

# Strong performance in property portfolio

# Q4

## October-December

- Rent revenue for the period amounted to SEK 50.2 million (43.2)
- Net operating income amounted to SEK 39.1 million (34.5)
- Income from property management amounted to SEK 17.0 million (-4.3)
- Earnings per share amounted to SEK 1.10 (0.75).
- Investments in existing properties amounted to SEK 9.0 million (26.5)
- Valuations of investment properties yielded an increase in fair value of SEK 66.8 million (69.5)
- Acquisition of the Ledvolten 1 property at an underlying property value amounting to SEK 290.0 million – the property is certified according to BREEAM Very Good with energy class B

## January-December

- Rent revenue for the period amounted to SEK 187.8 million (151.5)
- Net operating income amounted to SEK 155.8 million (115.0)
- Income from property management amounted to SEK 86.2 million (16.0)
- Earnings per share amounted to SEK 3.56 (1.22).
- Long-term net asset value per share amounted to SEK 40.9 (36.3).
- The fair value of investment properties amounted to SEK 3,994.1 million (3,317.5).
- Investments in existing properties amounted to SEK 52.5 million (137.3)
- Valuations of investment properties yielded an increase in fair value of SEK 172.9 million (85.9)
- Acquisition of the Ledvolten 1 property at an underlying property value amounting to SEK 290.0 million – the property is certified according to BREEAM Very Good with energy class B
- Acquisition of the Jupiter 11 property at an underlying property value amounting to SEK 131.0 million – the property is certified in accordance with Swedish Green Building Council Silver, with energy classification B
- Redemption of leasehold rights in Helsinki at a value of EUR 9.2 million
- Agreement on the 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 Swedish Green Building Council Silver, with energy classification B

Net operating income  
2021

SEK **156** million

Property value  
31 December 2021

SEK **3,994** million

Economic occupancy rate  
31 December 2021

**93** %

## Summary of the Group's performance

SEK million	Oct-Dec		Full year	
	2021	2020	2021	2020
Rent revenue	50.2	43.2	187.8	151.5
Net operating income	39.1	34.5	155.8	115.0
Income from property management	17.0	-4.3	86.2	16.0
Income from property management excl. Items affecting comparability	17.0	17.0	86.2	45.0
Income from property management excl. Items affecting comp. per share, SEK	0.29	0.29	1.46	0.76
Net income for the period	65.1	44.2	209.7	71.8
Net income for the period per share, SEK	1.10	0.75	3.56	1.22
Net loan-to-value ratio, %	38.3	33.1	38.3	33.1
Equity/assets ratio, %	53.9	54.4	53.9	54.4
Interest-coverage ratio, multiple	2.7	0.5	3.0	1.4
Interest-coverage ratio excl. items affecting comparability, multiple	2.7	3.0	3.0	2.0
Economic occupancy rate, %	93.0	95.5	93.0	95.5
Return on equity, %	2.9	2.1	9.2	3.5
Surplus ratio, %	77.9	79.8	83.0	75.9

# CEO's comments

## **Continued high demand for modern properties with a high degree of flexibility in growth areas provides a solid platform**

On 11 December, it was the first anniversary of Annehem's Listing on Nasdaq Stockholm, Mid Cap. It has been an exciting year, in which we commenced our growth journey with a number of acquisitions. During the year, the value of the property portfolio increased from SEK 3,317.5 million to SEK 3,994.1 million. Our high-quality properties are located in the metropolitan areas of Sweden, Norway and Finland, which are all displaying strong growth.

## **We are building on a stable foundation in an uncertain world.**

The past year has been special for all of us. The pandemic entailed continued uncertainty for many sectors in various ways. It further increased the demand for flexible premises, where security, experience and well-being are at the core. The fact that it is difficult for tenants to assess how increased remote working will impact the need for office space also affects us as property owners. At the same time, there are employees who have difficulty in working from home due to lack of space, for example. The need to meet co-workers is important for sharing experiences and understanding, which in turn generates creativity and energy. Annehem's premises are well suited so that, together with our tenants, we will be able to continue to develop the meeting places of the future with flexibility, sustainability and customised solutions as key concepts. Annehem has relatively long leases with an average of 6.0 years and large and reputable customers.

## **Strong balance sheet supports further growth**

We have begun our journey of growth and at year-end had an unutilised credit framework of SEK 420.0 million and cash of SEK 190.2 million, a total of SEK 610.2 million, at our disposal. During 2021, green financing was secured for the properties that were taken into possession during the year, which entailed a cut in the interest expense by half compared with the terms of the initial financing. Overall, this means that we have not only secured financing for our three agreed acquisitions in the form of a logistics project and two residential projects, but also have the capacity for further acquisitions.

## **Sustainability action an enormous opportunity for further value generation**

Sustainability is now a hygiene factor and must be high on the agenda for property companies and other companies. Tenants, shareholders and creditors require that Annehem works on constant improvements in the area of sustainability. For us, this is stimulating and a self-evident aspect of the Company's development going forward. For this, Annehem established a number of sustainability goals in 2021. Starting from the 2021 outcome, we will reduce our energy consumption by at least 9.0 percent by 2024, that is, 3.0 percent per year. Moreover, Annehem has a goal for 90.0 percent of its property value to be sustainable by 2024 in accordance with the EU taxonomy regulation.

During the year, CICERO conducted an independent evaluation (Shades of Green) of Annehem from a sustainability perspective, which resulted in 61.0 percent of our income and 79.0 percent of our investments for 2020 being graded as dark green or green. This is a good start, but based on our efforts in 2021 and what we will do in 2022, we foresee the potential for further improvements in our share of green income and investments.

During 2021, we acquired two environmentally certified buildings: Jupiter 11, with Swedish Green Building Council Silver and Ledvolten 1, with BREEAM certification Very Good. Furthermore, we certified two buildings according to BREEAM in Use, Partille Port 11:60 and Sadelplatsen 4, with both buildings achieving the level of Very Good.

In November, Annehem received the satisfying news from the Allbright Foundation that we came in sixth of 339 companies evaluated in its equality ranking of Swedish listed companies. We are very proud of this.

## **Value-generating strategic acquisitions and properties taken into possession**

Annehem has acquired, but not yet taken into possession, properties with an underlying property value of SEK 481 million. In 2021, properties with a value of SEK 531 million were taken into possession, including the redemption of leasehold rights in Helsinki, Finland. Our strategy entails increased exposure to residential homes, logistics and community service properties, which completed acquisitions are in line with. We are continuing our journey of growth and proceeding with a pipeline of letters of intent, which will enable further strengthening of our geographic position in Stockholm, Helsinki and Malmö.



**Jörgen Lundgren, CEO**



### Limited impact of the pandemic

From a results perspective, the impact of the ongoing pandemic during the year was extremely limited. Concessions on rents related to the pandemic amounted to slightly less than SEK 0.2 million. Income from property management excluding items affecting comparability, increased by 91.5 percent year-on-year. At the close of 2021, the economic occupancy rate amounted to 93.0 percent, a decrease of 1.0 percent on the same quarter last year, which was attributable to the expiry of a block lease of parking spaces in Solna. The property value at year-end amounted to SEK 3,994.1 million, of which capital appreciation comprised SEK 172.9 million or 5.2 percent. The net loan-to-value ratio amounted to 38.3 percent.

### Market commentary

Low interest rates and very robust monetary and finance policy activities have continued to support the economy. There was a strong increase in the rate of inflation during 2021 and in October, it was 3.1 percent, the highest level in 13 years. It is something that many economic analysts regard as a temporary effect of the pandemic, although increasing numbers of economists are indicating a risk for more sustained price increases. Inflation is expected to amount to 2.6 percent in 2022, according to the OECD forecast, which is slightly above the Riksbanken inflation target of 2.0 percent. The macroeconomic trend in Norway and Finland is expected to track that of Sweden rather well. GDP recovered after the decline in 2021 and unemployment is decreasing.

Annehem's three home markets all experienced very low interest rate levels. In Sweden, which has a variable rate of exchange, the Riksbanken's key policy rate was zero. The market does not expect any interest rate rises before the end of 2022 at the earliest. In Finland, which is part of the Eurozone and thus has the same monetary policy as the remaining Euro countries, the key policy rate was also zero. Finally, in Norway, which has, like Sweden, a variable rate of exchange, the central bank increased the key policy rate to 0.25 percent in the autumn of 2021. The access to financing was excellent in all home markets in 2021.

According to *Colliers 2022 Investor Outlook Report*, there is a tangible trend that offices are back on the investors' radar, in particular, modern offices of high quality in prime locations and with a clear environmental profile. Following the pandemic, there is a pent-up need for office space, which cannot be offset by the offering, as new production has been inhibited by rising production costs.

The rent levels for office properties in Stockholm are expected to increase by nearly 3.0 percent per year during the period of 2022–2024. In Solna, where Annehem Fastigheter has a focused portfolio, the economic vacancy rate amounted to 6.0 percent, which is lower than in Stockholm in total. For community service properties, tax-financed operations, demand is high, which often results in long and stable leases. Continued significant demand for residential properties is being driven by healthy population growth.

In Helsinki and Oslo, the rent levels of office properties is expected to increase at a somewhat slower pace in 2022–2024 than in Stockholm, according to Jones Lang Lasalle. In Helsinki, rents are expected to increase by an average of 2.0 percent per year, while in Oslo, they are expected to rise by an average of 1.4 percent during the period.

### Uncertainty increases with associated opportunities and challenges

For some time now, it has been necessary for premises to function as flexible and sustainable meeting places, although this shift accelerated further during the pandemic. It is becoming increasingly important that our tenants perceive them as places where energy and creativity can come together to create the security and satisfaction that result in companies developing. We continue to monitor the macro-economic situation, in which inflation is rising to levels not seen for a long time. The question is whether this rise is temporary, driven by, for example, high energy prices, or if the price increases are more general, which we are seeing signs of in the US. Naturally, this question is very important in determining the stance we take in relation to the risk of interest-rate increases. We are preparing for a rate increase by extending our fixed-interest periods, which are currently an average of 3.0 years.

We can see that we are well-positioned in relation to the expectations that our existing and future tenants have of us as a landlord.

I also want to take this opportunity to thank all of our employees for their commitment and fine work that they carry out every day in a company that continues to be and always will be under development.

Jörgen Lundgren

CEO

# 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.

## Property portfolio

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



Sadelplatsen 4 | Solna

# Comments on the Group's performance

## Income statement

### Fourth quarter

Rent revenue amounted to SEK 50.2 million (43.2), other property income amounted to SEK 9.8 million (7.9), and total property expenses to SEK 20.9 million (16.6), which means that net operating income increased to SEK 39.1 million (34.5). The positive trend for rent revenue was mainly attributable to the additional properties compared with the year-earlier period.

Other property income amounted to SEK 9.8 million (7.9) and comprised invoiced operating costs, income from short leases and from the rental guarantees issued (by Peab) for the properties Stenekullen 2, Ultimes I&II and Jupiter 11, which amounted to SEK 2.0 million for the quarter. Rental guarantees were issued for 100 percent of the vacant spaces in Stenekullen 2 (from 1 March 2020) and Ultimes I & II (from 1 July 2020) and Jupiter 11 (from 1 May 2021) by Peab. These guarantees are valid until the vacant spaces are let, but not longer than for 36 months from the issuing date.

The quarter was charged with higher property expenses, mainly due to planned maintenance completed during the quarter and higher electricity prices. Maintenance costs increased by SEK 1.9 million compared with the preceding quarter and electricity and heating rose by SEK 2.3 million compared with the preceding quarter. The quarter was also impacted by particularly high snow clearance costs, given the heavy snowfall in the South Region. The increased property expenses contributed to a somewhat lower surplus ratio compared with the year-earlier quarter, amounting to 79.8 percent in the fourth quarter of 2020 and 77.9 percent in the corresponding quarter in 2021.

Income from property management amounted to SEK 17.0 million (-4.3) in the quarter. Interest expenses amounted to SEK 9.8 million (8.3), which is somewhat higher than the year-earlier period due to higher borrowing related to a larger property portfolio. Other financial items amounted to SEK -2.6 million (-6.6) and mainly comprised currency effects of SEK 4.0 million and changes in value of currency futures of SEK -6.6 million (-).

The effects of unrealised changes in value of properties amounted to SEK 66.8 million (69.5). The effects of changes in value of fixed-interest derivatives amounted to SEK 1.3 million (-).

Tax expense for the period amounted to SEK 20.1 million (21.1). Tax expense is due primarily to deferred tax on the growth in value of the property portfolio and the fair value measurement of fixed-interest derivatives.

Income for the period amounted to SEK 65.1 million (44.2).

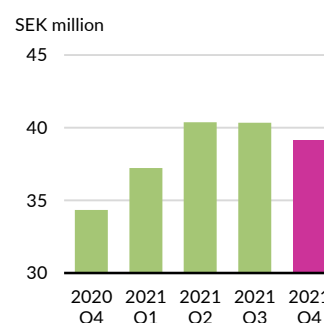
### January to December period

Rent revenue amounted to SEK 187.8 million (151.5), other property income amounted to SEK 39.1 million (26.9), and total property expenses to SEK 71.1 million (63.4), which means that net operating income increased to SEK 155.8 million (115.0). The positive trend for rent revenue was mainly attributable to the additional properties compared with the year-earlier period, but also to increased short-term leases. The increase in rent revenue contributed to a sharp improvement in the surplus ratio from 75.9 percent for full-year 2020 to 83.0 percent for full-year 2021.

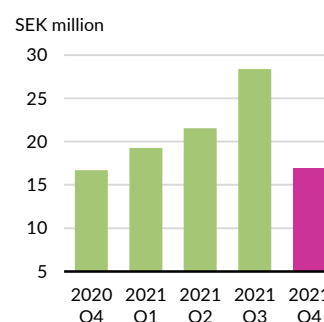
Other property income developed positively following the rental guarantees issued (by Peab) for Stenekullen 2, Ultimes I&II and Jupiter 11, which amounted to SEK 9.4 million for the full year. Rental guarantees were issued for 100 percent of the vacant spaces in Stenekullen 2 (from 1 March 2020) and Ultimes I & II (from 1 July 2020) and Jupiter 11 (from 1 May 2021) by Peab. These guarantees are valid until the vacant spaces are let, but not longer than for 36 months from the issuing date.

Income from property management amounted to SEK 86.2 million (16.0) for the full year. Interest expenses amounted to SEK 44.1 million (43.7). Other financial items amounted to SEK 0.0 million (-6.9) and mainly comprised currency effects of SEK 10.0 million and changes in value of currency futures of SEK -10.0 million. Earlier during the year, in the third quarter, SEK 4.5 million was received from the sale of a subdivided property in Valhall park, which had a positive impact on the income from property management.

### Net operating income per quarter



### Income from property management per quarter excl. items affecting comparability



The effects of unrealised changes in value of properties amounted to SEK 172.9 million (85.9). The effects of changes in value of fixed-interest derivative instruments amounted to SEK 3.0 million (-).

Tax expense for the period amounted to SEK 52.4 million (30.2). Tax expense is due primarily to deferred tax on the growth in value of the property portfolio and the market valuation of fixed-interest derivatives.

Income for the period amounted to SEK 209.7 million (71.8).

## Balance sheet

The value of the Company's investment properties amounted to SEK 3,994.1 million (3,317.5) on 31 December 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. In addition, possession was taken of the Jupiter 11 property at a fair value of SEK 131.0 million. In the fourth quarter, possession was taken of the Ledvolten 1 property at a fair value of SEK 290.0 million.

The fair value of properties is based on internal valuations conducted on 31 December 2021. During the year, Annehem Fastigheter also invested in existing properties with a value amounting to SEK 52.5 million (137.3) at 31 December 2021. The value of the properties in Finland and Norway at 31 December 2021 was positively impacted by the stronger EUR/SEK rate compared with 31 December 2020, yielding a total effect of SEK 40.3 million.

The Company's equity amounted to SEK 2,275.9 million (2,057.9).

Interest-bearing liabilities totalled SEK 1,721.3 million (1,546.9), 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 in the second quarter, the Company raised a green loan amounting to SEK 69.0 million with a new creditor. During the fourth quarter, the Company raised further green financing amounting to SEK 165.0 million in conjunction with taking possession of Ledvolten 1. On 9 December 2020, Annehem Fastigheter secured a loan facility amounting to a total of SEK 1,912.0 million, divided between SEK, NOK and EUR. At 31 December 2021, SEK 420.0 million remained unutilised.

## Cash flow statement

Cash flow from operating activities amounted to SEK 11.0 million (145.1) during the fourth quarter. The corresponding figure for the full year was SEK 56.1 million (96.9). The change was mainly attributable to higher income from property management, and higher operating receivables and higher operating liabilities, for the fourth quarter, as well as higher operating receivables, but lower operating liabilities for full-year 2021, compared with the year-earlier period.

Cash flow from investing activities for the fourth quarter amounted to SEK -289.3 million (-297.0), the corresponding figure for the full year amounted to SEK -458.4 million (-830.1), with the majority pertaining to the acquisition of the Jupiter 11 property in the second quarter and the acquisition of the Ledvolten 1 property in the fourth quarter, for a total purchase consideration of SEK 463.3 million. Investments in existing properties amounted to SEK 9.0 million (27.0) during the fourth quarter, and SEK 52.5 million (137.3) for the full year, with the majority of the investments attributable to the completion of Carl Berner Torg in Oslo and investments in Valhall Park and Ljungbyhed Park.

Cash flow from financing activities amounted to SEK 165.0 million (540.0) for the quarter, and for the full year, it amounted to SEK 146.1 million (2,105.9), and comprised SEK 69.0 million in loans raised related to the financing of the Jupiter 11 property, SEK 165.0 million in loans raised in conjunction with the financing of the Ledvolten 1 property, and SEK -87.9 million related to the redemption of the leasehold rights in Finland.

Cash flow for the fourth quarter amounted to SEK -113.3 million (388.1) and to SEK -256.7 million (1,372.7) for the full year.



# Our properties

Annehem Fastigheter owned assets in the form of fully developed properties on 31 December 2021 at a fair value of SEK 3,994.1 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.

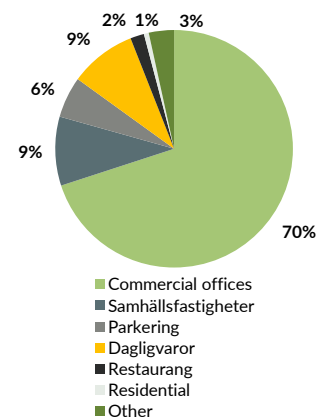
As of December 2021, net letting amounted to SEK 22.0 million (23.0), distributed among newly signed leases amounting to SEK 33.9 million (29.9) less terminated leases amounting to SEK 11.9 million (6.9).

## Detailed description of property portfolio

### Changes to the portfolio compared with the fourth quarter of 2020

Additional properties, names	City	From	Area, sqm	Annualised rental value,	Fair value incl leasing,
				SEK million	SEK million
Ledvolten	Stockholm	2021-12-07	4,268	11.5	309.1
Jupiter 11	Helsingborg	2021-05-01	4,807	8.4	134.0
<b>Total</b>			<b>9,075</b>	<b>19.9</b>	<b>443.1</b>

### Specification of income 2021



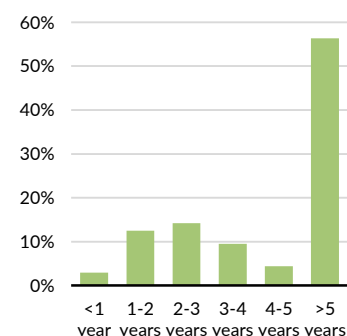
### Property portfolio on 31 December 2021

Property	Property name	City	Area, sqm	Rent-revenue SEK million	Annualised rental value, SEK million	Fair value incl leasing <sup>1</sup> , SEK million
Valhall Park, Ängelholm	Barkåkra 50:3	Ängelholm	51,564	30.8	33.6	390.1
Ljungbyhed Park	Sjöleden 1:5-1:17	Ljungbyhed	73,234	25.9	33.5	194.0
Kamaxeln	Kamaxeln 2	Malmö	950	1.4	1.4	18.6
Peab Center Malmö	Stenekullen 2	Malmö	4,937	14.0	14.0	240.1
Peab Center Helsingborg	Jupiter 11	Helsingborg	4,807	8.4	8.4	134.0
Peab Center Solna	Sadelplatsen 3	Stockholm	12,455	38.5	38.5	945.0
Sadelplatsen 4	Sadelplatsen 4 <sup>2</sup>	Stockholm	13,494	13.7	17.6	356.0
Ledvolten	Ledvolten	Stockholm	4,268	11.5	11.5	309.1
Partille Port	Partille 11:60	Partille	6,431	12.6	13.0	191.0
Ulimes I&II inkl Parking	Ulimes	Helsingfors	17,015	58.6	58.6	907.2
Carl Berner Torg	Carl Berner Torg	Oslo	3,640	13.4	13.4	309.0
<b>Total</b>			<b>192,795</b>	<b>228.8</b>	<b>243.5</b>	<b>3,994.1</b>

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 of 2,994 sqm.

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



### Summary of value trend

Changes in the property portfolio	Oct-Dec		Full year	
	2021	2020	2021	2020
At beginning of the period	3,624.3	3,003.1	3,317.5	2,437.2
Acquired properties	279.9	270.0	410.9	692.0
Investments in existing properties	9.0	26.5	52.5	137.3
Unrealised changes in fair value	66.8	69.5	172.9	85.9
Currency effect on properties abroad	14.2	-51.6	40.3	-34.9
<b>At end of the period</b>	<b>3,994.1</b>	<b>3,317.5</b>	<b>3,994.1</b>	<b>3,317.5</b>

### Acquisitions and investments

During 2021, investments were made in existing properties totalling SEK 52.5 million, where the investments were related to Valhall Park, Ljungbyhed Park, the Ulimes properties and the work to complete Carl Berner Torg.

### Acquired but not taken into possession

In 2020 and 2021, Annehem Fastigheter signed agreements with Peab to acquire properties when completed.

In addition, Annehem signed an agreement with Peab in 2020 for the acquisition of residential properties at an underlying property value of SEK 385.0 million, with possession to be taken in 2022/23 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 internal valuations conducted on 31 December 2021. At 31 August, external valuations were conducted by independent appraisers. During the year, fair value increased by SEK 172.9 million, primarily due to lower return requirements. During the year, Annehem Fastigheter also invested in existing properties with a value amounting to SEK 52.5 million at 31 December 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. 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 0.2 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	2021-12-31
Adjusted rent revenue	243.5
Vacancy	-14.7
<b>Rent revenue</b>	<b>228.8</b>
Property expenses	-63.6
Property tax	-9.9
<b>Net operating income</b>	<b>155.3</b>
Other operating income	10.6
Central administration	-33.7
Net financial items	-44.9
<b>Income from property management</b>	<b>87.3</b>

Annehem Fastigheter presents its earnings capacity on a 12-month basis on 31 December 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 31 December 2021 and their financing, after which the current earnings capacity illustrates the subsequent annualised earnings for Annehem Fastigheter. Transactions that took place after 31 December 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 the properties Stenekullen 2 (from 1 March 2020), Ultimes I&II (from 1 July 2020) and Jupiter 11 (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. At the close of 2021, the economic occupancy rate amounted to 93.0 percent, a decrease of 1.0 percent on the same quarter last year, which was attributable to the expiry of a block lease of parking spaces in Solna.



# Financing

## Description of the financing situation

On 31 December 2021, Annehem Fastigheter had interest-bearing liabilities of SEK 1,721.3 million, yielding a loan-to-value ratio of 38.3 percent. The interest-bearing liabilities on 31 December 2021 comprised external loans amounting to SEK 1,719.3 million and lease liabilities, pertaining to leaseholds, amounting to SEK 2 million.

## Change in loan structure during the period

SEK million	Full year	
	2021	2020
Interest-bearing liabilities at beginning of the period	1,546.9	1,453.1
Amortisations of loans from related parties <sup>1</sup>	-	-1,122.5
New loans from related parties <sup>1</sup>	-	344.5
Amortisations of external bank loans	-	-586.2
New external bank loans	234.0	1,469.7
Change in lease liability <sup>2</sup>	-87.9	-
Changes in capitalised loan costs	3.4	-11.7
Currency effects	24.9	-
Interest-bearing liabilities at end of the period	1,721.3	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

	Full year	
	2021	2020
Debt / equity ratio, multiple	0.8	0.8
Average interest rate, %	2.2	2.3

## Available liquidity

SEK million	Full year	
	2021	2020
Cash and cash equivalents	190.2	448.0
Unused loan facility	420.0	420.0
Total	610.2	868.0

## Fixed-interest and loan maturity structure

Year	Capital <sup>2</sup>	Interest	Share, %
within a year	-	44.9	2%
1-2 years	1,719.3	44.9	97%
2-3 years	-	0.6	0%
3-4 years	-	0.6	0%
more than 4 years <sup>1</sup>	2.0	0.6	0%
Total at the end of the period	1,721.3	91.5	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 <sup>1</sup>	
	SEK million	Share, %	SEK million	Share, %
within a year	234.0	15%	-	-
1-2 years	1,041.0	60%	1,719.3	100%
2-3 years	-	-	-	-
3-4 years	-	-	-	-
more than 4 years	446.3	26%	2.0	0%
Total at the end of the period	1,721.3	100%	1,721.3	100%

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

## Sensitivity analysis

The average interest for the full-year 2021, based on a weighted average of interest-bearing liabilities on 1 January and 31 December, 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%	+/-	8.6
+/- 1,0%	+/-	17.2
+/- 1,5%	+/-	25.8

# Sustainability

Annehem's sustainability work, which is focused on work processes, property management and property transactions, was further formalised in 2021 by setting goals and ensuring follow-up. Based on the 2021 outcome, Annehem has the goal of reducing its energy consumption by at least 9.0 percent by 2024. Moreover, Annehem has a goal for 90.0 percent of its property value to be sustainable by 2024 in accordance with the EU taxonomy regulation and to reduce carbon emissions by 30.0 percent by 2024<sup>1</sup>. 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. The sustainability goals will be followed up and reported to the market annually.

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, the Sadelplatsen 3 property in Solna is certified according to BREEAM Good, Carl Berner Torg, Oslo is certified according to BREEAM Very Good and Stenekullen 2, Malmö, is certified in accordance with Swedish Green Building Council Silver. In Helsinki, Ultimes I&II are certified according to LEED Platinum.

During the year, CICERO conducted an independent evaluation (Shades of Green) of Annehem from a sustainability perspective, which resulted in 61.0 percent of our income and 79.0 percent of our investments for 2020 being graded as dark green or green. This is a good start, but based on our efforts in 2021 and what we will do in 2022, we foresee the potential for further improvements related to our share of green income and investments.

During the second quarter of 2021, Annehem took possession of the Jupiter 11 property, in Helsingborg, which is certified to 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 Swedish Green Building Council Silver with energy classification B. This acquisition also includes a development right in this expansive logistics area.

In the fourth quarter, Annehem took possession of the Ledvolten 1 property in Solna, which is certified according to BREEAM Very Good with energy class B.

Furthermore, a key step for Annehem is the preparations that have been initiated and which were further accelerated during the quarter to achieve certification in accordance with the Nasdaq Green Equity Designation. 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 during the year on significantly better terms – through green loans.

<sup>1</sup> Refers to Scope 2, according to the EU Taxonomy.

# 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	Oct-Dec		Full year	
	2021	2020	2021	2020
Acquisition of investment properties	-	270.0	-	692.0
Interest costs, loans from rel. parties	-	-1.2	-	-26.4
Management fee	-	-	-	-6.3

During 2021, Annehem had no transactions with related parties apart from salaries and remuneration for employees. In 2020 and 2021, 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.

## The Company's shareholders

Shareholders	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	259,769	0.4	1.5
Familjen Kamprads Stiftelse	1,720,000	2.9	1.4
Carnegie Spin-off	1,750,000	3.0	1.4
Handelsbanken	1,171,969	2.0	1.0
SEB Fastighetsfond Norden	1,108,246	1.9	0.9
<b>10 largest share owners, sum</b>	<b>28,210,388</b>	<b>47.8</b>	<b>72.0</b>
Other share owners	30,782,160	52.2	28.0
<b>Total</b>	<b>58,992,548</b>	<b>100.0</b>	<b>100.0</b>

## 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 0.2 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 fourth 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

- On February 7 the Board of Annehem announced that they have initiated the process to change CEO.



## Review

This report has not been subject to review by the Company's auditors.

## Financial calendar

Annual report 2021	April 2022
Interim report January-March 2022	28 April 2022
2022 Annual General Meeting	19 May 2022 - Ängelholm
Interim report January-June 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, 22 February 2022

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 23 February 2022 at 8:00 a.m. CET.*

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## Consolidated income statement

	Oct-Dec		Full year	
SEK million	2021	2020	2021	2020
Rent revenue	50.2	43.2	187.8	151.5
Other property income	9.8	7.9	39.1	26.9
<b>Total income</b>	<b>60.0</b>	<b>51.1</b>	<b>226.9</b>	<b>178.4</b>
<i>Property expenses</i>				
Operating costs <sup>1</sup>	-11.0	-10.2	-37.5	-44.9
Maintenance costs	-3.7	-3.5	-9.2	-10.4
Property tax	-2.9	-1.1	-9.6	-5.7
Property administration <sup>1</sup>	-3.3	-1.8	-14.8	-2.4
<b>Net operating income</b>	<b>39.1</b>	<b>34.5</b>	<b>155.8</b>	<b>115.0</b>
Central administration <sup>1</sup>	-8.6	-26.7	-30.4	-51.5
Other operating income	0.5	2.8	9.9	5.9
Other operating costs	-1.7	0.1	-4.9	-2.8
Interest expenses	-9.8	-8.3	-44.1	-43.7
Other financial items <sup>2</sup>	-2.6	-6.6	0.0	-6.9
<b>Income from property management</b>	<b>17.0</b>	<b>-4.3</b>	<b>86.2</b>	<b>16.0</b>
Changes in values of properties, unrealised	66.8	69.5	172.9	85.9
Changes in values of derivatives	1.3	-	3.0	-
<b>Income before tax for the period</b>	<b>85.1</b>	<b>65.2</b>	<b>262.1</b>	<b>101.9</b>
Current tax	0.3	-3.5	0.2	-4.1
Deferred tax	-20.4	-17.6	-52.6	-26.1
<b>Net income for the period attributable to the company shareholders</b>	<b>65.1</b>	<b>44.2</b>	<b>209.7</b>	<b>71.8</b>
<b>Average numbers of shares, before and after dilution</b>	<b>58,992,548</b>	<b>58,992,548</b>	<b>58,992,548</b>	<b>58,992,548</b>
<b>Earnings per share, before and after dilution, SEK</b>	<b>1.10</b>	<b>0.75</b>	<b>3.56</b>	<b>1.22</b>

1) 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 October-December 2020 period, the reclassification amounted to SEK -1.9 million, which was moved from the Central administration line to the Property administration line. The corresponding figure for full-year 2020 period amounted to SEK -6.8 million.

2) Other financial expenses comprise primarily currency effects and realised and unrealised effects of currency future.

## Consolidated statement of profit or loss and other comprehensive income

	Oct-Dec		Full year	
SEK million	2021	2020	2021	2020
<b>Profit for the period</b>	<b>65.1</b>	<b>44.2</b>	<b>209.7</b>	<b>71.8</b>
<b>Other comprehensive income</b>				
<i>Items that will be reclassified to profit or loss</i>				
Change in market value of derivative instruments	-0.3	-	1.5	-
Fiscal effect on derivative instruments	0.0	-	-0.3	-
Translation differences from foreign operations for the period	2.6	1.2	7.1	4.9
<b>Total other comprehensive income</b>	<b>2.3</b>	<b>1.2</b>	<b>8.3</b>	<b>4.9</b>
<b>Comprehensive income for the period attr. to parent company shareholders</b>	<b>67.3</b>	<b>45.4</b>	<b>218.0</b>	<b>76.7</b>

## Consolidated balance sheet

SEK million	2021-12-31	2020-12-31
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible fixed assets	0.1	0.1
Investment properties	3,994.1	3,317.5
Equipment and machinery	4.2	4.3
Derivative instrument	0.7	-
Other fixed assets	0.8	0.3
<b>Total fixed assets</b>	<b>3,999.8</b>	<b>3,322.3</b>
<b>Current assets</b>		
Accounts receivables	3.1	5.6
Current receivables	24.4	4.5
Derivative instruments	5.6	-
Cash and cash equivalents	190.2	448.0
<b>Total current assets</b>	<b>223.3</b>	<b>458.1</b>
<b>TOTAL ASSETS</b>	<b>4,223.1</b>	<b>3,780.4</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	0.5	0.5
Other contributed capital	1,786.9	1,786.9
Reserves	5.0	-3.3
Retained earnings including net income for the year	483.5	273.8
<b>Equity attributable to parent company shareholders</b>	<b>2,275.9</b>	<b>2,057.9</b>
<b>Non-current liabilities</b>		
Current interest-bearing liabilities	1,721.3	1,546.9
Derivative instruments	1.4	-
Other non-current liabilities	3.1	1.6
Deferred tax liabilities	139.1	86.5
Provisions for pensions	1.0	0.4
<b>Total non-current liabilities</b>	<b>1,865.9</b>	<b>1,635.5</b>
<b>Current liabilities</b>		
Derivative instruments	1.7	-
Accounts payable and other liabilities	11.9	16.3
Current tax liabilities	4.0	14.6
Other current liabilities	63.6	56.3
<b>Total current liabilities</b>	<b>81.3</b>	<b>87.1</b>
<b>Total liabilities</b>	<b>1,947.2</b>	<b>1,722.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,223.1</b>	<b>3,780.4</b>



## Consolidated cash flow statement

SEK million	Oct-Dec		Full year	
	2021	2020	2021	2020
Income from property management	16.9	-4.3	86.2	16.0
<i>Items not affecting cash flow</i>				
Depreciation	0.3	0.3	1.2	0.9
Unrealised currency effects	-0.9	3.9	-8.3	3.9
Income tax paid	-	-0.5	-	-1.3
<b>Changes in working capital</b>				
Operating receivables	-13.3	142.2	-18.4	83.8
Operating liabilities	8.0	3.4	-4.6	-6.4
<b>Cash flow from operating activities</b>	<b>11.0</b>	<b>145.1</b>	<b>56.1</b>	<b>96.9</b>
<i>Investing activities</i>				
Investments in existing properties	-9.0	-27.0	-52.5	-137.3
Acquisitions of investment properties	-279.9	-270.0	-410.9	-692.0
Divestment of fixed assets	-	-	4.9	-
Investments in machinery and equipment	-0.5	-	-0.5	-0.7
Investments in intangible fixed assets	-	-	-	-0.1
<b>Cash flow from investing activities</b>	<b>-289.3</b>	<b>-297.0</b>	<b>-458.9</b>	<b>-830.1</b>
<i>Financing activities</i>				
Share issue	-	-	-	0.4
Shareholders contribution	-	-	-	2,000.0
Borrowings	165.0	1,469.7	234.0	1,814.2
Repayment of loans	-	-929.7	-87.9	-1,708.7
<b>Cash flow from financing activities</b>	<b>165.0</b>	<b>540.0</b>	<b>146.1</b>	<b>2,105.9</b>
<b>Cash flow for the period</b>	<b>-113.3</b>	<b>388.1</b>	<b>-256.7</b>	<b>1,372.7</b>
Cash and cash equivalents at the beginning of the period	304.2	60.7	448.0	40.4
Exchange rate difference in cash and cash equivalents	-0.6	-0.8	-1.1	-2.1
Transactions with shareholders	-	-	-	-962.8
<b>Cash and cash equivalents at the end of the period</b>	<b>190.2</b>	<b>448.0</b>	<b>190.2</b>	<b>448.0</b>

## Consolidated statement of changes in equity

SEK million	2021-12-31	2020-12-31
<b>Opening balance, equity</b>	<b>2,057.9</b>	<b>955.5</b>
Net income for the period	209.7	71.8
Other comprehensive income for the period	8.3	-7.0
<b>Comprehensive income for the period</b>	<b>218.0</b>	<b>64.8</b>
Share issue	-	0.4
Shareholders contribution	-	2,000.0
Other transactions with shareholders	-	-962.8
<b>Closing balance, equity attributable to Parent Company shareholders</b>	<b>2,275.9</b>	<b>2,057.9</b>

## Parent Company Income statement

SEK million	Oct-Dec		Full year	
	2021	2020	2021	2020
Revenue	10.5	15.0	34.5	30.0
Administration costs	-9.0	-28.1	-32.0	-50.6
<b>Operating result</b>	<b>1.5</b>	<b>-13.2</b>	<b>2.5</b>	<b>-20.6</b>
<b>Financial items</b>				
Result from shares in Group companies	-	-	-	1.0
Financial net	3.2	9.9	30.8	16.5
<b>Result after financial items</b>	<b>3.2</b>	<b>9.9</b>	<b>30.8</b>	<b>17.5</b>
Appropriations	-3.1	-	-3.1	-
<b>Result before tax</b>	<b>0.1</b>	<b>-3.3</b>	<b>27.7</b>	<b>-3.1</b>
Current tax	-	-3.3	-	-3.3
Deferred tax	0.4	-0.1	0.1	-0.1
<b>Result for the period</b>	<b>0.4</b>	<b>-6.8</b>	<b>27.8</b>	<b>-6.5</b>

## Parent Company Balance sheet

SEK million	2021-12-31	2020-12-31
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible fixed assets	0.1	0.1
Equipment and machinery	0.8	0.5
<b>Financial fixed assets</b>		
Shares in Group companies	16.6	12.5
Long-term receivables, Group companies	1,998.8	2,026.1
Other fixed assets	0.8	0.3
<b>Total financial fixed assets</b>	<b>2,016.2</b>	<b>2,039.0</b>
<b>Total fixed assets</b>	<b>2,017.1</b>	<b>2,039.5</b>
<b>Current assets</b>		
Accounts receivables	17.0	-
Accounts receivables from related parties	5.9	0.5
Derivative instruments	0.7	-
Cash and cash equivalents	8.7	0.4
<b>Total current assets</b>	<b>32.2</b>	<b>0.9</b>
<b>TOTAL ASSETS</b>	<b>2,049.3</b>	<b>2,040.4</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	0.5	0.5
<b>Unrestricted equity</b>		
Retained earnings	1,993.5	2,000.0
Result for the year	30.4	-6.5
<b>Total equity</b>	<b>2,024.4</b>	<b>1,994.0</b>
<b>Provisions</b>		
Provision for pensions and similar obligations	1.0	0.4
Provision for deferred tax	0.0	0.1
<b>Total provisions</b>	<b>0.9</b>	<b>0.5</b>
<b>Current liabilities</b>		
Derivative instruments	3.2	-
Liabilities to Group companies, accounts payable	5.4	18.0
Accounts payable	1.8	7.2
Current tax liabilities	3.3	-
Other current liabilities	10.4	20.7
<b>Total current liabilities</b>	<b>24.0</b>	<b>45.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,049.3</b>	<b>2,040.4</b>



## Parent Company Cash flow statement

	Oct-Dec		Full year	
SEK million	2021	2020	2021	2020
Result before tax	0.1	-3.3	27.7	-3.1
<i>Items not affecting cash flow</i>				
Depreciations	0.1	0.1	0.4	0.2
Unrealised currency effects	3.0	-	1.7	-
Tax paid	0.0	-3.4	0.0	-3.4
<b>Changes in working capital</b>				
Operating receivables	-4.2	15.4	-21.8	0.1
Operating liabilities	7.9	26.5	-22.6	46.5
<b>Cash flow from operating activities</b>	<b>6.9</b>	<b>35.3</b>	<b>-14.4</b>	<b>40.3</b>
<i>Investing activities</i>				
Shares in group companies	-2.3	-	-4.1	-
Investments in machinery and equipment	-0.5	-0.1	-0.5	-0.7
Investments in intangible fixed assets	-	-	-	-0.1
<b>Cash flow from investing activities</b>	<b>-2.8</b>	<b>-0.1</b>	<b>-4.6</b>	<b>-0.8</b>
<i>Financing activities</i>				
Rights issue	-	-	-	0.4
Capital contribution	-	-	-	2,000.0
Borrowings	-	-	-	362.3
Repayment of loans	-	-362.3	-	-362.3
Changes interest-bearing receivables, Group companies	-62.8	327.4	27.3	-2,401.3
<b>Cash flow from financing activities</b>	<b>-62.8</b>	<b>-34.9</b>	<b>27.3</b>	<b>-400.9</b>
Cash and cash equivalents in the beginning of the period	67.4	-	0.4	-
Transactions with shareholders	-	-	-	361.8
<b>Cash and cash equivalents at the end of the period</b>	<b>8.7</b>	<b>0.4</b>	<b>8.7</b>	<b>0.4</b>

### 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 and calculation bases for the Group and the Parent Company are unchanged compared with the Annual report for 2020.

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

## 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 end of 2021, there was approximately SEK 2 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	Full year			
SEK million	Capital Region	South Region	Staff	Total
Rent revenue	107.7	80.0	0.0	187.8
Net operating income	110.3	46.6	-1.1	155.8
Income from property management	44.5	30.0	11.8	86.2
Income before tax	145.0	100.5	16.5	262.1
Investment properties, fair value	2,826.3	1,167.8	-	3,994.1

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	Full year			
SEK million	Capital Region	South Region	Staff	Total
Rent revenue	89.9	61.6	0.0	151.5
Net operating income	83.6	38.6	-7.2	115.0
Income from property management	36.8	5.8	-26.5	16.0
Income before tax	75.2	53.3	-26.6	101.9
Investment properties, fair value	2,386.5	931.0	-	3,317.5

#### NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

SEK million	Oct-Dec		Full year	
	2021	2020	2021	2020
Property tax	2.1	1.7	5.9	4.7
Rental guarantees	2.0	1.8	9.4	6.1
Other property revenue	5.7	4.4	23.8	16.0
<b>Total other property revenue</b>	<b>9.8</b>	<b>7.9</b>	<b>39.1</b>	<b>26.9</b>

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

#### NOTE 5 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 1.2 million as of December 31, 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 December 31, 2021, the market value of interest rate derivatives amounted to SEK 4.8 million (-) and currency derivatives to SEK 1.7 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	Oct-Dec		Full year	
	2021	2020	2021	2020
A-shares	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
<b>Total average number of shares</b>	<b>58,992,548</b>	<b>58,992,548</b>	<b>58,992,548</b>	<b>58,992,548</b>

## 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	Oct-Dec		Full year	
	2021	2020	2021	2020
Income before tax	85.1	65.2	262.1	101.9
Add back				
Changes in fair value on investment properties	-66.8	-69.5	-172.9	-85.9
Changes in fair value of derivatives	-1.3	-	-3.0	-
Listing costs	-	11.3	-	19.0
Financing costs	-	5.1	-	5.1
Exchange rate effects	-	4.9	-	4.9
<b>Income from property management excl. Items affecting comparability</b>	<b>17.0</b>	<b>17.0</b>	<b>86.2</b>	<b>45.0</b>

## Income from property management, per share

SEK million	Oct-Dec		Full year	
	2021	2020	2021	2020
Income from property management	17.0	-4.3	86.2	16.0
Items affecting comparability	-	21.3	-	29.0
<b>Income fr. property management excl. Items affecting comparability</b>	<b>17.0</b>	<b>17.0</b>	<b>86.2</b>	<b>45.0</b>
Number of shares	58,992,548	58,992,548	58,992,548	58,992,548
<b>Income fr. property management excl. Items affecting comparability</b>	<b>0.29</b>	<b>0.29</b>	<b>1.46</b>	<b>0.76</b>

## 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	2021-12-31	SEK/share	2020-12-31	SEK/share
Equity according to balance sheet	2,275.9	38.6	2,057.9	34.9
Add back				
Deferred tax according to balance sheet	139.1	-	86.5	-
<b>Long-term net asset value</b>	<b>2,415.0</b>	<b>41.0</b>	<b>2,144.4</b>	<b>36.3</b>

## Interest-coverage ratio

SEK million	Oct-Dec		Full year	
	2021	2020	2021	2020
Income from property management	17.0	-4.3	86.2	16.0
Add back				
Interest net	9.8	8.3	44.1	43.7
<b>Interest coverage, multiple</b>	<b>2.7</b>	<b>0.5</b>	<b>3.0</b>	<b>1.4</b>
Add back				
Items affecting comparability	-	21.3	-	29.0
Income from property management excl. items affecting comparability and interest net	26.8	25.3	130.3	88.7
<b>Interest coverage excl. items affecting comparability, multiple</b>	<b>2.7</b>	<b>3.0</b>	<b>3.0</b>	<b>2.0</b>

## Loan-to-value ratio

SEK million	2021-12-31	2020-12-31
Interest-bearing liabilities	1,721.3	1,546.9
Cash and cash equivalents	-190.2	-448.0
Net interest-bearing liabilities	1,531.1	1,098.9
Investment properties	3,994.1	3,317.5
<b>Net loan-to-value ratio, %</b>	<b>38.3%</b>	<b>33.1%</b>

## Surplus ratio

SEK million	Oct-Dec		Full year	
	2021	2020	2021	2020
Income from property management	17.0	-4.3	86.2	16.0
Add back				
Property expenses	22.1	38.7	69.6	99.1
Net operating income	39.1	34.5	155.8	115.0
Rent revenue	50.2	43.2	187.8	151.5
<b>Surplus ratio, %</b>	<b>77.9%</b>	<b>79.8%</b>	<b>83.0%</b>	<b>75.9%</b>

## 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	Oct-Dec		Full year	
	2021	2020	2021	2020
Listing costs	-	11.3	-	19.0
Financing costs	-	5.1	-	5.1
Exchange rate effects of non-recurring character	-	4.9	-	4.9
<b>Items affecting comparability</b>	<b>-</b>	<b>21.3</b>	<b>-</b>	<b>29.0</b>

## Return on equity

SEK million	Oct-Dec		Full year	
	2021	2020	2021	2020
Net income for the period attributable to the Parent Co's shareholders	65.1	44.2	209.7	71.8
Equity attributable to the Parent Company's shareholders	2,275.9	2,057.9	2,275.9	2,057.9
<b>Return on equity, %</b>	<b>2.9%</b>	<b>2.1%</b>	<b>9.2%</b>	<b>3.5%</b>

# Glossary and definitions

<b>Return on equity</b>	<p>Profit for a rolling 12-month period in relation to the average equity during the interim period.</p> <p>Purpose: The key figure shows the return generated on the capital attributable to the shareholders.</p>
<b>Gross rent</b>	<p>Gross rent is defined as rent revenue at a yearly basis excluding supplements and discounts.</p>
<b>Yield</b>	<p>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.</p> <p>Purpose: The key figure shows the return from operational activities in relation to the value of the properties.</p>
<b>Net operating income</b>	<p>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.</p> <p>Purpose: The metric is used to provide comparability with other property companies and also to show the performance of the business.</p>
<b>Economic occupancy rate<sup>1)</sup></b>	<p>Vacancy rent as a percentage of the gross rent at the end of the period.</p> <p>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.</p>
<b>Property</b>	<p>Property held with property rights or leasehold rights.</p>
<b>Fair value of properties</b>	<p>Property value recognised according to balance sheet at the end of the period.</p> <p>Purpose: The key figure provides greater understanding of the value growth in the property portfolio and the Company's balance sheet.</p>
<b>Income from property management</b>	<p>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.</p>
<b>Income from property management excl. items affecting comparability</b>	<p>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.</p>
<b>Rent revenue</b>	<p>Rent revenue less vacancies, rent discount and lost rent.</p>
<b>Rental value<sup>1)</sup></b>	<p>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.</p> <p>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.</p>
<b>Items affecting comparability</b>	<p>Annehem Fastigheter regards items of a non-recurring nature as items affecting comparability.</p>
<b>Long-term net asset value</b>	<p>Equity per share with the reversal of fixed-interest derivatives and deferred tax according to balance sheet.</p> <p>Purpose: Long-term net asset value is a metric that reflects the long-term value of a property portfolio, instead of equity.</p>
<b>Net loan-to-value ratio</b>	<p>Interest-bearing liabilities, including lease liabilities, less cash and cash equivalents as a percentage of the carrying amount of the properties.</p> <p>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.</p>
<b>Net letting<sup>1)</sup></b>	<p>New letting taken out during the period less terminations with notice of vacancy.</p>
<b>Interest-bearing liabilities</b>	<p>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,</p>

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

<b>Interest-coverage ratio</b>	<p>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.</p> <p>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.</p>
<b>Debt/equity ratio</b>	<p>Interest-bearing liabilities in relation to equity.</p> <p>Purpose: The debt/equity ratio is a measure of financial risk that shows the Company's capital structure and sensitivity to interest rate changes.</p>
<b>Equity/assets ratio</b>	<p>Equity in relation to total assets.</p> <p>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.</p>
<b>Lettable area</b>	<p>The total floor area that can be rented out.</p> <p>Purpose: Reflects the total area the Company can rent out.</p>
<b>Underlying property value</b>	<p>Agreed transaction price for the property.</p>
<b>Vacancy rent</b>	<p>Estimated market rent for vacant spaces.</p> <p>Purpose: The key figure specifies the potential rent revenue for fully leased spaces.</p>
<b>Surplus ratio</b>	<p>Net operating income for the period as a percentage of rent revenue.</p> <p>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.</p>

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



Ledvolten in Solna