



Profitable and sustainable growth

2022 Annual Report | Annehem Fastigheter AB



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Annhem's dedicated employees



This is Annehem

Annehem manages and develops a sustainable and modern property portfolio in attractive locations in Nordic growth areas. Most of the present 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

We are 17 employees who work close to our tenants to create attractive properties.

- Professional
- Committed
- Long-term
- Enablers



Capital Region	South Region
Stockholm, 41%	Gothenburg, 5%
Helsinki, 21%	Malmö, 6%
Oslo, 7%	Ångelholm/ Helsingborg, 20%



Offices/Premises/Hotels, 69%	Supermarkets, 9%
Community service properties, 10%	Conference/Restaurants, 2%
Parking, 5%	Other, 5%

81%

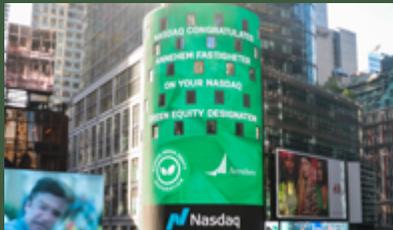
of the property value is sustainable*

*According to the EU taxonomy regulation based on fair value





The year in brief



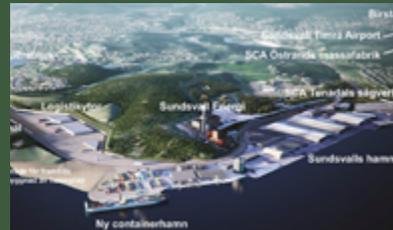
Annehem's shares receive Nasdaq Green Equity Designation

The designation is proof that over 50 percent of Annehem's sales derive from green activities and that the business will continue to invest in a significant share of green investments.



Annehem takes possession of logistics property in Södertälje

Annehem took possession of the Almnäs 5:28 logistics property in Södertälje. Post-Nord is renting the entire building of 2,150 sqm on a ten-year lease. The property has an energy classification B and is certified in accordance with Swedish Green Building Council Silver.



Agreement to purchase land in Sundsvalls Logistikpark

Annehem Fastigheter and Peab Projektutveckling signed an agreement to purchase approximately 58,000 sqm of land in Sundsvalls Logistikpark. Annehem and Peab established a joint venture to develop a modern and sustainable logistics facility of about 28,000 sqm in gross area in the logistics park.



Monica Fallenius new CEO of Annehem Fastigheter

In August, Monica Fallenius took over as new CEO of Annehem. Monica was previously property director at Svenska Handelsfastigheter and also has experience from Atrium Ljungberg and Hemsö Fastighets AB.



Additional green financing

Annehem raised green financing through Handelsbanken in conjunction with the acquisition of Almnäs 5:28. The property has an energy classification B and is certified in accordance with Swedish Green Building Council Silver.



One of Sweden's most gender-equal companies

In 2022, Annehem was ranked the seventh (sixth) most gender-equal company in Sweden when the Allbright Foundation conducted its annual review of gender equality in Sweden's listed companies.

4,309

Property value, SEK million

Property value, SEK million

2020	3,318
2021	3,994
2022	4,309

181.3

Net operating income, SEK million

Net operating income, SEK million

2020	115.0
2021	155.8
2022	181.3

95%

Economic occupancy rate

77

Customer Satisfaction Index

According to CFI Fastighetsbarometern's annual index. 77 is in line with an industry average.

Key figures	2022	2021
Rent revenue, SEK million	217.9	187.8
Net operating income, SEK million	181.3	155.8
Income from property management, SEK million	74.2	86.2
Income from property management excl. currency effects, SEK million	90.5	86.2
Income from property management excl. exchange rate effects per share, SEK	1.53	1.46
Income for the period, SEK million	207.3	209.7
Earnings per share for the period, SEK	3.51	3.56
Net loan-to-value ratio, %	38.3	38.3
Equity/assets ratio, %	53.4	53.9
Interest-coverage ratio, multiple	2.7	3.0
Economic occupancy rate, %	95.0	93.0
Return on equity, %	8.3	9.2
Surplus ratio, %	83.2	83.0
Proportion of property portfolio that is sustainable in accordance with the EU Taxonomy Regulation in fair value, %	81.0	85.0



CEO's comments

A clear roadmap moving forward

2022 was one of the most challenging and surprising years for some time. The new global situation, with a new economic reality, entails a dramatic change in circumstances for everyone, not least the property sector. In these troubled times, Annehem's property portfolio with its focus on sustainable and modern office properties in areas well served by public transport located in Nordic growth areas has served us well and we stand strong ahead of year 2023.





“Over the past six months, I have come to know a stable company with a long-term growth agenda and a dedicated team of employees.”

I took over as new CEO of Annhem Fastigheter in August 2022. Over the past six months, I have come to know a stable company with a long-term growth agenda and a dedicated team of employees.

Clear strategy moving forward

Together with the company's management team and Board, during the autumn we created an ambitious vision to be the most sustainable property company in the Nordics and we clarified our strategy for the future. We have now established a clear roadmap that we will follow.

Annhem will continue to grow profitably and sustainably. Today, we are a commercial property company with most of our portfolio comprising office properties in attractive locations. Moving forward, we believe a diversification of our risks and opportunities is important and a select share of our portfolio will comprise other property types, such as community service and logistics properties and residential homes. When we invest, the common thread is that this takes place in growth cities where we are active and can, thereby, leverage our efficient property management activities close to our tenants. We require all acquisitions to have a high level of sustainability potential. With its strong financial position and stable and long-term owners, Annhem is well positioned for continued profitable growth.

In conjunction with our year-end report for 2022, we adapted our financial targets to reflect the new global situation. Our growth target of 20 percent per year remains but we have extended the time horizon until 2027. The aim is that we will then have doubled the value of the property

portfolio to a fair value of SEK 8 billion, depending on when a new equilibrium is achieved in the transaction market and activity levels improve.

In line with our new vision, we have also strengthened and broadened our sustainability ambition. We adopted a target of net zero CO₂e emissions by 2030 and changed the definition of our energy target to measure property energy rather than the previous measure of purchased energy. Moreover, we adopted new operating targets for biodiversity, inclusion and sustainability training, which I am very pleased about.

Strong net operating income and stable value

During 2022, we reported strong net operating income of SEK 181.3 million (155.8). The 16-percent increase was primarily related to our new acquisitions. We have a high occupancy rate of 95 percent and a good surplus ratio of 83 percent. Income from property management, adjusted for exchange rate effects in net financial items, amounted to SEK 90.5 million (86.2). At the same time, the result was burdened by increased energy and financing costs.

Valuations for the full year were characterised by major swings with positive development during the first half of the year that switched to a negative value trend in the third quarter, and subsequent stabilisation in the fourth quarter. Overall, during the year the value of the portfolio rose by SEK 98 million to SEK 4,309 million at year-end. The positive value growth in the fourth quarter benefited from index adjustments covering 96 percent of rent revenue in our portfolio and offset the rising return requirements on the portfolio. This, combined with successful work by our property management team in signing



leases and implementing operating measures, increased our net operating income and thereby increased value.

Financial stability creates platform for the future

Our possibilities for securing financing in the future are central. We have a strong financial position with a high equity/assets ratio and low loan-to-value ratio, with loan financing that largely comprises interest-hedged bank loans. Our modern and green property portfolio gives us an advantage. In May 2022, Annehem became one of the first property companies to list its share as Nasdaq Green Equity, which means more than 50 percent of the company's sales must be derived from green activities. On 31 December 2022, 74 percent of Annehem's income was green.

At the end of 2022, we secured our financing for another three years – SEK 1.6 billion of the total debt of SEK 1.9 billion. This is on the same terms and conditions as previously, but with an additional green discount and a requirement that the interest-coverage ratio is reduced from 2.0 to 1.7. This offers us greater freedom to focus on the company's growth and on developing our sustainable property management. We hope that in the longer term the green discount will become more important in our financing.

Investments in sustainable growth

In 2022, we increased the diversity of our property portfolio. We took possession of our first logistics property in Södertälje Almnäs and signed an agreement to purchase land in i Sundsvalls Logistikpark. In early 2023, we also took possession of our first residential property, Carl Florman 1, in Malmö. Naturally, our newly added properties are certified and have a high sustainability performance and potential for further

improvements. This is essential in our efforts moving forward towards achieving our vision of becoming the most sustainable property company in the Nordics.

Towards the end of the year, we began to see increased activity in the transaction market, primarily among some of the major property companies that are divesting large volumes. Given the rapid rise in interest expenses and continued high price levels, buyers and sellers remain some distance from each other. Despite this, we have a positive view of the market in coming years and we believe business opportunities will arise given time. We have a number of letters of intent signed with Peab in conjunction with the IPO. These properties are not scheduled to be completed until 2025 and after. The properties are a good fit in our strategy, although if we are to deliver on our growth targets we must add other properties to the portfolio. We are also reviewing how we can upgrade our existing portfolio through new construction, rebuilding and extensions. In conjunction with this, we are also investing in improving the sustainability performance, which goes hand in hand with higher profitability. 81 percent of our property portfolio is currently taxonomy-aligned, but we want more. Our target is 90 percent. There is great potential and we can have a broad perspective with our large portfolio of very modern properties combined with our business parks that include both properties and land. We can make advances here in terms of energy consumption and climate impact in the properties and with regard to biodiversity in the external environment. We are studying new, exciting opportunities for self-generated energy, and can offer new tenants space for new, sustainable technological development. (Read more about this in our cases about PostNord, on page 21, and the Lund University School of Aviation, on page 25.)

We work close to our tenants

Annehem is a young company with extensive experience in the sector. We are a small property company that works close to our tenants and we develop our property management activities together with them. In this way, we create stability and satisfied customers. Today, our average contract period is five years, and in 2022 our CSI was 77, a good figure that we naturally want to improve further.

My colleagues and I have together set high targets for Annehem and we have a shared plan for how the company can create attractive properties where our tenants can thrive and develop. I am humble when facing the challenges, but alongside me is a motivated, professional and solution-focused team. I am convinced that we have the right conditions to create a strong Annehem together. We are ready.

Many thanks to all of our employees, tenants and partners for good cooperation during the year!

Monica Fallenius
CEO



Profitable and sustainable growth—investments in 2022

In May, the Almnäs 5:28 property was taken into possession in Almnäs, an expansive industrial area near Södertälje. The property is a newly built logistics building that is certified in accordance with Swedish Green Building Council Silver. The tenant is PostNord on a ten-year lease.

Annehem is working together with PostNord to continue to develop the property and further raise its sustainability performance. The property includes additional development rights of about 2,000 sqm.

During the second half of the year, Annehem signed an agreement to acquire 58,000 sqm of land in Sundsvalls Logistikpark. The transaction has a major focus on sustainability and was conducted in a joint venture with Peab. The plan is to certify the building in accordance with BREEAM Excellent with energy class A or B.



Our strategic direction

Our vision

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

Our 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. Through close property management, we build long-term relationships and values.

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 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.



Our targets

Annehem's overall target is to create value for the company's shareholders. Annehem's Board of Directors has established the following financial targets and risk limitations.

Growth and returns

	Target	Outcome in 2022	Outcome in 2021
Average annual growth in property portfolio over time	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	20%	-14%	52%
Return on equity	At least 10 percent per year	8.3%	9.2%

Risk and dividends

	Target	Outcome in 2022	Outcome in 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	> 2.2x	2.7x	3.0x
Dividend policy	The profits shall essentially be reinvested in order to utilise growth opportunities and achieve Annehem's growth targets.	-	-

Sustainability

	Target for 2024	Outcome in 2022	Outcome in 2021
Energy intensity (kWh/Atemp, property energy)*	9% reduction	79 (-6%)	85 (base year)
Proportion of property portfolio that is sustainable in accordance with the EU Taxonomy Regulation	90%	81%	85%
CO ₂ e emissions (tonnes CO ₂ e, Scope 1 & 2)*	30% reduction	527 (-23%)	683 (adjusted base year**)

* Reduction compared with 2021.

** Adjusted base year for net zero target, based on new measurement and reporting principles for climate statement



A sustainable Annehem

Annehem adds value through active and long-term management, which measurably increases sustainability performance across the entire property portfolio. We identify synergies and best practices between our different property types and tenants to create sustainable and profitable growth.

Our targets:

A measurable high sustainability performance across the entire property portfolio

The goal is to have a property portfolio that is 90 percent green in accordance with the EU taxonomy*, where we actively invest to increase the sustainability performance of our properties by:

Investing in energy measures and renovation

Actively environmentally certifying buildings and working with operational improvements

Adapting buildings to align with climate change

Utilising the property types' different energy profiles to supply self-generated energy

*Based on fair value.



Read more about our properties on page 16.

We achieve this through...

Sustainable, active and long-term property management

Our smart management enables sustainable value generation. Annehem's long-term management model is based on that we:

Helping tenants to be sustainable through efficient energy consumption, reduced water consumption, Green leases and increased recycling

Creating satisfied tenants and long-term relationships

Taking responsibility ourselves by using environmentally certified service and company cars and by reviewing our suppliers

Creating conditions for gender-equal and satisfied employees with low sick leave

Systematically measuring and using technology to drive developments

Read more about our management on page 23.

This leads to...

Sustainable value generation



Resilient cities

- reduced future risk of stranded assets



Reduced CO₂e emissions

- reduced future risk
- possible green financing
- meet stakeholder demands



Energy optimisation

- increased net operating income
- possible green financing



Reduction in waste

- reduced costs
- stronger business situation moving forward



Sustainable economic growth

- prerequisites for growth
- reduced risk

Read more about sustainable value generation on page 47.



Introduction to the Directors' Report

The Directors' Report contains a description of Annehem's strategy and targets, financial position and risk management. The report also includes the Board's proposal for remuneration and distribution of profit, and information about Annehem's sustainability agenda, information about the share and Annehem's financial development during the year. The Directors' Report is an integrated part of the Annual Report and the various sections can be found on the pages set out below.

Strategy, targets and target achievement

Annehem prioritises profitable and sustainable growth. This is made possible by a diversified and green property portfolio and a stable financial position. The foundation is in effective property management and development.

More information on pages 8–10.

Sustainability

In 2022, Annehem continued to develop work processes and monitoring, primarily in property management. A new climate target was set for Scope 1 and 2. The ambition is a 90-percent environmentally certified and taxonomy-aligned property portfolio with a high degree of energy efficiency. Work is continuing to meet the environmental and sustainability requirements of today and tomorrow.

More information on pages 17–18, 26 as well as 47–51.

The share

Annehem Fastigheter AB has two share classes, Class A and Class B. Annehem's shares are registered for trading on Nasdaq Stockholm, Mid Cap. As of 31 December 2022, Annehem had issued a total of 58,992,548 shares, of which 6,863,991 are A shares and 52,128,557 are B shares. Each B share entitles the holder to one vote at shareholders' meetings, while each A share entitles the holder to ten votes and every shareholder has the right to cast votes according to the total number of shares they hold in Annehem.

More information on page 42.

Risks and risk management

Annehem is aware that owning and managing properties means the business is exposed to risks, both internal and external, or uncertainties that may impact the Group's ability to achieve the overall growth target. Annehem works continuously and in a structured manner to identify and actively monitor financial and other risks that the business meets or faces.

More information on pages 43–46.

In addition to the above mentioned sections of the Directors' Report, refer also to the Financial developments and events during the year section on pages 52–53, Proposed distribution of profit on page 53 and Guidelines for remuneration to senior executives on pages 34–35, which form part of the Directors' Report.



Market



Cautious optimism after a challenging 2022

After a challenging year in the Nordic property markets in 2022, there is a feeling of cautious optimism and expectations that inflation will fall and market conditions will stabilise in 2023. For property companies, a strong financial position and long-term sustainable properties will constitute key elements of a strong market position in the year ahead.

Economic performance in 2022

2022 was a challenging and surprising year that led to a dramatic change in circumstances for all property companies. The geopolitical tensions resulting from Russia's invasion of Ukraine in February stopped the recovery that had been anticipated throughout Europe following the pandemic.

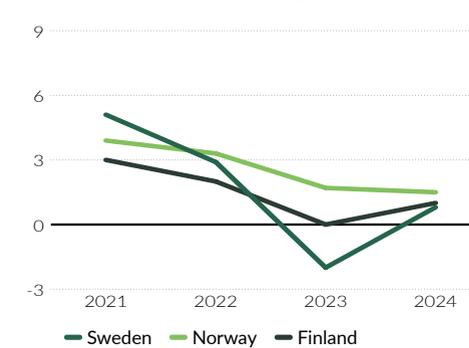
Growth in the Nordic countries where Annehem owns property declined sharply compared with previous years. Ahead of 2023, Sweden is expected to report negative growth of -2.0 percent while Finland and Norway are expected to show 0 percent and 1.7 percent, respectively. According to the Nordea Economic Outlook, the forecast for 2024 indicates positive growth of between 0.8 percent and 1.5 percent, which suggests the downturn will be temporary and that the Nordic economies as a whole will recover. However, some uncertainty remains, particularly if geopolitical tensions persist close to home.

Unemployment statistics are another important indicator for the property sector. In 2022, unemployment fortunately fell in Annehem's markets.

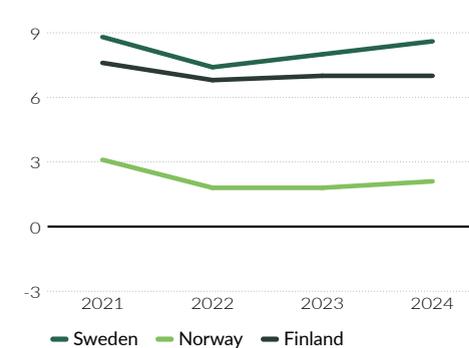
However, the picture for 2023 is more varied as Sweden is expected to see a higher level while Finland sees a slight increase and Norway remains unchanged.

After decades with low inflation, it rose in 2022 to levels we have not seen for 40 years. There are expectations that inflation will peak during the first half of 2023 and then gradually decrease, but uncertainty is considerable about when and at what rate. According to the Nordea Economic Outlook 1/2023, we will not see a return to significantly lower levels until 2024. Inflation development in 2022 was in part due to the war in Ukraine and the resulting cost increases, particularly on food and fuel prices. Property companies with commercial properties can largely offset cost increases through the index clauses included in leases but are simultaneously affected by the rapid increase in interest expenses. The residential market is particularly exposed as current regulations make it difficult for property owners to fully offset inflation-driven cost increases.

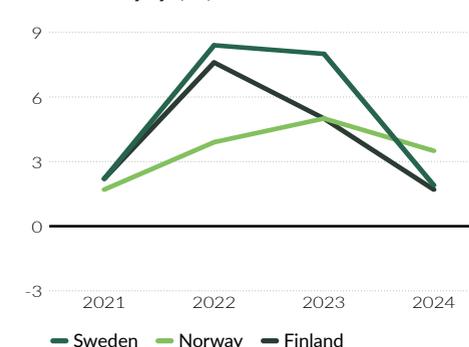
Real GDP annual change (%)



Unemployment (%)



Inflation y/y (%)



Source - Nordea Economic Outlook 1/2023

Interest rate and credit market

The interest trend is important to property companies in both the short and long-term. In 2022, the Swedish IBOR 90-day rate went from 0 percent to 2.5 percent and is expected to rise another 0.25-0.5 percent in 2023. This is provided the rise in inflation slows and then begins to fall over the next 12 months. Norway was early to raise its key policy rate. Sweden and Finland have followed suit and by the end of the year the difference between the countries was only 0.25 percent.

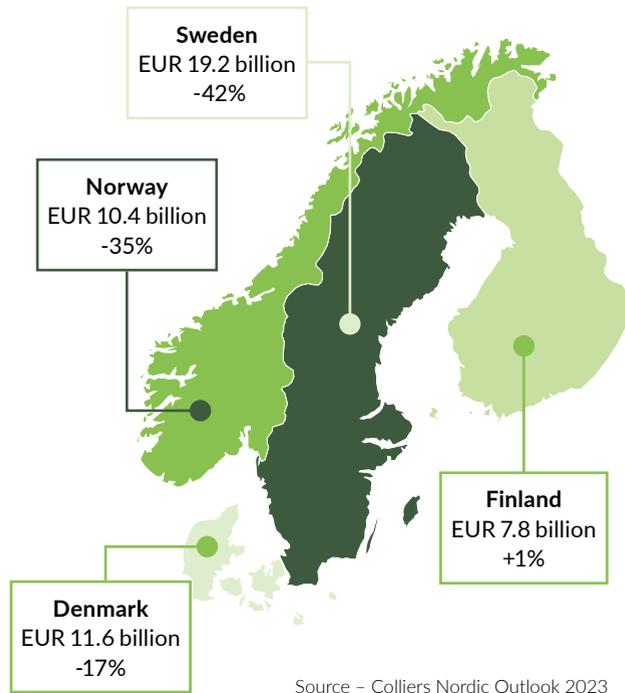
The credit market for bond financing has essentially ground to a halt. This in turn has led to increased pressure on bank financing. In parallel, the green component that was previously mainly found in bond financing has now begun to appear in bank financing and there are clear signs that banks are rewarding sustainable properties in connection with refinancing.

Country	Key policy rate % 1 Jan 2022	Key policy rate % 31 Dec 2022	Latest increase %	Date for increase %
Sweden	0	2.50	0.75	24 Nov 2022
Norway	0.5	2.75	0.25	15 Dec 2022
Finland (ECB)	0.25	2.50	0.50	15 Dec 2022

Source: <https://tradingeconomics.com/norway/interest-rates>
Key ECB interest rates (europa.eu) Key policy rate - Economic facts



Transaction volume 2022 per country



Source – Colliers Nordic Outlook 2023

Property market Sweden and Nordics

The Nordic property market is shrouded in uncertainty after a challenging 2022. Both the rental and transaction markets are expected to remain uncertain over the next year even if market analyses are slightly more positive than six months ago. Particularly as there are signs that inflation will peak in 2023 and then fall back to create more stable market conditions.

The total transaction volume in the Nordics in 2022 decreased from the record level of EUR 72 billion in 2021 to EUR 49 billion in 2022, a decline of 32 percent. Most of the fall occurred in the second half of the year. The volume

in Sweden decreased 42 percent. Finland moved against the trend and increased 4 percent in volume. Listed property companies have gone from being net purchasers to net sellers while international investors remain as net purchasers. Residential homes account for 28 percent of volume, followed by logistics at 19 percent, according to Mikael Söderlundh, Head of Research at Colliers, the trade journal Fastighetsnytt 22/12 2022 and the Colliers Nordic Outlook 2023 report.

Given the higher interest expenses and different price expectations, buyers and sellers remain some distance from each other ahead of 2023. However, as a new equilibrium is achieved in the transaction market, it is hoped that a more attractive market and good business opportunities will develop for companies with good financing opportunities.

The Colliers Nordic Outlook 2023 report shows substantial differences between different property segments in the Nordic countries in which Annehem current operates. The residential market in Sweden stands out as negative, which is attributed to the fact that market regulation is preventing property owners from offsetting cost increases by raising rents. In other sectors, assessments fluctuate in a narrower range from slightly positive to slightly negative where logistics properties stand out in a positive sense in Norway and Finland.

In Sweden, which is currently Annehem’s main market, the same report has the overall view that properties will probably be more positive at the end of 2023 and Colliers is of the opinion that the outlook for all property segments is slightly positive from 2024 with the exception of the residential market, again due to market regulation.

External environment and trends

Annehem is affected by global trends and by several more sector-specific trends, that differ slightly depending on, for example, property category and geography.

Some key trends that influence Annehem’s long-term growth are:

Outlook 2023 – property market in Sweden, Norway and Finland

PROPERTY TYPE	TOTAL MARKET ¹⁾	SWEDEN	NORWAY	FINLAND
Residential homes	35%	↓	→	↘
Offices	28%	↘	→	↘
Logistics	18%	→	↗	↗
Public-sector properties	15%	↘	→	→
Retail	13%	→	↘	→

¹⁾Percentage of Nordic transaction volume 2018–2022

Source – Colliers Nordic Outlook 2023

Outcome and outlook 2019– 2024 – property market in Sweden

PROPERTY TYPE	Covid-19				Ukraine & Inflation	
	2019	2020	2021	2022	2023 F	2024 F
Residential homes	↗	↗	↑	↑	↓	↘
Offices	↑	↑	↘	→	↘	↗
Logistics	↑	↑	↑	↑	→	↗
Public-sector properties	↗	↗	↑	↑	↘	↗
Retail	↓	↓	↓	↘	→	↗

Source – Colliers Nordic Outlook 2023



Digitisation

A sustained high rate of digitisation helps in the development of new services in society as a whole. For property companies, digitisation has a negative impact on demand for office space as it permits new working habits with a larger share of hybrid work. On the other hand, it also makes new demands on adapted premises with more quiet rooms and social spaces, which is often an advantage for modern properties that can easily be adapted to the shifting needs of tenants. Digitisation plays an important role in optimising and following up property management and significantly increases opportunities to improve a building's energy performance. In parallel, there is greater potential for increased transparency in communication with tenants, investors and other stakeholders.

New shopping habits

In recent years, e-commerce has steadily grown and experienced a significant upturn during the pandemic, which led to the rapid development of technology and changed people's shopping habits. This also boosted demand for logistics properties while demand for centrally-located stores declined. Annehem's retail properties mainly comprise supermarkets in more peripheral locations and have not been negatively impacted by these trends. Demand for logistics properties in attractive locations has been positive.

Sustainability focus

The stronger sustainability focus in the market is fuelling important changes in the property sector, which accounts for 20 percent of Sweden's total CO₂ emissions.

Stringent demands from tenants, investors and society as well as a stricter regulatory framework are putting pressure on the sector to be more sustainable, to use energy more efficiently and to reduce emissions, while putting extra focus on material selection and recycling.

Modern, flexible, energy-efficient properties are also in demand by many tenants, offering a combination of shared workspaces, spaces for meetings and networking. A sustainable management model and high level of service that

is developed through dialogue with tenants can make a big difference when choosing landlord for all types of properties.

Demand for sustainable and environmentally certified properties continues to rise, but the percentage of certified properties in the market remains relatively small. Developments are driven by increasing demands from the finance market, where green properties are given preferential treatment when it comes to borrowing and other financing.

Location, location, location

The trend whereby metropolitan regions are expanding at the expense of other parts of the country is continuing and modern office premises in good locations will continue to have an advantage over other office premises. Moreover, proximity to good transport links has become an even more important factor to attract employees, from both a sustainability perspective and to allow employees to easily divide their working hours between the home and the office.

Annehem well positioned in market

Overall, Annehem is well positioned in the current property market.

The existing property portfolio has a strong focus on sustainable properties in areas with good transport links in growth regions. The company also has a solid platform for future growth in these markets through the pipeline of properties with letters of intent. Annehem's geographic focus enables us to rapidly develop the company's sustainable management concept for all different types of properties in the selected growth areas.

Property companies that can reduce their environmental footprint are expected to secure better financing terms compared with others and can thereby improve their competitive situation. Annehem expects to continue to benefit from good financing terms in the future due to its Green Equity Designation with Nasdaq.





Our properties





A sustainable and modern property portfolio

Annehem has a clear strategy to build a diversified portfolio of properties with high sustainability potential in strong growth areas in the Nordics. This creates a solid platform for long-term risk diversification and a sustainable management model.

The strategy is reflected in the company's existing portfolio, which primarily comprises modern and high-quality environmentally compatible properties, where slightly more than 83 percent of the property value was constructed in the past five years, just over 81 percent has at least energy class B and 71 percent is environmentally certified.

The portfolio is focused on geographic areas with high population growth. Growth is supported by the ongoing urbanisation and sustainability trend in the Nordics and the properties are located with good transportation links to and from city centres.

Most of the portfolio is currently office properties but Annehem intends to create a larger and more diversified portfolio by acquiring selected logistics, community service and residential properties in the growth cities where it operates. Through geographic proximity, the company creates excellent conditions for sustainable property development.

Through its management and by adding value, Annehem aims to create a sustainable property

portfolio that is distinguished by a systematic and long-term approach.

Alignment with the EU's taxonomy for green investment is one outcome that is pursued and measured. Continuous work is required since the limit values in taxonomy will be tightened over the years. Annehem's ability as a property management company is a strength in this area.

We work proactively with energy efficiency, optimisation and own energy production. Since 2021, energy intensity has fallen 6 percent. The company currently owns three photovoltaic installations and our ambition is to capitalise on the unique assets in the business parks to construct another large-scale solar farm.

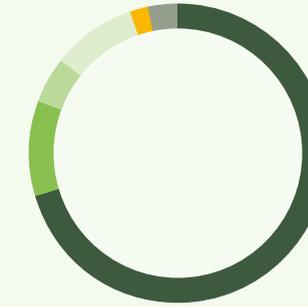
During the year, the property portfolio was analysed from a risk perspective in a changing climate. The insights gained will be integrated into property management work and maintenance plans. In addition to the climate and vulnerability analyses conducted, Annehem has targets for environmental certification, water consumption and biodiversity.

Property value by geography



Capital Region	South Region
Stockholm, 41%	Gothenburg, 5%
Helsinki, 21%	Malmö, 6%
Oslo, 7%	Ängelholm/Helsingborg, 20%

Property value by property type



Offices/Premises/Hotels, 69%
Community service properties, 10%
Parking, 5%
Supermarkets, 9%
Conference/Restaurants, 2%
Other, 5%

We are also located in and near to the Nordic growth cities of Stockholm, Helsingborg and Oslo as well as Malmö and Gothenburg. Most of our portfolio consists of office properties in attractive locations that are complemented by other types of properties, such as community service and logistics properties and residential homes.

Our properties





Property portfolio in figures

At the end of 2022, the property portfolio comprised of 25 investment properties with a value of SEK 4,309 million and a total lettable area of 195 thousand sqm. The total rental value on 31 December 2022 amounted to SEK 278.8 million, of which SEK 157.1 million comprised the Capital Region and SEK 107.5 million the South Region. The contracted economic occupancy rate at the end of the year was 95 percent and the average weighted remaining contract period for the property portfolio was 5.2 years. The assessment is that the property portfolio's average weighted remaining contract period is satisfactory and provides a solid platform for continued stable growth.

New regional structure in 2023

During 2022, the total property portfolio was divided into two regions. The Capital Region consists of properties in or near Stockholm, Helsinki and Oslo. The South Region includes properties in southern Sweden up to Gothenburg, including Annehem's two business parks in Ljungbyhed and Ängelholm.

During the fourth quarter of 2022, Annehem took a strategic decision to change the regional structure into the Sweden Region and the Rest of Nordics Region. This new structure offers Annehem even better conditions for coherent and efficient property management. The new regional structure took effect on 1 January 2023.

See also growth plan on page 22.

Property overview (including sustainability data)

City	Property designation	Fair value, SEK million	Area, sqm	Rent revenue, SEK million	Annualised rental value	Type of premises	Certification	Green electricity	Energy class	Taxonomy aligned
Stockholm	Almnäs 5:28	104	2,158	5.3	5.3	Logistics	Swedish Green Building Council Silver	Yes	B	Yes
Stockholm	Sadelplatsen 3	970	12,455	42.7	42.7	Offices	BREEAM Good	Yes	B	Yes
Stockholm	Sadelplatsen 4	378	13,494	15.5	18.9	Offices/garage	BREEAM in use Very Good	Yes	B	Yes
Stockholm	Ledvolten 1	328	4,268	14.5	14.5	Offices/garage	BREEAM Very Good	Yes	B	Yes
Helsinki	Ultimes I & II	944	17,015	68.4	68.4	Offices	LEED Platinum	Yes	B	Yes
Malmö	Stenekullen 2	241	4,937	15.3	15.3	Offices	Swedish Green Building Council Silver	Yes	A	Yes
Malmö	Kamaxeln 4	20	950	1.6	1.6	Light industry	Not certified	Yes	Mixed	No
Gothenburg	Partille Port 11:60	194	6,431	12.7	13.0	Supermarket/retail	BREEAM in use Very Good	Yes	C	No
Oslo	Carl Berner Torg	284	3,640	15.0	15.0	Supermarket/retail	BREEAM Very Good	Yes	B	Yes
Helsingborg	Jupiter 11	138	4,807	8.4	8.4	Offices	Swedish Green Building Council Silver	Yes	B	Yes
Ängelholm	Barkåkra 50:3 (Valhall Park)	486	51,564	38.2	40.6	Park	Not certified	Yes	Mixed	Mixed
Ljungbyhed	Sjöleden 1:5-1:17 (Ljungbyhed Park)	222	73,234	29.6	35.0	Park	Not certified	Yes	Mixed	Mixed
Total		4,309	194,953	267.1	278.8					

>83%

of the property value has been built in the past five years

81%

of the property value has at least energy class B

71%

of the property value is environmentally certified



Our properties

The South Region encompasses properties in Skåne and Gothenburg. Most of the portfolio consists of office properties, but there are also two business parks in Skåne.

Skåne and Gothenburg

In Skåne, the portfolio in Malmö, Ängelholm and Helsingborg primarily consists of office properties. The property in Partille, Gothenburg, consists mainly of retail space.

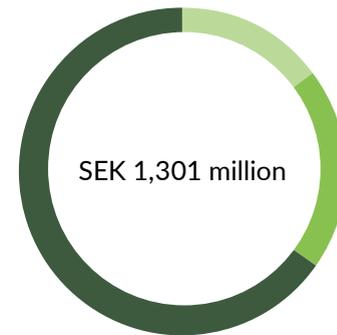
Business parks

The South Region also includes the business parks Valhall Park in Ängelholm and Ljungbyhed Park in Ljungbyhed, with a total of 13 properties in a space of approximately 600 hectares with many different types of activities. Vallhall Park is a broad-based business park while Ljungbyhed is an educational cluster with its own campus. Here, Annehem provides unique infrastructure for operations with specific requirements, such as important work by Lund University's Faculty of Engineering to electrify aircraft.

The park's motto is "We educate for tomorrow and research for the future."

Both business parks include offices and logistics properties as well as light industry together with associated service such as housing, educational facilities, conference centres and sports halls. The parks have an important role in the portfolio, as the different types of properties and close contact with tenants makes it possible to test energy optimisation and other technical improvements on a small scale and then using this knowledge in other parts of the property portfolio.

Property value by geography



South Region

- Gothenburg, 194
- Malmö, 261
- Ängelholm/Helsingborg/Klippan, 846

Rental value by geography



Region Syd

- Gothenburg, 13.0
- Malmö, 16.9
- Ängelholm/Helsingborg/Klippan, 84.0



Stenekullen 2

The property is located in Hyllie, just south of Malmö close to the E20 motorway. It was completed in 2020 and is the first of a planned collection of five buildings. 1,492 sqm is currently

vacant but the property is covered by a rental guarantee for 36 months as of March 2020.

Type of property: Offices
Area: 4,973 square metres
Let: 100 percent
Energy class: A
Certification: Swedish Green Building Council Silver



Partille Port

The property is located in the Partille Arena area and mainly comprises retail space but also includes a gym and restaurants. The building was completed in 2019 and is fully rented to a

supermarket, gym, pharmacy and restaurants.

Type of property: Commercial space
Area: 6,431 square metres
Let: 95 percent
Energy class: C
Certification: BREEAM in use Very Good



Jupiter 11

The property is situated in Helsingborg. Completed in spring 2021 and comprises office premises and a gym. Approximately 633 sqm is currently vacant but the property is covered

by a rental guarantee for 36 months as of May 2021.

Type of property: Offices
Area: 4,807 square metres
Let: 100 percent (including rental guarantee)
Energy class: B
Certification: Swedish Green Building Council Silver



Kamaxeln 2

The building comprises 950 sqm of office and warehouse space across two floors just east of Malmö near to the E6 motorway. It was completed in 2001 and includes an associated site area

of 2,901 sqm. The entire property is let to a single tenant.

Type of property: Offices and logistics
Area: 950 square metres
Let: 100 percent
Energy class: Mixed
Certification: No



Valhall Park

Valhall Park is a business park near Ängelholm close to the sea and good transport links near to the E6 motorway, rail and air services. The area offers flexible office premises and service

facilities such as hotel and conference facilities, educational facilities, gyms and a padel centre in an area of 51,564 sqm.

Type of property: Business park
Area: 51,564 square metres
Let: 94 percent
Energy class: Mixed
Certification: No



Ljungbyhed Park

Ljungbyhed Park is a business park and campus in Klippan Municipality in north-western Skåne. Today, the park is an important centre for research and training in air services by

providing important infrastructure, educational facilities and residential homes. The business park encompasses a total area of 73,234 sqm with a mix of offices, logistics, light industry, educational facilities and a broad range of activities.

Type of property: Business park
Area: 73,234 square metres
Let: 82 percent
Energy class: Mixed
Certification: No

NB. From 1 January 2023, all property in the South Region will be part of the Sweden Region.



Our properties

The **Capital Region's** property portfolio is located in Stockholm, Helsinki and Oslo and mainly consists of office properties.

Stockholm

Properties in the Stockholm region are concentrated to Ulriksdal, a new district in Solna, which is characterised by an attractive setting in close proximity to greenery and the pulse of the city. The area already contains a good mix of offices, residential homes and service, but is experiencing rapid expansion. Over the next few years, the area is expected to have about 15,000 workplaces and approximately 2,500 residential homes.

Helsinki

Annehem's property portfolio in Helsinki is concentrated to Pitäjänmäki, an office and industrial area approximately 6 kilometres outside Helsinki inner city, an area with good transport links. Our two office properties are newly built, of high-quality and modern and are 93 percent let. An associated multi-storey car park with 475 spaces is located in a separate property.

Oslo

Annehem expanded to Norway at the end of 2020 when it acquired and took possession of a property in Grünerløkka in central Oslo. This is a retail property with a single grocery store tenant. The property is a three-dimensional property with a tenant-owner property above the retail space.

Property value by geography



Capital Region

- Stockholm, 1,780
- Helsinki, 944
- Oslo, 284

Rental value by geography



Capital Region

- Stockholm, 81.4
- Helsinki, 68.4
- Oslo, 15.0



Sadelplatsen 3

Ulriksdal Center was completed in 2019 and comprises modern office space across nine floors and a lunch restaurant on the ground floor. The Office premises offer open, flexible floor plans and a high standard of technical systems and surface finish.

Type of property: Offices
Area: 12,445 square metres
Let: 100 percent
Energy class: B
Certification: BREEAM Good



Sadelplatsen 4

The property was completed in 2020 and mainly comprises a multi-storey car park with seven levels and space for 475 vehicles, of which 33 have charging for electric vehicles. The upper

sections of the building consist of three floors of flexible premises with a gym and office space.

Type of property: Offices, gym and parking
Area: 2,994 square metres
Let: 100 percent
Energy class: B
Certification: BREEAM in use Very Good



Almnäs 5:28

Almnäs is a logistics property near Södertälje with good transport links. The property was completed in mid-2022 and is fully rented to a logistics company. Also includes development rights of about 2,000

sqm.

Type of property: Logistics
Area: 2,150 square metres
Let: 100 percent
Energy class: B
Certification: Swedish Green Building Council Silver



Ledvolten 1

Approximately 90 percent of the property is leased to a medtech company. The building mainly comprises office premises but also laboratories and custom-made areas, known

as cleanrooms, for the tenant's operations. Annehem rents premises on the ground floor.

Type of property: Offices
Area: 4,271 square metres
Let: 100 percent
Energy class: B
Certification: BREEAM Very Good



Helsinki - Ultimes I&II

The area is an office and industrial park approximately 6 kilometres outside Helsinki inner city. Our two office properties are newly built, of high-quality and modern. An associated

multi-storey car park with 475 spaces is located in a separate property. 1,191 sqm is currently vacant. A rental guarantee extends for 36 months as of July 2020.

Type of property: Offices
Area: 17,015 square metres
Let: 100 percent
Energy class: B
Certification: LEED Platinum



Oslo - Carl Berner Torg

The property is situated in Grünerløkka in central Oslo with good transport links. It is fully rented to a grocery store business. In addition, there are residential homes in the same building but in a separate property and with another owner.

Type of property: Grocery store
Area: 3,640 square metres
Let: 100 percent
Energy class: B
Certification: BREEAM Very Good

From 1 January 2023, all Swedish properties above will be part of the Sweden Region while properties in Helsinki and Oslo will be part of the Rest of Nordics Region.



”Continuous dialogue to identify ways to enhance energy efficiency”

Meeting with tenant

An ambitious agenda for sustainable logistics

PostNord is a tenant at Annehem’s combined office and logistics property Almnäs 5:28 near Södertälje.

Naznoush Habashian, sustainability manager at PostNord Sweden, explains why they chose this particular property and how Annehem and PostNord are working together to achieve the company’s ambitious sustainability targets.

As a state-owned company, PostNord has a clear ownership policy and the Board and customers set high standards for the company’s work in all of the pillars of sustainability: environmental, economic and social. This is why PostNord has an ambitious agenda for sustainable logistics, as an important driver for transition throughout the transport sector.

Why did PostNord choose the property in Almnäs?

We believe it is important to choose alternatives that reduce the environmental and climate impact of operations. Energy-efficient properties and the use of green electricity make up one of our focus areas in achieving our climate targets. The fact that Almnäs is certified in accordance with Swedish Green Building Council Silver is a clear signal that Annehem is committed to environmental issues and thinks about the people who will use the building. The building must achieve more than simply complying with legal requirements – for example, sun protection, the sound environment and ventilation must be much better.

In addition, the Almnäs property has a strategic geographic location that contributes to a good and sustainable business.



The location offers us a short distance to and from the property, enabling us to use our electric vehicle fleet to complete most of the delivery routes.

In that context, it has been important that Annehem provided an efficient infrastructure for green electricity for our electric distribution vehicles.

How is Annehem contributing to your sustainability work?

Annehem is a partner with high climate ambitions and we have a continuous dialogue to identify ways to enhance energy efficiency at the property. We are pleased that the property owner is continually presenting new sustainability initiatives that aim to ensure the facility is as efficient and sustainable as possible for the future.

We have initiated a dialogue with Annehem about supplementing the property with solar panels to supply the property with self-generated solar energy. It is inspiring and extremely rewarding to have a good discussion partner in Annehem that, like us, prioritises sustainability and we look forward to exciting projects as we move forward.



Overview of properties with acquisition agreements

Property region	Taken into possession	Agreed underlying property value, SEK million	No. of properties	Lettable area, sqm	Rental value, SEK million ¹	Contracted economic occupancy rate, %	Average weighted remaining contract period
Capital Region							
- Sundsvall	2023/2024	28 ²	1	N/A	N/A	N/A	N/A
South Region							
- Malmö	2023-01	135	1	3,259	6.7	N/A	N/A
- Gothenburg	H1 2024	250	1	4,962	11.6	N/A	N/A
Total acquired but not taken into possession		413	3	8,221	18.3	0	0

¹ "Rental value" is defined as rent revenue in accordance with the relevant agreement with supplement for estimated market rent regarding unleased space for the coming twelve months from the time of report and "rent revenue" is defined as rents and rent surcharges excluding rent discounts.

² Pertains only to land purchase

Overview of properties with letter of intent

Property region	Taken into possession	Estimated underlying property value on completion, SEK million	No. of properties	Lettable area, sqm	Rental value, SEK million
Capital Region					
- Stockholm	After 2025	2,700	3	40	115
- Helsinki	After 2025	1,300	3	26	79
- Oslo	-	-	-	-	-
South Region					
- Gothenburg	-	-	-	-	-
- Malmö	After 2025	900	4	20	51
- Ängelholm/Helsingborg	-	-	-	-	-
Total properties with letter of intent		4,900	10	86	245

Note: The letters of intent with Peab are not binding for either party. The property valuations are a rough estimate and will vary until a final agreement is signed

Our growth plan

Annhem is growing profitably and sustainably. We are a commercial property company with most of our portfolio comprising office properties in attractive locations. As we move forward, an increasing and select share of our portfolio will also comprise other property types, such as community service and logistics properties as well as residential homes. We require all acquisitions to have high sustainability potential and are located in the growth cities where we are active.

Properties with acquisition agreements

Logistics

Annhem and Peab have formed a joint venture that has agreed to acquire 58,000 sqm of undeveloped land in corporate form from Sundsvalls Logistik Park, a municipal company. Possession will be taken when the municipality has completed property regulation and when a building permit has been received. The intention is that Annhem will acquire 100 percent of the property when it is completed and let.

Residential homes

In 2020, Annhem entered into an agreement regarding the acquisition of two residential properties from Peab with possession scheduled for 2023/2024.

The acquisition comprises a residential property in Malmö with 60 apartments and 3,259 square metres of living space that was taken into possession on 19 January 2023 and a residential property with 90 apartments and 4,962 square metres of living space in Partille in Gothenburg that will be taken into possession during the first half of 2024. The total underlying property value for both of these properties amounts to SEK 385 million and the lettable area amounts to 8,221 sqm.

The properties offer high-quality, environmentally compatible (Nordic Swan ecolabelled) rental properties. These are located in areas with high demand.

Properties with letter of intent

Ahead of Annhem's listing, a letter of intent was prepared with Peab relating to a number of properties in Peab's project portfolio earmarked for development. The properties would be highly suited to the company's growth strategy. Peab is planning to complete these properties, which are expected to mainly comprise offices for both the private and public sector (direct or indirectly tax-funded operations), after 2025.

The development rights are located in close proximity to the existing portfolio and the acquisitions would therefore both strengthen the geographic position and enable more efficient property management, which would contribute to economies of scale.

The properties with letter of intent will total 86,000 sqm and Annhem has assigned them an estimated underlying property value on completion of approximately SEK 4,900 million. Annhem has signed letters of intent regarding acquisitions of the properties on market terms. These are, however, non-binding, which means Annhem is under no obligation to acquire nor Peab to sell any of the properties.



Our tenants & property management



Our tenants

Annhem strives to build long-term relationships with the tenants. This is reflected in both satisfied customers and long-term contract periods. Long-term and good relationships increase our knowledge of tenant needs, which helps us in our long-term efforts with the properties' sustainability performance and provides us with insight into how we can help tenants themselves to act sustainably.

Peab is Annhem's largest tenant. Peab-related leases represented 35 percent of the rental value on 31 December 2022. The average weighted remaining contract period on these contracts amounted to 8.4 years. Except for Peab, there is no single tenant who represented more than 6 percent of the rental value. The ten largest customers (excluding Peab-related leases) represented 33 percent. The average weighted remaining contract period on

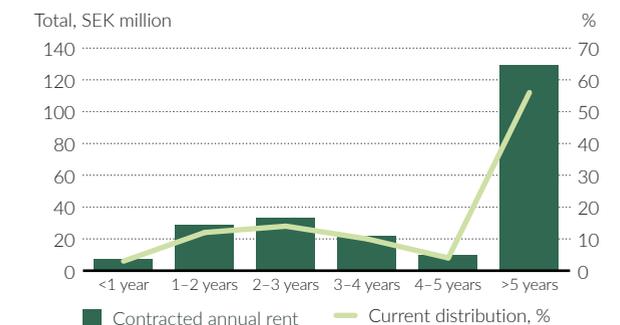
31 December 2022 amounted to 7.7 years for the ten largest tenants in terms of rental value and 5.2 years in total.

Every year, Annhem measures satisfaction among tenants and identifies measures needed for continuous improvement. In 2022, we had a CSI of 77 on a scale of 1 to 100.

Overview of the ten largest tenants on 31 December 2022

Tenant	Rental value, SEK million	%-share	No. of leases
Peab	91	35%	27
ISS	15	6%	6
Coop Norway	15	6%	1
Carmeda AB	13	5%	1
Actic Sverige AB	10	4%	1
Ängelholm's Municipality	9	3%	9
Coop Väst	8	3%	1
PostNord AB	7	3%	1
The Swedish Migration Agency	6	2%	2
Klippan's Municipality	5	2%	12
Summary	179	68%	61
Total	279		294

Annhem's lease maturity structure at 31 December 2022





”Annehem helps us to develop our sustainability ideas”

Meeting with tenant

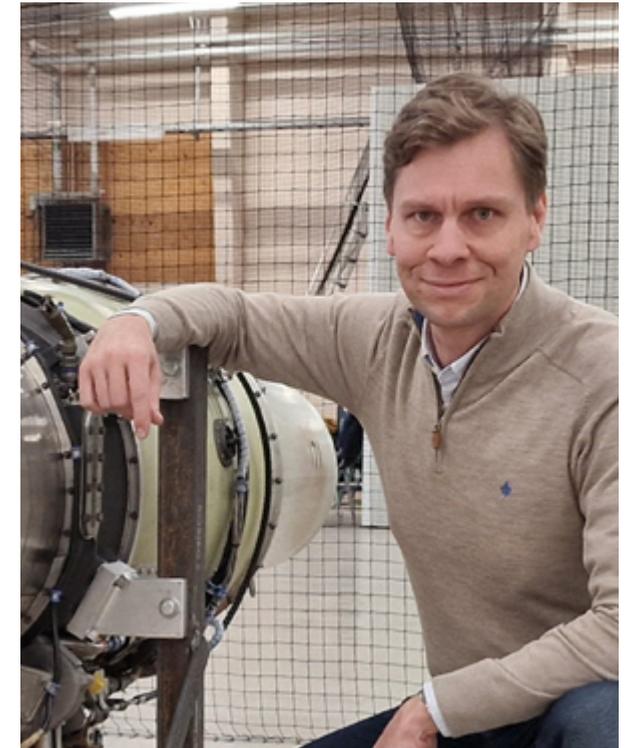
Innovation for the future

In Ljungbyhed Park, the Lund University School of Aviation, an institution at Lund University Faculty of Engineering (LTH), is developing the electric aviation of the future.

Johan Bergström, head of the department and administrator, explains how the partnership with Annehem enables this.

How is Annehem supporting your activities?

We appreciate working with a landlord and manager that, like us, places sustainability high on the agenda and that supports our development work with the electric aviation of the future. Ljungbyhed Park offers unique opportunities to develop bio-fuel technology in special lab environments and we hope this will eventually help to make Sweden independent of external parties by producing biofuel from Swedish raw materials in the manufacturing process. Annehem provides valuable infrastructure that makes our research possible and the area's campus environment also enables staff and students at the School of Aviation to work and live on site.



What new areas are being developed?

We can see many exciting projects in the future and appreciate Annehem's attitude to innovation, especially the planned solar farm that will benefit us and Annehem's other tenants in the area. We also work with hydrogen-powered unmanned aerial vehicles (such as drones) that are another step towards the green aviation of the future. The park provides the right conditions for this research.

Campus Ljungbyhed focuses on education and research and we are pleased to be part of this environment characterised by ambition and innovation, where we can work together to create a centre for sustainability with training and research – on land and in the air.



Focus on sustainable property management and development

Annehem strives to increase the value of its existing portfolio through sustainable, long-term management and development. We create value for tenants and municipalities as well as for our investors and financiers through synergies and best practices in property management. Our sustainable management model consists of seven parts, which we apply in our internal processes and safeguard in our external partnerships.

- 1. We create a sustainable property portfolio**
The purpose of our management model is to create a measurable high sustainability performance across the entire property portfolio. The target is a 90 percent environmentally certified and taxonomy-aligned property portfolio that uses green financing. As a property management company, we believe we can generate values and we strive to achieve long-term and stable change. This include work with climate change adaptation and energy investments.
- 2. We optimise energy consumption in our properties**
Energy optimisation helps to reduce CO₂e emissions and increase net operating income while enabling green financing. We supply parts of our portfolio with self-generated renewable energy.
- 3. We help our tenants to be sustainable**
Annehem works together with our tenants to reduce environmental impact. We seek a dialogue to measure and reduce tenants' energy consumption and water use, and encourage waste recycling, where we see ourselves as an enabler. The collaboration is formalised through green leases.

- 4. We take responsibility**
We act in a sustainable, environmentally aware and ethical manner, which we take responsibility for through annual training. We make clear demands on our strategic suppliers and strive to develop our processes to make it easy to make the right choices. We measure and reduce our direct CO₂e emissions and the emissions we generate as part of our management activities when we redevelop and maintain our properties.
- 5. We create satisfied tenants and long-term relationships**
Satisfied tenants who stay for a long time are sustainable for the environment, the tenant and Annehem. This allows us to deepen relations and work together to find long-term, sustainable solutions in everyday operations. We also avoid unnecessary tenant-specific modifications that often entail a significant climate burden.

- 6. We care about each other**
Our employees are a prerequisite for our sustainable management model. We strive to be professional, committed, long-term, enablers. In order to succeed, we must create a workplace where we are satisfied, healthy and that includes everyone.
- 7. We use technology in the right way**
As a property management company, we are good at using technology in the right way to create efficiencies and sustainability. We make deliberate choices when we use modern digital solutions and existing proven technology in our properties. In particular, we ensure that the technology we use is correctly calibrated.

Activities that illustrate our management model



Partnership with tenants to reduce energy consumption

Due to the energy situation this winter, and the property sector's potential to improve the situation, a number of property companies, including Annehem, joined together to launch an energy-saving campaign under the hashtag #HusFörHus. The aim is to help reduce energy use by working together and with our customers, communicating the initiative, and acting ourselves to reduce our energy use. (see items 2 and 3)

Climate change adaptation in property portfolio

A review of the portfolio was performed as part of long-term efforts to secure and adapt the properties to a changing climate. A risk and vulnerability analysis of the properties was conducted that was aligned with the EU taxonomy. (see item 1)

Sustainability actions and core value work

Annehem's employees met during the autumn for two workshops on sustainability and our core values. This created great commitment that resulted in employees working together in mixed teams with various sustainability actions, such as initiating dialogue with tenants, testing LoRa sensors in operations, and creating meadowland on unutilised green spaces. (see items 3, 4, 6 and 7)



Meeting with employees

Systematic focus on creating value

Johan Flodmark is a property manager at Annehem and together with his colleagues he works systematically to create value for tenants and the company. Work includes technical solutions and efficiency improvements, as well as close contact with tenants to jointly create the conditions for long-term sustainable operations.

What does green property management mean to you in practice?

Our management is to create value for tenants and for ourselves as property owners. We work systematically to increase sustainability performance and efficiency to reduce costs for both tenants and ourselves. This concerns financial investments that we can measure and evaluate. *Measurability is essential to us.*

We routinely conduct *energy optimisation initiatives* when we calibrate and replace parts of facilities, such as control systems for fittings and flows. Technical progress and digitisation is proceeding very quickly and provides us with a good basis for decisions on improvements to new and old properties. Much of what we develop for specific tenants can be subsequently applied to other properties. For example, we have learnt plenty by testing control installations to achieve

a good indoor climate in a conference facility at a small hotel. The lessons learnt were then applied on a larger scale in other properties. *We are continually learning.*

How can you help tenants become more sustainable?

We want to make it easier for our tenants to act in an environmentally friendly manner. This could involve anything from source separation to other ways to be more economical with resources at the office, in the same manner as at home. We are working together with Peab and other tenants in the portfolio with the "Hus för Hus" project, a campaign at the initiative of a number of property owners, that aims to reduce climate impact through simple suggestions to reduce energy consumption and also adapt the indoor climate. The most important thing is to be responsive and understand what tenants value most.

”We work together with our tenants over the long term”





Annehem's dedicated employees

We set a new vision to be the most sustainable property company in the Nordics. Employee motivation and commitment are crucial factors for achieving this. The vision can be achieved through sound and strong values, good leadership and shared responsibility for our own and the company's development.

Annehem is a young company with ambitious targets for sustainability and profitable growth. Over the next few years, several exciting steps will be taken in the company's development. Employees will have the opportunity to exert an influence and develop during this journey. At Annehem, we work together in teams to create and retain satisfied tenants through long-term relationships. We focus on optimising operational performance and upgrading the properties in a responsible manner. We are target and values-driven, where collaboration with tenants, municipalities, authorities and partners is key.

Leadership provides foundation

Annehem has a strong emphasis on creating well-being and inclusion and offers relevant skills development based on each employee's role and ambitions. A prerequisite to achieve this is leadership. Annehem's leadership philosophy is about living our values and setting a good example. By being responsive

Employees	2022	2021
Average number of employees	17	18
Of whom women	65%	56%

Gender distribution in management

Employees	2022	2021
Parent Company		
Board of Directors	8	7
of whom women	2	2
Other senior executives	4	4
of whom women	2	2

and encouraging employees to contribute thoughts and ideas, the business becomes more dynamic and decisions have greater support in the organisation.

One of Sweden's most gender-equal companies

Annehem strives to be a gender-equal company. Every year, the Allbright Foundation reviews Swedish listed companies. For the second consecutive year, Annehem received a high ranking at seventh on the list of the most gender-equal listed companies. In 2021, we were sixth.

Ranked 7

Among Sweden's most gender-equal listed companies





Our values

Professional

We are reliable, professional and play on the same team.



Long-term

We take responsibility, act sustainably and create stability.



Committed

We are available, responsive and take proactive initiatives.



Enablers

We are helpful, adaptable and devise creative solutions.



Clear values and ground rules

We believe in clear and inclusive targets and ground rules. For example, during the autumn we met on two occasions for workshops on sustainability and our core values. This created great commitment within the organisation that resulted in employees working together in mixed teams with various sustainability activities. The company's established guidelines in the form of the sustainability policy, diversity policy, Code of Conduct and personnel handbook are available to all employees and are regularly updated as the business develops. We also work with annual performance reviews to discuss work environment, target achievement and future focus with individual employees. This is a good barometer and used as a basis to plan training and other support so the employee can continue to gradually grow within the company.

Satisfied employees produce satisfied tenants

The annual employee survey indicates that we are on the right path. The company's employee satisfaction index (ESI) increased by a full 10 points to 83 in 2022 and no specific areas stood out as negative. Looking ahead, we will continue to focus on further improvements to what is already perceived as good.

We are convinced that there is a link between satisfied employees and satisfied tenants. The annual Fastighetsbarometer survey showed that Annehem's rating had increased and it was particularly pleasing that the company is seen as a serious landlord, a good business partner and a customer-driven company.

ESI 83

on a scale of 1 to 100

CSI 77

on a scale of 1 to 100*

*According to CFI Fastighetsbarometern



Corporate governance



Corporate governance in Annehem

Annehem Fastigheter AB is a Swedish public limited company. Corporate governance at Annehem aims to ensure that rights and obligations are distributed between the company's bodies in accordance with applicable laws, regulations and processes. Effective and transparent corporate governance offers the owners an opportunity to assert their interests towards the company's management while clarifying the division of responsibilities between the Board and management and also within the rest of the company. Such a clear and transparent corporate governance results in effective decisions, which enables Annehem to act swiftly when business opportunities arise. The Corporate Governance Report provides an overview of Annehem's corporate governance system and includes the Board's description of internal control and risk reporting relating to financial reporting. Corporate governance in Annehem is based on law, the Articles of Association and Nasdaq Stockholm's Rule Book for Issuers, and applies the Swedish Corporate Governance Code (the "Code") together with the rules and recommendations published by relevant organisations.

Annehem applies the Code. The Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (according to the comply or explain principle).

Annehem complies with the Code except that no separate Remuneration Committee has been established. Instead, the Board constitutes the Remuneration Committee and thus fulfils the duties of such a committee.

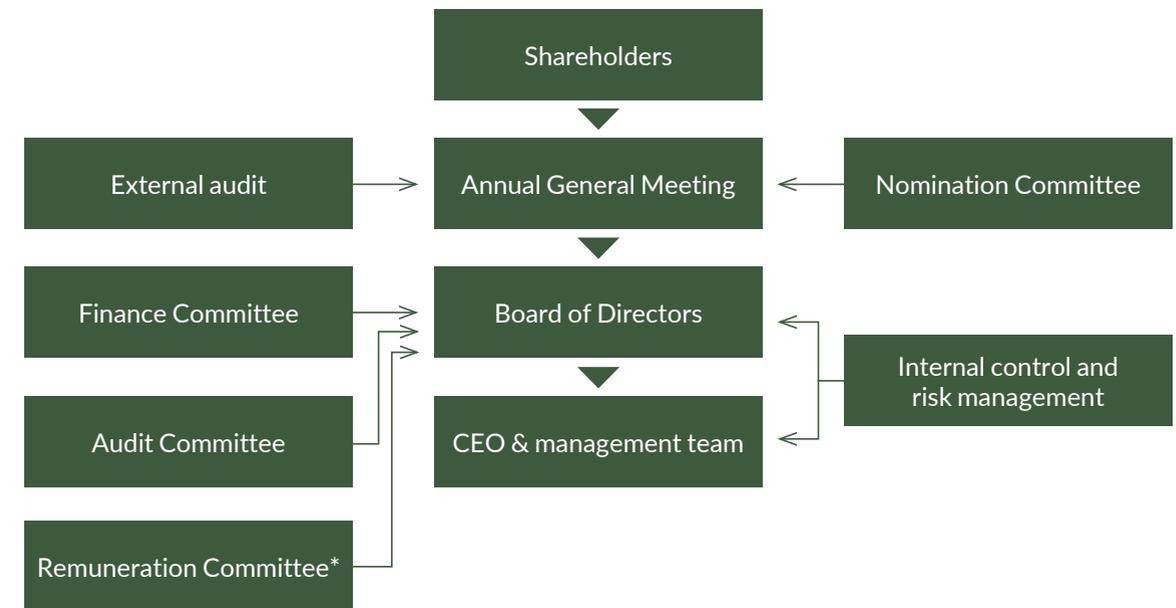
External rules;

- Swedish Companies Act
- Nasdaq Stockholm's Rule Book for Issuers and Designation Green Equity
- The Swedish Corporate Governance Code.
- IFRS

Key internal rules

- Articles of Association
- The Board's Rules of Procedure and CEO's instructions
- Signing authority, attestation order and financial handbook
- Policy for information, information security and IR, insider policy
- Finance, valuation and sustainability policy
- Policy for IT, internal control, risk management, related parties and Annehem's relationship to Peab
- Processes for internal control and risk management etc.

Corporate governance in Annehem



*comprises the entire Board



Articles of Association

The registered name of the company is Annehem Fastigheter AB (publ). The company's registered office is in Ängelholm. The object of the company's business is to, directly or indirectly, own, manage and develop properties and property-related assets as well as conduct activities related therewith. Changes to the Articles of Association take place in accordance with the provisions of the Swedish Companies Act. The Articles of Association, which also contain information about share capital, number of board members and auditors and provisions regarding the notice and agenda for the Annual General Meeting (AGM), are available in full on annehem.se.

Annehem complies with the Code except that no separate Remuneration Committee has been established. Instead, the Board constitutes the Remuneration Committee and thus fulfils the duties of such a committee.

THE SHARE AND OWNERS

At year-end, Annehem had 31,489 shareholders. The company has two share classes, Class A shares that entitle the holder to ten votes at shareholders' meetings and Class B shares that entitle the holder to one vote at shareholders' meetings. The company's largest shareholder, Ekhaga Utveckling AB, held 23 percent of capital and 49.4 percent of the votes. For further information, see page 42, The Annehem share.

SHAREHOLDERS' MEETINGS

General

According to the Swedish Companies Act (2005:551) (Sw. aktiebolagslagen), the shareholders' meeting is the company's ultimate decision-making body. At the shareholders' meeting, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the company's results, discharge from liability of members of the Board of Directors and the CEO, election of members of the Board of Directors and auditors and remuneration to the Board of Directors and the auditors.

The AGM must be held within six months from the end of the financial year. In addition to the AGM, extraordinary general meetings may be convened. According to the Articles

of Association, shareholders' meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. Post- och Inrikes Tidningar) and on the company's website.

At the time of the notice convening the meeting, information regarding the notice shall be published in Svenska Dagbladet.

Right to participate in shareholders' meetings

Shareholders who wish to participate in a shareholders' meeting must be included in the share register maintained by Euroclear Sweden on the day falling six banking days prior to the meeting, and notify the company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the shareholders' meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all Company shares owned or represented by the shareholder.

Shareholder initiatives

Shareholders who wish to have a matter brought before the shareholders' meeting must submit a written request to the Board of Directors. Such request must normally be received by the Board of Directors no later than seven weeks prior to the shareholders' meeting. Shareholders who wish to contact the Board may do so via ir@annehem.se.

2022 ANNUAL GENERAL MEETING

The 2022 AGM was held on 19 May. The AGM resolved to re-elect Göran Grosskopf, Pia Andersson, Karin Ebbinghaus, Jesper Göransson, Anders Hylén, Axel Granlund and Lars Ljungälv as members of the Board and to appoint Henrik Saxborn as a new member of the Board and to re-elect Göran Grosskopf as Chairman of the Board.

The AGM also resolved to pay Board fees, including remuneration for committee work, of not more than SEK 1,690,000.

The AGM resolved to amend the Articles of Association to enable the collection of powers of attorney and postal votes at the shareholders' meeting.

The AGM also resolved to authorise the Board to approve a new issue of B shares to an extent that corresponds to dilution of no more than 10 percent of the number of shares outstanding on the date of the AGM's resolution concerning authorisation, calculated after full exercise of the issue authorisation.

The AGM also resolved to authorise the Board to make a decision on the acquisition of no more than the number of own B shares required so the company's holding at any given time does not exceed 10 percent of all shares in the company. A decision was also taken to authorise the Board to resolve on the transfer of own B shares.

NOMINATION COMMITTEE

The Nomination Committee is tasked with submitting proposals for resolution to the AGM with respect to the chairman of the general meeting, members of the Board, Board fees, election of the auditors and audit fees.

The Extraordinary General Meeting on 6 November 2020 voted to adopt the following instructions for the Nomination Committee, which will apply until resolved otherwise.

Principles for appointing the Nomination Committee

The company shall have a Nomination Committee consisting of a member appointed by each of the three shareholders representing the shareholder with the largest number of votes or ownership group, together with the Chairman of the Board. The Nomination Committee shall be constituted based on shareholder statistics from Euroclear Sweden AB on 30 September each year and other reliable ownership information provided to the company at the time and the Board's Chairman who will also convene the first meeting of the Nomination Committee.

The Board member representing the largest shareholder shall be appointed Chairman of the Nomination Committee, unless the Nomination Committee unanimously appoints someone else. If earlier than three months prior to the AGM, one or more of the shareholders having appointed representatives to the Nomination Committee no longer are among

the three largest shareholders, representatives appointed by these shareholders shall resign and the shareholders who then are among the three largest shareholders may appoint their representatives. Should a member resign from the Nomination Committee before its work is completed and the Nomination Committee considers it necessary to replace him or her, such substitute member is to represent the same shareholder, or, if the shareholder is no longer one of the largest shareholders, the largest shareholder in turn. Shareholders who have appointed a representative to be a member of the Nomination Committee shall have the right to dismiss such member and appoint a new representative of the Nomination Committee. Changes to the composition of the Nomination Committee must be announced immediately.

The company is to pay any necessary expenses that the Nomination Committee may incur in its work, for example, costs for external consultants deemed necessary by the Nomination Committee in order for the Nomination Committee to fulfil its duties. The term of office for the Nomination Committee ends when the composition of the following Nomination Committee has been announced.

The composition of the Nomination Committee

Prior to Annehem's 2023 AGM, the following shareholder representatives were appointed as members of the Nomination Committee.

Current members of the Nomination Committee

Göran Grosskopf, Chairman of the Board of Directors
Ulf Liljedahl, representing Volito
Fredrik Paulsson, representing Ekhaga Utveckling
Anders Sundström, representing Mats Paulsson

BOARD OF DIRECTORS

The Board of Directors is the second-highest decision-making body of the company after the shareholders' meeting. The Board of Directors is responsible for the organisation of the company and the management of the company's affairs, which means that the Board of Directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously



assessing the financial condition and profits as well as evaluating the operating management.

Moreover, the Board of Directors appoints the company's CEO. According to Annehem's Articles of Association, the members of the Board of Directors shall be not less than three and not more than nine members with no deputy members. Members of the Board of Directors are appointed each year by the shareholders' meeting for the period until the end of the next AGM.

At the end of 2022, Annehem's Board consisted of eight ordinary members, including the Chairman of the Board, without deputies of whom Göran Grosskopf, Pia Andersson, Karin Ebbinghaus, Jesper Göransson, Anders Hylén, Lars Ljungälv and Axel Granlund were re-elected at the AGM on 19 May 2022. Henrik Saxborn was elected as a new member of the Board. Göran Grosskopf was re-elected Chairman of the Board of Directors. For information about the members of the Board of Directors and their assignments outside the company and shareholdings in Annehem, see page 37.

Information about remuneration of members of the Board of Directors as adopted by the 2022 AGM can be found in Note 5, on page 67.

The work of the Board of Directors

Annehem's Board of Directors held ten meetings in 2022 – of which one was a statutory meeting. According to the applicable rules of procedure, the Board shall hold at least six ordinary meetings each calendar year, of which one statutory meeting. The Board meetings are held in conjunction with the company's reporting, when the annual accounts, the proposed distribution of profit and questions in connection with the AGM are addressed in January, interim reports in April, July and October, strategy in August and the budget for the next year at the meeting in December. At each of the ordinary Board meetings, issues of material importance for the company are addressed, such as investments and any divestments of properties as well as financing. The Board is also informed of the current business situation in the rental and property market and the credit market. Issues concerning work environment, incident reporting and customer-related questions are dealt with on an ongoing basis by the Board. The

Board also has meetings with auditors without the presence of management. Routine matters discussed by the Board in 2022 also included company-wide policies, overall strategy plan, the rules of procedure for the Board, capital structure and financing needs, sustainability work, operating model and organisational issues, as well as the company's insurance situation. In 2022, the work of the Board focused on efforts connected to the impact of the coronavirus pandemic that was ongoing during the year, the war in Ukraine and its repercussions – particularly in the form of inflation, raised interest rates and higher electricity prices – on the entire property market. The Board also spent a great deal of time on replacing CEO and on evaluating acquisition opportunities, sustainability issues and risk management. In autumn 2022, the Board resolved to conduct an assessment of the Board of Directors, committees, with the help of an external party. The review will take place in the first quarter of 2023.

Audit Committee

Annehem has an Audit Committee consisting of three members: Karin Ebbinghaus, Göran Grosskopf and Lars Ljungälv with Göran Grosskopf as Chairman. The Audit Committee shall, without it affecting the responsibilities and tasks of the Board of Directors, monitor the company's financial reporting, monitor the efficiency of the company's internal controls and risk management, keep informed of the auditing of the annual report and the consolidated accounts, review and monitor the impartiality and independence of the auditors and pay close attention to whether the auditors are providing other services besides audit services for the company, and assist in the preparation of proposals for the shareholders' meeting's decision on election of auditors.

In 2022, the Audit Committee held five minuted meetings which addressed the aforementioned items.

Finance Committee

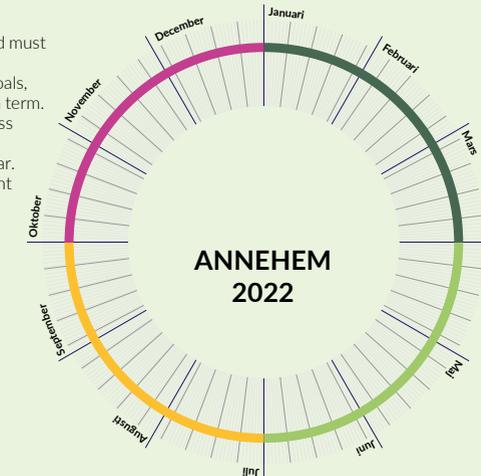
Annehem has an Finance Committee consisting of three members: Pia Andersson, Henrik Saxborn and Jesper Göransson, with Henrik Saxborn as Chairman. The company's CEO presents reports to the Finance Committee. The Finance Committee shall, without prejudice to the Board of Director's

OCTOBER/NOVEMBER/DECEMBER

- Adoption of nine-month report (which the Board must ensure is reviewed by an auditor).
- Adoption of business plan for 3–5 years, (incl. goals, activities and strategies in the short and medium term).
- Review of the company's operations and business plan.
- Adoption of the budget for the next financial year.
- Review of actual earnings capacity for the current financial year.

JULY/AUGUST/SEPTEMBER

- Strategy meeting.
- Adoption of the half-yearly report.
- Evaluation of internal control.



JANUARY/FEBRUARY/MARCH

- Adoption of annual accounts and approval of year-end report.
- Matters arising out of the shareholders' meeting.
- Evaluation of the company's risks and internal control in accordance with the risk management policy and internal control policy adopted by the Board.
- Evaluation of the need for a special audit function (internal auditor).
- Evaluation of the work of the Board of Directors.
- Evaluation of the CEO and their work and adoption of the terms of employment for the CEO (and, if appointed, the Deputy CEO); no member of the company's management may attend the meeting to evaluate the company's CEO.

APRIL/MAY/JUNE

- Adoption of interim report.
- Resolution regarding Board insurance.
- Evaluation and, where relevant, adoption of a financial policy and other policy documents that must be adopted by the Board.

responsibilities and tasks in general, among other things, oversee work with capital structure and other financing matters and prepare investments/divestments of immovable property ahead of a decision by the Board. Ensure the financial policy is updated and complied with. The Finance Committee held five meetings in 2022.

Remuneration Committee

The Board of Annehem carries out the duties of the Remuneration Committee in their entirety.

The Board's duties in this respect consist of making decisions about remuneration principles, remuneration and other terms of employment for the senior executive team, including submitting recommendations to the AGM on guidelines for salary and other remuneration of Board members, the CEO, Deputy CEO and other senior executives. In addition, the Board is to monitor and evaluate the variable remuneration programmes for the senior executive team that are current or have been completed during the year, to monitor and evaluate the application of guidelines for salary and other remuneration of the CEO, Deputy CEO and Board members that the AGM will resolve on, as well as the company's current remuneration

structures and levels. Refer also to Remuneration to the members of the Board of Directors, CEO and senior executives.

Attendance at meetings

Attendance by the members of the Board at Board meetings and Committee meetings in 2022 is shown in the table below.

Name	Function	Joined Board	Board	Finance	Audit
			meetings	Committee	Committee
Göran Grosskopf	Chairman	March 2020	10/10		5/5
Lars Ljungälv	Member	Aug 2020	10/10		5/5
Karin Ebbinghaus	Member	Aug 2021	9/10		4/5
Jesper Göransson	Member	March 2020	8/10	5/5	
Pia Andersson	Member	March 2020	10/10	4/5	
Anders Hylén	Member	March 2020	10/10		
Axel Granlund	Member	May 2021	10/10		
Henrik Saxborn *)	Member	May 2022	5/10	5/5	
Total number of meetings			10	5	5

*) Joined at the Meeting on 19 May 2022



THE CEO AND OTHER SENIOR EXECUTIVES

The CEO is subordinated to the Board of Directors and is responsible for the everyday management and operations of the company. The division of work between the Board of Directors and the CEO is set out in the rules of procedure for the Board of Directors and the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information for the Board meetings and for presenting such materials at the Board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the company and consequently must ensure that the Board of Directors receives adequate information for the Board of Directors to be able to evaluate the company's financial condition.

The CEO must continuously keep the Board of Directors informed of developments in the company's operations, the development of sales, the company's result and financial condition, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the company's shareholders.

Remuneration to the members of the Board of Directors, CEO and senior executives

Remuneration to the members of the Board

Fees and other remuneration to the members of the Board of Directors, including the Chairman, are resolved by the shareholders' meeting. At the AGM held on 19 May 2022, it was resolved that the fee to the Chairman of the Board of Directors should be SEK 470,000 and that the fee to the other members should be SEK 160,000 and for committee work SEK 20,000.

The members of the Board of Directors are not entitled to any benefits following termination of their assignments as members of the Board.

Guidelines for remuneration to the CEO and other senior executives

The 2023 Annual General Meeting will resolve on guidelines for remuneration to the CEO and other senior executives.

Decisions as to the current remuneration levels and other conditions for employment for the CEO and the other senior executives have been resolved by the Board of Directors.

Agreements concerning pensions shall, wherever possible, be based on fixed premiums and must be in accordance with the levels, practice and collective bargaining agreements applicable in Sweden.

The CEO has a period of notice of six months and the employer a period of notice of twelve months. For the other senior executives, the period of notice is either six months if the senior executive terminates the employment and nine months if the company terminates the employment, or a period of notice in accordance with applicable collective agreement, meaning a mutual notice period of one month. All senior executives shall receive unchanged salary and other employment benefits during the notice period.

Information about remuneration of the CEO is given in the remuneration report on page 36.

INTERNAL CONTROL

The Board is responsible for the company's internal control. Operational management processes are established by business management systems. The CEO is responsible for the company's process structure.

The company's internal control includes control of the company's and the Group's organisation, procedures and support measures. The company's main area of focus in internal processes and controls is based on the company's risk assessment, which is revised annually. Processes and measures of control have been developed in close collaboration with the company's advisors but is based on Annehem's needs and current industry practice within the line of business of which the company operates. The company's objective is to ensure reliable and accurate financial reporting, that the company's and the Group's financial statements are prepared in accordance with applicable law and generally accepted accounting principles, that the company's assets are protected, and to ensure compliance with other applicable requirements, regulations and recommendations. The company's internal controls are also designed to monitor compliance with the company's

and the Group's policies, principles and instructions. The company's internal controls also include risk assessment and follow-up of incorporated information and business systems.

The company identifies, assesses and manages risks based on the Group's vision and targets. Strategic, compliance, operational and financial risks are assessed annually by the CFO. As Annehem does not have an internal audit unit, external auditors also review the internal control report, after which the risk assessment is presented to the Audit Committee and the Board. Self-assessment processes and defined controls for each process are performed annually and reported to the Board. The CFO is responsible for the self-assessment process and reporting on previous deviations or assignments from the Board. The year's assessment showed that the internal control of the company is very good.

AUDITING

The auditor shall review the company's annual reports and accounting, as well as the management of the Board of Directors and the CEO. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the AGM. Pursuant to the company's Articles of Association, the company shall have not less than one and not more than two auditors and not more than two deputy auditors. The company's auditor is KPMG AB, with Peter Dahllöf as Auditor in Charge.

BOARD'S PROPOSAL FOR GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

These guidelines apply to senior executives who together constitute the company's senior executive team. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after the guidelines were adopted by the 2022 AGM. These guidelines do not apply to any remuneration decided or approved by the shareholders' meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The company's strategy is essentially to own and manage high-quality commercial, community service and residential

properties with a clear environmental profile located near good transport links in the Nordic growth areas. The company builds lasting relationships and value through management close to customers. For further information on the company's business strategy, see www.annehem.se/om-annehem/.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the senior executives a competitive total remuneration. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the shareholders' meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 50 percent of the total fixed annual cash salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension for the CEO



shall amount to not more than 35 percent of the fixed annual cash salary. The CEO's retirement age is 67. For other senior executives, the retirement age is 65. Pension benefits should correspond to the ITP plan or be premium based and be capped at 35 percent of the pensionable salary. Variable cash remuneration shall qualify for pension benefits.

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits may amount in total to not more than 10 percent of the total fixed annual cash salary.

Termination of employment

Upon termination of an employment by the company, the notice period may not exceed 12 months. Fixed cash salary during the notice period may not exceed an amount corresponding to the fixed cash salary for 12 months. When termination is made by the senior executive, the notice period may not exceed six months.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial, such as net operating income, or non-financial, such as employee satisfaction surveys or customer satisfaction index. They may also be individualised quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including the implementation of its sustainability agenda, by for example being clearly linked to the business strategy or promote the executive's long-term development.

After the end of the measurement period for fulfilment of the criteria for payment of variable cash remuneration, the level of criteria fulfilment is to be assessed and confirmed. The Board of Directors is responsible for the evaluation of variable remuneration to the senior executive unless the Board resolves that the CEO shall be responsible for the evaluation of senior executives with the exception of him/herself. For financial objectives, the starting point for the evaluation shall be the latest financial information made public by the company.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase in the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to the senior executives and remuneration to other employees in Annehem Fastigheter AB (publ) will be disclosed in the remuneration report.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has not established a Remuneration Committee. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the shareholders' meeting. The Board shall also monitor and evaluate programmes for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and remuneration levels in the company. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.



Remuneration report

Introduction

This report contains information about remuneration of the CEO paid in 2022. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes (the "Remuneration Rules") issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in Note 5 (employees, personnel costs and remuneration to senior executives and members of the Board of Directors) on pages 66–67 of the 2022 Annual Report. The Board carries out the Remuneration Committee's work duties in their entirety and information on the work in 2022 is set out in the Corporate Governance Report available on pages 31–35 of the 2022 Annual Report.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the AGM and disclosed in Note 5 on page 67 of the 2022 Annual Report.

Key developments 2022

The CEO summarises the company's overall performance in his statement on pages 5–6 of the Annual Report.

Total CEO remuneration in 2022

Executive's name/position, TSEK	Fixed remuneration		Variable remuneration			Pension costs	Total remuneration	Share fixed/variable remuneration, respectively
	Basic salary	Other benefits	One-year	Multi-year	Extraordinary items			
Jörgen Lundgren / CEO	3,414	67	865	N/A	N/A	908	5,254	84/16
Monica Fallenius / CEO	980	41	491	N/A	N/A	241	1,753	72/28

The company's remuneration structure

The current remuneration guidelines were adopted by the Meeting on 19 May 2022. A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. The remuneration to senior executives is on market terms and consists of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration is linked to predetermined and measurable criteria which are financial and non-financial. The criteria are designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

Share-related and share price-related incentive programmes

The company has no share-related or share price-related incentive programmes. The introduction of share-related and share price-related incentive programmes that apply to Board members or senior executives will be resolved by the shareholders' meeting.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been selected to deliver on the company's strategy and to encourage behaviour that is in the long-term interests of the company. In the selection of performance criteria, the strategic objectives and short-term and long-term business priorities for 2022 have been taken into account. Furthermore, the non-financial performance criteria contribute to adapting to sustainability issues and the company's values.

Performance of the CEO in the reported financial year: variable cash remuneration

Executive's name /position	Description of criteria relating to remuneration component	Relative weighting of	Measured performance and performance criteria	
			a) Measured performance	b) remuneration outcome
Jörgen Lundgren/ Monica Fallenius, CEO	Income from property management	75%	a) 100%	b) TSEK 1,017
	kWh per sqm	25%	a) 100%	b) TSEK 339

Comparative information on changes in remuneration and company performance

The company's B share was listed on Nasdaq Stockholm on 11 December 2020 and the company's first full financial year was 2020. The financial information presented below therefore pertains solely to the financial years of 2020 up to and including 2022.

Changes in remuneration and company performance over the last three reported financial years (IS) (TSEK).

	IS 2022 ²⁾	IS 2021	IS 2020 ²⁾	% performance
Remuneration to the CEO	7,007	5,230	4,207	34
Consolidated profit after tax	207,300	209,700	71,800	-1
Average remuneration based on number of full-time equivalent ¹⁾ employees in the Parent Company	634	591	570	3.8

¹⁾ 13 (13) full-time equivalents for 2022, excluding members of the senior executive team

²⁾ Remuneration of the CEO is based on nine months

³⁾ Twice the cost for the CEO between August and December



Board of Directors

**GÖRAN GROSSKOPF**

Born 1945.
Chairman of the Board since 2020.

Education: Professor, LLd and Dr Econ.

Other current positions:

Chairman of the Board of BrainHeart Energy AB, Stiftelsen Stefan Paulssons Cancerfond, Stefan Paulsson Invest AB and Mats Paulssons stiftelse för forskning, innovation och samhällsbyggande. Board member of Maven Wireless AB, ColoPlus AB, Permak AB, Ekhaga Utveckling AB, Medicon Village Fastighets AB and Mats Paulssons Stiftelse.

Shareholding in the company:

Göran Grosskopf holds 164,700 A shares and 92,000 B shares in the company.

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: No

**PIA ANDERSSON**

Born 1961.
Board member since 2020.

Education: MSc in Civil Engineering, Lund University Faculty of Engineering.

Other current positions: CEO Varvsstaden AB. Board member of Medicon Village Fastighets AB.

Shareholding in the company: Pia Andersson holds 6,135 B shares in the company and Pia Andersson's related parties hold 957,702 A shares and 1,854,902 B shares in the company.

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: No

**KARIN EBBINGHAUS**

Born 1972.
Board member since 2020.

Education: Master of Laws from Lund University. Executive MBA, Stockholm School of Economics

Other current positions: CEO Elonroad. Chairman of the Board of Kind. Chairman of the Board of Victor Family Office.

Shareholding in the company: Karin Ebbinghaus does not currently hold any shares in the company.

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

**JESPER GÖRANSSON**

Born 1971.
Board member since 2020.

Education: MSc Economics from Lund University

Other current positions: President and CEO of Peab AB. Board member of Fastighets AB Centur.

Shareholding in the company: Jesper Göransson holds 432,400 B shares in the company.

Independent in relation to the company and executive management: No

Independent in relation to major shareholders: No

**ANDERS HYLÉN**

Born 1963.
Board member since 2020.

Education: MSc in Civil Engineering, Lund University Faculty of Engineering.

Other current positions: Board member of Hälsostaden Ängelholm AB, Tornet Bostadsproduktion AB, Dockan Exploatering AB.

Shareholding in the company: Anders Hylén does not currently hold any shares in the company.

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

**LARS LJUNGÄLV**

Born 1969.
Board member since 2020.

Education: BSc Economics, Lund University.

Other current positions: President and CEO of Bergendahl & Son AB. Board member of Byggmax AB, IKANO Bank AB.

Shareholding in the company: Lars Ljungälv holds 15,000 B shares in the company.

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

**AXEL GRANLUND**

Born 1983.
Board member since 2021.

Education: M.Sc. Eng. Industrial Economics Lund Technical University

Other current positions: Chairman of the Board of EkoBalans Fenix AB. Board member of Volito Aktiebolag, Viarp. Invest AB, Galencia AB, and YouCruit AB.

Shareholding in the company: Holds no shares in Annehem but a related legal person to Axel Granlund holds 300,000 A shares and 4,500,000 B shares in Annehem.

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

**HENRIK SAXBORN**

Born 1964
Board member since 19 May 2022

Education: M.Sc. in Engineering, Civil Engineering, KTH

Other assignments: Vice Chairman of PSP Swiss Property AG, Board member of AMF Fastigheter.

Previous assignments: CEO of Castellum AB, Management Partner NIAM, Vice Chairman of EPRA (the European Public Real Estate Association), Board member of the Sweden Green Building Council, Chairman of CMB Chalmers (Centrum för management i byggsektorn), Board member of AP7.

Shareholding in the company: Henrik Saxborn holds 22,000 B shares in the company.

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes



Senior executives



GUSTAV ERIKSSON

*Born 1986.
Head of Property Management Sweden since October 2022.
Employed since 2020.*

Education: BSc Business administration, Linné University

Previous positions: Head of Property Management Peab Fastighet, Business advisor Swedbank.

Board assignments: -

Shareholding in the company: Gustav Eriksson holds 608 B shares in the company

MONICA FALLENIOUS

*Born 1972.
CEO since August 2022*

Education: Construction engineer, Mid Sweden University in Östersund

Previous positions: Property director at Svenska Handelsfastigheter, Business area manager at Atrium Ljungberg and Property manager at Hemsö

Board assignments: Board member in the Korsbol Group

Shareholding in the company: Monica Fallenius holds 14,000 B shares in the company

ADELA COLAKOVIC (parental leave)

*Born 1988.
Head of Group accounting since 2020.*

Education: BSc Business Administration, Södertörn University

Previous positions: Group accounting manager Ice Group ASA, Group accounting economist Boliden AB, financial controller Cision AB.

Board assignments: -

Shareholding in the company: Adela Colakovic holds 1,000 B shares in the company.

JAN EGENÄS

*Born 1962.
CFO since 2020.*

Education: MSc Business and Economics, Umeå University

Previous positions: Interim solution (Einar Matsson, SENS, JR Kvartersfastigheter, Oscar Properties), CEO Swedavia Real Estate, CFO, Deputy Head of Arlanda Airport, Telia Overseas AB.

Board assignments: Chairman Cavandium AB, Board member and owner Egenäs Consulting AB and Board member Iport AB.

Shareholding in the company: Jan Egenäs holds 4,000 B shares in the company.



Financial information

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CFO's comments

Stability in a challenging external environment

Few people forecast at the beginning of 2022 that we would, just when the pandemic appeared to be easing up, instead experience war in Europe, with a subsequent energy crisis and inflation that is expected to be the highest for 40 years. Taken together, this led to a dramatic change in conditions for property companies, particularly as the key policy rate rose from 0 percent to 2.5 percent in less than one year.

Annhem stands well prepared. Since the establishment of the company, we have secured financing solely from banks. We have excellent relations and a good dialogue with all of the four main banks. This enabled us to refinance in a difficult market. This was completed in December 2022 and involved almost SEK 1.6 billion of our total debt portfolio of SEK 1.9 billion, and in parallel we could extend the term of the loan to almost three years. The refinancing also included a green discount and a reduced requirement for the interest-coverage ratio from 2.0 to 1.7. The green discount is a result of Annhem receiving Designation Green Equity status on Nasdaq in May 2022, since a substantial portion of our income is classified as green, and also because properties certified to a certain level or with an energy class of at least B are rewarded with a discount. Overall, the refinancing is important confirmation of our stability at a time when many players wanted to shift from bond to bank financing.

The higher key policy rate is a challenge. The rate is primarily driven by inflation, and puts the value of our properties under pressure when return requirements rise. We are, however, compensated through the index clauses linked to 96 percent of our rent revenue. Indexation in the fourth quarter meant fair value remained essentially unchanged during the quarter and noted a moderate increase for the full year.

With our platform of a modern and sustainable property portfolio in good locations and with good bank relations and large and strong owners, we feel confident about the opportunities offered by the new market conditions.

Jan Egenäs, CFO





Financing

Access to capital is a prerequisite for growth and the successful management of properties. Owning properties is a capital-intensive business that means the company is dependent on external loans to develop the property portfolio to continue its expansion. Annehem has a solid platform with a strong balance sheet, low loan-to-value ratio and a guaranteed loan framework of SEK 1.9 billion extending until November 2025. During the year, one additional external loan was also raised totalling SEK 57.9 million with a tenor of two years.

Financial policy

Annehem's financial policy aims to clarify its governance, risk limitations, division of responsibility and follow-up and control of financial management. Supported by the policy, the company endeavours to govern and manage its financial risks and ensure the management of risks through effective control.

Debt management

Debt management aims to continuously ensure that the company, through borrowing from banks and in the capital markets, has a stable, well-balanced and cost-efficient management. Relationships with creditors are very important to the company. Annehem strives to be, in every respect, a stable and trusted counterparty by providing information to the creditors that is transparent, correct and easily accessible.

Capital structure at 31 December 2022

Annehem and its subsidiary Annehem Holding 3 AB has entered into a credit agreement with SEB, Nordea and Swedbank. The credit agreement comprises an amount of approximately SEK 1.8 billion divided into three tranches in SEK, EUR and NOK, of which the SEK tranche may be drawn upon on three different occasions. The credit agreement comprises a sum amounting to SEK 1,060 million, EUR 51 million and NOK 176 million. At the end of the year, the NOK and EUR tranches were fully exercised and SEK 192 million remained in SEK. The company has also included Handelsbanken as a new creditor. The new credits from Handelsbanken are green financing in an amount equivalent to SEK 292 million. The credit agreement contains customary undertakings, commitments and financial covenants (including covenants relating to interest-coverage ratio, loan-to-value and equity/assets ratio).

Our financing targets

$\geq 30\%$
Equity/assets ratio

$\leq 60\%$
Net loan-to-value ratio

≥ 2.2
multiple
Interest-coverage ratio



The Annehem share

Annehem Fastigheter's B share has been listed on Nasdaq Stockholm since 11 December 2020 under the ticker ANNE B. Since May 2022, Annehem Fastigheter AB has been a Designation Green Equity company on Nasdaq.

Share price trend and turnover in 2022

On the first day of trading in 2022, 3 January, the Annehem share closed at a price of SEK 37.10 per share. The last price paid on 30 December was SEK 19.80 per share, which compared with the closing price on 3 January corresponded to a decrease of 46.9 percent. The Stockholm Stock Exchange as a whole, OMX Stockholm PI, fell by -24.4 percent in the corresponding period and the OMX Stockholm Real Estate PI fell 44.9 percent during the same period.

Between 4 January and 30 December, a total of about 8.9 million shares were traded on Nasdaq Stockholm at a value of SEK 241 million. On average, 35,000 B shares were traded

per day. The average turnover rate amounted to 17 percent on Nasdaq Stockholm.

Shareholders and ownership structure

At 31 December 2022, Annehem Fastigheter had 31,489 shareholders, distributed across Swedish and foreign foundations, institutions and private investors. At year end, the ten largest owners held 54 percent of the capital and 77 percent of the votes. At 31 December 2022, Ekhaga Utveckling AB was the largest shareholder with 23 percent of the capital and 49.4 percent of the votes.

Share price trend 11 December 2020 to 31 December 2022



Ten largest shareholders, A and B shares, at 31 December 2022

Shareholder	Number of shares	Share of capital, %	Share of votes, %
Ekhaga Utveckling AB	13,587,282	23.0	49.4
Volito AB	4,900,000	8.3	6.3
Paulsson family	3,470,346	5.9	11.3
Verdipapirfondet, Odin Eiendom	2,916,432	4.9	2.4
Peab Profit-sharing fund	1,737,214	2.9	1.4
Kamprad Family Foundation	1,720,000	2.9	1.4
Carnegie Spin-off	1,548,600	2.6	1.3
Handelsbanken Microcap Norden	1,446,969	2.5	1.2
UBS Switzerland AG, W8IMY	259,549	0.4	1.4
SEB Fastighetsfond Norden	240,151	0.4	0.9
Total	32,037,063	53.9	77.1
Other shareholders	26,955,485	46.1	22.9
Total	58,992,548	100	100

Data per share	2022	2021
Share price at year end, SEK	19.8	37.3
Lowest closing price, SEK	19.18 ¹	26.7
Highest closing price, SEK	36.25 ²	40.95
Performance Annehem B since listing, %	-46.9	10.4
Market capitalisation at year end, SEK million	1,168	2,200
Turnover rate Nasdaq Stockholm, %	17	46
Earnings per share, SEK	3.51	3.56
Income from property management per share, SEK	1.53	1.46
Long-term net asset value per share, SEK	44.1	40.9
Number of outstanding B shares at year end	52,128,557	52,128,557
Total number of shareholders	31,489	31,811

¹ (2022-12-12)

² (3 Feb 2022) Source: Bloomberg, Euroclear and Nasdaq

Number of shares and share capital

The number of shares in Annehem at 31 December 2022 was 58,992,548, of which 6,863,991 were A shares and 52,128,557 B shares.

Each B share in Annehem entitles the holder to one vote at shareholders' meetings and each A share entitles the holder to ten votes.

Each shareholder is entitled to vote for all shares owned or represented by the shareholder. All shares in Annehem carry equal rights to dividends, and assets and any surpluses in the event of liquidation. The rights associated with the shares, including rights under the Articles of Association, may only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).

Dividend and dividend policy

The profits shall essentially be reinvested in order to utilise business opportunities and achieve Annehem's growth targets. Read more about the growth targets on page 22 of the Annual Report.

Investor contact

Monica Fallenius CEO monica.fallenius@annehem.se +46 (0)70 209 01 14 Or contact ir@annehem.se	Jan Egenäs CFO jan.egenas@annehem.se +46 (0)70-593 71 38
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Coverage by analysts

Analysts who monitored Annehem in 2022: David Flemmich, Nordea Markets
Information regarding analysts who monitor Annehem can be found on our website via the following link: <https://www.annehem.se/investors/the-annehem-share/>



Risks and risk management

The Group’s business operation is exposed to risks that may have an impact on the company’s future operations, earnings and financial position. Annehem has a high level of risk awareness in the organisation and through active and preventive work risks are limited and managed.

This section contains the risk factors and significant circumstances considered to be material to the Group’s business and future development.

The risk factors relate to the Group’s business, industry and markets, and also include operational risks, legal risks, regulatory risks, risks related to governance, tax risks and financial risks.

The description below is based on information available when preparing this Annual Report. The risk factors that are currently considered to be the most material are presented first in each category and the subsequent risk factors are presented in no particular order.

The risks and uncertainties described below could have a material adverse effect on the Group’s operations, financial position and/or earnings.

Industry and market-related risks

Annehem’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.

Risk	Description of risk	Management
Annehem is exposed to risks related to macroeconomic factors	Annehem’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 operates in Stockholm, Helsinki, Oslo, Malmö Helsingborg/Ängelholm and Gothenburg, which are geographic markets that Annehem considers particularly attractive, based on historical data and forecasts.
War on European soil leads to new security order in neighbouring region	The new security order will require the business community to assist in national contingency planning	Building on existing emergency planning and complying with recommendations from the Swedish Civil Contingencies Agency (MSB) and other government authorities that have a bearing on our operations.
Crises relate to all risks that arise in the external environment that Annehem cannot influence and are difficult to predict	Crises may consist of terrorism, cyberattacks, extreme weather events, environmental disasters and information leaks.	Emergency plans, order of succession for central functions, insurance, continuity plans for IT, clear guidelines for information security and regular training of personnel. Build on knowledge about the impact of climate change on our operations.
Changing needs and demand for premises	The market for commercial, community service and residential properties is continuously changing as needs and demand change. In addition, the coronavirus pandemic has had an impact on social structures and behavioural patterns.	Annehem has flexible, modern and environmentally compatible premises in areas with good transportation links that allow us to meet changing demands from our tenants and the market as a whole.
The coronavirus pandemic leads to changing needs in regard to space	The pandemic leads to new behavioural patterns in terms of travel, consumption and physical meetings at workplaces and in society at large.	Annehem largely owns modern flexible and adaptable premises that enable us to support our tenants and their change initiatives.





Rent revenue and management

Annhem is established in growth regions in Sweden, Norway and Finland. The locations are chosen as they have good transport links and are situated in regions that are expanding faster than the country as a whole. Most of the property value comprises high-quality, modern, flexible and environmentally compatible buildings. The properties house a large number of tenants that rent offices and other types of premises. The diversity of geographies, sectors, sizes and categories provides stability.

Risk	Description of risk	Management
Reduced or lost rent revenue	Lower rent revenue as a result of lower rent levels or a drop in the occupancy rate.	Annhem has long contracts with highly reputed and stable tenants. Continuous renegotiations of contracts produces a good spread of maturities. Annhem's portfolio is situated in growing markets and attractive locations.
Bad debt losses	Annhem's risk is that the tenant fails to make payments in accordance with the lease.	Annhem's property managers have a close relationship with the tenants and this allows them to identify any problems at an early stage. When agreeing on a lease, a credit assessment is always made that may be supplemented with collateral in the form of guarantees/deposits or such like.
Significant increase in operating and maintenance costs	Increased costs, for example media costs due to extreme weather or other unforeseen occurrences, that may impact the cost of building management and insurance costs.	Annhem is actively working to keep operating expenses low. Some of these costs are the responsibility of the tenant according to the lease, which reduces exposure for the company.
External managers in Norway and Finland	That external managers fail to fulfil their obligations.	Continuous follow-up and close contacts with the external managers.

Acquisitions and investments

Annhem is a growth company and plans to complete additional acquisitions, which is associated with some risk. The same applies to tenant-specific modifications in the form of rebuilding and extensions. Incorrect acquisition and investment decisions represent a risk of increased costs and therefore lower return on capital. There is limited exposure as Annhem mainly acquires properties with a high occupancy rate.

Risk	Description of risk	Management
Acquisitions and divestments	The risks include future rental losses, environmental conditions and technical deficiencies. There is also the risk of tax increases and legal disputes.	Acquisitions are completed in line with the chosen strategy. The risks taken are known and limited. A thorough due diligence is always conducted of the object.
Investments in existing properties and new-building, rebuilding and extensions	Risks in these investments include cost increases, environmental and health and safety risks. That the investment therefore fails to produce the intended return.	Investment decisions are made in accordance with the company's strategic plan and with thorough decision-making documentation. New-building, extensions and rebuilding only take place when contracts are signed with tenants. A signed construction contract, primarily at a fixed price, is required.
Inability to fulfil the company's growth strategy in the segment for residential homes and community service properties	The risk that the company cannot find suitable objects or obtain financing for the object. Properties cannot be acquired at satisfactory or acceptable return levels.	Properties that are acquired but not taken into possession and properties with letter of intent facilitate Annhem's growth strategy. In respect of other transactions, off-market transactions are prioritised.

Property value

Annhem's properties are valued at fair value every quarter and the changes in value are recognised through profit or loss. The value is influenced by several other factors, partly property-specific factors such as occupancy rate, rent level and operating expenses. Market-specific conditions such as direct returns (yield) and cost of capital. The market's return requirement is one factor that the company cannot influence.

The portfolio's diversification in terms of geography and through different types of properties, choice of tenants and establishment in growth cities, to which we can add the fact that the company has properties in several Nordic countries, reduces the risk of any drastic change in property value.

Risk	Description of risk	Management
Lower market value of properties	Increased vacancies, lower net operating income, higher interest rates and higher return requirements.	Annhem works actively with each property to minimise vacancies. Ensure that market rents apply in conjunction with renegotiations, and continue to develop properties.



Financing

Property acquisition and management is a capital-intensive business which exposes the company to changes in the credit market, such as interest rates and exchange rates. Access to financing from banks and the capital markets is highly important to the company and changes in interest rates impact the company's cash flow and earnings. Interest rates are mainly affected by the level of the applicable market rates and the creditors' margins. Annehem's financial policy manages the risks below, among others.

Risk	Description of risk	Management
Financing and refinancing risk	Risk that financing cannot be obtained or only at substantially increased costs.	In a long-term perspective, Annehem is dependent on obtaining new loans from creditors. To reduce this risk, the company works with several banks. Furthermore, Annehem has a loan maturity structure of almost three years.
Interest rate risk	Interest expense is a significant cost item for the company and a change in interest rates has a significant impact on earnings.	In order to limit exposure over time, Annehem will interest-rate hedge at least 60 percent of outstanding credits.
Currency risk	Exposure is currently to NOK and EUR and consists of equity and internal promissory notes.	Part of the risk is managed through borrowing and rental flows in NOK and EUR. The company will currency hedge at least 80 percent of the remaining exposure.
Covenant risk	The terms of the existing borrowing comprise covenants pertaining to loan-to-value ratio, equity/assets ratio and interest-coverage ratio. If these are not met, the borrowing costs may increase or loan agreements may be terminated.	Ensure that the covenant requirements can be met by maintaining good margins and closely monitoring operations.
Counterparty risk, banks	Counterparty risk in cash in bank, borrowing and derivatives mainly concerns the company's borrowing with commercial banks and relates to the risk that these may be unable to fulfil their commitments relating to existing and new financing of the company.	Annehem's counterparty risk is managed by not concentrating borrowing to a single bank but spreading it across several banks with a good rating.

Tax

Changes to tax legislation, such as the level of company taxation, limits to tax relief for interest expenses, property tax or other applicable taxes impact the company's earnings. Risk of incorrect interpretation or application of laws and regulations regarding VAT and tax may have an impact on earnings and financial position. Tax also influences calculations and may impact valuation calculations.

Risk	Description of risk	Management
Tax legislation	Changes to tax legislation, such as company taxation, property taxation, tax on property transactions and other applicable taxes.	Annehem has a clear approach that is uncomplicated in terms of tax. Continuous dialogue is maintained with experts in the field in the respective countries.

Sustainability-related risks

Identifying and managing sustainability-related risks are an important element in sustainability work at Annehem. Risks that may influence us could also be very important for our customers and suppliers. Mismanagement of such risk issues could directly damage operations due to the risk in itself, but also indirectly due to an uncertain and potentially negative picture of Annehem as a company. Our risk work aims to identify risks and potential consequences of these risks. Action plans are developed for the risks that are considered most serious.

Work to identify and manage risks is ongoing since conditions for the business change over time. Retaining and motivating our employees is one good example of this ongoing work. Annehem's human and structural capital is one of our most important assets and a healthy organisation with satisfied employees is important for our brand and development. Climate change is not currently considered a material risk for the company in the near future. However, environmental risks are associated with soil pollutants at significant existing and/or acquired properties and may impact the company if remediation is required.

Risk	Description of risk	Management
Environmental risk linked to pollutants	Known pollution or new pollution is more extensive than expected or new pollution is discovered.	A previous property owner is responsible for the known pollution present in Annehem's portfolio. A thorough environmental due diligence is conducted in connection with acquisitions.
Climate change and extreme weather	Annehem's operations and earnings could be affected by climate change, such as higher or lower temperatures and increased precipitation. Weather conditions, such as abnormally high or low temperatures, drought, storms and excessive rain or snow, could lead to substantial wear on the properties in Annehem's portfolio, which may entail significant repair costs.	In conjunction with the acquisition of properties, and on a continuous basis in the existing portfolio, a review is conducted of the dimensions/capacity of surface water management and ventilation/air conditioning systems. In 2022, an in-depth risk and vulnerability assessment was conducted for the entire property portfolio based on known climate scenarios and climate perspectives: temperature, water, wind and soil
Risk for worsened relations	Stakeholders who do not work in accordance with Annehem's Code of Conduct may have a negative impact on Annehem's reputation and other relationships.	Continuously monitor both new and existing stakeholders to ensure best practices.
Insecure working conditions	Inadequate health and safety procedures could influence security for Annehem's employees.	Continue to follow up sick leave and employee satisfaction as well as the whistleblower function.
Employees	Annehem's operations comprise a relatively small organisation, which involves an increased vulnerability.	We work on the basis of established policies, processes and procedures, making us less vulnerable in the event of any personnel changes.
Bribery and corruption	Risk that an employee acts in manner that is contrary to the company's values or incorrectly abuses their position in the company.	Annehem accepts no forms of threat, bribery or unethical behaviour. Guidelines for this can be found in the company's sustainability policy, which includes a whistleblower function.
Equal opportunities	Discrimination.	Annehem actively opposes discrimination, harassment, sexual harassment and unequal treatment. Guidelines for this can be found in the company's sustainability policy.



IT support

Today's use of new technologies means that matters concerning information and IT security are often highlighted as new risks and threats are identified and must be addressed. Work with IT security is a crucial task, the importance of which is further strengthened with the revision of relevant legislation, such as GDPR, regulatory industry standards, and requirements from the Swedish Financial Supervisory Authority. One important element of IT security is to understand different threat scenarios, address the probability of exposure to damage and to balance the cost of stronger protection against the value of that which is being protected.

Risk	Description of risk	Management
IT and information security	The risk that the company is subjected to a cyber-attack, meaning an electronic attack on information systems, technical infrastructure, computer networks or personal computers. A rise in the use of mobile devices connected to the company's network has created additional entry points for a potential attack. There is a significant risk that a user accidentally or deliberately enables an attack by leaving an access point open or by clicking a malicious link.	The IT function is outsourced to an IT company that is certified in terms of IT and information security. Annehem was careful in tender documents to assess the quality of the services provided and the provider's IT security work. At the present time, the company has installed modern IT security solutions with multi-factor authentication and network access control (NAC). To limit human error, the company makes stringent demands on processes and internal control, as well as controls regarding information security and has also installed an online training programme to maintain awareness of the issue.

Reporting and internal control

Annehem's financial statements are to provide a true and fair view of the company's earnings and financial position and comply with applicable laws and accounting rules. A misleading report may result in uncertainty among the company's stakeholders and could potentially have a negative impact on share prices or increase risk premiums. There is a risk that inadequate internal procedures and/or irregularities lead to disruptions or damage operations.

Risk	Description of risk	Management
Misleading reporting	Deliberate or accidental errors in the company's external or internal reporting.	Annehem has a well-functioning internal control. The reporting function consists of competent and experienced personnel who continuously monitor changes to legislation, practice and accounting rules. The company has also introduced a range of different control functions to minimise risks for deficiencies in reporting.





Sustainable value generation

The purpose of our work is sustainable value generation, where we measure impact on the UN Sustainable Development Goals (SDGs) and the business value created. We have chosen to focus on the five SDGs where our business has the largest negative impact, and thus where we have the greatest opportunity to make a difference.

We believe the clear link between our sustainability contribution and business value is a prerequisite for achieving long-term, sustainable growth, in line with our vision.



Sustainable cities and communities

Through our operations, we create social value for our surroundings, every day. Around Annehem, there are many different stakeholders who are impacted by how we choose to conduct our operations. Our ultimate contribution is to enable attractive environments for people. Through our different types of properties – offices, logistics, retail, residential homes and community service properties – we contribute to a city that is sustainable for people to work and live in.

We actively acquire buildings in locations with good transport links to and from city centres with an opportunity for sustainable transportation. 71 percent of property value is environmentally certified, which is an important foundation to reduce the environmental impact in and surrounding the buildings we own. Our property management works actively to adapt buildings according to climate change, and reduce possible climate-related risks. Our two business parks also contribute additional values, such as green spaces, affordable homes and meeting places.

Work makes a positive contribution to and reduces negative impact on:

- 11. SUSTAINABLE CITIES AND COMMUNITIES
Make cities and human settlements inclusive, safe, resilient, and sustainable
- 11.6 REDUCE THE ENVIRONMENTAL IMPACTS OF CITIES
- 11.7 PROVIDE ACCESS TO SAFE AND INCLUSIVE GREEN AND PUBLIC SPACES
- 11.5 REDUCE THE ADVERSE EFFECTS OF NATURAL DISASTERS
- 11.1 SAFE AND AFFORDABLE HOUSING
- 11.2 AFFORDABLE AND SUSTAINABLE TRANSPORT SYSTEMS



Reduced climate impact

Annehem's daily operations require the consumption of energy, water, materials and other resources that generate climate emissions, directly and indirectly. These resources are needed to realise the values we create through managing and adding value to our properties. There are however major opportunities for us to influence our climate footprint in each area. During the year, we laid a foundation to include more categories in how we measure our CO₂e emissions, to align with industry practice and facilitate comparability.

We are continuously striving to reduce our climate impact throughout the value chain, which includes energy optimisation, water-saving measures, green vehicles and recycling. We can see that a measurable reduction in CO₂e emissions helps to reduce future risks, enables green financing and meets the demands of stakeholders.

It is estimated that the climate impact of the new production of buildings is as large as operating the building for 50 years. Combined with rapidly growing societies, increasing populations and unpredictable climatic conditions, it is clear that we have to work sustainably in both the short and the long term. As a consequence of the considerable impact that the property sector has on the climate, we at Annehem have decided that emission from our property management will be net zero by 2030 (Scope 1 and 2).

Work makes a positive contribution to and reduces negative impact on:

- 13. CLIMATE ACTION
Take urgent action to combat climate change and its impacts*



Efficient and green energy consumption

Annehem's existing portfolio mainly comprises modern, high-quality properties where 81 percent of the properties have energy class

A or B. The outcome is currently in line with our target to be among the top 15 percent of property companies with the best energy performance in each country. The target is aligned with the EU's green taxonomy for sustainable activities, and requires that we routinely work with and invest in efficiency measures. For energy investments, we strive to reduce the need for primary energy by at least 30 percent (after project completion). Ensuring a high energy performance is directly linked to our potential for green financing.

In daily operations, our target is to reduce property energy (Scope 2) by 3 percent per square metre every year. We purchase 100 percent green electricity.

In our business parks, we have potential to optimise the energy systems in a number of buildings through new technology or by replacing older installations. This work is conducted continuously. We are continuing to study whether it is possible to build a solar farm in one of the business parks, in addition to solar cells on roofs. The target is 3 kWh/sqm self-generated renewable energy by 2024.

Work makes a positive contribution to and reduces negative impact on:

- 7. AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy for all
- 7.2 INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY
- 7.3 DOUBLE THE IMPROVEMENT IN ENERGY EFFICIENCY



Reduction in waste

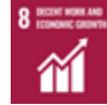
In Sweden, the construction and property sector accounts for 35 percent of all waste. It also consumes a large share of virgin raw materials, more than 50 percent worldwide. The industry also contributes to emissions in other countries through imports of building products. Annehem can increase the service life of properties through proactive maintenance and renovation. This makes a positive contribution by increasing the usefulness of already invested natural resources and, in a future when new construction declines, we expect our position as a managing property company to become stronger.

When we are part of the construction process or can influence new production or major renovation projects, we strive to make sustainable choices. We include both CO₂e emissions and costs when we compare alternatives. The measurement of emissions from our own projects and renovation initiatives is a new emissions category. In 2023, we are planning to increase knowledge and learning, and to strengthen requirements for climate-smart construction.

Waste is also created from the activities of tenants in Annehem's properties. As landlord, our goal is to enable the recycling of at least four fractions in all of our properties.

Work makes a positive contribution to and reduces negative impact on:

- 12. RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns
- 12.2 SUSTAINABLE MANAGEMENT AND USE OF NATURAL RESOURCES
- 12.5 SUBSTANTIALLY REDUCE WASTE GENERATION



Sustainable economic growth

Annehem creates conditions for a sustainable economy, firstly by offering owners a return on the capital they invest in the business and, secondly, by the properties creating value for our tenants and their businesses. We also contribute to employment and purchasing power through our market presence and we create indirect job opportunities through our subcontractors.

One fundamental condition, which is described in Annehem's sustainability policy, is that operations are aligned with the UN Guiding Principles on Business and Human Rights, the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. This means our growth and profitability must not take place at the expense of others, or through illegal activities such as corruption and bribery or through violating human rights. The risk is greatest in purchasing and we therefore have a target to review all of our strategic suppliers. Other important tools in our work include our personnel handbook, sustainability policy, Code of Conduct and whistleblower function. We also have zero tolerance for all forms of corruption and financial irregularities, such as bribery, illegal commissions, fraud, embezzlement and money laundering. We wish to contribute to optimise the construction and property sector through healthy competition and decent working conditions.

In addition, we are endeavouring to ensure a healthy work environment and secure employment for our employees. An ESI survey is conducted every year by an external party when employees can anonymously rate their relationship to Annehem in a number of categories. The outcome for 2022 was 83, an increase of 10 percentage points compared with 2021.

Work makes a positive contribution to and reduces negative impact on:

- 8. DECENT WORK AND ECONOMIC GROWTH
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- 8.8 PROTECT LABOUR RIGHTS AND PROMOTE SAFE WORKING ENVIRONMENTS
- 8.7 END MODERN SLAVERY, TRAFFICKING, AND CHILD LABOUR
- 8.1 SUSTAINABLE ECONOMIC GROWTH
- 8.4 IMPROVE RESOURCE EFFICIENCY IN CONSUMPTION AND PRODUCTION





Sustainability notes

Annehem’s sustainability work is an integrated part of operations. For the sake of clarity, the following pages present reading references, the climate statement with complete emissions categories and the outcome of the sustainability goals.

A sustainability report has been prepared for the Annehem Fastigheter AB Group and is an integrated part of the annual report. Reporting includes sustainability disclosures to show Annehem’s results, performance and implications of the operations. The outcome of the sustainability

goals also contribute in various ways to the SDGs. Contributions to the five SDGs on which Annehem has a major positive and/or negative impact are presented on pages 44–45. These represent the company’s most material impacts.

Reading references Non-Financial Reporting Directive

Business model		
		pages 8–10
Environment		
<i>Policy</i>	Policy for sustainability	page 27
	The management approach and its components	page 29
	Sustainable value generation	pages 43–44
<i>Material risks</i>	Sustainability-related risks	page 41
<i>Performance indicators</i>	Climate statement	page 47
	A sustainable and modern property portfolio	pages 17–18
	Focus on sustainable property management and development	page 25
	Sustainability target	page 47

Social conditions and Personnel		
<i>Policy</i>	Policy for sustainability	page 27
	The management approach and its components	page 29
	Corporate governance	pages 30–32
	Sustainable value generation	page 44
<i>Material risks</i>	Sustainability-related risks	page 41
<i>Performance indicators</i>	Sustainability target	page 47
	Annehem’s dedicated employees	pages 27–28
	Notes	pages 63–64

Respect for human rights		
<i>Policy</i>	Policy for sustainability	page 27
	The management approach and its components	page 29
	Corporate governance	pages 30–32
	Sustainable value generation	page 44
<i>Material risks</i>	Sustainability-related risks	page 41
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Preventing corruption		
<i>Policy</i>	Policy for sustainability	page 27
	The management approach and its components	page 29
	Sustainable value generation	page 44
<i>Material risks</i>	Sustainability-related risks	page 41
<i>Performance indicators</i>	Sustainability target	page 47



Climate statement

The climate statement is prepared in accordance with the GHG Protocol. For 2022, Annehem included additional emissions categories, predominantly in Scope 3. This is in order to increase transparency in reporting and to facilitate comparability by aligning with the recommendation from Fastighetsägarna for Scope 3 reporting

of emissions for property companies. A comparison between previously reported figures from 2021 and comparable figures for 2021 is presented below, insofar as it was possible to obtain the required data. The recalculated figures for 2021 will represent the base year for our net zero 2030 target for Scope 1 and 2.

Description of emissions		Emission origin	2021 Reported kg CO ₂ e	2021 Comparable kg CO ₂ e	2022 kg CO ₂ e	Method	Source CO ₂ e values
Scope 1			57,768	57,768	33,984		
Own vehicles	Emissions from company cars and service vehicles	Annehem's operations	29,368	29,368	23,603	Actual data	• CO ₂ e values from suppliers
Refrigerant emissions	Emissions in conjunction with refrigerant filling	Building management	28,400	28,400	0	Actual data	• Refrigerant reports
Direct combustion	Emissions from gas heating in one of the properties	Building management	n/a	n/a	10,381	Actual data	• The Swedish Environmental Protection Agency's standard figures
Scope 2: Market based			106,206	625,265	492,826		
Annehem's business electricity	Electricity used in Annehem's operations: at the office and in the business parks (street lighting, etc.)	Annehem's operations	n/a	n/a	0	Actual data and assumptions about distribution	• Actual data (Annehem's electricity contract)
Property electricity	Electricity used to run the properties (pumps, generating units, lifts, lighting). Assumption of 3 percent for a triple net lease	Building management	12,099	12,099	0	Actual data and assumptions about distribution	• Actual data (Annehem's electricity contract)
District heating to properties	District heating purchased for the entire property	Building management	94,107	612,908	492,826	Actual data	• Environmental values of district heating
District cooling to properties	District cooling purchased for the entire property	Building management	n/a	258	0	Actual data	• Environmental values of district heating
Scope 2: Location based			n/a	n/a	717,098		
Annehem's business electricity	Electricity used in Annehem's operations: at the office and in the business parks (street lighting, etc.)	Annehem's operations	n/a	n/a	34,109	Actual data and assumptions about distribution	• SMED – Svenska MiljöEmissionsData
Property electricity	Electricity used to run the properties (pumps, generating units, lifts, lighting). Assumption of 3 percent for a triple net lease	Building management	n/a	n/a	190,163	Actual data and assumptions about distribution	• SMED – Svenska MiljöEmissionsData
District heating to properties	District heating purchased for the entire property	Building management	n/a	n/a	492,826	Actual data	• Environmental values of district heating
District cooling to properties	District cooling purchased for the entire property	Building management	n/a	n/a	0	Actual data	• Environmental values of district heating
Scope 3:			607,092	n/a	2,334,954		
1. Purchased goods and services	Emissions from purchasing of property-related services such as: Upkeep and maintenance, operating and technical consultants	Building management	n/a	n/a	4,870	Spend-based	• Procurement authority
2. Capital goods	Emissions from major investments such as emissions from tenant adaptations, expansion of charging points and own renovation projects.	Investments	n/a	n/a	1,211,834	Spend-based	• Procurement authority
3. Fuel and energy-related activities	Fuel and energy-related activities not covered in Scope 2. Upstream emissions for purchased energy	Building management	n/a	n/a	310,366	Calculation	• Environmental values of district heating • SMED – Svenska MiljöEmissionsData
6. Business travel	Emissions from business trips. Includes: Air, rail and road travel and hotel accommodation	Annehem's operations	13,507	13,507	70,393	Spend-based	• Procurement authority
13. Leased assets	Emissions from the tenants' electricity consumption	Tenant's operations	593,585	593,585	737,491	Actual consumption for largest tenants	• Tenants' leases (for largest tenants) • SMED – Svenska MiljöEmissionsData

Description of the Scopes included in the GHG Protocol

Scope 1: Emissions from direct combustion (own vehicles and gas) and coolants.

Scope 2: Emissions from property energy and purchased energy for operations.

Scope 3: Indirect emissions such as emissions from purchased goods and services, business travel and electricity consumption by tenants.



Sustainability target



		History	Unit	Long-term target	Target for 2022	Outcome in 2022	Outcome in 2021	Outcome in 2020	Comments	SDG Contributions						
										CO ₂ e emissions	Energy	Sustainable cities	Waste and re-use	Sustainable growth	Other SDGs	
1. We create a sustainable property portfolio	Environmentally certified property value	Existing	Share	90%	83%	76%	85%	68%		Contribution	Major contribution	Contribution	Contribution	Major contribution	Contribution	
	Property value that is aligned with the taxonomy	Existing	Share	90%	>80 %	81%	85 %	-		Major contribution	Major contribution	Major contribution	Contribution	Contribution	Contribution	
	Green financing	Existing	Share	90%	16%	86%	14%	-		Contribution	Contribution			Contribution		
	Property value with climate and vulnerability analysis	NEW	Share	90%	-	82%	-	-		Major contribution		Major contribution				
2. We optimise energy consumption in our properties	Intensity Property energy	Clarification of definitions	kWh/sqm	3 percent reduction/year	82	79	85		Property energy as defined in the National Board of Housing, Building and Planning's construction regulations	Major contribution	Major contribution			Major contribution		
	Self-generated renewable energy	Existing	kWh/sqm	3	0.5	0.4	0.5			Contribution	Contribution					
3. We help our tenants to be sustainable	Intensity Tenant energy	NEW	KWh	-	-	44	-	-		Major contribution						
	Green leases	Existing	Share of contract value	80%	>24 %	27%	24%	-		Contribution	Contribution	Contribution	Contribution		Contribution	
	Tenant access to waste recycling	Existing	Share	100%	100%	100%	100%	-	Provide access to recycling stations with at least four fractions in all properties.				Major contribution			
	Water consumption	Existing	l/sqm	1 percent reduction/year	183	214	185	-	Includes the tenants' usage.						Major contribution	
4. We take responsibility	Training in Annehem's sustainability policy (incl. CoC)	NEW	Share of employees	100%	-	33%	-	-						Major contribution	Contribution	
	Audit of strategic suppliers	Existing	%	100%	100%	100%	100%	100%						Major contribution	Contribution	
	Biodiversity: Inventoried species in our properties	NEW	number	Draw up an inventory and enable more	-	175	-	-	Measured in inventory of nature value			Contribution			Major contribution	
	Share of fossil-free fuel in service vehicles	NEW	%	100%	-	5%	-	-		Major contribution						
	Proportion of environmentally certified company cars	Existing	%	100%	100%	100%	100%	60%		Major contribution						
5. We create satisfied tenants and long-term relationships	Customer satisfaction index	Existing	index 0-100	Above industry average	>76 (industry average)	77	77	82			Contribution	Contribution		Contribution	Contribution	
	Average contract period	Existing	years	Seek long-term relationships	-	5.2	6	-		Contribution	Contribution		Major contribution			
6. We care about each other	Satisfied employees, confidence index	Existing	index 0-100	>70	>70	83	73	72						Major contribution	Contribution	
	Attendance rate	Clarification of definitions	%	>97 %	>97 %	97.33	99.7%	98.5%						Contribution	Major contribution	
	Gender distribution	Existing	Board (% women men)				25% 75%	29% 71%	33% 67%						Contribution	Major contribution
			Management team (% of women men)	50% ±10	50% ±10	50% 50%	50% 50%	50% 50%								
			Employees (% of women men)			65% 35%	56% 44%	53% 47%								
Perceived inclusion	NEW	index 0-100	High level of inclusion	-	94	-	-	In terms of age, religion, disability, gender, sexual orientation and identity					Contribution	Major contribution		



Financial developments and events during the year

The Board of Directors and the CEO of Annehem Fastigheter AB, Corp. ID. No. 559220-9083, with its registered office in Ängelholm, hereby submit their Annual Report for the Group and Parent Company for the 2022 financial year. Annehem Fastigheter AB is also referred to as the company or Parent Company. Annehem Fastigheter AB together with its wholly owned subsidiaries are also referred to as Annehem or the Group. Numeric data in parentheses pertains to the previous financial year.

Operations

Annehem Fastigheter AB (publ) is a growth-driven company. 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. We lasting relationships and value through management close to customers. The selected markets are Helsinki, Stockholm, Oslo, Malmö, Helsingborg/Ängelholm and Gothenburg. At the present time, the property portfolio mainly comprises modern, environmentally compatible and flexible commercial premises.

Parent Company

The Parent Company Annehem Fastigheter AB (publ) has no direct holding in properties, but these are owned via wholly owned subsidiaries. The Parent Company provides administrative and technical property management and finance services to the subsidiaries and the senior executive team. The company's registered office is in Ängelholm.

Organisation

The number of employees on 31 December 2022 was 17. The organisation includes functions in property management and accounting, as well as the CEO. Functions such as HR, IT, legal and IR are provided by external suppliers. The Group also has

external property management organisations for the portfolios in Finland and Norway.

Annehem's organisation comprises management consisting of the CEO, CFO, Head of Group Accounting, and also Head of Property Management. For more information on senior executives, refer to Note 5.

Property portfolio

On 31 December 2022, Annehem Fastigheter's portfolio of fully developed properties comprised 25 properties located in Helsinki, Stockholm, Oslo, Malmö, Helsingborg/Ängelholm and Gothenburg. The properties largely comprise modern, flexible and environmentally compatible office, community service and residential properties. All properties are 100-percent owned by the company.

The property portfolio had a fair value of SEK 4,309.2 million (3,994.1) and a total floor area of 194,953 sqm (192,795). The total rental value on an annual basis amounted to SEK 278.8 million (243.5) and occupancy rate to 95.0 percent (93.0).

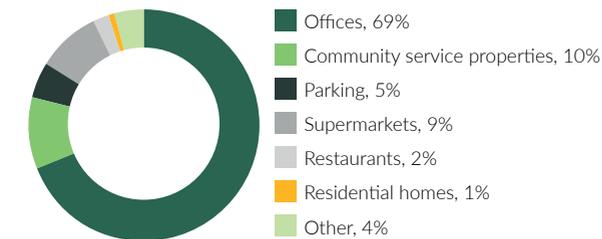
Earnings trend during the year

Rent revenue amounted to SEK 217.9 million (187.8), an increase of SEK 30.1 million. The change is largely due to the expanded property portfolio, but also higher occupancy rate.

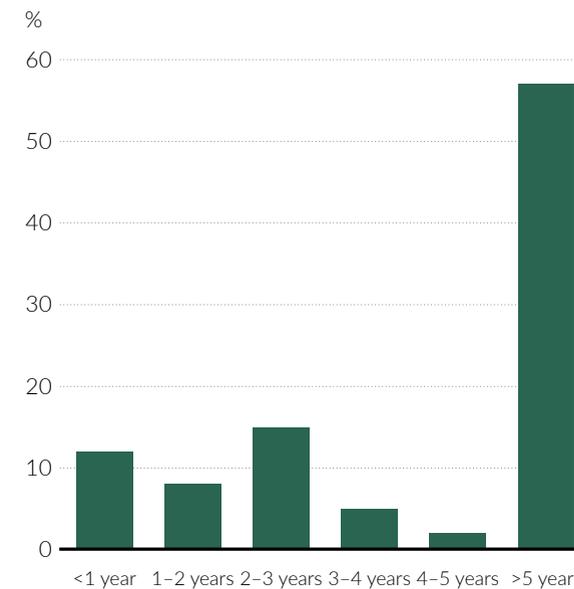
Net operating income rose to SEK 181.3 million (155.8). Property management reported a surplus ratio of 83.2 percent (83.0), which was predominantly due to the increase in rent revenue for the period. Property expenses pertain mainly to operating costs such as heating, water, electricity and property upkeep and totalled SEK 68.7 million (61.5).

Income from property management amounted to SEK 74.2 million (86.2). The improvement in earnings was due to an increase in the number of properties and thereby income. Interest expenses increased in 2022 to SEK 62.5 million (44.1). However, this was offset by income from interest

Specification of income



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



rate swaps of SEK 9.5 million (0). Other financial items amounted to SEK -16.4 million (0.0)

The changes in value for properties totalled SEK 98.0 million (172.9). The positive performance in the first half of the year levelled off in the second half of the year as a result of raised return requirements. A slight increase in activity could be discerned in the transaction market in the final quarter of 2022.

Tax expense for the period amounted to SEK 55.7 million (52.4). The increase in tax expense is due primarily to the growth in value of the property portfolio, which gave rise to deferred tax expenses.

Income for the period amounted to SEK 207.3 million (209.7).

Balance sheet

The value of the company's investment properties amounted to SEK 4,309.2 million (3,994.1) on 31 December 2022. During the year, Annehem acquired Almnäs 5:28 in Södertälje with a property value of SEK 96.5 million. The fair value of properties is primarily based on internal measurements conducted on 31 December 2022. External valuations by independent appraisers were conducted in the third quarter with 30 September as the date of valuation. During the year, Annehem also invested in existing properties with a value amounting to SEK 32.8 million (52.5) at 31 December 2022. The value of the properties in Finland and Norway at 31 December 2022 was positively impacted by the EUR/SEK and NOK/SEK rates compared with 31 December 2021, yielding a total effect of SEK 81.2 million (40.3).

The company's equity amounted to SEK 2,501.1 million (2,275.9).

Interest-bearing liabilities totalled SEK 1,889.6 million (1,721.3), of which SEK 1.8 million (1.8) comprised a lease liability attributable to leasehold rights. During the year, Annehem raised additional loans of SEK 132.9 million relat-



ing to the acquisition of Almnäs. During the final quarter, Annehem refinanced existing loan agreements whereby loan financing, which primarily comprises interest-hedged bank loans, was secured for another three years. Of the total debt of SEK 1,900 million, SEK 1,600 million was extended on the same terms and conditions as previously, plus a discount received for the green properties in the portfolio. The covenant relating to the interest-coverage ratio was also reduced from 2.0 to 1.7. This provides Annehem with good opportunities to focus on the future, growth and on developing sustainable property management.

Cash flow

Cash flow from operating activities amounted to SEK 54.3 million (56.1) for the year.

Property was acquired for SEK 99.8 million (410.9) and pertains to Almnäs in Södertälje. Cash flow from investing activities amounted to SEK -134.1 million (-458.9).

Cash flow from financing activities amounted to SEK 125.0 million (146.1).

Future developments

The company's overall target is to achieve average annual growth in income from property management of 20 percent over time. Most of the portfolio is currently office properties but Annehem intends to create a larger and more diversified portfolio by acquiring logistics, community service and residential properties in the growth cities where it operates. Through geographic proximity, the company creates excellent conditions for sustainable property development.

Contracts were signed for two acquisitions where possession had not yet been taken in 2022. Possession will be taken of the two housing projects, for Carl Florman in 2023 and for Partille Port 11:70 in 2024.

As an additional step in its growth strategy, Annehem has also entered letters of intent with Peab regarding acquisitions of properties on market terms. When completed, the properties will comprise 86 thousand sqm and Annehem has

assigned them a total estimated underlying property value at completion of approximately SEK 4,900 million.

Significant events during the year

- Received Nasdaq Green Equity Designation in May
- Annehem took into possession the Almnäs 5:28 property in Södertälje in May
- Agreement signed for a land purchase in Sundsvalls Logistikpark in a joint venture with Peab in July
- Monica Fallenius took over as new CEO in August
- Refinanced existing loan agreements on better terms and conditions in December

Proposed distribution of profit

The following amounts are at the disposal of the Annual General Meeting:

Retained earnings	SEK 2,023,385,701
Profit for the year	SEK 68,343,972
Total:	SEK 2,092,229,673

The Board of Directors proposes that earnings be appropriated as follows:

To be carried forward SEK 2,092,229,673.

Annehem's dividend policy is to reinvest profits in order to utilise business opportunities and achieve Annehem's growth targets.





Financial statements

Consolidated income statement

SEK million	Note	2022	2021
Rent revenue	3	217.9	187.8
Other property income	3	44.7	39.1
Total income		262.6	226.9
Property expenses	4		
Operating costs		-44.2	-37.5
Maintenance costs		-10.2	-9.2
Property tax		-12.6	-9.6
Property administration		-14.3	-14.8
Net operating income		181.3	155.8
Central administration	4	-36.2	-30.4
Other operating income	4	7.7	9.9
Other operating costs	4	-9.3	-4.9
Interest income	13	9.5	-
Interest expenses	13	-62.5	-44.1
Other financial items ¹⁾	13	-16.4	0.0
Income from property management		74.2	86.2
Changes in value of properties, unrealised		98.0	172.9
Changes in value of derivative instruments, unrealised		90.9	3.0
Profit before tax		263.0	262.1
Current tax	8	-1.0	0.2
Deferred tax	8	-54.7	-52.6
Net income for the year attributable to the Parent Company's shareholders		207.3	209.7
Average number of shares, before and after dilution		58,992,548	58,992,548
Earnings per share, before and after dilution, SEK		3.51	3.56

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

Consolidated statement of profit or loss and other comprehensive income

SEK million	2022	2021
Profit for the year	207.3	209.7
Other comprehensive income		
<i>Items that have been or may be reclassified to profit for the period</i>		
Change in the fair value of cash flow hedges	-1.6	1.5
Deferred tax on derivative instruments	0.3	-0.3
Translation differences on translation of foreign operations	19.1	7.1
Total other comprehensive income	17.8	8.3
Comprehensive income for the year attributable to Parent Company's shareholders	225.1	218.2



Consolidated balance sheet

SEK million	Note	31 Dec 2022	31 Dec 2021
Assets			
<i>Fixed assets</i>			
Intangible assets		0.1	0.1
Investment properties	9	4,309.2	3,994.1
Machinery and equipment	10	5.2	4.2
Derivative instruments	13	104.5	0.7
Other fixed assets		1.3	0.8
Total fixed assets		4,420.3	3,999.8
<i>Current assets</i>			
Accounts receivable		1.9	3.1
Current receivables	11	22.9	24.4
Derivative instruments	13	0.9	5.6
Cash and cash equivalents	13	237.9	190.2
Total current assets		263.6	223.4
Total assets		4,684.0	4,223.1
Equity and liabilities			
<i>Equity</i>			
Share capital		0.5	0.5
Other contributed capital		1,786.9	1,786.9
Translation reserve		22.0	5.0
Retained earnings including net income for the year		691.7	483.5
Total equity	12	2,501.1	2,275.9

SEK million	Note	31 Dec 2022	31 Dec 2021
Liabilities			
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	13	1,655.6	1,721.3
Derivative instruments	13	10.4	1.4
Other non-current liabilities		3.2	3.1
Deferred tax liabilities	8	195.6	139.1
Pension provisions		1.6	1.0
Total non-current liabilities		1,866.5	1,865.9
<i>Current liabilities</i>			
Current interest-bearing liabilities		234.0	-
Derivative instruments	13	-	1.7
Accounts payable and other liabilities		22.1	11.9
Current tax liabilities		1.8	4.0
Other current liabilities	14	58.5	63.6
Total current liabilities		316.4	81.3
Total liabilities		2,182.9	1,947.2
Total equity and liabilities		4,684.0	4,223.1



Consolidated statement of changes in equity

2021 SEK million	Equity attributable to the Parent Company's shareholders				
	Share capital	Other contributed capital	Reserves	Retained earnings including profit for the year	Total equity
Opening equity, 1 January 2021	0.5	1,786.9	-3.3	273.8	2,057.9
Profit for the year	-	-	-	209.7	209.7
Other comprehensive income for the year	-	-	8.3	-	8.3
Comprehensive income for the year	-	-	8.3	209.7	218.0
Closing equity, 31 December 2021	0.5	1,786.9	5.0	483.5	2,275.9

2022 SEK million	Equity attributable to the Parent Company's shareholders				
	Share capital	Other contributed capital	Reserves	Retained earnings including profit for the year	Total equity
Opening equity, 1 January 2022	0.5	1,786.9	5.0	483.5	2,275.9
Profit for the year	-	-	-	207.3	207.3
Other comprehensive income for the year	-	-	17.8	-	17.9
Comprehensive income for the year	-	-	17.8	207.3	225.2
Closing equity, 31 December 2022	0.5	1,786.9	22.0	691.7	2,501.1

Consolidated cash flow statement

SEK million	2022	2021
Income from property management ¹⁾	74.2	86.2
<i>Adjustments for non-cash items</i>		
Depreciation ²⁾	0.4	1.2
Unrealised currency effects	-16.3	-8.3
Other items not affecting cash flow	-4.6	-
Income tax paid	-	-
	53.7	79.1
<i>Changes in working capital</i>		
Operating receivables	-2.1	-18.4
Operating liabilities	2.6	-4.6
Cash flow from operating activities	54.3	56.1
<i>Investing activities</i>		
Investments in existing properties	-32.8	-52.5
Acquisition of investment properties	-99.8	-410.9
Sale of fixed assets	-	4.9
Investments in machinery and equipment	-1.5	-0.5
Cash flow from investing activities	-134.1	-458.9
<i>Financing activities</i>		
Borrowings	132.9	234.0
Repayment of loans	-7.9	-87.9
Cash flow from financing activities	125.0	146.1
Cash flow for the period	45.2	-256.7
Cash and cash equivalents at the beginning of the period	190.2	448.0
Exchange rate difference in cash and cash equivalents	2.5	-1.1
Cash and cash equivalents at the end of the period	237.9	190.2

¹⁾ Interest received and paid is included in income from property management and corresponds to interest expense and interest income respectively for each period.

²⁾ Non-cash items refers to depreciation on machinery and equipment, which does not affect cash flow.



Parent Company income statement

SEK million	2022	2021
Income	47.2	34.5
Administrative expenses	-38.3	-32.0
Operating profit	8.9	2.5
Profit from financial items		
Profit from participations in Group companies	-	-
Net financial items	47.2	30.8
Profit from financial items	47.2	30.8
Appropriations	18.4	-3.1
Profit before tax	74.5	30.3
Current tax	-	-
Deferred tax	-6.2	0.1
Profit for the year¹⁾	68.3	30.4

¹⁾ Profit/loss for the year corresponds to comprehensive income for the year and therefore only an income statement is presented without a separate report for comprehensive income.



Parent Company balance sheet

SEK million	31 Dec 2022	31 Dec 2021
ASSETS		
Fixed assets		
Intangible assets	0.1	0.1
Machinery and equipment	1.7	0.8
Financial fixed assets		
Participations in Group companies	18.8	16.6
Non-current receivables for Group companies	1,810.9	1,998.8
Derivative instruments	44.5	-
Other non-current receivables	1.3	0.8
Total financial fixed assets	1,875.5	2,016.2
Total fixed assets	1,877.2	2,017.1
Current assets		
Current receivables for Group companies	43.8	17.0
Other receivables	2.9	5.9
Derivative instruments	0.9	0.7
Cash and bank balances	208.4	8.7
Total current assets	255.9	32.2
TOTAL ASSETS	2,133.2	2,049.3

SEK million	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	0.5	0.5
Non-restricted equity		
Retained earnings	2023.9	1,993.5
Profit for the year	68.3	30.4
Total equity	2,092.7	2,024.4
Provisions		
Provisions for pensions and similar obligations	1.6	1.0
Provisions for deferred tax	7.9	0.0
Total provisions	9.5	0.9
Non-current liabilities		
Derivative instruments	10.4	-
Total non-current liabilities	10.4	-
Current liabilities		
Derivative instruments	-	3.2
Liabilities to Group companies, accounts payable	5.4	5.4
Accounts payable	1.4	1.8
Current tax liabilities	0.0	3.3
Other current liabilities	13.8	10.4
Total current liabilities	20.6	24.0
TOTAL EQUITY AND LIABILITIES	2,133.2	2,049.3



Parent Company statement of changes in equity

2021 SEK million	Restricted equity	Non-restricted equity		Total equity
	Share capital	Retained earnings	Profit for the year	
Opening equity, 1 January 2021	0.5	2,000.0	-6.5	1,994.0
Profit for the year	-	-	30.4	30.4
Closing equity, 31 December 2021	0.5	2,000.0	30.4	2,024.4

2022 SEK million	Restricted equity	Non-restricted equity		Total equity
	Share capital	Retained earnings	Profit for the year	
Opening equity, 1 January 2022	0.5	2,000.0	30.4	2,024.4
Profit for the year	-	-	68.3	68.3
Closing equity, 31 December 2022	0.5	2,000.0	68.3	2,092.7

Profit/loss for the year corresponds to comprehensive income for the year and therefore only an income statement is presented without a separate report for comprehensive income.

Parent Company cash flow statement

SEK million	2022	2021
Profit before tax	74.5	30.3
<i>Adjustments for non-cash items</i>		
Depreciation	0.4	0.4
Unrealised exchange rate effects	-37.4	1.7
Income tax paid	-	-
<i>Changes in working capital</i>		
Operating receivables	-23.8	-21.8
Operating liabilities	-0.6	-25.0
Cash flow from operating activities	13.1	-14.3
<i>Investing activities</i>		
Granted shareholders' contributions	-	-4.1
Investments in machinery and equipment	-1.3	-0.5
Cash flow from investing activities	-1.3	-4.6
<i>Financing activities</i>		
Changes interest-bearing receivables, Group companies	187.9	27.3
Cash flow from financing activities	187.9	27.3
Cash flow for the period	199.7	8.4
Cash and cash equivalents at the beginning of the period	8.7	0.4
Cash and cash equivalents at the end of the period	208.4	8.7

¹⁾ Interest received and paid is included in income from property management and corresponds to interest expense and interest income respectively for each period.

²⁾ Non-cash items refers to depreciation on machinery and equipment, which does not affect cash flow.



Notes

NOTE 1 GENERAL INFORMATION AND ACCOUNTING POLICIES

GENERAL INFORMATION

Annehem Fastigheter AB, Corp. ID. No. 559220-9083, is a Swedish public limited liability company with its registered office in Ängelholm. The company's address is Drottning Kristinas Esplanad 2, SE-170 67 Solna, Sweden. The company owns and manages a property portfolio of 25 properties in Sweden, Finland and Norway. The company's share has been listed on Nasdaq Stockholm since 11 December 2020.

The annual accounts and the consolidated financial statements were approved for publication by the Board of Directors and the CEO on 17 April 2023. The consolidated statement of profit or loss and statement of other comprehensive income and the Parent Company income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on 23 May 2023.

SIGNIFICANT ACCOUNTING POLICIES

Basis for preparing the statements

Compliance with laws and standards

The financial statements have been prepared pursuant to the International Financial Reporting Standards (IFRS) as adopted by the EU. Certain supplementary disclosures were provided in accordance with additional requirements of the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 1 Supplementary Accounting Rules for Groups. The accounting policies have been consistently applied to all recognised periods.

The Parent Company applies the same accounting policies as the Group except in cases specified below in the section Parent Company's accounting policies.

Measurement basis

Assets and liabilities are recognised at their historical cost, except for investment properties that in the consolidated balance sheet are measured at fair value.

Functional currency and presentation currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the presentation currency for the Group. All amounts are rounded to the nearest million with one decimal point unless otherwise specified.

Changes to accounting policies resulting from new or amended IFRS

No new or amended IFRS had any material impact on the financial statements.

New IFRS that have not yet been applied

New or amended IFRS with future application are not expected to have any material impact on the company's financial statements.

GROUP

Classification

Fixed assets comprise amounts expected to be recovered or paid more than 12 months after the balance sheet date. Non-current liabilities consist of amounts that fall due for payment first after more than 12 months after the balance sheet date and other amounts for which the company has an unconditional right to defer the payment to a date more than 12 months after the balance sheet date. Other assets and liabilities are recognised as current assets and current liabilities, respectively.

Assessments and estimations in the financial statements

The preparation of the financial statements requires assessment when applying the accounting policies and estimations when measuring assets, liabilities, income and costs. Estimations and assumptions are based on historical experience and other factors considered relevant. Estimates and assumptions are regularly reviewed and compared with actual outcomes. Significant assessments and estimations are described in more detail in Note 2.

Consolidated financial statements

Subsidiaries are companies over which Annehem Fastigheter AB has a direct or indirect controlling interest. Controlling interest is achieved when the Parent Company has direct or indirect control over the investment object, is exposed or entitled to a variable return from its holding in the investment object and can exercise control over the investment object to influence the size of its return. The subsidiary's financial statements are included in the consolidated financial statements from the date on which the controlling interest arises and are included in the consolidated financial statements until the date it ceases.

Asset acquisitions

Transactions in which the fair value of the acquired assets essentially comprises an asset or a group of similar assets are recognised as a single asset acquisition, using a simplified assessment. When acquisitions of subsidiaries entail an acquisition of net assets without significant processes, the cost is allocated to the individual identifiable assets and liabilities based on their fair value on the acquisition date. Fair value initially includes contingent considerations. Transaction expenses are added to the cost of the acquired net assets in asset acquisitions. Changes in the estimated value on

contingent benefits after the acquisition are added to the cost of acquired assets. Deferred tax on temporary differences is not initially recognised. For further information, refer to the section Taxes. Annehem recognises deductions received for deferred tax as unrealised changes in value on the property directly on the date of the acquisition. Changes in value on contingent considerations are added to the cost of acquired assets.

Transactions eliminated on consolidation

Intra-Group receivables and liabilities, income or costs and unrealised gains or losses arising from intra-Group transactions among Group companies are eliminated in their entirety when preparing the consolidated financial statements.

Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rate that prevails on the transaction date. Functional currency is the currency of the primary economic environment in which the entity operates. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Exchange rate differences that arise on translation are recognised in profit or loss for the year. Non-monetary assets and liabilities recognised at historical costs are translated at the exchange rate on the transaction date. Non-monetary assets and liabilities reported at fair values are translated to the functional currency at the rate that prevails on the date of fair value measurement.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including consolidated surplus and deficit values, are translated from the foreign operation's functional currency to the Group's report-



ing currency, Swedish kronor, using the exchange rate at the balance sheet date. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate that comprises an approximation of the exchange rates applying on each transaction date. Translation differences that arise in currency translations of foreign operations are recognised in other comprehensive income and accrued in a separate component in equity, called the currency translation reserve. When controlling interest over a foreign operation ceases, they are realised to accumulated translation differences attributable to the operation, whereby they are reclassified from translation reserve in equity to profit or loss for the year.

Segment reporting

An operating segment is a part of the Group that conducts operations from which it can generate income and incur costs and for which independent financial information is available. The Group's operations are divided into two operating segments: Capital Region (Stockholm, Oslo, Helsinki) and South Region (Malmö, Gothenburg, Ängelholm). Operating segments are reported in the Group's external financial statements in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the result of the operating segments. In Annehem, the chief operating decision maker is the CEO, as the CEO has the main responsibility for allocating resources and evaluating the result.

Rent revenue and property income

Rent revenue is notified in advance and accrued in earnings on a straight-line basis during the lease period. All leases are classified as operating leases. In addition to rental charges, rent revenue includes supplementary billing, mainly property tax. Income that is classified as property income includes supplementary billing, for example electricity, heating, water and property upkeep. Property income is recognised in the period when the service is rendered and delivered to the tenant. Rental charges and property income are paid in advance and advance rent is recognised as prepaid rent revenue. In cases where a lease is granted a time-limited rent reduction

and charged a higher rent in another period, the respective underpayment or overpayment is accrued over the term of the lease. Discounts, such as a reduction for phased occupancy, are charged to the period in which they arise.

Government assistance

Government assistance is recognised in the balance sheet as accrued income when there is reasonable assurance that the subsidy will be received and the Group will fulfil the conditions associated with the subsidy. Assistance is recognised on a systematic basis in profit for the year in the same way and over the same periods in which the expenses which the grants are intended to offset are recognised, unless the conditions for receiving the assistance are not fulfilled after recognition of the related costs. In these cases, the company recognises a receivable on the government assistance for the period during which the company received the assistance.

Property expenses

Property expenses comprise both direct and indirect expenses to manage a property and consist of costs for operation, upkeep, leasing, administration, property tax and maintenance of the property portfolio.

Central administration

Costs for central administration comprise costs for Group-wide functions and ownership of the Group's subsidiaries. The Parent Company's costs for, among other things, the senior executive team, personnel administration, IT, marketing activities, investor relations, audit fees and financial statements are included in central administration. The item central administration also includes depreciation of other tangible assets.

Employee benefits

Short-term remuneration

Short-term remuneration to employees is reported as an expense when the related services are performed. The expected costs of bonus payments are recognised as an accrued cost when the Group has a valid legal or informal obligation to make such payments for services rendered and the obligations can be reliably estimated.

Pensions

Defined contribution pension plans

Pension plans are only classified as defined contribution pension plans when the Group's obligations are limited to the contributions the Group has undertaken to pay to an insurance group or to another independent legal entity. In such cases, the size of an employee's pension depends on the size of the contributions the Group pays to this legal entity and the yield it generates on the capital. The Group's obligations concerning contributions to defined contribution plans are expensed in profit/loss for the year as they are earned by the employee performing work for the Group during the period. Unpaid contributions are recognised as liabilities.

Defined benefit pension plans

A few employees have defined benefit ITP plans with regular payments to Alecta. These are recognised as defined contribution plans since Alecta does not provide the required information, and consequently information is not available to recognise the plan as a defined benefit plan. However, there are no indications of any material obligations that exceed the payments to Alecta.

For salaried employees in Sweden, defined benefit pension obligations for retirement and family pensions (or alternately family pensions) under the ITP 2 plan are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, Recognition of ITP 2 pension plan financed through insurance with Alecta, this is a multi-employer defined-benefit plan. For the 2021 financial year, the company did not have access to information to enable it to recognise its proportional share of the plan's commitments, plan assets and costs. Accordingly, the ITP 2 Pension Plan secured via insurance with Alecta was recognised as a defined contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually on the basis of such factors as salary, previously earned pension entitlement and estimated remaining period of employment. Expected fees in the next reporting period for ITP 2 insurance policies with Alecta are SEK 1.1 million (1.1). The Group's share of the total contributions for the plan, and the Group's share of the total number of active members in

the plan, amount to 0.00520 percent and 0.00353 percent, respectively (0.00520 and 0.00353, respectively).

The collective consolidation level is the market value of Alecta's assets as a percentage of its insurance commitments, calculated according to Alecta's actuarial methods and assumptions, which do not correspond to IAS 19. Normally, the collective consolidation is permitted to vary between 125 and 175 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 175 percent, action is to be taken to create the conditions for returning the consolidation level to within the normal range. In the case of low consolidation, one step can be to increase the price of new, and extending existing, benefits. In the case of high consolidation, one alternative can be to reduce premiums. At year-end 2022, Alecta's surpluses in the form of the collective consolidation level was 172 percent (172).

Pension agreements with endowment insurance

Pension agreements have been entered into whereby the Group has acquired endowment insurance secured for the benefit of employees through pledges. The beneficiary of the endowment insurance is only entitled to remuneration corresponding to the value of the endowment insurance at redemption. The endowment insurance is continuously measured at fair value while the pension liability is revalued to the corresponding value of the endowment insurance. Provisions for special employer's contributions are reserved based on the endowment insurance's fair value.

Leases – lessee

The Group has a small number of leases as lessee in the form of leasehold rights. Annehem has chosen to recognise all leases with full retrospective application. When signing an agreement, Annehem determines whether the agreement is, or contains, a leasing agreement based on the substance of the agreement. An agreement is, or contains, a leasing agreement if the agreement transfers during a certain period the right to decide over the use of an identified asset in exchange for compensation. Annehem applies the practical exceptions pertaining to current leasing and leases for which the underlying asset is of low value. Current leasing is defined



as a lease with an initial lease term of up to 12 months after taking into account any option to extend the lease. The Group has defined contracts where the underlying asset could be purchased for up to SEK 50,000 and within the Group comprises, for example, office inventory, as leases where the underlying asset is of low value. Lease payments for current leasing and leases for which the underlying asset is of low value are expensed on a straight-line basis over the lease term in central administration.

Leasehold rights

The Group has four leasehold rights that meet the definition of a lease. The lease liability is initially measured based on the established size of the ground rents on the commencement date discounted by the rate implicit in the contract, i.e. the ground rent rate. The right-of-use asset's value is considered to be equal to the lease liability adjusted for any prepaid ground rents. Since the leasehold rights are deemed to entail a perpetual commitment to the lessor at the same time as the site has a perpetual useful life, the right-of-use asset is not depreciated and the lease liability is not amortised. Ground rents paid are presented in full as an interest expense. The lease liability is remeasured when the ground rents are renegotiated, to reflect the change in size of the ground rents. In the event of such revaluation of the lease liability, the right-of-use asset is adjusted by the corresponding amount. Following the initial valuation according to IFRS 16, the Group measures right-of-use assets relating to leasehold rights at fair value as part of investment properties in accordance with IAS 40.

The Group as lessor

As landlord, the Group has operating leases with customers, see Note 9. Accounting policies for recognition of rent revenue and property income are stated in the paragraph concerning income above.

Investment properties

Investment properties are properties classified as fixed assets held to earn rent revenue or for capital appreciation, or a combination of both. Investment properties include buildings,

land, land improvements and fixtures and fittings in buildings. Even properties under development and redevelopments which are intended to be used as investment properties when fully developed are classified as investment properties.

Investment properties are measured at fair value in accordance with the accounting standard IAS 40. Initially, investment properties are recognised at cost, which includes expenses directly attributable to the acquisition. Fair value is the amount estimated to be received in a transaction on the valuation date between well-informed and independent parties acting in an orderly market. The valuation is based on discounted future cash flows where uncertainty exists as regards the assessment of future rent revenue, vacancy rates, operating costs, interest rate trends and direct return requirements.

At least once every year, all properties are valued by external, independent appraisal institutes. The Group conducts regular internal valuations of the entire property portfolio. The external valuations are used as reconciliation data for the internal valuations. The external valuations take priority when there are differences between the internal and external valuations. All property valuations are carried out by appraisers with adequate expertise for each type of property and geographic market. The properties are valued according to valuation principles pursuant to IPD's guidelines. These state that all properties must be inspected on each valuation date, with an in-depth inspection every three years. Internal valuations are prepared using the valuation policy prevailing at any given time. Fair value has been determined through a combination of applying the location/price method and the yield method. The yield method is based on the preparation of a cash flow statement for each property. The cash flow statement comprises an assessment of the present value of the property's future net operating income during the calculation period and the present value of the property's residual value at the end of the calculation period. The calculation period is either five or ten years, and the residual value has been assessed using a perpetual capitalisation of an estimated market-based net operating income the year following the end of the calculation period. The perpetual capitalisation is effected

using a direct-return requirement derived from the prevailing transaction market for comparable properties, and both direct and indirect (properties sold as a company) transactions were taken into account. Cash flow for operating, maintenance and administrative expenses is based on commercial and standardised payments for operation, maintenance and property administration after which corrections are made for discrepancies. Investments are calculated using the investment needs that are deemed to exist. Classification is conducted at level 3 in accordance with IFRS 13 Fair Value Measurement. Development rights may be included in fair value for investment properties. Both unrealised and realised changes in value are recognised in net profit for the year. Realised changes in value pertain to value changes from the most recent interim report until the divestment date for properties sold during the period, after taking into account capitalised investment expenditure for the period. Unrealised changes in value pertain to other value changes that do not arise from acquisitions, sales or capitalised investment expenditure.

Additional expenses are added to recognised value of investment properties only if it is likely that the future economic benefits associated with the expenditure will accrue to the company and the acquisition cost can be reliably calculated. All other subsequent costs are expensed in the period in which they arise. Expenditure on the replacement of identified components plus entirely new components is also added to the carrying amount, when these satisfy the above criteria. Repairs and maintenance are expensed when the expenditure arises.

Tangible assets

Tangible assets consist of machinery and equipment. Tangible assets are recognised at cost less accumulated amortisation and any impairment. Additional expenses that meet the criterion for classification as an asset are included in the asset's carrying amount. Expenses for ongoing maintenance and repairs are recognised as costs when they arise. Depreciation of tangible assets is expensed so the cost of the item, less any estimated residual values at the end of the useful life, is depreciated straight-line over its estimated useful life. If an item has

been divided into different components, each component is depreciated separately over its useful life. Depreciation begins when the tangible asset can be used. The useful life of tangible assets is estimated at:

- Vehicles and construction machinery 5–10 years
- Other machinery and equipment 3–10 years

Financial instruments

Recognition and initial measurement

Accounts receivable and issued debt instruments are recognised when they are issued. Other financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

A financial asset or financial liability is measured on initial recognition at fair value plus, in case of financial instruments that are not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.

Classification and subsequent measurement

Financial assets in Annehem, with the exception of derivative assets, are classified at amortised cost as:

- the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial liabilities in Annehem, with the exception of derivatives, are measured at amortised cost as they are not held for trading or have been identified as valued at fair value on initial recognition. Derivatives are measured at fair value in profit and loss, unless they are identified as hedging instruments. Annehem does not apply hedge accounting at 31 December 2021 but hedge accounting was applied to certain hedging relationships existing before 30 June 2021 and the fixed-interest derivatives identified as cash flow hedge instruments were initially recognised at fair value on the transaction date for the derivatives and were subsequently revalued at



fair value at the end of every reporting period. The effective portion of changes in the fair value of derivatives, classed as cash flow hedges, were recognised 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 hedging reserve at 31 December 2021 was SEK 1.2 million. In 2021, SEK 0.3 million was reclassified to profit or loss. More information about the Group's financial instruments can be found in Note 13 Financial instruments.

All financial assets classified as measured at amortised cost are valued using the effective interest method. Amortised cost is the amount at which a financial asset or financial liability is valued after initial recognition less repayments, plus or minus accumulated allocations when using the effective interest method on any difference between the original amount and the amount on the due date and, for financial assets, adjusted taking into account any loss reserve. The effective interest rate for a financial asset or financial liability is determined on initial recognition. The effective interest rate is the exact discount rate for estimated future payments and disbursements during the expected life of the financial instrument at the recognised gross value of the financial asset or the accrued acquisition value of the financial liability.

For financial assets recognised at amortised cost, interest income, exchange gains and losses as well as impairment are recognised in profit or loss. Gains or losses arising from derecognition are reported in profit or loss.

For other liabilities, net gains and losses, including interest expenses, are recognised in profit or loss. Interest expenses and exchange gains and losses are recognised in profit or loss.

Gains or losses upon removal from the statements is also recognised in profit or loss.

Impairment – anticipated credit losses

The Group recognises loss reserves for anticipated credit losses on all financial assets measured at amortised cost. The Group values the loss reserve at an amount corresponding to anticipated credit losses for the remaining time to maturity, with the exception of the following which are valued at 12 months anticipated credit losses: investments in debt instruments with low credit risk on the balance sheet day; and other debt instruments and bank balances for which the credit risk (meaning risk of default during the expected life of the financial asset) has not increased significantly since initial recognition.

The loss reserve for accounts receivable, contract assets and lease receivables is always at an amount corresponding to anticipated credit losses during the receivables' remaining time to maturity. The Group uses a matrix to calculate the loss reserve with anticipated loss percentages divided into the number of days a receivable is overdue and the receivable's customer category. The loss percentages are based on historical experience and specific conditions and expectations at the end of the reporting period.

The decision on whether the credit risk of a financial asset has increased significantly since initial recognition and when calculating anticipated credit losses, the Group uses reasonable and supportable information that is relevant and available without unnecessary costs or effort. This includes quantitative and qualitative information and analysis based on the Group's historical experience and credit assessments and includes forward-looking information.

The Group considers that the credit risk for a financial asset has increased significantly if it is past due by more than 30 days. The Group considers that a financial asset has defaulted when: it is unlikely that the borrower will pay the entire credit commitment to the Group, when the Group has no right of recourse to realise collateral (if such is held); or the financial asset is past due by more than 90 days. The Group considers

a debt instrument to be of low credit risk when its credit rating corresponds to the global definition of "investment grade," which is considered Baa3 or higher for Moody's or BBB- or higher for Fitch Ratings and Standard & Poor's.

Anticipated credit losses for the entire term is an anticipated credit loss arising from all potential defaults during the expected life of a financial instrument. 12-months anticipated credit losses comprise credit losses that arise from a default that may occur within 12 months of the balance sheet date (or a shorter period if the anticipated life of the instrument is shorter than 12 months). The maximum period considered when calculating anticipated credit losses is the maximum contract period during which the Group is exposed to credit risk. Anticipated credit losses comprise a probability-weighted estimate of credit losses. Credit losses are measured as the current value of all deficits in cash flows (i.e. the difference between the company's cash flow according to a contract and the cash flow the Group anticipates receiving). Anticipated credit losses are discounted with the effective interest rate on the financial asset.

On every balance sheet date, the Group assesses whether financial assets recognised at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events occur that have a negative impact on the estimated future cash flows for the financial asset.

Loss reserves for financial assets at amortised cost are deducted from the asset's gross value.

Write-off

The gross value of a financial asset is written off when the Group no longer has any feasible expectations of recovering part of or the entirety of a financial asset.

Derecognition from the statement of financial position

The Group derecognises a financial asset from its statement of financial position when the contractual rights to the cash flows from the asset expire or if it transfers the rights to receive the contractual cash flows through a transaction in

which essentially all risks and rewards of ownership have been transferred or in which the Group does not transfer or retain essentially all the risks and rewards of ownership and does not retain control of the financial asset. The Group derecognises a financial liability from its statement of financial position when the obligations specified in the agreement are discharged, cancelled or expire.

The Group also derecognises a financial liability when the contractual terms are modified and cash flows from the modified liability are materially different. In such a case, a new financial liability is recognised at fair value based on the modified terms. As of the date of these financial statements, no modification has taken place of financial liabilities. When a financial liability is derecognised, the difference between the carrying amount allocated to the derecognised component and the consideration paid is recognised in profit or loss.

Financial income

Financial income comprises interest income and is recognised in the period in which it arises. Group contributions received and received and anticipated dividends are also recognised in financial income. The effective interest method is used when calculating financial income.

Financial expenses

Financial expenses comprise interest expenses, which consist of interest and other expenses linked to financing of the company, as well as lease expenses and ground rents. Costs for taking out mortgage deeds are not regarded as a financial expense but rather capitalised as value-raising property investments. Financial expenses are recognised in the period in which they occur.

Borrowing costs

In the Group, borrowing costs are charged to profit or loss for the period to which they are attributable. No borrowing costs are capitalised as assets.



Provisions

A provision is recognised in the balance sheet when the Group has a formal or informal commitment as a result of an occurred event, and it is likely that an outflow of financial resources is required to settle the commitment and a reliable estimate of the amount can be made. A present-value calculation is carried out to take into account material time values pertaining to future payments.

Contingent liabilities

Contingent liabilities are provided when there is a possible obligation attributable to events that have occurred, the occurrence of which can only be confirmed by one or more uncertain future events out of the control of the Group, or when there is an undertaking not recognised as a liability or provision because it is not likely that the use of resources will be required or the amount cannot be calculated with sufficient reliability.

Income tax

Income tax is allocated in the income statement as current and deferred tax. Income tax is charged to the income statement except in those cases where it is attributable to transactions that are recognised directly against equity when the tax effect is also recognised directly against equity. Current and deferred tax are calculated using the applicable tax rate of 20.6 percent. For Norway and Finland, current and deferred tax is calculated using 22.0 percent and 20.0 percent, respectively.

Deferred tax

Deferred tax on temporary differences, arising between the carrying amount of an asset or liability and its tax value, is recognised in Annehem in accordance with the balance sheet method. Accordingly, there is a tax liability or tax asset that is realised on the date the asset or liability is divested. Exceptions are made for temporary differences that arise on initial recognition of assets and liabilities in asset acquisitions. Annehem has two items above all where temporary differences exist – properties and untaxed reserves. Deferred tax

liabilities are calculated on the difference between the properties' carrying amount and their tax value, and likewise on untaxed reserves. Changes to the abovementioned items thus change the deferred tax liability/asset, which is recognised in the income statement as deferred tax. This year's acquisitions were recognised as asset acquisitions, which means the deferred tax at the date of acquisition is not included in the balance sheet.

Current tax

Current tax recognised in the income statement corresponds to the tax the company is obliged to pay based on the year's taxable earnings, adjusted for any current tax pertaining to previous periods.

Parent Company accounting policies

The Parent Company prepares its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for legal entities. RFR 2 means that the Parent Company in the annual accounts for a legal entity must apply all EU endorsed IFRS and statements as far as this is possible within the framework of the Annual Accounts Act, the Income Security Act and taking into account the correlation between accounting and taxation. The recommendation states what exemptions and additions should be made to IFRS.

Differences between the accounting policies of the Group and the Parent Company

The differences between the Group's and the Parent Company's accounting policies are stated below. The accounting policies for the Parent Company stated below have been consistently applied in all periods presented in the financial statements of the Parent Company.

Classification and presentation

The income statement and balance sheet for the Parent Company are prepared according to the stipulations of the Annual

Accounts while and the statement of profit and other comprehensive income, statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively. The differences between the consolidated financial statements which apply in the Parent Company's income statement and balance sheet mainly comprise recognition of financial income and expenses, fixed assets, equity and the occurrence of provisions as a separate heading in the balance sheet.

Subsidiaries

Investments in subsidiaries are recognised in the Parent Company according to the cost method. This means that transaction costs are included in the carrying amount for holdings in subsidiaries.

Contingent considerations are measured on the basis of the probability that the consideration will be paid. Possible changes to the provision/receivable are added/deducted from the cost.

The carrying amount is checked regularly against the Group companies' consolidated equity. If the carrying amount falls below the Group companies' consolidated value, impairment is carried out via the income statement. If there is an indication that an earlier impairment is no longer justified, it is reversed.

Financial instruments

The Parent Company has chosen to apply IFRS 9 for financial instruments. The Parent Company therefore follows the same principles as the Group for the recognition of financial instruments.

Anticipated dividends

Anticipated dividends from a subsidiary are recognised in cases where the Parent Company alone is entitled to decide on the size of the dividend and the Parent Company has made a decision about the size of the dividend before the Parent Company published its financial statements.

Tangible assets

In the Parent Company, tangible assets are recognised at cost less accumulated depreciation.

Leased assets

The Parent Company does not apply IFRS 16, in accordance with the exception in RFR 2. As lessee, lease payments are recognised on a straight-line basis as a cost over the lease term and therefore not recognised as right-of-use assets and lease liabilities in the balance sheet.



NOTE 2 ESTIMATIONS AND ASSESSMENTS

The preparation of Annhem Fastigheter's financial statements 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

Annhem Fastigheter's portfolio of investment properties is measured on 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 Group's 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 Annhem 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.

Classification of acquisitions as asset acquisitions and deferred tax

Acquisitions of companies is classified either as business combinations or as asset acquisitions according to IFRS 3. An individual assessment is required for each transaction. Should the corporate acquisition essentially only comprise properties and not significant processes, the acquisition is classified as an

asset acquisition. Other corporate acquisitions are classified as business combinations. Annhem Fastigheter's company acquisitions in 2022 and also prior to this date solely encompass properties and no material processes, which is why the transactions are considered to be asset acquisitions.

When an asset is acquired, deferred tax is not recognised separately at the time of acquisition. Instead the asset is recognised at a purchase value corresponding to the asset's fair value after deductions for a discount received for deferred tax. Deferred tax is only recognised for changes in the carrying amount and changes in the fiscal value arising after the acquisition date.

NOTE 3 OPERATING SEGMENTS

	Capital Region		South Region		Group staff		Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Rent revenue	126.3	107.7	91.6	80.0	-	-	217.9	187.8
Other property income	24.7	21.3	20.0	17.9	-	-	44.7	39.1
Property expenses	-25.5	-18.7	-54.8	-51.3	-1.0	-1.1	-81.3	-71.1
Net operating income	125.5	110.3	56.8	46.6	-1.0	-1.1	181.3	155.8
Central administration	-	-	-	-	-36.2	-30.5	36.2	-30.5
Other operating income	0.5	1.5	7.0	10.4	0.2	-2.0	7.7	9.9
Other operating costs	-2.0	-1.4	-5.2	-2.6	-2.2	-1.2	-9.3	-4.9
Interest income	0.0	-	-	-	9.5	0.0	9.5	0.0
Interest expenses	-17.8	-12.9	-1.9	-0.6	-42.8	-51.8	-62.5	-44.0
Other financial items	-	-	-	-	-16.4	0.0	-16.4	0.0
Income from property management	106.3	97.4	56.7	30.0	-88.9	-86.6	74.2	86.2
Changes in value of properties, unrealised	-6.6	102.8	104.6	70.1	-	-	98.0	172.9
Changes in value of derivative instruments, realised	-	-	-	-	90.9	3.0	90.9	3.0
Profit before tax	99.7	200.2	161.3	100.0	2.1	83.7	263.0	262.1

An operating segment is a part of the Group that conducts operations from which it can generate income and incur costs and for which independent financial information is available. Capital Region (Stockholm, Oslo, Helsinki) and South Region (Malmö, Gothenburg, Helsingborg, Ängelholm, Ljungbyhed). Group staff includes the Parent Company and holding company within the Group, which are not operational companies.

Transactions within Group staff include management fees and other administrative expenses.

Rent revenue related to leases for the rental of Annhem Group's investment properties.

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

Information per country, SEK million	Sweden		Finland		Norway	
	2022	2021	2022	2021	2022	2021
External income	186.9	159.8	61.7	55.6	14.0	11.5
Investment properties	3,080.9	2,777.9	944.3	907.2	284.0	309.0
of which, investments for the year	129.3	333.8	-	93.9	-	8.8
Machinery and equipment	5.2	4.2	-	-	-	-
of which, investments for the year	1.3	0.0	-	-	-	-

In 2022, the Group recognised income from a customer (Group) totalling SEK 91.5 million (88.0), of which SEK 21.7 million (22.7) was recognised in Finland and SEK 69.8 million (65.3) in Sweden.



NOTE 4 OPERATING COSTS

Property expenses

Group, SEK million	2022				2021			
	Capital Region	South Region	Group staff	Total	Capital Region	South Region	Group staff	Total
Operating costs	12.3	31.5	0.4	44.2	8.3	29.0	0.2	37.5
Maintenance	0.9	9.3	–	10.2	0.6	8.6	–	9.2
Property tax	9.3	3.2	–	12.6	7.0	2.6	–	9.6
Direct property expenses	22.5	44.0	0.4	67.0	15.9	40.2	0.2	56.3
Property administration	3.0	10.8	0.6	14.3	2.8	11.1	0.9	14.8
Total property expenses	25.5	54.8	1.0	81.3	18.7	51.3	1.1	71.1

The main cost items in operating costs pertain to direct property expenses such as electricity, heating, water, cleaning, property upkeep, snow clearance, gardening and property insurance. Maintenance costs pertain to ongoing maintenance and planned maintenance.

Central administration – per type of cost

Group, SEK million	2022	2021
Personnel costs	26.8	24.2
Audit fees	0.9	0.7
Temporary employees	0.8	1.4
Other external expenses	7.3	3.4
Depreciation	0.4	0.7
Total	36.2	30.5

Other external expenses includes costs for consultant fees and other external services. Depreciation is related to machinery and equipment.

NOTE 5 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION TO SENIOR EXECUTIVES

Number of employees	2022	2021
Average number of employees	17	18
of whom women	65%	56%

All personnel are employed in Sweden through the Parent Company Annehem Fastigheter AB.

Salaries, fees and benefits

In 2022, the Group had 17 (18) employees, all of whom were employed in the Parent Company.

In 2022, the Parent Company had eight (seven) members of the Board, of whom two (two) women. The Group's total

TSEK	Salaries and remuneration		Social security costs		Pension costs		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Group	16,540.2	14,935.0	6,688.2	5,887.0	3,549.7	3,400.0	26,778.1	24,222.0

Remuneration of the Board of Directors and senior executives Principles

The Chairman of the Board and members are paid fees in accordance with the decision of the shareholders' meeting. The CEO receives no Board fees.

Remuneration of the CEO and other senior executives consists of basic salary, variable remuneration, other benefits and pension. Senior executives refers to individuals who during the year were members of the senior executive team. At the end of the year, the senior executive team comprised

Gender distribution in management

Number of employees	2022	2021
Parent Company		
Board of Directors	8	7
of whom women	2	2
Other senior executives	4	4
of whom women	2	2
Group, total		
Board of Directors	8	10
of whom women	2	3
Other senior executives	4	4
of whom women	2	2

number of members of the Board amounted to eight (ten), of whom two (two) women.

Fees are only paid to the Parent Company's Board. On 31 December 2022, the Group had four (four) senior executives, of whom two (two) women.

four individuals, including the CEO. All members of the senior executive team are employed in Sweden. The balance between basic salary and variable remuneration shall be proportionate to the executive's responsibility and authority. For the CEO and other executives, variable remuneration is subject to a ceiling of 50 percent of basic salary. Pension benefits and other benefits to the CEO and other senior executives are taken into account when determining fixed and variable remuneration.



Note 5, cont.

Remuneration and other benefits during the year

Specification of remuneration of the Board's members and senior executives.

TSEK	Board fee/basic salary		Variable remuneration		Other benefits		Pension costs	
	2022	2021	2022	2021	2022	2021	2022	2021
Board of Directors								
Göran Grosskopf	470.0	312.4	-	-	-	-	-	-
Jesper Göransson	180.0	162.4	-	-	-	-	-	-
Pia Andersson	180.0	162.4	-	-	-	-	-	-
Anders Hylén	160.0	150.0	-	-	-	-	-	-
Karin Ebbinghaus	180.0	162.4	-	-	-	-	-	-
Lars Ljungälv	180.0	162.4	-	-	-	-	-	-
Axel Granlund	160.0	92.8	-	-	-	-	-	-
Henrik Saxborn ¹⁾	111.5	-	-	-	-	-	-	-
Senior executive team								
Jörgen Lundgren, CEO ²⁾	3,414.0	2,807.0	861.0	1,091.0	67.0	118.5	908.0	914.1
Monica Fallenius, CEO ³⁾	980.0	-	491.0	-	41.0	-	241.0	-
Other members of the senior executive team ³⁾	3,431.0	2,959.0	1,060	775.3	205.2	165.7	1,347.0	1,076.7

¹⁾ Member of the Board since May 2022.

²⁾ Jörgen Lundgren was CEO until 15 August 2022.

³⁾ Monica Fallenius took over as new CEO on 16 August 2022.

Variable remuneration

Variable remuneration of the CEO in 2022 was weighted 75 percent on the Group's income from property management and 25 percent for kWh per sqm. Variable remuneration of other members of the senior executive team was based on the same criteria as for the CEO.

For the CEO, variable remuneration for 2021 was based on the Group's income from property management and the percentage of properties that were environmentally certified to a specified level by the end of 2021. Variable remuneration of other members of the senior executive team was based on the same criteria as for the CEO.

Pensions

The CEO has a contribution-based pension plan based on ITP with an allocation of 30 percent of 12.2 times the monthly salary, added to which are premiums for ITPK own pension and ITP basic health insurance ("ground plate"). The retirement age for the CEO is 67.

The CFO has an ITP2 solution while the Head of Group Accounting and Head of Property Management have an ITP1 solution.

Severance pay

If notice is given by the CEO, the period of notice is six months and if notice is given by the company the period of notice is 12 months. For the other senior executives, the period of notice is six months if the senior executive terminates the employment

and nine months if the company terminates the employment. All senior executives shall receive unchanged salary and other employment benefits during the notice period.

Preparation and decision-making process

Information is provided in the Corporate Governance Report. Remuneration of the Board of Directors and senior executives Fees and other remuneration to the members of the Board of Directors, including the Chairman, are resolved by the shareholders' meeting. At the Annual General Meeting held on 19 May 2022, it was resolved that the fee to the Chairman of the Board of Directors should be SEK 470,000 and that the fee to the other members should be SEK 160,000. The members of the Board of Directors are not entitled to any benefits following termination of their assignments as members of the Board. Members of the Board's committees receive SEK 20,000 per year for each committee assignment.

Pensions for other employees

Other employees of Annhem Fastigheter have defined contribution pensions, with no other obligations from the company other than the payment of an annual premium during the period of employment. This means when the employee's employment is terminated at Annhem Fastigheter, he or she is entitled to decide the time during which the earlier defined contribution payments and subsequent returns are taken as pension.

Sick leave

Sick leave for the year was 2.7 percent (0.9). No long-term sick leave was reported during the year. Sick leave for women and men amounted to 4.6 percent (1.1) and 0.5 percent (0.5), respectively. Sick leave of the 30–49 age group was 6.0 percent (2.0) and for the 50 and older age group sick leave was 0.2 percent (1.8). The figures refer to both the Parent Company and the Group as a whole.

NOTE 6 AUDIT FEES

Group, SEK million	2022	2021
KPMG		
Audit assignment	1.1	0.7
Audit-related activities in addition to audit assignment	0.1	0.1
Other services	0.1	0.4
Total	1.3	1.2

Parent Company, SEK million	2022	2021
KPMG		
Audit assignment	0.9	0.6
Audit-related activities in addition to audit assignment	0.1	0.1
Other services	0.1	0.4
Total	1.1	1.1



NOTE 7 TRANSACTIONS WITH RELATED PARTIES

Parent Company, SEK million	2022	2021
Transactions with subsidiaries		
Income statement		
Management fee	46.8	34.4
Interest income	45.1	42.0
Interest expenses	-	-0.1
Total	91.9	76.3
Balance sheet		
Non-current receivables	1,810.9	1,998.8
Current receivables	43.8	17.0
Total	1,854.7	2,015.8
Current interest-bearing liabilities	5.4	5.7
Accounts payable	-	-
Total	5.4	5.7

Transactions with subsidiaries are priced on market terms. For information about remuneration of senior executives, refer to the Group's *Note 5 Employees, personnel costs and remuneration to senior executives*.

Non-current receivables for Group companies pertain to loans to subsidiaries. The loans carry interest at a fixed rate of 2.14 percent from January 2022 and a rate of 2.74 percent from October 2022. All personnel are employed by Annehem Fastigheter AB, which in turn bills services to its subsidiaries on normal commercial terms.

NOTE 8 TAXES

Tax recognised in income statement

SEK million	Group		Parent Company	
	2022	2021	2022	2021
<i>Current tax expenses (-)/tax income (+)</i>				
Current tax	-1.0	0.2	-	-
<i>Deferred tax expenses (-)/tax income (+)</i>				
Deferred tax pertaining to temporary differences	-54.7	-52.6	-6.2	0.1
Total recognised tax expense	-55.7	-52.3	-6.2	0.1

Note 8, cont.

Deferred tax liabilities in the balance sheet

SEK million	Group		Parent Company	
	2022	2021	2022	2021
Deferred tax liabilities, net	195.6	139.1	7.9	0.0
Change, net	56.5	52.6	7.9	-0.1
Specification of change in deferred tax liabilities, net				
Change through income statement	-54.7	-52.6	6.2	0.1
Other changes in recognition of deferred tax	-2.1	0.3	-	-
Translation differences through other comprehensive income	0.3	-0.3	-	-
Total net change in deferred tax liabilities	56.5	52.6	7.9	-0.1

The tax deductible temporary differences do not fall due according to current tax rules. Deferred tax liabilities relate to the fair value of investment properties. Deferred tax assets were not recognised for these items, since it was not probable that the Group will be able to utilise them to offset future taxable profits.

On 31 December 2022, the Group had loss carryforwards of approximately SEK 3.2 million (2.0).

In 2022, the tax rate in Sweden was 20.6 percent.

Reconciliation of effective tax

SEK million	Group		Parent Company	
	2022	2021	2022	2021
Profit before tax	263.0	262.1	74.5	30.3
Tax in accordance with tax rate for the Parent Company	-54.2	-54.0	-15.3	-6.2
Effect of other tax rates for foreign subsidiaries	0.0	0.0	-	-
Non-deductible expenses	0.5	-6.6	0.6	0.5
Utilisation of loss carryforwards not previously capitalised	-2.1	9.0	-	-
Other tax adjustments	-	-0.2	8.6	5.8
Recognised effective tax	-55.7	-52.3	-6.2	0.1



NOTE 9 INVESTMENT PROPERTIES

Specification of change for the year, SEK million	2022	2021
Fair value at the beginning of the year	3,994.1	3,317.5
Cost of investment properties, asset acquisition	103.0	410.9
Investments in existing properties	32.8	52.5
Unrealised changes in value	98.0	172.9
Currency translations portfolio abroad	81.3	40.3
Fair value at the end of the year	4,309.2	3,994.1

Specification of change for the year, SEK million	Capital		South	
	2022	2021	2022	2021
Fair value at the beginning of the year	2,828.3	2,386.6	1,165.9	931.0
Cost of investment properties, asset acquisition	103.0	279.9	-	131.0
Investments in existing properties	4.5	18.4	28.3	34.1
Unrealised changes in value	-6.6	103.0	104.6	69.9
Currency translations portfolio abroad	81.2	40.3	-	-
Fair value at the end of the year	3,010.2	2,828.3	1,298.8	1,165.9
Of which, business parks	-	-	708.1	585.0

Sensitivity analysis - impact on fair value and profit, SEK million	Change	2022	2021
Change in net operating income	+/-5%	+ 147 / -147	+ 125 / -125
Change in direct-return requirement	+/-0.5%	-363 / +501	-354 / + 492
Change in discount interest rate	+/-0.5%	-363 / +501	-354 / + 492
Change in discount interest rate, residual value	+/-0.5%	-363 / +501	-354 / + 492

Calculation assumptions per segment, SEK million	Capital		South		Of which, business parks in South	
	2022	2021	2022	2021	2022	2021
Normalised net operating income	124.9	112.5	73.1	53.8	42.8	32.3
Vacancy rate	2.0-5.0%	1.0-5.0%	1.3-13.1%	1.3-22.3%	5.0-13.1%	5.1-22.3%
Direct return, weighted	4.6%	4.2%	5.8%	5.7%	6.4%	6.2%
Interval, direct return	3.8-4.7%	3.8-5.0%	4.9-7.6%	4.6-7.4%	5.9-7.6%	5.0-7.4%
Discount rate	5.7-6.7%	5.8-7.1%	7.2-9.9%	6.6-9.5%	8.2-9.9%	7.8-9.5%
Discount rate residual value	6.1-7.8%	5.8-7.1%	7.2-9.9%	6.6-9.5%	8.2-9.9%	7.8-9.5%
Discount rate, weighted	6.8%	6.3%	8.0%	7.5%	8.7%	8.4%
Discount rate residual value	6.1%	6.3%	8.2%	7.7%	8.7%	8.4%

Taxable residual values, SEK million	31 Dec 2022	31 Dec 2021
Investment properties	2,527.5	1,857.9

Significant obligations, SEK million	Total investments	Remaining
Tenant-specific modifications Valhall Park	35.0	35.0
Carl Florman, residential homes	135.0	0.0 ¹⁾
Partille port, residential homes	250.0	250.0
Total	420.0	420.0

1) Completed for occupancy in January 2023

Realised and unrealised changes in value are recognised after income from property management in profit or loss. The measurement of fair values for all investment properties are classified on level 3 in the fair value hierarchy in IFRS 13.

Valuation techniques

The value of the properties has been assessed based on a market-adapted cash-flow estimate. The direct-return requirement used in the estimate derives from sales of comparable properties. The valuation used a combined location/price method, based on recognised comparable purchases and the yield method, meaning a transaction-based method. Significant factors when selecting required returns include an assessment of the object's future rent trend, changes in value and any development potential, as well as the maintenance condition

of the property. Key value parameters are location and rent level, as well as vacancy rates. For each property, a cash flow forecast is prepared that extends at five or ten years into the future. The expected receipts match the terms of prevailing leases. For vacant spaces, an estimate is performed by individually assessing each property. The expected disbursements are estimated on the basis of historical property expenses. The inflation assumption in the valuation model on 31 December 2022 was 4.0 percent (2.0) for 2023, and 2.0 percent (2.0) for 2024 and thereafter. The valuation is based on a present-value calculation of the estimated cash flow and the present value of the market value at the end of the calculation period.

Leases

Rent revenue is based on leases that are to be regarded as operating leases, where the Group is the lessor.

Contracted annual rent, SEK million	2022	2021
<1 year	195.8	141.8
1-2 years	185.0	131.0
2-3 years	175.8	121.1
3-4 years	145.1	108.1
1-5 years	131.0	106.9
>5 years	246.7	384.7
Total	1,079.4	993.5

**NOTE 10 MACHINERY AND EQUIPMENT**

Group, SEK million	2022	2021
Purchases		
Opening balance	22.0	21.2
Investments for the year	1.3	0.8
Closing balance	23.3	22.0
Depreciation		
Opening balance	-17.6	-16.9
Depreciation for the year	-0.4	-0.7
Closing balance	-18.0	-17.6
Carrying amount	5.3	4.4

Parent Company, SEK million	2022	2021
Purchases		
Opening balance	1.5	0.7
Investments for the year	1.3	0.8
Closing balance	2.7	1.5
Depreciation		
Opening balance	-0.7	-0.2
Depreciation for the year	-0.4	-0.5
Closing balance	-1.1	-0.7
Carrying amount	1.7	0.8

NOTE 11 CURRENT RECEIVABLES

Group, SEK million	2022	2021
Other current receivables	9.5	20.0
Prepaid insurance	1.7	1.2
Accrued interest income	4.5	-
Prepaid rent expenses	0.4	0.3
Prepaid expenses and accrued income, other	6.9	2.9
Total	22.9	24.4

Other current receivables mainly comprise the tax account and VAT receivables.

Prepaid expenses mainly comprise property tax.

Parent Company, SEK million	2022	2021
Other current receivables	1.2	4.3
Prepaid insurance	0.4	1.2
Prepaid rent expenses	1.2	0.3
Total	2.9	5.9

NOTE 12 SHARE CAPITAL**Changes in share capital**

	Number of shares	Share capital, SEK million
Number of shares, 1 January 2022	58,992,548	58,992,548
Closing number of shares 31 December 2022	58,992,548	58,992,548

The shares are distributed between 6,863,991 A shares and 52,128,557 B shares. A shares entitle the holder to ten votes at shareholders' meetings and B shares entitle the holder to one vote at shareholders' meetings. The quotient value per share is approximately SEK 0.00848.

NOTE 13 FINANCIAL INSTRUMENTS**Fair value hierarchy**

Annehem offers disclosures for all financial assets and liabilities recognised at fair value in the balance sheet based on a fair value hierarchy in three levels. Level 1 inputs are instruments that are listed and traded in an active market where identical instruments are traded. Level 2 inputs are instruments that are not traded in an active market but where observable market data is used to value the instrument (either directly or indirectly). Level 3 inputs are instruments where a significant part of the valuation is based on unobservable market data. Assessments have been carried out based on circumstances and factors surrounding the different instruments. Currency futures and interest rate swaps were also classified as Level 2, since observable market data is used as a basis for the valuation. With regard to loans from credit institutions, Annehem believes that the carrying amount is a reasonable approximation of fair value on account of the carrying amount being discounted by the estimated market-based rates. 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. Fair value therefore essentially corresponds to the carrying amount. Exemptions to the classification based on the fair value hierarchy are made for accounts receivable, cash and cash equivalents and accounts payables where the carrying amount is deemed a suitable estimate of fair value.



Note 13, cont.

2022 Group, SEK million	Valuation hierarchy	Amortised cost	Fair value through profit or loss	Total fair value	Total carrying amount
ASSETS					
Financial fixed assets					
Derivative instruments	2	-	104.5	104.5	104.5
Current assets					
<i>Current receivables</i>					
Accounts receivable		1.9	-	-	1.9
Derivative instruments	2		0.9	0.9	0.9
Current receivables		20.1	-	-	20.1
Cash and cash equivalents		237.9	-	-	237.9
Total financial assets		260.0	105.4	105.4	365.4
LIABILITIES					
Non-current liabilities					
Loans from credit institutions	3	1,655.6	-	-	1,655.6
Derivative instruments	2	-	10.4	10.4	10.4
Current liabilities					
Loans from credit institutions	3	234.0	-	-	234.0
Derivative instruments	2				
Accounts payable		22.1	-	-	22.1
Total financial liabilities		1,911.8	10.4	10.4	1,922.2

2021 Group, SEK million	Valuation hierarchy	Amortised cost	Fair value through profit or loss	Total fair value	Total carrying amount
ASSETS					
Financial fixed assets					
Derivative instruments	2	-	1.9	1.9	1.9
Current assets					
<i>Current receivables</i>					
Accounts receivable		3.1	-	-	3.1
Derivative instruments	2		5.6	5.6	5.6
Current receivables		17.2	-	-	17.2
Cash and cash equivalents		190.2	-	-	190.2
Total financial assets		210.6	7.5	7.5	218.0
LIABILITIES					
Non-current liabilities					
Loans from credit institutions		1,721.3	-	-	1,721.3
Derivative instruments	2	-	1.4	1.4	1.4
Current liabilities					
Derivative instruments	2		1.7	1.7	1.7
Accounts payable		11.9	-	-	11.9
Total financial liabilities		1,733.2	3.1	3.2	1,736.4

The carrying amount of accounts receivable, other receivables, cash and cash equivalents, accounts payable, borrowing and other liabilities is a reasonable approximation of fair value. Derivative instruments are continuously measured at fair value in accordance with Level 2, IFRS 13.



Note 13, cont.

2022 Parent Company, SEK million	Valuation hierarchy	Amortised cost	Fair value through profit or loss	Total fair value	Total carrying amount
ASSETS					
Financial fixed assets					
Participations in Group companies	3	18.8	-	-	18.8
Derivative instruments	2	-	44.5	44.5	44.5
Current assets					
<i>Current receivables</i>					
Current receivables for Group companies		43.8	-	-	43.8
Current receivables		2.6	-	-	2.6
Derivative instruments	2	-	0.9	0.9	0.9
Cash and cash equivalents		208.4	-	-	208.4
Total financial assets		273.6	45.4	45.4	319.0
LIABILITIES					
Current liabilities					
Derivative instruments	2	-	10.4	10.4	10.4
Accounts payable to Group companies		5.4	-	-	5.4
Accounts payable		1.4	-	-	1.4
Total financial liabilities		6.8	10.4	10.4	17.2

2021 Parent Company, SEK million	Valuation hierarchy	Amortised cost	Fair value through profit or loss	Total fair value	Total carrying amount
ASSETS					
Financial fixed assets					
Participations in Group companies	3	16.6	-	-	16.6
Current assets					
<i>Current receivables</i>					
Current receivables for Group companies		17.0	-	-	17.0
Current receivables		5.9	-	-	5.9
Derivative instruments	2	-	0.7	0.7	0.7
Cash and cash equivalents		8.7	-	-	8.7
Total financial assets		48.1	0.7	0.7	48.8
LIABILITIES					
Current liabilities					
Derivative instruments	2	-	3.2	3.2	3.2
Accounts payable to Group companies		5.4	-	-	5.4
Accounts payable		1.8	-	-	1.8
Total financial liabilities		7.2	3.2	3.2	10.3

Framework for financial risk management

The Group is exposed to various types of financial risks through its operations.

- Credit risk
- Liquidity risk
- Market risk

The Group's Financial Policy for managing financial risks was established by the Board of Directors and creates a framework of guidelines and regulations in the form of a risk mandate and limitations in finance and treasury. Responsibility for the Group's financial transactions and risks is managed centrally by the CFO and the Group's Finance Department in the Parent Company. The overall objective of the finance

function is to provide cost-effective funding and to minimise the negative effects on Group profit/loss from market risks. The CFO regularly reports to the CEO and to the Group's Finance Committee.

Liquidity risk

Liquidity risk is the risk that the Group may experience difficulties in meeting its obligations associated with financial liabilities. A liquidity forecast in the short and long-term is regularly prepared. A liquidity forecast for the next 12 months is prepared on a monthly basis. The forecast is to include all inflows and outflows as well as major investment needs and temporary working capital requirements as soon as these are identified. The consolidated liquidity forecast forms the basis of Annhem Fastigheter's borrowing or investment needs and control of Annhem Fastigheter's total liquidity situation.

Liquidity needs in a longer perspective are calculated on an annual basis when the financial long-term forecast is updated.

A liquidity reserve for operations is to be available at any given time to guarantee Annhem Fastigheter's short-term solvency. The liquidity reserve includes short-term cash in bank, the market value of investments that can be freed up within three banking days along with the unutilised portion of confirmed credit facilities with a remaining lease term of at least three months. Surplus liquidity is defined as all liquidity in addition to the liquidity reserve. In cases when it is deemed financially advantageous, the surplus liquidity may be invested to address a known future financing need, as an alternative to amortisation of interest-bearing external liabilities. Funds from borrowing paid in advance for later financing needs may also be invested.

Liquidity risk is closely related to financing risk. Financing and refinancing risk refers to the risk that Annhem Fastigheter, from time to time, is unable to obtain necessary financing or that financing cannot be renewed at the end of its duration, or that it can only be obtained or renewed at significantly higher cost or disadvantageous terms for Annhem Fastigheter.

Annhem Fastigheter's credit agreements with credit institutions contain the customary cancellation terms. If the company or other companies in Annhem Fastigheter breaches its obligations or other financial commitments in a credit agreement, it could lead to the credit being cancelled with a requirement for immediate payment and collateral could be used. According to Annhem Fastigheter's credit agreement, Annhem Fastigheter has, for example, committed to the company's equity/assets ratio not being less than a



Note 13, cont.

certain level. If a credit is cancelled for immediate payment it may, in accordance with cross default provisions, involve other obligations falling due for immediate payment as well. Furthermore, a decline in the general economic climate or disruptions in the capital or credit markets could lead to a limit to Annehem Fastigheter's access to financing and that Annehem Fastigheter's opportunities to refinance its credits disappear. If Annehem Fastigheter fails in the future to obtain the necessary financing, does not have adequate liquidity to fulfil its obligations or the possibility to refinance its credits or can only refinance its credits at significantly higher costs or on terms that are disadvantageous to Annehem Fastigheter, this could have a material negative impact on Annehem Fastigheter's operations and financial position.

Some of Annehem Fastigheter's agreements, primarily Annehem Fastigheter's credit agreements with credit institutions, provisions exist that become relevant in connection with a change in control over the company or another company in Annehem Fastigheter. Such a provision could, for example, give a credit institution the option of cancelling agreements if one or more, other than Annehem's largest shareholders

and some closely related parties to this shareholder, who act jointly, become owners, directly or indirectly, of shares or votes in the company in excess of a certain percentage threshold value. In the event of such changes in control, certain rights for the counterparty or obligations for Annehem Fastigheter could come into effect, the results of which could include an impact on Annehem Fastigheter's continued financing. If Annehem Fastigheter's financing is impacted, it could lead to Annehem Fastigheter being compelled to divest properties at unfavourable prices and – over time – could have a negative impact on Annehem Fastigheter's income, which could lead to a material negative impact on the company's financial position.

Available liquidity	31 Dec 2022	31 Dec 2021
Unutilised loan framework	192.5	420.0
Available cash and cash equivalents	237.9	190.2
Liquidity reserve	430.4	610.2

At year-end, the company's financial liabilities amounted to SEK 1,889.6 million, including lease liability, and the maturity structure of the debt, plus interest maturity, is presented in the table below. The balance sheet includes borrowing fees in interest-bearing liabilities.

Maturity structure, financial liabilities – undiscounted cash flow

2022 Group, SEK million	Currency	Nominal amount original currency	Total	Outflow <1 year	1-2 years	2-3 years	3-5 years	>5 years
Bank loans	SEK	1,207.3	1,207.3	234.0	57.3	858.4	57.6	-
Bank loans	EUR	50.5	507.4	-	-	507.4	-	-
Bank loans	NOK	174.7	184.8	-	-	184.8	-	-
Accounts payable	EUR	0.1	0.6	0.6	-	-	-	-
Accounts payable	SEK	22.0	22.0	22.0	-	-	-	-
Accounts payable	NOK	0.0	0.0	0.0	-	-	-	-
Other current liabilities	SEK	-	58.5	58.5	-	-	-	-
Total			1,980.6	315.1	57.3	1,550.5	57.6	-

2021 Group, SEK million	Currency	Nominal amount original currency	Total	Outflow <1 year	1-2 years	2-3 years	3-5 years	>5 years
Bank loans	SEK	1,026.0	1,085.3	20.2	1,065.1	-	-	-
Bank loans	EUR	50.8	532.4	11.2	521.2	-	-	-
Bank loans	NOK	176.0	175.3	3.7	171.6	-	-	-
Accounts payable	EUR	0.0	0.3	0.3	-	-	-	-
Accounts payable	SEK	9.2	9.2	9.2	-	-	-	-
Accounts payable	NOK	2.3	2.3	2.3	-	-	-	-
Other current liabilities	SEK	-	56.3	56.3	-	-	-	-
Total			1,861.2	103.3	1,758.0	-	-	-

In addition to the financial liabilities with undiscounted cash flow presented in the table above, the Group holds one leasehold right with undiscounted annual ground rent of SEK 0.0 million. This lease is regarded as perpetual from the Group's

perspective since the Group has no right to terminate the agreement. Annehem had one (one) leasehold right on 31 December 2022.



Note 13, cont.

2022 Parent Company, SEK million	Currency	Nominal amount original currency	Total	Outflow <1 year	1-2 years	2-3 years	3-5 years	>5 years
Liabilities to Group companies, accounts payable	SEK	-	5.4	5.4	-	-	-	-
Total		-	5.4	5.4	-	-	-	-

2021 Parent Company, SEK million	Currency	Nominal amount original currency	Total	Outflow <1 year	1-2 years	2-3 years	3-5 years	>5 years
Liabilities to Group companies, accounts payable	SEK	-	5.4	5.4	-	-	-	-
Total		-	5.4	5.4	-	-	-	-

Market risk

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. IFRS divides market risks into three types: currency risk, interest-rate risk and other price risks. The market risks that mainly impact the Group comprise interest rate risk and currency risk.

The Group aims to manage and control market risk within established parameters while optimising the result of risk-taking within a given framework. The parameters are established with the aim that market risks in the short term (6-12 months) will only have a marginal impact on the Group's profits and position. In the longer term, however, permanent changes to exchange rates and interest will impact consolidated earnings.

Interest rate risk

The interest rate risk is the risk that the value of financial instruments may vary due to changes in market interest rates. The interest rate risk can result in changes in fair values and cash flows. Interest rate risk impacts Annehem Fastigheter through running interest expenses for loans and derivatives and also through changes in the market values of the derivatives. The aim of interest-rate risk management is to achieve the desired stability in Annehem Fastigheter's combined cash flows. Stable cash flows are important to promote property investments and to fulfil the requirements and expectations that lenders and other external parties have of Annehem Fastigheter. Annehem Fastigheter is primarily exposed to interest rate risk through the Group's borrowing. The interest-rate risk strategy comprises a balanced combination of floating rates and fixed rates. During the year, Annehem

purchased interest rate swaps to convert floating rates to fixed to reduce the volatility of interest expenses. See Note 16 for more information on interest-bearing liabilities.

Sensitivity analysis – interest rate risk

The impact of interest income and interest expenses during the coming twelve-month period in the event of a increase/decrease in interest rates of 1 percentage point on the balance sheet day amounts to +/- SEK 18.9 million (+/- SEK 17.2 million) – given the interest-bearing assets and liabilities on the balance sheet date.

Currency risk

Currency risk is the risk that fair values and cash flows of financial instruments may fluctuate with changes in the value of foreign currencies. The Group is exposed to currency risk on transaction as there is a mix of currencies used for sales, purchases, receivables and liabilities listed and the respective functional currency in the Group companies. The functional currency for Group companies is primarily SEK, NOK and EUR. To counteract these currency risks, the Group has actively chosen to purchase currency futures in EUR and NOK. However, there are certain items in EUR and NOK in a Swedish subsidiary that are translated to SEK and the currency effects are recognised in profit or loss. The net amounts total EUR 2.6 million (2.6) and NOK 116.0 million (114.3). Transactions are mainly conducted in SEK, NOK and EUR.

Annehem Fastigheter invests in properties outside of Sweden through foreign subsidiaries. Investments in foreign currencies are exposed to currency risk when they are not financed in local currency. The investments are, as far as possible, to be financed locally in the subsidiaries.

Sensitivity analysis – currency risk

A 10-percent strengthening of the Swedish krona against other currencies on 31 December 2022 would entail a change in equity by SEK 23.5 million (23.7), where EUR accounts for SEK 24.8 million (24.4) and NOK for SEK -1.4 million (-0.7). For earnings, the change was SEK -2.1 million (1.8), where EUR accounts for SEK -1.6 million and NOK for SEK -0.6 million. The sensitivity analysis assumes that all other factors (such as interest rates) remain constant. The same conditions were applied to the year-earlier period.

Credit risk in accounts receivable and lease receivables

The Group has drawn up a credit policy under which every new customer is individually analysed in terms of creditworthiness before offering the Group's general payment and delivery terms. The Group's examination encompasses external credit assessments, if available, financial reports, information from credit rating agencies, industry information and in some cases bank references.

Annehem Fastigheter has a diversified customer base with several categories of tenants in various sectors. Peab is Annehem Fastigheter's largest tenant and represented 35.0 percent of the rental value on 31 December 2022. Furthermore, no single tenant represented more than 6 percent of the rental value. The ten largest customers (excl. Peab) represented 32 percent. Annehem Fastigheter uses advanced invoicing with respect to its rent receivables.

Annehem Fastigheter applies the simplified approach in IFRS 9 for calculating anticipated credit losses. The Group's credit losses have been very low. The Group's reserve for anticipated credit losses was SEK 0.0 million (0.3).

Credit exposure for accounts receivable and lease receivables per geographic region for each year is presented below.

Group, SEK million	Carrying amount	
	2022	2021
Sweden	1.0	1.9
Finland	0.9	1.1
Norway	0.1	0.1
Total	2.0	3.1

Credit risk in cash and cash equivalents

As regards cash and cash equivalents, the counterparties are Scandinavian banks and financial institutions with a rating of either at least A- (S&P) or at least A3 (Moody's) or other counterparty with a rating of either at least A (S&P) or at least A2 (Moody's).

The Group believes cash and cash equivalents have a low credit risk based on the counterparties' external credit assessment. The expected credit loss for cash and cash equivalents is considered negligible and was therefore not reported.

Credit risks in financial operations

Credit risk refers to the risk of loss if the counterparty does not fulfil its obligations. The risk is limited as the financial policy stipulates that only creditworthy counterparties are acceptable in financial transactions. The credit risk of financial counterparties is limited through netting agreements/ISDA agreements (International Swaps and Derivatives Association), and through the spread of both sources of financing and credit maturities. The management of credit risk at year-end is considered satisfactory. ISDA agreements do not meet the criteria for offsetting in the balance sheet.



Note 13, cont.

Financial instruments covered by ISDA agreements are presented in the table below.

Group, SEK million	2022		2021	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Recognised gross amount	105.4	10.4	6.2	3.2
Amount covered by netting agreement	-10.4	-10.4	-3.2	-3.2
Net amount after netting agreement	95.0	0.0	3.0	0.0

Capital management

According to the Board's policy, the Group's financial aim is to have a good financial position, which helps to maintain the confidence of investors, creditors and the market and forms a platform for the continued development of business activities, at the same time as generating satisfactory long-term returns for shareholders. A balance between high equity returns, which benefits from a low level of equity interests, and the need for financial stability, which is achieved through a high level of equity interests. This is considered an optimum level, taking into account the risks in the Group's business operations. Adapting to this target constitutes part of the strategic planning and the level of the net debt/equity ratio is continuously monitored in internal reporting to the management team, the Board of Directors and its Risk Committee.

Capital is defined as total equity.

Group, SEK million	2022	2021
Total equity	2,501.1	2,275.9
Net debt/equity ratio		
Interest-bearing liabilities	1,889.6	1,721.3
Less cash and cash equivalents and current investments	-237.9	-190.2
Net debt	1,651.7	1,531.0
Net debt/equity ratio (Net debt / Total equity), %	66.0	67.2

The increase in net debt/equity ratio is due to an increase in net debt by 10 percent and an increase in equity by 10 percent. The increase in net debt is a result of growth in the property portfolio during the year and the additional inter-

est-bearing liabilities. The increase in equity is also a result of the growth in the property portfolio, which contributed with positive earnings for the period.

Cash flow from current operations is primarily to be reinvested in the business to capitalise on business opportunities and achieve Annehem's growth targets.

Financial income and expenses

Group, SEK million	2022	2021
Interest income	9.5	0.0
Interest expenses	-58.0	-40.0
Exchange rate effects	14.0	10.1
Changes in value of currency futures	-30.4	-10.0
Borrowing fees	-4.6	-4.2
Total	-69.4	-44.1

Parent Company, SEK million	2022	2021
Interest income	1.3	-
Interest income, from Group companies	45.1	42.0
Interest expenses	-3.6	-0.2
Interest expenses, to Group companies	0.0	-0.1
Changes in value of currency futures	-30.4	-10.0
Changes in value of derivative instruments	34.8	-0.8
Total	47.1	31.6

All interest income and interest expenses pertain to financial assets that are recognised at amortised cost and financial liabilities not measured at fair value through profit or loss.

Interest-bearing liabilities

The following presents information on the company's contractual terms regarding interest-bearing liabilities. For more information on the company's exposure to interest-rate risk and the risk of exchange rate fluctuations, refer to the Risk and risk management section in this Annual Report.

Group, SEK million	2022	2021
Lease liabilities, non-current	1.7	1.8
Borrowing fees	-13.4	-8.2
Loans from credit institutions	1,901.3	1,727.7
<i>of which, current interest-bearing liabilities</i>	234.0	-
Total	1,889.6	1,721.3

On 31 December 2022, the Group's interest-bearing liabilities comprised an external credit facility in three currencies; SEK, EUR and NOK. On 31 December 2022, the Group's interest-bearing liabilities comprised an external credit facility in three currencies: SEK, EUR and NOK. The credit facility extends until November 2025. Interest paid for the green portions is 2.15 percent +3m IBOR and 2.20 percent for the other portions. Other financing is also green and amounts to SEK 292 million, divided into SEK 69 million with an interest rate of 1.25 percent and SEK 165 million with an interest rate of 1.15 percent, and both loans mature in 2023. An additional loan of SEK 57.9 million was raised in May 2022, with a margin of 1.2 percent and a tenor of two years.

On 31 December 2021, the Group's interest-bearing liabilities comprised an external credit facility in three currencies: SEK, EUR and NOK. The credit facility runs three years from 11 December 2020, with an interest rate of 2.2 percent + 3m IBOR.

The company met all loan conditions during the current periods.

Change in loan structure during the period

Group, SEK million	2022	2021
Interest-bearing liabilities at start of period	1,721.3	1,546.9
Repayment of external bank loans	-7.9	-
External bank loans raised	132.9	234.0
Change in lease liability	-0.1	-87.9
Change in borrowing fees	-1.8	3.4
Currency effects	45.2	24.9
Interest-bearing liabilities at end of period	1,889.6	1,721.3



NOTE 14 OTHER CURRENT LIABILITIES, ACCRUED EXPENSES AND DEFERRED INCOME

Group, SEK million	2022	2021
Prepaid rent revenue	3.1	22.5
External services	0.5	0.5
Accrued interest expenses	12.4	2.6
Accrued personnel costs	2.5	1.9
Other current liabilities	40.0	38.8
Total	58.5	63.6

Other current liabilities for the Group mainly include accrued expenses related to advanced rent revenue.

Parent Company, SEK million	2022	2021
External services	0.5	5.9
Accrued personnel costs	2.5	1.9
Other current liabilities	10.8	2.6
Total	13.8	10.4

NOTE 15 PARTICIPATIONS IN GROUP COMPANIES

Companies that are part of the Group

Company name	Corp. ID. No.	Registered office	Share, %
Directly owned			
Annhem Fastigheter AB	559220-9083	Ängelholm, Sweden	100%
Indirectly owned			
Annhem Holding 3 AB	559262-8506	Ängelholm, Sweden	100%
Annhem Holding 4 AB	559262-8548	Ängelholm, Sweden	100%
Annhem 1 AB	559311-5107	Ängelholm, Sweden	100%
Annhem 2 AB	559311-5115	Ängelholm, Sweden	100%
Annhem 3 AB	559311-5123	Ängelholm, Sweden	100%
Annhem Holding 2 AB	559230-7028	Ängelholm, Sweden	100%
Annhem Sadelplats Fastigheter 3 AB	556895-0116	Ängelholm, Sweden	100%
Annhem Sadelplats Fastigheter 4 AB	556916-2596	Ängelholm, Sweden	100%
Annhem Ledvolten 1 Fastigheter AB	559194-5570	Solna, Sweden	100%
CBT Nering AS	921682298	Oslo, Norway	100%
Annhem Invest Oy	1773022-9	Helsinki, Finland	100%
Ultimes I Ky	2568845-4	Helsinki, Finland	100%
Ultimes II Ky	2850052-5	Helsinki, Finland	100%
Ultimes Parking Ky	2568844-6	Helsinki, Finland	100%
Property Gardener Oy	2558819-7	Helsinki, Finland	100%
Annhem Syd Holding 1 Fastigheter AB	559220-9752	Ängelholm, Sweden	100%
Annehems Kamaxeln 2 Fastighets AB	559230-6889	Ängelholm, Sweden	100%
Annhem Partille Port 4 Fastigheter AB	556960-0280	Ängelholm, Sweden	100%
Annhem Stenekull 2 Fastigheter AB	559034-8917	Ängelholm, Sweden	100%
Annhem Jupiter 11 Fastigheter AB	556892-3428	Solna, Sweden	100%
Annhem Almnäs Fastigheter AB	559283-3627	Solna, Sweden	100%
Annehems Valhall Park AB	556107-0003	Ängelholm, Sweden	100%
Annhem Syd Parker Holding Fastigheter AB	559230-6897	Ängelholm, Sweden	100%
Ljungbyhed Park AB	556545-4294	Ängelholm, Sweden	100%

Participations in Group companies

Parent Company, SEK million	2022	2021
Opening balance for the year	16.6	12.5
Acquisitions during the year	-	0.3
Shareholders' contributions	2.3	3.8
Closing balance at year end	18.9	16.6

**NOTE 16 LEASES****Leasing contracts where the company is lessee****Non-cancellable lease payments**

SEK million	31 Dec 2022	31 Dec 2021
Within one year	-0.1	-0.1
Between one and five years	-0.2	-0.2
Later than five years	-1.4	-1.5
Total	-1.7	-1.8

Total lease expenses

SEK million	31 Dec 2022	31 Dec 2021
Total lease expenses - interest	-0.1	-0.1
Total	-0.1	-0.1

Lease expenses are recognised in their entirety as interest expenses for each year.

Cash outflow pertaining to leases corresponds to the total of lease expenses for each year.

Total lease liability (included as part of non-current interest-bearing liabilities)

SEK million	31 Dec 2022	31 Dec 2021
Opening balance	1.8	88.8
Less: right-of-use assets	-	-87.9
Change in lease liability	-0.1	0.8
Closing balance	1.7	1.8

Annehem Group held one lease in the form of leasehold rights at the end of 2022. The leasehold rights are perpetual (or very long term). The right-of-use assets from the leasehold rights are recognised as investment properties at fair value but as the ground leases affects the measurement of the buildings, no separate remeasurement of the ground leases is carried out, rather the remeasurement of the buildings is considered to take into account the remeasurement of the ground leases. Buildings and leasehold rights are presented in the balance sheet and notes as one item and accordingly a breakdown/split is not needed but disclosures are given in accordance with IFRS 16 as lessee.

NOTE 17 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK million	2022	2021
<i>For own liabilities and assets</i>		
Real estate mortgages	2,332.1	2,224.0
Total	2,332.1	2,224.0

NOTE 18 EVENTS AFTER THE END OF THE PERIOD**Significant events after the end of the period**

- Annehem took possession of its first residential property Carl Florman 1 in January 2023.

- As of 1 January 2023, Annehem is divided into the new segments: Sweden and Rest of Nordics.
- The financial growth target has been shifted from 2024 to 2027.



Financial key figures

Number of shares	2022	2021
Class A shares	6,863,991	6,863,991
Class B shares	52,128,557	52,128,557
Total average number of shares	58,992,548	58,992,548

Income from property management

Annehem'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 percent per year.

Income from property management

SEK million	2022	2021
Profit before tax	263.0	262.1
<i>Reversal</i>		
Changes in value of properties	-98.0	-172.9
Changes in value of derivatives	90.9	-3.0
Income from property management	74.2	86.2

Income from property management, SEK per share

SEK million	2022	2021
Income from property management	74.2	86.2
Exchange rate effects	16.4	-
Income from property management excl. exchange rate effects	90.5	86.2
Number of shares	58,992,548	58,992,548

SEK million	2022	2021
Income from property management, SEK per share	1.53	1.46

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	31 Dec 2022	SEK per share	31 Dec 2021	SEK per share
Equity according to the balance sheet	2,501.1	42.4	2,275.9	38.6
<i>Reversal</i>				
Deferred tax according to the balance sheet	195.6	-	139.1	-
Fixed-interest derivatives	-94.1	-	-	-
Long-term net asset value	2,602.6	44.1	2,415.0	40.9

Interest-coverage ratio

SEK million	2022	2021
Income from property management	74.2	86.2
<i>Reversal</i>		
Net interest income	53.0	44.1
Exchange rate effects	16.4	-
Interest-coverage ratio, multiple	2.7	3.0

Loan-to-value ratio

SEK million	31 Dec 2022	31 Dec 2021
Interest-bearing liabilities	1,889.6	1,721.3
Cash and cash equivalents	-237.9	-190.2
Interest-bearing liabilities, net	1,651.7	1,531.1
Investment properties	4,309.2	3,994.1
Net loan-to-value ratio, %	38.3	38.3

Surplus ratio

SEK million	2022	2021
Income from property management	74.2	86.2
<i>Reversal</i>		
Management costs	107.1	69.6
Net operating income	181.3	155.8
Rent revenue	217.9	187.8
Surplus ratio, %	83.2	83.0

Return on equity

SEK million	2022	2021
Net income for the period attributable to the Parent Company's shareholders	207.3	209.7
Equity attributable to the Parent Company's shareholders	2,501.1	2,275.9
Return on equity, %	8.3	9.2

Earnings per share, SEK

	2022	2021
Net income for the period attributable to the Parent Company's shareholders, TSEK	207,338.2	209,734.6
Weighted average number of outstanding ordinary shares, thousand	58,992.5	58,992.5
Earnings per share, before and after dilution, SEK	3.51	3.56



The Board of Directors and the CEO hereby certify that the annual accounts have been prepared in accordance with generally accepted accounting practice in Sweden and that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and the consolidated financial statements provide a true and fair view of the financial position and results of the Parent Company and the Group. The Directors' Report for the Parent Company and the Group provides a true and fair view of the development of the operations, financial position and performance of the Parent Company and the Group and also describes the material risks and uncertainties facing the Parent Company and the other companies in the Group.

The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting for adoption on 23 May 2023.

Stockholm, 17 April 2023

Göran Grosskopf
Chairman of the Board

Pia Andersson
Board member

Karin Ebbinghaus
Board member

Axel Granlund
Board member

Henrik Saxborn
Board member

Jesper Göransson
Board member

Anders Hylén
Board member

Lars Ljungälv
Board member

Monica Fallenius
CEO

Our audit report has been submitted on 17 April 2023
KPMG AB

Peter Dahllöf
Authorised Public Accountant



Auditor's report

To the general meeting of the shareholders of Annehem Fastigheter AB, corp. id 559220-9083.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Annehem Fastigheter AB for the year 2022, except for the corporate governance statement on pages 30-35. The annual accounts and consolidated accounts of the company are included on pages 8-11, 17-18, 26, 39-78 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 27-34. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of investment properties

See disclosure 9 and accounting principles on pages 62-67 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

- Investment properties are reported in the consolidated accounts at fair value. The carrying value amounts to SEK 4,309 million as of 31 December 2022, comprise approximately 92 percent of the Group's total assets.

- The fair value of the properties as of 31 December 2022 has been determined on the basis of the external valuation performed by independent external valuers with a valuation date of 30 September 2022.
- Thereafter, the company has performed an internal valuation based on external market data as of 31 December 2022.
- Given the investment properties' significant share of the Group's total assets and the element of assessments included in the valuation process, this constitutes a particularly important area in our audit.
- The risk is that the book value of investment properties may be overestimated or underestimated and that any adjustment of the value directly affects the profit for the period.

Response in the audit

- We have considered whether the applied valuation methodology is reasonable by comparing it with our experience of how other real estate companies and valuers work and what assumptions are normal when valuing comparable objects.
- We have assessed the competence of the external valuers and of the internal valuation function.
- We have tested the controls that the company has established to ensure that the input data provided to the external valuers is correct and complete.
- We have by sampling tested the established property valuations.
- In doing so, we have used current market data from external sources, especially regarding assumptions about yield requirements, discount rates, rental levels and vacancies.
- We have checked the accuracy of the information about the investment properties that the company provides in the annual report, especially with regard to elements of assessments and applied key assumptions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-7, 12-16, 19-25, 27-38 and 79-86. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.



In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must

also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements *Auditor's audit of the administration and the proposed appropriations of profit or loss*

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Annehem Fastigheter AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics

for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.



Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities

Market Act (2007:528) for Annehem Fastigheter AB for year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Annehem Fastigheter AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 30-35 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Annehem Fastigheter AB by the general meeting of the shareholders on the 19 May 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm, 17 April 2023

KPMG AB

Peter Dahllöf
Authorized Public Accountant



Glossary and definitions

Return on equity	Profit for a rolling 12-month period in relation to closing equity for the period. Purpose: The key figure shows the return generated on the capital attributable to the shareholders.	Income from property management, excluding 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.
Gross rent	Gross rent is defined as rent revenue at a yearly basis excluding supplements and discounts.	GHG protocol	Greenhouse Gas Protocol. Leading standard for climate reporting.
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.	Rent revenue	Rent revenue less vacancies, rent discount and lost rent.
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.	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.
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.	Items affecting comparability	Annehem regards items of a non-recurring nature as items affecting comparability.
Property	Property held with property rights or leasehold rights.	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.
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.	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.
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.	Net letting	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.

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



Glossary and definitions (cont.)

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



Abbreviations

Annehem, the company or the Group	Annehem Fastigheter AB (publ), the Group in which Annehem Fastigheter AB (publ) is the Parent Company or a subsidiary in the Group, depending on the context.
CBD	Central Business Districts.
CO₂e	Carbon dioxide equivalents
EUR	Euro.
Euroclear Sweden	Euroclear Sweden AB.
The Code	The Swedish Corporate Governance Code.
SEK	Swedish kronor.
SEK billion	Billions of Swedish kronor.
EUR million	Millions of euro.
SEK million	Millions of Swedish kronor.
NOK million	Millions of Norwegian kronor.
Nasdaq Stockholm	The regulated market operated by Nasdaq Stockholm AB.
Peab	Peab AB (publ), the Group in which Peab AB (publ) is the Parent Company or a subsidiary of the Peab Group, depending on the context.
Peab Group	Peab AB (publ) and its subsidiaries.
SDG	Sustainable Development Goals also referred to as Agenda 2030.
Thousand sqm	Thousand square metres.



Invitation to the Annual General Meeting

Annehem Fastigheter's Annual General Meeting will take place on 23 May 2023 at Valhall Park Hotell, Stjernsvärds allé 66, Ångelholm. Shareholders also have an opportunity to exercise their voting rights at the Annual General Meeting by postal ballot.

Shareholders who wish to participate in the Annual General Meeting (AGM) by postal ballot must (i) be listed as a shareholder in the share register produced by Euroclear Sweden AB regarding the conditions on 11 May 2023 and (ii) register by mailing their postal vote no later than 13 May 2023 so that the postal vote is received by Euroclear Sweden AB (which administers the forms on behalf of Annehem) no later than that day. Shareholders who wish to attend the AGM in person or by proxy must notify this in accordance with what is stated above. This means that a registration by postal vote only is not enough for those who want to attend the meeting room.

Notice of the Annual General Meeting, proxy form and advance voting form will be available on Annehem's website no later than 21 April 2023, www.annehem.se/investors/corporate-governance/shareholders-meetings/annual-general-meeting-2023/.