



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 943 582 815
Organisasjonsform: Aksjeselskap
Foretaksnavn: FREDENSBORG 1994 AS
Forretningsadresse: Stensberggata 27
0170 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Arve Regland
Dato for fastsettelse av årsregnskapet: 12.07.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 04.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	0	0
Sum kostnader		0	0
Driftsresultat		0	0
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		21 000 000	13 000 000
Annen renteinntekt		1 000 000	0
Gevinst ved salg av aksjer		83 000 000	141 000 000
Annen finansinntekt		0	1 000 000
Sum finansinntekter		105 000 000	155 000 000
Rentekostnad til foretak i samme konsern		2 000 000	0
Annen finanskostnad		0	0
Sum finanskostnader		2 000 000	0
Netto finans		103 000 000	155 000 000
Ordinært resultat før skattekostnad		103 000 000	155 000 000
Skattekostnad	5	4 000 000	1 000 000
Ordinært resultat etter skattekostnad		99 000 000	154 000 000
Årsresultat		99 000 000	154 000 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	6	99 000 000	154 000 000
Sum overføringer og disponeringer		99 000 000	154 000 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5	17 000 000	21 000 000
Sum immaterielle eiendeler		17 000 000	21 000 000
Finansielle anleggsmidler			
Investering i datterselskap	4	8 586 000 000	8 635 000 000
Lån til foretak i samme konsern	3	72 000 000	0
Andre fordringer		47 000 000	47 000 000
Sum finansielle anleggsmidler		8 705 000 000	8 682 000 000
Sum anleggsmidler		8 722 000 000	8 703 000 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		0	0
Andre fordringer		0	0
Sum fordringer		0	0
Bankinnskudd, kontanter og lignende			
Table Control Functionality Bankinnskudd, kontanter og lignende		27 000 000	234 000 000
Sum bankinnskudd, kontanter og lignende		27 000 000	234 000 000
Sum omløpsmidler		27 000 000	234 000 000
SUM EIENDELER		8 749 000 000	8 937 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	6	4 000 000	4 000 000



Balanse

Beløp i: NOK	Note	2020	2019
Sum innskutt egenkapital		4 000 000	4 000 000
Opptjent egenkapital			
Annen egenkapital	6	8 745 000 000	8 933 000 000
Sum opptjent egenkapital		8 745 000 000	8 933 000 000
Sum egenkapital		8 749 000 000	8 937 000 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld		0	0
Øvrig langsiktig gjeld	3	0	0
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Skyldige offentlige avgifter		0	0
Sum kortsiktig gjeld		0	0
Sum gjeld		0	0
SUM EGENKAPITAL OG GJELD		8 749 000 000	8 937 000 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Leieinntekter	2.2	7 404 000 000	4 606 000 000
Annen driftsinntekt	2.6	247 000 000	283 000 000
Sum inntekter		7 651 000 000	4 889 000 000
Kostnader			
Eiendoms kostnader	2.3,2.5	3 608 000 000	2 419 000 000
Annen driftskostnad	2.6	294 000 000	175 000 000
Virkelig verdienedring eiendom	2.7	-8 921 000 000	-6 055 000 000
Sum kostnader		-5 019 000 000	-3 461 000 000
Driftsresultat		12 670 000 000	8 350 000 000
Finansinntekter og finanskostnader			
Inntekt fra tilknyttede selskaper etter ek metoden	8.1	61 000 000	259 000 000
Annen finansinntekt	7.7	523 000 000	92 000 000
Virkelig verdiendring derivat	7.5	-182 000 000	-99 000 000
Sum finansinntekter		402 000 000	252 000 000
Annen rentekostnad	7.7	1 686 000 000	1 130 000 000
Annen finanskostnad	7.7	175 000 000	309 000 000
Sum finanskostnader		1 861 000 000	1 439 000 000
Netto finans		-1 459 000 000	-1 187 000 000
Ordinært resultat før skattekostnad		11 211 000 000	7 163 000 000
Betalbar skatt	3.1	409 000 000	244 000 000
Endring utsatt skatt	3.1	2 032 000 000	1 264 000 000
Ordinært resultat etter skattekostnad		8 770 000 000	5 655 000 000
Årsresultat		8 770 000 000	5 655 000 000
Resultat Totalresultat	2.7	1 602 000 000	-213 000 000
Sum resultatkomponenter for IFRS-foretak		1 602 000 000	-213 000 000
Totalresultat		10 372 000 000	5 442 000 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
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**Konsernets balanse**

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Rettigheter og lisenser	4.2	153 000 000	206 000 000
Sum immaterielle eiendeler		153 000 000	206 000 000
Varige driftsmidler			
Investeringseiendommer	4.1	156 539 000 000	108 904 000 000
Egen bruk eiendommer	4.1	761 000 000	673 000 000
Leasing eiendeler	4.3	1 366 000 000	1 370 000 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	4.4	118 000 000	78 000 000
Sum varige driftsmidler		158 784 000 000	111 025 000 000
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	8.1	2 601 000 000	1 028 000 000
Lån til tilknyttet selskap og felles kontrollert virksomhet	4.6	904 000 000	487 000 000
Investeringer i aksjer og andeler		101 000 000	49 000 000
Andre fordringer	7.6	70 000 000	156 000 000
Sum finansielle anleggsmidler		3 676 000 000	1 720 000 000
Sum anleggsmidler		162 613 000 000	112 951 000 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	4.5	110 000 000	47 000 000
Andre fordringer	4.7	2 359 000 000	1 148 000 000
Andre forskuddsbetalte kostnader	4.8	338 000 000	343 000 000
Sum fordringer		2 807 000 000	1 538 000 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	7.1,7.4	11 895 000 000	10 985 000 000
Sum bankinnskudd, kontanter og lignende		11 895 000 000	10 985 000 000
Sum omløpsmidler		14 702 000 000	12 523 000 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
SUM EIENDELER		177 315 000 000	125 474 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	5.1	4 000 000	4 000 000
Sum innskutt egenkapital		4 000 000	4 000 000
Opptjent egenkapital			
Annen egenkapital		23 617 000 000	19 656 000 000
Minoritetsinteresser		56 693 000 000	37 868 000 000
Sum opptjent egenkapital		80 310 000 000	57 524 000 000
Sum egenkapital		80 314 000 000	57 528 000 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	3.2	7 061 000 000	4 622 000 000
Sum avsetninger for forpliktelser		7 061 000 000	4 622 000 000
Annen langsiktig gjeld			
Obligasjonslån	7.7	29 999 000 000	17 213 000 000
Langsiktig rentebærende gjeld	7.1,- 7.3,7.7	45 554 000 000	37 482 000 000
Langsiktig leasing gjeld	4.3,7.7	1 371 000 000	1 367 000 000
Derivat	7.1	466 000 000	61 000 000
Sum annen langsiktig gjeld		77 390 000 000	56 123 000 000
Sum langsiktig gjeld		84 451 000 000	60 745 000 000
Kortsiktig gjeld			
Leverandørgjeld		564 000 000	344 000 000
Betalbar skatt	6.1	215 000 000	195 000 000
Kortsiktig rentebærende gjeld	7.1- 7.3,7.7	8 541 000 000	4 850 000 000
Annen kortsiktig gjeld	6.1	1 870 000 000	1 186 000 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
Avsetninger og utsatt inntekt	6.2	1 360 000 000	626 000 000
Sum kortsiktig gjeld		12 550 000 000	7 201 000 000
Sum gjeld		97 001 000 000	67 946 000 000
SUM EGENKAPITAL OG GJELD		177 315 000 000	125 474 000 000



Skatteetaten

Vår dato
23.01.2020

Din/Deres dato
13.01.2020

Saksbehandler
Joakim Engebretsen

800 80 000
Skatteetaten.no

Din/Deres referanse
AR354854976

Telefon
92251412

Org.nr
974761076

Vår referanse
2020/5038465

Postadresse
Postboks 9200 Grønland
0134 OSLO

U.off. offl. § 13, fv. § 13

FREDENSBORG 1994 AS
Stensberggata 27
0170 OSLO

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til Fredensborg 1994 AS' (org.nr. 943 582 815) søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden siteres:

Fredensborg 1994 AS; org.nr.: 943 582 815 søker med dette dispensasjon til å utarbeide årsregnskap og årsberetning på engelsk fra regnskapsåret 2019.

Fredensborg 1994 AS er et norsk holdingselskap, 100 % eid av Ivar Tollefsen. Virksomheten omfatter både utvikling av bolig og fritidseiendom i Norge blant annet gjennom datterselskapene Fredensborg Bolig og Fredensborg Fritid, men den aller største delen av virksomheten knytter seg til utleie av bolig gjennom datterselskapet Heimstaden AB som idag hovedsakelig er lokalisert i Sverige, Danmark, Nederland, Norge og Tyskland, men med tydelige ambisjoner om videre vekst i andre europeiske land.

Selskapet utarbeider idag konsernregnskapet basert på "forenklet IFRS", og har som følge av eierskapet mulighet til å benytte seg av dispensasjon i henhold til regnskapsloven § 3-7, men ønsker ikke å benytte denne. Heimstaden AB, som er det største underkonsernet med ca 99,5 % av omsetningen, er børsnotert i Sverige og utarbeider konsernregnskapet etter IFRS både på svensk og engelsk.



Fredensborg 1994 AS søker om tillatelse til å utarbeide årsregnskap og årsberetning på engelsk basert på følgende momenter:

- Selskapet har en begrenset eierkrets (100 % eid av Ivar Tollefsen)
- Brukerne av regnskapet til Fredensborg 1994 AS er begrenset til eier og profesjonelle kreditorer. Konsernet har i stor grad fremmedkapitalfinansiering fra internasjonale aktører i kapitalmarkedene og det er således ønskelig at all ekstern kommunikasjon er på engelsk.
- Konsernets kunder er private aktører i hele Europa. Som følge av at Fredensborg 1994 AS er et holdingselskap er omsetningen i selskapsregnskapet i hovedsak konsernintern.
- Konsernet ønsker å forenkle prosessen rundt avleggelse av konsernregnskaper i hele organisasjonen og ved å kunne samkjøre beskrivelse av regnskapsprinsipper og noter også i holdingselskapet vil det lette arbeidet betydelig. Det er også søkt om dispensasjon fra å ha årsregnskap og årsberetning på norsk i underkonsernet Fredensborg AS orgnr: 929301684

Basert på overnevnte punkter vurderer selskapet at det ikke vil medføre noen ulempe for noen berørte parter dersom selskapet får dispensasjon til å utarbeide årsregnskap og årsberetning på engelsk.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk.*

Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte, kunder og lokalsamfunnet.



Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at selskapet er 100 % eid av Ivar Tollefsen og at brukerne er begrenset til eier og profesjonelle kreditorer. Selskapet er et holdingselskap med i hovedsak konsernintern omsetning. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

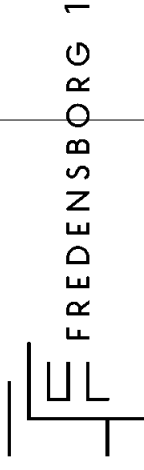
Med hilsen

Roar Thorbjørnsen
underdirektør
Innsats, storbedrift
Skatteetaten

Joakim Engebretsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

ANNUAL REPORT 2020



Enrich and Simplify Lives
Through Friendly Homes



BOARD REPORT

Figures in brackets refer to the same period last year unless otherwise stated.

Fredensborg 1994 is an investment company committed to long-term ownership. Investments primarily fall within three business areas; residential, development and hospitality.

The headquarter is at Stensberggata 27 in Oslo, Norway.

Business Units

Heimstaden AB and Heimgavelir HF own, develop and manage residential real estate in Norway, Sweden, Denmark, Germany, the Netherlands, the Czech Republic, Poland and Iceland with a total property portfolio of 104 917 homes.

Fredensborg Bolig and Nordr are residential developers in Norway and Sweden.

Fredensborg Fritid develops leisure real estate in Norway, while Fredensborg Hospitality operates hotels, resorts, restaurants and other recreational experiences.

Servatur is a fully integrated hotel company engaged in the operation, development and ownership of resorts in the Canary Islands.

Utleiemegleren is a leading Norwegian residential real estate agent.

Further, Fredensborg 1994 owns real estate and related businesses not defined as part of the business units.

Impact of Covid-19

The Covid-19 pandemic had only minor impact on operations, primarily impacting leisure real estate through the temporary closing of Skicello, owned by Fredensborg Fritid, and the temporary closing of Servatur's hotels and resorts.

Our first priority has been to safeguard the health and safety of our people and customers.

In March, remote work was introduced for all employees, changing working life and accelerating the pace of digitalisation. Despite challenges brought on by the Covid-19 pandemic, the impact on operations were negligible, mainly due to the dedicated and hard work of our people and resilient residential markets throughout Europe.

For residential development, demand remained at high levels. Demand and prices in the leisure real estate markets grew throughout the year. In residential rental markets, occupancy and rent collection remained stable at high levels, despite some vacancy impact in the capital cities and for student housing.

Strict social distancing rules and closures resulted in reduced activity for hotels, restaurants, and commercial tenants which have had the hardest economic impact from the Covid-19 pandemic. Despite this, Kragerø Resort delivered increased revenues in 2020.

Financial review

Rental income in 2020 was 7 404 million, an increase of 61% compared with 4 604 million in 2019. The increase was primarily the result of acquisitions made in the Netherlands, Iceland, Czech Republic, Sweden and Germany.

Property expenses were 3 608 million, up from 2 419 million in 2019, representing a lower cost per square metre due to positive effects from new acquisitions, as well as reduced repair and maintenance costs in the existing portfolio.

Unrealised fair value gain on investment properties was 8 921 million (6 055 million), reflecting increasing property values in all of our markets.

Interest expenses for the period were 1 686 million, up from 1 130 million in 2019, driven by an increase in the debt portfolio related to acquisitions.

Profit for the year was 8 770 million compared to 5 656 million in 2019. Other comprehensive income, which consists of foreign currency translation differences, was 1 602 million (-214). Total comprehensive income was 10 372 million (5 442 million). The profit for the year is transferred to retained earnings.

Net cash flow in 2020 was -28 million compared to 5 305 million in 2019. The cash flow from operating activities was 1 895 (-1 414) million. The cash flow from investing activities reduced liquidity by 21 019 (28,478) million and cash flow from financing activities increased the company's cash flow by 19,096 (32,369). 15 263 million (10 715) in undrawn amounts under our credit facilities were not included in cash and cash equivalents.

Total assets were 177 315 million, compared with 125 474 million in 2019 driven by acquisitions and fair value growth of investment properties. The value of the total investment property was 156 539 million up 44% from 108 904 million in 2019. Total acquisitions was 28 574 million, primarily in the Netherlands, Iceland, Czech Republic, Sweden and Germany.

See Note 4.1 for more details on the methodology for property valuation.

After the balance sheet date, Heimstaden Bostad AB closed large acquisitions in Germany and Denmark and made its first investment in the UK. See Note 1.10.

Investments in associated companies and joint ventures were 2 601 million compared to 1 028 million in 2019, mainly related to the acquisition of 42.5% of Veidekke Etendom for 1.0 billion. Veidekke Etendom was rebranded as Nordr Etendom and has more than 180 employees in Norway and Sweden and a land bank with 18 800 residential units.

Fredensborg 1994 also bought 50% of Servatur Hotel for EUR 43.3 million. At the end of 2020, it operates with 1 710 rooms and five restaurants.

Further, Fredensborg 1994 acquired 44% of 85 real estate development properties in Norway.

Total liabilities were 97 002 million (67 946 million), of which interest-bearing liabilities were 84 094 million (59 545 million). Borrowings made up 56% of interest-bearing liabilities. 1994's net loan-to-value was 45.7% (44.4%).

Financial instruments were 466 million (61 million) of which derivative instruments for interest rate and currency risk are attributable to our bond portfolio.

The gain in fair value of the property portfolio increased tax liabilities to 7 061 million (4 622).

Equity was 80 314 million compared with 57 528 million in 2019, corresponding to an equity ratio of 45% (45.8%). Comprehensive income, the increase in equity was 4 816 million, hybrid bond issuances in Heimstaden Bostad AB.

Summary of Parent Financial Statements

Fredensborg 1994 prepares its financial statements in accordance with Norwegian accounting standards. The parent company's total income amounted to 0 million, while profit for the year was 99 million. The profit for the year is transferred to retained earnings. The value of the parent company's assets was 8 749 million (8 937 million) and equity was 8 749 million, corresponding to an equity ratio of 100%.

3 Board Report

During the year, a dividend of NOK 287 million as paid to the company's owner.

Financial strategy and risk

Fredensborg 1994 is exposed to various types of financial risks continuously monitored by management and the Board.

Market risk

Fredensborg 1994 is exposed to currency risk in SEK, EUR, DKK, CZK, PLN and ISK, as a substantial part of the company's operations is abroad. Its investment properties are reported at fair value. Both property-specific changes, such as lower rental levels and increased vacancy rates, as well as market-specific changes, such as higher yield requirements, may result in negative development of the fair value of the company investment properties. Reduced availability or increasing financing cost would have a negative impact on the financial performance and ability to pursue the company's growth strategy. To reduce this risk, the company is in frequent dialogue with its banks and credit institutions with the aim to secure any long-term financing need when and if required. The company is also focused on ensuring that it has a diversified debt portfolio.

Credit risk

Credit risk refers to the risk that counterparties are unable to meet their financial obligations. Since the company primarily invests in residential properties, rent and deposits is received in advance, eliminating a large part of the potential credit risk.

Liquidity risk

Fredensborg 1994 has an attractive property portfolio, a balanced loan-to-value ratio, a positive forecast for future cash flows and

a broad network of financial institutions that supply capital. The liquidity situation is good and the liquidity risk is considered low as a result of:

- Good demand for housing to rent with stable and growing income
- Predictable operating costs
- Predictable finance costs with long-term fixed-rate agreements for a large part of the loan portfolio

Finance risk

There is a financing risk in the extent that funding cannot be obtained, or only to a certain extent, or at unfavourable terms for the company. There is a refinancing risk when existing financing matures. The company's strategy is to diversify the maturity structure of its loan portfolio to minimise refinancing risk. Fredensborg 1994's financial liabilities comprise interest-bearing liabilities and borrowings, corporate bonds, lease liabilities, derivative financial instruments and trade and other payables. To minimise financing risk, the company works with several reliable funding sources. As of 31 December 2020, Fredensborg 1994 was in compliance with debt covenants.

Organisation and work environment

Fredensborg 1994 aims to maintain a high level of employee satisfaction and constantly works to protect a stable and secure working environment.

The Discrimination Act promote equality, ensure equal opportunities and rights and shall prevent discrimination of any kind. Fredensborg 1994 works actively to promote the purpose of the law within

the companies. In its policy, the group has incorporated provisions that aim to ensure that there is no discrimination based on gender in matters such as salary, promotion and recruitment.

The Group had 1 543 full-time equivalents in 2020, of which 56% men and 44% women, compared to 571 full-time equivalents in 2019 with 62% men and 38% women. The ambition is to increase the share of women in managerial positions. Sick leave made up approximately 5,0% (3,5%) of total working hours.

There were no reported work-related accidents or personal injury in 2020.

The parent company had 0 full-time equivalents employed in 2020.

Environmental impact

According to United Nations estimates, the property sector accounts for 40% of total energy usage in the EU and about 36% of greenhouse gas emissions. Working to mitigate climate change is a top priority for Fredensborg 1994 and the company is dedicated to providing sustainable properties to its customers.

The company follows guidelines on sustainable value creation in its business operations. Contributing to a sustainable society is rooted in our culture and we are committed to having a positive environmental and social impact.

Consolidated financial statements

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations by the International Financial Interpretations Committee.

tee (IFRIC), as adopted by the EU, as well as additional reporting requirements pursuant to the Norwegian Act in accordance with the requirements of the Norwegian Act, the Board of Directors confirms that the basis of operations is present and that the financial statements on this assumption.

Outlook

The Covid-19 pandemic had only minor impact on the leisure real estate through the terms of the lease agreement of SkiCeilo, owned by Fredensborg Fritid, and the impact of Servatur's hotels and resorts.

Most of Fredensborg 1994's business units have delivered strong operational and financial results. The markets have remained stable and demand for real estate in Norway and Sweden is at high levels. Demand for leisure real estate in Norway is at an all-time high, and impact from travel restrictions brought in by Covid-

Servatur continues to invest both in new and existing properties. In the second half of 2021, Servatur expects to reach new milestones, with an even stronger product offering.

Fredensborg 1994's capital structure is solid, with a strong position in the international markets. The company aims to strengthen the organisation, generate favourable operational results and become even better at identifying the needs of customers, investors and employees.

Oslo, 28 June 2021

Ivar Erik Tollefsen
Chairman

Nick Walter Tollefsen
Board Member

John Giverholt
Board Member

Jon Ole Ruch
Board Member

FINANCIAL STATEMENTS

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Consolidated statement of comprehensive income

Amounts in NOK million	Note	2020
Rental income	2.2	7 404
Property expenses	2.3, 2.5	-3 608
Net operating income		3 796
Corporate administrative expenses	2.4, 2.5	-294
Other operating income	2.6	247
Share of results from investments in associated companies	8.1	61
Profit before financial items		3 810
Financial income	7.7	523
Financial expenses	7.7	-175
Interest expense	7.7	-1 686
Net income (loss) from financial items		-1 338
Change in fair value of investment properties	2.7	8 500
Change in fair value of derivatives	7.5	-1 000
Profit before tax		11 199
Current tax	3.1	-4 100
Deferred tax	3.1	-2 000
Profit for the year		8 770
Other comprehensive income, net (that may be reclassified to profit or loss in subsequent periods)	2.7	1 600
Comprehensive income for the year		10 370
Profit for the year attributable to:		
The Parent Company's shareholders		4 100
Non-controlling interests		4 670
Comprehensive income for the year attributable to:		
The Parent Company's shareholders		4 200
Non-controlling interests		6 170
Average number of ordinary shares outstanding		1 750 000
Profit per ordinary share (basic and diluted), NOK		2 417


Consolidated statement of financial position

Amounts in NOK million	31 Dec 2020	Note	31 Dec 2019	Amounts in NOK million	Note
ASSETS				EQUITY AND LIABILITIES	
Non-current assets				Equity attributable to Parent Company shareholders	5.1
Intangible assets	153	4.2	206	Share capital	4
Investment Properties	156 539	4.1	108 904	Retained earnings	23 617
Owner occupied properties	761	4.1	673	Total equity attributable to Parent Company shareholders	23 621
Right-of-use assets	1 366	4.3	1 370	Non-controlling interests	56 693
Plant, machinery and equipment	118	4.4	78	Total equity	80 314
Investment in shares	101	4.4	49		
Investments in associated companies and joint ventures	2 601	8.1	1 028	LIABILITIES	
Receivables associated companies	904	4.6	487	Non-current liabilities	
Other non-current financial assets	70	7.6	156	Long-term interest-bearing liabilities	
Total non-current assets	162 614		112 952	Corporate bonds	45 554
				Long-term liability, leasing	29 999
Current assets				Derivative financial instruments	41 371
Trade receivables	110	4.5	47	Deferred tax liability	466
Other current receivables	2 359	4.7	1 148	Total non-current liabilities	77 061
Prepaid expenses and accrued income	338	4.8	342	Current liabilities	4 451
Cash and cash equivalents	11 894	7.1, 7.4	10 984	Current interest-bearing liabilities	8 541
Total current assets	14 701		12 522	Trade payables	564
TOTAL ASSETS	177 315		125 474	Current tax liabilities	215
				Other current liabilities	1 871
				Accrued expenses and prepaid income	61 360
				Total current liabilities	62 551
				TOTAL EQUITY AND LIABILITIES	177 315

Oslo, 28 June 2021



Ivar Erik Tollefsen
Chairman



Nick Walter Tollefsen
Board Member



John Giverholt
Board Member



Jon Ole Ruch
Board Member

Consolidated cash flow statement

Amounts in NOK million	2020	Note	2019
Operating activities			
Profit before tax	11 211		7 164
Adjustments for non-cash items:			
– Depreciation and impairment	128		54
– Change in fair value of investment properties	-8 906	2.7	-6 055
– Change in fair value of derivatives	182	7.4	99
– Other non-cash items	-344		-135
Taxes paid	-413		-99
Cash flow from operating activities before changes in working capital	1 857		1 028
Change in working capital			
Change in current receivables	31		-83
Change in current liabilities	7		469
Cash flow from operating activities	1 895		1 414
Investing activities			
Acquisition of investment properties	-14 564	4.1	-25 660
Capital expenditure on investment properties and development projects	-3 683	4.1	-2 011
Investment in associated companies	-1 480		-394
Investment in tangible fixed assets	-75		-43
Proceeds from property sales	-	4.1	13
Other investments	-		-66
Proceeds from loans and borrowings to associated companies	-378		-590
Proceeds from financial derivative instruments	-		-21
Deposits paid in connection with acquisitions	-1 048	4.7	-
Proceeds from long-term receivables	209		294
Cash flow from investing activities	-21 019		-28 478
Financing activities			
Share issue	-		52
Equity contributions	7 703		7 703
Contributions from non-controlling interests	-287		-287
Dividend	-958		-958
Dividend to non-controlling interest	19 252	7.7	19 252
Proceeds from loans and borrowings	-12 684	7.7	-12 684
Repayment of loans and borrowings	5 903	7.7	5 903
Proceeds from hybrid bonds	116		116
Redemption financial derivative instruments	19 096		19 096
Cash flow from financing activities	10 982		10 982
Cash flow for the year	939		939
Cash and cash equivalents at the beginning of the year	1 894		1 894
Net currency exchange effect in cash and cash equivalents	-		-
Cash and cash equivalents at the end of the year	2 833		2 833
Disclosures on interest rates			
Interest paid amounts to	205		205
Interest received amounts to	-		-

Consolidated statement of changes in equity

Amounts in NOK million (Note 5.1)	Share capital	Currency translation reserve	Retained earnings	Attributable to Parent Company shareholders	Non-controlling interests
Opening balance, 1 Jan 2020	4	17	19 639	19 661	37 869
Profit for the year	0	0	4 750	4 750	4 020
Other comprehensive income	0	-526	0	-526	2 128
Total comprehensive income	0	-526	4 750	4 224	6 149
Equity contributions	0	0	52	52	0
Contributions from non-controlling interests	0	0	-79	-79	7 705
Issue of hybrid bonds (Note 7.3)	0	0	51	51	6 227
Hybrid costs	0	0	0	0	-297
Dividend	0	0	-287	-287	-958
Total transactions with the company's owner	0	0	-263	-263	12 677
Closing balance, 31 Dec 2020	4	-492	24 126	23 622	56 000
Opening balance, 1 Jan 2019	4	330	15 974	16 308	17 788
Profit for the year	0	0	3 886	3 886	1 000
Other comprehensive income	0	-313	0	-313	0
Total comprehensive income	0	-313	3 886	3 573	1 000
Equity contributions	0	0	0	0	0
Contributions from non-controlling interests	0	0	0	0	8 766
Issue of hybrid bonds (Note 7.3)	0	0	0	0	10 000
Hybrid costs	0	0	0	0	-1 000
Dividend	0	0	-221	-221	-4 000
Total transactions with the company's owner	0	0	-221	-221	18 766
Closing balance, 31 Dec 2019	4	17	19 639	19 660	37 869

Accounting principles and notes to the consolidated accounts

1 General information and general accounting rules

1.1 General information

Fredensborg 1994 AS, Corp. ID No. 943 582 815, is a limited liability company registered in Norway with its registered office at 27 Stensberggata, Oslo, Norway. Fredensborg 1994's primary operations is owning, developing and managing residential properties in Norway, Sweden, Denmark, Germany, the Netherlands, the Czech Republic and Iceland. In addition, the operations of the Group comprise of business activities through investments in Fredensborg Bolig, Fredensborg Fritid, Servatur, Nordr and Utleiemegleren. Fredensborg Bolig (48% ownership) and Nordr (42.5 direct and indirect ownership) are residential development companies focusing on the Norwegian and Swedish markets, respectively. Fredensborg Fritid (100% ownership) is focused on leisure properties and recreational experiences. Servatur (50% ownership) is a fully integrated hotel company engaged in the operation, development and ownership of resorts in the Canary Islands. Utleiemegleren (50% ownership) is a leading real estate agent in the Norwegian residential rental market.

The Annual Report 2020 was approved by the Board of Directors on 28 June 2021.

1.2 Preparation of the consolidated financial statements

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS)

and interpretations by the International Financial Interpretations Committee (IFRIC), as adopted by the EU, as well as additional Norwegian reporting requirements pursuant to the Norwegian Accounting Act.

The consolidated financial statements were prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment property and derivative financial instruments at fair value.

In 2019, the Company was part of a group reorganisation. In this connection, the Company received a contribution in kind from its parent company, at that time Fredensborg AS which subsequently changed its name to Fredensborg 1994 AS, consisting of shares and business activities. As part of the group reorganisation the Company which was formerly known as Torshaugg 12 AS changed its name to Fredensborg AS. This reorganisation of an existing entity within the Group was considered a common control transaction and the Group has applied predecessor accounting to the transaction and has accounted for the combination under the pooling of interest method. Therefore, the Company's consolidated financial statements are presented as if the Group, with the Company as the holding company, had always existed.

Due to rounding differences, numbers presented throughout this financial statements may not precisely reflect the exact figures.

Fredensborg 1994 presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Fredensborg 1994 classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.3 Property acquisitions and business combinations

Where property is acquired, via corporate acquisition otherwise, management considers the substance of assets and activities of the acquired entity in whether the acquisition represents the acquisition of a business (see accounting policy below). The basis method is set out in Note 1.6.

Where such acquisitions are not determined as an acquisition of a business, the cost to acquire the assets and liabilities is allocated between the assets and liabilities of the entity based on their values at the acquisition date.

On acquisition of subsidiary that does not constitute a business, the group recognizes only the investment and not a deferred tax liability in consolidated statements. The group recognizes gain on investment property at fair value immediately upon recognition of the transaction compared to the cost for equity.

Accounting for business combinations

Fredensborg 1994 determines that an acquisition has occurred when the acquired set of activities and an input and a substantive process that, together, contribute to the ability to create outputs. The required process is considered substantive if it is the ability to continue producing outputs, and

of the reporting period. Non-monetary assets and liabilities that are recognised at historical cost are translated at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities that are recognised at fair value are translated into the functional currency at the rate prevailing on the date of fair value measurement.

Assets and liabilities in foreign operations are translated to Norwegian kroner at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated into Norwegian kroner at an average rate that represents an approximation of the prevailing exchange rates on the date of each transaction, the currency effect connected to base swaps is reported on line Currency translation differences, the currency effect on loans and the corresponding hedge is thus reported on the same line in the income statement.

Translation differences arising on currency translation of foreign operations are recognised via other comprehensive income.

The exchange rates of the currencies relevant to Fredensborg 1994 has developed as follows.

Changes	Closing rate (Year-end rate)		Average rate	
	31 Dec 2020	31 Dec 2019	2020	2019
CZK	0.3990	-	0.4052	-
DKK	1.4071	1.3982	1.4382	1.4181
EUR	10.4703	10.4467	10.7207	10.5875
SEK	1.0435	1.0591	1.0226	1.0746
PLN	2.2963	-	2.4128	-
ISK	0.0671	-	0.0695	-

1.6 Key assumptions and assessments

When preparing the financial statements Management and the Board of Directors make a number of key assumptions

and assessments that affect the application of the accounting principles and the reported values of assets, liabilities, income, costs and other disclosures.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which they arise if the change affects that period alone or, alternatively, in the period in which they arise and during future periods if the change affects both the period in question and future periods.

The assumptions and assessments deemed most significant mainly comprise valuations of investment properties. These valuations include estimates regarding future cash flows, return requirements, and changing conditions that could have a significant impact on the Group's profit and financial position. To reflect the uncertainty that exists in the assumptions made, a range of uncertainty is usually stated in connection with property valuations.

At the time of the reporting, an estimate is made of the market value, which in the accounting term is referred to as fair value. Further information on valuation documentation and valuation methods applicable to property valuation is presented in [Note 4.1](#) Investment properties.

1.7 Cash Flow Statements

Cash flow statements have been prepared in accordance with the indirect method in accordance with IAS7. This means that profit is adjusted for transactions that did not entail payments in or out and for income and costs attributable to investment and/or investment financing activities.

1.8 Newly adopted and recently issued accounting principles

In these Financial Statements, Fredensborg 1994 applies for the first time the new and amended standards and inter-

pretations commencing 1 January 2020, however none had significant impact on the financial statements. No new or amended IFRS rule has been applied retrospectively.

Amendments to IFRS 3: Definition of a Business

The amendments to IFRS 3 Business Combinations clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, they clarify that a business can exist without including all of the inputs and processes needed to create outputs. The other key amendments include:

- Removal of the assessment of whether market participants are capable of replacing any missing outputs or processes and continuing to produce outputs
- Adding guidance and illustrative examples to help entities assess whether a substantive process has been acquired
- Narrowing the definitions of business and outputs by focusing on goods or services provided to customers and by removing the reference to an ability to reduce costs
- Adding an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020. These amendments had no impact on the consolidated financial statements of Fredensborg 1994, but may impact future periods should Fredensborg 1994 enter into any acquisition. Fredensborg 1994 expects that the amendments will reduce the number of transactions that are accounted for as a business combination.

IFRS 16 Leasing (Covid-19)

One effect of the Covid-19 pandemic is that the IASB published a temporary relief of IFRS 16 in May, due to the IASB's view that revaluation of rent discounts in accordance with IFRS 16 during the ongoing pandemic can be administratively difficult and expensive for lessees.

The temporary relief means that for reduced payments, which are received as a direct result of lessees do not have to make new calculations on leasing debt and reported right of use but calculate the change as if it did not constitute a change leasing agreement. This means that in cases is an unconditional forgiveness of the debt, it is reduced at that time. If the relief is applied, rental payments with a due date of 30 June 2020 Fredensborg 1994 has, as of the end of 2020 reduced any rent reductions.

IAS 1 Presentation of financial statements Accounting Policies, Changes in Accounting and Errors

Since January 1, 2020, the Group has applied the new IAS 1 Presentation of Financial Statements Accounting Policies, Changes in Accounting and Errors, regarding what information is material in the financial statements. IAS 1 requires close "significant" accounting principles. The close "significant" accounting principles to understand what makes an accounting principle information is material if omitting, misstating or could reasonably be expected to influence decisions on the basis of those financial statements, which financial information about a specific reporting period. Fredensborg 1994's information is considered to be changes are not affecting the accounting principles.

IAS 20 Accounting for Government Grants Disclosure of Government Assistance

As an effect of the Covid-19 pandemic the company is expected to receive compensation primarily in the form of government grants, which is why the criteria in IAS 20. The total amount of 2020 was insignificant for the consolidated financial statements.

IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Payment flows in several different types of financial- and leasing agreements are often based on reference interest rates. Instruments with variable interest rates (short interest-bearing periods) such as bonds, corporate loans and interest rate swaps are often based on an IBOR reference rate. Changes in reference interest rates give rise to a number of consequences in the accounts, which the IASB has addressed in a "two step process" with changes in IAS 39, IFRS 7, and IFRS 9. The first phase of changes is intended to address undesirable consequences that may arise in the interim while the reform is underway. These changes took effect on 1 January 2020. The changes in the first phase mainly deal with issues within the framework of hedge accounting of interest rate risk. The implemented simplifications from the basic rules on hedge accounting make it possible to start from the simplified assumption that the existing (and unformed) reference rate will remain unchanged during the hedging period for existing hedges and / or until the reform is completed. The second phase was approved on 14 Jan 2021, with effect from 1 Jan 2021 and addresses potential financial reporting issues that may arise when IBORs are either reformed or replaced.

Conceptual Framework for Financial Reporting

The IASB's standards are based on a conceptual framework, this has been updated and a new version was published in the spring of 2018. The framework is now no longer called "The framework for the preparation and presentation" but "Conceptual framework for Financial Reporting". This means that there is a need to update existing references in more standards and interpretations, which has now taken place. Included are revised definitions of an asset and a liability as well as new guidance on measurement and derecognition, presentation and disclosure.

1.9 Information about related parties

Related parties are both legal and physical persons as defined in IAS 24. Transactions with related parties shall be conducted on commercial terms and conditions, in the same way as other transactions. In connection with transactions, special attention shall also be paid to the guidelines on conflicts of interest.

The following are defined as related parties:

- All companies within the Fredensborg Group
- Board members and company management
- Close family members of Board members or company management
- Companies controlled by Board members or company management
- Shareholders in control of more than 10% of the shares or votes in the company
- Associated companies and joint ventures

Related-party transactions

The Group is under the controlling influence of Ivar Tollefsen, which holds 100% of the votes in Fredensborg 1994 AS. Some employees and related parties to the company have invested at arms length terms in FBA 2018 AS, FBA 2019 AS and FBA 2020 AS which holds shares in Fredensborg AS. In addition to the related-party relationships specified for the Group, the Parent Company has a controlling influence over subsidiaries in accordance with Note 3 in the Parent Company's Balance Sheet.

Summary of related-party relationships

Fredensborg 1994 AS paid out NOK 287 million (221) in dividends to its owner, in accordance with a resolution by the Annual General Meeting.

Fredensborg AS sold management and administrative services to the Group for NOK 11 million (7). Interest on shareholder loans was paid in the amount of NOK 0 million (6).

In 2020 a related-party company of Ole Ruch received NOK 10.3 million for consultancy services rendered to the Group.

Associated companies and joint ventures

Apart from the related parties described above, the Fredensborg Group owns associated companies and joint ventures according to Note 8.1. Investments in associated companies and joint ventures.

During the financial year Heimstaden AB has acquired 50% of Atriet AS. The company is to develop student-housing project comprising a total of 208 student-housing units in Copenhagen.

Transactions with key individuals in leading positions.

The company's Chairman of the Board owns 100% of the votes in Fredensborg AS. Regarding the remuneration of the Board of Directors and the salaries and other remunerations of the CEO and other executives, see Note 2.5.

In 2020, Ivar Tollefsen and his family received NOK 14 million in total fees for ground rent (NOK 14 million).

In 2020 a related-party company of Ole Ruch received NOK 10.3 million for consultancy services rendered to the Group.

Other

Transactions with related parties are carried out on market terms. For information on the remuneration of board members and senior executives, see Note 2.5. For details about intercompany interest income and interest expenses, see Note 7.7. No other significant transactions between related parties and Fredensborg 1994 have taken place during the year.

1.10 Events after the Balance Sheet date

On 18 September 2020, Fredensborg 1994's subsidiary, Heimstaden Bostad AB, signed an agreement to acquire 3 900 residential and 431 commercial units in Berlin for SEK 8.4 billion (EUR 831 million). On 15 December 2020, Heimstaden AB's subsidiary, Heimstaden Bostad AB, signed an agreement to acquire a Danish residential portfolio with 6 028 residential and 232 commercial units for SEK 15.6 billion (DKK 11.5 billion). Both transactions closed in 2021.

On 12 January 2021, Fredensborg 1994's subsidiary, Heimstaden AB subscribed for SEK 1.5 billion in a SEK 4 billion directed new share issue by Heimstaden Bostad AB. Existing institutional investors in Heimstaden Bostad AB, Alecta, Ericsson and Folksam Group, also participated in the share issue. On 20 January 2021, Heimstaden completed the repurchase of SEK 896 million of its outstanding SEK 1 250

million senior unsecured bond maturing on 18 May 2021 and announced the early redemption the remaining amount.

On 20 January 2021, Fredensborg 1994's subsidiary, Heimstaden AB issued two SEK 700 million senior unsecured subordinated bonds with maturity dates 15 January 2024 and 15 October 2025. The proceeds were primarily used to finance the repurchase and early redemption of the SEK 1 250 million bond maturing on 18 May 2021.

On 26 February 2021, Fredensborg 1994's subsidiary, Heimstaden AB issued its inaugural euro-denominated senior unsecured bond for EUR 350 million with a maturity of 5 years and an annual fixed rate coupon of 4.250%. The proceeds will be used for general corporate purposes and to participate in future equity issues in Heimstaden Bostad.

On 5 May, Fredensborg 1994's subsidiary, Heimstaden Bostad,

acquires 1 118 residential units for SEK 2.5 billion in Linköping from municipal housing company Stångåstaden, and significantly strengthens its presence in the region. The transaction closes July 2021 and will be financed through debt and equity.

On 21 May, Fredensborg 1994's subsidiary, Heimstaden Bostad AB, buys newbuild project "Soho Wharf" with 752 residential units in Birmingham for SEK 1.9 billion (GBP 160 million) from Apsley House Capital and Cailliard Homes. Cailliard will also act as developer for the project.

On 24 May, Fredensborg 1994's subsidiary, Heimstaden Bostad AB, buys a newbuild portfolio with 2,496 homes in Poland for SEK 3.1 billion from leading Polish residential development company, Budmex.

On 6 June, Fredensborg 1994's subsidiary, Heimstaden AB, raised a total of SEK 1.125 billion in rights issue and directed

issue. The rights issue and the directed issue proceeds of SEK 375 million and SEK 750 million before issue costs.

On 18 June, Fredensborg's subsidiary, Heimstaden AB, issued EUR 600 million subordinated preferred capital.

For information regarding acquisitions during 2021, see 4.1 Investment properties.

The financial statements form part of the Annual Report 2021 and were signed by the Board of Directors on 28 June 2021.

2 Income and costs

The majority of Fredensborg 1994's revenues consist of rental income. In addition to rental income, Fredensborg 1994 earns revenues from other operating items, such as owner-occupied properties and revenues from the company's development and hospitality operations primarily in Norway.

Profit from property management

IAS 1 prescribes what information is to be reported in the Income Statement and how this information may be presented. Taking into account that Fredensborg 1994 manage and assess its operations based on profit from property management and in view of practices within the sector, the company has chosen to report changes in the value of investment properties and interest rate derivatives in its own section between profit from property management and profit before tax.

2.1 Segment reporting

Accounting principles

Fredensborg 1994's business concept is to own, develop and manage residential properties. The Group organises and governs its activities based on geographical areas and these geographical areas form the basis of the definition of segments. Management monitors investment property, interest-bearing liabilities, net operating income and changes in the value of managed properties in the identified segments. Other items are not distributed per segment.

Fredensborg 1994 has identified seven segments consisting of the geographical areas of Norway, Sweden, Denmark, Netherlands, Germany, Czech Republic and Iceland. In the segments' profits, assets and liabilities have included directly attributable items and items that can be allocated to the segments in a reasonable and reliable manner.

2020	Norway	Sweden	Denmark	Netherlands	Germany	Czech Republic	Iceland	Other
Income statement								
Rental income	991	2 559	1 519	1 051	103	1 235	160	0
Property expenses	-786	-1 307	-542	-482	-71	-576	-57	0
Net operating income	205	1 252	977	569	32	659	103	0
Corporate administrative expenses, unallocated	-294	0	0	0	0	0	0	0
Other income and costs, unallocated	405	0	0	0	0	0	0	0
Financial income and costs	-313	810	-399	-349	-131	-790	-264	0
Profit from property management	3	2 062	578	220	-99	-131	-161	0
Change in fair value of investment properties	1 555	2 465	1 117	1 069	271	1 908	541	-4
Change in fair value of derivatives	-83	-75	22	-45	0	0	0	0
Profit before tax	1 475	4 527	1 695	1 289	172	1 777	380	-4
Balance sheet								
Goodwill	153	0	0	0	0	0	0	0
Investment properties	20 087	52 500	37 766	24 382	3 877	14 428	3 479	19
Owner occupied properties	629	0	0	0	0	0	0	132
Assets, unallocated	19 862	0	0	0	0	0	0	0
Total assets	40 731	52 500	37 766	24 382	3 877	14 428	3 479	151
Equity, unallocated	80 314	0	0	0	0	0	0	0
Liabilities to credit institutions	6 024	16 151	19 842	9 614	605	0	1 859	0
Corporate bonds	12 988	22 670	0	7 329	0	0	0	0
Other liabilities, unallocated	0	0	0	0	0	0	0	0
Total equity and liabilities	99 245	38 821	19 842	16 943	605	0	1 859	0
Capital expenditures	538	1 691	526	203	27	315	243	139

2019	Norway	Sweden	Denmark	Netherlands	Germany	Czech Republic	Iceland	Other	Group in total
Income statement									
Rental income	625	2 133	1 235	590	20	0	0	2	4 606
Property expenses	-598	-1 096	-447	-271	-9	0	0	0	-2 420
Net operating income	27	1 037	789	319	11	0	0	2	2 186
Corporate administrative expenses, unallocated	-175	0	0	0	0	0	0	0	-175
Other income and costs, unallocated	542	0	0	0	0	0	0	0	542
Financial income and costs	-369	-552	-286	-147	9	0	0	0	-1 345
Profit from property management	25	486	503	172	20	0	0	2	1 208
Change in fair value of investment properties	293	2 126	1 399	2 003	239	0	0	0	6 060
Change in fair value of derivatives	17	76	-108	-85	0	0	0	0	-99
Profit before tax	336	2 688	1 794	2 090	259	0	0	2	7 169
Balance sheet									
Goodwill	206	0	0	0	0	0	0	0	206
Investment properties	17 911	39 307	32 710	16 789	2 164	0	0	24	108 905
Owner occupied properties	673	0	0	0	0	0	0	0	673
Assets, unallocated	15 691	0	0	0	0	0	0	0	15 691
Total assets	34 481	39 307	32 710	16 789	2 164	0	0	24	125 475
Equity, unallocated	57 528	0	0	0	0	0	0	0	57 528
Liabilities to credit institutions	777	14 696	16 815	8 782	361	0	0	0	38 599
Corporate bonds	0	19 890	0	0	0	0	0	0	19 890
Other liabilities, unallocated	9 457	0	0	0	0	0	0	0	9 457
Total equity and liabilities	87 652	14 696	16 815	8 782	361	0	0	0	125 474
Capital expenditures	275	1 344	764	9	12	0	0	0	2 405

2.2 Rental income

Accounting principles

Fredensborg 1994 earns revenue consisting of virtually exclusively rental income from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises.

No split is made between rental income and service charges to tenants, as the revenue from service charges to tenants are not significant. Service charges to tenants mainly comprise utility cost and digital services.

Lease contracts for residential units, which represent 92% (83) of the total contract value, are normally signed "until further notice", with a normal term of notice for the customer of three months.

Leases for commercial units are normally signed with a contract period of three to five years and are normally index-adjusted.

Rental income distributed by property category	2020	2019
Residential	6 780	4 096
Commercial premises	539	444
Garages and parking spaces	85	66
Total	7 404	4 606

Maturity, lease contracts	Contracted rent, NOK m	Proportion, %
2021	895	24
2022	274	7
2023	356	10
2024	54	1
2025 and thereafter	1 653	45
Commercial premises	358	10
Garages and parking spaces	7	2
Total	3 597	100

Letting rate

	Rental value, NOK m	Rental value, NOK/sqm
Residential	6 957	1 043
Commercial premises	549	10 723
Garages and parking spaces	113	-
Total	7 619	1 045

2.3 Property expenses

Property expenses include expenses for facility management, utility and insurance. Repairs and maintenance expenditure that keeps property in efficient operating condition and expenditure that restore properties to its pre-tion. All these expenses are expensed as incurred.

Property expenses

	2020
Operating costs	1 625
Repairs and maintenance	603
Property tax	297
Ground rent	10
Direct property costs	2 535
Property administration	999
Amortisation and depreciation	75
Total	3 608

Property expenses, NOK/m²

	2020
Operating costs	246
Repairs and maintenance	91
Property tax	45
Ground rent	1
Direct property costs	384
Property administration	151
Amortisation and depreciation	11
Total	546

Operating costs, NOK/m² are calculated on time-weighted area.

Salaries, remuneration, social security and pension costs have been paid as follows:

	2020	2019
Chairman of the Board	-	-
CEO (Board Member)	-	-
Base salary	1	1
Pension costs	-	-
	1	1
Board Member, John Giverholt		
Board fees	0	1
	0	1
Board Member, Jon Ole Ruch		
Board fees	0	-
	0	-

The CEO and Board Members were variable remuneration of NOK 0 million (0).

	2020	2019
Other employees:		
Salaries	530	288
Benefits	17	6
Pension costs	32	7
Total	579	301
Social security costs	135	59
Board Members and senior executives		
Board Members	4	4
of whom, women	-	-
CEO and senior executives	1	1
of whom, women	-	-

2.6 Change in fair value of investment properties

	2020
Unrealised value change attributable to change in return requirement	6 263
Unrealised value change attributable to change in net operating income	2 658
Total	8 921

2.7 Other comprehensive income, net

Other comprehensive income is currency translation differences arising from the consolidation of the Group's foreign subsidiaries.

	2020
Foreign currency translation difference	1 602
Total	1 602

3 Tax

Accounting principles

Tax income and costs are current and deferred tax. Tax is recognised in the Income Statement except where the underlying transaction is recognised directly in equity, upon which the associated tax effect is recognised in other comprehensive income or directly in equity. Current tax is calculated based on the applicable tax rate, deferred tax is calculated based on approved future tax rates in Norway, Sweden, Denmark, Netherlands, Germany, Iceland and Czech Republic.

	2020	2019
Current tax	409	244
Deferred tax	2 032	1 264
Total	2 440	1 508

3.1 Current and deferred tax

Accounting principles

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the consolidated statement of financial position in the countries where Fredensborg 1994 AS operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

	2020	2019
Reported profit before tax	11 211	7 164
Tax according to current rate	-2 466	1 563
Tax effect of:		
Non-taxable income	48	77
Non-deductible costs	-105	-167
Non-taxable profit on disposal of participations	-	2
Non-deductible interest net	-356	113
Tax effect of hybrid	-86	-45
Tax on comprehensive income	416	
Tax on participations in profit of associated companies	8	-50
Revaluations, deferred tax, 20.6%	133	-
Tax attributable to previous years	-48	15
Other	19	-
Total	2 440	1 508

3.2 Deferred tax

Accounting principles

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income is accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the consolidated statement of financial position and are expected to apply when the related deferred income tax asset or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available which the temporary differences can be utilised. The carrying value of Fredensborg 1994's investment property will be realised by sale at the end of use.

The capital gains tax rate is based on the applicable rate of a direct sale of the property recorded in the statement of financial position regardless of whether Fredensborg 1994 would structure the sale via the disposal of the subsidiary holding to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary tax consequences arising from recovery through sale. Deferred income tax is provided on temporary differences in investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Fredensborg 1994 and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority or the same taxable entity.

2020

20

	Basis	Tax	Basis
Deferred tax receivables			
At the beginning of the year	-1 624	-350	-1 954
Change for the year	597	131	330
At the end of the year	-1 027	-219	-1 624
Deferred tax liability			
At the beginning of the year	23 349	4 986	17 311
Corporate acquisitions	-	-	-258
Depreciation for the year	2 533	541	-
Value change for the year	8 925	1 887	-
Changed tax rate	-275	-29	6 038
At the end of the year	34 533	7 385	23 091
Interest-rate derivatives			
At the beginning of the year	-61	-14	176
Change for the year	-430	-91	-50
At the end of the year	-491	-105	-50
Net deferred tax			
At the beginning of the year	21 664	4 622	15 042
Corporate acquisitions	-	-	-50
Revaluations, deferred tax, 20.6%	-275	-29	6 038
Change for the year	11 625	2 471	6 038
At the end of the year	33 014	7 063	21 615

In 2020, capitalised tax loss carryforward was NOK 637 million (1 519). In addition NOK 1 518 million in tax loss carried forward was not capitalised in 2020.

4 Assets

4.1 Investment properties

Accounting principles

Investment property is completed property (standing assets), property under development (construction or re-development) and land and building rights, that is held, or to be held, to earn rentals or for capital appreciation or both.

Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, brokers fees and professional fees for legal services.

Borrowing costs that are directly attributable to the construction or re-development of assets that takes a substantial period of time to get ready for its intended use are capitalised.

Subsequent to initial recognition, investment property are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss, in the period in which they arise, including the corresponding tax effect.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- the provisions of the construction contract
- the stage of completion
- whether the project/property is standard or non-standard
- the level of reliability of cash inflows after completion
- the development risk specific to the property
- past experience with similar construction
- status of construction permits

Management has decided that investment properties under construction are eligible for fair value measurements once all three following criteria are fulfilled:

- Administrative authorisations needed to complete the project are obtained
- The construction has started and costs are committed toward the constructor
- Substantial uncertainty in future rental income has been eliminated.

Transfers are made to (or from) investment property only when there is evidence of a change in use. For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an invest-

ment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Company considers as evidence the commencement of development with a view to sale (or inception of an operating lease to another party).

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

	31 Dec 2020	31 Dec 2019
Fair value at the beginning of the year	108 904	75 883
Acquisitions	28 574	25 660
Capital expenditures	3 651	2 404
Disposals	-242	-13
Foreign currency translation	6 731	-1 085
Fair value gain	8 921	6 055
Fair value at the end of the year	156 539	108 904

Breakdown by category	152 858	107 413
Investment properties		
Development (build or redeveloped to rent)	3 370	1 405
Land and building rights	311	86
Total	156 539	108 904

External valuation

Fredensborg 1994's investment properties are valued by external valuers on a quarterly basis, with the last valuation taking place as of 31 December 2020. For all valuations we have instructed an acknowledged global real estate advisory company, who are professionally qualified, suitably experienced and have the appropriate competence to carry out

the valuation in accordance with the requirements of the standards. In addition, the company has a dedicated in-house valuation team ensuring quality external valuations.

Country	Valuer
Denmark	CBRE
Sweden	Newsec
Norway	Cushman & Wakefield, NY
Netherlands	Cushman & Wakefield
Germany	CBRE
Czech Republic	JLL
Iceland	Internal

Valuation assumptions

The valuation methodology is based on market data from each respective country. In general, the valuation is based on the 'highest-and-best use' meaning that the value prepared in a re-letting scenario as a divestment if possible.

Re-letting: The market value is based on a carrying amount obtained by re-letting the property at market rental rates and market fluctuations.

Divestment: The market value is based on a carrying amount obtained by successfully divesting the property to a third party upon tenant fluctuation.

In most markets' properties are valued according to a discounted cash flow model using relevant market inputs.

Future rental cash inflows based on the actual type and quality of the properties and support

terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;

Future sales prices of vacant positions (only divestment scenario) inflows based on sales prices supported by terms of external evidence such as sales prices for similar unit of properties;

Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;

Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease;

Property costs including maintenance and necessary investments to maintain functionality of the property for its expected useful life as well as fixed cost like property taxes, insurance etc.

Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date; and

Terminal value taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

For Norwegian residential real estate assets with a total carrying amount of 20 078 (17 895), the valuation was determined using the sales comparison approach. Properties valued using the sales comparison approach take into

account comparable properties in close proximity. These values are adjusted for differences in key attributes such as property size and quality of interior fittings. The most significant input into this valuation approach is price per square metre. There were no changes to the valuation techniques during the year.

For properties under construction or re-development, the valuation was based on a DCF model taking into account the following estimates (in addition to the inputs noted above except for capitalisation rates as the capitalisation rates applied for investment property under construction are adjusted for risks, and therefore includes a risk premium):

Costs to complete based on internal forecast and management's experience and knowledge of market conditions. Costs to complete also include a profit margin;

Completion dates properties under construction require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, and compliance with environmental regulations. Based on management's experience with similar developments, all relevant permits and approvals are expected to be obtained. However, the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals and any remedial action required by the Company.

Valuation hierarchy

The fair value of the majority of the property portfolio is based on level three input data (DCF) with exemption of Norwegian residential real estate assets, that are based on level two, under the valuation hierarchy in IFRS 13.

Information about fair value measurements using significant unobservable inputs

The table below presents the following for each class of the investment property:

1. The fair value measurements at the end of the reporting period
2. The level of the fair value hierarchy (e.g., Level 2 or Level 3) within which the fair value measurements are categorised in their entirety
3. Valuation technique applied
4. The inputs used in the fair value measurement
5. Quantitative information about the significant unobservable inputs used in the fair value measurement
6. Uncertainty interval and sensitivity analysis

The actual fair value of a property can only be determined when it is sold. Property valuations are estimates that build on accepted principles based on certain assumptions, as explained above. Accordingly, the valuation includes a degree of uncertainty in the assumptions made. The valuation is assured, and uncertainty is minimised through ongoing valuation work and by evaluating completed sales in Fredensborg 1994's property portfolios and those of others.

The valuation policies and procedures for properties for which the valuation is assessed by the Company's in-house valuation team. Each year, the investment team appoints independent external valuers who are responsible for external valuations of the properties. Apart from the property portfolio in Iceland, valuations in all other countries are based on external appraisals as of December 31, 2021. The property portfolio in Iceland is also valued annually. The Group's investment team holds relevant professional qualifications and are experienced in valuations of property in the applicable locations. Interruptions aligned with those used by external valuers. At the end of the reporting date, the investment team analyses the data and identifies major inputs applied and tests the latest available information in the valuation contracts and other relevant documents. The internal team also compares each change in fair value with relevant external valuations to determine whether the change in fair value is significant. To reflect sensitivities linked to the above-mentioned assumptions regarding return requirements, net operating income, a quantitative sensitivity analysis is shown in the below table. The sensitivity analysis is prepared in accordance with the present valuation and the change in return requirements and net operating income is one for the year at hand.

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Category	Carrying value	Valuation technique	Fair value hierarchy level	Net operating income	Of which non-regulated	Of which regulated	Running Yield	Estimate	Lower impact	Higher impact	Sensitivities in running yield, change in percentage point						Sensitivities in NOI					
											0.75%	0.50%	0.25%	-0.25%	-0.50%	-0.75%	2.00%	1.50%	1.00%	-2.00%		
Sweden	52 501	DCF	Level 3	1 864	0%	100%	3.55%					0.75%	0.50%	0.25%	-0.25%	-0.50%	-0.75%	2.00%	1.50%	1.00%	-2.00%	
Denmark	37 775	DCF	Level 3	1 375	84%	16%	3.64%					-9 158	-6 482	-3 454	3 978	8 607	14 064	-1.05	-788	-525	525	
Norway	20 078	Sale	Level 2	606	100%	0%	3.02%	Sales price pr. sqm +/- 10%	1701	1701		-1 099	-809	-452	589	1 389	2 537	-78	-58	-39	39	
Germany	3 878	DCF	Level 3	74	3%	97%	1.90%					-4 247	-3 006	1 844	3 99	6 518	-488	-366	-244	244		
Netherlands	24 382	DCF	Level 3	867	40%	60%	3.56%					-1 793	-1 247	-652	716	1 507	2 385	-289	-216	-144	144	
Czech Republic	14 428	DCF	Level 3	763	62%	38%	5.29%					-468	-327	-172	190	403	641	-70	-52	-35	35	
Iceland	3 479	DCF	Level 3	168	100%	0%	4.82%															
Other	19																					
	156 539			5 715			3.65%															

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Acquisitions with closing after the Balance Sheet date

In 2021, Fredensborg 1994 has agreed to acquire properties with closing after the balance sheet date. Since Fredensborg 1994 has not taken possession of the properties, they are not included in the financial statements.

Segments	Anticipated possession		Contracted property value
Sweden	Q2 2021		971
Denmark	Q2-Q4 2021		740
Poland	Q3 2021		879
Germany	Q1 2021		152
Netherlands	2023		299
Iceland	Q1 2021		99
United Kingdom	Q2 2020		1 983
Total			4 980

Total property value per segment

The total property value, measured at fair value, was NOK 156 539 million (108 879). This value includes unrealised value increase for 2020 of NOK 8 921 million (6 059). Expressed as a percentage, the unrealised increase in value is 6.0% (5.7) of the property value before changes in value. The total property value per segment is shown below.

Change in fair value of investment properties	Total	Norway	Sweden	Denmark	Germany	Netherlands	Czech Republic	Iceland	Other
Market value of investment properties, 31 Dec 2019	108 904	17 895	39 306	32 727	2 164	16 788	0	0	25
Sales during the period	-242	0	0	0	0	-66	0	-175	0
Acquisitions during the period	28 574	0	4 808	1 279	1 316	5 592	12 399	3 181	0
Investments during the period	3 652	645	1 691	526	27	203	315	243	0
Foreign currency translation	6 730	-9	4 230	2 118	99	796	-194	-310	0
Fair value after transactions	147 618	18 531	50 035	36 650	3 606	23 313	12 520	2 939	25
Unrealised value change	8 921	1 554	2 465	1 117	271	1 069	1 908	541	-3
Fair value of investment properties, 31 Dec 2020	156 539	20 085	52 500	37 767	3 877	24 381	14 428	3 479	22
Change in fair value of investment properties	Total	Norway	Sweden	Denmark	Germany	Netherlands	Czech Republic	Iceland	Other
Market value of investment properties, 31 Dec 2018	75 882	16 852	34 927	23 165	682	229	0	0	27
Sales during the period	-13	0	-13	0	0	0	0	0	0
Acquisitions during the period	25 660	343	1 836	7 643	1 238	14 600	0	0	0
Investments during the period	2 405	275	1 344	764	12	10	0	0	0
Foreign currency translation	-1 087	0	-856	-226	-5	0	0	0	0
Fair value after transactions	102 820	17 470	37 238	31 346	1 927	14 839	0	0	27
Unrealised value change	6 058	425	2 068	1 381	237	1 949	0	0	-2
Fair value of investment properties, 31 Dec 2019	108 904	17 895	39 306	32 727	2 164	16 788	0	0	25

4.2 Intangible assets

Accounting principles

Goodwill is the difference between the cost and the Group's share of fair value of acquired subsidiaries' identifiable net assets on the acquisition date. Goodwill recognised in the Group is attributable to the difference between nominal tax and the calculated tax applied. The company's goodwill is thus linked to the deferred tax. Goodwill is recognised at cost on the acquisition date and is subsequently valued at cost after any deductions for impairment.

Goodwill is tested at least annually for potential impairment, or more often when there is an indication that the carrying amount may not be recoverable.

For the year ended December 31, 2020 Fredensborg 1994 recorded goodwill impairment charges of NOK 73 million in respect of its investments in Skjerven Group GmbH. The impairment was recognised in the consolidated statement of comprehensive income. The recoverable amount for the Group's investment in Skjerven Group GmbH was based on estimated fair value less cost to sell based on an agreement, reached in the first quarter of 2021 with Skjerven Holding GmbH, to dispose its holding of shares. In connection with the impairment a contingent liability of NOK 73 million related to its ownership in Skjerven Group GmbH was derecognised. The amount was presented in the consolidated statement of comprehensive income.

For separately acquired licences these are recognised at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Fredensborg 1994 amortises intangible assets with a limited useful life, using the straight-line method over 3-5 years.

	Goodwill	Licenses	Total
Costs as of 1 January 2020	206	-	206
Additions due to business combinations	-	37	37
Impairments	-73		-73
Investments		4	4
Change in Value from currency translation	12	-2	10
Cost as of 31 December 2020	145	39	184
Accumulated amortisation as of 1 January 2020			
Additions due to business combinations		-29	-29
Amortisations in reporting year		-3	-3
Disposals		1	1
Accumulated amortisations as of 31 December 2020	145	-31	-31
Carrying amount as of 31 December 2020	145	8	153

4.3 Leasing

Accounting principles

Fredensborg 1994 has a lease commitment for leasehold rights, premises and vehicles. The commitment is classified as lease liability in the balance sheet, the right to use the underlying asset during the leasing period is classified as an intangible asset. Amortisation of the asset is reported in the income statement, as interest on the lease liability. Lease payments partly as payment of interest and partly as amortisation of the leasing debt. Lease payments are renegotiated at the agreements to reflect market rents. The agreements mainly fall due for renegotiation in more than 5 years amounting to NOK 1 371 million.

Premises and vehicles are reported at discounted values in the statement of financial position as right-of-use assets. In the income statement, the right-of-use-asset is depreciated over the term of the agreement and partly as interest on the lease liability / lessor is reported partly as amortisation of the lease liability and partly as interest expense in the income statement.

The lease debt undiscounted maturity breaks down as follows:

	2020
Within one year	90
1-5 years	258
> 5 years	1 982
Total	2 330

The table below shows the rights of use per category:

	Leasehold rights	Premises	Vehicle	Other	Total
Opening value 1 Jan 2020	594	670	30	76	1 370
Corporate acquisitions for the year	-	18	2	-	20
New leases	52	57	1	-	110
Reclassification	-	-82	19	-63	-126
Depreciation	-	-33	-15	-4	-52
Foreign currency translation	30	12	2	-	44
Closing value 31 Dec 2020	676	642	39	9	1 366

4.4 Plant, machinery and equipment

Accounting principles

Plant, machinery and equipment are recognised at cost less accumulated depreciation and impairment. Cost includes expenses directly attributable to the acquisition of the asset. Additional expenses are added to the asset's carrying amount or recognised as a separate asset only if it is likely that future economic benefits associated with the asset will be received by the Group and when the cost of the asset can be reliably calculated.

The useful life of computer equipment and of other machinery and equipment has been calculated at 3 years and 5 years, respectively. Depreciation is effected on a straight-line basis over the useful life and is recognised in the income statement. The residual value of the assets and their useful life is reviewed every closing and adjusted when necessary.

	31 Dec 2020	31 Dec 2019
Equipment		
Opening amortised cost	168	125
Corporate acquisitions for the year	19	-
Investments for the year	56	43
Closing amortised cost	243	168
Opening accumulated depreciation	-90	-72
Depreciation for the year	-36	-18
Closing accumulated depreciation	-126	-90
Closing planned residual value	117	78

Plant, machinery and equipment mainly comprises machinery, office and computer equipment.

4.5 Trade receivables

Accounting principles

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. Fredensborg the trade receivables with the objective to collect the contractual cash flows.

Trade receivables was NOK 110 million (47) per 31 Dec 2020. The Group has determined to apply the simplified reserving expected loan losses for leases and trade receivables. This means that expected credit losses are reserved remaining term, which is expected to be less than one year for all receivables. Rent is invoiced in advance, meaning reported rent receivables and trade receivables have fallen due for payment. The Group makes provisions for expected losses based on historical credit losses and forward-looking information. Fredensborg 1994's customers have similar files, which is why the credit risk is initially assessed collectively. Any major individual receivables are assessed per party. Receivables are written-off when there is no longer any expectation of receiving payment and when active obtain payment have been discontinued.

Age distribution of accounts receivable, NOK million

-30 days	84
31-60 days	14
61-90 days	0
91 days -	30
Total	128
Credit loss provision	-18
Trade receivables, net	110

4.6 Receivables from associated companies

	31 Dec 2020	31 Dec 2019
Opening balance	487	118
Loans repaid	-48	-
Loans granted	465	369
Closing balance	904	487
Company/Corp. ID No./Receivable		
Garnebro AB, 556791-3990	78	70
Upplands Bro Brogårds Etapp 2 AB, 559175-4915	179	108
Magnolia Projekt 5222 AB, 559175-4907	133	121
Slagteristræde A/S, 38632035	-	37
A place 2 A/S A/S, 39754134	478	140
Ceilo Holding AS, 988 659 320	-	11
Atriet A/S, 41938927	36	-
Total	904	487

4.7 Other current receivables

	31 Dec 2020
Prepaid tax	24
Deposits, acquisition	1 909
Other receivables	426
Closing balance	2 359

4.8 Prepaid expenses and accrued income

	31 Dec 2020
Prepaid insurance premium	44
Prepaid interest	-
Other accrued items	295
Closing balance	338

5 Equity

5.1 Equity

Development of share capital

The share capital as of December 31, 2020, consisted of 175 000 registered shares with one vote per share and a quota value of 0.02 per share. All shares are fully paid. There are no restrictions regarding dividend or other types of repayment.

Date	Event	Number of shares	Par value	Share capital, NOK
31 Dec 2019	Year end	175 000 000	0.0228	4 000 000
1 Jan 2020	Beginning of the year	175 000 000	0.0228	4 000 000
31 Dec 2020	Year end	175 000 000	0.0228	4 000 000

Other capital contributions

Other contributed capital refers to equity contributed by the owners as well as share premiums for issues of ordinary shares and preference shares.

Hybrid bonds

Fredensborg 1994 subsidiary Heimstaden has issued hybrid bonds amounting to SEK 17.5 billion. The hybrid bonds have a perpetual maturity with a variable coupon rate. Heimstaden Bostad has the opportunity to redeem outstanding hybrid bonds as of first possible redemption day, which is 5 years from the issue date.

At the first reporting date, hybrid bonds were classified as equity instruments. The classification is based on there not being any explicit contractual obligation or any other circumstances indicating that the agreement will be settled in cash or other financial asset. Heimstaden Bostad is entitled to postpone interest payments for an indefinite period in so far as hybrid bond holders are notified within the agreed period and the hybrid bond is subordinated to all other creditors.

Currency translation difference

Currency translation differences that arise as a result of translation of foreign operations that prepare their financial statements in a currency other than the currency in which the Group's financial statements are presented.

Retained earnings

Retained earnings refer to earned profits. This item also includes previous allocations to the reserve fund. During dividend of 287 NOK million was paid out to the company's owner.

Non-controlling interest

Non-controlling interests are external ownership interests in subsidiaries and their subsidiaries. The majority of businesses are wholly-owned.

Non-controlling interests' share of

2020

Operating profit

4 020

Comprehensive income for the year

28 149

Breakdown of non-controlling interests

Minority in Heimstaden AB

10 166

Hybrid bonds

16 528

Total non-controlling interests

26 661

Capital Share in Heimstaden Bostad AB as of 31 December 2020 1)

Heimstaden AB

Alecta

Folksam Group

Ericsson Pension Fund

Sandvik Pension Fund

Heimstaden AB management

Total

1) Capital share percentage differs from voting rights as investors hold share classes with different voting rights.

Investors owning the preference shares in Heimstaden AB represent 15.1 percent of the share capital and are listed on North. In addition to the non-controlling interests stated above, certain non-controlling interest are held through investment companies FBA 2018 AS, FBA 2019 AS and FBA 2020 AS.

6 Current liabilities

6.1 Other current liabilities

	31 Dec 2020	31 Dec 2019
Deposits from tenants	547	383
Current tax liabilities	215	195
Accrued stamp duty	50	38
Liabilities real estate transactions	621	308
VAT construction projects	110	55
Other items	543	401
Total	2 086	1 380

6.3 Commitments and contingencies

A contingent liability is recognised if there is a possible obligation for which it has yet to be confirmed if the Group has an obligation that could lead to an outflow of resources, alternatively, if there is a present obligation that does not meet the criteria for recognition in the balance sheet as a provision or other liability, as it is not probable that an outflow of resources will be required to settle the obligation or as it is not possible to make a sufficiently reliable estimate of the amount.

In 2018, Heimstaden Bostad received a guarantee from its Parent Company, Fredensborg AS, for any losses relating to the municipality's potential use of pre-emptive right to acquire nine properties from Heimstaden Bostad Invest 10 AS. The municipality was entitled to use the pre-emptive rights in a lawsuit brought before the court in 2018. In 2020, the court ruled in favor of the municipality. However, no final valuation of the five properties is available at date.

Investment obligations

During the year, Fredensborg 1994 agreed on property acquisitions whereby it would take possession after the end of the year. These properties are not included in the financial statements.

Segments	Price in stated currency (million)	Quarter amount, Expense
Sweden	12 601	Q2 2020-Q4 2019
Denmark	18 929	Q4 2019-Q4 2020
Germany	9 212	Q3 2020
Poland	680	Q4 2020
Total	41 423	

6.2 Accrued expenses and prepaid income

	31 Dec 2020	31 Dec 2019
Accrued personnel costs	57	60
Accrued interest	266	63
Prepaid rent	484	300
Other items	553	203
Total	1 360	626

Liability for contamination or environmental damage

According to the Environmental Code, a property owner may be liable to defray measures resulting from a contamination or a serious case of environmental damage. Fredensborg 1994 conducts surveys and screening work ahead of acquisitions and new projects in order to identify any potential environmental risks. As of the balance sheet date, Fredensborg 1994 has no knowledge of such contamination or environmental damage that could materially impact the Group's position.

Disputes

From time to time Fredensborg 1994 is a party in legal processes and administrative proceedings related to letting and development of properties.

As of the balance sheet date, Fredensborg 1994 is not a party to any ongoing process which may have a material impact on the Group's financial position.

7 Financing and capital structure

7.1 Financial instruments

Accounting principles

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Fredensborg 1994's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which Fredensborg 1994 has applied the practical expedient, Fredensborg initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

As Fredensborg 1994's rent and other trade receivables do not contain a significant financing component or for which Fredensborg 1994 has applied the practical expedient, they are measured at the transaction price determined under the IFRS 15 allocation guidance.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Fredensborg 1994's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, Fredensborg 1994's financial assets are classified in two categories:

- Financial asset at fair value through profit or loss (derivative financial instruments)
- Financial assets at amortised cost (rent and other trade receivables, other receivables and cash and short-term deposits)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category primarily includes derivative instruments which are further described below.

For purposes of subsequent measurement, Fredensborg 1994 measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Since Fredensborg 1994's financial assets (rent and other trade receivables, other receivables, cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or when Fredensborg has transferred its rights to receive cash flows

from the asset and either Fredensborg 1994 has transferred substantially all the risks and rewards of the asset, or Fredensborg 1994 has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

Fredensborg 1994 recognises an allowance for expected credit losses for all debt instruments except those held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Fredensborg 1994 expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The valuation of expected credit losses is based on various methods. Other receivables and assets that are not under the scope of simplified method (see Note 4.6 Trade receivables), are impaired in accordance with a rating-based method using external credit rating. In accordance with the general method, the financial assets covered by provisions for expected credit losses are cash and cash equivalents, other non-current receivables and other receivables.

Expected credit losses are valued at the product of probability of default, loss given default and the exposure in the event of default. Fredensborg 1994 has defined default as when payment of the claim is overdue by 90 days or more, or if other factors indicate that payment is in default. For assets and receivables with deteriorated credit exposure, an individual assessment is made, taking into account historical, current and forward-looking data. The assessment of whether there is a significant increase in credit risk at the statement of financial position date for a receivable or

asset is based on whether payment is overdue or more, or if significant deterioration of rating tailing a rating below investment grade. In cases where amounts are not deemed insignificant, a provision for expected credit losses for these financial assets is made. The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.

Fredensborg 1994 considers a financial asset impaired when contractual payments are 90 days past due. However, in certain cases, Fredensborg 1994 may consider a financial asset to be in default when internal information indicates that Fredensborg 1994 expects to receive the outstanding contractual amounts taking into account any credit enhancements. Fredensborg 1994. A financial asset is written off when there is no reasonable expectation of recovering the cash flows.

Financial liabilities

Financial liabilities are interest-bearing loans and advances, corporate bonds, lease liabilities, derivatives and other financial instruments and trade and other payables. Financial liabilities are recognised initially at fair value, except for derivative financial instruments, which are recognised at amortised cost. For the purpose of subsequent measurement, all financial liabilities, except for derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method. Losses are recognised in profit or loss when the effective interest rate is higher than the effective interest rate at the time of recognition. Amortised cost is determined by taking into account any discount or premium and fees or costs that are an integral part of the financial liability. The effective interest rate is determined as the rate that, when discounted at that rate, equals the net present value of the cash flows that are expected to be received from the liability. The effective interest rate is determined as the rate that, when discounted at that rate, equals the net present value of the cash flows that are expected to be received from the liability.

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A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to

settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Fredensborg 1994 does not apply hedge accounting. Derivative financial assets and liabilities are classified as financial assets or liabilities at fair value through profit and loss. Derivative financial assets and liabilities are mainly interest rate swap and forward foreign exchange contracts for economic hedging purposes. Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in profit or loss in net change in fair value of financial instruments at fair value through profit and loss.

Valuation of financial assets and liabilities per 31 December 2019

	Financial assets/liabilities measured at amortised cost	Financial liabilities measured through the income statement
Financial assets		
Accounts receivable	47	
Other financial receivables	1 791	
Cash and cash equivalents	10 984	
Total	12 822	
Financial liabilities		
Long-term interest-bearing liabilities	54 695	
Derivative financial instruments	–	
Non-current liabilities to credit institutions	4 850	
Accounts payable	344	
Other current liabilities	1 167	
Accrued costs and prepaid income	626	
Total	61 682	

Classification of derivative financial instruments

Maturity, year	Type	31 Dec 2020		
		Nominal amount	Share, %	Average interest, % ¹⁾
Within 1 year of the Balance Sheet date	Paying fixed	5 619	15	0.19%
Within 1–5 years of the Balance Sheet date	Paying fixed	27 154	73	0.18%
Later than 5 years from the Balance Sheet date	Paying fixed	4 326	12	0.14%
Total interest-rate derivatives		37 099	100	0.18%
Within 1 year of the Balance Sheet date	Paying variable	2 260	23	2.43%
Within 1–5 years of the Balance Sheet date	Paying variable	7 606	77	2.42%
Later than 5 years from the Balance Sheet date	Paying variable	–	–	–
Total cross currency swaps		9 866	100	2.42%

¹⁾ The interest rate indicates the agreed average fixed interest in the contracts. A negative interest rate indicates that we received interest

	Financial assets/liabilities measured at amortised cost	Financial liabilities measured at fair value through the income Statement
Financial assets		
Accounts receivable	110	–
Other financial receivables	2 429	–
Cash and cash equivalents	11 894	–
Total	14 433	0
Financial liabilities		
Long-term interest-bearing liabilities	75 553	–
Derivative financial instruments	–	466
Current liabilities to credit institutions	8 541	–
Accounts payable	564	–
Other current liabilities	1 871	–
Accrued expenses and prepaid income	1 360	–
Total	87 668	466

7.2 Financial risk management

Financial risk factors

We are exposed to a number of risk factors. Management and employees work actively to quantify and control these risks. Risk management is reported on and discussed regularly at Board meetings.

The overall objectives of the finance policy are summarised as follows:

- Safeguard the Group's short and long-term capital supply through diversified borrowing in the capital market or with strong counterparties in the banking and financial sectors.
- The maturity structure of the period of fixed interest on the loans shall be well distributed over time.
- The period of fixed interest on the loans (including the effects of derivatives) shall be distributed over time.
- Existing loan agreements with credit institutions contain financial conditions (covenants) stipulating maximum loan-to-value ratio, minimum equity/assets ratio and minimum interest coverage ratio. At the end of the financial year, all of these conditions had been met.

Capital management

The capital structure (i.e. the relationship between equity and borrowed capital) is of importance to the operations. The access to long-term capital is fundamental for us to successfully acquire, develop and manage properties. Changes in the capital structure affect the operations' financial risk and earnings capacity, meaning we are continuously working to ensure an adequate structure. In order to achieve this, the Group aims to ensure that it meets its financial policy which, among other obligations, includes an equity ratio of a minimum 25%. There have been no breaches of the financial policy in the current period.

Equity/asset ratio (percent)	2020	2019
Equity	80 505	57 367
Equity including interest-bearing shareholder loans	80 505	57 367
Total assets	177 209	125 163
Equity/assets ratio (percent)	45.4%	45.8%

Financial covenants

Our loan agreements contain loan-to-value clauses as well as interest coverage clauses, which could require us to provide collateral or prepay a portion of the outstanding borrowings should the value of the collateral under any agreement decrease below required levels, or should the income on any pledged property fall below the required ratio to the costs on its loan. In addition, some of the loan agreements contain certain financial covenants, which may include a requirement to maintain a certain level of cash, or to maintain a minimum level of capital expenditure related to the properties. Under our debt facilities, the outstanding debt amount shall never exceed 65% of the collateral amount in the contract, and the income on the collateralized property shall always exceed 1.4x the interest cost on the related loan, none of our property-owning subsidiaries may sell, transfer or otherwise dispose of their holding in the property without the prior written consent of the applicable lenders unless, in the case of a property sale, the outstanding loan under the credit facility are repaid in full. At are at the balance sheet date, the carrying amount for pledged assets is NOK 36 691 (33 568) million and include pledged shares in subsidiaries. Failure to comply with any of the covenants could result in a cross-default, which would permit the lender to accelerate the maturity of the debt and to close upon any collateral securing the debt. Under those circumstances, we might not have sufficient funds or resources to satisfy our obligations.

As of December 31, 2020 and 2019, the Fredensborg 1994 Group was in compliance with its covenants.

Market risk

Currency risk

Fredensborg 1994 owns properties in Sweden for a value of NOK 52 500 million (39 306), Denmark (NOK 37 726), Netherlands of NOK 24 382 million (16 788), Germany of NOK 3 877 million (2 164) and Iceland of NOK 3 000 million (2 164). The currency effect arises in the Group's net assets when the foreign companies' Balance Sheet is consolidated. No hedging is currently performed for this currency risk.

Sensitivity analysis for exchange rate fluctuation

Currency	Net assets in NOK	Effect on net assets of a 10% stronger NOK	Effect on net assets of a 10% weaker NOK
CZK	9 525	-9 525	9 525
DKK	5 854	-5 854	5 854
EUR	11 442	-11 442	11 442
ISK	1 567	-1 567	1 567
ZAR	27	-27	27
SEK	44 754	-44 754	44 754
Total	73 170	-73 170	73 170
+ 10%		-7 317	7 317
- 10%		7 317	-7 317

Price risk

Price risk refers to the risk that the value of an asset will change unfavourably on fluctuations in asset prices. The Group's price risk exposure is limited by the framework imposed by the finance policy and, in accordance with this, Fredensborg 1994 may only use bank accounts and short-term market-listed instruments for liquidity investments. There are no market-listed instruments with extended maturities.

Interest rate risk

Interest rate risk refers to the risk that changes in market interest rates will affect borrowing costs. Interest costs are mainly affected by the level of current market interest rates and the banks' margins, as well as the company's strategy for periods of fixed interest. To manage the risk, the Group uses derivative instruments. Interest rates are fixed in accordance with the financial policy based on estimated interest rate trends, cash flow and capital structure and the prevalent market conditions at any given time.

Credit risk

Credit risk refers to the risk that counterparties are unable to meet their financial obligations. Credit risk in the financing activities arises when, for example, investing liquidity surpluses, on the subscription of interest rate agreements and issued credit agreements. Fredensborg 1994 evaluates all suppliers regarding the financial part of the business, to ensure that this credit risk is limited. Since the Group primarily invest in residential properties, rent is received in advance, eliminating a large part of the potential credit risk.

Based on the company's assessment there is no significant increase in credit risk for its financial assets. The counterparties based credit risk ratings, with the exception for cash and cash equivalents where the counterparties consist of Nordic banks with credit risk ratings in the interval A to AA-

Liquidity Risk

The risk of a company encountering difficulties in meeting its obligations associated with financial liabilities and settled in cash or with other financial assets. Fredensborg 1994 has an attractive property portfolio, a balanced loan-to-value ratio, a positive forecast for future cash flows and a broad network of financial institutions that supply capital.

The following table shows the maturity structure of financial liabilities based on book values.

	Maturity 31 December, 2020			
	0-1 year	1-5 year	>5 year	
Interest-bearing liabilities	8 541	37 481	38 378	
Leasing liabilities	65	167	1 139	
Financial derivative instruments	5 619	27 154	4 326	
Accounts payable	564	0	0	
Other liabilities	1 871	0	0	
Total	16 660	64 802	43 843	

Maturity 31 December, 2019

	0-1 year	1-5 year
Interest-bearing liabilities	4 850	33 250
Leasing liabilities	70	219
Financial derivative instruments	4 335	25 382
Accounts payable	344	0
Other liabilities	552	0
Total	10 151	58 851

7.3 Interest-bearing liabilities**Accounting principles**

Interest-bearing liabilities recognised at amortised cost and are initially valued at fair value, including transaction costs, they are valued at amortised cost using the effective interest method.

Interest-bearing liabilities per currency

	2020	
	NOK	Local currencies
SEK	22 284	21 355
NOK	5 693	-
EUR	34 721	3 316
DKK	19 842	14 101
ICE	1 859	27 711
Deferred charges	-306	-
Total	84 094	99 545

Listed bonds

Nominal value	Market value ¹⁾	Maturity	Rating	Annual coupon	Identification number	Exchange
Interest-bearing liabilities						
800mSEK	843	2025-02-25	N/A	S3M +1.30%	XS2259800121	Euronext Dublin
400mSEK	420	2025-02-25	N/A	Fixed 1.368%	XS2259781230	Euronext Dublin
400mNOK	418	2025-02-25	N/A	Fixed 2.019%	NO0010906951	Oslo börs
400mNOK	421	2025-02-25	N/A	N3M +1.35%	NO0010906944	Oslo börs
700mEUR	767	2027-03-03	BBB	Fixed 1.375%	XS2225207468	Euronext Dublin
500mSEK	527	2022-12-29	N/A	S3M +1.30%	XS2194280736	Euronext Dublin
1200mSEK	1 272	2022-05-26	N/A	S3M +1.75%	XS2179086983	Euronext Dublin
50mEUR	65	2035-05-04	BBB	Fixed 2.8%	XS2168047087	Euronext Dublin
50mEUR	65	2035-05-04	N/A	Fixed 2.8%	XS2161838276	Euronext Dublin
500mEUR	540	2026-01-21	BBB	Fixed 1.125%	XS2105772201	Euronext Dublin
700mEUR	769	2023-09-05	BBB	Fixed 2.125%	XS1958655745	Euronext Dublin
500mNOK	545	2024-06-07	BBB	N3M +2.40%	NO0010838899	Oslo börs
340mEUR	360	2021-12-07	BBB	Fixed 1.75%	XS1918007458	Euronext Dublin
1000mSEK	1 068	2022-09-07	BBB	S3M+2.00%	XS1918010833	Euronext Dublin
500mSEK	524	2025-10-15	N/A	S3M +4.00%	SE0014991352	Nasdaq Stockholm
500mSEK	524	2024-01-15	N/A	S3M +3.30%	SE0014991345	Nasdaq Stockholm
1750mSEK	1 830	2023-05-31	N/A	S3M +3.25%	SE0012622249	Nasdaq Stockholm
1250mSEK	1 309	2021-05-18	N/A	S3M +3.15%	SE0009895055	Nasdaq Stockholm
Hybrid bond¹⁾						
500mEUR	541	15/04/2026	BB+	Fixed 3.375%	XS2125121769	Euronext Dublin
800mEUR	858	19/02/2025	BB+	Fixed 3.248%	XS2010037765	Euronext Dublin
4000mSEK	4 200	11/10/2024	N/A	S3M +5.90%	SE0012455111	Nasdaq Stockholm

¹⁾ Based on quoted market prices as of the statement of financial position date.²⁾ Hybrid bonds are classified as equity in the statement of financial position.Maturity structure of interest-bearing liabilities¹⁾

Loan maturity	Average loan tenor 31 Dec 2020		Total borrowing
	Secured borrowing	Unsecured borrowing	
Within 1 year of the Balance Sheet date	1 911	6 630	8 541
within 2-5 years of the Balance Sheet date	16 358	21 123	37 481
Later than 5 years from the Balance Sheet date	29 501	8 877	38 378
Total	47 771	36 629	84 400
Loan maturity	Average loan tenor 31 Dec 2019		Total borrowing
	Secured borrowing	Unsecured borrowing	
Within 1 year of the Balance Sheet date	1 078	3 771	4 850
within 2-5 years of the Balance Sheet date	17 137	16 114	33 250
Later than 5 years from the Balance Sheet date	21 445	-	21 445
Total	39 660	19 885	59 545

Fixed interest rates 31 Dec 2020

Interest maturity	Fixed interest rates 31 Dec 2020			Average interest rate, % incl. Margin	Share, percent
	Secured borrowing	Unsecured borrowing	Total borrowing		
Within 1 year of the Balance Sheet date	41 826	20 264	62 090	1.54	74
within 2-5 years of the Balance Sheet date	3 609	8 333	11 942	2.60	14
Later than 5 years from the Balance Sheet date	2 335	8 032	10 368	1.66	12
Total	47 771	36 629	84 400	1.70	100

Fixed interest rates 31 Dec 2019

Interest maturity	Fixed interest rates 31 Dec 2019			Average interest rate, % incl. Margin	Share, percent
	Secured borrowing	Unsecured borrowing	Total borrowing		
Within 1 year of the Balance Sheet date	29 914	19 890	49 804	1.67	83
within 2-5 years of the Balance Sheet date	9 253	-	9 253	3.08	16
Later than 5 years from the Balance Sheet date	467	-	467	3.23	1
Total	39 634	19 890	59 524	1.90	100

¹⁾ Maturity structure based on booked value

The average remaining term of fixed interest in the loan portfolio was:

The average remaining term of fixed interest in the loan portfolio, including derivatives, was:

The average remaining loan tenor:

1.90 years
3.04 years
10.05 years

7.4 Cash and cash equivalents

Bank deposits and cash	11 866
Total	11 866

Cash and cash equivalents mainly include bank deposits.

There are undrawn amounts available under credit agreements of NOK 15 263 million (10 715), which are not in and cash equivalents.

7.5 Change in fair value of derivatives

Realised value change	115
Unrealised value change	297
Total	182

Interest rate derivatives are used to hedge the changes in interest rates. If the agreed interest rate rate, a surplus or deficit value on the interest rate derivatives arises and is reported as an unrealised value change

7.6 Financial income and costs

Accounting principles

Interest income on bank balances, and interest and other borrowing costs, are recognised as income and expenses, respectively. Payments in accordance with interest rate derivative agreements, are included in this item and are expensed in the period to which they relate. Adjustments in the fair value of interest rate derivatives to fair value but are reported as separate items in the statement of profit and loss.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred

Financial income and expenses reported in the statement of comprehensive income

	2020
Financial assets and liabilities measured at fair value through the statement of profit and loss:	
Net gains on derivatives	238
Net losses on derivatives	-420
Total reported in the Income Statement (financial items)	-182
Assets and liabilities measured at amortised cost:	
Interest income, associated companies	63
Interest income, other financial assets	49
Total interest income in accordance with effective interest method	113
Interest costs, loans	-1 713
Interest expenses other financial liabilities	-
Total interest costs in accordance with the effective interest method	-1 713
Fee income/costs	-175
Total	-175
Finance costs capitalised within investment property	27
Finance costs capitalised within inventories	0
Exchange rate differences, financial items	313
Total	313
Total reported in comprehensive income	-1 618

7.7 Reconciliation of liabilities attributable to financing activities

	Amounts due to bank	Bonds	Lease liabilities	Total
Balance 31 Dec 2019	37 482	17 213	1 367	56 062
Cash changes	17 957	-11 390	-64	6 503
Non-cash changes				
- Assumed debt from acquisitions		18 760		18 760
- Currency translation	1 622	2 756	20	4 398
- Other changes	-	-306	-31	-337
Balance 31 Dec 2020	57 061	27 033	1 292	85 386

8 Group Structure

8.1 Investments in associated companies and joint ventures

Accounting principles

Under the equity method, the investment in a joint venture and associated companies is initially recognised at cost and subsequently adjusted in comprehensive income to Fredensborg's share of net assets.

For more information regarding accounting principles for investments in associated companies and joint ventures see [Note 1.4](#).

Investments in associated companies and joint ventures

	31 Dec 2020	31 Dec 2019
Opening balance	1 027	564
Investment for the year	1 513	473
Disposals for the year	0	-10
Share of profit	61	0
Closing balance	2 601	1 027

Specifications of the Group's investments in associated companies

Company	Corp. ID No	Reg. office	No. of shares	Share in %
Rosengård Fastighets AB	559085-4708	Malmö	25 000	25.0
Byggrätt Norr AB	559207-4859	Skellefteå	94	19.0

Specifications of the Group's investments in joint ventures

Company	Corp. ID No	Reg. office	No. of shares	Share in %
A Place 2 A/S	39754134	Charlottenlund	5 000	50.0
Utvikingselskabet af 31. oktober AS	39104369	Herring	5 000	50.0
Atriet A/S	41938927	Herring	5 000	50.0
Gamlebro AB	556791-3990	Norrköping	500	50.0
Upplands Bro Brogårds Etapp 2 AB	559175-4915	Stockholm	500	50.0
Magnolia Projekt 5222 AB	559175-4907	Stockholm	500	50.0
Geilo Holding AS	988659320	Geilo	500	50.0
Fredensborg Bolig AS	919998296	Oslo	50 000	50.0
Utleiemegleren AS	988961965	Oslo	5 155	50.0
Servartur Holding AS	991710485	Gjøvik	3 000 000	50.0
Nordr Holding AS	925173819	Oslo	1 020 000	25.5

Statement of comprehensive income

	Total (100%)		Fredensborg's holding	
	2020	2019	2020	2019
Rental income	2 461	535	830	229
Property costs	-2 448	-421	-812	-184
Net operating income	13	114	18	45
Financial items, net	-91	54	-35	20
Changes in value	241	190	55	45
Tax	-39	-58	-11	-17
Profit for the year	124	300	38	93

Statement of financial position

	Total (100%)		Fredensborg's holding	
	2020	2019	2020	2019
Assets	19 293	4 176	6 293	1 697
Equity	5 037	1 681	1 756	673
Liabilities	14 245	2 494	4 531	1 024

Income Statement – Parent Company


Amounts in NOK million	Note	2020
Other operating expenses		0
Operating profit/loss	2	0
Gain on disposal of shares in subsidiaries and associated companies		83
Interest income from Group companies		21
Other interest income		1
Other financial income		1
Interest paid to Group companies		-2
Other financial expenses		0
Net income from financial items		103
Profit before tax		103
Tax	5	0
Profit for the year		103
Allocated as follows		
Transferred to other equity	6	0

Årsregnskap regnskapsåret 2020 for 943582815


Financial Position – Parent Company

Amounts in NOK million	Note	31 Dec 2020	31 Dec 2019	31 Dec 2020
ASSETS				
NON-Current assets				
Investments in subsidiaries	4	8 586	8 635	
Deferred tax asset	5	17	21	
Loans to Group companies	3	72	0	
Other financial non-current assets	3	47	47	
Total non-current assets		8 722	8 703	
Current assets				
Trade receivables		0	0	
Other current receivables		0	0	
Cash and cash equivalents		27	234	
Total current assets		27	234	
TOTAL ASSETS		8 749	8 937	
EQUITY AND LIABILITIES				
Restricted equity				
Share capital	6		4	
Total restricted equity			4	
Unrestricted equity				
Retained earnings (including profit for the year)	6		8 745	
Total unrestricted equity		8 745	8 745	
Total equity		8 749	8 749	
Liabilities				
Non-current liabilities			0	
Other non-current liabilities			0	
Total other long term liabilities			0	
Current liabilities				
Public duties payable			0	
Total current liabilities			0	
Total equity and liabilities		8 749	8 749	

Oslo, 28 June 2021



Ivar Erik Tollefsen
Chairman



Nick Walter Tollefsen
Board Member



John Giverholt
Board Member



Jon Ole Ruch
Board Member

Cash flow statement – Parent Company

	2020
Amounts in NOK million	
Operating activities	
Profit before tax	103
Tax paid	-
Sale of investments	-83
Distributed income and Group contribution	-786
Cash flow from operating activities	-766
investing activities	
Investments in shares	918
Change in cash contribution	-
Cash flow from investing activities	918
Financing activities	
Amortisation/redemption of long-term loans	2
Issue of share capital	18
Change in loans, subsidiaries	1
Paid dividend	-1
Net cash flow from financing activities	20
Cash flow for the year	172
Cash and cash equivalents at the beginning of the year	234
Cash and cash equivalents at the end of the year	406

Parent Company accounting principles and notes

1 General Information

1.1 General information and accounting rules

The annual accounts have been prepared in accordance with the provisions of the Norwegian Accounting Act and Norwegian accounting standards.

The parent company Fredensborg 1994 AS is a holding company. In 2019, the company was part of a group reorganisation and the company made a contribution in kind, consisting of shares and business activities, to Fredensborg AS (former known as Torshauggt 12 AS) consisting of shares and business activities. As a part of the group reorganisation the company changed its name from Fredensborg AS to Fredensborg 1994 AS. The forward exchange rate derivative in SEK which before the reorganisation was included in Fredensborg 1994 AS has been transferred to Fredensborg AS in connection with the contribution in kind.

The company's activities are investments in subsidiaries and joint ventures, and its income are dividends and Group contributions from these companies. Fredensborg 1994 AS prepares its financial statements in accordance with Norwegian accounting standards.

Investments in subsidiaries and joint ventures are accounted for using the cost method. Investments are recorded at cost price, and only distributions from the companies are recognised in income. Investments are written down if the carrying value exceeds fair value.

Real estate investments are recognised using the cost method and are written down if the carrying value exceeds fair value.

The Parent Company applies the same accounting policies as the Group, except for the point in time when dividends and Group contributions and financial instruments (interest/currency swaps) are recognised in the accounts.

Group contributions are recognised in the Income Statement in the same year as they are accrued by the subsidiary. Dividends from subsidiaries are recognised in the Income Statement in the same year as they are allocated in the subsidiary (the year before distribution). The dividend and group contributions proposed were recognised as a liability on 31 December 2020. Unless otherwise specified, all amounts are in NOK million.

2 Income and expenses

2.1 Operating expenses

	2020
Consultancy fees	0
Other	0
Total	0

2.2 Remuneration to the auditors

Audit	0
Audit related services	0
Total	0

VAT is not included in the figures for the auditor's fee.

3 Assets

4 Group structure

3.1 Intercompany balance, subsidiaries and associated companies

Receivables	2020	2019
Intercompany loans	0	0
Group contribution current year	73	-
Total	73	0
Payables	2020	2019
Long-term debt to companies in the same group	-	0

4.1 Shares in subsidiaries

Subsidiary	Reg. office	Share owners %
Fredensborg 19 AS	Norway	100
Fredensborg Inv. Pty. Ltd	South Africa	100
Fredensborg Trening AS	Norway	100
Fredensborg 04 AS	Norway	100
Fredensborg AS	Norway	99
FBA 2018 AS	Norway	95
FBA 2019 AS	Norway	58
FBA 2020 AS	Norway	100

Årsregnskap regnskapsåret 2020 for 943582815

Book value of shares	Written down	Cost price
Investments in subsidiaries		8 586
Total		0

5 Tax

5.1 Current and deferred tax

Income tax expenses	2020	2019
Current tax	-	-2
Deferred tax	4 420	3
Total	4 420	1
	2020	2019
Reported profit before tax	103	154
Permanent differences	-83	-141
Change in temporary differences	-2	-10
General income	18	4
Applied tax loss carried forward	-18	-4
Total	-	-
	2020	2019
Temporary differences outlined		
Profit on sale of fixed asset	-8	-7
Total temporary differences	-8	-7
Accumulated tax loss carried forwards before group contribution	-69	-90
Total basis for deferred taxes	-77	-97
Deferred income tax liability (23% and 22%)	-17	-21
Effective tax rate	2020	2020
Expected income taxes, statutory tax rate 23% and 22%	23	23
Permanent differences (23% and 22%)	-18	-18
Income tax expense	4	4

6 Equity

6.1 Owners equity

	Share capital	Other equity
Opening balance	4	8 933
Profit for the year	-	99
Dividends paid	-	-287
Closing balance	4	8 745

Share capital and shareholder information

Share capital:	Number of shares	Par value
A-Share	250 000	2.29
B-Share	1 500 000	2.29
Total	1 750 000	

Shareholders in % per 31 Dec:

	A-shares	B-shares
Ivar Erik Tollefsen, Chairman of the board and CEO	250 000	1 500 000



Statutselskapets revisorer
Ernst & Young AS
Dronningens Esplanade 6A, NO-0107 Oslo
Postboks 1158 Sentrum, NO-0107 Oslo
www.ey.no
Medlemmer av Den norske revisorforening

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Fredensborg 1994 AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Fredensborg 1994 AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2020, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2020, consolidated statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- ▶ the financial statements are prepared in accordance with the law and regulations
- ▶ the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- ▶ the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including the Norwegian Auditing (ISA) Code. Our responsibilities under these standards are further described in the *Auditor's responsibilities for the audit of the financial statements's* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical obligations as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The board of directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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From the Danish member firm: Wøhler & Partners, Copenhagen

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, including the risk of material misstatement due to fraud. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, to the extent that they are adequate, or to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report - Fredensborg 1994 AS

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Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 12 July 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Kjetil Rimstad
State Authorised Public Accountant (Norway)

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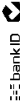
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Kjetil Rimstad
State Authorised Public Accountant
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Independent auditors report - Fredensborg 1984 AS
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Alternative Performance Measures

	31 Dec 2020	31 Dec 2019
Letting ratio, housing (number), %		
Number of available/vacant homes as per the Balance Sheet date	5 886	1 340
Number of leased homes as per the Balance Sheet date	99 229	53 702
Total number of homes as per Balance Sheet date	105 115	55 042
Letting ratio, housing (number), %	94.4%	97.6%
Proportion living area on the Balance Sheet date (m²), %		
Living area as per Balance Sheet date	6 836 376	4 036 606
Commercial premises area as per Balance Sheet date	490 415	370 471
Total area as per Balance Sheet date	7 326 791	4 407 077
Proportion living area on Balance Sheet date, %	93.3%	91.6%
Interest coverage ratio (ICR), multiple		
Profit from property management	2 471	1 208
Reversal:		
Financial costs – interest-bearing liabilities	1 686	1 130
Financial costs – interest-bearing	-140	302
Profit from property management plus financial costs	4 017	2 640
Interest coverage ratio (ICR), multiple	2.4	2.3
Equity ratio including shareholder loans, %		
Equity	80 314	57 528
Total assets	177 315	125 474
Equity/assets ratio including shareholder loans, %	45.3%	45.8%
Net liabilities		
Interest-bearing liabilities	84 094	59 545
Cash and cash equivalents	11 894	10 984
Net liabilities	72 200	48 561
Net loan-to-value ratio (LTV), %		
Net liabilities	72 200	48 561
Investment and owner-occupied properties	157 300	109 577
Loan-to-value ratio (LTV), %	45.9%	44.3%

Net asset value on the balance sheet date, NOK m

	31 Dec 2020
Equity	80 314
Deferred tax liability	7 061
Net asset value	87 375

DEBT/EBITDA, multiple

	31 Dec 2020
DEBT	71 820
Profit before financial items	3 907
Amortisation and depreciation	36
EBITDA	3 943
DEBT/EBITDA, multiple	18.2

Profit per share, NOK

	2020
Profit for the year attributable to the parent company shareholders, NOK	4 749 574 409
Average number of ordinary shares	175 000 000
Profit per ordinary share, NOK	27.14

