

Half-year report January-June 2021

Annehem enters Helsingborg

Q2

April-June

- Rent revenue for the period amounted to SEK 45.5 million (36.7)
- Net operating income amounted to SEK 39.6 million (27.8)
- Income from property management amounted to SEK 21.9 million (6.8)
- Earnings per share amounted to SEK 0.34 (0.09)
- Investments in existing properties amounted to SEK 12.2 million
- Acquisition of Peab Center Helsingborg at a fair value amounting to SEK 131 million – certified in accordance with Swedish Green Building Council Silver, with energy classification B
- Purchase of ground leases in Helsinki at a value of EUR 9.2 million
- Acquisition of logistics property in Södertälje at an underlying property value of SEK 96.5 million – will be certified in accordance with Swedish Green Building Council Silver, with energy classification B

January-June

- Rent revenue for the period amounted to SEK 90.6 million (69.3)
- Net operating income amounted to SEK 76.4 million (49.4)
- Income from property management amounted to SEK 41.2 million (11.2)
- Earnings per share amounted to SEK 1.03 (0.18)
- Long-term net asset value per share amounted to SEK 37.9 (26.6)
- The fair value of investment properties amounted to SEK 3,545.9 million (2,912.1)
- Investments in existing properties amounted to SEK 34.7 million
- Coop Mega moved into Carl Berner Torg in February

Net operating income
30 June 2021

SEK **76** million

Property value
30 June 2021

SEK **3,546** million

Economic occupancy rate
30 June 2021

95%

Summary of the Group's performance

SEK million	Apr-Jun		Jan-Jun		Full year
	2021 ¹	2020 ²	2021 ¹	2020 ²	2020 ³
Rent revenue	45.5	36.7	90.6	69.3	151.5
Net operating income	39.6	27.8	76.4	49.4	121.4
Income from property management	21.9	6.8	41.2	11.2	16.0
Income from property management excl. Items affecting comparability	21.9	6.8	41.2	11.2	45.0
Income from property management excl. Items affecting comparability per share, SEK	0.37	0.12	0.70	0.19	0.76
Net income for the period	20.1	5.1	60.9	10.4	71.8
Net income for the period per share, SEK	0.34	0.09	1.03	0.18	1.22
Net loan-to-value ratio, %	35.1	59.7	35.1	59.7	33.1
Equity/assets ratio, %	54.8	43.9	54.8	43.9	54.4
Interest-coverage ratio, multiple	2.9	1.5	2.8	1.4	1.4
Interest-coverage ratio excl. items affecting comparability, multiple	2.9	1.5	2.8	1.4	2.0
Economic occupancy rate, %	95.1	94.0	95.1	94.0	95.5
Return on equity, %	0.9	0.3	2.9	0.7	3.5
Surplus ratio, %	87.2	75.7	84.4	71.2	80.1

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

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

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

CEO's comments

Continued delivery in line with established growth strategy

Annehem continues to grow and develop in a somewhat more stable operating environment. Things are moving in the right direction, but unfortunately, it is too early to say that we have seen the end of the pandemic. The pace of vaccinations has been impressive, allowing the country to start gradually opening up, and thus enabling us to meet one another to a greater extent than we have for a long time. Offices are beginning to be cautiously staffed again and many people are looking forward to meeting their work colleagues again, while employers see challenges in building corporate culture and implementing changes in a world in which physical meetings have been severely restricted for such a long time.

During the second quarter, income from property management rose 10 percent compared with the preceding quarter. The economic occupancy rate was unchanged at 95 percent. This, in combination with long-term leases of an average of 5.4 years with strong tenants, comprises a strength for Annehem's operations, also in more challenging times.

The revaluation of our properties resulted in a marginal value increase. The underlying trend, which was positive, was reduced by the stronger krona against our exposure to the NOK and EUR. The net asset value per share amounted to SEK 37.9.

Annehem's loan-to-value ratio amounted to 35 percent. This, in combination with the stability of the Company's operations and the possibility of raising green loans, considerably improved Annehem's opportunity to secure less expensive financing.

Modern office properties in growth areas

Annehem's property portfolio mainly comprises flexible and environmentally compatible office properties in geographies with strong growth in Sweden, Norway and Finland. We are convinced that this is a major advantage in an office market under change. The dialogue with existing and potential customers is characterised by a heightened uncertainty regarding the size of premises that will be needed and how these should be structured. Annehem has an excellent starting point as complexity increases and companies are looking for new, sustainable premises solutions, in which adaptability and flexibility will be decisive. The importance of this was emphasised by the pandemic, which further increased the demand for this type of premises. Location has always been important, with demands on good transport links in attractive environments in which employees thrive and can develop. The location and design of the premises strengthen companies' attractiveness and their brands. Naturally, companies also continue to prioritise efficiency and cost savings, which is reflected in such metrics as lease cost per employee, combined with future costs for customisation of existing premises or relocation to new premises.

Continued work with our sustainable business model

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

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

Annehem owns three properties in Helsinki, which are certified according to LEED Platinum. These properties were ground leases, where the Company chose during the quarter to utilise a time-limited option that enabled the purchase of the ground leases. This means that the property is at the full disposal of the Company, at the same time as the attractiveness of these properties further increases as foreign investors, in particular, often demand ownership rights.

During the quarter, Annehem raised additional financing through green loans on significantly better terms.



Jörgen Lundgren, CEO

Market commentary

During the quarter, optimism regarding growth in Sweden strengthened further. The Swedish National Institute of Economic Research (the "NIER") forecasts growth of 4.4 percent, while the government is more positive, predicting GDP of 4.7 percent this year. The corresponding forecast GDP growth for our neighbouring countries, where Annehem also has operations, was 3.5¹ percent for Norway and 3.0¹ percent for Finland. In this context, it is naturally important to make reservations for a further wave of the pandemic occurring. The healthy growth is not expected to drive inflation to any great extent, which is basically positive for property companies' borrowing costs.

Increased requirements and demands for flexible and environmentally compatible office premises

Companies also foresee opportunities to combine working from home with the important physical presence in the office. This entails that the number of employees in the office will vary to a larger extent than previously, and it will be even more important for property owners to be able to offer flexible office spaces. Well-being and work environment are in focus and offices need to support the success of this transition. The assessment of rent levels is more clearly shifting from cost per sqm to cost per employee. As a property owner, it will be vital to work close to and together with the tenants. Those who succeed in this will facilitate the transition for their tenants in a time when uncertainty is greater regarding future office space requirements. In this shared challenge, Annehem has favourable conditions for growth.

Jörgen Lundgren
CEO

¹ Source: Nordic Outlook May 2021, SEB

This is Annehem Fastigheter

Business concept

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

Vision

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

Mission

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

Property portfolio

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

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



Ultimes I&II in Finland

Comments on the Group's performance

Income statement

Second quarter

Rent revenue amounted to SEK 45.5 million (36.7), other property income amounted to SEK 11.2 million (5.6), and total property expenses to SEK -17.0 million (-14.5), which means that net operating income increased to SEK 39.6 million (27.8). The positive trend for rent revenue was mainly attributable to the additional properties compared with the year-earlier period, but also to somewhat lower vacancies compared with the preceding year. The increase in rent revenue contributed to a sharp improvement in the surplus ratio from 76 percent in the second quarter of 2020 to 87 percent in the second quarter of 2021.

Other property income developed positively following the rental guarantees issued (by Peab) for Peab Center Malmö, Ultimes I&II and the newly added Peab Center Helsingborg, which amounted to SEK 2.4 million during the quarter. The guarantees, made by Peab, cover 100 percent of the vacancies in Peab Center Malmö (from 1 March 2020), Ultimes I&II (from 1 July 2020), and Peab Center Helsingborg (from 1 May 2021). These guaranties are valid until the areas are let, but not longer than for 36 months from the issuing date.

Income from property management amounted to SEK 21.9 million (6.8) in the quarter. Interest expenses amounted to SEK -11.4 million (-13.1) and decreased year-on-year, as a result of lower indebtedness. Other financial items amounted to SEK 1.7 million and mainly comprised currency effects of SEK -4.6 million and changes in value on fixed-interest derivatives and currency futures of SEK 6.3 million.

The effects of unrealised changes in value of properties amounted to SEK 5.5 million (0.6).

Tax expense for the period amounted to SEK -7.4 million (-2.3). Tax expense is due primarily to deferred tax on the growth in value of the property portfolio and the market valuation of derivatives.

Income for the period amounted to SEK 20.1 million (5.1).

First six months

Rent revenue amounted to SEK 90.6 million (69.3), other property income amounted to SEK 20.8 million (10.2), and total property expenses to SEK -34.9 million (-30.2), which means that net operating income increased to SEK 76.4 million (49.4). The positive trend for rent revenue was mainly attributable to the additional properties compared with the year-earlier period, but also to somewhat lower vacancies. The increase in rent revenue contributed to a sharp improvement in the surplus ratio from 75.7 percent in the second quarter of 2020 to 87.2 percent in the second quarter of 2021.

Other property income developed positively following the rental guarantees issued (by Peab) for Peab Center Malmö, Ultimes I&II and the newly added Peab Center Helsingborg, which amounted to SEK 4.1 million during the first six months. The guarantees, made by Peab, cover 100 percent of the vacancies in Peab Center Malmö (from 1 March 2020), Ultimes I&II (from 1 July 2020), and Peab Center Helsingborg (from 1 May 2021). These guaranties are valid until the areas are let, but not longer than for 36 months from the issuing date.

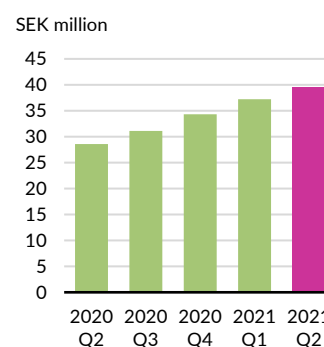
Income from property management amounted to SEK 41.2 million (11.2) in the quarter. Interest expenses amounted to SEK -23.3 million (-26.3) and decreased year-on-year, as a result of lower indebtedness. Other financial items amounted to SEK 3.3 million and mainly comprised currency effects of SEK 4.6 million and changes in value on fixed-interest derivatives and currency futures of SEK -1.3 million.

The effects of unrealised changes in value of properties amounted to SEK 35.2 million (3.9).

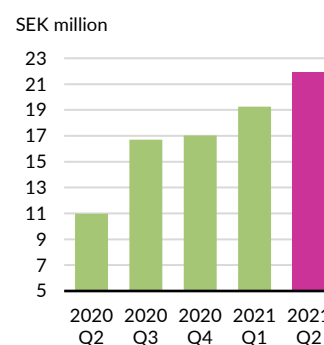
Tax expense for the period amounted to SEK -15.5 million (-4.8). Tax expense is due primarily to deferred tax on the growth in value of the property portfolio and the market valuation of derivatives.

Income for the period amounted to SEK 60.9 million (10.4).

Net operating income per quarter



Income from property management per quarter excl. items affecting comparability



Balance sheet

The value of the Company's investment properties amounted to SEK 3,545.9 million (2,912.1) on 30 June 2021. Of the total value, SEK 2.0 million comprised the effect of lease value of ground leases in the Kamaxeln 2 property in accordance with *IFRS 16 Leases*. During the second quarter, Annehem Fastigheter purchased the ground leases for the Finnish properties at a value amounting to SEK 93.3 million.

The fair value of properties is based on internal valuations conducted on 30 June 2021. During the year, Annehem Fastigheter also invested in existing properties with a value amounting to SEK 34.7 million (57.7) at 30 June 2021. The value of the properties in Finland at 30 June 2021 was positively impacted by the stronger EUR/SEK rate compared with 31 December 2020, yielding a total effect of SEK 27.4 million.

The Company's equity amounted to SEK 2,123.9 million (1,504.5).

Interest-bearing liabilities totalled SEK 1,542.0 million (1,789.7), of which SEK 2.0 million comprised lease liability attributable to ground rents. During the second quarter of 2021, the Company purchased the ground leases for the Finnish properties, thereby reversing the earlier lease liability, amounting to SEK 88 million. On 9 December 2020, Annehem Fastigheter secured a loan facility amounting to a total of SEK 1,912 million, distributed between SEK, NOK and EUR. As per 30 June 2021, Annehem Fastigheter had utilised SEK 1,481 million.

Cash flow statement

Cash flow from operating activities amounted to SEK 25.7 million (98.9) during the second quarter. The corresponding figure for the first six months amounted to SEK 38.7 million (21.7).

Cash flow from investing activities for the second quarter amounted to SEK -143.2 million (-268.8), the corresponding figure for the first six months of the year amounted to SEK -165.7 million (-470.5), with the majority pertaining to the acquisition of Peab Center Helsingborg at an underlying property value of SEK 131 million. Investments in existing properties amounted to SEK 12.2 million during the second quarter, with the majority of the investment attributable to the completion of Carl Berner Torg in Oslo and investments in Valhall Park. During the first six months, investments amounted to SEK 34.7 million (57.7).

Cash flow from financing activities amounted to SEK -24.3 million, for both the quarter and the first six months, and comprised SEK 69.0 million in loans raised related to the financing of Peab Center Helsingborg, and SEK -93.3 million related to the purchase of the ground leases in Finland. The corresponding number for the same quarter the previous year amounted to SEK 174.9 million, and for the first six months it was SEK 1,473.6 million.

Cash flow for the second quarter amounted to SEK -141.8 million (5.0) and to SEK -151.3 million (1,024.8) for the first six months.

Our properties

Annehem Fastigheter owned assets in the form of fully developed properties on 30 June 2021 at a fair value of SEK 3,545.9 million. All properties are 100-percent owned by the Company. The properties largely comprise modern, flexible and environmentally compatible commercial, community service and residential properties.

For the first six months of the year, net letting amounted to SEK 14.0 million (14.2), distributed among newly signed leases amounting to SEK 16.3 million less terminated leases amounting to SEK 2.8 million.

Detailed description of property portfolio

Changes to the portfolio compared with the second quarter of 2020

Additional properties, names	City	From	Area, sqm	Annualised rental	
				value, SEK million	Fair value incl leasing, SEK million
Sadelplatsen 4 ¹	Solna	2020-05-01	13,494	13.7	351.0
Carl Berner Torg	Oslo	2020-12-01	3,640	13.1	293.3
Peab Center Helsingborg	Helsingborg	2021-05-01	4,987	8.4	131.9
Total			22,121	35.2	776.2

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

Property portfolio at 30 June 2021

Property	Property name	City	Area, sqm	Rent-revenue SEK million	Annualised rental value, SEK million	Fair value incl leasing ¹ , SEK million
Valhall Park, Ängelholm	Barkåkra 50:3	Ängelholm	51,564	29.1	32.2	383.1
Ljungbyhed Park	Sjöleden 1:5-1:17	Ljungbyhed	73,234	23.9	29.8	171.0
Kamaxeln	Kamaxeln 2	Malmö	950	1.4	1.4	18.6
Peab Center Malmö	Stenekullen 2	Malmö	4,937	13.7	13.7	226.1
Peab Center Helsingborg	Jupiter 11	Helsingborg	4,987	8.3	8.4	131.9
Peab Center Solna	Sadelplatsen 3	Stockholm	12,455	37.5	37.5	902.0
Sadelplatsen 4	Sadelplatsen 4 ²	Stockholm	13,494	13.6	13.7	351.0
Partille Port	Partille 11:60	Partille	6,431	11.6	11.7	174.0
Ulimes I&II inkl Parking	Ulimes	Helsingfors	17,015	57.8	57.8	894.9
Carl Berner Torg	Carl Berner Torg	Oslo	3,640	13.1	13.1	293.3
Total			188,707	210.1	219.3	3,545.9

1) Leasing refers to ground leases amounting to a total of SEK 2 million in Kamaxeln.

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

Summary of value trend

Changes in the property portfolio SEK million	Apr-Jun		Jan-Jun		Full year
	2021	2020	2021	2020	2020
At beginning of the period	3,406.1	2,698.8	3,317.5	2,437.2	2,437.2
Acquired properties	131.0	229.0	131.0	411.3	692.0
Investments in existing properties	12.2	38.3	34.7	57.7	137.3
Unrealised changes in fair value	5.5	0.6	35.2	3.9	85.9
Currency effect on properties abroad	-9.0	-54.6	27.4	1.9	-34.9
At end of the period	3,545.9	2,912.1	3,545.9	2,912.1	3,317.5

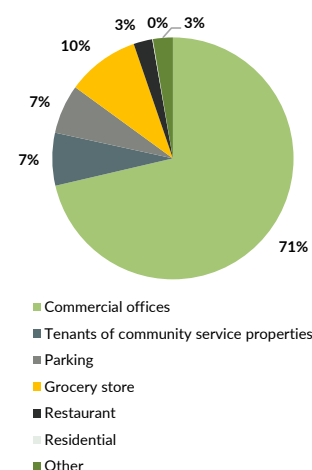
Acquisitions and investments

During the first six months of 2021, investments were made in existing properties totalling SEK 34.7 million, where the investments were related to Valhall Park and the completion of Carl Berner Torg.

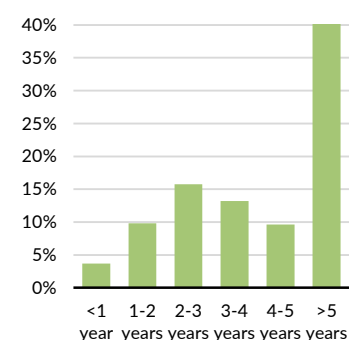
Acquired but not taken into possession

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

Specification of income 2021



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



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

Property valuation

At least once every year Annehem commissions complete valuations from external appraisal institutes for all properties in the portfolio. The appraisers who conduct the external fair-value calculations of the properties in Annehem's portfolio are to be a property appraiser authorised by Samhällsbyggarna. 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 2021. During the year, Annehem Fastigheter also invested in existing properties with a value amounting to SEK 34.7 million at 30 June 2021. The investments related to the hotel extension at Valhall Park, Ängelholm, and completion of the Carl Berner Torg property in Oslo. The most recent external valuation of the properties was conducted at the date of valuation on 31 August 2020. The properties are measured at fair value where classification is conducted at level 3 in accordance with IFRS 13.

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

Current earnings capacity

Earnings capacity, SEK million	2021-06-30
Adjusted rent revenue	219,2
Vacancy	-9,2
Rent revenue	210,1
Property expenses	-62,1
Property tax	-8,8
Net operating income	139,2
Other operating income	9,0
Central administration	-29,7
Net financial items	-41,0
Income from property management	77,5

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

The current earnings capacity is based on the properties owned on 30 June 2021 and their financing, after which the current earnings capacity illustrates the subsequent annualised earnings for Annehem Fastigheter. Any transactions that took place after 30 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.

Comments on earnings capacity

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

Financing

Description of the financing situation

On 30 June 2021, Annehem Fastigheter had interest-bearing liabilities of SEK 1,542.0 million, yielding a loan-to-value ratio of 35 percent. The interest-bearing liabilities on 30 June 2021 comprised external loans amounting to SEK 1,540.0 million and lease liabilities, pertaining to leaseholds, amounting to SEK 2 million.

Change in loan structure during the period

SEK million	Jan-Jun		Full year
	2021	2020	2020
Interest-bearing liabilities at beginning of the period	1,546.9	1,453.1	1,453.1
Amortisations of loans from related parties ¹	-	-37.9	-1,122.5
New loans from related parties ¹	-	113.2	344.5
Amortisations of external bank loans ²	-82.6	-	-586.2
New external bank loans	69.0	261.3	1,469.7
Changes in capitalised loan costs	1.8	-	-11.7
Currency effects	6.9	-	-
Interest-bearing liabilities at end of the period	1,542.0	1,789.7	1,546.9

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

2) For 2021 the amount refers to changes in lease liabilities according to IFRS16.

Key figures relating to loan portfolio

	Jan-Jun		Full year
	2021	2020	2020
Debt / equity ratio, multiple	0.7	1.2	0.8
Average interest rate, %	2.1	2.3	2.3

Available liquidity

SEK million	Jan-Jun		Full year
	2021	2020	2020
Cash and cash equivalents	298.7	53.7	448.0
Unused loan facility	420.0	-	420.0
Total	718.7	53.7	868.0

Fixed-interest and loan maturity structure

Year	Capital ²	Interest	Share, %
within a year	-	39.5	2%
1-2 years	83.7	35.8	7%
2-3 years	1,456.3	33.1	90%
3-4 years	-	0.6	0%
more than 4 years ¹	2.0	0.6	0%
Total per 30 June 2021	1,542.0	109.6	100%

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

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

Fixed-interest and loan maturity structure

År	Räntebindning		Kapitalbindning	
	Mkr	Andel, %	Mkr	Andel, %
inom ett år	392.0	26%	-	-
1-2 år	-	-	69.0	5%
2-3 år	1,148.0	74%	1,471.0	95%
3-4 år	-	-	-	-
mer än 4 år	2.0	0%	2.0	0%
Totalt per 30 juni 2021	1,542.0	100%	1,542.0	100%

Sensitivity analysis

The average interest for the January-June 2021 period, based on a weighted average of interest-bearing liabilities on 1 January and 30 June, respectively, amounted to 2.1 percent. The effect of changes in average interest rates on profit is presented in the table below:

Change, %-points		SEK million
+/- 0,5%	+/-	7.7
+/- 1,0%	+/-	15.4
+/- 1,5%	+/-	23.1

Sustainability

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

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

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

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

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

Other information

Transactions with related parties

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

SEK million	Apr-Jun		Jan-Jun		Full year	
	2021	2020	2021	2020	2020	2020
Acquisition of investment properties	131.0	268.9	131.0	507.8	692.0	
Interest costs, loans from rel. parties	-	-8.6	-	-18.4	-26.4	
Management fee	-	-1.9	-	-3.8	-6.3	

In 2020 and 2021, Annehem Fastigheter signed agreements and letters of intent with Peab on future acquisitions; for further information, refer to the section Our properties on page 7.

The Company's shareholders

Share owners	Numbers of shares	Capital, %	Votes, %
Ekhaga Utveckling AB	12,324,067	20.9	48.3
Familjen Paulsson	2,394,105	4.1	7.7
Volito AB	4,800,000	8.1	6.2
Peabs Vinstandelsstiftelse	2,403,800	4.1	2.0
Strandblocket Holding AB	208,432	0.4	1.6
UBS Switzerland AG	260,225	0.4	1.4
Familjen Kamprads Stiftelse	1,720,000	2.9	1.4
Carnegie Spin-off	1,500,000	2.5	1.2
Handelsbanken	1,154,428	2.3	1.1
Fredrik Paulsson	240,151	0.4	0.9
10 largest share owners, sum	27,005,208	46.1	71.9
Other share owners	31,987,340	53.9	28.1
Total	58,992,548	100.0	100.0

Impacts of the coronavirus pandemic

The coronavirus pandemic has had a major global impact and it is unclear when we can return to a more stable situation. The pandemic's impact on the future economic trend is therefore difficult to assess at the present time. To date, the pandemic has impacted a small number of our customers in the hotel, conference, some retail and restaurant sectors. There is also a risk that the lease of existing spaces may take longer and at lower rent levels than before. This could influence the value of our properties. For a more detailed description of Annehem's risks, refer to the Risks section on page 21, and the Risks and risk management section of Annehem's 2020 Annual Report.

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

Organisation and employees

Annehem Fastigheter had an average of 18 full-time employees in the second quarter of 2021. Including resources working on a consultative basis, the number of employees amounted to 20. Annehem Fastigheter had 13 employees and two resources on consulting basis during the 2020 comparative period.

Significant events after the end of the period

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

Review

This report has not been reviewed by the Company's auditors.

Financial calendar

Interim report Q3 2021

28 October 2021

Assurance of the Board of Directors and the CEO

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

Ängelholm, 22 July 2021

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 22 July 2021 at 8:00 a.m. CEST.

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Consolidated income statement

SEK million	Apr-Jun		Jan-Jun		Full year
	2021 ¹	2020 ²	2021 ¹	2020 ²	2020 ³
Rent revenue	45.5	36.7	90.6	69.3	151.5
Other property income	11.2	5.6	20.8	10.2	26.9
Total income	56.6	42.3	111.4	79.5	178.4
<i>Property expenses</i>					
Operating costs ⁴	-9.2	-10.5	-19.0	-22.7	-34.8
Maintenance costs	-1.7	-0.8	-3.7	-3.4	-10.4
Property tax	-2.2	-0.9	-4.6	-1.7	-5.7
Property administration ⁴	-4.0	-2.4	-7.6	-2.4	-6.1
Net operating income	39.6	27.8	76.4	49.4	121.4
Central administration ⁴	-8.4	-7.4	-16.8	-11.4	-57.9
Other operating income	1.3	2.2	3.2	2.2	5.9
Other operating costs	-0.8	-2.6	-1.6	-2.6	-2.8
Interest expenses	-11.4	-13.1	-23.3	-26.3	-43.7
Other financial items ⁵	1.7	-	3.3	-	-6.9
Income from property management	21.9	6.8	41.2	11.2	16.0
Changes in values of properties, unrealised	5.5	0.6	35.2	3.9	85.9
Income before tax for the period	27.5	7.4	76.4	15.2	101.9
Current tax	-0.5	-0.4	-0.8	-0.6	-4.1
Deferred tax	-6.8	-1.9	-14.7	-4.2	-26.1
Net income for the period attributable to the company shareholders	20.1	5.1	60.9	10.4	71.8
Average numbers of shares, before and after dilution	58,992,548	58,992,548	58,992,548	58,992,548	58,992,548
Earnings per share, before and after dilution, SEK	0.34	0.09	1.03	0.18	1.74

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

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

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

4) Costs for operating and property management personnel were reclassified from the central administration line to the operating costs line and property administration line, respectively.

5) Other financial expenses comprise primarily non-recurring currency effects. Currency hedging has been implemented as of 2021.

Consolidated statement of profit or loss and other comprehensive income

SEK million	Apr-Jun		Jan-Jun		Full year
	2021 ¹	2020 ²	2021 ¹	2020 ²	2020 ³
Profit for the period	20.1	5.1	60.9	10.4	71.8
Other comprehensive income					
<i>Items that will be reclassified to profit or loss</i>					
Change in market value of derivative instruments	0.8	-	1.9	-	-
Fiscal effect on derivative instruments	-0.2	-	-0.4	-	-
Translation differences from foreign operations for the period	3.9	-8.9	3.5	0.8	-7.0
Total other comprehensive income	4.6	-8.9	5.0	0.8	-7.0
Comprehensive income for the period attr. to parent company shareholders	24.7	-3.8	65.9	11.2	64.8

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

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

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

Consolidated balance sheet

SEK million	2021-06-30 ¹	2020-06-30 ²	2020-12-31 ¹
ASSETS			
Fixed assets			
Intangible fixed assets	0.1	0.9	0.1
Investment properties	3,545.9	2,912.1	3,317.5
Equipment and machinery	3.9	3.2	4.3
Other fixed assets	0.6	-	0.3
Total fixed assets	3,550.5	2,916.2	3,322.3
Current assets			
Accounts receivables	2.3	1.4	2.8
Accounts receivables, from related parties	-	16.1	2.8
Current receivables	20.1	9.0	4.5
Current receivables, from related parties	-	427.5	-
Derivative instruments	3.2	-	-
Cash and cash equivalents	298.7	53.7	448.0
Total current assets	324.3	507.7	458.1
TOTAL ASSETS	3,874.8	3,423.9	3,780.4
EQUITY AND LIABILITIES			
Equity			
Share capital	0.5	0.1	0.5
Other contributed capital	1,786.9	1,287.4	1,786.9
Reserves	0.2	4.5	-3.3
Retained earnings including net income for the year	336.3	212.5	273.8
Equity attributable to parent company shareholders	2,123.9	1,504.5	2,057.9
Non-current liabilities			
Liabilities to related parties, interest-bearing	-	802.6	-
Current interest-bearing liabilities	1,542.0	987.1	1,546.9
Other non-current liabilities	1.6	0.1	1.6
Deferred tax liabilities	104.8	65.9	86.5
Provisions for pensions	2.5	-	0.4
Total non-current liabilities	1,650.9	1,855.7	1,635.5
Current liabilities			
Liabilities to related parties, interest-bearing	-	2.3	2.6
Accounts payable and other liabilities	21.1	20.5	13.7
Current tax liabilities	4.3	1.0	14.6
Other current liabilities	74.7	40.0	56.3
Total current liabilities	100.1	63.7	87.1
Total liabilities	1,751.0	1,919.4	1,722.5
TOTAL EQUITY AND LIABILITIES	3,874.8	3,423.9	3,780.4

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

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

Consolidated cash flow statement

SEK million	Apr-Jun		Jan-Jun		Full year
	2021 ¹	2020 ²	2021 ¹	2020 ²	2020 ³
Income from property management	21.9	6.8	41.2	11.2	16.0
<i>Items not affecting cash flow</i>					
Depreciation	0.3	0.2	0.6	0.3	0.9
Unrealised currency effects	1.7	-	3.9	-0.5	3.9
Income tax paid	0.0	0.0	2.5	-0.2	-1.3
Changes in working capital					
Operating receivables	-3.3	85.2	-15.6	41.9	83.8
Operating liabilities	5.1	6.8	6.0	-31.0	-6.4
Cash flow from operating activities	25.7	98.9	38.7	21.7	96.9
<i>Investing activities</i>					
Investments in existing properties	-12.2	-38.3	-34.7	-57.7	-137.3
Acquisitions of investment properties	-131.0	-229.0	-131.0	-411.3	-692.0
Investments in machinery and equipment	-	-0.6	-	-0.6	-0.7
Investments in intangible fixed assets	-	-0.9	-	-0.9	-0.1
Cash flow from investing activities	-143.2	-268.8	-165.7	-470.5	-830.1
<i>Financing activities</i>					
Share issue	-	-	-	-	0.4
Shareholders contribution	-	1,300.0	-	1,300.0	2,000.0
Borrowings	69.0	253.4	69.0	1,491.6	1,814.2
Repayment of loans	-93.3	-1,378.5	-93.3	-1,318.0	-1,708.7
Cash flow from financing activities	-24.3	174.9	-24.3	1,473.6	2,105.9
Cash flow for the period	-141.8	5.0	-151.3	1,024.8	1,372.7
Cash and cash equivalents at the beginning of the period	439.4	51.5	448.0	40.4	40.4
Exchange rate difference in cash and cash equivalents	1.0	-2.4	2.0	1.1	-2.1
Transactions with shareholders ¹	-	-0.4	-	-1,012.6	-962.8
Cash and cash equivalents at the end of the period	298.7	53.7	298.7	53.7	448.0

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

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

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

Consolidated statement of changes in equity

SEK million	2021-06-30 ¹	2020-06-30 ²	2020-12-31 ¹
Opening balance, equity	2,057.9	955.5	955.5
Net income for the period	60.9	10.4	71.8
Other comprehensive income for the period	5.0	0.8	-7.0
Comprehensive income for the period	65.9	11.2	64.8
Share issue	-	-	0.4
Shareholders contribution	-	1,300.0	2,000.0
Other transactions with shareholders ¹	-	-762.2	-962.8
Closing balance, equity attributable to Parent Company shareholders	2,123.9	1,504.5	2,057.9

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

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

Parent Company Income statement

SEK million	Apr-Jun		Jan-Jun		Full year
	2021	2020	2020	2020	2020
Revenue	7.0	3.7	14.4	3.7	30.0
Administration costs	-9.0	-4.3	-16.8	-6.2	-50.6
Operating result	-2.0	-0.6	-2.4	-2.6	-20.6
Financial items					
Result from shares in Group companies	-	-	-	-	1.0
Financial net	16.2	1.7	18.9	1.7	16.5
Result after financial items	16.2	1.7	18.9	1.7	17.5
Result before tax	14.2	1.1	16.5	-0.8	-3.1
Current tax	-	-	-	-	-3.3
Deferred tax	-0.2	0.0	-0.2	0.0	-0.1
Result for the period	14.0	1.1	16.3	-0.8	-6.5

Parent Company Balance sheet

SEK million	2021-06-30	2020-06-30	2020-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	0.1	0.9	0.1
Equipment and machinery	0.3	0.6	0.5
Financial fixed assets			
Shares in Group companies	14.3	0.3	12.5
Long-term receivables, Group companies	1,928.2	1,297.4	2,026.1
Other fixed assets	0.6	-	0.3
Total financial fixed assets	1,943.1	1,297.7	2,039.0
Total fixed assets	1,943.5	1,299.1	2,039.5
Current assets			
Accounts receivables	9.4	1.9	-
Accounts receivables from related parties	5.1	3.1	0.5
Derivative instruments	1.0	-	-
Cash and cash equivalents	65.8	1.5	0.4
Total current assets	81.2	6.4	0.9
TOTAL ASSETS	2,024.7	1,305.5	2,040.4
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	0.5	1.5	0.5
Unrestricted equity			
Retained earnings	1,993.5	1,300.0	2,000.0
Result for the year	16.3	-0.8	-6.5
Total equity	2,010.3	1,300.7	1,994.0
Provisions			
Provision for pensions and similar obligations	0.7	-	0.4
Provision for deferred tax	0.3	-	0.1
Total provisions	1.0	-	0.5
Current liabilities			
Liabilities to related parties, accounts payable	-	-	2.4
Liabilities to Group companies, accounts payable	1.5	-	15.6
Accounts payable	1.0	4.4	7.2
Current tax liabilities	3.3	-	-
Other current liabilities	7.7	0.5	20.7
Total current liabilities	13.5	4.9	45.9
TOTAL EQUITY AND LIABILITIES	2,024.7	1,305.5	2,040.4

Parent Company Cash flow statement

SEK million	Apr-jun		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Result before tax	14.2	1.1	16.5	-0.8	-3.1
<i>Items not affecting cash flow</i>					
Depreciations	0.1	-	0.2	-	0.2
Tax paid	-0.1	-	-0.1	-	-3.4
Changes in working capital					
Operating receivables	-1.5	-1.8	-15.0	-1.6	0.1
Operating liabilities	0.7	3.9	-33.3	5.8	46.5
Cash flow from operating activities	13.4	3.2	-31.7	3.4	40.3
<i>Investing activities</i>					
Investments in machinery and equipment	-0.6	-0.6	-0.7	-0.7	-0.7
Investments in intangible fixed assets	-	-0.8	-0.1	-0.9	-0.1
Cash flow from investing activities	-0.6	-1.4	-0.8	-1.6	-0.8
<i>Financing activities</i>					
Rights issue	-	-	-	-	0.4
Capital contribution	-	1,300.0	-	1,300.0	2,000.0
Borrowings	-	-0.3	-	-0.3	362.3
Repayment of loans	-	-	-	-	-362.3
Changes interest-bearing receivables, Group companies	-137.7	-1,300.0	97.9	-1,300.0	-2,401.3
Cash flow from financing activities	-137.7	-0.3	97.9	-0.3	-400.9
Cash flow for the period	-124.9	1.5	65.4	1.5	-361.4
Cash and cash equivalents in the beginning of the period	190.6	-	0.4	-	-
Transactions with shareholders	-	-	-	-	361.8
Cash and cash equivalents at the end of the period	65.8	1.5	65.8	1.5	0.4

Comments on Parent Company

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

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

Notes

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

Transactions with shareholders and related parties

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

NOTE 2 ESTIMATIONS AND ASSESSMENTS

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

Valuation of investment properties

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

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

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

Tax assessments

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

NOTE 3 SEGMENTS

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

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

2021	Jan-Jun			
	Capital Region	South Region	Staff	Total
SEK million				
Rent revenue	52.3	38.3	0.0	90.6
Net operating income	53.1	22.7	0.6	76.4
Income from property management	20.8	9.8	10.6	41.2
Income before tax	42.1	23.7	10.6	76.4
Investment properties, fair value	2,441.2	1,104.7	-	3,545.9

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

2020	Jan-Jun			
	Capital Region	South Region	Staff	Total
SEK million				
Rent revenue	40.3	29.1	-0.1	69.3
Net operating income	34.0	14.9	0.4	49.4
Income from property management	20.0	0.5	-9.3	11.2
Income before tax	20.6	3.9	-9.4	15.2
Investment properties, fair value	1,938.2	973.9	-	2,912.1

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

SEK million	Apr-Jun		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Property tax	1.3	1.2	2.6	2.1	4.7
Other property revenue	9.9	4.5	13.7	8.2	22.1
Total other property revenue	11.2	5.6	20.8	10.2	26.9

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

NOTE 5 ESTABLISHMENT OF GROUP

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

IFRS does not specifically address the preparation of combined financial statements. The term "combined financial statements" refers to the financial information prepared by combining the financial information for jointly controlled entities that do not correspond to the definition of a group under IFRS 10. An important requirement for the preparation of these combined financial statements is that all entities have the same controlling interest through Peab's ownership. In the combined financial statements, transactions cannot be eliminated as in normal consolidated financial statements which is why certain items are entered on the "transactions with shareholders" line. Transactions with shareholders primarily refers to payments for acquisitions of subsidiaries that on 31 December 2019 were part of the combined financial statements but were not legally owned by Annehem Fastigheter (SEK -844.4 million), payment received for assets not included in the combined financial statements (SEK +36.6 million) and the transfer of assets without payment (SEK -155.0 million).

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

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

NOTE 6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

The fixed-interest derivatives are initially recognised at fair value on the transaction date for derivatives and subsequently reassessed at fair value at the end of each reporting period. The effective portion of changes in the fair value of derivatives, which are designated as cash flow hedges, is recognised in other comprehensive income and accumulated in a fair value reserve in equity. The gain or loss attributable to the ineffective portion is immediately recognised as gain or loss in other financial items. Fair values are based on notifications at brokers. Similar contracts are traded on an active market and the rates are reflecting actual transactions on comparable instruments. All of the Groups derivative instruments are classified as level 2 according to IFRS 13.

The Group has interest rate derivatives in NOK, SEK and EUR, and currency rate derivatives in NOK and EUR. The Group applies hedge accounting for the interest rate derivatives in NOK and SEK. When a hedge instrument expires, is sold, terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time, is recognised in profit or loss. When an anticipated transaction is no longer expected to take place, the cumulative gain or loss is recognised in equity is immediately reclassified to profit or loss. All of the Group's derivative instruments are classified at level 2 in accordance with IFRS 13. As per 30 June 2021, the market value of fixed-interest derivatives amounted to SEK 2.3 million (-) and currency derivatives to SEK 1.0 million (-).

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

Risk factors

Risks in the value of the properties

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

Macroeconomic risks

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

Environmental risks

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

See also the section Impacts of the coronavirus pandemic on page 11, and the section Risks and risk management in the Annehem Fastigheter Annual Report for 2020.

Financial key figures

Number of shares

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

Income from property management

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

SEK million	Apr-Jun		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Income before tax	27.5	7.4	76.4	15.2	101.9
Add back					
Changes in fair value on investment properties	-5.5	-0.6	-35.2	-3.9	-85.9
Listing costs	-	-	-	-	19.0
Financing costs	-	-	-	-	5.1
Exchange rate effects	-	-	-	-	4.9
Income from property management excl. Items affecting comparability	21.9	6.8	41.2	11.2	45.0

Income from property management, per share

SEK million	Apr-Jun		Jan-Jun		Full year
	2021	2020	2021	2020	2020
Income from property management	21.9	6.8	41.2	11.2	16.0
Items affecting comparability	-	-	-	-	29.0
Income fr. property management excl. Items affecting comparability	21.9	6.8	41.2	11.2	45.0
Number of shares	58,992,548	58,992,548	58,992,548	58,992,548	58,992,548
Income fr. property management excl. Items affecting comparability	0.37	0.12	0.70	0.19	0.76

Long-term net asset value

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

SEK million	2021-06-30	SEK/share	2020-06-30	SEK/share	2020-12-31	SEK/share
Equity according to balance sheet	2,123.9	36.0	1,504.5	25.5	2,057.9	34.9
Add back						
Deferred tax according to balance sheet	104.8	-	65.9	-	86.5	-
Long-term net asset value	2,228.6	38.0	1,570.4	26.6	2,144.4	36.3

Interest-coverage ratio

SEK million	Apr-Jun		Jan-Jun		Full year	
	2021	2020	2021	2020	2020	
Income from property management	21.9	6.8	41.2	11.2	16.0	
Add back						
Interest net	11.4	13.1	23.3	26.3	43.7	
Interest coverage, multiple	2.9	1.5	2.8	1.4	1.4	
Add back						
Items affecting comparability	-	-	-	-	29.0	
Income from property management excl. items affecting comparabi	33.4	19.9	64.5	37.5	88.7	
Interest coverage excl. items affecting comparability, multiple	2.9	1.5	2.8	1.4	2.0	

Loan-to-value ratio

SEK million	2021-06-30	2020-06-30	2020-12-31
Interest-bearing liabilities	1,542.0	1,792.0	1,546.9
Cash and cash equivalents	-298.7	-53.7	-448.0
Net interest-bearing liabilities	1,243.3	1,738.3	1,098.9
Investment properties	3,545.9	2,912.1	3,317.5
Net loan-to-value ratio, %	35.1%	59.7%	33.1%

Surplus ratio

SEK million	Apr-Jun		Jan-Jun		Full year	
	2021	2020	2021	2020	2020	
Income from property management	21.9	6.8	41.2	11.2	16.0	
Add back						
Property expenses	17.7	21.0	35.2	38.1	105.4	
Net operating income	39.6	27.8	76.4	49.4	121.4	
Rent revenue	45.5	36.7	90.6	69.3	151.5	
Surplus ratio, %	87.2%	75.7%	84.4%	71.2%	80.1%	

Items affecting comparability

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

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

Return on equity

SEK million	Apr-Jun		Jan-Jun		Full year	
	2021	2020	2021	2020	2020	
Net income for the period attributable to the Parent Co's shareholders	20.1	5.1	60.9	10.4	71.8	
Equity attributable to the Parent Company's shareholders	2,123.9	1,504.5	2,123.9	1,504.5	2,057.9	
Return on equity, %	0.9%	0.3%	2.9%	0.7%	3.5%	

Glossary and definitions

Return on equity	Profit for a rolling 12-month period in relation to the average equity during the interim period. Purpose: The key figure shows the return generated on the capital attributable to the shareholders.
Gross rent	Gross rent is defined as rent revenue at a yearly basis excluding supplements and discounts.
Yield	Net operating income for a rolling 12-month period in relation to the properties' carrying amount, adjusted for the properties' holding period for the period. The key figure shows the return from operational activities in relation to the value of the properties. Purpose: The key figure shows the return from operational activities in relation to the value of the properties.
Net operating income	Net operating income includes the revenue and expenses that are directly linked to the property, that is to say, rent revenue and the expenses required for running the property, such as operating costs and maintenance costs. Purpose: The metric is used to provide comparability with other property companies and also to show the performance of the business.
Economic occupancy rate⁴⁾	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 ground lease.
Fair value of properties	Property value recognised according to balance sheet at the end of the period. Purpose: The key figure provides greater understanding of the value growth in the property portfolio and the Company's balance sheet.
Income from property management	Income from property management is comprised of net operating income plus property management and administrative expenses and financial income and expenses. The earnings measure does not include the effects of changes in value of the investment properties and derivatives.
Income from property management excl. items affecting comparability	Income from property management is comprised of net operating income excluding items affecting comparability, plus property management and administrative expenses and financial income and expenses. The earnings measure does not include the effects of changes in value of the investment properties and derivatives.
Rent revenue	Rent revenue less vacancies, rent discount and lost rent.
Rental value⁴⁾	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 lettings⁴⁾	New letting taken out during the period less terminations with notice of vacancy.

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

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



Ultimes I&II in Finland