

Q2

Annehem Fastigheter Half-year report January–June 2023



Annehem

Strong property operations in a cautious market

April-June

- Rent revenue for the period amounted to SEK 63.8 million (54.0)
- Net operating income amounted to SEK 56.5 million (46.2)
- Income from property management amounted to SEK 18.2 million (16.1)
- Income from property management excl. currency effects amounted to SEK 27.5 million (24.1)
- Earnings per share amounted to SEK -0.56 (2.20)
- Investments in existing properties amounted to SEK 20.1 million (1.6)
- Valuations of investment properties yielded a decrease in fair value of SEK -61.6 million (111.2)

January-June

- Rent revenue for the period amounted to SEK 124.9 million (104.5)
- Net operating income amounted to SEK 107.1 million (87.6)
- Income from property management amounted to SEK 35.9 million (36.4)
- Income from property management excl. currency effects amounted to SEK 47.9 million (44.4)
- Earnings per share amounted to SEK -2.15 (4.88)
- Long-term net asset value per share amounted to SEK 41.9 (46.0)
- Investments in existing properties amounted to SEK 34.4 million (6.2)
- Valuations of investment properties yielded a decrease in fair value of SEK -183.6 million (253.8)
- The fair value of investment properties amounted to SEK 4,343.3 million (4,388.5)

Net operating income
January-June 2023

SEK million
107

Property value
30 June 2023

SEK million
4,343

Economic occupancy rate
30 June 2023

94%

Summary of the Group's performance

	Apr-Jun		Jan-Jun		Full year
Summary of the Group's performance	2023	2022	2023	2022	2022
Rent revenue, SEK million	63.8	54.0	124.9	104.5	217.9
Net operating income, SEK million	56.5	46.2	107.1	87.6	181.3
Income from property management, SEK million	18.2	16.1	35.9	36.4	74.2
Income from property management excl. currency effects, SEK million	27.5	24.1	47.9	44.4	90.5
Income from property management excl. currency effects per share, SEK	0.47	0.41	0.81	0.75	1.53
Income for the period, SEK million	-33.2	129.9	-126.8	288.1	207.3
Earnings per share for the period, SEK	-0.56	2.20	-2.15	4.88	3.51
Net loan-to-value ratio, %	41.3	37.0	41.3	37.0	38.3
Equity/assets ratio, %	51.2	54.2	51.2	54.2	53.4
Interest-coverage ratio, multiple RTM	2.5	2.8	2.5	2.7	2.7
Economic occupancy rate, %	93.8	95.0	93.8	95.0	95.0
Return on equity, %	-1.4	5.0	-5.1	11.2	8.3
Surplus ratio, %	88.6	85.5	85.8	83.8	83.2

Growth and returns	Target	Outcome 2022	Outcome 2021
Average growth in property portfolio over time ¹	20%	8%	20%
Fair value of property portfolio in 2027	SEK 8 billion	SEK 4.3 billion	SEK 4.0 billion
Average annual growth in income from property management over time ¹	20%	-14%	52%
Return on equity	At least 10 percent per year	8.3%	9.2%

1) The goal refers to the development over time from the company's listing in 2020 to 2027. The actuals refer to the annual change compared to the previous years.

Risk and dividends	Target	Outcome 2022	Outcome 2021
Equity/assets ratio	> 30%	53.4%	53.9%
Net loan-to-value ratio over time	< 60%	38.3%	38.3%
Interest-coverage ratio, long-term (RTM)	> 2.2x	2.7x	3.0x
Dividend policy	The profits shall essentially be reinvested in order to utilise growth opportunities and achieve Annehem's growth targets.		
		-	-

Sustainability	Long-term target 2030	Outcome as per 30 June 2023	Outcome 2022
Proportion of property value that is sustainable in accordance with the EU Taxonomy Regulation, %	90%	81%	81%
Environmentally certified property value, %	90%	83%	76%
Income from green leases, % (relates to Sweden)	80%	33%	27%

CEO's comments

The geopolitical instability is clearly affecting global economies. In Sweden, the economic situation remains unstable with ongoing interest rate hikes and persistent inflation, despite signs that we have passed the peak. The job market remains strong and the business sector is showing signs of prosperity. My hope is that this will prevent a deep recession, even if it is prolonged considering the interest rate trajectory presented by the Riksbank on 29 June with an interest rate of about 4 percent until 2025. The situation is obviously having a major impact on capital-intensive property companies, due to further rising financing costs and higher return requirements which are leading to negative changes in value.

Earnings

Our property operations are performing really well and our rent revenue for the period rose 19 percent to SEK 124.9 million (104.5). The increase was mainly attributable to acquired properties and the rental increases at year-end due to indexation. We posted net operating income of SEK 107.1 million (87.6), up 22 percent compared with the year-earlier period. The increase was mainly attributable to our acquisitions, but also to several minor savings and lettings in ongoing management which contributed to the healthy net operating income. In addition, the surplus ratio increased to 85.8 (83.8) for the period. I am proud of the property team's delivery!

We posted higher income from property management for the period compared to the same period last year. The result, excluding currency effects on net financial items, amounted to SEK 47.9 million (44.4), which is an increase of 8 percent. Interest expenses are putting pressure on income from property management and our net interest expense increased to SEK -36.8 million (-26.0).

Our occupancy rate remained high at 93.8 percent (95.0), and the majority of our tenants are stable and long-term. We are still seeing how many companies are reviewing their costs, and that conditions are changing for some of our smaller tenants due to the global situation. We work closely with our customers and we know each other well, which means that we are often able to collaborate at an early stage on solving challenges.

We believe that higher financing costs have continued to push the return requirement up by 10-15 basis points. This was offset by improved net operating income, an adjusted inflation assumption from 5 percent in the preceding quarter to 6 percent due to persistent inflation, and an EUR currency effect. Overall, the change in value corresponded to SEK -61.6 million (+111.2), or -1.4 percent. Since the third quarter 2022, we have decreased the fair value of the portfolio by some 8 percent. Our interest-coverage ratio, multiple RTM, was 2.5 (2.8). In view of continued rising interest rates, the interest-coverage ratio is expected to continue falling, but we believe we can fulfil the covenants in our credit agreements.

Financing

While Annehem is obviously affected by the interest-rate situation, our financial position is stable with a low loan-to-value ratio of 41.3 percent, and bank financing only. We work consistently to manage our risks and in the second quarter of the year, some parts of the swap portfolio were restructured and fixed interest terms were extended to adjust our interest-rate risk and create conditions for Annehem's future growth.

With the aim of simplifying the assessment of Annehem's financing, we have defined new key figures for this report and clarified others. Read more on page 14.

Transaction market

Over the past 12 months, transaction volumes in the Nordic market have decreased 67 percent. However, we have discerned an upswing with several larger structured transactions recently, where a number of major players closed large transactions during the quarter. These processes generally take longer, and I believe we will see continued corporate transaction activity, as well as increased property transaction activity, during the autumn. Annehem is following this development closely and intends to continue growing when the time is right.

Sustainable management

We are working hard with sustainability and continuing to focus on our vision to be the most sustainable property company in the Nordics. During the first half of the year, we have improved our property



" Our property operations are performing really well and our rent revenue for the period rose 19 percent. "

operations within several target areas (see page. 10). Our property management team, that works with our tenants and properties is the key to success. The engagement from our tenants is increasing and we strive to cooperate with them on as many levels as possible to achieve our sustainability goals. More and more tenants are opting to sign green leases, which is very positive. In our last report, I described our participation in the Hus for Hus campaign during the winter. The follow-up shows major energy savings and we are now looking forward to continuing the initiative in more properties. We also initiated a 'security team,' which will work with measures in our properties to increase security together with our tenants. I am also extremely proud that Annehem once again received a high ranking in the annual Allbright Report, which reviews gender representation in the management teams of listed companies in Sweden. We received a rank of 11 (7) on Allbright's green list of gender-equal companies.

Good opportunities ahead

During the quarter, we employed our first Head of Sustainability, Christin Hertzberg. Christin will assume her position on 21 August and also join the management team moving forward and be an important addition to our continued sustainability journey. Christin joins us from Catella, where she was Head of ESG.

We would like to welcome Henrik Saxborn as the new Chairman of Annehem. He was elected at the Annual General Meeting, which was held on 23 May in Ängelholm and Valhall Park. I would also like to thank Annehem's outgoing Chairman, Göran Grosskopf, for his service and for the time that he and I worked together. With his long experience in the business sector, he contributed security and stability during Annehem's first years.

The global uncertainty and instability will continue for a while, and Annehem is following developments both globally and locally in order to be ready. For the upcoming half-year, I anticipate a continued favorable performance in our operational business, and we will continue our efforts to review our portfolio and our financial stability. Overall, I am very satisfied with our underlying property operations and the measures we took during the quarter to reduce our risks. I would especially like to thank all employees for their commitment and motivation – a success factor for us as a company. Now that summer is here, I would like to wish all our employees, tenants and partners a really wonderful summer!

Ängelholm, 20 July 2023

Monica Fallenius
CEO

This is Annehem

Annehem manages and develops a sustainable and modern property portfolio in attractive locations in Nordic growth areas. Most of the portfolio comprises office properties that are complemented with selected properties in the segments of logistics properties, community service properties, and residential homes.

Our properties have a high and measurable environmental performance. Together with our sustainable, efficient management and development, this strengthens the value of our portfolio.

Vision

We are to be the most sustainable property company in the Nordics.

Our values

Professionalism – Committed – Long-term – Enablers

Our overall strategies

A sustainable and modern property portfolio in attractive locations in Nordic growth areas

Newly built, environmentally certified properties in locations with good transport links attract long-term tenants.

A diversified and green property portfolio offers risk diversification over time

The fundamental portfolio of office properties is complemented with selected properties in the segments of community service and logistics properties, and residential homes – all featuring a high sustainability performance and/or potential.

Focus on sustainable and effective property management and development

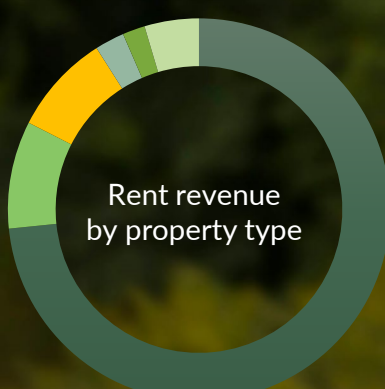
Annehem Fastigheter has a high and measurable environmental performance. The company strives to increase the value of its existing portfolio through sustainable, effective management and development.

Profitable growth is enabled through a focus on acquisitions and a stable financial position

Annehem Fastigheter has a clear growth plan for the property portfolio, enabled by a strong financial position with a high equity/assets ratio and low loan-to-value ratio.



- Stockholm, 39%
- Helsinki, 22%
- Oslo, 6%
- Gothenburg, 4%
- Malmö, 9%
- Ångelholm/Helsingborg, 20%



- Offices, 73%
- Community service properties, 9%
- Supermarkets, 9%
- Residential, 3%
- Logistics, 2%
- Other, 4%

Market

Comments on the business environment

From an interest-rate perspective, we have now put a slightly less turbulent quarter behind us compared with the first quarter of the year. While inflation has fallen slightly in Sweden, core (CPIF) inflation remains at high levels. Analysts' forecasts for when inflation is expected to fall back to the Riksbank's target of 2 percent vary. Inflationary expectations are one of the most important determinants of interest rates and a wide range in the forecasts of future inflation means that the trend is difficult to predict.

The SEK remains weak, which could lead to imported inflation. GDP growth is also weak, but showing cautiously positive signs. Unemployment has risen slightly in Sweden, but from low levels.

The Riksbank has taken an aggressive approach to fighting high inflation in Sweden. At the monetary policy meeting in June, the Executive Board decided to raise the policy rate by 0.25 percentage points to 3.75 percent. The forecast is also that the policy rate will be raised at least once more this year. According to the Riksbank's forecast, rate cuts might not arrive until 2026 at the earliest, and thereby further postponing any cuts. With higher interest rates that are also likely to persist for some time, return requirements are increasing, which we have noted in the past year.

Property values

The market remains cautious and buyers and sellers are still some distance apart, and thus it is likely that it will take some time before they meet. This is reflected by the fact that transaction volumes have fallen 64 percent in Norway, 61 percent in Sweden and 66 percent in Finland (Colliers Nordics July). The transaction volume has recovered slightly in Sweden and Finland, however, but from low levels. Probably, we will see more direct property transactions during the autumn, which will give the appraisers a better basis for the valuations moving forward. With continued interest hikes, we can expect additional downward adjustments of fair values with some delay. As the inflation sticks, we will most likely see index adjustments on commercial lease agreements which will lead to an increase of 5-7 percent in rental level. Similar to last year, this will counteract the yield-adjustment to some degree.

Macro data Nordics*

Country	Inflation	GDP (Dec 2022)	Number of unemployed	Key policy rate
Sweden	9.7%	0.60%	7.5%	3.75%
Finland/ECB	6.8%	0.20%	9.0%	3.75%
Norway	6.7%	0.20%	3.5%	3.75%

* Trading Economics, June 2023

Comments on the Group's performance

Income statement

Second quarter

Rent revenue amounted to SEK 63.8 million (54.0), other property income to SEK 14.3 million (11.8), and total property expenses to SEK -21.6 million (-19.6), which means that net operating income increased to SEK 56.5 million (46.2). The positive trend for rent revenue was mainly attributable to the additional properties compared with the year-earlier quarter and indexation of leases.

Other property income amounted to SEK 14.3 million (11.8) and comprised invoiced operating costs, income from short-term leases and the rental guarantees issued by Peab for the Ultimes I&II and Jupiter 11 properties, which amounted to SEK 1.1 million (1.8) for the quarter. Rental guarantees were issued for 100 percent of the vacant spaces in 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 leased, but for no longer than 36 months from the issuing date.

Income from property management amounted to SEK 18.2 million (16.1) in the quarter. Interest expenses amounted to SEK -31.3 million (-13.6), which is higher than the year-earlier quarter, due to increased borrowing in order to finance the additional properties and higher key policy rates. Interest expenses were offset by interest income on the swaps, which amounted to SEK 13.3 million (0.0) for the quarter. Other financial items amounted to SEK -9.3 million (-7.9) and mainly comprised currency effects of SEK 8.4 million (0.9) and changes in value of currency futures of SEK -17.7 million (-8.8), which had a negative impact on income from property management.

The effects of unrealised changes in value of properties amounted to SEK -61.6 million (111.2). The effects of changes in value of fixed-interest derivatives amounted to SEK 4.4 million (32.9). Tax expense for the quarter amounted to SEK 6.0 million (-30.3). The tax effect is largely due to deferred tax on the growth in value of the property portfolio and the fair value measurement of fixed-interest derivatives. Income for the quarter amounted to SEK -33.2 million (129.9).

January to June period

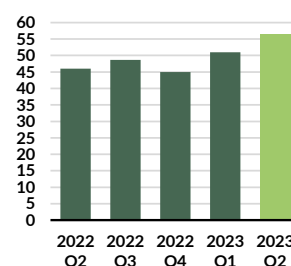
Rent revenue amounted to SEK 124.9 million (104.5), other property income to SEK 26.3 million (22.2), and total property expenses to SEK -44.1 million (-39.1), which means that net operating income increased to SEK 107.1 million (87.6). The positive trend for rent revenue was mainly attributable to the additional properties compared with the year-earlier period and indexation of leases.

Other property income amounted to SEK 26.3 million (22.2) and comprised invoiced operating costs, income from short-term leases and the rental guarantees issued by Peab for the Ultimes I&II and Jupiter 11 properties, which amounted to SEK 2.6 million (3.8) for the half-year. Rental guarantees were issued for 100 percent of the vacant spaces in Ultimes I&II (from 1 July 2020) and Jupiter 11 (from 1 May 2021) by Peab.

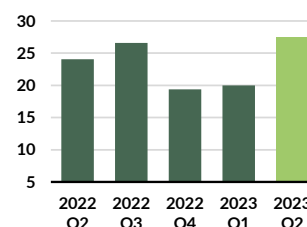
Income from property management amounted to SEK 35.9 million (36.4) for January-June. Interest expenses amounted to SEK -60.2 million (-26.0), which is higher than the year-earlier period, due to increased borrowing in order to finance the additional properties and higher key policy rates. Interest expenses were offset by interest income on the swaps, which amounted to SEK 23.5 million (0.0) for January-June. Other financial items amounted to SEK -12.0 million (-8.1) and mainly comprised currency effects of SEK 2.8 million (6.7) and changes in value of currency futures of SEK -14.8 million (-14.8), which had a negative impact on income from property management.

The effects of unrealised changes in value of properties amounted to SEK -183.6 million (253.8). The effects of changes in value of fixed-interest derivatives amounted to SEK -8.8 million (68.4). Tax expense for the period amounted to SEK 29.7 million (-70.4). The tax effect was largely due to deferred tax on the change in value of the property portfolio and the fair value measurement of fixed-interest derivatives. Income for the period amounted to SEK -126.8 million (288.1).

Net operating income per quarter
SEK million



Income from property management
per quarter excl. currency effects
SEK million



Balance sheet

At 30 June 2023, the value of the company's investment properties amounted to SEK 4,343.3 million (4,388.5). Of the total value, SEK 2.0 million comprised the effect of lease value of leasehold rights in the Kamaxeln 2 property.

The fair value of properties is based on valuations conducted on 30 June 2023. Changes in value for the period amounted to SEK -183.6 million (253.8). During the first half-year, Annehem Fastigheter invested in existing properties in an amount of SEK 34.4 (6.2). At 30 June 2023, the value of the properties in Finland was positively impacted by a stronger EUR/SEK rate compared with 31 December 2022, while the property in Norway was marginally impacted by a slightly stronger NOK/SEK-rate, yielding a total effect of SEK 43.4 million (29.4).

The company's equity amounted to SEK 2,391.4 million (2,575.4). Interest-bearing liabilities totalled SEK 1,982.6 million (1,878.6), of which SEK 2.0 million comprised lease liabilities attributable to ground rents. During the first quarter, Annehem took possession of the Carl Florman 1 property and therefore raised financing of SEK 75.9 million. At 30 June 2023, SEK 125.0 million of the credit framework was unutilised.

Cash flow statement

During the quarter, cash flow from operating activities amounted to SEK 19.6 million (-0.8). The change was due to higher income from property management adjusted for unrealised currency effects and an increase in operating liabilities. For the first six months, the corresponding figure was SEK 48.8 million (30.4). The change in this respect was largely due to an increase in liabilities.

Cash flow from investing activities for the quarter amounted to SEK -20.1 million (-90.0), and mainly pertained to investments related to the preschool in Valhall and minor investments in other properties. For the first half-year, the corresponding figure was SEK -169.4 million (-95.9), where most of the cash flow pertained to the acquisition of Carl Florman (SEK -135.0 million).

Cash flow from financing activities for the quarter amounted to SEK -2.9 million (55.3), which is related to repayment of the loan facility. The corresponding figure for the first half-year was SEK 70.1 million (130.3) and was related to the financing of Carl Florman and repayment of the loan facility.

Cash flow for the quarter amounted to SEK -3.4 million (-35.5), where the corresponding figure for the first half-year was SEK -50.6 million (64.8).

Sustainable development

We are working systematically to move towards our vision to be the most sustainable property company in the Nordics. This means we are continually improving our property management and the measurability of sustainability actions.

Highlights during the quarter

During the quarter, efforts to deliver on our sustainability targets continued. Greatest progress was made in such areas as business ethics, tenant collaborations and energy. These are described below.

One of Sweden's most gender-equal companies in 2023

During the quarter, Allbright published its green list of listed companies that had achieved a gender balance in their management team (40/60). Annehem Fastigheter once again received a top position on the green list, ranked 11th this year. Gender balance, together with perceived inclusion, attendance rate and confidence index are important targets for our sustainability performance, and we strive for a gender balance (40/60) on the Board, in management and among employees.

More green leases and tenant collaborations

During the quarter, we engaged in constructive dialogue with our tenants and signed new green leases. The green leases* now account for 33 percent of our Swedish rent revenue. We also carry out sustainability measures, both large and small, together with our tenants.



Energy follow-up

During the year, Annehem took part in a sector initiative, #HusförHus, where we introduced and shared energy-saving tips with other property owners and our tenants. As a follow-up, we analysed one of our office properties in Valhall Park and, together with the tenant, Peab, we reduced the temperature by one degree in December. This yielded energy savings of 2.7 percent (standard year adjusted), compared with the year-on-year period (Dec-Mar). The effect was as expected and shows how we can influence energy consumption with relatively simple means. We will continue working with our tenants as part of our sustainable management model.

Dilemma training in business ethics

We conducted a half-day training course for all employees in our Code of Conduct, with dilemma discussions. We consider discussion and reflection as important for reinforcing a healthy culture. We also took steps to develop our supplier follow-up processes. For example, we are including a larger number of suppliers in our follow-ups. Our target is to audit 100 percent of our strategic suppliers.

Sustainability targets and follow-up

The outcomes for our sustainability targets are compiled per full year, and the outcomes for 2022 are presented on the next page. During the first half of 2023, we made progress in several of our targets, as described above. In addition, we also performed climate-risk assessments for another two properties. We also increased the proportion of environmentally certified property value, since the new Carl Florman holding has been Nordic Ecolabelled. Other progress during the first half-year includes fossil-free fuel – where we are executing our decision to purchase HVO100 for our vehicle fleet.

Measurable progress January-June 2023 (compared with outcome for full-year 2022)

- 33 percent (27) of income is from green leases (applies to Swedish operations)
- 83 percent (76) of the property value is environmentally certified
- 81 percent (81) of the property value is sustainable (according to the EU Taxonomy)
- 85 percent (82) of the property value has a climate change vulnerability assessment.
- 100 percent (33) of employees have completed training in the Sustainability Policy (incl. Code of Conduct)
- 100 percent (5) of fuel in service vehicles is fossil-free
- 50/50 (50/50) gender balance in the management team

*A green lease is a commitment by both landlord and tenant to take a variety of concrete measures. The commitment includes sharing information about environmental ambitions and environmental measures, such as reducing energy use, creating opportunities for waste sorting, making good environmental choices when selecting materials, and increasing the rate of recycling when refurbishing.

Sustainability targets 2023

Gross list

		Unit	Long-term target	Target 2023	Outcome 2022	Outcome 2021
1. We create a sustainable property portfolio	Environmentally certified property value	Share	90%	>76%	76%	85%
	Property value that is aligned with the taxonomy	Share	90%	85%	81%	85%
	Green financing	Share	90%	-	86%	14%
	Property value with climate and vulnerability analysis	Share	90%	>82%	82%	-
	Property value with energy class A and B	Share	90%	-	72%	80%
2. We optimise energy consumption in our properties	Property energy	MWh	-	Measurement	16,861	17,023
	Intensity Property energy	kWh/sqm	3 percent reduction/year	77	79	85
	Scope 2: CO2e emissions from property energy	tonnes CO2e	95% reduction Scope 1 & 2	Measurement	493	625
	Self-generated renewable energy	kWh/sqm	3	Measurement	0,4	0,5
3. We help our tenants to be sustainable	Intensity Tenant energy	kWh/sqm	-	Measurement	44	-
	Scope 3: CO2e emissions from tenant energy	tonnes CO2e	-	Measurement	737	594
	Green leases	Share of contract value	80%	>30%	27%	24%
	Tenant access to waste recycling	Share	100%	100%	100%	100%
	Water consumption	l/sqm	1 percent reduction/year	212	214	185
4. We take responsibility	Training in Annehem's sustainability policy (incl. CoC)	Share of employees	100%	100%	33%	-
	Audit of strategic suppliers	%	100%	100%	100%	100%
	Biodiversity: Inventoried species in our properties	number	Draw up an inventory and	Measurement	175	-
	Share of fossil-free fuel in service vehicles	%	100%	>90%	5%	-
	Scope 1: CO2e emissions from company cars and service vehicles	tonnes CO2e	95% reduction Scope 1 & 2	Measurement	24	29
	Proportion of environmentally certified company cars	%	100%	100%	100%	100%
	Scope 3: CO2e emissions from business travel	tonnes CO2e		Measurement	70	14
	Scope 3: CO2e emissions from projects and maintenance	tonnes CO2e		Measurement	1,217	-
5. We create satisfied tenants and long-term relationships	Scope 1: CO2e emissions from refrigerants	tonnes CO2e	95% reduction Scope 1 & 2	Measurement	0	28
	Customer satisfaction index	index 0-100	Above industry average	>80	77	77
	Average contract period	years	Seek long-term relationships	Measurement	5,2	6
6. We care about each other	Satisfied employees, confidence index	index 0-100	>70	>70	83	73
	Attendance rate	%	>97%	>97%	97,33	99,7%
	Gender distribution	Board (% women men)			25% 75%	29% 71%
		Management team (% of women men)	50% ±10	50% ±10	50% 50%	50% 50%
		Employees (% of women men)			65% 35%	56% 44%
	Perceived inclusion	index 0-100	High level of inclusion	Measurement	94	-

Our properties

At 30 June 2023, Annehem Fastigheter owned assets in the form of fully developed properties with a fair value of SEK 4,343.3 million. All properties are 100-percent owned by the company. The properties largely comprise modern and sustainable commercial, community service and logistics properties.

For the period, the net letting amounted to SEK 10 million (4.7), comprising leases commenced during the period of SEK 12.0 million (7.8) less terminated leases of SEK 2.0 million (3.1).

Detailed description of property portfolio

Change in portfolio during 2023

Additional properties, names	City	From	Area, sqm	Annualised rental value, SEK million	Fair value, SEK million
Carl Florman	Malmö	2023-01-19	3 259	7,1	131,0

Property portfolio at 30 June 2023

Property	Property name	City	Area sqm	Rent-revenue SEK million	Annualised rental value, SEK million	Fair value incl leasing ¹ , SEK million
Valhall Park	Barkåkra 50:3	Ängelholm	51 564	36,6	39,0	495,0
Ljungbyhed Park	Sjöleden 1:5-1:17	Ljungbyhed	73 234	28,4	33,7	221,1
Kamaxeln 2	Kamaxeln 2	Malmö	950	1,6	1,6	19,2
Stenekullen 2	Stenekullen 2	Malmö	4 937	13,0	14,8	232,0
Jupiter 11	Jupiter 11	Helsingborg	4 807	9,5	9,5	137,0
Ulriksdals Center	Sadelplatsen 3	Stockholm	12 455	42,7	42,7	925,0
Sadelplatsen 4	Sadelplatsen 4 ²	Stockholm	13 494	14,7	18,1	364,0
Ledvolten	Solna Ledvolten 1	Stockholm	4 268	14,7	14,7	313,1
Almnäs	Almnäs 5:28	Södertälje	2 158	5,3	5,3	102,0
Partille Port	Partille 11:60	Partille	6 431	13,8	14,4	189,0
Johanneslust	Carl Florman 1	Malmö	3 259	6,7	7,1	131,0
Ulimes Business Gardens	Ulimes I & II	Helsingfors	17 015	74,0	76,5	967,0
Carl Berner Torg	Carl Berner Torg	Oslo	3 640	14,3	14,3	247,9
Total			198 212,0	275,2	291,4	4 343,3

1) Leasing refers to ground leases amounting to SEK 2 million to Kamaxeln 2.

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

Summary of value trend

Changes in the property portfolio	Apr-Jun		Jan-Jun		Full year
SEK million	2023	2022	2023	2022	2022
At beginning of the period	4 336,3	4 160,3	4 309,2	3 994,1	3 994,1
Acquired properties	0,0	105,0	139,9	105,0	103,0
Investments in existing properties	20,1	1,6	34,4	6,2	32,8
Unrealised changes in fair value	-61,6	111,2	-183,6	253,8	98,0
Currency effect on properties abroad	48,5	10,4	43,4	29,4	81,2
At end of the period	4 343,3	4 388,5	4 343,3	4 388,5	4 309,2

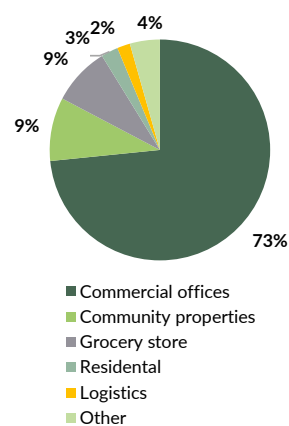
Acquisitions and investments

During the period, investments were made in existing properties totalling SEK 34.4 million, with the investments primarily related to the Valhall Park and Ljungbyhed Park properties.

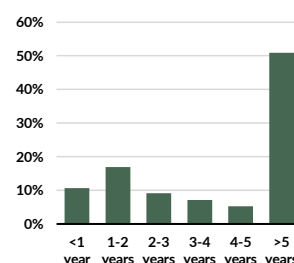
Acquired but not taken into possession

In addition, Annehem signed an agreement with Peab in 2020 to acquire one residential property in Partille (Partille Port Bostäder 11:70) with an underlying property value of SEK 250.0 million, and possession scheduled for Q2 2024.

Specification of income 2023



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



Property valuations

At least once every year Annehem commissions complete valuations from external appraisal institutes for all properties in the portfolio. The external appraisers are to be property appraisers 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 30 June 2023. At 30 September 2022, external valuations were conducted by independent appraisers. During the half-year, fair value decreased by SEK 183.6 million, primarily due to changed return requirements. During the half-year, Annehem Fastigheter also invested in existing properties in an amount of SEK 34.4 million at 30 June 2023. The investments were attributable to completion of the preschool in Valhall Park and other investments in Ljungbyhed Park. The properties are measured at fair value where classification is conducted at level 3 in accordance with IFRS 13.

Current earnings capacity

SEK million	2023-06-30
Rent revenue	291,4
Vacancy	-16,2
Rent revenue	275,2
Property expenses	-82,6
Property tax	-12,5
Net operating income	180,1
Other operating income	3,1
Central administration	-35,3
Net financial items	-75,6
Income from property management	72,4

Annehem Fastigheter presents its earnings capacity on a 12-month basis at 30 June 2023 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 June 2023 and their financing, after which the current earnings capacity illustrates the subsequent annualised earnings for Annehem Fastigheter. Any transactions that took place after 30 June 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 plus accrued borrowing expenses.

Comments on earnings capacity

The rent revenue and the net operating income increases compared to previous quarters although the rental value fell slightly as a consequence of lower invoiced expenses, primarily in Finland. Rental guarantees were issued for vacant spaces in the properties 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 end of June 2023, the economic occupancy rate was 93.8 percent (95.0).

Financing

Summary of the financing situation

In the second quarter of the year, some parts of the swap portfolio were restructured and fixed interest terms were extended to adjust our interest-rate risk and create conditions for Annehem's future growth.

At the end of the second quarter, interest-bearing liabilities amounted to SEK 1,982.6 million (1,878.6). The interest-bearing liabilities consist exclusively of bank loans and are secured with mortgage deeds.

The interest-coverage ratio multiple was 2.5 (2.7) for the period, and 2.5 (2.8) for the interest-covering ratio, multiple RTM. At 30 June, the net loan-to-value ratio in the portfolio was 41.3 percent (37.0).

The average remaining fixed interest term and loan maturity was 2.12 years (0.92) and 2.22 years (2.47) respectively. At the end of the quarter, the average interest rate was 3.57 percent (3.33 in Q1) excluding fees for unutilised credit facilities, and 3.63 percent (3.39 in Q1) including these fees.

Change in loan structure during the period

SEK million	Jan-Jun		Full year
	2023	2022	2022
Interest-bearing liabilities at beginning of the period	1 889,6	1 721,3	1 721,3
New external bank loans	75,9	132,9	132,9
Change in lease liability	-0,2	-0,2	-0,1
Amortisations of external bank loans	-5,8	-2,6	-7,9
Changes in capitalised loan costs	0,2	0,9	-1,8
Currency effects	23,0	26,2	45,2
Interest-bearing liabilities at end of the period	1 982,6	1 878,6	1 889,6

Key figures relating to loan portfolio

	Jan-Jun		Full year
	2023	2022	2022
Debt/ equity ratio, multiple	0,8	0,7	0,8
Average interest rate, %	3,57	2,19	3,20

Available liquidity

SEK million	Jan-Jun		Full year
	2023	2022	2022
Cash and cash equivalents	186,8	252,9	190,2
Unused loan facility	125,0	345,0	420,0
Total	311,8	597,9	610,2

Fixed-interest and loan maturity structure

Year	Interest		Capital ²	
	SEK million	Share	SEK million	Share
within a year	969,0	48,7%	222,0	11,1%
2-3 years	231,6	12,1%	1 684,6	85,1%
3-4 years	479,0	24,1%	76,0	3,8%
4-5 years	245,0	12,3%	-	-
6-7 years ¹	58,0	2,9%	-	-
Total at the end of the period	1 982,6	100%	1 982,6	100%

1) Pertains to lease liability for ground leases that are regarded as perpetual.

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

Summary of financial key figures

	Jan-Jun
Interest bearing debt (Mkr)	1 982,6
unused facility, (Mkr)	125,0
Volume interest swaps, (Mkr)	2 223,0
Value interest swaps, (Mkr)	84,70
Debt/equity ratio, multiple	0,83
Net loan to value ratio, %	41,3
Interest coverage multipel, quater, ICR	2,5
Interest coverage multipel rolling 12 months	2,5
Average interest rate %	3,57
Average interest rate including unused loan facility, %	3,63
Average fixed interest period, Years	2,12
Average capital commitment period, Years	2,22

Sensitivity analysis

The average interest rate for the first half of 2023, based on a weighted average of interest-bearing liabilities at 30 June, was 3.57 percent. The effect of changes in average interest rates on profit is presented in the table below:

Change, %-points		SEK million
+/- 0.5%	+/-	9,9
+/- 1.0%	+/-	19,8
+/- 1.5%	+/-	29,7

Other information

The company's shareholders

Ägarförteckning	Antal aktier	Kapital, %	Röster, %
Ekhaga utveckling AB	14 087 282	23,9	49,8
Familjen Paulsson	3 470 346	5,9	11,3
Volito AB	4 900 000	8,3	6,3
Verdipapirfondet, Odin Eiendom	2 816 432	4,8	2,3
Peabs vinstandelsstiftelse	2 403 800	4,1	2,0
UBS Switserland AG, W8IMY	259 550	0,4	1,4
Familjen Kamprads stiftelse	1 220 000	2,1	1,0
Carnegie spin off	1 295 600	2,2	1,1
Handelsbanken Microcap Norden	1 446 969	2,5	1,2
SEB Fastighetsfond Norden	1 067 877	1,8	0,9
10 största ägare, summa	32 967 856	55,9	77,3
Övriga aktieägare	26 024 692	44,1	22,7
Totalt	58 992 548	100,0	100,0

Risk

For a description of Annehem's risks, refer to the Risks section on page 24, and the Risks and risk management section of Annehem's 2022 Annual Report.

Organisation and employees

Annehem Fastigheter had an average of 17 full-time employees in the first quarter of 2023. Including resources working on a consultative basis, the number of employees amounts to 18. Annehem Fastigheter had 17 employees and two resources on consulting basis during the 2022 comparative period.

Significant events after the end of the period

No significant events to note.

Financial calendar

Interim report January–September 2023

26 October 2023

Review

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

Assurance of the CEO

The Board of Directors and CEO give assurance that this half-year 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, 20 July 2023

Henrik Saxborn
Chairman of the Board

Pia Andersson
Board member

Karin Ebbinghaus
Board member

Jesper Göransson
Board member

Anders Hylén
Board member

Lars Ljungälv
Board member

Axel Granlund
Board member

Monica Fallenius
CEO

This information is information that Annehem Fastigheter AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, on 20 July 2023 at 8:00 a.m. CEST.

Consolidated income statement

	Apr-Jun		Jan-Jun		Full year
SEK million	2023	2022	2023	2022	2022
Rent revenue	63,8	54,0	124,9	104,5	217,9
Other property income	14,3	11,8	26,3	22,2	44,7
Total income	78,1	65,8	151,2	126,7	262,6
<i>Property expenses</i>					
Operating costs	-11,2	-10,8	-25,6	-23,3	-44,2
Maintenance costs	-3,5	-2,4	-5,3	-3,1	-10,2
Property tax	-3,3	-2,7	-6,4	-5,3	-12,6
Property administration	-3,5	-3,7	-6,7	-7,4	-14,3
Net operating income	56,5	46,2	107,1	87,6	181,3
Central administration	-10,4	-9,1	-21,5	-16,9	-36,2
Other operating income	0,8	3,2	1,7	4,2	7,7
Other operating costs	-1,5	-2,6	-2,7	-4,5	-9,3
Interest income	13,3	-	23,5	-	9,5
Interest expenses	-31,3	-13,6	-60,2	-26,0	-62,5
Other financial items ¹	-9,3	-7,9	-12,0	-8,1	-16,4
Income from property management	18,2	16,1	35,9	36,4	74,2
Changes in values of properties, unrealised	-61,6	111,2	-183,6	253,8	98,0
Changes in values of derivatives	4,4	32,9	-8,8	68,4	90,9
Income before tax for the period	-39,1	160,1	-156,5	358,5	263,1
Current tax	-0,2	-	-0,4	0,0	-1,0
Deferred tax	6,2	-30,3	30,2	-70,4	-54,7
Net income for the period attributable to the company shareholders	-33,2	129,9	-126,8	288,1	207,4
 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	-0,56	2,20	-2,15	4,88	3,51

1) Other financial expenses comprise currency effects and realised and unrealised effects of currency futures.

Consolidated statement of profit or loss and other comprehensive income

	Apr-Jun		Jan-Jun		Full year
SEK million	2023	2022	2022	2021	2021
Profit for the period	-33,2	129,9	-126,8	288,1	207,4
Other comprehensive income					
<i>Items that will be reclassified to profit or loss</i>					
Change in market value of derivative instruments	-0,2	-0,2	-0,4	-0,4	-1,6
Fiscal effect on derivative instruments	0,1	0,0	0,1	0,1	0,3
Translation differences from foreign operations for the period	13,6	10,1	17,4	11,7	19,1
Total other comprehensive income	13,5	9,9	17,1	11,3	17,8
Comprehensive income for the period attr. to parent company shareholders	-19,7	139,7	-109,7	299,5	225,2

Consolidated Balance Sheet

SEK million	2023-06-30	2022-06-30	2022-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	0,1	0,1	0,1
Investment properties	4 343,3	4 388,5	4 309,2
Equipment and machinery	5,6	5,6	5,2
Derivative instrument	90,4	82,4	104,5
Other fixed assets	1,4	1,0	1,3
Total fixed assets	4 440,8	4 477,6	4 420,3
Current assets			
Accounts receivables	4,7	3,7	1,9
Current receivables	37,7	14,4	22,9
Derivative instruments	1,0	-	0,9
Cash and cash equivalents	186,8	252,9	237,9
Total current assets	230,2	271,0	263,6
TOTAL ASSETS	4 671,0	4 748,6	4 684,0
EQUITY AND LIABILITIES			
Equity			
Share capital	0,5	0,5	0,5
Other contributed capital	1 786,9	1 786,9	1 786,9
Reserves	36,5	15,0	22,0
Retained earnings including net income for the year	567,5	773,0	691,7
Equity attributable to parent company shareholders	2 391,4	2 575,4	2 501,1
Non-current liabilities			
Current interest-bearing liabilities	1 748,6	1 878,6	1 655,6
Derivative instruments	5,7	9,6	10,4
Other non-current liabilities	1,9	1,7	3,2
Deferred tax liabilities	165,0	210,8	195,6
Provisions for pensions	1,7	1,2	1,6
Total non-current liabilities	1 922,9	2 101,9	1 866,5
Current liabilities			
Current interest-bearing liabilities	234,0	-	234,0
Derivative instruments	-	2,1	-
Accounts payable and other liabilities	13,9	7,7	22,1
Current tax liabilities	1,1	0,0	1,8
Other current liabilities	107,7	61,5	58,5
Total current liabilities	356,7	71,3	316,4
Total liabilities	2 279,6	2 173,1	2 182,9
TOTAL EQUITY AND LIABILITIES	4 671,0	4 748,6	4 684,0

Consolidated cash flow statement

SEK million	Apr-Jun		Jan-Jun		Full year
	2023	2022	2023	2022	2022
Income from property management	18,2	16,1	35,9	36,4	74,2
<i>Items not affecting cash flow</i>					
Depreciation	-	0,5	0,1	0,8	0,4
Unrealised currency effects	-2,7	1,2	-6,7	-6,0	-16,3
Other non-cash items	-2,3	-	-3,4	-	-4,6
Income tax paid	-0,4	-	-0,4	-	-
Changes in working capital					
Operating receivables	-7,7	-3,9	-17,7	9,4	-2,1
Operating liabilities	14,6	-14,6	41,0	-10,1	2,6
Cash flow from operating activities	19,6	-0,8	48,8	30,4	54,3
<i>Investing activities</i>					
Investments in existing properties	-20,1	-1,6	-34,4	-6,2	-32,8
Acquisitions of investment properties	-	-88,5	-135,0	-88,5	-99,8
Investments in machinery and equipment	-	-	-	-1,3	-1,5
Cash flow from investing activities	-20,1	-90,0	-169,4	-95,9	-134,1
<i>Financing activities</i>					
Borrowings	-	57,9	75,9	132,9	132,9
Repayment of loans	-2,9	-2,6	-5,8	-2,6	-7,9
Cash flow from financing activities	-2,9	55,3	70,1	130,3	125,0
Cash flow for the period	-3,4	-35,5	-50,6	64,8	45,2
Cash and cash equivalents at the beginning of the period	190,2	290,0	237,9	190,2	190,2
Exchange rate difference in cash and cash equivalents	-	-1,6	-0,6	-2,2	2,5
Cash and cash equivalents at the end of the period	186,8	252,9	186,8	252,9	237,9

Consolidated Statement of Changes in Equity

SEK million	2023-06-30	2022-06-30	2022-12-31
Opening balance, equity	2 501,1	2 275,9	2 275,9
Net income for the period	-126,8	288,2	207,3
Other comprehensive income for the period	17,1	11,3	17,8
Comprehensive income for the period	-109,7	299,5	225,1
Closing balance, equity attributable to Parent Company shareholders	2 391,4	2 575,4	2 501,1

Parent Company Income Statement

SEK million	Apr-Jun		Jan-Jun		Full year
	2023	2022	2023	2022	2022
Revenue	14,2	10,4	32,2	20,7	47,2
Administration costs	-10,8	-9,5	-21,0	-17,8	-38,3
Operating result	3,4	0,9	11,2	2,9	8,9
Financial items					
Financial net	7,5	11,9	32,4	31,8	47,2
Result after financial items	10,9	12,7	43,6	34,7	56,1
Appropriations	-	-	-	-	18,4
Result before tax	10,9	12,7	43,6	34,7	74,5
Deferred tax	-1,0	-2,2	-0,4	-5,5	-6,2
Result for the period	9,9	10,5	43,2	29,2	68,3

Parent Company Balance Sheet

SEK million	2023-06-30	2022-06-30	2022-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	0,1	0,1	0,1
Equipment and machinery	1,9	1,8	1,7
Financial fixed assets			
Shares in Group companies	19,1	16,6	18,8
Long-term receivables, Group companies	1 907,9	1 970,8	1 810,9
Derivative instruments	41,6	-	44,5
Other fixed assets	1,3	1,0	1,3
Total financial fixed assets	1 969,9	1 988,3	1 875,5
Total fixed assets	1 971,9	1 990,2	1 877,2
Current assets			
Accounts receivables	85,0	11,7	43,8
Accounts receivables from related parties	6,8	1,2	2,9
Derivative instruments	1,0	35,4	0,9
Cash and cash equivalents	106,9	47,8	208,4
Total current assets	199,6	96,1	255,9
TOTAL ASSETS	2 171,5	2 086,3	2 133,2
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	0,5	0,5	0,5
Unrestricted equity			
Retained earnings	2 092,2	2 023,9	2 023,9
Result for the year	43,2	29,2	68,3
Total equity	2 135,9	2 053,6	2 092,7
Provisions			
Provision for pensions and similar obligations	1,7	1,2	1,6
Provision for deferred tax	6,6	5,5	7,9
Total provisions	8,3	6,7	9,5
Non-current liabilities			
Derivative instruments	5,5	-	10,4
Total non-current liabilities	5,5	-	10,4
Current liabilities			
Derivative instruments	0,2	11,7	0,0
Liabilities to Group companies, accounts payable	3,3	3,1	5,4
Accounts payable	2,3	1,3	1,4
Current tax liabilities	-	-	-
Other current liabilities	16,1	9,9	13,8
Total current liabilities	21,9	26,0	20,6
TOTAL EQUITY AND LIABILITIES	2 171,5	2 086,3	2 133,2

Parent Company Cash Flow Statement

SEK million	Apr-Jun		Jan-Jun		Full year
	2023	2022	2023	2022	2022
Result before tax	10,9	12,7	43,6	34,7	74,5
<i>Items not affecting cash flow</i>					
Depreciations	-	0,2	0,1	0,4	0,4
Unrealised currency effects	-4,4	-0,7	-8,8	-26,2	-37,4
Other items not affecting cash flow	4,5	-	4,5	-	-
Changes in working capital					
Operating receivables	-30,5	-16,3	-45,1	-5,2	-23,8
Operating liabilities	-5,1	17,2	1,2	6,6	-0,6
Cash flow from operating activities	-24,6	13,0	-4,5	10,3	13,1
Investing activities					
Investments in machinery and equipment	-	-1,6	-	0,8	-1,3
Cash flow from investing activities	-	-1,6	-	0,8	-1,3
Financing activities					
Changes interest-bearing receivables, Group companies	-10,7	-39,3	-97,0	28,1	187,9
Cash flow from financing activities	-10,7	-39,3	-97,0	28,1	187,9
Cash flow for the period	-35,3	-27,8	-101,5	39,2	199,7
Cash and cash equivalents in the beginning of the period	142,2	75,7	208,4	8,7	8,7
Cash and cash equivalents at the end of the period	106,9	47,8	106,9	47,8	208,4

Comments on Parent Company

The Parent Company had income related to invoiced management fees 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 for the Group and the Parent Company are the same accounting policies and applied calculation bases as in the most recent annual report.

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 the income statement. 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 occupancy 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 or 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 also 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 the second quarter 2023, there was approximately SEK 3.2 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. **Sweden Region**, including Stockholm, Malmö, Ljungbyhed, Ängelholm, Gothenburg and Helsingborg
2. **Rest of Nordics Region**, including Helsinki and Oslo

2023	Jan-Jun			
SEK million	Sweden	Other Nordics	Staff	Total
Rent revenue	89,3	35,6	0,0	124,9
Net operating income	70,5	36,2	0,4	107,1
Income from property management	63,4	19,9	-47,4	35,9
Income before tax	-62,9	-36,8	-56,8	-156,5
Investment properties, fair value	3 128,4	1 214,9	-	4 343,3

Group 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.

2022	Jan-Jun			
	Sweden	Other Nordics	Staff	Total
SEK million				
Rent revenue	74,8	29,7	0,0	104,5
Net operating income	59,0	29,0	-0,4	87,6
Income from property management	56,6	21,6	-41,9	36,4
Income before tax	323,0	17,8	17,7	358,5
Investment properties, fair value	3 154,7	1 233,9	-	4 388,5

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

SEK million	Apr-Jun		Jan-Jun		Full year
	2023	2022	2023	2022	2022
Property tax	-0,9	1,6	1,1	3,2	7,7
Rental guarantees	1,1	1,8	2,6	3,8	7,7
Other property revenue	14,0	8,4	22,6	15,2	29,3
Total other property revenue	14,3	11,8	26,3	22,2	44,7

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 fixed-interest 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 was reclassified to profit or loss in the same period or periods when the hedged expected cash flow impacts earnings. The ineffective portion of changes in the fair value of derivatives is recognised immediately in profit or loss in other financial items. Fair value is based on quotations from brokers. Similar contracts are trading in an active market and the rates reflect actual transactions in comparable instruments. All of the Group's derivative instruments are classified at level 2 in accordance with IFRS 13. The accumulated amount in the hedge reserve at 30 June 2023 was SEK 0.24 million.

The Group holds fixed-interest derivatives in NOK, SEK and EUR, and currency futures in NOK and EUR. Until 30 June 2021, the Group hedged fixed-interest 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 "Changes 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 30 June 2023, the market value of fixed-interest derivatives amounted to SEK 84.7 million (72.8) and currency derivatives to SEK 1.0 million (0.0).

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, as well as war and crises. Annehem Fastigheter operates in Stockholm, Helsinki, Oslo, Malmö, Gothenburg and Helsingborg/Ängelholm, 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 Risks and risk management section in the 2022 Annual Report.

Financial key figures

Number of shares

	Apr-Jun		Jan-Jun		Full year
Number of shares	2023	2022	2023	2022	2022
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 increase over time by an average of 20.0 percent per year. Shown below is the income from property management, excluding currency effects, which relate to the Group's currency swap derivatives and the revaluation of internal loans in NOK and EUR.

	Apr-Jun		Jan-Jun		Full year
SEK million	2023	2022	2023	2022	2022
Income before tax	-39,1	160,1	-156,5	358,5	263,0
Add back					
Changes in fair value on investment properties	61,6	-111,2	183,6	-253,8	-98,0
Changes in fair value of derivatives	-4,4	-32,9	8,8	-68,4	-90,9
Income from property management excl. Items affecting comp.	18,2	16,1	35,9	36,4	74,2

	Apr-Jun		Jan-Jun		Full year
SEK million	2023	2022	2023	2022	2022
Currency swaps	-17,7	-8,8	-14,8	-14,8	-30,4
Revaluation of internal loans	8,4	0,9	2,8	6,7	14,0
Currency effects	-9,3	-7,9	-12,0	-8,1	-16,4

Income from property management per share

	Apr-Jun		Jan-Jun		Full year
SEK million	2023	2022	2023	2022	2022
Income from property management	18,2	16,1	35,9	36,4	74,2
Currency effects	9,3	7,9	12,0	8,1	16,4
Income fr. property management excl. currency effects	27,5	24,1	47,9	44,4	90,5
Number of shares	58 992 548	58 992 548	58 992 548	58 992 548	58 992 548
Income fr. property management excl. currency effects per share	0,47	0,41	0,81	0,75	1,53

Long-term net asset value

Net asset value is the accumulated capital managed by the company on behalf of its owners. Using this capital, Annehem 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 Annehem's case deferred tax liabilities.

SEK million	2023-06-30	SEK/share	2022-06-30	SEK/share	2022-12-31	SEK/share
Equity according to balance sheet	2 391,4	40,5	2 575,4	43,7	2 501,1	42,4
Add back						
Deferred tax according to balance sheet	165,0	-	210,8	-	195,6	-
Interest rate derivatives	-84,7	-	-72,8	-	-94,1	-
Long-term net asset value	2 471,7	41,9	2 713,4	46,0	2 602,6	44,1

Interest-coverage ratio

SEK million	Apr-Jun		Jan-Jun		Full year
	2023	2022	2023	2022	2022
Income from property management	18,2	16,1	35,9	36,4	74,2
Add back					
Interest net	18,0	13,6	36,8	26,0	53,0
Currency effects	9,3	7,9	12,0	8,1	16,4
Interest coverage, multiple	2,5	2,8	2,5	2,7	2,7
Interest coverage, multiple rolling 12 month	2,5	2,8	2,5	2,8	2,7

Net loan-to-value ratio

SEK million	2023-06-30	2022-06-30	2022-12-31
Interest-bearing liabilities	1 982,6	1 878,6	1 889,6
Cash and cash equivalents	-186,8	-252,9	-237,9
Net interest-bearing liabilities	1 795,8	1 625,7	1 651,7
Investment properties	4 343,3	4 388,5	4 309,2
Net loan-to-value ratio, %	41,3%	37,0%	38,3%

Surplus ratio

SEK million	Apr-Jun		Jan-Jun		Full year
	2023	2022	2023	2022	2022
Income from property management	18,2	16,1	35,9	36,4	74,2
Add back					
Property expenses	38,4	30,1	71,2	51,2	107,1
Net operating income	56,5	46,2	107,1	87,6	181,3
Rent revenue	63,8	54,0	124,9	104,5	217,9
Surplus ratio, %	88,6%	85,5%	85,8%	83,8%	83,2%

Return on equity

SEK million	Apr-Jun		Jan-Jun		Full year
	2023	2022	2023	2022	2022
Net income for the period attributable to the Parent Company's shareholders	-33,2	129,9	-126,8	288,1	207,3
Equity attributable to the Parent Company's shareholders	2 391,4	2 575,4	2 501,1	2 575,4	2 501,1
Return on equity, %	-1,4%	5,0%	-5,1%	11,2%	8,3%

Glossary and definitions

Return on equity	Profit for RTM 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 RTM 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. currency effects	Income from property management is comprised of net operating income excluding currency effects, 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⁾	Leases commenced during the period less leases terminated under the period
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 currency 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.
Currency effects	Currency effects attributable to currency futures and the translation of internal loans in EUR and NOK.
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.



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