

Q3

Annehem Fastigheter Interim report January– September 2023

Stabilisation and higher activity moving forward

July–September

- Rent revenue for the period amounted to SEK 61.5 million (56.6)
- Net operating income amounted to SEK 51.1 million (48.7)
- Income from property management amounted to SEK 27.5 million (26.2)
- Income from property management excl. currency effects amounted to SEK 22.7 million (26.6)
- Earnings per share amounted to SEK -1.10 (-1.52)
- Investments in existing properties amounted to SEK 20.6 million (20.9)
- Valuations of investment properties yielded a decrease in fair value of SEK -108.0 million (-168.1)

January–September

- Rent revenue for the period amounted to SEK 186.3 million (161.1)
- Net operating income amounted to SEK 158.2 million (136.3)
- Income from property management amounted to SEK 63.4 million (62.6)
- Income from property management excl. currency effects amounted to SEK 70.6 million (71.0)
- Earnings per share amounted to SEK -3.24 (3.36).
- Investments in existing properties amounted to SEK 55.0 million (27.1)
- Valuations of investment properties yielded a decrease in fair value of SEK -291.6 million (85.7)
- The fair value of investment properties amounted to SEK 4,237.8 million (4,252.9)
- Long-term net asset value per share amounted to SEK 40.4 (43.6)

Net operating income
January–September 2023

SEK million

158

Property value
30 September 2023

SEK million

4,238

Economic occupancy rate
30 September 2023

94%

Summary of the Group's performance

	Jul-Sep		Jan-Sep		Full year
Summary of the Group's performance	2023	2022	2023	2022	2022
Rent revenue, SEK million	61.5	56.6	186.3	161.1	217.9
Net operating income, SEK million	51.1	48.7	158.2	136.3	181.3
Income from property management, SEK million	27.5	26.2	63.4	62.6	74.2
Income from property management excl. currency effects, SEK million	22.7	26.6	70.6	71.0	90.5
Income from property management excl. currency effects per share, SEK	0.38	0.45	1.20	1.20	1.53
Income for the period, SEK million	-64.7	-89.9	-191.4	198.3	207.3
Earnings per share for the period, SEK	-1.10	-1.52	-3.24	3.36	3.51
Net loan-to-value ratio, %	42.5	37.8	42.5	37.8	38.3
Equity/assets ratio, %	51.2	53.3	51.2	53.3	53.4
Interest-coverage ratio, RTM, multiple	2.5	2.9	2.4	2.6	2.7
Economic occupancy rate, %	94.0	95.0	94.0	95.0	95.0
Return on equity, %	-2.8	-3.6	-8.3	8.0	8.3
Surplus ratio, %	83.1	86.0	84.9	84.6	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 outcome refers 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	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 September 2023	Outcome 2022
Proportion of property value that is sustainable in accordance with the EU Taxonomy Regulation, %	90%	80%	81%
Environmentally certified property value, %	90%	82%	76%
Income from green leases, % (relates to Sweden)	80%	32%	27%

CEO's comments

The global turmoil is continuing and having a major impact on economies and political relations worldwide. In Sweden, the upsurge in violence has increased insecurity in society, presenting it with a greater socio-economic challenge, in addition to the problems facing the country as a result of inflation, rising interest rates and the SEK exchange rate.

One good sign is that inflation has peaked and is now falling. In parallel, the Riksbank has raised its key policy rate to 4 percent and has not ruled out further increases during the autumn. It has also indicated a more prolonged interest rate trajectory than previously forecast and estimates that the inflation target of 2 percent can be achieved at the earliest in mid-2024. Rising interest rates and increased return requirements have led to price adjustments for properties and we can now see signs of higher activity in the market.

The single largest event for Annehem during the quarter was our divestment of Carl Berner Torg in Oslo. A three-dimensional property where we owned the retail level with Coop as sole tenant. Coop Øst SA was also the buyer, which is extremely positive. The divestment is in line with our strategy to focus on office, residential, community service and logistics properties. The transaction also strengthens our financial position and enables future acquisitions. We transferred ownership of the property on 20 October.



Earnings

Our property operations remain strong and we again reported favourable earnings this quarter. Our rent revenue for the period rose 16 percent to SEK 186.3 million (161.1). SEK 7.5 million of this growth related to acquired properties and SEK 17.7 million to existing management through rising rents and lettings. Our occupancy rate remained high at 93.8 percent (95.0), and the majority of our tenants are stable and long-term.

In the wake of the recession, we can see how many companies are reviewing their costs and adapting to new and more challenging conditions. We work closely with our tenants and aim to find solutions in various ways to address the new needs and challenges they face.

The net operating income also rose by 16 percent compared with the year-earlier period, which is highly favorable. We posted net operating income of SEK 158.2 million (136.3). 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.

The surplus ratio remained at a good level of 84.9 (84.6). Our income from property management is on a par with the year-earlier period. Adjusted for currency effects in net financial items, income from property management amounted to SEK 70.6 million (71.0). Similar to the previous quarter, interest expenses are putting downward pressure on income from property management. Net interest expense for the January to September period increased to SEK -57.7 million (-39.7), corresponding to an increase of 45 percent.

Return requirements in the market continued to rise during the quarter, this means an adjustment by a weighted average of 12 basis points in our portfolio. As a result, the total change in value during the quarter was -2.5 percent or SEK -108.0 million (-168.1). Since the third quarter of 2022, we have impaired the portfolio value by 10.5 percent. Our interest-coverage ratio, multiple RTM, was 2.5 (2.9) for the quarter. 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

We are financed through bank loans and maintain a good dialogue with our lenders. During the quarter, we divested the Carl Berner Torg property in Oslo. The transaction will contribute approximately NOK 70 million in cash and cash equivalents in the fourth quarter. Following the transaction, the loan-to-value ratio fell from 42.5 percent to 40.8 percent and interest expenses decreased by SEK 11.6 million per year. In addition, liquidity was strengthened by 41.0 percent and our cash and bank balances increased to SEK 237.0 million, which strengthens our financial position and enables future acquisitions.

Transaction market

Transaction volumes remain very low in both the Swedish and Nordic markets as a whole. The volume in Nordics has fallen by 62 percent compared with the year-earlier period. However, during the quarter we have seen signs that the market is reawakening. Rising interest rates and increased return requirements

have led to price adjustments for properties and higher activity. More transactions were completed during the quarter compared with earlier quarters this year. I believe that the transaction volume will continue to increase where high-quality properties in good locations will fair best regardless of property type.

Active and sustainable management

We are focusing on developing customer-centric and active management of our properties, enabling tenants to develop their operations in our properties. During the third quarter, Saab extended its lease agreement in Ljungbyhed Park by ten years. In connection with this, a major refurbishment is taking place of the almost 5,000 sqm leased to Saab, that includes not only modernisation of the space but also energy optimisation. Annehem has previously invested in improving the runway pavement surface to create better conditions for aviation-related activities at the airport, which are at the heart of Ljungbyhed Park.

I consider Saab's decision to renew its lease as highly important. It forms a key element in Campus Ljungbyhed, where a range of players are gathered in a cluster to develop their operations, most with a focus on aviation. These include Lund University Faculty of Engineering (LTH), which offers flight training and advanced research into green aeronautics. Ljungbyhed Park as a whole with the airport and surrounding operations also form a natural location linked to Sweden's total defence. This was highlighted in August, when Sweden's Minister for Defence Pål Jonsson visited.

We are also investing in the development of the adjacent Valhall Park near Ängelholm. Valhall Park has many companies as tenants, but predominantly a number of educational activities connected to Ängelholm Municipality.

Ljungbyhed Park and Valhall Park represent two unique locations with great potential in our property portfolio in which Annehem is investing for the future. Here, I can see tremendous potential to improve our net operating income and create value through investments and lettings while also making a green transition.

We are still maintaining a high level of activity in our sustainability initiatives and during the quarter began the certification process for several of our buildings that are currently not certified. 82 percent (76) of our property value is environmentally certified. The operating organisation is continuing our energy optimisation initiatives. This included the installation of about 30 meters in Ljungbyhed to measure temperature and humidity to optimise temperatures in terms of energy consumption. We can see an increase in interest and commitment among our tenants to work sustainably and as society imposes more rigorous demands these efforts will intensify. We will be ready to provide the support our tenants need.

Optimistic outlook

Our geopolitical world remains turbulent and we are in the midst of a recession, but despite this I am optimistic as we enter the final quarter of 2023. We are beginning to see a clearer interest rate trajectory looking ahead, which will have a considerable impact on our industry. I can see good opportunities for future acquisitions where our focus will be our high sustainability profile and long-term approach.

We have extremely highly motivated and dedicated employees who go the extra mile every day – internally, but above all externally for our tenants and partners. Christin Hertzberg is in place in the new role as Head of Sustainability and she will have a particular focus on our ambitious sustainability targets and activities to achieve these. I extend her a warm welcome to Annehem. I would also like to thank Jan Egenäs for his time as CFO of Annehem. Jan has been part of the company since its listing and has contributed to the company's development up until now. Adela Colakovic is returning from her parental leave on 15 November and will then assume the role as Annehem's CFO. I am happy and proud that we have such talented employees, who have the opportunity to develop within the company.

Taken together, this explains my optimistic outlook.

Ängelholm, 25 October 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

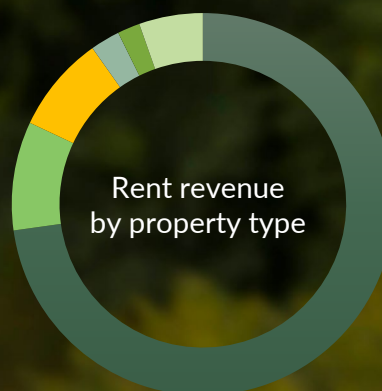
Annehem Fastigheter has a high and measurable environmental performance. The company strives to increase the value of its existing portfolio through sustainable, effective management and development.

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 %



Commercial offices	73 %
Community properties	9 %
Grocery store	8 %
Residential	3 %
Logistics	2 %
Other	5 %

Market

Comments on the business environment

Inflation has fallen slightly in Sweden, though core (CPIF) inflation remains at high levels and in September CPIF was 4.0 percent. Analysts' forecasts for when inflation is expected to fall back to the Riksbank's target of 2 percent vary from later this year to next year. Since inflation plays a key role in interest rate development, there is a wide range in forecasts, which in itself is evidence that the trend is difficult to predict.

The Riksbank has taken an aggressive approach to fighting high inflation in Sweden. At the monetary policy meeting in September, the Executive Board decided to raise the policy rate by 25 percentage points to 4.00 percent. The forecast is also that the policy rate will be raised at least once more in November this year. According to the Riksbank's forecast, rate cuts might not arrive until 2026 at the earliest, thereby further postponing any cuts.

The SEK remains weak, which could lead to imported inflation. GDP growth is also weak, but showing tentative positive signs. Moreover, unemployment in Sweden has risen slightly.

Macro data Nordics

Country	Inflation*	GDP**	Number of unemployed**	Key policy rate*
Sweden	6.5%	-1.0%	7.7%	4.00%
Finland/ECB	5.5%	0.0%	6.7%	4.50%
Norway	5.7%	1.20%	3.6%	4.25%

* Trading Economics

** Nordea Economic Outlook #3, September 2023

Property values

Statistics from Colliers Nordic show that transaction volumes in August had fallen 59 percent in Norway, 59 percent in Sweden and 69 percent in Finland, compared with the year-earlier period. The lower level of transaction activity leads to some uncertainty in the market since the appraisers have very few transactions to fall back on. Nonetheless, the Nordic transaction market, which has been cautious for some time, is beginning to show signs of recovery, though from very low levels.

Comments on the Group's performance

Income statement

Third quarter

Rent revenue amounted to SEK 61.5 million (56.6), other property income to SEK 10.1 million (11.1), and total property expenses to SEK -20.5 million (-19.1), which means that net operating income increased to SEK 51.1 million (48.7). The positive trend for rent revenue compared with the year-earlier quarter was mainly attributable to rising rents through indexation and new lettings, as well as the properties added. The reduction in net operating income of approximately SEK 5 million compared with the second quarter was largely a result of income from electricity subsidies, turnover rent and rental guarantees in Ultimes that expired in June. These items of approximately SEK 4 million were included in the result during the second quarter.

Other property income amounted to SEK 10.1 million (11.1) and comprised invoiced operating costs, income from short-term leases and the rental guarantee issued by Peab for the Jupiter 11 property, which amounted to SEK 0.2 million (1.9) for the quarter. The rental guarantee was issued for 100 percent of the vacant spaces in Jupiter 11 (from 1 May 2021) by Peab. This guarantee is 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 27.5 million (26.2) in the quarter. The change was due to interest expenses that amounted to SEK -35.7 million (-16.0), 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 14.7 million (2.2) for the quarter. Other financial items amounted to SEK 4.8 million (-0.4) and mainly comprised currency effects of SEK -1.4 million (1.1) and changes in value of currency futures of SEK 6.2 million (-1.5), which had a positive impact on income from property management.

The effects of unrealised changes in value of properties amounted to SEK -108.0 million (-168.1). The effects of changes in value of fixed-interest derivatives amounted to SEK -5.0 million (25.2). The tax effect for the quarter amounted to SEK 20.9 million (26.7). The tax effect was largely due to deferred tax on the changes in value of the property portfolio and the measurement of fixed-interest derivatives at fair value. Income for the quarter amounted to SEK -64.7 million (-89.9).

January to September period

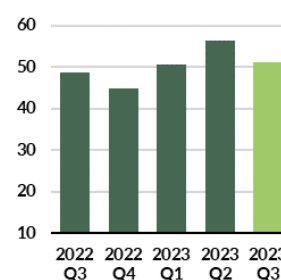
Rent revenue amounted to SEK 186.3 million (161.1), other property income to SEK 36.4 million (33.3), and total property expenses to SEK -64.5 million (-58.2), which means that net operating income increased to SEK 158.2 million (136.3). The positive trend for rent revenue compared with the year-earlier period was mainly attributable to rising rents through indexation and new lettings, as well as the properties added.

Other property income amounted to SEK 36.4 million (33.3) 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 2.8 million (5.8) for January to September. 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. This guarantee is valid until the vacant spaces are leased, but for no longer than 36 months from the issuing date.

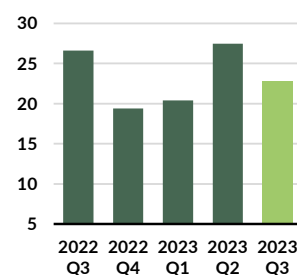
Income from property management amounted to SEK 63.4 million (62.6) for the January to September period. The change was due to interest expenses that amounted to SEK -95.9 million (-42.5), which is higher than the year-earlier period, due to increased borrowing in order to finance the additional properties and higher key policy rates. Interest expenses were offset by interest income on the swaps, which amounted to SEK 38.2 million (2.8) for the January to September period. Other financial items amounted to SEK -7.2 million (-8.4) and mainly comprised currency effects of SEK 1.4 million (7.9) and changes in value of currency futures of SEK -8.6 million (-16.3), which had a negative impact on income from property management.

The effects of unrealised changes in value of properties amounted to SEK -291.6 million (85.7). The effects of changes in value of fixed-interest derivatives amounted to SEK -13.8 million (93.7). The tax

**Net operating income per
quarter**
SEK million



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



effect for the period amounted to SEK 50.6 million (-43.7). The tax effect was largely due to deferred tax on the changes in value of the property portfolio and the measurement of fixed-interest derivatives at fair value. Income for the period amounted to SEK -191.4 million (198.3).

Balance sheet

The value of the company's investment properties amounted to SEK 4,237.8 million (4,252.9) on 30 September 2023. 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 external valuations conducted on 30 September 2023. Changes in value for the period amounted to SEK -291.6 million (85.7). During the year, Annehem Fastigheter invested in existing properties in an amount of SEK 55.0 million (27.1). 30 September 2023, the value of the properties in Finland was positively impacted by a stronger EUR/SEK rate compared with 31 December 2022, yielding a total effect of SEK 23.3 million (42.9).

The company's equity amounted to SEK 2,319.8 million (2,488.0). Interest-bearing liabilities totalled SEK 1,969.4 million (1,882.7), 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. 30 September 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 5.9 million (45.1). The change was due to higher income from property management adjusted for unrealised currency effects and a decrease in operating liabilities. For the January to September period, the corresponding figure was SEK 54.7 million (71.4). The change in this respect was largely due to an increase in receivables.

Cash flow from investing activities for the quarter amounted to SEK -22.6 million (-21.0), and mainly pertained to investments related to the preschool in Valhall and minor investments in other properties. For the January to September period, the corresponding figure was SEK -192.1 million (-117.0), 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 (-2.6), which is related to repayment of the loan facility. The corresponding figure for the January to September period was SEK 67.1 million (127.7) and was related to the financing of Carl Florman and repayment of the loan facility.

Cash flow for the quarter amounted to SEK -19.6 million (21.4), where the corresponding figure for the January to September period was SEK -70.2 million (82.1).

Sustainable development

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

Highlights during the quarter

During the quarter, efforts to deliver on our sustainability targets continued. We have been working intensively, particularly in our parks. These efforts and examples of where the greatest progress has been made in terms of sustainability are presented below.

We evolve together with our tenants

One important element of sustainable development at Annehem is an active dialogue with our tenants to ensure customer satisfaction and long-term relationships. Saab has been a tenant at Ljungbyhed Park since 1998 and it chose to extend its agreement by a further ten years. Its long-term presence in Ljungbyhed Park contributes to the unique cluster that exists for innovation, research and education in the park. The infrastructure that the airport offers and the proximity to other operations and expertise in the aviation industry make Ljungbyhed an attractive location. The agreement with Saab will transition to a green lease during the first half of 2024, following the modernisation of the property with a particular focus on reducing energy consumption.

Education, research and development

On 16 August, the Minister for Defence Pål Jonsson visited Ljungbyhed Park and met representatives from Annehem, Saab, Lund University, Flygteknikcenter and Lund University School of Aviation. The purpose of his visit was to clearly spotlight Ljungbyhed as a ideal place to promote aviation-related training and research. This includes Lund University School of Aviation's drone pilot programme and Lund Technical University's research into aviation fuel for the future and technology development.

Research and the future

On 1 September, we were awarded a grant of SEK 4 million, together with Fortum and Lund University, to work with research and communication activities linked to creating an electric airport, which is an important part of the aviation industry of the future.

Initiative for energy optimisation in Ljungbyhed Park

We are managing a somewhat older property portfolio in Ljungbyhed Park that has been a centre for air services and training since 1920. We have therefore placed long-range sensors for wireless data transfer in some 30 buildings. These are used to monitor and enhance energy efficiency at the properties. The sensors measure such parameters as temperature and humidity, which can prevent major damage to the properties.

Old becomes new in Valhall Park

Annehem has developed its portfolio of community service properties in Valhall Park with 100 new municipal preschool places that are now complete and were taken into use during the quarter. The lease extends until 2032, encompasses more than 2,000 sqm and is located in an existing building that was previously used as a barracks. It has been remodeled and converted into a modern preschool premises close to nature. The solution is positive from an environmental perspective as we have taken full advantage of the old premises and in parallel conducted a green transition through energy optimisation and the selection of sustainable materials.

Measurable progress Q3 2023 (compared with outcome for full year 2022)

- 32 percent (27) of income is from green leases* (applies to Swedish operations)
- 82 percent (76) of the property value is environmentally certified
- 80 percent (81) of the property value is sustainable (according to the EU Taxonomy)

*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 promote establishment of	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

Annhem Fastigheter owned assets in the form of properties on 30 September 2023 at a fair value of SEK 4,237.8 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, net letting amounted to SEK 12.5 million (10.3), distributed among newly signed leases amounting to SEK 18.5 million (13.8) less terminated leases amounting to SEK 6.0 million (3.5).

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	6.9	131.0

Property portfolio on 30 September 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	500.0
Ljungbyhed Park	Sjöleden 1:5-1:17	Ljungbyhed	73,234	29.8	34.9	213.0
Kamaxeln 2	Kamaxeln 2	Malmö	950	1.6	1.6	18.3
Stenekullen 2	Stenekullen 2	Malmö	4,937	12.9	14.7	226.0
Jupiter 11	Jupiter 11	Helsingborg	4,807	9.5	9.5	133.0
Ulriksdals Center	Sadelplatsen 3	Stockholm	12,455	42.7	42.7	900.0
Sadelplatsen 4	Sadelplatsen 4 ²	Stockholm	13,494	15.7	19.1	354.0
Ledvolten	Solna Ledvolten 1	Stockholm	4,268	14.7	14.7	306.0
Almnäs	Almnäs 5:28	Södertälje	2,158	5.2	5.2	100.0
Partille Port	Partille 11:60	Partille	6,431	16.6	16.8	183.0
Johanneslust	Carl Florman 1	Malmö	3,259	6.7	6.9	131.0
Ulimes Business Garden	Ulimes I & II	Helsingfors	17,015	74.0	76.6	921.4
Carl Berner Torg	Carl Berner Torg	Oslo	3,640	14.4	14.4	252.1
Total			198,212.0	280.3	296.2	4,237.8

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	Jul-Sep		Jan-Sep		Full year
SEK million	2023	2022	2023	2022	2022
At beginning of the period	4,343.3	4,388.6	4,309.2	3,994.1	3,994.1
Acquired properties	-	-	139.9	103.0	103.0
Investments in existing properties	20.6	20.9	55.0	27.2	32.8
Unrealised changes in fair value	-108.0	-168.1	-291.6	85.7	98.0
Currency effect on properties abroad	-18.1	11.5	25.3	42.9	81.2
At end of the period	4,237.8	4,252.9	4,237.8	4,252.9	4,309.2

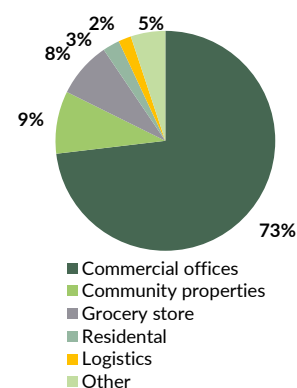
Acquisitions and investments

During the period, investments were made in existing properties totalling SEK 55.0 million, with the investments primarily related to the Valhall Park and Ljungbyhed Park properties.

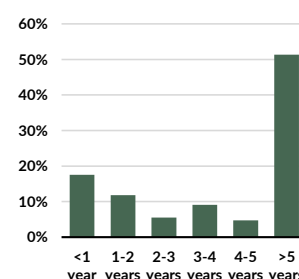
Acquired but not taken into possession

In addition, Annhem 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 H1 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 external valuations conducted by independent appraisers on 30 September 2023, with 31 August 2023 as the date of valuation. During the January to September period, fair value decreased by SEK 291.6 million, primarily due to changed return requirements. On 30 September 2023, the average return was 5.20 percent (4.91 percent on 31 December 2022). Adjusted for Carl Florman, the average return was 5.07 percent. During the January to September period, Annehem Fastigheter also invested in existing properties in an amount of SEK 55.0 million. 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	2023-09-30
Rent revenue	296.2
Vacancy	-15.9
Rent revenue	280.3
Property expenses	-81.3
Property tax	-12.5
Net operating income	186.5
Other operating income	3.1
Central administration	-37.6
Net financial items	-75.6
Income from property management	76.4

Annehem Fastigheter presents its earnings capacity on a 12-month basis at 30 September 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 September 2023 and their financing, after which the current earnings capacity illustrates the subsequent annualised earnings for Annehem Fastigheter. Transactions involving possession or vacation that took place after 30 September are therefore not included in the calculation.

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

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

Comments on earnings capacity

The rent revenue and net operating income increased compared with the earnings capacity on 30 June 2023. The positive trend for rent revenue was mainly attributable to rising rents through indexation and new lettings, as well as additional properties. 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 September 2023, the economic occupancy rate was 94.0 percent (95.0).

Financing

Summary of the financing situation

In the two most recent quarters, 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 third quarter, interest-bearing liabilities amounted to SEK 1,969.4 million (1,882.7). The interest-bearing liabilities consist exclusively of bank loans and are secured with mortgage deeds.

The interest-coverage ratio multiple was 2.5 (2.9) for the quarter, and 2.4 (2.6) for the interest-coverage ratio, multiple RTM. At 30 September, the net loan-to-value ratio in the portfolio was 42.5 percent (37.8).

The average remaining fixed interest term and loan maturity was 2.24 years and 1.79 years, respectively. At the end of the quarter, the average interest rate was 4.1 percent excluding fees for unutilised credit facilities, and 4.2 percent including these fees.

Change in loan structure during the period

SEK million	Jan-Sep		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	-0.3	-0.1	-0.1
Amortisations of external bank loans	-8.8	-5.2	-7.9
Changes in capitalised loan costs	2.3	3.1	-1.8
Currency effects	10.7	30.7	45.2
Interest-bearing liabilities at end of the period	1,969.4	1,882.7	1,889.6

Key figures relating to loan portfolio

	Jan-Sep		Full year
	2023	2022	2022
Debt/ equity ratio, multiple	0.8	0.8	0.8
Average interest rate, %	4.10	2.70	3.20

Available liquidity

SEK million	Jan-Sep		Full year
	2023	2022	2022
Cash and cash equivalents	167.5	275.0	237.9
Unused loan facility	125.0	345.0	192.5
Total	292.5	620.0	430.4

Fixed-interest and loan maturity structure

Year	Interest		Capital ²	
	SEK million	Share	SEK million	Share
within a year	597.0	30.3%	399.0	20.3%
1-2 years	-	-	-	-
2-3 years	590.4	30.0%	1,494.4	75.9%
3-4 years	479.0	24.3%	76.0	3.9%
4-5 years	245.0	12.4%	-	-
6-7 years ¹	58.0	2.9%	-	-
Total at the end of the period	1,969.4	100%	1,969.4	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-Sep
Interest bearing debt (Mkr)	1,969.4
Unused facility, (Mkr)	125.0
Volume interest swaps, (Mkr)	1,489.8
Value interest swaps, (Mkr)	79.6
Debt/equity ratio, multiple	0.8
Net loan to value ratio, %	42.5
Interest coverage multipel, quater, ICR	2.5
Interest coverage multipel rolling 12 months	2.4
Average interest rate %	4.1
Average interest rate including unused loan facility, %	4.2
Average fixed interest period, Years	2.24
Average capital commitment period, Years	1.79

Sensitivity analysis

The average interest for the January to September 2023 period was 4.1 percent. The effect of changes in average interest rates on profit is presented in the table below:

Change, %-points		SEK million
+/- 1,0%	+/-	2.4
+/- 2,0%	+/-	4.7

Other information

The company's shareholders

Shareholders	Numbers of shares	Capital, %	Votes, %
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	2,503,800	4.2	2.1
UBS Switzerland AG, W8IMY	258,548	0.4	1.4
Handelsbanken Microcap Norden	1,446,969	2.5	1.2
Peab fonden	1,427,238	2.4	1.2
Carnegie spin off	1,295,600	2.2	1.1
SEB Fastighetsfond Norden	1,275,393	2.2	1.1
10 largest share owners, sum	33,481,608	56.7	77.7
Other share owners	25,510,940	43.3	22.3
Total	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 15 full-time employees in the third quarter of 2023. Including resources working on a consultative basis, the number of employees amounts to 18. Annehem Fastigheter had 18 employees and two resources on consulting basis during the 2022 comparative period.

Significant events after the end of the period

- On October 20, Annehem handed over ownership of Carl Berner Torg in Oslo, according to the signed agreement on September 22.

Financial calendar

Year-end Report 2023	15 February 2024
Interim Report January–March 2024	3 May 2024
2023 Annual General Meeting	14 May 2024
Half-year report January–June 2024	19 July 2024
Interim Report January–September 2024	24 October 2024

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, 25 October 2023

Monica Fallenius

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 26 October 2023 at 8:00 a.m. CEST.

Consolidated income statement

	Jul-Sep		Jan-Sep		Full year
SEK million	2023	2022	2023	2022	2022
Rent revenue	61.5	56.6	186.3	161.1	217.9
Other property income	10.1	11.1	36.4	33.3	44.7
Total income	71.5	67.8	222.7	194.5	262.6
<i>Property expenses</i>					
Operating costs	-10.1	-9.1	-35.7	-32.3	-44.2
Maintenance costs	-3.6	-2.8	-8.9	-5.9	-10.2
Property tax	-3.5	-3.7	-9.9	-9.0	-12.6
Property administration	-3.3	-3.5	-10.0	-11.0	-14.3
Net operating income	51.1	48.7	158.2	136.3	181.3
Central administration	-5.5	-7.3	-27.0	-24.2	-36.2
Other operating income	1.2	1.1	2.9	5.3	7.7
Other operating costs	-3.1	-2.2	-5.8	-6.6	-9.3
Interest income	14.7	2.2	38.2	2.8	9.5
Interest expenses	-35.7	-16.0	-95.9	-42.5	-62.5
Other financial items ¹	4.8	-0.4	-7.2	-8.4	-16.4
Income from property management	27.5	26.2	63.4	62.6	74.2
Changes in values of properties, unrealised	-108.0	-168.1	-291.6	85.7	98.0
Changes in values of derivatives	-5.0	25.2	-13.8	93.7	90.9
Income before tax for the period	-85.5	-116.6	-242.1	242.0	263.0
Current tax	-0.2	-	-0.7	-	-1.0
Deferred tax	21.1	26.7	51.3	-43.7	-54.7
Net income for the period attributable to the company shareholders	-64.7	-89.9	-191.4	198.3	207.3
Average numbers of shares, before and after dilution	58,992,548	58,992,548	58,992,548	58,992,548	58,992,548
Earnings per share, before and after dilution, SEK	-1.10	-1.52	-3.24	3.36	3.51

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

Consolidated statement of profit or loss and other comprehensive income

	Jul-Sep		Jan-Sep		Full year
SEK million	2023	2022	2023	2022	2022
Profit for the period	-64.7	-89.9	-191.4	198.3	207.3
Other comprehensive income					
<i>Items that will be reclassified to profit or loss</i>					
Change in market value of derivative instruments	-0.2	-1.0	-0.6	-1.4	-1.6
Fiscal effect on derivative instruments	0.0	0.2	0.1	0.3	0.3
Translation differences from foreign operations for the period	-6.8	3.2	10.6	14.9	19.1
Total other comprehensive income	-6.9	2.4	10.2	13.7	17.8
Comprehensive income for the period attr. to parent company shareholders	-71.6	-87.6	-181.3	212.0	225.1

Consolidated Balance Sheet

SEK million	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	0.0	0.1	0.1
Investment properties	4,237.8	4,252.9	4,309.2
Equipment and machinery	5.7	5.6	5.2
Derivative instrument	81.6	108.4	104.5
Other fixed assets	1.4	1.1	1.3
Total fixed assets	4,326.6	4,368.1	4,420.3
Current assets			
Accounts receivables	2.7	1.0	1.9
Current receivables	37.7	20.3	22.9
Derivative instruments	0.4	6.9	0.9
Cash and cash equivalents	167.5	275.0	237.9
Total current assets	208.3	303.2	263.6
TOTAL ASSETS	4,534.8	4,671.3	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	31.4	17.7	22.0
Retained earnings including net income for the year	501.1	682.8	691.7
Equity attributable to parent company shareholders	2,319.8	2,488.0	2,501.1
Non-current liabilities			
Current interest-bearing liabilities	1,747.9	1,813.7	1,655.6
Derivative instruments	2.0	11.3	10.4
Other non-current liabilities	1.9	1.7	3.2
Deferred tax liabilities	145.0	184.1	195.6
Provisions for pensions	1.7	1.3	1.6
Total non-current liabilities	1,898.5	2,012.2	1,866.5
Current liabilities			
Current interest-bearing liabilities	221.5	69.0	234.0
Accounts payable and other liabilities	21.7	9.8	22.1
Current tax liabilities	1.0	0.0	1.8
Other current liabilities	72.3	92.4	58.5
Total current liabilities	316.5	171.2	316.4
Total liabilities	2,215.0	2,183.3	2,182.9
TOTAL EQUITY AND LIABILITIES	4,534.8	4,671.3	4,684.0

Consolidated cash flow statement

SEK million	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Income from property management	27.5	26.2	63.4	62.6	74.2
<i>Items not affecting cash flow</i>					
Depreciation	-0.1	-0.5	-	0.3	0.4
Unrealised currency effects	5.8	-10.2	-0.8	-16.2	-16.3
Other non-cash items	-0.8	-	-4.2	-	-4.6
Income tax paid	-0.2	-	-0.7	-	-
Changes in working capital					
Operating receivables	2.7	2.6	-15.0	7.0	-2.1
Operating liabilities	-29.0	27.0	12.1	17.7	2.6
Cash flow from operating activities	5.9	45.1	54.7	71.4	54.3
<i>Investing activities</i>					
Investments in existing properties	-20.6	-20.9	-55.0	-27.1	-32.8
Acquisitions of investment properties	-	-	-135.0	-88.5	-99.8
Investments in machinery and equipment	-2.0	-0.1	-2.0	-1.5	-1.5
Cash flow from investing activities	-22.6	-21.0	-192.0	-117.0	-134.1
<i>Financing activities</i>					
Borrowings	-	-	75.9	132.9	132.9
Repayment of loans	-2.9	-2.6	-8.8	-5.2	-7.9
Cash flow from financing activities	-2.9	-2.6	67.1	127.7	125.0
Cash flow for the period	-19.6	21.4	-70.2	82.1	45.2
Cash and cash equivalents at the beginning of the period	186.8	252.9	237.9	190.2	190.2
Exchange rate difference in cash and cash equivalents	0.3	0.6	-0.2	2.6	2.5
Cash and cash equivalents at the end of the period	167.5	275.0	167.5	275.0	237.9

Consolidated Statement of Changes in Equity

SEK million	2023-09-30	2022-09-30	2022-12-31
Opening balance, equity	2,501.1	2,275.9	2,275.9
Net income for the period	-191.4	198.3	207.3
Other comprehensive income for the period	10.2	13.7	17.8
Comprehensive income for the period	-181.3	212.0	225.1
Closing balance, equity attributable to Parent Company shareholders	2,319.8	2,488.0	2,501.1

Parent Company Income Statement

SEK million	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Revenue	15.2	13.3	47.4	34.0	47.2
Administration costs	-8.0	-7.7	-29.0	-25.4	-38.3
Operating result	7.2	5.6	18.4	8.5	8.9
Financial items					
Financial net	30.6	16.1	62.9	47.9	47.2
Result after financial items	37.8	21.7	81.3	56.4	56.1
Appropriations	-	-	-	-	18.4
Result before tax	37.8	21.7	81.3	56.4	74.5
Deferred tax	-0.1	-1.6	-0.5	-7.1	-6.2
Result for the period	37.6	20.1	80.8	49.3	68.3

Parent Company Balance Sheet

SEK million	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	0.0	0.1	0.1
Equipment and machinery	1.8	1.7	1.7
Financial fixed assets			
Shares in Group companies	19.1	16.6	18.8
Long-term receivables, Group companies	1,924.3	1,978.1	1,810.9
Derivative instruments	38.7	-	44.5
Other fixed assets	1.4	1.1	1.3
Total financial fixed assets	1,983.5	1,995.8	1,875.5
Total fixed assets	1,985.3	1,997.5	1,877.2
Current assets			
Accounts receivables	96.2	26.7	43.8
Accounts receivables from related parties	8.5	2.5	2.9
Derivative instruments	0.4	51.8	0.9
Cash and cash equivalents	115.3	30.6	208.4
Total current assets	220.4	111.5	255.9
TOTAL ASSETS	2,205.7	2,109.1	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	80.8	49.3	68.3
Total equity	2,173.5	2,073.7	2,092.7
Provisions			
Provision for pensions and similar obligations	1.7	1.3	1.6
Provision for deferred tax	6.7	8.3	7.9
Total provisions	8.4	9.7	9.5
Non-current liabilities			
Derivative instruments	2.0	-	10.4
Total non-current liabilities	2.0	-	10.4
Current liabilities			
Derivative instruments	-	11.3	-
Liabilities to Group companies, accounts payable	3.3	3.1	5.4
Accounts payable	1.6	0.5	1.4
Other current liabilities	16.8	10.8	13.8
Total current liabilities	21.8	25.8	20.6
TOTAL EQUITY AND LIABILITIES	2,205.7	2,109.1	2,133.2

Parent Company Cash Flow Statement

SEK million	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Result before tax	37.8	21.7	81.3	56.4	74.5
<i>Items not affecting cash flow</i>					
Depreciations	0.3	0.1	0.4	0.3	0.4
Unrealised currency effects	6.6	-16.7	-2.2	-42.9	-37.4
Other items not affecting cash flow	-6.3	-	-1.8	-	-
Changes in working capital					
Operating receivables	-12.9	-14.9	-58.0	-5.0	-23.8
Operating liabilities	-0.1	0.1	1.0	-5.1	-0.6
Cash flow from operating activities	25.3	-9.8	20.8	3.6	13.1
Investing activities					
Investments in machinery and equipment	-0.5	-0.1	-0.5	-2.4	-1.3
Cash flow from investing activities	-0.5	-0.1	-0.5	-2.4	-1.3
Financing activities					
Changes interest-bearing receivables, Group companies	-16.4	-7.3	-113.4	20.7	187.9
Cash flow from financing activities	-16.4	-7.3	-113.4	20.7	187.9
Cash flow for the period	8.5	-17.2	-93.1	21.9	199.7
Cash and cash equivalents in the beginning of the period	106.9	47.8	208.4	8.7	8.7
Cash and cash equivalents at the end of the period	115.3	30.6	115.3	30.6	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 third quarter 2023, there was approximately SEK 16,7 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-Sep		
SEK million	Sweden	Other Nordics	Staff	Total
Rent revenue	132.9	53.4	-	186.3
Net operating income	104.1	54.6	-0.5	158.2
Income from property management	105.8	28.4	-70.8	63.4
Income before tax	-102.8	-53.3	-86.0	-242.1
Investment properties, fair value	3,064.2	1,173.5	-	4,237.8

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-Sep		
SEK million	Sweden	Other Nordics	Staff	Total
Rent revenue	115.8	45.3	-	161.1
Net operating income	92.4	44.6	-0.7	136.3
Income from property management	87.6	33.6	-58.6	62.6
Income before tax	244.8	-20.0	17.2	242.0
Investment properties, fair value	3,045.6	1,207.3	-	4,252.9

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

SEK million	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Property tax	1.8	2.5	2.9	5.7	7.7
Rental guarantees	0.2	1.9	2.8	5.8	7.7
Other property revenue	8.0	6.7	30.6	21.9	29.3
Total other property revenue	10.1	11.1	36.4	33.3	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 September 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 September 2023 was SEK 0.1 million.

The Group holds fixed-interest derivatives in NOK, SEK and EUR, and currency futures in NOK and EUR. Until 30 September 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 September 2023, the market value of fixed-interest derivatives amounted to SEK 79.6 million (97.1) and currency derivatives to SEK 0.4 million (6.9).

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

	Jul-Sep		Jan-Sep		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.

	Jul-Sep		Jan-Sep		Full year
SEK million	2023	2022	2023	2022	2022
Income before tax	-85.5	-116.6	-242.1	242.0	263.0
Add back					
Changes in fair value on investment properties	108.0	168.1	291.6	-85.7	-98.0
Changes in fair value of derivatives	5.0	-25.2	13.8	-93.7	-90.9
Income from property management excl. Items affecting comp.	27.5	26.2	63.4	62.6	74.2

	Jul-Sep		Jan-Sep		Full year
SEK million	2023	2022	2023	2022	2022
Currency swaps	6.2	-1.5	-8.6	-16.3	-30.4
Revaluation of internal loans	-1.4	1.1	1.4	7.9	14.0
Currency effects	4.8	-0.4	-7.2	-8.4	-16.4

Income from property management per share

	Jul-Sep		Jan-Sep		Full year
SEK million	2023	2022	2023	2022	2022
Income from property management	27.5	26.2	63.4	62.6	74.2
Currency effects	-4.8	0.4	7.2	8.4	16.4
Income fr. property management excl. currency effects	22.7	26.6	70.6	71.0	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	0.38	0.45	1.20	1.20	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.

	2023-09-30	SEK/share	2022-09-30	SEK/share	2022-12-31	SEK/share
Equity according to balance sheet	2,319.8	39.3	2,488.0	42.2	2,501.1	42.4
Add back						
Deferred tax according to balance sheet	145.0	-	184.1	-	195.6	-
Interest rate derivatives	-79.6	-	-97.1	-	-94.1	-
Long-term net asset value	2,385.2	40.4	2,574.9	43.6	2,602.6	44.1

Interest-coverage ratio

SEK million	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Income from property management	27.5	26.2	63.4	62.6	74.2
Add back					
Interest net	21.0	13.8	57.7	39.7	53.0
Currency effects	-4.8	0.4	7.2	8.4	16.4
Interest coverage, multiple	2.1	2.9	2.5	2.8	2.7
Interest coverage, multiple rolling 12 month	2.5	2.9	2.4	2.6	2.7

Net loan-to-value ratio

SEK million	2023-09-30	2022-09-30	2022-12-31
Interest-bearing liabilities	1,969.4	1,882.7	1,889.6
Cash and cash equivalents	-167.5	-275.0	-237.9
Net interest-bearing liabilities	1,801.9	1,607.7	1,651.7
Investment properties	4,237.8	4,252.9	4,309.2
Net loan-to-value ratio, %	42.5%	37.8%	38.3%

Surplus ratio

SEK million	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Income from property management	27.5	26.2	63.4	62.6	74.2
Add back					
Property expenses	23.6	22.5	94.8	73.7	107.1
Net operating income	51.1	48.7	158.2	136.3	181.3
Rent revenue	61.5	56.6	186.3	161.1	217.9
Surplus ratio, %	83.1%	86.0%	84.9%	84.6%	83.2%

Return on equity

SEK million	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Net income for the period attributable to the Parent Company's shareholders	-64.7	-89.9	-191.4	198.3	207.3
Equity attributable to the Parent Company's shareholders	2,319.8	2,488.0	2,319.8	2,488.0	2,501.1
Return on equity, %	-2.8%	-3.6%	-8.3%	8.0%	8.3%

Review report

Auditor's report on review of interim report.

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

Corp. ID. No. 559220-9083

Introduction

We have reviewed the condensed interim financial information (interim report) of Annehem Fastigheter AB (publ) as of 30 September 2023 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 25 October 2023

KPMG AB

Peter Dahllöf
Authorized Public Accountant

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⁾	New letting taken out during the period less terminations with notice of vacancy.
Interest-bearing liabilities	Interest-bearing liabilities mean all liabilities on which Annehem pays interest. These items in the balance sheet are: non-current and current liabilities to related parties, non-current and current interest-bearing liabilities (including lease liabilities) and Group account.
Interest-coverage ratio	Income from property management, including reversal of financial income, expenses and 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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