating to the funding activities – group

Amounts in MSEK

	31/12/2018	Cash flow from funding activities	Changes not affecting cash flow			31/12/2019
			Acquisitions	Divestments	Change in fair value	
Non-current interest-bearing liabilities	6,216	569	25	-90		6,720
Current interest-bearing liabilities	326	-133				193
Derivatives	24				12	36
Total liabilities relating to the funding activities	6,566	436	25	-90	12	6,949
	31/12/2019					31/12/2020
Non-current interest-bearing liabilities	6,720	674	10			7,404
Current interest-bearing liabilities	193	-12				181
Derivatives	36				37	73
Total liabilities relating to the funding activities	6,949	663	10	0	37	7,658

Income statement - parent company

Amounts in MSEK	Note	2020	2019
Net divestments		47	45
Other external costs	5	-44	-42
Personnel costs	6	-30	-28
Depreciation		-1	-1
Operating profit/loss		-27	-26
Profit/loss from financial items			
Result from participations in group companies	7	-	39
Interest income and similar income items	9	165	127
Interest expenses and similar profit/loss items	10	-169	-123
Other financial expenses	10	-12	-6
Profit/loss after financial items		-43	11
Appropriations		46	
Profit before tax		3	11
Tax on profit for the year	13	-3	-3
Profit/loss for the year*		0	8

*Profit/loss for the year corresponds to comprehensive income for the year.

Balance sheet - parent company

Amounts in MSEK	Note	31/12/2020	31/12/2019
Assets			
Fixed assets			
<i>Intangible assets</i>			
Software	16	3	1
<i>Tangible fixed assets</i>			
Equipment and cars	15	1	1
<i>Financial assets</i>			
Participations in group companies	17	658	658
Participations in associated companies and joint ventures	18	135	135
Non-current receivables group companies		3,299	1,992
Other financial assets		3	1
Total fixed assets		4,100	2,788
Current assets			
<i>Current receivables</i>			
Accounts receivable - trade			-
Receivables group companies		2,477	2,407
Other current receivables		26	14
Prepaid costs and accrued income		5	4
Total current receivables		2,508	2,425
Cash and bank balance		67	169
Total current assets		2,575	2,594
Total assets		6,674	5,382

Balance sheet - parent company, continued

		31/12/2020	31/12/2019
Equity and liabilities			
Equity	20		
<i>Restricted equity</i>			
Share capital		288	277
<i>Unrestricted equity</i>			
Share premium reserve		2,042	1,966
Retained earnings		-549	-305
Net profit/loss for the year		0	8
Total non-restricted equity		1,493	1,670
Total equity		1,781	1,947
Untaxed reserves		1	-
Non-current liabilities to credit institutes			
Interest-bearing liabilities	22	4,738	3,344
Total non-current liabilities		4,738	3,344
Current liabilities			
Interest-bearing liabilities	22	104	59
Accounts payable		3	4
Other current liabilities		19	9
Accrued expenses and deferred income	25	29	19
Total current liabilities		154	91
Total equity and liabilities		6,674	5,382

Comment on the parent company

The parent company's revenue consists mainly of costs passed on to subsidiaries and financial revenue in form of dividends and group contributions from subsidiaries. The parent company's balance sheet consists mainly of participations in wholly-owned subsidiaries and receivables from those, as well as equity. Risks and uncertainties for the

parent company are the same as for the group. The accounting principle for how group contributions are accounted has changed compared to the previous period. Group contributions are now accounted as appropriations, as opposed to in net financial items for the previous year.

Statement of changes in equity - parent company

Amounts in MSEK	Share capital	Share premium reserve	Other non-restricted equity
2019			
At beginning of year	266	1,879	-94
New issue	11	87	-
Dividend	-	-	-211
Profit/loss for the year*	-	-	8
At year-end	277	1,966	-297
2020			
At beginning of year	277	1,966	-297
New issue	11	76	-
Dividend	-	-	-253
Profit/loss for the year*	-	-	0
At year-end	288	2,042	-549

*Profit/loss for the year corresponds to comprehensive income for the year

Statement of changes in equity - parent company

Amounts in MSEK	2020	2019
Current operations		
Profit/loss after financial items	-43	11
Adjustments for items not included in the cash flow	1	1
Tax paid	-3	-22
Cash flow from operating activities before changes in working capital	-45	-10
Cash flow from changes in working capital		
Increase (-) /Decrease (+) in current receivables*	-13	2,447
Increase (+) /Decrease (-) in current liabilities	-9	-23
Cash flow from operating activities	-67	2,415
Cash flow from investment activities	-1,335	-2,125
Funding activities		
New issue	87	99
Borrowings	2,040	804
Amortisation of borrowings	-602	-851
Dividend paid	-225	-199
Cash flow from funding activities	1,300	-148
Cash flow for the year	-102	142
Cash and bank balance at beginning of the year	169	27
Cash and bank balance at year-end	67	169

*Receivables from subsidiaries relating to clearing accounts are classified as interest-bearing as of 2019, which gives a one-off effect in the statement of cash flows between change in working capital and investing activities.

Supplementary disclosures statement of cash flows - parent company

Amounts in MSEK	2020	2019
Paid interest and dividends received		
Interest received	159	121
Interest paid	-161	-119
Dividends received	-	2

Adjustment for items not included in the cash flow consist of depreciation of assets for the year 1 MSEK (1).

Cash and bank balance

The following are included as cash and bank balance:

Cash and cash equivalents	67	169
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Reconciliation of liabilities relating to the funding activities – parent company

Amounts in MSEK	31/12/2018	Cash flow from funding activities	31/12/2019
Non-current interest-bearing liabilities	3,382	-38	3,344
Current interest-bearing liabilities	68	-9	59
Total liabilities relating to the funding activities	3,450	-47	3,403
	31/12/2019		31/12/2020
Non-current interest-bearing liabilities	3,344	1,394	4,738
Current interest-bearing liabilities	59	45	104
Total liabilities relating to the funding activities	3,403	1,438	4,842

Note 1 Accounting principles

Basis for the accounts

The consolidated accounts for NP3 Fastigheter have been prepared in accordance with the IFRS standards approved by the EU and the interpretation of these (IFRIC). Furthermore, the consolidated accounts have been prepared in accordance with Swedish law by applying the Swedish Financial Accounting Standards Council's recommendation RFR 1 Supplementary Accounting Rules for Groups.

The accounting records are prepared based on acquisition value, except for investment properties, derivative instruments and holdings in listed shares, which are recorded at fair value. Changes to fair values are reported in the income statement. The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (ÅRL) and by applying the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for legal entities. The parent company applies the same accounting principles as the group, except for in those cases the provisions in the ÅRL specify otherwise or this is not possible given the relation between accounting and taxation. The parent company has chosen not to apply IFRS 9 to financial instruments. Instead, a method based on the acquisition value according to ÅRL is applied. Parts of the principles in IFRS 9 apply nevertheless - such as regarding write-downs, recognition/derecognition, criteria for hedge accounting being applied and the effective interest method for interest income and interest expenses. Shares in subsidiaries are recorded using the acquisition value method. Shareholder contributions are recorded at the giver's as an increase in shares in subsidiaries and at the recipient's as an increase in unrestricted equity. The parent company's financial guarantee agreements consist mainly of guarantee commitments for the benefit of subsidiaries. Financial guarantees mean that the company has an obligation to compensate the holder of a debt instrument for losses he/she incurs due to a specified debtor not making payment upon maturity according to the terms of agreement. For the recording of financial guarantees, the parent company applies a relief provision permitted by the Swedish Financial Reporting Board compared to the rules in IFRS 9. The guarantee agreements are then recorded as a provision in the balance sheet when the company has an obligation for which payment will likely be required in order to settle the obligation. The parent company does not apply IFRS 16, in accordance with the exception found in RFR 2. As lessee, leasing fees are accounted as an expense straight-line over the leasing period and thus rights of use and leasing liabilities are not recorded in the balance sheet. Income statement and balance sheet are prepared according to ÅRL's outlines for the parent company, while the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows are based on IAS 1, Presentation of Financial Statements and IAS 7, Statement of Cash Flows, respectively. The differences to the group's reports that are present in the parent company's income statements and balance sheets mainly consist of the accounting of financial income and expenses, fixed assets and equity. Group contributions received and provided in the parent company are accounted over the income statement as an appropriation.

Functional currency and presentation currency

The parent company's functional currency is Swedish kronor which also constitutes the presentation currency for the parent company and the group. This means that the financial reports are presented in Swedish kronor.

Critical assessments

In order to prepare the accounts in accordance with IFRS, it is required that company management makes assessments and assumptions that affect the financial reports in recorded assets, liabilities, earnings and costs. These assessments and assumptions are based on historic experience and other factors that are assessed as being reasonable under the current circumstances. Actual outcome may differ from these assessments if other assumptions are made or other conditions exist.

When valuating investment properties, assessments and assumptions can have a significant impact on the group's results and financial position. Valuation requires assessment of future cash flows and that assigned yield requirement is determined. In order to reflect the uncertainty inherent in assessments and estimates made, an uncertainty margin of +/- 5-10 % is usually given when valuating properties. Information

regarding this and the assumptions and estimates that have been made can be found in the separate section on property valuation in the financial reports.

Classification

Fixed assets consist of amounts expected to be recovered or paid within twelve months from the balance sheet date. Long-term liabilities consist of amounts not due for payment until 12 months after the balance sheet date and other amounts for which companies have an unconditional right to defer payment to a time that is more than 12 months after the balance sheet date. Other assets and liabilities are recorded as current assets or current liabilities, respectively.

Asset acquisition versus business acquisition

Company acquisitions can be classified as either business acquisitions or asset acquisitions according to IFRS 3. Each individual acquisition is individually assessed. Company acquisitions whose primary aim is to acquire the purchased company's properties, and where the company's possible management organisation and property management are of secondary importance to the acquisition, are recorded as asset acquisitions. For asset acquisitions, no deferred tax relating to the property acquisition is recorded. Instead, any tax rebate reduces the property's acquisition value. For subsequent valuations of acquired properties at fair value, the tax rebate shall be replaced in full or in part by a recorded change in value of the property. Asset acquisitions with tax rebates give rise to a negative change in value, which is fully or partly equivalent to the tax rebate provided. Previous acquisitions have been assessed as constituting asset acquisitions.

Reporting of segments

NP3's segment reporting is based on seven geographic business areas. It is these operating segments that the operations are governed and followed up on, and also the basis on which internal reporting is founded. The respective business areas has one or several business managers who are responsible for net operating income and report monthly to group management. Group management follows up on net operating income and the value of the properties and investments. Follow-up of central administrative expenses and funding is done on a central level and not distributed by segment.

Consolidated accounts

The group's financial reports include the parent company and the subsidiaries that are under direct or indirect controlling influence of the parent company. Controlling influence is on hand if the parent company directly or indirectly has influence on the investment, is exposed to or has the right to variable return from its commitment in the investment and can use its influence over the investment to affect the extent of its return. All companies in the group, except one that is owned to 57.5 percent, are wholly-owned. At the end of the year the group comprised, in addition to the parent company, the subsidiaries listed in the company information in note 17 with associated sub-groups. The financial statement is based on accounts as of 31 December 2020 for all group companies. The consolidated accounts are prepared in accordance with the acquisition method, which means that the subsidiaries' equity at the time of acquisition, determined as the difference between the real value of the assets and liabilities, has been eliminated in full. In the consolidated income statement, group companies acquired or divested during the year are recorded only at values relating to the holding period. Internal sales, purchases, profits, losses and balances within the group are eliminated in the consolidated accounts. Proportion of equity from non-controlling interest are recorded as a separate item in equity, separately from the parent company's owners' proportion of equity. The proportion of the profit/loss for the year relating to non-controlling interest is also disclosed separately.

Participations in associated companies and joint ventures

A company is recorded as an associated company when NP3 holds min. 20 % and max. 50 % of the votes. A joint venture is a cooperation agreement through which the parties that have joint controlling influence over the operations are entitled to the net assets. In the consolidated accounts, holdings in associated companies and joint ventures are recorded according to the equity method, which means that the consolidated book value of the holdings is adjusted by NP3's share of the profit/loss for the year and by any dividend received. NP3's income

statement includes its share of the profit/loss for the year in associated companies and joint ventures.

Revenues

Rental income and other service revenue

Rental income, which from an accounting perspective can also be called revenue from operating leases, are invoiced in advance and distributed straight-line over a period of time in the income statement in accordance with the terms and conditions in the rental agreements. All rental agreements are classified as operating leases. Rental income includes, apart from rent for the premises, additional charges related primarily to property tax. Revenue classified as service revenue also includes other additional charges such as electricity, heating, water and property care-taking. Rents paid in advance are recorded as prepaid rental income. Rent discounts are distributed straight-line over the duration of the rental agreements.

Earnings from property divestments

Earnings from property divestments are recorded on the day the property is vacated, unless the purchase contract stipulates special terms and conditions. Control of the asset may have been transferred at a time before the time of taking possession, and if so the property sale is recognised in the income statement on this earlier date. When assessing the time of recognition, what has been agreed between the parties concerning risks and benefits and involvement in day-to-day property management is taken into account. Furthermore, circumstances beyond the control of the seller and/or buyer that can affect the outcome of the transaction are taken into account. Profits from property divestments are recorded as a change in value and are equivalent to the difference between the divestments price received after deducting sales expenses and the most recently reported value, with addition for investments made after the last time of valuation.

Financial income

Financial income consists of interest income and is reported in the period it relates to. Interest income from bank deposits is calculated using the effective interest method. Financial income also includes group contributions received as well as dividends anticipated and received.

Costs

Property costs

The term property costs includes both direct and indirect costs for managing a property. These consist of costs for operation, property care-taking, repairs and ongoing maintenance of properties as well as technical administration and customer losses.

Central administration

Costs for central administration consist of costs for group functions as well as ownership of the group's subsidiaries. The parent company's costs for group management, staff administration, IT, market activities, investor relations, auditing fees and financial reports as well as costs for maintaining listing on the stock exchange are included in central administration. The item central administration also includes depreciation of other tangible and intangible assets.

Financial expenses

Financial expenses relate to interest and other expenses incurred in connection with taking out loans. Mortgage expenses are not considered financial expenses, but are capitalised as expenses directly relating to the acquisition of the investment property. As of 1 January 2019, the interest component in lease contracts and the full cost for site leasehold rights are also recorded as interest expenses. Financial expenses are recognised in the income statement in the period they relate to and are accounted according to the effective interest method, except to the extent to which they have been included in the acquisition cost for a redevelopment or new construction project. Financial expenses also include interest expenses for interest rate derivative contracts. Payment flows from these are recognised in the income statement in the period they relate to. Effective interest is the interest that discounts the estimated future payments and payouts during a financial instrument's expected term to the financial asset's or liability's accounted net value. The estimate includes all fees paid or received by the contracting parties that are part of the effective interest, transaction expenses and all other discounts and premiums.

The net financial income is not affected by the market value of the interest derivative contracts entered into, which instead are recorded as changes in value under a separate heading.

Remuneration to employees

Remuneration to employees such as salaries and leave and associated social security contributions are recorded in step with employees having performed services in return for compensation. NP3 Fastigheter has pension solutions for the company's employees which are to be considered exclusively as defined contribution pension plans. This means that the company's legal or informal obligations are limited to the amount the company has accepted to pay and that the size of the employee's remuneration after terminated employment is dependent on the contributions the company pays to the plan or to an insurance company, plus the return on capital the contributions provide. Commitments for retirement and occupational pension for civil servants is secured through insurance in Alecta. According to regulations currently in effect, part of these shall be classified as defined benefit ITP-plans, which comprise several employers. As it is not possible to account for the company's proportional share of the plan, it is also accounted as a defined contribution plan. Obligations relating to contributions for defined contribution plans are accounted as expenses in the income statement when they arise.

Taxes

Income tax in the income statements consists of current and deferred tax. Income tax affects the profit except for in those cases it is related to transactions that have been accounted directly against equity, when the tax effect is also accounted directly against equity. Current tax is calculated at the current tax rate of 21.4 %. Deferred tax is calculated at a tax rate of 20.6 %, which applies as of 2021. Current tax is tax that shall be paid or received relating to the current year, with adjustment of current tax relating to previous periods also relating to this.

Deferred tax is accounted according to the balance sheet method on temporary differences between an asset's or liability's accounted value and its tax base. However, exceptions are made for temporary differences that arise at the first time of recording assets and liabilities that constitute asset acquisitions. Deferred tax assets relating to loss carry-forwards are recorded only to the degree it is likely that these will bring lower tax payments in the future. Change of deferred tax asset/tax liability is recorded in the income statement as deferred tax.

Lease contracts

Lessors

Lease contracts in which all risks and benefits associated with the ownership essentially fall on the lessor are classified as operating leases. All rental agreements relating to investment properties are to be regarded as operating leases. The accounting of these agreements can be seen from the principle for revenue.

Lessees

The group reports as lessee a leasing liability on the starting date of the lease contract. At the same time, a right of use asset is accounted at an equivalent amount adjusted for leasing charges prepaid on the starting date. The lease liability is discounted by the imputed interest in the contract, i.e. ground rent interest. The majority of the group's lease contracts consist of site leasehold agreements. As site leasehold agreements are considered to carry a permanent obligation towards the lessor, no depreciation on the right of use is recorded and no amortisation of the lease liability takes place. The ground rent is presented in its entirety as a financial expense.

Investment properties

Investment property refers to a property that is held in order to generate rental income or increase in value or a combination of both, rather than using it for the own company's activities. All of NP3's properties are assessed as constituting investment properties. The term investment properties includes buildings, land and land improvements, ongoing new construction, additions or renovation projects as well as building equipment.

Initially, investment properties are recorded at cost, which includes directly related expenses. Investment properties are then accounted in the consolidated balance sheet at fair value. Valuation at fair value is made quarterly through independent external and internal valuation and based on market values. Changes in value, both realised and unrealised, are recorded in the income statement under the item change in value of investment properties. Unrealised changes in value are calculated from the valuation on the reporting date compared to valuation on the previous reporting date, alternatively acquisition value if the property was acquired during the year, with addition of incremental expenses capitalised during the period. How the realised change in value is calculated can be seen in the accounting principles for revenue. Additional expenses are added to the recorded value only if it is likely that the future financial advantages which are connected to the asset will go to the company and the acquisition value can be calculated in a reliable manner. All other additional expenditures are accounted as costs when they arise. Expenses for ongoing repairs and maintenance are carried as expenses in the period they arise. For major investment projects in form of new construction or redevelopment projects, borrowing expenses are capitalised as additional expenses on investment properties.

Tangible fixed assets

Tangible fixed assets consist of equipment, which has been recorded at acquisition value with deduction for accumulated depreciations and any write-downs. In the acquisition value is included the purchase price and expenses directly relating to the asset in order to put it in place and condition to be used in accordance with the purpose of the acquisition. Depreciation according to plan is done straight-line over the asset's estimated useful life, which is normally five years and based on original acquisition values after deduction for any write-downs made later. For assets acquired during the year, depreciation is calculated in consideration of the acquisition date. Additional expenses are added to the acquisition value only if it is likely that the future financial advantages which are connected to the asset will go to the company and the acquisition value can be calculated in a reliable manner. All other additional expenditures are accounted as costs when they arise.

Intangible assets

Intangible assets currently consist of IT-systems. These are recorded at acquisition cost less accumulated depreciations and any write-downs. The acquisition value includes the purchase price and expenses directly relating to the asset in order to put it in place and condition to be used in accordance with the purpose of the acquisition. Depreciation is linear over the asset's calculated useful life, which is normally five years.

Financial instruments

Financial instruments reported in the balance sheet include the assets' liquid funds, holdings in listed shares, rent receivables and other receivables, as well as among debts interest rate derivative instruments, trade lenders, other liabilities and borrowings. Financial instruments are initially recorded at fair value, equivalent to acquisition value, with addition for transaction expenses, except for the category financial instruments reported at fair value via the income statement where transaction expenses are not included. The following accounts are subsequently prepared depending on how classification has taken place as below.

A financial asset or financial liability is entered in the balance sheet when the company become party to the instrument's contractual terms. A receivable is recorded when NP3 has delivered and there is a contractual obligation for the counterparty to pay, even if no invoice has yet been sent. Accounts receivable are entered in the balance sheet when the invoice has been sent. A financial asset is removed from the balance sheet when the rights in the agreement have been realised, fall due or the company loses control of them. A financial liability is removed from the balance sheet when the contractual obligation is fulfilled or otherwise removed.

Financial assets are classified based on the business model in which the asset is dealt with and its cash flow character. NP3 applies a business model where the objective is to collect contractual cash flows for the financial assets and they are thus recorded at accrued acquisition value. Holdings in listed shares, however, are recorded at fair value via the income statement. All financial liabilities are also recorded at accrued acquisition value, except for the group's derivative instruments which are valued at fair value via the income statement.

The group records a loss reserve for expected credit losses on financial assets which are valued at accrued acquisition value. Credit reserves are continuously assessed based on history as well as current and forward-looking factors. For all financial assets, the group shall value the loss reserve at an amount equivalent to 12 months of expected credit losses. Receivables in the parent company consist only of receivables from subsidiaries, which are recorded at acquisition value and analysed in the general model for assessment of credit reserves.

Financial assets and liabilities are offset and reported at a net amount in the balance sheet only when there is a legal right to offset the amounts and an intention to settle them with a net amount or to concurrently realise the assets and settle the liability.

Equity

Dividends are recorded as a reduction of equity after the annual general assembly has made a decision. The calculation of the profit/loss per share is based on the profit/loss for the year relating to the parent company's shareholders and on the average weighted number of shares outstanding during the year.

The preference shares outstanding are classified as equity instruments and not as financial liabilities. This is because there is no contractual obligation to pay dividends or repay deposited capital. Payment is subject to a decision on this being made by the company general assembly, which can only take place after the board has proposed to the assembly that dividend shall be paid. Nor is there any obligation for the company to redeem the preference shares. NP3's common shares are also classified as equity instruments.

Statement of cash flows

The statement of cash flows has been prepared according to the indirect method, which means that the profit from property management has been adjusted for transactions that have not involved payments or payouts during the period, and for any earnings and costs relating to the investing or funding activities' cash flows. Cash and bank balance refer to cash and cash equivalents.

New accounting principles

New standards that became effective in 2020

The group applies the same accounting principles and valuation methods as in the annual accounts last year. New or revised IFRS-standards or other IFRIC interpretations which became effective after 1 January 2020 have not had any notable effect on the group's financial reports. The company has received state subsidies in form of the rent support package which is recorded as rental income. Subsidies received are recorded in the income statement in the same period as the loss of income in form of rent discounts provided which the subsidies are intended to cover.

The group does not prepare its annual accounts for 2020 in accordance with ESEF.

New standards and interpretations which become effective in 2021 and onward

None of the new and changed standards and interpretation opinions approved by the EU are currently assessed as affecting NP3's results or financial position to any significant extent.

Note 2 Rental income - group

Total rental income for the group amounted to 1,091 MSEK (1,006) for the financial year. Rental income consists of the rental value less the value of vacant areas during the year. Rental value refers to rental income received plus assessed market rent for vacant areas. Extra charges that are passed on to the tenant, such as property tax, electricity and heating are also included in the rental value. These extra charges, except for property tax, are defined as service revenue and are thus separately disclosed in accordance with IFRS15. For 2020, revenue consisted of rental income 999 MSEK (919) and service revenue 92 MSEK (87). In the existing property portfolio, revenue increased by 2 %. All rental agreements are classified as operating leases.

The maturity structure and contracted future rental income relating to the rental agreements for non-cancellable operating leases can be seen from the tables below.

Maturity structure	2020	2019	Contracted future rental income	2020	2019
Due within 0-12 months	138	144	Contracted rental income year 1	1,005	908
Due within 1-2 years	207	164	Contracted rental income year 2	799	744
Due within 2-3 years	192	199	Contracted rental income year 3	607	545
Due within 3-4 years	164	127	Contracted rental income year 4	443	418
Due within 4-5 years	133	93	Contracted rental income year 5	310	325
Due after more than 5 years	310	327			
Vacancy, rental value	92	79			
	1,236	1,131			

The average remaining lease term at the end of 2020 was 4.2 years, which was the same as at the end of 2019. The financial occupancy rate at the end of the year was 93 percent (93)

Note 3 Segment reporting - group

The group's operations and internal reporting are done in accordance with geographic division into business areas, which also constitutes the company's segments according to IFRS 8 Operating Segments. The business areas consist of Sundsvall, Gävle, Dalarna, Östersund, Umeå, Luleå, and since 2020 also Middle Sweden. The properties that are included in Middle Sweden were previously part of the business area Gävle and Dalarna, but as the new business area was established the comparative period in the table below was recalculated. The segments are assessed as having similar economic characteristics as all segments consist of a mix of various property types with geographic location being what separates them. Expenses for central administration, result from associated companies, net financial income, changes in value and tax are not distributed by segment.

12 months, MSEK	Sundsvall		Gävle ²⁾		Dalarna ²⁾		Östersund		Umeå		Luleå		Middle Sweden ²⁾		Not distributed		Total group	
	2020 whole year	2019 whole year	2020 whole year	2019 whole year	2020 whole year	2019 whole year	2020 whole year	2019 whole year	2020 whole year	2019 whole year	2020 whole year	2019 whole year	2020 whole year	2019 whole year	2020 whole year	2019 whole year	2020 whole year	2019 whole year
Rental income incl. vacancy	288	285	162	164	158	157	145	134	176	144	185	173	59	29	1	-2	1,174	1,084
Vacancy	-28	-28	-12	-14	-13	-12	-7	-7	-8	-4	-12	-13	-2	0	-	-	-83	-78
Repairs and maintenance	-9	-14	-4	-4	-4	-5	-5	-5	-5	-7	-5	-6	0	0	-1	-1	-33	-42
Property costs	-51	-61	-25	-29	-23	-26	-25	-25	-30	-26	-36	-34	-4	-1	1	-	-192	-201
Property tax	-7	-7	-5	-5	-5	-5	-5	-5	-8	-7	-7	-6	-3	-1	-	-	-38	-37
Customer losses	-2	-2	0	-1	-2	0	0	0	-2	-2	0	-1	-2	0	-1	-2	-10	-9
Net operating income	191	173	116	110	111	109	102	93	123	98	126	113	48	26	0	-4	817	718
Central admin.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-53	-49	-53	-49
Result from associated companies and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	14	60	14
Net financial items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-225	-189	-225	-189
Change in value investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	263	448	263	448
Change in value financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-38	-8	-38	-8
Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-164	-145	-164	-145
Net profit/loss for the year	191	173	116	110	111	109	102	93	123	98	126	113	48	26	-157	67	660	789
Surplus ratio, %	74	67	77	74	77	75	74	73	74	70	73	71	84	92			75	71
Number of properties	103	101	60	56	54	51	38	35	65	58	41	39	27	18			388	358
Lettable area, thousand sqm	356	354	227	225	220	209	130	127	206	192	193	181	104	63			1,436	1,350
Rental value, MSEK	291	280	171	161	167	155	145	140	183	170	195	178	84	47			1,236	1,131
Economic vacancy, % ¹⁾	9	9	7	7	8	9	6	5	7	3	5	9	12	0			7	7
Property value	2,980	2,828	1,755	1,573	95	1,458	1,560	1,504	1,873	1,738	1,901	1,719	817	581			12,582	11,402

¹⁾ Calculated on current rental value at year-end 2020.

²⁾ The comparative period has been recalculated due to the new business area, Middle Sweden.

There are no significant transactions between the segments. All revenue relates to Sweden where all properties are located. No one individual tenant represents ten percent or more of the revenue.

Note 4 Property costs

NP3's property costs consist of direct property costs such as utility costs, other operating expenses, maintenance and property tax. Indirect costs in form of property administration are also included in property costs. Utility costs such as heating, electricity and water are costs that to a large extent are passed on to tenants in form of extra charges. Maintenance costs consist of running expenses for maintaining the properties' standard. Property costs also include customer losses. Property tax is a state tax based on the properties' tax assessment value, which is mainly passed on to tenants. From 1 January 2019 the provisions in IFRS16 Leasing apply, which means that since then expenses for site leasehold fees are accounted as financial expenses, instead of as property costs like previously, see note 10.

Group	2020	2019
Property care-taking and operating expenses	-192	-201
Repair and maintenance costs	-33	-42
Customer losses	-10	-9
Total	-236	-251
Property tax	-38	-37

The parent company has no direct ownership in any property and thus no property costs.

Note 5 Expenses for central administration

Central administration expenses include costs for portfolio management and company administration. These include all expenses for group management, finance department, IT, investor relations, annual accounts, auditing fees and other fees as well as equipment depreciation. As of 1 January 2019 and the introduction of IFRS 16 Leasing, parts of the running leasing costs relating to cars and office equipment are also accounted as depreciation. Remaining parts of the leasing costs are accounted as financial expenses, see note 10. The personnel costs that are not allocated to property administration are included in the central administration costs.

For 2020, costs for central administration were divided between personnel costs -27 MSEK (-26), other administration costs -23 MSEK (-20) and depreciation -4 MSEK (-3).

Remuneration to auditors	2020	2019
KPMG		
Audit assignments	2.4	2.0
Audit in addition to the audit assignment	0.2	0
Other services	0.3	0.5
Total	2.9	2.5

Note 6 Employees and personnel costs (TSEK)

Average number of employees	Group		Parent company	
	2020	2019	2020	2019
Men	27	25	27	25
Women	16	16	16	15
Total	43	41	43	40
Total number of employees at the end of the year	45	44	45	43

Gender distribution in the board and company management

At the end of 2020, the board in the parent company consisted of 5 persons (6) of which 2 women (2). During 2020 the company's management group consisted of 4 persons (4) of which 1 woman (1). The management group makes up the group's senior executives.

Remuneration principles for senior executives

For 2020, remuneration to the CEO consisted of fixed salary, other benefits, pension and variable salary of max. 25 percent of the total fixed salary. For other senior executives, remuneration consisted of fixed salary, other benefits, pension and variable salary of max. two monthly salaries. The company has a profit-sharing foundation, which covers all employees except for the CEO.

Incentive programme

At the end of the year there were three warrant programmes available to the company's employees. These run for three years during the periods 2018-2021, 2019-2022 and 2020-2023. The warrants entitle to subscribe for new common shares in June 2021, June 2022 and June/July 2023, respectively. The subscription prices correspond to the NP3-share's price paid when the warrant programme was initiated converted at the average price trend for the listed real estate companies according to Carnegie Real Estate Index (CREX) during the corresponding period. The warrants will thus become valuable provided that NP3 sees a price trend that is better than the average for the listed real estate companies during the three-year periods. At the end of the year, employees held a total of 700,285 warrants with the right to subscribe for common shares, equivalent to 1.3 percent of the number of common shares outstanding. Of these, 238,629 were issued during 2020 with 75,124 bought by individuals in management. Employees bought the warrants at fair value (market price). The programmes have given rise to somewhat

higher personnel costs relating to subsidies in order to finance part of some employees' purchase price. The procedure is in accordance with the decision by the annual general assembly 2018, 2019 and 2020. No further warrants or convertibles have been issued by the company during the year.

Notice of termination

Notice of termination for the CEO is 12 months on both sides. There is no arrangement for severance pay with the CEO. A mutual period of notice of six months applies to the CFO, COO and head of property management. The COO is entitled to six months' severance pay if given notice by the company. There is no arrangement for severance pay with the CFO and head of property management.

Pensions

The CEO and COO have premium-based pension solutions. Pensions to other employees follow ITP1 or ITP2 in Alecta depending on age. ITP1 is a defined contribution plan and ITP2 a defined benefit plan. For the financial year

2020 the company did not have information available in order to report its proportional share of the plan's obligations, plan assets and costs, which meant that the plan was not possible to record as a defined benefit plan. The pension plan ITP 2 is thus recorded as a defined contribution plan. The premium for the defined-benefit retirement and family pension is individually calculated and is dependent on, among other things, salary, previously earned pension, and the expected remaining period of employment. Expected fees in the next reporting period for ITP 2-insurances amount to 2 MSEK (2). The group's share of the total fees for the plan and the group's share of the total number of active members in the plan amount to 0.00606 or 0.00555 percent (0.00917 or 0.00506).

Cont. Note 6 Employees and personnel costs (TSEK)

Salaries, other compensation and social security costs	Group		Parent company	
	2020	2019	2020	2019
Salaries, fees and benefits				
Board fee as per specification	1,140	1,265	1,140	1,265
CEO				
Basic salary	2,520	2,402	2,520	2,402
Variable remuneration	600	456	600	456
Benefits	116	105	116	105
Other senior management				
Basic salary	3,711	3,648	3,711	3,648
Variable remuneration	295	290	295	290
Benefits	180	66	180	66
Other employees	21,568	19,580	21,336	19,117
Total salaries, fees and benefits	30,130	27,812	29,898	27,349
Pension costs				
CEO	513	455	513	455
Other senior management	1,279	1,063	1,279	1,063
Other employees	2,922	2,636	2,881	2,609
Total	4,714	4,154	4,673	4,127
Statutory social security costs including payroll tax				
CEO	1,143	1,041	1,143	1,041
Other senior management	1,626	1,516	1,626	1,516
Other employees	6,859	7,009	6,820	6,902
Total	9,628	9,566	9,589	9,458

	2020			2019		
	Fee, board member	Fee, audit committee	Total	Fee, board member	Fee, audit committee	Total
Board fee						
Åsa Bergström	165	75	240	165	55	220
Mia Bäckvall Juhlin	165	-	165	165	-	165
Lars Göran Bäckvall	165	-	165	165	-	165
Anders Nilsson (chair)	330	-	330	330	-	330
Nils Styf	165	75	240	165	-	165
Gunnar Lindberg	-	-	-	165	55	220
Total	990	150	1,140	1,155	110	1,265

Gunnar Lindberg resigned from the board at the company general assembly on 15 June 2020.

Note 7 Result from participations in group companies

Parent company	2020	2019
Group contributions	-	39
Total	-	39

As of 2020, NP3 has changed its principle for how to record group contributions. Both received and paid group contributions are now reported as appropriations according to the alternative rule.

Note 8 Result from associated companies and joint ventures

Group	2020	2019
Profit from property management		
Fastighetsbolaget Emilshus AB	17	7
Fastighetsaktiebolaget Ess-Sierra	2	-
Total	19	7
Changes in value		
Fastighetsbolaget Emilshus AB	28	11
Fastighetsaktiebolaget Ess-Sierra	31	-
Total	59	11
Tax		
Fastighetsbolaget Emilshus AB	-9	-3
Fastighetsaktiebolaget Ess-Sierra	-8	-
Total	-17	-3

The share of profits in Fastighetsbolaget Emilshus AB for 2019 relates to the period 15 June-31 December. The share of profits for Fastighetsaktiebolaget Ess-Sierra for 2020 relates to the period 11-31 December.

Note 9 Interest income and similar profit/loss items

Group	2020	2019	Parent company	2020	2019
Interest income, other	1	2	Interest income, group companies	165	125
Dividend listed shares	0	2	Interest income, other	0	0
			Dividend listed shares	0	2
Total	1	4	Total	165	127

All interest income relates to financial instruments which are not categorised as actual value via the income statement.

Note 10 Interest expense and similar profit/loss items

Group	2020	2019	Parent company	2020	2019
Interest expenses, interest rate derivatives	-12	-11	Interest expenses, group companies	-23	-16
Interest expenses, other	-197	-170	Interest expenses, interest rate derivatives	-12	-11
Financial expense site leasehold/leasing	-2	-2	Interest expenses, other	-134	-96
Other financial expenses	-14	-9	Other financial expenses	-12	-6
Total	-226	-192	Total	-181	-129

All interest expenses and other financial expenses, except interest rate derivatives, relate to financial instruments which are not categorised as actual value via the income statement, but valued at accrued acquisition value. Interest rate derivatives, however, are valued at actual value over the income statement. The unrealised change in value is not recorded in the net financial income, but in a separate row in the income statement, see note 12.

Ground rent for 2020 amounted to 2 MSEK (2). Ground rent is the fee an owner of a building on publicly owned land pays to the municipality annually. The ground rent is distributed over time and often renegotiated at intervals of between 10 to 20 years. At the end of 2020, NP3 had 36 (31) buildings granted site leaseholds. After the introduction of IFRS 16 Leasing on 1 January 2019, the ground rent is recorded as a financial expense instead of in the net operating income. The interest component in other lease contracts is also recorded as a financial expense.

Note 11 Investment properties

Property value distributed by property type and business area:

	Retail		Industrial		Logistics		Offices		Other		Total	
31 December	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sundsvall	666	674	1,100	1,019	392	419	393	388	430	328	2,980	2,828
Luleå	1,077	945	510	479	312	295	0	0	1	1	1,901	1,719
Umeå	765	751	560	484	53	18	353	349	142	137	1,873	1,738
Gävle	405	391	854	717	189	176	172	160	137	129	1,755	1,573
Dalarna	444	433	601	433	330	293	169	170	152	129	95	1,458
Östersund	424	437	405	355	40	40	444	439	246	233	1,560	1,504
Middle Sweden	149	176	637	405	0	0	0	0	31	0	871	581
Total	3,929	3,806	4,667	3,892	1,316	1,240	1,531	1,506	1,139	957	12,582	11,402

Investment properties, change in value	2020	2019
Opening value	11,402	10,496
Acquisition of properties	792	1,075
Investments in existing properties	193	182
<i>of which capitalised interest expenses</i>	1	1
Investments in new construction projects	78	79
<i>of which capitalised interest expenses</i>	2	1
Divestments	-146	-878
Realised change in value	49	16
Unrealised change in value	214	432
Closing value	12,582	11,402

NP3 Fastigheter records its properties at fair value in the balance sheet. The fair value corresponds to the properties' market value. Changes in the market value are recorded as a change in value in the income statement under the heading investment properties, change in value. Unrealised changes in value for the year relating to investment properties that remain on the balance sheet at the end of the year amounted to 219 MSEK.

Change by property type for the year

	Retail		Industrial		Logistics		Offices		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Opening value	3,806	4,198	3,892	2,776	1,240	1,073	1,506	1,611	957	838	11,402	10,496
Acquisition of properties	80	57	577	875	55	12	-	50	80	81	792	1,075
Investments in existing properties	53	30	86	58	27	37	6	39	21	18	193	182
Investments in new construction projects	2	17	76	62	-	-	-	-	-	-	78	79
Divestments	-	-468	-76	-39	-	-	-	-301	-70	-70	-146	-878
Realised change in value	-	17	13	1	-	-	-	-9	36	7	49	16
Unrealised change in value	-12	-44	100	160	-7	118	19	116	115	83	214	432
Closing value	3,928	3,806	4,667	3,892	1,315	1,240	1,531	1,506	1,139	957	12,582	11,402

Cont. Note 11 Investment properties

Property valuation

The company's investment properties are valued at fair value every quarter in accordance with NP3's valuation policy and the portfolio's market value is determined by the company's board. Valuation is done in accordance with IFRS 13 level 3.

Assessment of fair value is done using a combination of local sales comparison method and yield-based method in form of discounting future estimated cash flow. When using the local sales comparison method, a comparison is carried out between the valuation object and completed property transactions with similar characteristics. The cash flow model bases the analysis on an estimated net operating income for the respective property, or assessment unit, for the coming ten years. Year 1 is based on actual rents and normalised operating and maintenance cost. From year 2, rents that deviate from the assessed market rent are adjusted to current market levels at the end of the respective contract term. For operating and maintenance costs, assessment is made adjusted to conditions on the market. The net operating income is calculated at present value together with the residual value to calculate the property's market value. The market value, which shall reflect an estimated price when selling on the open property market, is compared with prices of known, comparable transactions.

Cost of capital and assigned yield requirement, for the calculation of present value of the cash flow and calculation of the properties residual value, shall reflect the property's location and market development and is coordinated with the valuation institute/s that is/are used. Cost of capital and assigned yield requirement are individual for each property and are first and foremost extracted from the transaction market for comparable properties and based on assumptions regarding real rate of interest, inflation and equity risk premium. The equity risk premium varies for each property and constitutes a weight of evidence assessment of the property's category, location, its precise placement in the location

and the property's condition and standard. Contract composition, the length and size of contracts are also taken into account. The input that has been used for the valuations is presented in the table below. Estimated inflation for 2021 is 1.5 % and 2 % for the following years, and the discount rate that has been used is 9.04 %

During the fourth quarter of 2020, 99 % of the property value was valued by external independent parties. According to the company's valuation policy, at least 90 % of the total portfolio shall be evaluated by external parties during the second and fourth quarter and remaining properties be completed with internal valuations. The external valuations during 2020 were obtained from Forum Fastighetsekonomi AB and Svefa AB. Uncertainty regarding estimates in market value is usually stated at +/- 5-10 %.

The total value of the company's property portfolio amounted to 12,582 MSEK (11,402) on the reporting date. During the year, investments were made for a total of 1,063 MSEK (1,336), of which 193 MSEK (182) related to investments in existing properties, 78 MSEK (79) related to new construction projects and the 792 MSEK (1 075) related to new acquisitions. Valuation for the period shows a positive unrealised change in value of 214 MSEK (432) and a realised change in value of 49 MSEK (16). Unrealised changes in value arise from, among other things, an effect in the accounts as a result of deduction for deferred tax in acquisitions for the year, as well as revaluations as a result of existing market conditions.

NP3 has commitments to complete initiated projects with a remaining investment volume of about 133 (94) MSEK in addition to what has been recorded in the balance sheet.

Input for valuation 31/12/2020 distributed by property category	Yield	Rental income, SEK/sqm	Property costs, SEK/sqm	Initial Vacancy rate
Retail	6.91 %	991	259	6.8 %
Industrial	7.05 %	729	200	6.5 %
Logistics	6.70 %	805	221	8.8 %
Offices	6.71 %	1,088	322	11.0 %
Other	6.85 %	957	222	5.6 %
Total weighted average	6.94 %	860	232	7.3 %

Sensitivity analysis property valuation

Assessing the value of properties is always associated with uncertainty to some extent. Property valuations are calculations made according to accepted principles, based on certain assumptions. The value margins stated when evaluating properties, which are often in the range of +/- 5-10 %, are to be considered a measure of the uncertainty that is inherent in assumptions and calculations made. The table below shows how a change in various assumptions might affect the company's profit before tax.

Sensitivity analysis property valuation

31 Dec 2020, MSEK	Change +/-	Impact on earnings before tax
Market value property	5 %	+/-629
Yield	0.25 %	-459/+495
Rental income	80 SEK/sqm	+/-115
Property costs	20 SEK/sqm	-/+29
Vacancy rate	1 %	-/+12

Note 12 Change in value financial instruments

	2020	2019
Unrealised change in value interest rate derivatives	-37	-11
Unrealised change in value listed shares	-1	3
Total	-38	-8

NP3 uses interest rate derivatives to achieve the desired interest maturity structure. The actual value of the interest rate derivatives is based on discounting of estimated future cash flows according to the terms and conditions of the contracts and maturity dates, with starting point in market rates. In order to determine the actual value, market rates are used for the respective term noted at the end of the accounting period and generally accepted methods of calculation. This means that the actual value has been determined according to observable data, i.e. level 2 in the valuation hierarchy according to IFRS 13. If the agreed interest rate differs from the market interest rate, this gives rise to an excess or deficit in value and the change in value during the period is accounted over the income statement.

Unrealised change in value refers to the change in value that arose during the financial year on the derivative instruments that remained at the end of the year. It is the issuer of the derivatives who provides valuation opinions to NP3. During the year, the interest rate derivatives' value, mainly due to changed market rates, has decreased by 37 MSEK. The market value of the derivative portfolio amounted to -73 MSEK (-36). When mature, the derivatives' market value will have been dissolved and changes in value over time do not affect equity. Listed shares have been revalued at the closing rate at year-end 2020 by an unrealised impact on earnings of -1 MSEK (3). The accounted value of the shareholdings amounted to 15 MSEK (14) as of 31 December 2020.

Note 13 Tax on profit for the year

In the income statement, tax is distributed between current and deferred tax. Current tax has been calculated based on a nominal tax rate of 21.4 % while deferred tax has been calculated with the tax rate that applies as of 2021, 20.6 %. Current tax is calculated based on the individual companies' taxable profit, which is often lower than the net profit for the year as there is scope for tax adjustments.

This applies mainly to the possibility of using tax depreciation, deductions for new construction projects, tax-exempt divestments of properties via companies and utilisation of tax deficits. The deferred tax expense recorded in the income statement is made up of change in the deferred tax liability for the year, except for amounts that come from the sale of investment properties.

Group	2020	2019
Current tax		
Current tax for the year	-49	-38
	-49	-38
Deferred tax		
Deferred tax relating to investment properties	-93	-58
Deferred tax relating to derivatives	8	3
Deferred tax relating to loss carry-forward	2	-1
Deferred tax relating to other temporary differences	1	0
Deferred tax relating to untaxed reserves	-33	-51
	-115	-107
Total tax charged to profit for the year	-164	-145
Reconciliation effective tax group		
Profit before tax	824	934
Tax according to current tax rate, 21.4 %	-176	-200
Result from participations in associated companies and joint ventures	13	3
Effect of interest cap rules	-9	-10
Divestment of properties	6	28
Use of previous non-capitalised deficit deductions	1	3
Recalculation tax rate	1	8
Other tax adjustments, net	0	-11
Adjustment tax previous year	0	34
Total	-164	-145

Cont. Note 13 Tax on profit for the year

Parent company	2020	2019
Current tax	-3	-3
Total tax charged to profit for the year	-3	-3
There is no deferred tax in the parent company		
Reconciliation effective tax parent company		
Profit before tax	3	11
Tax according to current tax rate, 21.4 %	-1	-3
Effect of interest cap rules	-2	0
Total	-3	-3

Note 14 Leasehold rights

At the end of the year, NP3 had 36 properties (31) granted site leaseholds and commitments concerning leasing of cars, office machinery and office space. When IFRS 16 was introduced on 1 January 2019, these leasehold rights were valued at the same value as the corresponding lease liability, according to the simplified transitional regulations. The value of site leaseholds then amounted to 56 MSEK and for other agreements 4 MSEK.

Group	2020			2019		
	Site leaseholds	Others Lease contracts	Total	Site leaseholds	Others Lease contracts	Total
Beginning of year	65	7	72	56	4	60
Additional	13	1	14	9	5	14
Outgoing	-	-1	-1	-	-	-
Depreciation	-	-2	-2	-	-2	-2
Value at year-end	78	5	83	65	7	72

The annual cost for site leasehold fees is accounted as a financial expense. For 2020, the cost amounted to 2 MSEK.

Note 15 Equipment

Group	2020	2019	Parent company (TSEK)	2020	2019
Accumulated acquisition values:			Accumulated acquisition values:		
At beginning of year	24	24	At beginning of year	1,694	1,689
New acquisitions	2	-	New acquisitions	-	185
	26	24	Divestments/Disposals	-10	-180
Accumulated depreciation according to plan:				1,684	1,694
At beginning of year	-13	-12	Accumulated depreciation according to plan:		
Depreciation for the year according to plan	-2	-1	At beginning of year	-636	-469
	-15	-13	Divestments/Disposals	-	156
Recorded value at year-end	11	11	Depreciation for the year according to plan	-326	-323
				-962	-636
			Recorded value at year-end	722	1,058

Note 16 Software (TSEK)

Parent company	2020	2019
Accumulated acquisition values:		
At beginning of year	2,142	1,147
Investments for the year	1,899	995
	4,041	2,142
Accumulated depreciation according to plan:		
At beginning of year	-758	-405
Depreciation for the year according to plan	-446	-352
	-1,203	-758
Recorded residual value at year-end	2,838	1,384

Note 17 Participations in group companies (TSEK)

Subsidiaries directly owned by the parent company are shown in the table below. Other companies included in the group can be seen from the respective subsidiary's annual accounts. All subsidiaries have their domicile and head office in Sundsvall, except for Lillänge Köpcenter KB with domicile and head office in Östersund.

Subsidiary	Corp. ID no.	Capital share	Book value 2020	Book value 2019
Fastighetsbolaget Ateneum i Brynäs KB	916606-5012	0	0	0
Härdsmedet Holding AB	559283-5804	100	50	-
Högom AB	556815-7407	100	4,494	4,494
KB Centauren	969636-7664	0	0	0
Lillänge Köpcenter KB	969676-9042	1	424	424
Marmolada i Luleå AB	556792-5531	100	8,267	8,267
NP3 Projekt AB	556977-9027	100	55	55
NP1 Förvaltning AB	556937-4787	100	50	50
NP2 Förvaltning AB	556720-7187	100	8,949	8,949
NP3 Förvaltning AB	556827-8666	100	68,622	68,622
NP4 Förvaltning AB	556843-3139	100	28,879	28,879
NP5 Förvaltning AB	556814-4074	100	83,395	83,395
NP6 Förvaltning AB	556878-4788	100	15,656	15,656
NP7 Förvaltning AB	556878-4770	100	6,954	6,954

Subsidiary	Corp. ID no.	Capital share	Book value 2020	Book value 2019
NP8 Förvaltning AB	556859-2249	100	20,350	20,350
NP9 Förvaltning AB	556859-2272	100	15,800	15,800
NP10 Fastigheter Ljusta Birsta Projekt KB	969700-6188	1	1	-
NP10 Förvaltning AB	556974-4856	100	58	58
NP11 Förvaltning AB	556963-5278	100	50	50
NP12 Förvaltning AB	556974-4872	100	2,058	2,058
NP13 Förvaltning AB	559034-6564	100	393,069	393,069
NP14 Förvaltning AB	559268-3337	100	250	-
Simple Self Storage Sundsvall AB	559034-9790	100	555	555
Sköns Prästbord 2:3 KB	969645-3811	1	0	0
Trellvex KB	916549-7430	0	0	0
Total			657,986	657,685

Note 18 Participations in associated companies and joint ventures

	Group		Parent company	
	2020	2019	2020	2019
Opening value	149	-	135	-
Acquisitions	247	135	-	135
Share of profits	60	14	-	-
Closing value	456	149	135	135

Associated companies and joint ventures	Corp. ID no.	Domicile and head office	Capital share	Recorded value 2020	Recorded value 2019
Fastighetsbolaget Emilshus AB	559164-8752	Vetlanda	20.2 %	185	149
Fastighetsaktiebolaget Ess-Sierra	559235-3667	Stockholm	50 %	271	-
Total				456	149

Associated companies and joint ventures - income statement and balance sheet in summary, MSEK (100 %)

	Fastighetsbolaget Emilshus AB		Fastighetsaktiebolaget Ess-Sierra	
	2020	2019	2020 ¹⁾	2019
Income statement				
Rental income	182	90	5	-
Net operating income	148	74	5	-
Net profit/loss for the year	176	93	50	-
Statement of financial position				
Fixed assets	2,716	1,546	1,440	-
Current assets	90	289	25	-
Total assets	2,806	1,835	1,465	-
Equity	943	767	546	-
Other liabilities	1,863	1,068	919	-
Total equity and liabilities	2,806	1,835	1,465	-

¹⁾ Fastighetsaktiebolaget Ess-Sierra's figures for 2020 relate to the period 11-31 December.

Note 19 Current receivables

Group	2020	2019
Aged receivables		
Current receivables not due and due up to 30 days	43	46
Accounts receivable due 30-60 days	2	2
Accounts receivable due 60-90 days	1	1
Accounts receivable due >90 days	15	19
Provision for expected credit losses	-14	-14
Total	47	54

Provision for expected credit losses	2020	2019
Provision at beginning of year	14	11
Provisions for the year	16	13
Reversed provisions	-6	-6
Realised losses	-10	-4
Closing balance	14	14

Book value of receivables from tenants corresponds to actual value when payment of accounts receivable is imminent.

Credit risk

The company reviews the creditworthiness of major tenants annually and limits the risk by not being exposed to any individual tenant to more than 5 %, except for tenants with higher reliability such as state, municipality and region. When signing new rental agreements, credit reports are obtained for the tenant and an assessment of the tenant's creditworthiness done. Current receivables consist, in addition to accounts receivable, mainly of VAT and income taxes recoverable where no risk for cancelled payments is believed to be present.

Note 20 Equity and capital structure

Share capital

The number of common shares issued amounted to 54,338,946 shares on 31 December 2020, which was the same number as the same time the previous year. In addition to the common shares, there are 27,950,000 preference shares. At the beginning of the year the number was 24,850,000 preference shares, but a new issue in June 2020 increased the number by 3,100,000 preference shares. According to the articles of association, the share capital shall be min. 190,050,000 SEK and max. 760,200,000 SEK. The number of shares shall be min. 54,300,000 and max. 217,200,000. Every common share entitles to (1) vote/share and every preference share entitles to one tenth (1/10) vote. The shares have a P/B ratio of 3.50 SEK/share.

Other contributed capital

Refers to equity contributed by the owners (in addition to share capital) as a premium share issue.

Accumulated profits or loss

Accumulated profits generated in the group.

Incentive programme

The company issued 238,629 warrants to employees during the year, with an option to subscribe for shares in the parent company in June 2023. The subscription price will be set as the share price on issuance of the options adjusted up/down depending on all listed real estate companies' average

development, calculated according to Carnegie Real Estate Index (CREX), during the period from 18 June 2020 up to and including 21 June 2023. The warrants will thus become valuable provided that NP3 sees a price trend that is better than the average for the listed real estate companies during the three-year period. Employees have bought the warrants at fair value (market price). The fair value has been calculated by applying an option valuation model based on Monte Carlo simulation. The calculation has been based on a subscription price for the common share, equivalent to the average volume-weighted price at Nasdaq Stockholm during the period from 22 June 2020 up to and including 30 June 2020.

The programme has resulted in somewhat higher personnel costs regarding subsidies in order to finance part of some employees' purchase price. Persons in management have bought 75,124 options. In comparable incentive programmes which run 2019-2022 and 2018-2021, respectively, 467,052 options have been issued of which 5,396 were later exercised. Altogether then, a total of 700,285 warrants for just over 3 MSEK have been issued during three years, equivalent to 1.3 % of the number of common shares outstanding. No further warrants or convertibles have been issued by the company. The money paid for the warrants is recorded under other contributed capital.

The table below shows the distribution of warrants for various categories of employees at the beginning and end of 2020.

Warrants	Options outstanding at beginning of year	Options issued during the year	Options outstanding at year-end
CEO	61,544	33,389	94,933
Other senior management	75,495	41,735	117,230
Other employees	324,617	163,505	488,122
Total	461,656	238,629	700,285

Cont. Note 20 Equity and capital structure

Restricted and non-restricted equity in the parent company

According to the Swedish Companies Act, equity consists of restricted (non-distributable) and unrestricted (distributable) equity. Only so much can be distributed to shareholders that after distribution there is still full coverage for restricted equity in the parent company. Furthermore, distribution of profits must only be done if it is warrantable with regard to the requirements the operation's nature, extent and risks put on the size of equity and the company's and group's assessment of financial position, liquidity and position in other respects.

Dividend

Dividend is proposed by the board in accordance with the provisions in the

Swedish Companies Act and decided by the annual general assembly. Proposed dividend not yet paid for the 2020 financial year amounts to 3.60 SEK/common share and 2.00 SEK/preference share, total 252 MSEK. The amount is recorded as a liability only once the annual general assembly has decided on dividend.

Net asset value per common share

Calculation of long-term net asset value per common share is done by equity relating to the parent company's holders of common shares being adjusted for items that do not involve payout in the near term. In NP3's case this means that the value for derivatives and deferred tax liability shall be added to equity according to the balance sheet.

	2020		2019	
	MSEK	SEK/common share	MSEK	SEK/common share
Net asset value				
Equity acc. to balance sheet	4,637	85.34	4,140	76.20
Deduction for non-controlling interest	-11	-0.20	-8	-0.15
Deduction for preference share capital	-894	-16.46	-795	-14.63
Add-back derivatives	73	1.34	36	0.66
Add-back deferred tax	568	10.46	450	8.28
Long-term net asset value, SEK/common share	4,373	80.47	3,823	70.36

Capital structure

Together with equity attributable to the parent company's shareholders, the interest-bearing net borrowings make up the company's capital structure. NP3 has funding activities the objective of which are to, by means of efficient and clear finance management, contribute to the company being able to follow its business plan and strategy. This means that the company strives to secure funding in the long term and limit financial risks in form of interest rate and funding risk. The company has terms and conditions imposed by external lenders with regard to interest coverage ratio and loan-to-value ratio. The company's financial policy specifies a long-term loan-to-value ratio of 55-65 % and an interest coverage ratio of at least 2 times. For more information about NP3's financial objectives and target achievement, see the section on funding, page 17-21.

Note 21 Deferred tax

The deferred tax liability largely consists of temporary differences between the recorded value and tax base on the properties and untaxed reserves with deduction for deferred tax liabilities relating to derivative instruments and loss carry-forwards that are assessed as being utilisable in the future. Loss carry-forwards consist of the previous year's tax losses which are carried over to the next year and utilised by offsetting them against future tax profits. Remaining loss carry-forwards are estimated at 34 MSEK.

Group	2020	2019
<i>Deferred tax asset</i>		
Deferred tax relating to derivative instruments	-16	-8
Deferred tax relating to loss carry-forwards	-8	-6
<i>Deferred tax liability</i>		
Deferred tax relating to investment properties	500	404
Deferred tax relating to other temporary differences	1	2
Deferred tax relating to untaxed reserves	91	58
Total deferred tax	568	450

Change of deferred tax for the year

Deferred tax	Temporary difference property	Derivatives	Loss carry-forwards	Other temporary differences	Untaxed reserves
As of 1 January 2019	353	-5	-7	2	7
Recorded through the income statement	58	-3	1	0	51
Sale of investment property	-7	0	0	0	0
31 December 2019	404	-8	-6	2	58
As of 1 January 2020	404	-8	-6	2	58
Recorded through the income statement	93	-8	-2	-1	33
Sale of investment property	3	0	0	0	0
31 December 2020	500	-16	-8	1	91

Note 22 Interest-bearing liabilities

The interest-bearing liabilities at year-end amounted to 7,668 MSEK including interest-bearing liabilities relating to leasehold rights pursuant to IFRS 16, which amounted to 83 MSEK (71). The interest-bearing liabilities excluding above liabilities of 83 MSEK amounted to 7,585 MSEK (6,913) of which bank funding 6,130 MSEK (5,524), bond loans 1,475 MSEK (1,375), other interest-bearing liabilities 12 MSEK (42) and accrued borrowing expenses which reduced the interest-bearing liabilities by 32 MSEK (28).

Loan maturity profile in bank and bond loans

	Bank loans				Bond loans				Total capital			
	MSEK		Average interest rate, %		MSEK		Average interest rate, %		MSEK		Average interest rate, %	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
-12 months	1,629	1,563	1.98	2.11	-	-	-	-	1,629	1,563	21	23
1-2 years	2,774	1,372	2.15	2.05	375	400	4.92	4.41	3,149	1,772	41	26
2-3 years	452	1,638	2.00	2.07	600	375	3.90	5.07	1,052	2,013	14	29
3-4 years	1,049	292	2.03	2.01	500	600	3.84	4.02	1,549	892	20	13
4-5 years	170	598	2.13	2.25	-	-	-	-	170	598	2	9
5-10 years	57	61	2.07	2.20	-	-	-	-	57	61	1	1
Total resp.												
average	6,130	5,524	2.07	2.10	1,475	1,375	4.14	4.42	7,605	6,899	100	100

Fixed interest profile in bank and bond loans

	Derivatives, MSEK		Capital, MSEK		Average interest rate, %		Proportion, %	
	2020	2019	2020	2019	2020	2019	2020	2019
31 December								
-12 months	-2,525	-3,127	5,009	3,483	3.73	4.78	66	50
1-2 years	300	602	353	797	0.54	0.33	5	12
2-3 years	200	300	217	393	0.47	0.70	3	6
3-4 years	-	200	-	200	-	0.32	-	3
4-5 years	500	500	500	500	0.69	0.69	7	7
5-10 years	1,525	1,525	1,525	1,525	0.93	0.93	20	22
Total resp. average	0	0	7,605	6,899	2.73	2.76	100	100

Payment flows - future interest payments

	Credits	Derivatives
-12 months	-176	-20
1-2 years	-130	-20
2-3 years	-69	-19
3-4 years	-36	-15
4-5 years	-3	-5
5- years	-17	-7
Total	-429	-87

Future interest payments are calculated on existing credit portfolio as of 31 December 2020. The interest rate has been assumed to be on the same level for the various credits. Credits include both bank and bond loans.

Maturity structure other interest-bearing liabilities, group

	2020	2019
-12 months	10	40
1-2 years	-	-
5- years	2	2
Total	12	42

Maturity date other financial instruments,

group	2020	2019
Accounts payable, within 30 days	52	63

In addition to the financial liabilities whose undiscounted cash flows are presented in the tables above, the group possesses 36 site leasehold agreements (31) whose annual site leasehold fees total 2 MSEK undiscounted (2). These lease contracts are regarded as permanent from the group's perspective, as the group has no right to cancel the contracts. All site leasehold agreements will be renegotiated within a period of 0-20 years, which will have an effect on the site leasehold fees.

Note 23 Derivatives

NP3 uses interest rate derivatives to manage interest risk and achieve the desired fixed interest profile. The strategy means that changes in value will arise over time, depending on the change in market rates and remaining term. For valuation method see note 12, change in value financial instruments. At year-end there were 14 interest rate derivative contracts comprising 3,129 MSEK. Maturity dates and market value at the end of the accounting period can be seen from the following table.

Settlement date	Amount	Market value
2021	604	1
2022	300	-1
2023	200	-2
2024	500	-12
2025	525	-46
2026	500	-12
2027	100	0
2028	200	0
2029	200	-1
Total	3,129	-73

Note 24 Financial instruments and risk management

Real estate is a long-term asset which requires long-term funding with distribution between equity and interest-bearing liabilities. The financial liabilities the company has are bank and bond loans and seller loans as well as interest rate derivatives, accrued interest and certain current liabilities such as accounts payable. The financial assets the company has are listed shares, cash and bank balance, trade debtors and accrued rental income.

The financial risks incurred by the financial liabilities can be divided into liquidity and refinancing risk as well as interest rate risk. Liquidity and refinancing risk refer to the risk of not being able to obtain funding, or only at highly increased costs in connection with loan agreements expiring and having to be replaced with new ones. The loan requirement can relate to refinancing of existing loans or new borrowings that are required in order to be able to achieve the growth targets. NP3's planned expansion rate is highly dependent on new loans from lenders and issued capital from shareholders. In order to reduce the risk NP3 works continuously to convert loans, and for loans newly taken out strives to match the loan maturity structure. For more information regarding the company's risks, see the section on structured risk management, pages 84-88.

Interest expenses for liabilities are a significant cost item for the company and changes in interest rate levels have a significant effect on the result

and cash flow. Interest expenses are affected mainly by the level of current market interest rates and the credit institutes' margins, as well as what strategy NP3 selects for the fixed interest period.

A sensitivity analysis of interest rates shows that an increase of Stibor by one percentage point increases NP3's interest expense by 46 MSEK, based on existing credit agreements as of the end of the accounting period. The company is not exposed to any foreign exchange risk.

Guidelines for finance and funding activities in the company are set out in the company's financial policy, which is set down by the board. The aim of the financial policy is to identify financial risks and create uniform guidelines for how to manage the financial risks. The overall objective of the funding activities is to support the company's business plan and strategy, and secure the company's funding and requirement for cash and bank balance in the long term. The company has terms and conditions imposed by external lenders with regard to interest coverage ratio and loan-to-value ratio. For a summary of NP3's financial objectives and target achievement, see page 6.

Below are the various categories of financial instruments that can be found in the group's balance sheet. Categorisation acc. to IFRS 9.

Financial instruments, MSEK	Financial assets valued at accrued acquisition value		Financial items valued at fair value via the result		Financial liabilities valued at accrued acquisition value	
	2020	2019	2020	2019	2020	2019
Non-current receivables	16	10	5			
Rent receivables	8	13				
Other receivables	39	41				
Prepaid costs	30	29				
Listed shares			15	16		
Cash and cash equivalents	104	192				
Derivatives			73	36		
Interest-bearing liabilities					7,668	6,984
Accounts payable					52	63
Other liabilities					123	74
Accrued expenses and deferred income					231	187

Financial instruments such as rent receivables and accounts payable are recorded at accrued acquisition value less any write-down, which is why the fair value is assessed as corresponding to the recorded value. Non-current interest-bearing liabilities primarily have a short fixed interest period, meaning that the accumulated acquisition value well matches the fair value.

Note 25 Accrued expenses and deferred income

	Group		Parent company	
	2020	2019	2020	2019
Prepaid rents	166	146	-	-
Accrued interest costs	31	25	19	12
Other	34	16	10	6
	231	187	29	18

Note 26 Pledged assets and contingent liabilities

	Group		Parent company	
	2020	2019	2020	2019
Pledged assets for liabilities				
Property mortgages	6,847	6,308	-	-
Shares in subsidiaries	737	546	58	58
Total	7,584	6,854	58	58
Contingent liabilities				
Surety for the benefit of group companies	-	-	6,130	5,524
		-	6,130	5,524

Note 27 Group information

Of the parent company's total purchases and divestments, measured in SEK, 3 % (3) of purchases and 100 % (100) of divestments relate to companies within the overall group to which the company belongs. The parent company NP3 Fastigheter AB has no direct ownership in properties, but these are owned via wholly-owned subsidiaries. The parent company provides administrative and technical administration services to the subsidiaries, as well as to group management and funding services. Of the group's 46 employees at year-end, 45 are employed in the parent company and 1 works for the company on a consultancy basis.

Note 28 Transactions with affiliates

The forming of a joint venture together with AB Sagax is to be regarded as an associated transaction as Sagax owns more than 20 percent of the votes in NP3 and with regard to the transaction's size. The transaction thus needed to be approved by an extraordinary company general assembly held on 30 October 2020.

With regard to salaries and other remuneration, costs and obligations regarding pensions and similar benefits, agreements regarding severance pay to the board and CEO, see note 6. Apart from the aforementioned transaction with AB Sagax, no transactions of significant importance with associated companies have been carried out during the year.

Note 29 Significant events after the end of the financial year

An agreement has been signed with PostNord for the construction of a logistics property with an area of 4,000 square metres in Borlänge. The investment is estimated to amount to just over 80 MSEK. The rental agreement is for 10 years and the annual rental value amounts to 6.1 MSEK. The project is estimated to be completed by summer 2022.

In February 2021, it was announced that NP3 is forming a joint venture for the construction of a head office and operating centre for Jämtkraft AB. By setting up the co-owned company, NP3 ensures via the design of the coming construction project continued accessibility to its nearby properties in the area Stadsdel Norr while Jämtkraft secures long-term disposal over its head office and operating centre.

In February an additional green senior unsecured bond loan for 200 MSEK was issued under an existing financial framework of 800 MSEK.

The board's proposed appropriation of retained earnings

Note 29 Significant events after the financial year

The following non-restricted equity in the parent company is at the disposal of the annual general assembly:

	Amount (SEK)
Retained earnings	1,492,748,871
Net profit/loss for the year	498,838
Total	1,493,247,709

The board proposes that the amount be distributed as follows:

Dividend 3.60 SEK/common share	195,620,206
Dividend 2.00 SEK/preference share	55,900,000
To be carried forward	1,241,727,503
Total	1,493,247,709

At year-end, the company has 54,338,946 registered common shares and 27,950,000 registered preference shares.

Possible additional dividend on new shares

The company has proposed that the annual general assembly in NP3 Fastigheter AB (publ) authorise the board to decide on a new issue of max. 5,400,000 common shares and max. 15,000,000 preference shares. The board thus proposes that the new shares that may be issued with the support of the authorisation shall bring a dividend as mentioned above as of the day the new shares have been entered in the share register kept by Euroclear Sweden AB. This means that the right to dividend as above for a new share exists as of the record day following the entry of the new share in the share register. If the authorisation is utilised in full, dividend on additional common shares and preference shares will amount to max. 39,720,000 SEK, of which max. 9,720,000 SEK relate to additional common shares and max. 30,000,000 SEK relate to additional preference shares. Including all possibly additional preference shares and common shares, the total proposed dividend as above amounts to a total of 291,240,206 SEK.

The board's statement regarding proposed dividend

Rationale

The group's equity has been calculated in accordance with the IFRS-standards adopted by the EU and in accordance with Swedish law by applying the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups). The parent company's equity has been calculated in accordance with Swedish law and by applying the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for legal entities)

The proposed dividend makes up about 50 percent of the group's profit from property management after current tax, which corresponds to the company's dividend policy that specifies that the majority of the profit from property management after tax paid shall be provided as dividend.

The group's profit after changes in value and tax amounted to 660 MSEK. The dividend policy is based on the group's profit from property management, which is why increases or decreases in value not affecting cash flow in the group's properties as well as interest rate derivatives normally do not affect the dividend. Such profits or losses not affecting cash flow were also not taken into account in previous years' decisions on profit distribution. The board finds that there is full coverage for the company's restricted equity after the proposed profit distribution. The board also finds that the proposed dividend to shareholders is justifiable with regard to the parameters specified in chap. 17, § 3 first and second sections in the Swedish Companies Act (nature of the business, scope and risks as well as the assessment of financial position, liquidity and position otherwise).

Nature of the business, scope and risks

The board assesses that the company's and group's equity after the proposed dividend will be sufficiently large in relation to the nature of the business scope and risks. In this context, the board considers the company's and group's historic development, budgeted development, investment plans and the economic climate.

Assessment of financial position, liquidity and position otherwise

Assessment of financial position

The board has proposed a comprehensive assessment of the company's and group's financial position and its possibilities to meet its commitments. The proposed dividend makes up 14 percent of the company's equity and 5 percent of the group's equity. The company's loan-to-value ratio and interest coverage ratio, respectively, in 2020 was 57 percent or 3.4x. The long-term target for the loan-to-value ratio is 55-65 percent and an interest coverage ratio of min. 2x, which will be achieved even after the proposed dividend. The company's and group's capital structure is good considering the current conditions in the real estate sector. Against this background, the board believes that the company and group are in a good position to take future business risks and even transaction with possible losses. Planned investments have been considered when determining the proposed dividend.

Liquidity

The proposed dividend will not affect the company's and group's ability to meet its payment obligations in a timely manner. The company and group have good access to liquidity and have liquidity reserves in form of both short- and long-term credits. The credits can be drawn at short notice, which means that the company and group are well prepared to handle both variations in liquidity as well as unexpected events.

Position otherwise

The board has considered all other known circumstances that may be of significance to the company's and group's financial position and which have not been taken into account within the above-mentioned. No circumstances have emerged from this that make the proposed dividend appear as not justifiable.

Valuation at fair value

Derivative instruments and holdings in listed shares have been valued at fair value acc. to chap. 4, § 14 Swedish Annual Accounts Act. The valuation has shown an undervaluation of 57 MSEK after tax at year-end, which has reduced equity by the same amount.

2021, The board

Reconciliation key ratios

NP3 applies the guidelines for alternative key ratios issued by ESMA. Alternative key ratios refer to financial measurements that are not defined or stated in the rules applicable to financial reporting, i.e. IFRS. The alternative key ratios which NP3 presents are used by company management to assess the company's financial development. Accordingly, they are also assessed as giving other stakeholders, such as analysts and investors, valuable information. But not all companies calculate financial measurements in the same way, and these financial measurements shall therefore not be seen as a replacement for a measurements defined according to IFRS. Below you'll find a reconciliation of the financial key ratios that are presented in this report. Definitions of key ratios can be found on page 131.

MSEK	2020 Jan-Dec	2019 Jan-Dec
Interest-bearing liabilities	7,585	6,913
Current investments	-15	-16
Cash and bank balance in bank	-104	-192
Net debt	7,466	6,705
Profit after tax, relating to shareholders in the parent company.	659	787
Deduction holders of preference shares' preferential right to dividend	-54	-48
Profit after tax reduced by holders of preference shares' preferential right to dividend	604	739
Average number of common shares, thousands	54,339	54,339
Profit after tax, SEK/common share	11.12	13.60
Rental income	1,091	1,006
Net operating income	817	718
Surplus ratio, %	75	71
Net operating income, rolling 12 months	817	718
Average market value property portfolio	11,927	10,656
Yield, %	6.9	6.7
Profit after tax, rolling 12 months	660	789
Average total equity	4,332	3,691
Return on equity, %	15.2	21.4
Profit after tax, relating to shareholders in the parent company, rolling 12 months	659	787
Deduction holders of preference shares' preferential right to dividend	-54	-48
Average equity after settlement of preference capital and non-controlling interest	3,474	2,934
Return on equity, common share, %	17.4	25.2
Profit before tax, rolling 12 months	824	934
Average total equity	4,332	3,691
Return on equity, before tax, %	19.0	25.3
Profit from property management, rolling 12 months	558	487
Average total equity	4,332	3,691
Return on profit from property management, % ¹	12.9	13.2
Net debt	7,466	6,705
Equity according to financial position	4,637	4,140
Debt/equity ratio, x	1.6	1.6

MSEK	2020 Jan-Dec	2019 Jan-Dec
Net debt	7,466	6,705
Net operating income, future-orientated 12 months acc. to earnings capacity	831	757
Central administration expenses, future-orientated 12 months	-49	-46
Adjusted net operating income	782	711
Net debt to EBITDA ratio, x	9.6	9.4
Profit for the period before tax	824	934
Add-back changes in value	-225	-440
Add-back financial expenses	226	192
Add-back result from associated companies and joint ventures, excl. dividend	-60	-14
Adjusted profit before tax	765	672
Interest coverage ratio, x ¹⁾	3.4	3.5
Net debt	7,466	6,705
Market value property portfolio	12,582	11,402
Investments in associated companies and joint ventures	456	149
Loan-to-value ratio, % ¹⁾	57.3	58.0
Equity according to financial position	4,637	4,140
Balance sheet total	13,352	11,937
Equity/assets ratio, %	34.7	34.7
Equity according to financial position	4,637	4,140
Deduction preference capital	-894	-795
Deduction non-controlling interest	-11	-8
Number of shares at the end of the period, thousands	54,339	54,339
Equity, SEK/common share	68.67	61.42
Equity according to financial position	4,637	4,140
Deduction preference capital	-894	-795
Deduction non-controlling interest	-11	-8
Add-back derivatives	73	36
Add-back deferred tax	568	450
Number of shares at the end of the period, thousands	54,339	54,339
Long-term net asset value, SEK/common share	80.47	70.36
Profit from property management	558	487
Deduction holders of preference shares' preferential right to dividend	-54	-48
Average number of common shares, thousands	54,339	54,339
Profit from property management, SEK/common share ¹⁾	9.26	8.07

¹⁾ The definition of profit from property management has been updated and now excludes changes in value and tax from shares in profits in associated companies and joint ventures. The definition of loan-to-value ratio has been updated and now includes investments in associated companies and joint ventures. When calculating the interest coverage ratio, the share of profits in associated companies and joint ventures has been excluded. The key ratios for previous periods have been recalculated in accordance with the new definitions.

Definitions

Return on equity

Profit after tax for a rolling 12-month period, in percent of average equity.

Return on equity, before tax

Profit before tax for a rolling 12-month period, in percent of average equity.

Return on equity, common share

Profit after tax for a rolling 12-month period, reduced by the preference shares' preferential right to dividend for the period and share of profits for non-controlling interest, in percent of average equity after settlement of preference capital and non-controlling interest.

Return on profit from property management

Profit from property management for a rolling 12-month period, in percent of average equity.

Loan-to-value ratio

Net debt in percent of the properties' recorded value and investments in associated companies and joint ventures.

Yield

Net operating income for a rolling 12-month period in percent of the property portfolio's average market value. The key ratio shows the return from the operating activities in relation to the properties' value.

Net operating income

Rental income for the period less property costs.

Average remaining lease term

The weighted average remaining term for the rental agreements.

Equity, SEK/common share

Equity relating to the parent company's shareholders after settlement of preference capital in relation to the number of common shares at the end of the period.

Equity, SEK/preference share

Equity per preference share corresponds to the share's redemption price upon liquidation plus accrued dividend.

Financial occupancy rate

Rental income in percentage of rental value.

Profit from property management

Result excluding changes in value and tax in both group and associated companies as well as joint ventures.

Profit from property management, SEK/common share

Profit for the period before tax and changes in value reduced by the preference shares' preferential right to dividend, in relation to the weighted average number of common shares.

Average interest rate

Weighted interest on interest-bearing liabilities (excluding liabilities rights of use) taking into account interest rate derivatives at year-end 2020.

Rental income

Debited rents and extra charges less rent discounts.

Rental value

Rental income on current agreements with addition for assessed market rent for vacant areas 12 months ahead at the time of reporting.

Long-term net asset value, SEK/common share

Recorded equity, after taking into account the preference capital and non-controlling interest, with add-back of derivatives and deferred tax, in relation to the number of common shares at the end of the period. The key ratio shows the net assets' fair value from a long-term perspective. Assets and liabilities not assessed as falling due, such as fair value on derivatives and deferred taxes, are thus excluded.

Net investments

The sum of acquired properties, directly and via companies, as well as investments in projects and associated companies and joint ventures with deduction for sales price on properties that have been divested, directly and via companies, as well as with deduction for divested participations in associated companies and joint ventures.

Net debt

Interest-bearing liabilities, excluding liability rights of use, with deduction for cash and bank balance and current investments.

Preference capital

Number of preference shares multiplied by equity per preference share.

Profit after tax, SEK/common share

Profit for the period after tax relating to the mother company's shareholders, reduced by the holders of preference shares' preferential right to dividend for the period, in relation to the weighted average number of common shares.

Interest coverage ratio

Net profit after tax with add-back of changes in value, financial expenses and result from participations in associated companies and joint ventures (excl. dividend), divided by financial expenses. Interest coverage ratio is a measurement that indicates how many times the company manages to pay its interest with the profit from the operating activities.

Net debt to EBITDA ratio

Net debt at year-end 2020 in relation to twelve months future-oriented net operating income less central administration costs.

Debt/equity ratio

Net debt in relation to equity at year-end 2020.

Equity/assets ratio

Adjusted equity as a percentage of the balance sheet total.

Properties taken possession of

Agreed property value reduced by tax rebate for properties taken possession of during the period.

Occupancy rate

Let area as a percentage of lettable area.

Surplus ratio

Net operating income for the period as a percentage of rental income for the period. The key ratio is a measurement of effectivity comparable over time but also between real estate companies.

Signing of the Annual report

The board and the CEO here with certify that the annual report have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) provided for in the European Parliament's and Council of Europe's regulation (EU) no. 1606/2002 on the application of international accounting standards. The annual report and consolidated financial statements provide a true reflection of the parent company's and group's position and result and describe significant risks and uncertainties facing the companies included in the group. Furthermore, the directors' report provides a true overview of the development of the company's and group's operations, position and result.

Sundsvall, 7 April 2021



Anders Nilsson
Chairman



Åsa Bergström
Member



Lars Göran Bäckvall
Member



Mia Bäckvall Juhlin
Member



Nils Styf
Member



Andreas Wahlén
Managing director

My auditor's report was submitted on 8 June 2021



Mattias Johansson
Authorised public accountant

Auditor's report

To the company general assembly in NP3 Fastigheter AB (publ), Corp. ID. no 556749-1963

Report regarding the annual accounts and consolidated accounts

Opinions

We have carried out an audit of the annual accounts and consolidated accounts for NP3 Fastigheter AB (publ) for the year 2020, not including the corporate governance report on pages 89-99 and sustainability report on pages 67-78. The company's annual accounts and consolidated accounts are included on pages 80-132 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and in all significant regards gives a true and fair view of the parent company's financial position as of 31 December 2020 and of its financial performance and cash flow for the year as per the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and in all significant regards provide a true and fair view of the group's financial position as of 31 December 2020 and of its financial performance and cash flow for the year according to International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act. Our opinions do not cover the corporate governance report on pages 89-99 and sustainability report on pages 67-78. The director's report is consistent with the other parts of the annual accounts and the consolidated accounts.

We thus recommend that the company general assembly adopt the income statement and balance sheet for the parent company as well as the consolidated statement of comprehensive income and consolidated statement of financial position.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content in the supplementary report which has been submitted to the parent company's audit committee in accordance with the auditors' regulation (537/2014/EU) article 11.

Basis for the opinions

We have completed the audit according to the International Standards on Auditing (ISA) and generally accepted Swedish accounting principles. Our responsibility according to these standards is described in more detail in the section The auditor's responsibility. We are independent in relation to the parent company and the group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibility according to these requirements. This includes that, based on our best knowledge and belief, no prohibited services referred to in Article 5.1 of the Auditors' Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled companies in the EU.

We consider the audit evidence we have obtained as sufficient and expedient as a basis for our opinions.

Areas of particular importance

Areas of particular importance for the audit are those areas which, according to our professional assessment, were the most significant for the audit of the annual accounts and consolidated accounts for the current period. These areas were reviewed as part of the audit of, and in our opinion regarding, the annual accounts and consolidated accounts as a whole, but we do not issue any separate opinions about these areas.

Valuation of investment properties

See note 1 *Accounting principles* and note 11 *Investment properties* on pages 111-113 and 118-119 in the annual accounts and consolidated accounts for detailed information and description of the area.

Description of the area

Investment properties are recorded in the consolidated accounts at fair value. The recorded value amounts to 12,582 MSEK as of 31 December 2020, which makes up approx. 94 % of the group's total assets. The properties' fair value as of 31 December 2020 has been determined based on assessments carried out by independent external assessors. Given the investment properties' significant proportion of the group's total assets and the element of appraisals and estimates that are part of the assessment process, this constitutes a particularly significant area in our audit.

The risk is that the book value on investment properties can be over- or underestimated and that every adjustment of the value directly affects the profit/loss for the year.

How the area has been taken into account in the audit

We have considered whether the assessment methodology applied is reasonable by comparing it with our experience of how other real estate companies and assessors work and which assumptions are normal when assessing comparable objects.

We have evaluated the expertise and independence of the external assessors.

We have tested the checks the company has established to ensure that input provided to the external assessors is correct and complete. We have evaluated a sample of the property assessments completed. In doing so, we have used current market data from external sources, special assumptions regarding yield requirements, discount rents, rent levels and vacancies.

We have checked the accuracy in the information about the investment properties which the company provides in note 1 and 11 in the annual accounts, particularly with regard to elements of estimates and key assumptions applied.

Acquisitions and divestments

See note 1 *Accounting principles* and note 11 *Investment properties* on pages 111-113 and 118-119 in the annual accounts and consolidated accounts for detailed information and description of the area.

During 2020, the group invested in properties for a total of 985 MSEK, of which 792 MSEK related to acquisitions. Divestments of properties have been completed with a book value of 146 MSEK. Risks when acquiring and selling properties mainly consist of the time for recording the transaction and of specific terms and conditions in the individual transactions not being correctly taken into consideration in the accounts, which can have a significant impact on the group's results and financial position.

How the area has been taken into account in the audit

We have assessed the procedure for acquisitions and divestments of properties and for significant transactions have audited the underlying agreements, time of accountancy, purchase price and any special terms and conditions. We have checked the accuracy in the information about acquisitions and divestments of the investment properties the company provides in note 1 and 11 in the annual accounts.

Information other than the annual accounts and consolidated accounts

This document also includes information other than the annual accounts and consolidated accounts, and can be found on pages 1-78 and 89-99. The other information also consists of the remuneration report which we obtained before the date of this auditor's report. The board and the CEO are responsible for this other information.

Our opinion regarding the annual accounts and consolidated accounts does not include this information, and we do not issue any opinion of confirmation regarding this other information.

In connection with our audit of the annual and consolidated accounts, it is our responsibility to read the information identified above and consider whether it is in any way significantly incompatible with the annual and the consolidated accounts. In this review, we also consider other information that we obtained during the auditing process, and assess whether any of this information appears to contain any significant inaccuracies.

If, based on the work done that has been carried out with regard to this information, we conclude that any of this other information contains any significant inaccuracies, we are required to report these. We have nothing to report in this regard.

Responsibilities of the board and the CEO

The board and the CEO are responsible for the preparation of the annual accounts and the consolidated accounts, and hold the responsibility that they give a true and fair view in accordance with the Swedish Annual Accounts Act and, with regard to the consolidated accounts, in accordance with the IFRS as adopted by the EU. The board and the CEO are also responsible for the internal control they deem necessary in order to prepare annual accounts and consolidated accounts which do not contain any significant inaccuracies, whether these result from irregularities or errors. When preparing the annual accounts and consolidated accounts, the board

and CEO are responsible for assessing the company's and group's ability to continue the operations.

They inform, when applicable, of circumstances which may affect the ability to continue the operations and to use the assumption of continued operations. The assumption of continued operations is, however, not applied if the board and the CEO intend to liquidate the company, discontinue operations, or have no realistic alternative to exercising one of these options.

The board's audit committee shall, without this affecting the board's responsibility and tasks in other respects, also monitor or at the company's financial reporting.

The auditor's responsibility

Our objective is to achieve a reasonable degree of certainty regarding whether the annual accounts as a whole do not contain any significant inaccuracies, whether these result from irregularities or errors, and to submit an auditor's report that contains our opinions. Reasonable certainty is a high level of certainty, but no guarantee for an audit completed according to ISA and generally accepted auditing standards in Sweden detecting any significant inaccuracies if such exist. Inaccuracies can occur as a result of irregularities or errors and are considered to be significant if they by themselves or together can be reasonably expected to affect the financial decisions which users make based on the annual accounts and consolidated accounts.

As part of an audit according to ISA, we use our professional judgement and take a professionally sceptical approach during the entire audit. Furthermore:

- We identify and assess the risks of significant inaccuracies in the annual accounts and consolidated accounts – whether due to irregularities, fraud or human error – and design and conduct these auditing measures based on, among other things, these risks and obtain auditing evidence that is sufficient and appropriate to form the basis for our opinions. The risk of not detecting a significant inaccuracy as a result of irregularities is higher than for a significant inaccuracy which is due to errors, as irregularities can consist of acting in collusion, forgery, intentional omissions, inaccurate information or disregard of internal control.
- We gain an understanding of the part of the company's internal control that is relevant to our audit, and are thus able to design auditing measures that are appropriate to the circumstances, but not in order to comment on the effectiveness of the internal control.
- We assess the appropriateness of the accounting principles that are used and the plausibility of the board's and CEO's estimates in the report and associated information.
- We draw a conclusion about the suitability of the board and the CEO in being able to use the assumption of continued operation when preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, whether there is any significant factor of uncertainty with regard to such events or circumstances that may lead to significant doubts about

the company's and group's ability to continue the operations. If we conclude that there is something that causes significant uncertainty, we need to clarify and examine what this may be in the audit report by drawing attention to the notes in the annual accounts and consolidated accounts or, if such information is insufficient, we must modify the opinions issued in the annual accounts and the consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date for the auditor's report. However, future events or circumstances may lead to the company and group no longer being able to continue the operations.

- we assess the overall presentation, structure and content in the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts reflect the underlying transactions and events in a way that provides a true and fair view.
- we obtain sufficient and appropriate audit evidence regarding the financial information for the entities or business activities within the group to be able to issue an opinion regarding the consolidated accounts. We are responsible for the control, supervision and performance of the group audit. We are solely responsible for our opinions.

We are required to inform the board of, among other things, the planned scope and focus of the audit as well as the timing of it. We must also inform of any significant observations during the audience, including any significant deficiencies in the internal control which we have identified.

We are also required to provide the board with an opinion confirming our compliance with relevant professional ethical requirements concerning our independence, and bring up all relationships and other conditions that can reasonably affect our independence and, where appropriate, measures that have been taken to eliminate the threats or countermeasures that have been taken.

Of the areas communicated to the board, we determine which of these have had the most significance for the audit of the annual accounts and consolidated accounts, and also determine which areas carried the most risk of significant errors, and which therefore make up the particularly significant areas for the audit. We describe these areas in the audit report unless laws or other statutes prevent information about the matter to be disclosed.

Report concerning other requirements according to laws and other statutes

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also conducted a review of the board and the CEO's management of NP3 Fastigheter AB (publ) for the year 2020 as well as of the proposal for distribution regarding the company's profit or loss.

We recommend to the company general assembly that the profit be distributed in accordance with the proposal in the management report, and that the members of the board and the CEO be exempt from liability for the financial year.

Basis for the opinions

We have conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to these is described in more detail in the section The auditor's responsibility. We are independent in relation to the parent company and the group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibility according to these requirements.

We consider the audit evidence we have obtained as sufficient and expedient as a basis for our opinions.

Responsibilities of the board and the CEO

The responsibility for the proposal for distribution regarding the company's profit or loss lies with the board. In the event of the board proposing to pay dividends, this also includes an assessment of whether paying dividends is justified with regard to the requirements that the company's and board's type of operations, extent and risks put on the size of the parent company's and board's equity, consolidation requirement, liquidity and position in other regards.

The board is responsible for the company's organisation and the administration of the company's affairs. This includes continuously

assessing the company's and board's financial situation and ensuring that the company's organisation is structured so that accounting, the management of funds and the company's financial matters can be monitored in a satisfactory way.

The CEO is responsible for managing the day-to-day administration in accordance with the guidelines and instructions set up by the board and, among other things, taking the necessary steps to ensure that the company's accounts are completed in accordance with the law, and for the management of funds to be handled in a satisfactory manner.

The auditor's responsibility

Our objective with regard to the audit of the administration, and with that our opinion concerning discharge from liability, is to obtain audit evidence in order to be able to with a reasonable degree of certainty assess whether any board member or the CEO in any significant regard:

- has taken any measure or is guilty of negligence which may lead to an obligation to indemnify the company, or
- In any other way has acted in breach of the Swedish Companies Act, Swedish Annual Accounts Act or Articles of Association.

Our objective concerning the audit of the proposal for distribution of the company's profits or loss, and with that our opinion regarding this, is to with a reasonable degree of certainty assess whether the proposal is consistent with the Companies Act.

Reasonable certainty is a high level of certainty, but no guarantee for an audit carried out in accordance with generally accepted auditing standards in Sweden always uncovering measures or omissions which may lead to an obligation to indemnify the company, or that a proposal

for distribution of the company's profit or loss is not consistent with the Companies Act.

As part of an audit as according to generally accepted auditing standards in Sweden, we use our professional judgement and take a professionally sceptical approach during the entire audit. The audit of the administration and the proposal for distribution of the company's profit or loss is first and foremost based on the audit of the accounts. Which additional auditing measures are carried out is based on our professional assessment based on risk and importance. This means that we focus the audit on such measures, areas and circumstances that are essential to the operations and where deviations and infringements would be of special significance to the company's situation. We go through and assess any decisions made, decision bases, measures taken and other circumstances which are relevant for our opinion regarding discharge from liability. As a basis for our opinion concerning the board's proposal for distribution regarding the company's profit or loss, we have reviewed the board's reasoned statement and a selection of the documents for this in order to be able to assess whether the proposal is consistent with the Companies Act.

The auditor's review of the corporate governance report

It is the board that is responsible for the corporate governance report on pages 89-99 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

Our audit has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our audit of the statutory corporate governance report has a different focus and is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practice in Sweden. We believe that our audit provides a sufficient basis for our opinions.

A corporate governance report has been drawn up. Information in accordance with chap. 6, § 6, section 2, items 2-6 Swedish Annual Accounts Act and chap. 7, § 31, section 2 same law is consistent with the annual accounts' and consolidated accounts' other parts and comply with the Swedish Annual Accounts Act.

The auditor's statement concerning the statutory sustainability report

It is the board that is responsible for the sustainability report on pages 67-78 and that it has been prepared in accordance with the Swedish Annual Accounts Act. Our audit has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's statement regarding the statutory sustainability report. This means that our audit of the sustainability report has a different focus and substantially smaller scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practice in Sweden. We believe that our audit provides a sufficient basis for our opinion.

A sustainability report has been drawn up.

KPMG AB, Box 382, 101 27, Stockholm, was appointed as NP3 Fastigheter AB (publ)'s auditor by the company general assembly on 15 June 2020. KPMG AB or auditors working at KPMG AB have been the company's auditors since 2008.

Stockholm, 8 April 2021

KPMG AB

A handwritten signature in black ink, appearing to be 'MJ' or similar, written in a cursive style.

Mattias Johansson
Authorised public accountant

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