

Strong performance

July-September

- Rent revenue for the period amounted to SEK 46.9 million (39.1)
- Net operating income amounted to SEK 40.3 million (31.2)
- Income from property management amounted to SEK 28.4 million (9.0)
- Earnings per share amounted to SEK 1.42 (0.29).
- Investments in existing properties amounted to SEK 3.4 million (65.4)
- External valuations of investment properties in September yielded an increase in fair value of SEK 70.9 million (12.5)

January-September

- Rent revenue for the period amounted to SEK 137.5 million (108.4)
- Net operating income amounted to SEK 116.7 million (80.6)
- Income from property management amounted to SEK 69.3 million (20.3)
- Earnings per share amounted to SEK 2.45 (0.47).
- Long-term net asset value per share amounted to SEK 39.5 (35.7).
- The fair value of investment properties amounted to SEK 3,624.3 million (3,003.1).
- Investments in existing properties amounted to SEK 43.5 million (110.8)
- Acquisition of Peab Center Helsingborg at a fair value amounting to SEK 131 million – the property is certified in accordance with the Swedish Green Building Council Silver, with energy classification B
- Redemption of leasehold rights in Helsinki at a value of EUR 9.2 million
- Acquisition of logistics property in Södertälje with an underlying property value of SEK 96.5 million to be taken into possession in Q2 2022 – the property will be certified in accordance with the Swedish Green Building Council Silver, with energy classification B

Net operating income
30 September 2021SEK **117** millionProperty value
30 September 2021SEK **3,624** millionEconomic occupancy rate
30 September 2021**96**%

Summary of the Group's performance

SEK million	Jul-Sep		Jan-Sep		Full year
	2021 ¹	2020 ²	2021 ¹	2020 ²	2020 ³
Rent revenue	46.9	39.1	137.5	108.4	151.5
Net operating income	40.3	31.2	116.7	80.6	115.0
Income from property management	28.4	9.0	69.3	20.3	16.0
Income from property management excl. Items affecting comparability	28.4	16.8	69.3	28.0	45.0
Income from property management excl. Items affecting comp. per share, SEK	0.48	0.15	1.17	0.34	0.76
Net income for the period	83.8	17.3	144.7	27.6	71.8
Net income for the period per share, SEK	1.42	0.29	2.45	0.47	1.22
Net loan-to-value ratio, %	34.3	31.9	34.3	31.9	33.1
Equity/assets ratio, %	55.9	62.6	55.9	62.6	54.4
Interest-coverage ratio, multiple	3.6	2.0	3.0	1.6	1.4
Interest-coverage ratio excl. items affecting comparability, multiple	3.6	2.0	3.0	1.6	2.0
Economic occupancy rate, %	96.0	94.0	96.0	94.0	95.5
Return on equity, %	3.8	0.9	6.6	1.4	3.5
Surplus ratio, %	85.9	79.9	84.8	74.4	75.9

CEO's comments

Strong quarter for Annehem

During the third quarter, income from property management rose 29.7 percent compared with the preceding quarter. The economic occupancy rate was 96.0 percent. Annehem's tenant structure, combined with long leases, provides a stable foundation that makes for a good platform for our ongoing growth journey. The leases have an average duration of 5.8 years. To summarise, it means that Annehem stands strong, even in more challenging times, which entails major opportunities for the company.

Annehem conducted external valuations in the third quarter. What we have seen is that the direct market has been very strong for the type of property that Annehem owns. The market's lower return requirement, combined with increasingly effective property management, entailed an increase in fair value of SEK 70.9 million during the quarter. The net asset value per share amounted to SEK 39.5.

Annehem's net loan-to-value ratio amounted to 34.3 percent. The green financing that we currently have in place in the market nearly halves the interest margin compared with our initial financing.

Continued strong focus on our sustainability work

The important green transition is here now, and it is important that we all take it seriously. Annehem has made good progress, while we also understand that there is still much more to be done. A key step for the company is the certification process that was started together with Cicero – work that was further accelerated during the quarter to achieve certification under Green Equity.

We have an excellent platform as a starting point, since our property portfolio largely comprises modern, newly built properties and acquired projects with new buildings under construction. Our property portfolio provides us with favourable conditions to meet the demands made regarding green rent revenue.

During the quarter, work commenced to certify two existing properties, Sadelplatsen 4 and Partille Port 11:60, in accordance with Breeam-In-Use. The certification is expected to be completed during the fourth quarter.

In our business parks in Ängelholm and Ljungbyhed, a survey is being conducted as part of the energy declarations that are currently under way. The energy declarations will lead to an action plan to further reduce energy consumption in the business parks. We own large plots of land adjacent to the parks, where the possibilities of installing a solar farm are now being assessed.

Annehem is continuing to develop its logistics business, with the environment and electrification in focus. The transition to green transportation is now progressing at a fast pace and as a property owner in field of logistics, we have an important function to make this possible. Annehem is part of this journey and we very much look forward to creating the best conditions for Postnord in its future establishment in Södertälje. The property will be certified according to Swedish Green Building Council Silver, with energy classification B. We will further grow our exposure towards logistics, with quality and sustainability being prioritised ahead of volume.

Higher demands on attractive offices and flexibility

The importance of the office as a place that the employee genuinely wants to spend time in, the shared spaces have to promote well-being and a sense of community to a larger extent. Well-being and work environment are in focus and offices need to support the success of this transition. We are seeing that more companies are now implementing new work methods, with employees being increasingly offered the possibility to work from home. This entails, among other aspects, that offices are planning for fewer workplaces than their number of employees. The transition of the office market is often described as a threat, with reduced demand for office premises, but we regard it as an opportunity, since the demand for flexible offices is steadily increasing.



Jörgen Lundgren, CEO

Working from home also brings challenges for many, since household crowding has increased and it can be difficult to concentrate on work when the workplace has moved into the home. Accordingly, well-adapted offices are an important bridge to enable the employers' and employees' interests to coincide constructively. It is a challenging adjustment that imposes great demands on the tenant and the property owner. We want to support our tenants and potential tenants in this adjustment, which is facilitated by our properties offering a high level of flexibility. At Annehem, we are pleased that our property portfolio enables an effective partnership with our tenants in this respect.

Market commentary

During the quarter, optimism regarding growth in Sweden strengthened further. According to Statistics Sweden, GDP growth is expected to be 4.6 percent for 2021. For the 2022-2023 period, there is a return to the long-term trend line with growth figures of 3.9 percent and 2.3 percent, respectively. The corresponding GDP growth forecast for our neighbouring countries, where Annehem also has operations, was 2.7 percent for Norway in 2021, and then 3.7 percent and 1.9 percent for 2022 and 2023, respectively. Growth in Finland is estimated at 3.2 percent in 2021, and then 3.0 percent and 1.6 percent for 2022 and 2023, respectively.¹

The concern about rising inflation has increased in a short time, leading to higher long-term interest rates. The long-term interest rate trend is primarily determined by the interest trend in the US. It will now be particularly important to monitor macro-economic developments. Strong increases in freight prices combined with higher energy prices are driving inflation upward. The shortage of labour may also drive the salary trend in the long term.

Jörgen Lundgren
CEO

¹ Source: Nordic Outlook September 2021, SEB

This is Annehem Fastigheter

Business concept

Annehem Fastigheter owns and manages high-quality commercial, community service and residential properties located near good transport links. The properties are located in growth areas in the Nordics and possess a clear environmental profile. Annehem Fastigheter builds lasting relationships and value through management close to customers.

Vision

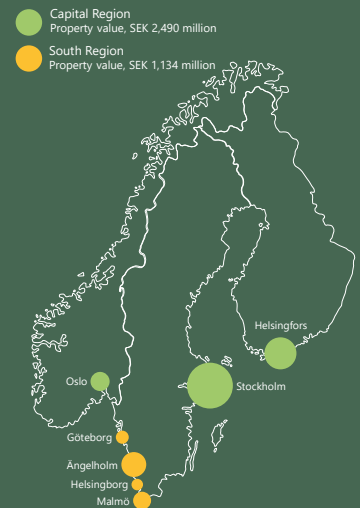
Annehem Fastigheter is to always be the number one choice for customers and employees wherever we choose to operate.

Mission

Annehem Fastigheter creates attractive and sustainable meeting places and homes. We believe that workplaces, meeting places and homes are tools for nurturing growth and attractiveness. The positive development of our customers in turn creates growth and attractiveness in the cities in which we operate.

Annehem Fastigheter's current property portfolio has the following geographic range:

- Capital Region: Stockholm, Helsinki and Oslo
- South Region: Malmö, Ljungbyhed, Ängelholm, Gothenburg and Helsingborg



Ultimes I&II in Finland

Comments on the Group's performance

Income statement

Third quarter

Rent revenue amounted to SEK 46.9 million (39.1), other property income amounted to SEK 8.6 million (8.7), and total property expenses to SEK 15.2 million (16.5), which means that net operating income increased to SEK 40.4 million (31.2). The positive trend for rent revenue was mainly attributable to the additional properties compared with the year-earlier period, but also to somewhat lower vacancies compared with the preceding year. The increase in rent revenue contributed to a sharp improvement in the surplus ratio from 79.9 percent in the third quarter of 2020 to 85.9 percent in the third quarter of 2021.

Other property income was in line with the year-earlier period. Other property income comprises invoiced operating costs and the rental guarantees issued (by Peab) for Peab Center Malmö, Ultimes I&II and Peab Center Helsingborg, which amounted to SEK 2.1 million during the quarter. The guarantees, made by Peab, cover 100 percent of the vacant spaces in Peab Center Malmö (from 1 March 2020), Ultimes I&II (from 1 July 2020), and Peab Center Helsingborg (from 1 May 2021). These guarantees are valid until the areas are let, but not longer than for 36 months from the issuing date.

Income from property management amounted to SEK 28.4 million (9.0) in the quarter. During the quarter, SEK 4.5 million was received from the sale of a subdivided property in Valhall park. Interest expenses amounted to SEK 11.0 million (9.4), which is somewhat higher than the year-earlier period due to higher borrowing. Other financial items amounted to SEK -0.3 million and mainly comprised currency effects of SEK 1.5 million and changes in value of currency futures of SEK -1.8 million.

The effects of unrealised changes in value of properties amounted to SEK 70.9 million (12.5).

Tax expense for the period amounted to SEK 16.8 million (4.3). Tax expense is due primarily to deferred tax on the growth in value of the property portfolio and the market valuation of derivatives.

Income for the period amounted to SEK 83.8 million (17.3).

January to September period

Rent revenue amounted to SEK 137.5 million (108.4), other property income amounted to SEK 29.4 million (18.9), and total property expenses to SEK 50.1 million (46.7), which means that net operating income increased to SEK 116.8 million (80.6). The positive trend for rent revenue was mainly attributable to the additional properties compared with the year-earlier period, but also to somewhat lower vacancies. The increase in rent revenue contributed to a sharp improvement in the surplus ratio from 74.4 percent in the January-September 2020 period to 84.8 percent in the same period in 2021.

Other property income developed positively following the rental guarantees issued (by Peab) for Peab Center Malmö, Ultimes I&II and the newly added Peab Center Helsingborg, which amounted to SEK 7.4 million for the January-September period. The guarantees, made by Peab, cover 100 percent of the vacant spaces in Peab Center Malmö (from 1 March 2020), Ultimes I&II (from 1 July 2020), and Peab Center Helsingborg (from 1 May 2021). These guarantees are valid until the areas are let, but not longer than for 36 months from the issuing date.

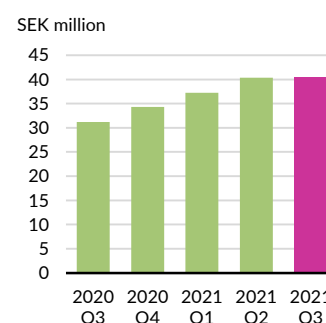
Income from property management amounted to SEK 69.3 million (20.3) in the quarter. During the quarter, SEK 4.5 million was received from the sale of a subdivided property in Valhall park. Interest expenses amounted to SEK 34.3 million (35.7) and decreased year-on-year, as a result of lower indebtedness. Other financial items amounted to SEK 2.6 million and mainly comprised currency effects of SEK 6.1 million and changes in value of currency futures of SEK -3.5 million.

The effects of unrealised changes in value of properties amounted to SEK 106.1 million (16.4).

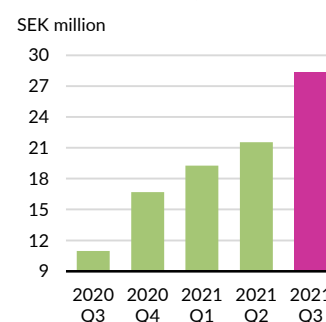
Tax expense for the period amounted to SEK -32.3 million (-9.1). Tax expense is due primarily to deferred tax on the growth in value of the property portfolio and the market valuation of derivatives.

Income for the period amounted to SEK 144.7 million (27.6).

Net operating income per quarter



Income from property management per quarter excl. items affecting comparability



Balance sheet

The value of the Company's investment properties amounted to SEK 3,624.3 million (3,003.1) on 30 September 2021. Of the total value, SEK 2.0 million comprised the effect of lease value of leasehold rights in the Kamaxeln 2 property. During the second quarter, Annehem Fastigheter redeemed the leasehold rights for the Finnish properties at a value amounting to SEK 93.3 million.

The fair value of properties is based on external valuations conducted on 30 September 2021. During the year, Annehem Fastigheter also invested in existing properties with a value amounting to SEK 43.5 million (110.8) at 30 September 2021. The value of the properties in Finland at 30 September 2021 was positively impacted by the stronger EUR/SEK rate compared with 31 December 2020, yielding a total effect of SEK 26.2 million.

The Company's equity amounted to SEK 2,208.7 million (2,022.8).

Interest-bearing liabilities totalled SEK 1,547.1 million (1,018.7), of which SEK 2.0 million comprised lease liability attributable to rent for leasehold sites. During the second quarter of 2021, the Company redeemed the leasehold rights for the Finnish properties, thereby reversing the earlier lease liability, amounting to SEK 87.9 million. In conjunction with the acquisition of Jupiter 11, the company raised a green loan amounting to SEK 69.0 million with a new creditor. On 9 December 2020, Annehem Fastigheter secured a loan facility amounting to a total of SEK 1,912.0 million, distributed between SEK, NOK and EUR. On 30 September 2021, SEK 420.0 million remained to be used.

Cash flow statement

Cash flow from operating activities amounted to SEK 5.3 million (175.3) during the third quarter. The corresponding figure for the January-September period was SEK 44.0 million (-49.5).

Cash flow from investing activities for the third quarter amounted to SEK 1.1 million (-56.6), the corresponding figure for January-September period amounted to SEK -170.0 million (-534.0), with the majority pertaining to the acquisition of Peab Center Helsingborg at an underlying property value of SEK 131.0 million. Investments in existing properties amounted to SEK 3.4 million during the third quarter, with the majority of the investment attributable to the completion of Carl Berner Torg in Oslo and investments in the Ultimes-properties, Valhall Park and Ljungbyhed Park. During the January-September period, investments amounted to SEK 43.5 million (110.4).

Cash flow from financing activities amounted to SEK 0 million (-14.6), for both the quarter and the January-September period it amounted to SEK -18.9 million (1,565.9), and comprised SEK 69.0 million in loans raised related to the financing of Peab Center Helsingborg, and SEK -87.9 million related to the redemption of the leasehold rights in Finland.

Cash flow for the third quarter amounted to SEK 6.4 million (104.1) and to SEK -144.9 million (982.4) for the January-September period.

Our properties

Annehem Fastigheter owned assets in the form of fully developed properties on 30 September 2021 at a fair value of SEK 3,624.3 million. All properties are 100-percent owned by the Company. The properties largely comprise modern, flexible and environmentally compatible commercial, community service and residential properties.

As of September 2021, net letting amounted to SEK 10.8 million (19.0), distributed among newly signed leases amounting to SEK 21.1 million (29.4) less terminated leases amounting to SEK 10.3 million (1.4).

Detailed description of property portfolio

Changes to the portfolio compared with the third quarter of 2020

Additional properties, names	City	From	Area, sqm	Annualised rental	
				value, SEK million	Fair value incl leasing, SEK million
Carl Berner Torg	Oslo	2020-12-01	3,640	13.1	293.3
Peab Center Helsingborg	Helsingborg	2021-05-01	4,987	8.4	131.9
Total			22,121	19.9	431.5

1) The property largely comprises a garage (475 spaces) and, in addition, office premises of 2,994 sqm.

Property portfolio on 30 September 2021

Property	Property name	City	Area, sqm	Rent-revenue SEK million	Annualised rental value, SEK million	Fair value incl leasing ¹ , SEK million
Valhall Park, Ängelholm	Barkåkra 50:3	Ängelholm	51,564	28.9	31.6	380.3
Ljungbyhed Park	Sjöleden 1:5-1:17	Ljungbyhed	73,234	25.4	31.1	184.0
Kamaxeln	Kamaxeln 2	Malmö	950	1.4	1.4	18.6
Peab Center Malmö	Stenekullen 2	Malmö	4,937	13.7	13.7	236.1
Peab Center Helsingborg	Jupiter 11	Helsingborg	4,987	6.6	6.7	131.0
Peab Center Solna	Sadelplatsen 3	Stockholm	12,455	37.5	37.5	937.9
Sadelplatsen 4	Sadelplatsen 4 ²	Stockholm	13,494	16.2	16.2	352.0
Partille Port	Partille 11:60	Partille	6,431	11.6	11.7	184.0
Ulimes I&II inkl Parking	Ulimes	Helsingfors	17,015	69.1	69.1	900.0
Carl Berner Torg	Carl Berner Torg	Oslo	3,640	13.2	13.2	300.5
Total			188,707	223.7	232.3	3,624.3

1) Leasing refers to site leasehold rights amounting to SEK 2 million to Kamaxeln.

2) The property largely comprises a garage (475 spaces) and, in addition, office premises.

Summary of value trend

Changes in the property portfolio	Jul-Sep		Jan-Sep		Full year
	2021	2020	2021	2020	2020
At beginning of the period	3,545.9	2,912.1	3,317.5	2,437.2	2,437.2
Acquired properties	-	-	131.0	422.0	692.0
Investments in existing properties	3.4	63.8	43.5	110.8	137.3
Unrealised changes in fair value	70.9	12.5	106.1	16.4	85.9
Currency effect on properties abroad	4.1	14.7	26.2	16.6	-34.9
At end of the period	3,624.3	3,003.1	3,624.3	3,003.1	3,317.5

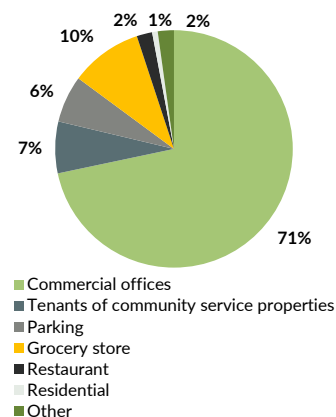
Acquisitions and investments

During the January-September 2021 period, investments were made in existing properties totalling SEK 43.5 million, where the investments were related to the Ulimes properties, Valhall Park and Ljungbyhed Park properties, as well as the completion of Carl Berner Torg.

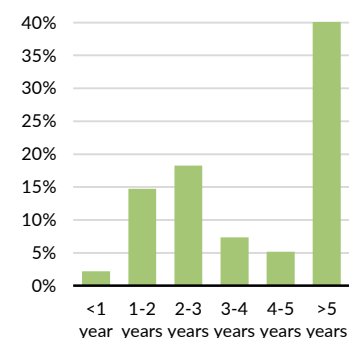
Acquired but not taken into possession

In 2020 and 2021, Annehem Fastigheter signed an agreement with Peab to acquire properties when completed. Possession will be taken of a property located in Solna in the fourth quarter of 2021, at an underlying property value of SEK 275.0 million.

Specification of income 2021



Summary of lease terms (percentage of rental value for each year)



In addition, Annehem has signed an agreement with Peab for the acquisition of two residential properties at an underlying property value of SEK 385.0 million, with possession to be taken in 2022 and 2024, respectively. In May 2021, Annehem entered an agreement for the acquisition of a logistics property in Södertälje at an underlying property value amounting to SEK 96.5 million, with planned takeover on 1 April 2022.

Property valuation

At least once every year Annehem commissions complete valuations from external appraisal institutes for all properties in the portfolio. The appraisers who conduct the external fair-value calculations of the properties in Annehem's portfolio are to be a property appraiser authorised by Samhällsbyggarna, or similar Nordic association. The external valuations are to be conducted in accordance with guidelines from IPD Svenskt Fastighetsindex.

The fair value of properties is based on external valuations, conducted by independent appraisers, on 30 September 2021, with a valuation date of 31 August 2021. During the year the fair value on properties has increased by SEK 106.1 million, mainly as a result of lower yields. During the year, Annehem Fastigheter also invested in existing properties with a value amounting to SEK 43.5 million at 30 September 2021. The investments related to the hotel extension at Valhall Park, Ängelholm, investments in Ljungbyhed Park in Klippan Municipality and completion of the Carl Berner Torg property in Oslo, as well as investments in the Ultimes-properties. The properties are measured at fair value where classification is conducted at level 3 in accordance with IFRS 13.

The coronavirus pandemic's effects on Annehem Fastigheter in 2021 resulted in a loss of income amounting to less than SEK 0.1 million, in the form of rent concessions, including government subsidies received, which were recognised directly in the period in which they occurred, since Annehem Fastigheter considers the amount to be immaterial.

Current earnings capacity

Earnings capacity, SEK million	2021-09-30
Adjusted rent revenue	223.2
Vacancy	-12.2
Rent revenue	211.0
Property expenses	-62.1
Property tax	-8.8
Net operating income	140.1
Other operating income	9.0
Central administration	-29.7
Net financial items	-41.0
Income from property management	78.4

Annehem Fastigheter presents its earnings capacity on a 12-month basis on 30 September 2021 in the table above. The earnings capacity is not a forecast for the current year or the next 12 months but should only be viewed as a theoretical snapshot and is solely presented as an illustration. The current earnings capacity does not include an assessment of the future trends for rents, vacancy rates, property expenses, interest rates, changes in value, purchases or sales of properties or other factors.

The current earnings capacity is based on the properties owned on 30 September 2021 and their financing, after which the current earnings capacity illustrates the subsequent annualised earnings for Annehem Fastigheter. Any transactions that took place after 30 September are therefore not included in the calculation.

Annehem Fastigheter's income statement is also affected by the value growth in the property portfolio and future property acquisitions and/or property sales. None of the above were taken into account in the current earnings capacity.

The earnings capacity is based on the property portfolio's contracted rent revenue, current property expenses and administration costs. Costs for interest-bearing liabilities used the Group's average interest-rate level.

Comments on earnings capacity

The rental value, compared with the previous quarter, has risen as a result of renegotiations and also taking into account rental guarantees for a number of properties during the period. Rental guarantees were issued for vacant spaces in Peab Center Malmö (from 1 March 2020), Ultimes I&II (from 1 July 2020) and Peab Center Helsingborg (from 1 May 2021) by Peab, and apply for 36 months from the date of acquisition. If the vacancies are leased to other tenants, the guarantees are not paid.

Financing

Description of the financing situation

On 30 September 2021, Annehem Fastigheter had interest-bearing liabilities of SEK 1,547.1 million, yielding a loan-to-value ratio of 34.3 percent. The interest-bearing liabilities on 30 September 2021 comprised external loans amounting to SEK 1,545.1 million and lease liabilities, pertaining to leaseholds, amounting to SEK 2 million.

Change in loan structure during the period

SEK million	Jan-Sep		Full year
	2021	2020	2020
Interest-bearing liabilities at beginning of the period	1,546.9	1,453.1	1,453.1
Amortisations of loans from related parties ¹	-	-779.0	-1,122.5
New loans from related parties ¹	-	20.2	344.5
Amortisations of external bank loans	-	-	-586.2
New external bank loans	69.0	324.4	1,469.7
Change in lease liability ²	-87.9	-	-
Changes in capitalised loan costs	2.9	-	-11.7
Currency effects	16.2	-	-
Interest-bearing liabilities at end of the period	1,547.1	1,018.7	1,546.9

1) Pertains to changes in loans between Annehem Group and Peab. The loans were repaid as of 31 December 2020.

2) Pertains to the redemption of lease liabilities when exercising a call option in the ground lease agreement for Ultimes-properties.

Key figures relating to loan portfolio

	Jan-Sep		Full year
	2021	2020	2020
Debt / equity ratio, multiple	0.7	0.5	0.8
Average interest rate, %	2.2	2.9	2.3

Available liquidity

SEK million	Jan-Sep		Full year
	2021	2020	2020
Cash and cash equivalents	304.2	60.7	448.0
Unused loan facility	420.0	-	420.0
Total	724.2	60.7	868.0

Fixed-interest and loan maturity structure

Year	Capital ²	Interest	Share, %
within a year	-	43.3	3%
1-2 years	80.5	43.3	8%
2-3 years	1,464.6	5.4	90%
3-4 years	-	0.6	0%
more than 4 years ¹	2.0	0.6	0%
Total per 30 June 2021	1,547.1	93.1	100%

1) Pertains to lease liability for leasehold rights that are regarded as perpetual.

2) The capital amount pertains to undiscounted values. The balance sheet includes borrowing fees in interest-bearing liabilities.

Fixed-interest and loan maturity structure

Year	Fixed interest-rates		Capital	
	SEK million	Share, %	SEK million	Share, %
within a year	392.0	26%	-	-
1-2 years	-	-	69.0	5%
2-3 years	1,153.1	75%	1,476.1	95%
3-4 years	-	-	-	-
more than 4 years	2.0	0%	2.0	0%
Total per 30 June 2021	1,547.1	100%	1,547.1	100%

Sensitivity analysis

The average interest for the January-September 2021 period, based on a weighted average of interest-bearing liabilities on 1 January and 30 September, respectively, amounted to 2.2 percent. The effect of changes in average interest rates on profit is presented in the table below:

Change, %-points	SEK million	
+/- 0,5%	+/-	7.7
+/- 1,0%	+/-	15.5
+/- 1,5%	+/-	23.2

Sustainability

Annehem's sustainability work, which is focused on work processes, property management and property transactions, will be further formalised in 2021 by setting goals and ensuring follow-up. An important focus area in sustainability for Annehem includes work environment, health and social issues, where work is conducted on the basis of the UN Sustainable Development Goals.

Annehem works according to a sustainability strategy, which among other aspects, includes proactive efforts by Annehem Fastigheter to secure certification for its properties. To date, Peab Center Solna (Sadelplatsen 3) is certified according to BREEAM good, Carl Berner Torg, Oslo is certified according to BREEAM very good and Peab Center Malmö (Stenekullen 2) is certified in accordance with Swedish Green Building Council Silver. In Helsinki, Ultimes I&I are certified according to LEED Platinum. Ledvolten 1 in Solna, which Annehem has acquired but not yet closed, is certified according to BREEAM Very Good.

During the second quarter of 2021, Annehem took possession of the Peab Center Helsingborg property (Jupiter 11), in Helsingborg, which is certified to the Swedish Green Building Council Silver level with energy classification B. Also, during the second quarter, Annehem acquired a logistics property in Södertälje. The property is being built for Postnord, which has signed a ten-year lease. Environmental certification will take place in accordance with the Swedish Green Building Council Silver with energy classification B. This acquisition also includes a development right in this expansive logistics area.

Furthermore, a key step for Annehem is the preparations that have been initiated and which were further accelerated during the quarter to achieve certification under Green Equity. Annehem's property portfolio, which largely comprises modern, newly built office properties in expansive cities, provides the Group with favourable conditions to meet the demands made regarding green rent revenue.

Furthermore, Annehem raised additional financing on significantly better terms – through green loans.

Other information

Transactions with related parties

In 2020, the Group was charged with interest expenses connected to the financing of the acquisitions from Peab AB and the related borrowing. In addition, the Group was charged a management fee by Peab AB for the overhead services it provided for 2020, which Annehem Fastigheter also partook of during 2020.

SEK million	Jul-Sep		Jan-Sep		Full year	
	2021	2020	2021	2020	2020	2020
Acquisition of investment properties	-	-	-	422,0	692,0	
Interest costs, loans from rel. parties	-	-6,7	-	-25,1	-26,4	
Management fee	-	-2,5	-	-6,3	-6,3	

In 2020, Annehem Fastigheter signed agreements and letters of intent with Peab on future acquisitions, for further information, refer to the section Our properties on page 7. During 2021 Annehem didn't have any transactions with related parties, other than salaries and other remuneration to employees.

The Company's shareholders

Share owners	Numbers of shares	Capital, %	Votes, %
Ekhaga Utveckling AB	12 394 067	21,0	48,4
Familjen Paulsson	2 394 105	4,1	7,7
Volito AB	4 800 000	8,1	6,2
Peabs Vinstandelsstiftelse	2 403 800	4,1	2,0
Strandblocket Holding AB	208 432	0,4	1,6
UBS Switzerland AG	260 225	0,4	1,4
Familjen Kamprads Stiftelse	1 720 000	2,9	1,4
Carnegie Spin-off	1 500 000	2,5	1,2
Handelsbanken	1 154 428	2,0	1,1
Fredrik Paulsson	240 151	1,6	0,8
10 largest share owners, sum	27 075 208	47,1	71,9
Other share owners	31 917 340	52,9	28,1
Total	58 992 548	100,0	100,0

Impacts of the coronavirus pandemic

The impact of the coronavirus pandemic globally is huge. It remains difficult to assess when we will return to a more stable situation, since the spread of infection is ongoing and new variants are appearing. The level of vaccination varies strongly between continents and between countries in Europe. The opening up that is now occurring successively in Sweden is bringing relief to previously hard-pressed industries, such as hotels, retail, restaurants and others. The fact that people are now starting to return to work is also leading to a discussion as to how the division between working from home and at the office will be in the future. For Annehem, this means that companies could seek more flexible contract solutions and that leasing efforts could thus take longer and be at lower rent levels than earlier. This could influence the value of our properties. For a more detailed description of Annehem's risks, refer to the Risks section on page 21, and the Risks and risk management section of Annehem's 2020 Annual Report.

The coronavirus pandemic's effects on Annehem Fastigheter in 2021 resulted in a loss of income amounting to less than SEK 0.1 million, in the form of rent concessions, including government subsidies received, which were recognised directly in the period in which they occurred, since Annehem Fastigheter considers the amount to be immaterial.

Organisation and employees

Annehem Fastigheter had an average of 18 full-time employees in the third quarter of 2021. Including resources working on a consultative basis, the number of employees amounts to 20. Annehem Fastigheter had 15 employees and five resources on consulting basis during the 2020 comparative period.

Significant events after the end of the period

There are no significant events to report after the end of the period.

Financial calendar

Year-end Report 2021	23 February 2022
Interim report January-March 2022	28 April 2022
2021 Annual General Meeting	19 May 2022 - Ängelholm
Interim report Q2 2022	20 July 2022
Interim report January-September 2022	27 October 2022

Assurance of the CEO

The CEO gives assurance that the interim report provides a true and fair overview of the development of the Parent Company's and the Group's operations, their financial position and performance, and describes material risks and uncertainties facing the Parent Company and other companies in the Group.

Ängelholm, 27 October 2021

Jörgen Lundgren
CEO

This information is information that Annehem Fastigheter AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, on 28 October 2021 at 8:00 a.m. CEST.

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Consolidated income statement

SEK million	Jul-Sep		Jan-Sep		Full year
	2021 ¹	2020 ²	2021 ¹	2020 ²	2020 ³
Rent revenue	46.9	39.1	137.5	108.4	151.5
Other property income	8.6	8.7	29.4	18.9	26.9
Total income	55.5	47.8	166.9	127.3	178.4
<i>Property expenses</i>					
Operating costs ⁴	-7.4	-10.1	-26.4	-32.7	-38.1
Maintenance costs	-1.8	-3.6	-5.5	-7.0	-10.4
Property tax	-2.1	-2.9	-6.7	-4.6	-5.7
Property administration ⁴	-3.8	0.0	-11.5	-2.4	-9.2
Net operating income	40.3	31.2	116.7	80.6	115.0
Central administration ⁴	-6.0	-13.4	-23.0	-24.8	-51.5
Other operating income	6.1	0.9	9.3	3.1	5.9
Other operating costs	-0.9	-0.3	-2.1	-2.9	-2.8
Interest expenses	-11.0	-9.4	-34.3	-35.7	-43.7
Other financial items ⁵	-0.3	-	2.6	-	-6.9
Income from property management	28.4	9.0	69.3	20.3	16.0
Changes in values of properties, unrealised	70.9	12.5	106.1	16.4	85.9
Changes in values of derivatives	1.3	-	1.7	-	-
Income before tax for the period	100.6	21.6	177.0	36.7	101.9
Current tax	0.7	0.0	-0.1	-0.6	-4.1
Deferred tax	-17.5	-4.3	-32.2	-8.5	-26.1
Net income for the period attributable to the company shareholders	83.8	17.3	144.7	27.6	71.8
Average numbers of shares, before and after dilution	58,992,548	58,992,548	58,992,548	58,992,548	58,992,548
Earnings per share, before and after dilution, SEK	1.42	0.29	2.45	0.47	1.22

1) The financial statements for the period were prepared with legal consolidation in accordance with IFRS 10.

2) The financial statements for the period were prepared in accordance with the method for combined financial statements, see Note 5 for more information.

3) The financial statements for the period were prepared in accordance with a combination of the method for combined financial statements (see Note 5) and legal consolidation in accordance with IFRS 10. Annhem Fastigheter Group was created successively through acquisition of property companies from Peab in 2020. From the date of each legal acquisition, legal consolidation occurred in accordance with IFRS 10.

4) Costs for operating and property management personnel were reclassified from the central administration line to the operating costs line and property administration line, respectively. For the July-September 2020 period, the reclassification amounted to SEK -1.7 million, which was moved from the Central administration line to the Property administration line. The corresponding figure for the Jan-Sep 2020 period amounted to SEK -4.8 million and for full-year 2020 to SEK -6.8 million.

5) Other financial expenses comprise primarily non-recurring currency effects. Currency derivatives have been purchased during 2021 to offset the currency exposure in earnings.

Consolidated statement of profit or loss and other comprehensive income

SEK million	Jul-Sep		Jan-Sep		Full year
	2021 ¹	2020 ²	2021 ¹	2020 ²	2020 ³
Profit for the period	83.8	17.3	144.7	27.6	71.8
Other comprehensive income					
<i>Items that will be reclassified to profit or loss</i>					
Change in market value of derivative instruments	-	-	1.9	-	-
Fiscal effect on derivative instruments	-	-	-0.4	-	-
Translation differences from foreign operations for the period	1.0	1.2	4.5	4.9	-7.0
Total other comprehensive income	1.0	1.2	6.1	4.9	-7.0
Comprehensive income for the period attr. to parent company shareholders	84.8	18.5	150.7	32.5	64.8

1) The financial statements for the period were prepared with legal consolidation in accordance with IFRS 10.

2) The financial statements for the period were prepared in accordance with the method for combined financial statements, see Note 5 for more information.

3) The financial statements for the period were prepared in accordance with a combination of the method for combined financial statements (see Note 5) and legal consolidation in accordance with IFRS 10. Annhem Fastigheter Group was created successively through acquisition of property companies from Peab in 2020. From the date of each legal acquisition, legal consolidation occurred in accordance with IFRS 10.

Consolidated balance sheet

SEK million	2021-09-30 ¹	2020-09-30 ²	2020-12-31 ¹
ASSETS			
Fixed assets			
Intangible fixed assets	0.1	0.9	0.1
Investment properties	3,624.3	3,003.1	3,317.5
Equipment and machinery	3.8	4.6	4.3
Other fixed assets	0.7	-	0.3
Total fixed assets	3,628.8	3,008.5	3,322.3
Current assets			
Accounts receivables	3.1	1.0	2.8
Accounts receivables, from related parties	-	1.7	2.8
Current receivables	13.4	157.6	4.5
Current receivables, from related parties	-	1.5	-
Derivative instruments	4.5	-	-
Cash and cash equivalents	304.2	60.7	448.0
Total current assets	325.2	222.4	458.1
TOTAL ASSETS	3,954.0	3,230.9	3,780.4
EQUITY AND LIABILITIES			
Equity			
Share capital	0.5	0.1	0.5
Other contributed capital	1,786.9	1,787.8	1,786.9
Reserves	2.8	4.9	-3.3
Retained earnings including net income for the year	418.5	229.6	273.8
Equity attributable to parent company shareholders	2,208.7	2,022.8	2,057.9
Non-current liabilities			
Liabilities to related parties, interest-bearing	-	0.0	-
Current interest-bearing liabilities	1,547.1	725.4	1,546.9
Other non-current liabilities	3.0	0.1	1.6
Deferred tax liabilities	118.6	70.4	86.5
Provisions for pensions	2.6	-	0.4
Total non-current liabilities	1,671.3	795.8	1,635.5
Current liabilities			
Liabilities to related parties, interest-bearing	-	27.6	-
Accounts payable and other liabilities	6.6	30.6	16.3
Current tax liabilities	4.0	15.7	14.6
Other current liabilities	63.4	50.2	56.3
Total current liabilities	74.1	401.8	87.1
Total liabilities	1,745.4	1,197.6	1,722.5
TOTAL EQUITY AND LIABILITIES	3,954.0	3,230.9	3,780.4

1) The financial statements for the period were prepared with legal consolidation in accordance with IFRS 10.

2) The financial statements for the period were prepared in accordance with the method for combined financial statements, see Note 5 for more information.

Consolidated cash flow statement

SEK million	Jul-Sep		Jan-Sep		Full year
	2021 ¹	2020 ²	2021 ¹	2020 ²	2020 ³
Income from property management	28.1	9.0	69.3	20.3	16.0
<i>Items not affecting cash flow</i>					
Depreciation	0.3	0.3	0.9	0.6	0.9
Unrealised currency effects	-5.4	-	-1.5	-	3.9
Income tax paid	-3.3	-0.8	-0.8	-0.6	-1.3
Changes in working capital					
Operating receivables	4.7	126.0	-10.9	-79.5	83.8
Operating liabilities	-19.0	40.8	-13.0	9.8	-6.4
Cash flow from operating activities	5.3	175.3	44.0	-49.5	96.9
<i>Investing activities</i>					
Investments in existing properties	-3.4	-56.5	-43.5	-110.4	-137.3
Acquisitions of investment properties	-	-	-131.0	-422.0	-692.0
Investments in machinery and equipment	-	-0.1	-	-0.7	-0.7
Investments in intangible fixed assets	-	-	-	-0.9	-0.1
Cash flow from investing activities	1.1	-56.6	-170.0	-534.0	-830.1
<i>Financing activities</i>					
Share issue	-	-	-	-	0.4
Shareholders contribution	-	700.4	-	2,000.4	2,000.0
Borrowings	-	20.0	69.0	344.5	1,814.2
Repayment of loans	-	-735.0	-87.9	-779.0	-1,708.7
Cash flow from financing activities	-	-14.6	-18.9	1,565.9	2,105.9
Cash flow for the period	6.4	104.1	-144.9	982.4	1,372.7
Cash and cash equivalents at the beginning of the period	298.7	53.7	448.0	40.4	40.4
Exchange rate difference in cash and cash equivalents	-0.9	0.6	1.1	0.7	-2.1
Transactions with shareholders ¹	-	-97.7	-	-962.8	-962.8
Cash and cash equivalents at the end of the period	304.2	60.7	304.2	60.7	448.0

1) The financial statements for the period were prepared with legal consolidation in accordance with IFRS 10.

2) The financial statements for the period were prepared in accordance with the method for combined financial statements, see Note 5 for more information.

3) The financial statements for the period were prepared in accordance with a combination of the method for combined financial statements (see Note 5) and legal consolidation in accordance with IFRS 10. Annehem Fastigheter Group was created successively through acquisition of property companies from Peab in 2020. From the date of each legal acquisition, legal consolidation occurred in accordance with IFRS 10.

Consolidated statement of changes in equity

SEK million	2021-09-30 ¹	2020-09-30 ²	2020-12-31 ¹
Opening balance, equity	2,057.9	955.5	955.5
Net income for the period	144.7	27.6	71.8
Other comprehensive income for the period	5.9	2.1	-7.0
Comprehensive income for the period	150.6	29.7	64.8
Share issue	-	0.4	0.4
Shareholders contribution	-	2,000.0	2,000.0
Other transactions with shareholders ¹	-	-962.8	-962.8
Closing balance, equity attributable to Parent Company shareholders	2,208.5	2,022.8	2,057.9

1) The financial statements for the period were prepared with legal consolidation in accordance with IFRS 10.

2) The financial statements for the period were prepared in accordance with the method for combined financial statements, see Note 5 for more information.

Parent Company Income statement

SEK million	Jul-Sep		Jan-Sep		Full year
	2021	2020	2020	2020	2020
Revenue	9.7	11.3	24.0	15.0	30.0
Administration costs	-6.2	-16.2	-23.0	-22.4	-50.6
Operating result	3.5	-4.9	1.0	-7.4	-20.6
Financial items					
Result from shares in Group companies	-	-	-	-	1.0
Financial net	8.7	5.8	27.6	7.6	16.5
Result after financial items	8.7	5.8	27.6	7.6	17.5
Result before tax	12.2	1.0	28.7	0.2	-3.1
Current tax	-	-	-	-	-3.3
Deferred tax	-0.1	0.0	-0.3	0.0	-0.1
Result for the period	12.2	1.0	28.4	0.2	-6.5

Parent Company Balance sheet

SEK million	2021-09-30	2020-09-30	2020-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	0.1	0.9	0.1
Equipment and machinery	0.3	0.6	0.5
Financial fixed assets			
Shares in Group companies	14.3	0.2	12.5
Long-term receivables, Group companies	1,936.0	2,365.5	2,026.1
Other fixed assets	0.7	-	0.3
Total financial fixed assets	1,951.0	2,365.7	2,039.0
Total fixed assets	1,951.3	2,367.1	2,039.5
Current assets			
Accounts receivables	12.0	15.4	-
Accounts receivables from related parties	4.6	0.3	0.5
Derivative instruments	1.2	-	-
Cash and cash equivalents	67.4	0.0	0.4
Total current assets	85.2	15.7	0.9
TOTAL ASSETS	2,036.6	2,382.8	2,040.4
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	0.5	1.5	0.5
Unrestricted equity			
Retained earnings	1,993.5	2,000.0	2,000.0
Result for the year	28.4	0.2	-6.5
Total equity	2,022.4	2,001.6	1,994.0
Provisions			
Provision for pensions and similar obligations	0.8	-	0.4
Provision for deferred tax	0.3	-	0.1
Total provisions	1.2	-	0.5
Current liabilities			
Liabilities to related parties, accounts payable	-	5.7	2.4
Liabilities to Group companies, accounts payable	1.5	-	15.6
Accounts payable	0.5	4.4	7.2
Current tax liabilities	3.3	-	-
Other current liabilities	7.7	2.6	20.7
Total current liabilities	13.0	381.1	45.9
TOTAL EQUITY AND LIABILITIES	2,036.6	2,382.8	2,040.4

Parent Company Cash flow statement

SEK million	Jul-Sep		Jan-Sep		Full year
	2021	2020	2021	2020	2020
Result before tax	12,2	0,0	28,7	-0,8	-3,1
<i>Items not affecting cash flow</i>					
Depreciations	0,1	0,1	0,3	0,1	0,2
Tax paid	-0,1	-	0,0	-	-3,4
Changes in working capital					
Operating receivables	-2,3	-1 078,2	-17,3	-2 379,8	0,1
Operating liabilities	-0,5	14,2	-33,0	19,9	46,5
Cash flow from operating activities	9,4	-1 063,9	-21,2	-2 360,6	40,3
<i>Investing activities</i>					
Investments in machinery and equipment	-	-0,1	0,0	-0,7	-0,7
Investments in intangible fixed assets	-	-	-	-0,9	-0,1
Cash flow from investing activities	-	-0,1	-1,8	-1,5	-0,8
<i>Financing activities</i>					
Rights issue	-	-	-	-	0,4
Capital contribution	-	700,0	-	2 000,0	2 000,0
Borrowings	-	0,4	-	0,4	362,3
Repayment of loans	-	0,2	-	-	-362,3
Changes interest-bearing receivables, Group companies	-7,8	-	90,1	-	-2 401,3
Cash flow from financing activities	-7,8	700,6	90,1	2 000,4	-400,9
Cash flow for the period	1,6	-363,4	67,0	-361,8	-361,4
Cash and cash equivalents in the beginning of the period	65,8	1,5	0,4	-	-
Transactions with shareholders	-	361,9	-	361,8	361,8
Cash and cash equivalents at the end of the period	67,4	0,0	67,4	0,0	0,4

Comments on Parent Company

The Parent Company had revenues related to management fee, and expenses related to personnel and external services, including communication, legal and auditing.

No special risks exist for the Parent Company, in addition to those named for the Group in the Risks section.

Notes

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report is designed in accordance with the EU endorsed IFRS standards and the EU endorsed interpretations of applicable standards, IFRIC. This condensed consolidated interim report was prepared in accordance with IAS 34 Interim Financial Reporting, and applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act, Interim reports. The accounting policies are unchanged compared with the combined financial statements in the Prospectus.

Disclosures in accordance with IAS 34.16A occur in the financial statements and also in associated notes in other parts of the interim report.

Transactions with shareholders and related parties

Capital contributions, dividends, Group contributions and other transactions, such as transfers of shares between Peab AB and Annehem Fastigheter AB, were recognised in "Other transactions with shareholders" in equity in these Combined financial statements. Transactions with companies in the Peab AB Group as part of normal business operations were presented as transactions with related parties.

NOTE 2 ESTIMATIONS AND ASSESSMENTS

The preparation of the interim report requires management to make assessments, estimations and assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, income and expenses. The final outcome can deviate from the results of these estimations and assessments.

Valuation of investment properties

Annehem Fastigheter's portfolio is measured in the balance sheet at fair value and changes in value are recognised in profit or loss. The fair value is based on internal measurements that are performed regularly and the properties are also valued each year by external independent appraisers, in accordance with the valuation policy. The value of properties is not only affected by the supply and demand in the market but by several other factors, partly property-specific factors such as leasing rate, rent level and operating costs, partly market-specific factors such as direct-return requirement and cost of capital derived from comparable transactions in the property market. A deterioration in property as well as market-specific conditions can lead to drop in the value of properties, which could have an adverse impact on Annehem Fastigheter's operations, financial position and earnings.

The valuation requires an assessment of and assumptions on future cash flows and determination of the discount factor (return requirement). As a means of reflecting this uncertainty in assumptions made and assessments, the property value is normally stated in an uncertainty range of +/- 5-10 percent.

The properties are measured at fair value where classification is conducted at level 3 in accordance with IFRS 13.

Tax assessments

At the start of 2021, there was approximately SEK 11 million in loss carryforwards that had not been capitalised.

NOTE 3 SEGMENTS

Annehem Fastigheter's operations comprise two operating segments, meaning the operations consist of one business operation that generates income and costs. The operating segment is organisationally divided into two different segments:

1. **Capital Region**, including Stockholm, Helsinki and Oslo
2. **South Region**, including Malmö, Ljungbyhed, Ängelholm, Gothenburg and Helsingborg

2021	Jan-Sep			
	Capital Region	South Region	Staff	Total
SEK million				
Rent revenue	79.3	58.2	0.0	137.5
Net operating income	80.4	35.9	0.4	116.7
Income from property management	30.0	18.5	20.7	69.3
Income before tax	96.2	58.4	22.3	177.0
Investment properties, fair value	2,490.3	1,134.0	-	3,624.3

Staff includes the Parent Company and holding companies within the Group, which are not operational companies. Transactions within Group staff include management fees and other administrative expenses.

2020	Jan-Sep			
	Capital Region	South Region	Staff	Total
SEK million				
Rent revenue	62.9	44.7	0.8	108.4
Net operating income	55.5	24.5	0.6	80.6
Income from property management	34.3	-0.2	-13.8	20.3
Income before tax	24.3	26.3	-13.8	36.7
Investment properties, fair value	2,107.1	896.0	-	3,003.1

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

SEK million	Jul-Sep		Jan-Sep		Full year
	2021	2020	2021	2020	2020
Property tax	1.3	0.9	3.8	3.0	4.7
Rental guarantees	2.4	4.3	7.4	4.3	6.1
Other property revenue	4.9	3.5	18.1	11.6	16.0
Total other property revenue	8.6	8.7	29.4	18.9	26.9

Other property income largely comprises invoiced media costs (electricity, heating, water) to tenants, invoiced property tax, compensation related to airports, rental guarantees, and income from leasing ad hoc housing.

NOTE 5 ESTABLISHMENT OF GROUP

On 27 August 2020, the Board of Peab announced its intention to propose to the extraordinary general meeting to resolve on a distribution of all of Peab's shares in Annehem Fastigheter to Peab's shareholders and to list Annehem Fastigheter's B shares on Nasdaq Stockholm. On 12 November 2020, Peab's extraordinary general meeting resolved in accordance with the Board's proposal. The first day of trading in Annehem Fastigheter's B shares on Nasdaq Stockholm was 11 December 2020.

IFRS does not specifically address the preparation of combined financial statements. The term "combined financial statements" refers to the financial information prepared by combining the financial information for jointly controlled entities that do not correspond to the definition of a group under IFRS 10. An important requirement for the preparation of these combined financial statements is that all entities have the same controlling interest through Peab's ownership. In the combined financial statements, transactions cannot be eliminated as in normal consolidated financial statements which is why certain items are entered on the "transactions with shareholders" line. Transactions with shareholders primarily refers to payments for acquisitions of subsidiaries that on 31 December 2019 were part of the combined financial statements but were not legally owned by Annehem Fastigheter (SEK -844.4 million), payment received for assets not included in the combined financial statements (SEK +36.6 million) and the transfer of assets without payment (SEK -155.0 million). The line item "transactions with shareholders" refers to 2020, during 2021 no such transactions have occurred.

Annehem Fastigheter Group was created successively through acquisition of property companies from Peab in 2020. The financial statements in this interim report were therefore prepared in accordance with a combination of the method for combined financial statements and legal consolidation in accordance with IFRS 10. From the date of each legal acquisition, legal consolidation occurred in accordance with IFRS 10.

As per 31 December 2020, the Group's financial statements were fully consolidated.

NOTE 6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Annehem Fastigheter holds forward exchange contracts and fixed-interest derivatives to mitigate the impact of fluctuations in currency and interest rates. The derivatives are used solely for financial hedging purposes as part of Annehem Fastigheter's financial policy, and not for speculation.

For certain hedging relationships entered into before 30 June 2021, hedge accounting was applied and the interest rate derivatives identified as cash flow hedging instruments were initially reported at fair value on the transaction date for the derivatives and subsequently revalued to fair value at the end of each reporting period. The effective portion of changes in the fair value of derivatives, which are referred to as cash flow hedges, is reported in other comprehensive income and accumulated in the fair value reserve in equity. For all hedged forecast transactions, the accumulated amount in the hedging reserve is reclassified to profit or loss in the same period or periods as the hedged expected cash flow affects profit. The ineffective part of changes in the fair value of the derivative is reported immediately in the result within other financial items. Fair values are based on quotations from brokers. Similar contracts are traded in an active market and the prices reflect actual transactions on comparable instruments. All the Group's derivative instruments are classified in level 2 in accordance with IFRS 13. The accumulated amount in the hedging reserve amounts to SEK 1.5 million as of September 30, 2021.

The Group holds interest rate derivatives in NOK, SEK and EUR, as well as currency futures in NOK and EUR. Until 30 June 2021, the Group hedged interest rate derivatives in NOK and SEK. As of 1 July 2021, the hedge accounting ceased and all derivatives are thus valued at fair value via the income statement and are presented on the line "Change in value of derivative instruments" in the consolidated income statement. If the hedge no longer meets the criteria for hedge accounting or the company cancels the identification or the hedging instrument has been sold, matured, wound up or redeemed, the hedge accounting will cease in the future. When the hedge accounting for cash flow hedges has ceased, the amount that has accumulated in the hedging reserve is retained in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected cash flow affects earnings. As of September 30, 2021, the market value of interest rate derivatives amounted to SEK 3.2 million (-) and currency derivatives to SEK 1.2 million (-).

The Group deems that other carrying amounts for the stated financial assets and liabilities recognised at cost and amortised cost correspond approximately to fair value, due to short maturity dates, that reservations have been made for doubtful receivables and that any penalty interest will be charged.

Risk factors

Risks in the value of the properties

Annehem Fastigheter is exposed to risk related to changes in the value of and incorrect valuation of its properties. Annehem Fastigheter's investment properties are measured at fair value in the balance sheet and realised and unrealised changes in value are recognised in profit or loss. According to Annehem Fastigheter's valuation policy, external valuation reports are to be obtained at least once each year for all properties.

Macroeconomic risks

The Company's operations are affected by macroeconomic factors such as the overall economic trends, national and regional economic trends, employment, production of properties, infrastructure developments, population growth, inflation and interest rates. Annehem Fastigheter operates in Stockholm, Helsinki, Oslo, Malmö and Gothenburg, which are geographic markets that the Company considers particularly attractive, based on historical data. Consequently, Annehem Fastigheter is primarily exposed to the regional economic climate in these geographic markets and there is a risk that these geographic markets will not develop as anticipated by the Company or in the same way as the markets' historical development, which could have a material negative impact on Annehem Fastigheter's operations and financial position.

Environmental risks

Annehem Fastigheter's operations entail environmental risks and the Company is subject to environmental regulations that mean that the Company could be liable to claims in the event of non-compliance. Even if Annehem Fastigheter will conduct inspections in conjunction with the acquisition of individual properties, there is a risk that the previous property owner, or Annehem Fastigheter, failed to comply with environmental regulations or that previous property owners or operators caused pollution.

See also the section Impact of the coronavirus pandemic on page 11 and the Risks and risk management section in the 2020 Annual Report.

Financial key figures

Number of shares

Number of shares	Jul-Sep		Jan-Sep		Full year
	2021	2020	2021	2020	2020
A-shares	6,863,991	6,863,991	6,863,991	6,863,991	6,863,991
B-shares	52,128,557	52,128,557	52,128,557	52,128,557	52,128,557
Total average number of shares	58,992,548	58,992,548	58,992,548	58,992,548	58,992,548

Income from property management

Annehem Fastigheter's operations focus on growth in cash flow from day-to-day administration, meaning growth in income from property management. The target is that income from property management per share will double within 12 to 18 months and then increase over time by an average of 20 percent per year. Shown below is the income from property management, excluding items affecting comparability, which are related to Annehem Fastigheter's listing and refinancing processes.

SEK million	Jul-Sep		Jan-Sep		Full year
	2021	2020	2021	2020	2020
Income before tax	100.6	21.6	177.0	36.7	101.9
Add back					
Changes in fair value on investment properties	-70.9	-12.5	-106.1	-16.4	-85.9
Listing costs	-	7.7	-	7.7	19.0
Financing costs	-	-	-	-	5.1
Exchange rate effects	-	-	-	-	4.9
Income from property management excl. Items affecting compar	28.4	16.8	69.3	28.0	45.0

Income from property management, per share

SEK million	Jul-Sep		Jan-Sep		Full year
	2021	2020	2021	2020	2020
Income from property management	28.4	9.0	69.3	20.3	16.0
Items affecting comparability	-	7.7	-	7.7	29.0
Income fr. property management excl. Items affecting comparab	28.4	16.8	69.3	28.0	45.0
Number of shares	58,992,548	58,992,548	58,992,548	58,992,548	58,992,548
Income fr. property management excl. Items affecting comparab	0.48	0.15	1.17	0.34	0.76

Long-term net asset value

Net asset value is the accumulated capital managed by the company on behalf of its owners. Using this capital, the Company aims to generate return and growth at a low level of risk. Net asset value can be determined in various ways, with the main influence from a time perspective and the turnover rate of the property portfolio. The long-term net asset value is based on the balance sheet and adjusted for items that do not require payment in the near future, such as in the Company's case deferred tax liabilities.

SEK million	2021-09-30	SEK/share	2020-09-30	SEK/share	2020-12-31	SEK/share
Equity according to balance sheet	2,208.7	37.4	2,022.8	34.3	2,057.9	34.9
Add back						
Deferred tax according to balance sheet	118.6	-	70.4	-	86.5	-
Long-term net asset value	2,327.2	39.6	2,093.2	35.5	2,144.4	36.3

Interest-coverage ratio

SEK million	Jul-Sep		Jan-Sep		Full year	
	2021	2020	2021	2020	2020	2020
Income from property management	28.4	9.0	69.3	20.3	16.0	
Add back						
Interest net	11.0	9.4	34.3	35.7	43.7	
Interest coverage, multiple	3.6	2.0	3.0	1.6	1.4	
Add back						
Items affecting comparability	-	7.7	-	7.7	29.0	
Income from property management excl. items affecting comparability	39.4	18.4	103.6	55.9	88.7	
Interest coverage excl. items affecting comparability, multiple	3.6	2.0	3.0	1.6	2.0	

Loan-to-value ratio

SEK million	2021-09-30	2020-09-30	2020-12-31
Interest-bearing liabilities	1,547.1	1,018.6	1,546.9
Cash and cash equivalents	-304.2	-60.7	-448.0
Net interest-bearing liabilities	1,242.9	957.9	1,098.9
Investment properties	3,624.3	3,003.1	3,317.5
Net loan-to-value ratio, %	34.3%	31.9%	33.1%

Surplus ratio

SEK million	Jul-Sep		Jan-Sep		Full year	
	2021	2020	2021	2020	2020	2020
Income from property management	28.4	9.0	69.3	20.3	16.0	
Add back						
Property expenses	12.0	22.2	47.4	60.3	99.1	
Net operating income	40.3	31.2	116.7	80.6	115.0	
Rent revenue	46.9	39.1	137.5	108.4	151.5	
Surplus ratio, %	85.9%	79.9%	84.8%	74.4%	75.9%	

Items affecting comparability

Annehem Fastigheter regards items of a non-recurring nature as items affecting comparability. For 2020, these comprised costs related to the listing process, as well as costs and exchange-rate effects related to the refinancing process. Exchange-rate effects have been partly mitigated from 2021 using currency futures.

SEK million	Jul-Sep		Jan-Sep		Full year	
	2021	2020	2021	2020	2020	2020
Listing costs	-	7.7	-	7.7	19.0	
Financing costs	-	-	-	-	5.1	
Exchange rate effects of non-recurring character	-	-	-	-	4.9	
Items affecting comparability	-	7.7	-	7.7	29.0	

Return on equity

SEK million	Jul-Sep		Jan-Sep		Full year	
	2021	2020	2021	2020	2020	2020
Net income for the period attributable to the Parent Co's shareholders	83.8	17.3	144.7	27.6	71.8	
Equity attributable to the Parent Company's shareholders	2,208.7	2,022.8	2,208.7	2,022.8	2,057.9	
Return on equity, %	3.8%	0.9%	6.6%	1.4%	3.5%	

Review report

To the Board of Directors of Annehem Fastigheter AB (publ)

Corp. id. 559220-9083

Introduction

We have reviewed the condensed interim financial information (interim report) of Annehem Fastigheter AB (publ) as of 30 September 2021 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 27 October 2021

KPMG AB

Peter Dahllöf

Authorized Public Accountant

Glossary and definitions

Return on equity	Profit for a rolling 12-month period in relation to the average equity during the interim period. Purpose: The key figure shows the return generated on the capital attributable to the shareholders.
Gross rent	Gross rent is defined as rent revenue at a yearly basis excluding supplements and discounts.
Yield	Net operating income for a rolling 12-month period in relation to the properties' carrying amount, adjusted for the properties' holding period for the period. The key figure shows the return from operational activities in relation to the value of the properties. Purpose: The key figure shows the return from operational activities in relation to the value of the properties.
Net operating income	Net operating income includes the revenue and expenses that are directly linked to the property, that is to say, rent revenue and the expenses required for running the property, such as operating costs and maintenance costs. Purpose: The metric is used to provide comparability with other property companies and also to show the performance of the business.
Economic occupancy rate¹⁾	Vacancy rent as a percentage of the gross rent at the end of the period. Purpose: The key figure facilitates the assessment of estimated rent for vacant spaces in relation to the total value of the rented and unrented floor space.
Property	Property held with property rights or leasehold rights.
Fair value of properties	Property value recognised according to balance sheet at the end of the period. Purpose: The key figure provides greater understanding of the value growth in the property portfolio and the Company's balance sheet.
Income from property management	Income from property management is comprised of net operating income plus property management and administrative expenses and financial income and expenses. The earnings measure does not include the effects of changes in value of the investment properties and derivatives.
Income from property management excl. items affecting comparability	Income from property management is comprised of net operating income excluding items affecting comparability, plus property management and administrative expenses and financial income and expenses. The earnings measure does not include the effects of changes in value of the investment properties and derivatives.
Rent revenue	Rent revenue less vacancies, rent discount and lost rent.
Rental value¹⁾	Rent revenue with deductions for rent discount, plus rent surcharges and property tax for the rented space, as well as an estimate of market rent for vacant space. Purpose: The key figure enables an assessment of the total potential rent revenue as surcharges are added to the charged rent revenues with an estimated market rent for vacant spaces.
Items affecting comparability	Annehem Fastigheter regards items of a non-recurring nature as items affecting comparability.
Long-term net asset value	Equity per share with the reversal of fixed-interest derivatives and deferred tax according to balance sheet. Purpose: Long-term net asset value is a metric that reflects the long-term value of a property portfolio, instead of equity.
Net loan-to-value ratio	Interest-bearing liabilities, including lease liabilities, less cash and cash equivalents as a percentage of the carrying amount of the properties. Purpose: Net loan-to-value ratio is a measure of risk that indicates the degree to which the operations are encumbered with interest-bearing liabilities.
Net letting¹⁾	New letting taken out during the period less terminations with notice of vacancy.
Interest-bearing liabilities	Interest-bearing liabilities mean all liabilities on which Annehem pays interest. These items in the balance sheet are: non-current and current liabilities to related parties,

non-current and current interest-bearing liabilities (including lease liabilities) and Group account.

Interest-coverage ratio	Income from property management, including reversal of financial income, expenses and exchange-rate effects related to financial items and depreciation/amortisation as a percentage of financial income and expenses. The interest-coverage ratio is a financial target that shows how many times the Company can pay its interest charges with its profit from operational activities. Purpose: The interest-coverage ratio is a measure of financial risk that shows how many times the Company can pay its interest charges with its profit from operational activities.
Debt/equity ratio	Interest-bearing liabilities in relation to equity. Purpose: The debt/equity ratio is a measure of financial risk that shows the Company's capital structure and sensitivity to interest rate changes.
Equity/assets ratio	Equity in relation to total assets. Purpose: Shows how large a share of the Company's assets are financed with equity and has been included to enable investors to assess the Company's capital structure.
Lettable area	The total floor area that can be rented out. Purpose: Reflects the total area the Company can rent out.
Underlying property value	Agreed transaction price for the property.
Vacancy rent	Estimated market rent for vacant spaces. Purpose: The key figure specifies the potential rent revenue for fully leased spaces.
Surplus ratio	Net operating income for the period as a percentage of rent revenue. Purpose: The surplus ratio shows the percentage of each Swedish krona earned that the Company can keep. The key figure is a measure of efficiency that is comparable over time.

1) The key figure is property-related and not considered to be an alternative performance measure in accordance with ESMA's guidelines.



Ultimes I&II in Finland