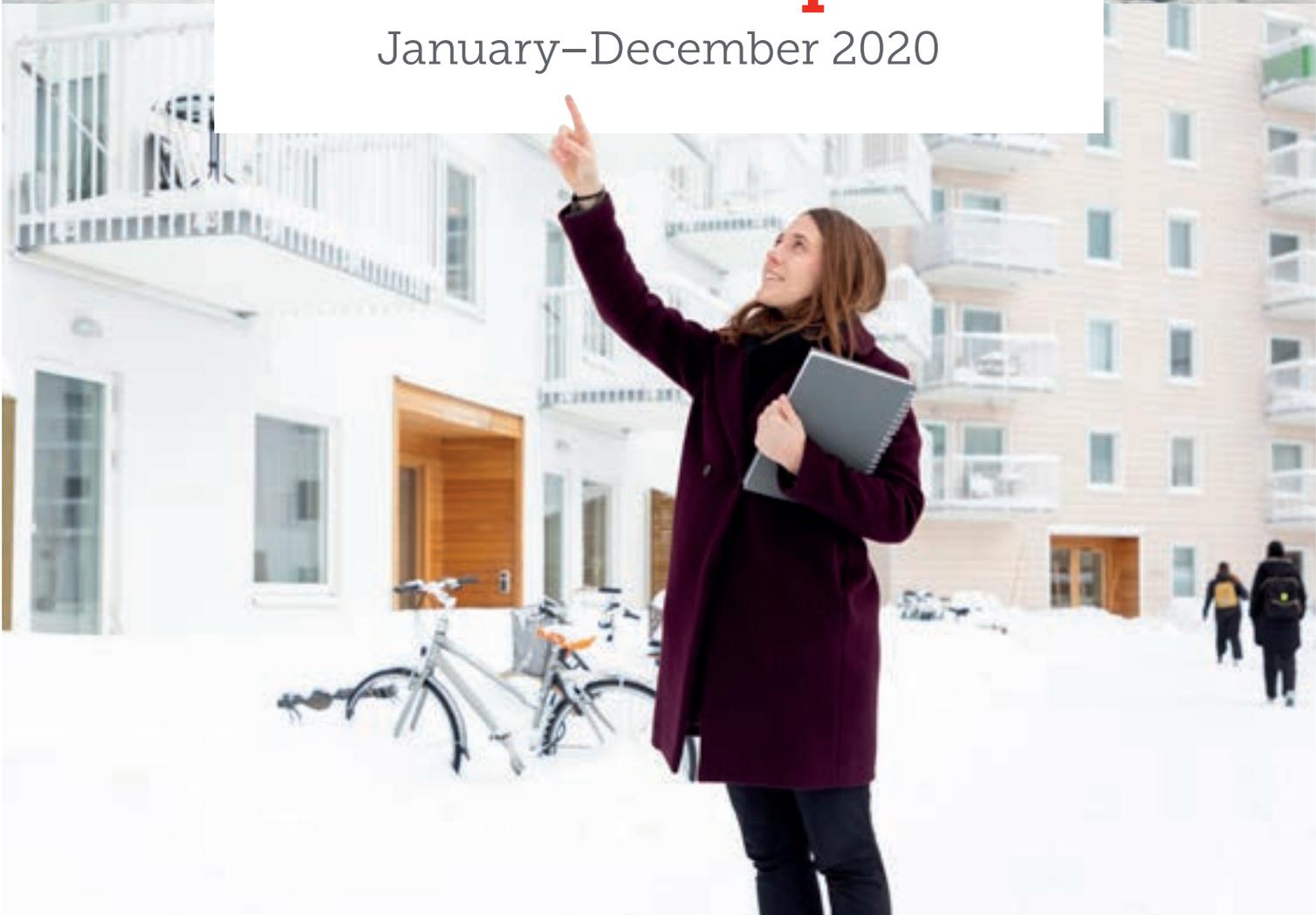




# Year-end report

January–December 2020



# Year-end report 2020

## Events during the year

- Rental income increased by MSEK 116 or 4.0 percent year on year to MSEK 3,032 (2,916).
- Net operating income rose MSEK 174 or 11.0 percent to MSEK 1,760 (1,586). Operating costs were low during the year because of the mild winter. Costs for repairs and maintenance were down, partly as a result of fewer property damage emergencies.
- Income from property management fell by MSEK 7 or 0.5 percent to MSEK 1,279 (1,286). This decrease can mainly be attributed to changes in value in joint ventures.
- The change in value for investment properties was MSEK 1,825 (1,538).

The market yield requirement for residential properties and properties for public use continued to fall during the year.

- Profit before tax for the year increased by MSEK 163 or 5.7 percent to MSEK 3,007 (2,844). Profit after tax rose MSEK 237 or 10.6 percent to MSEK 2,481 (2,244).
- Divestments of properties during the year totaled MSEK 1,259 (365), with the biggest transaction involving 13 residential properties in Östersund.
- Acquisitions during the year totaled MSEK 285 (879) and related primarily to three properties in Uppsala, Västerås and Kalmar.
- Investments for the year totaled MSEK 1,592 (1,568).

## Events during the fourth quarter

- Properties and development rights in Orminge, Nacka, were taken into possession by the buyer.
- Rikshem acquired a property in development in Västerås, where 252 apartments will be built, and a property for public use in Kalmar developed as a 60-apartment nursing home.

## Rikshem in summary

|  | Jan–Dec<br>2020 | Jan–Dec<br>2019 | Oct–Dec<br>2020 | Oct–Dec<br>2019 |
|--|-----------------|-----------------|-----------------|-----------------|
| Rental income, MSEK                    | 3,032           | 2,916           | 756             | 729             |
| Net operating income, MSEK             | 1,760           | 1,586           | 414             | 365             |
| Income from property management, MSEK  | 1,279           | 1,286           | 337             | 371             |
| Profit, MSEK                           | 2,481           | 2,244           | 885             | 680             |
| Fair value of properties, MSEK         | 51,750          | 49,307          | 51,750          | 49,307          |
| Number of apartments                   | 28,730          | 29,214          | 28,730          | 29,214          |
| Lettable area, 1,000 sqm               | 2,233           | 2,292           | 2,233           | 2,292           |
| Economic occupancy rate, %             | 96.4            | 96.4            | 96.4            | 96.4            |
| Average lease term, years*             | 8.8             | 9.0             | 8.8             | 9.0             |
| Loan-to-value ratio, %                 | 51              | 54              | 51              | 54              |
| Interest-coverage ratio, multiple**    | 3.7             | 3.5             | 3.7             | 3.5             |
| Equity, MSEK                           | 22,921          | 20,441          | 22,921          | 20,441          |
| Total return excl. joint ventures, %** | 7.2             | 6.7             | 7.2             | 6.7             |
| Total return incl. joint ventures, %** | 7.0             | 7.2             | 7.0             | 7.2             |
| Return on equity, %**                  | 11.4            | 11.6            | 11.4            | 11.6            |

\* Pertains to properties for public use. \*\* Pertains to rolling 12 months  
See page 27 for definitions of key figures

Cover photo: Flyttfågeln, Umeå and Kristallen, Luleå

# A strong yet different year



Anette Frumerie, CEO

**“** *I'm enormously proud of how well Rikshem has dealt with the effects of the coronavirus pandemic. Our employees have gone the extra mile to ensure that our residential properties continue to function well, even in these challenging times.*

The much-discussed 2020 is over and, in financial terms, it was a good year for Rikshem. We achieved a good total return of 7.2% (excluding joint ventures), with a positive change in value of MSEK 1,825. Net operating income rose to MSEK 1,760 as rental income increases while costs decrease. This is partly a result of lower heating costs, although many people spending significantly more time at home means increases in water consumption, for example. We worked hard during the year to maintain our investment level. Our long-term target is to start up production of 1,000 new apartments every year and renovate the same number. We currently have approximately 700 apartments in production and 1,500 undergoing renovation. The work we're doing on our framework agreements for new construction projects and a new renovation model will put us in a strong position to achieve our target. We also increased our energy investments during the year and have many energy projects scheduled for 2021, including the work to connect all our properties in order to streamline operations.

## Well equipped for the future

I'm enormously proud of how well Rikshem has dealt with the effects of the coronavirus pandemic. Our employees have gone the extra mile to ensure that our residential properties continue to function well, even in these challenging times. It's gratifying that we're managing to run the company effectively and also further develop our activities despite the pandemic. During 2020, we worked on developing a new renovation model and started working with a framework partner for new construction projects. Both divestments and acquisitions of properties have continued at a good level. The most recent acquisition was in Västerås: a prop-

erty in development comprising 252 rental apartments. We also embarked on several new projects within both renovation and new construction. Among other things, there was a hat trick of groundbreaking ceremonies for three different housing projects in Halmstad. Unfortunately, 2021 will continue to be affected by the pandemic, but we're well equipped for what lies ahead and continue to work in line with the new working methods we've put in place.

## More satisfied customers and a focus on vacancies

Fall brought pleasing results from the 2020 customer survey. Customer relations has been a key focus area in recent years. We're now seeing the payoff from this and customers appreciating our efforts. In 2020, we achieved another good improvement – of around two points – in our results in the Customer Satisfaction Index (CSI), bringing us close to our long-term target.

Earlier in the year, we saw that market vacancies were increasing somewhat in some of our locations. We stepped up the work to revise our rental strategy, for example, and have now started implementing the new policy, which, among other things, places more focus on existing customers and enables us to give priority to people who have been with us a long time.

## Positive about investment support

At the end of the year, residents started moving into two new-build projects in Västerås and Umeå. Interest in the apartments has been high, and the rental process has gone well. Given that the rent for newbuilds is often high, not everyone is able to rent a newbuild apartment. This is why Rikshem takes a very positive view of the

government's proposal to boost investment support, as it provides apartments at lower rents. Without the investment support, we would not have carried out the same volume of new construction and would not have been able to build in some locations. The lower rents contribute to a long-term and lasting reduction in the risk of vacancies in new-build housing stock despite the continued housing shortage, and enable more people to seek modern rental apartments.

## Commitment to social issues

Our vision of making a difference in developing the good community means that we take an active interest in the locations where we work as well as issues important to the property sector. By way of example, we've been actively involved in the proposal for the EU's taxonomy criteria. The proposal means that properties in Sweden would be at a disadvantage compared with the rest of the EU and would not be eligible for green financing to the same extent, although properties in Sweden are much more advanced when it comes to environmental and climate considerations. This would have a negative impact on both the sector and society as a whole.

## A long-term company on the right track

As we head into 2021, I'm delighted to say there is much that is pointing in the right direction for Rikshem, and we have a good plan in place to keep things this way in the years ahead. We work according to the long-term perspective to be expected of a company owned by pension funds. A big thank you to all our employees for great teamwork and a job well done, enabling us to continue to work toward our ambitious targets.

Anette Frumerie, CEO

# One of Sweden's largest private property companies

Rikshem owns, develops and manages residential properties and properties for public use, sustainably and for the long term. The properties are located in selected growth areas across Sweden. Rikshem's vision is to make a difference in developing the good community.



**Fair value SEK 54 billion**

The fair value of the properties totaled MSEK 54,485 (including Rikshem's share of the property value in joint ventures).



**29,000 apartments**

70 percent of the portfolio is made up of residential properties: rental apartments, senior accommodation, student accommodation and youth apartments.

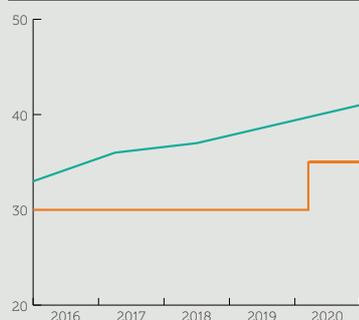


**30% properties for public use**

30 percent of Rikshem's portfolio comprises properties for public use, for example nursing homes, care facilities, pre-schools and schools.

## Rikshem's overall financial key figures

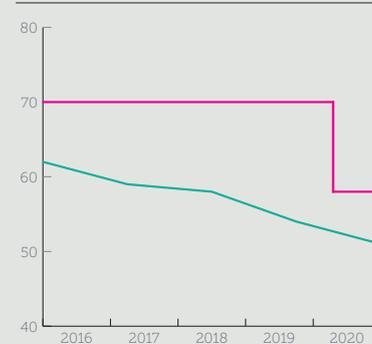
Equity/assets ratio (%)



**41%**

Equity/assets ratio  
Minimum level according to the company's financial policy

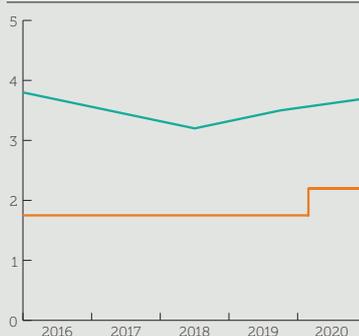
Loan-to-value ratio (%)



**51%**

Loan-to-value ratio  
Maximum level according to the company's financial policy

Interest-coverage ratio (multiple)



**3.7**

Interest-coverage ratio  
Minimum level according to the company's financial policy

Net debt/EBITDA (multiple)



**15.2**

Net debt/EBITDA  
Long-term target, maximum level according to the company's financial policy

# Income, costs and profit

## Net operating income

The Group's rental income increased by MSEK 116 or 4.0 percent year on year to MSEK 3,032 (2,916). Besides the effects of annual rent increases and investments in the properties that enable higher rents, new construction has also contributed to the higher rental income. Rental income for the like-for-like portfolio rose MSEK 98 or 3.5 percent.

**MSEK 3,032**  
(2,916)

Property expenses fell by MSEK 58 or 4.4 percent year on year to MSEK 1,272 (1,330). Expenses for the like-for-like portfolio fell by MSEK 44 or 3.5 percent. Operating costs fell, partly because of the mild winter. Costs for repairs and maintenance were lower compared with 2019.

Altogether, total net operating income increased by MSEK 174 year on year, amounting to MSEK 1,760 (1,586). Net operating income for the like-for-like

portfolio increased by MSEK 142 or 9.2 percent compared with 2019.

The surplus ratio for the total property portfolio for the year was 58 percent (54).

At year-end, the vacancy rate for residential properties was 4.0 percent. Adjusted for apartments that have been vacated for renovation, the market vacancy rate was 1.4 percent (0.8). The increase can mainly be attributed to new-build and newly renovated apartments in the process of being rented in a small number of locations. Measures have been taken to reduce vacancies, including organizational changes and the adoption of a new rental policy. The economic occupancy rate for properties for public use was 97.9 percent. The economic occupancy rate for the portfolio as a whole was 96.4 percent. The average remaining lease term for properties for public use was 8.8 years (9.0).

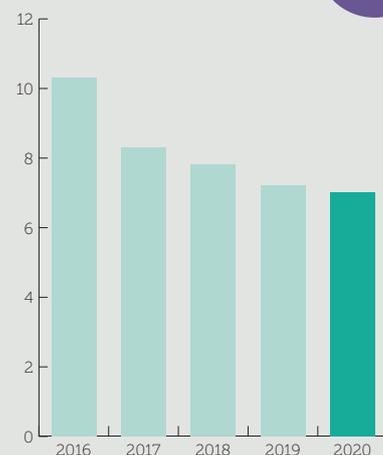
| Income statement in summary<br>MSEK   | 2020         | 2019         |
|---|--------------|--------------|
| Rental income   | 3,032        | 2,916        |
| Property expenses   | -1,272       | -1,330       |
| <b>Net operating income</b>   | <b>1,760</b> | <b>1,586</b> |
| Central administration  | -78          | -100         |
| Net financial items   | -463         | -444         |
| Earnings from joint ventures  | 60           | 244          |
| <b>Income from property management</b>  | <b>1,279</b> | <b>1,286</b> |
| Change in value of properties   | 1,825        | 1,538        |
| Change in value of financial derivative instruments and foreign exchange effects on financial liabilities | -97          | 20           |
| <b>Profit before tax</b>  | <b>3,007</b> | <b>2,844</b> |
| Tax   | -526         | -600         |
| <b>Profit for the year</b>  | <b>2,481</b> | <b>2,244</b> |



For income statement items, amounts in parentheses show figures for the corresponding period of the prior year. For balance sheet items, amounts in parentheses show figures at the most recent year-end.

Total return incl. joint ventures (%)

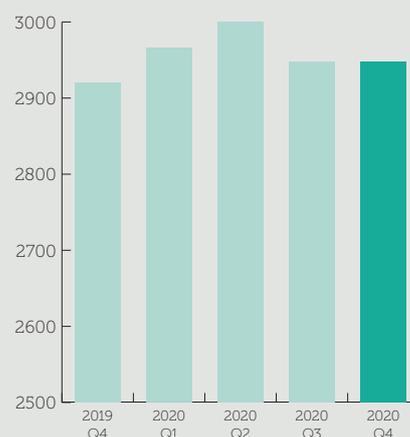
**7.0%**



Rikshem's long-term financial target is to deliver a total return of minimum 5% on the property capital in real terms. The diagram above shows the total return without any adjustment for inflation; see calculation on page 26.

Annual rent as at the closing date (MSEK)

**MSEK 2,947**



### Central administration

Costs for central administration amounted to MSEK -78 (-100). Central administration includes group-wide costs. The decrease can mainly be attributed to lower personnel expenses and activities suspended as a result of the coronavirus pandemic. Personnel expenses in 2019 included approx. MSEK 11 costs of a one-off nature linked to the change of CEO.

MSEK -78  
(-100)

### Net financial items

Net financial items totaled MSEK -463 (-444). The increase relates primarily to higher interest-bearing liabilities but also to a temporary increase in financing costs in connection with the coronavirus pandemic. Net financial items mainly comprise the company's external interest expenses. The average interest rate on interest-bearing liabilities was 1.7 percent (1.6).

MSEK -463  
(-444)

### Earnings from joint ventures

Earnings from joint ventures amounted to MSEK 60 (244). See the section on Joint ventures on page 11 for further information.

### Change in value of financial derivative instruments

The company's financial derivative instruments are interest-rate swaps, which extend interest-rate duration, and combined currency and interest-rate swaps, which have been entered into to eliminate currency risk on interest payments and repayments of loans raised in EUR, NOK and AUD. Sweden's long-term interest rates were lower on the closing date than at year-end 2019, which has negatively affected the change in value of the interest-rate derivative instruments. The change in value during the year was MSEK -232 (-270). The change in value of foreign exchange derivatives amounted to MSEK -535 (505). The foreign exchange effects on financial liabilities in EUR, NOK and AUD totaled MSEK 670 (-215) and were mostly attributable to the strengthening of the Swedish krona against NOK, EUR and AUD during the year.

MSEK -232  
(-270)

### Change in value of properties

The change in value for investment properties for the year was MSEK 1,825 (1,538), equivalent to an increase in value of 3.7 percent (3.2). The cost of capital has fallen in general, and the average yield requirement weighted against property values has fallen by 0.12 percentage point relative to the value at year-end 2019. The increase in value can also be explained by the change in net operating income and the higher project completion rate.

MSEK 1,825  
(1,538)

Rikshem reports investment properties at fair value in accordance with IAS 40. Internal property valuations are carried out on a quarterly basis. To verify the internal valuation, the majority of the property portfolio undergoes an external valuation every year in connection with the annual financial statement. The valuation conforms to level 3 in the IFRS 13 fair value hierarchy. Deviations between the values assessed internally and externally are well within the uncertainty range of +/- 5 percent.

Change in net operating income in the like-for-like portfolio (%)



9.2%

Change in rental income in the like-for-like portfolio (%)



3.5%

## Tax

Reported tax for the year amounted to MSEK -526 (-600) and represents both current and deferred tax. Deferred tax is mainly affected by the change in temporary differences between the carrying amount and tax base of investment properties and the change in value of financial derivative instruments, while current tax is mostly affected by non-deductible interest and tax-deductible depreciation. The deferred tax asset has been offset against the deferred tax liability in the statement of financial position.

**MSEK -526  
(-600)**

## Profit for the year

Profit for the year totaled MSEK 2,481 (2,244).

**MSEK 2,481  
(2,244)**

## Effects of the coronavirus pandemic

With a property portfolio mainly comprising rental apartments and properties for public use, exposure to the sectors that have been most vulnerable to the pandemic is extremely low. Just under 4 percent of the company's rental income comes from letting commercial premises. Only a small number of Rikshem's tenants have applied

for rent respite or requested rent discounts within the framework of the part-government-financed rent support scheme. Rikshem monitors debt collection cases on an ongoing basis, and there is nothing to suggest an increasing trend.

## Yield requirement and rent/sqm per property type

| Property type              | Rent/sqm |              |       | Yield requirement |              |       |
|----------------------------|----------|--------------|-------|-------------------|--------------|-------|
|                            | min.     | average      | max.  | min.              | average      | max.  |
| Residential properties     | 729      | 1,284        | 2,536 | 2.39%             | 3.77%        | 5.50% |
| Properties for public use: |          |              |       |                   | 4.51%        |       |
| Nursing homes              | 550      | 1,482        | 2,818 | 3.19%             | 4.45%        | 7.50% |
| Schools                    | 724      | 1,521        | 2,351 | 4.40%             | 4.79%        | 6.55% |
| Commercial properties      | 754      | 1,322        | 5,534 | 3.67%             | 4.91%        | 7.45% |
| <b>Average</b>             |          | <b>1,339</b> |       |                   | <b>4.00%</b> |       |

## Change in yield requirement per property type

| Property type              | Value in MSEK | Dec. 31, 2020 | Dec. 31, 2019 | Change        |
|----------------------------|---------------|---------------|---------------|---------------|
| Residential properties     | 35,709        | 3.77%         | 3.85%         | -0.08%        |
| Properties for public use: |               |               |               |               |
| Nursing homes              | 12,512        | 4.45%         | 4.59%         | -0.14%        |
| Schools                    | 2,670         | 4.79%         | 5.07%         | -0.28%        |
| Commercial properties      | 859           | 4.91%         | 5.09%         | -0.18%        |
| <b>Total</b>               | <b>51,750</b> | <b>4.00%</b>  | <b>4.12%</b>  | <b>-0.12%</b> |

# Property portfolio

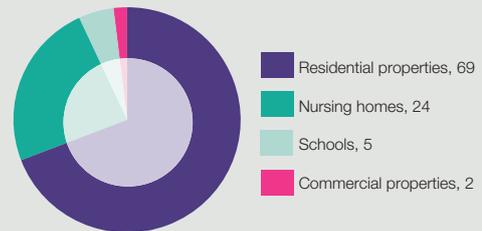
At year-end, Rikshem's property portfolio comprised 540 properties (560) with a fair value of MSEK 51,750 (49,307). MSEK 35,709 of this pertained to residential properties, MSEK 12,512 to nursing homes, MSEK 2,670 to schools and MSEK 859 to commercial properties.

The property portfolio includes development rights valued at MSEK 617. A number of development rights have been taken into possession by the buyer or have moved into production during the year.

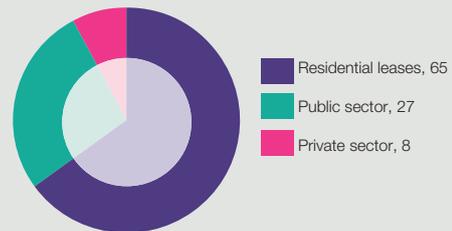
Properties representing 47 percent of the fair value are located along the Greater Stockholm–Uppsala axis. Altogether, the property portfolio comprises 28,730 apartments (29,214) and lettable area of approximately 2,232,000 sqm (2,292,000).



Breakdown of fair value of investment properties (%)



Breakdown of rental income (%)



Rikshem's property portfolio, December 31, 2020

| Type                                     | Value, MSEK   | Proportion, % | Area, 1,000 sqm | Fair value, SEK/sqm | Annual rent, MSEK | Annual rent broken down by type of tenant, % |               |                |            |  |
|--|---------------|---------------|-----------------|---------------------|-------------------|--|---------------|----------------|------------|--|
|  |               |               |                 |                     |                   | Residential leases                           | Public sector | Private sector | Total      |  |
| <b>Residential properties segment</b>    |               |               |                 |                     |                   |  |               |                |            |  |
| - Residential                            | 35,709        | 69            | 1,598           | 22,345              |                   |  |               |                |            |  |
| - Commercial*                            | 534           | 1             | 13              | 42,229              |                   |  |               |                |            |  |
| <b>Residential properties</b>            | <b>36,243</b> | <b>70</b>     | <b>1,611</b>    | <b>22,501</b>       | <b>2,086</b>      | 89   | 4             | 7              | 100        |  |
| <b>Properties for public use segment</b> |               |               |                 |                     |                   |  |               |                |            |  |
| - Nursing homes                          | 12,512        | 24            | 469             | 26,705              |                   |  |               |                |            |  |
| - Schools                                | 2,670         | 5             | 116             | 22,909              |                   |  |               |                |            |  |
| - Commercial*                            | 325           | 1             | 37              | 8,873               |                   |  |               |                |            |  |
| <b>Properties for public use</b>         | <b>15,507</b> | <b>30</b>     | <b>622</b>      | <b>24,942</b>       | <b>860</b>        | 5  | 83            | 12             | 100        |  |
| <b>Total</b>                             | <b>51,750</b> | <b>100</b>    | <b>2,233</b>    | <b>23,181</b>       | <b>2,947</b>      | <b>65</b>                                    | <b>27</b>     | <b>8</b>       | <b>100</b> |  |

\*Commercial premises for neighborhood services or areas of use for future residential properties or properties for public use.



Rikshem continues to refine its property portfolio through selective acquisitions as well as divestments of properties that are not considered suitable for the portfolio in the long term. The company has also intensified its project development work within existing properties.

### Transactions and investments

Rikshem acquired properties totaling MSEK 285 during the year, including a property in development in Uppsala, a residential property in Västerås and a property for public use in Kalmar developed as a nursing home. Properties were divested for MSEK 1,259. The biggest sales transaction involved 883 apartments in Östersund, comprising approximately 62,500 sqm across 13 residential properties in Torvalla, Oden-sala and central Östersund.

Investments in existing properties during the year amounted to MSEK 1,592 (1,568), of which MSEK 976 (707) pertained to redevelopment and

renovation of residential properties, MSEK 271 (507) to new construction of residential properties and MSEK 345 (354) to investments in properties for public use.

Construction of 723 new apartments is under way, with residents expected to move in in 2021 and 2022. RM&U renovation projects are in progress in 1,509 apartments across ten properties, with residents moving in on an ongoing basis. In 2020, residents moved in to 426 apartments that had undergone RM&U renovation, 210 apartments that had been renovated after the previous tenant moved out, and 299 new-build apartments, including 105 in nursing homes.

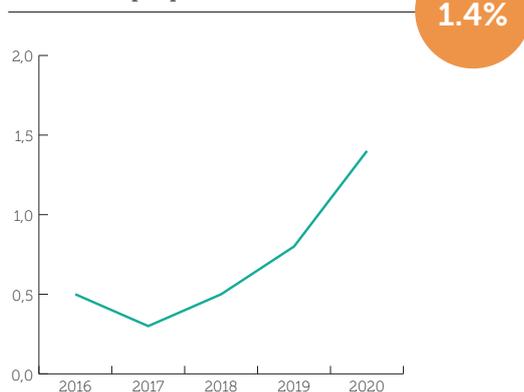
Investments (MSEK)



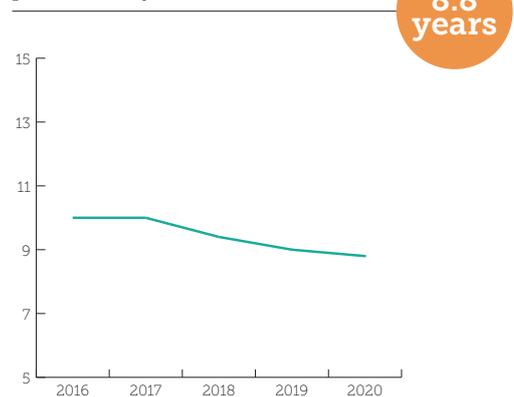
### Fair value of investment properties

| Amounts in MSEK  | 2020<br>Jan–Dec | 2019<br>Jan–Dec |
|--|-----------------|-----------------|
| <b>Fair value at the beginning of the year</b>                   | <b>49,307</b>   | <b>45,687</b>   |
| Change in value  | 1,825           | 1,538           |
| Investments  | 1,592           | 1,568           |
| Acquisitions   | 285             | 879             |
| Divestments  | -1,259          | -365            |
| <b>Fair value at the end of the year</b>                         | <b>51,750</b>   | <b>49,307</b>   |
| Fair value incl. Rikshem's share of properties in joint ventures | 54,485          | 51,871          |

Market vacancy rate, residential properties (%)



Average lease term, properties for public use (years)



# Projects in development

Rikshem has several projects in progress, both new construction of residential properties and properties for public use and a number of RM&U renovations.

Larger projects in progress

| Property/project | Location   | Project category               | Number of apartments before | Number of apartments after | Estimated completion |
|------------------|------------|--------------------------------|-----------------------------|----------------------------|----------------------|
| Bonden           | Halmstad   | New construction (residential) |                             | 178                        | Q4 2022              |
| Flyttfågeln      | Umeå       | RM&U renovation                | 188                         | 188                        | Q4 2024              |
| Vård södra       | Uppsala    | New construction (public use)  |                             | 96                         | Q3 2021              |
| Enheten 1        | Halmstad   | New construction (residential) |                             | 155                        | Q2 2022              |
| Planen           | Norrköping | RM&U renovation                | 167                         | 227                        | Q1 2022              |
| Planen           | Norrköping | New construction (residential) |                             | 99                         | Q1 2021              |
| Nåden            | Halmstad   | New construction (residential) |                             | 92                         | Q2 2022              |

## Example of project



Illustration E/S-A arkitekter

### Eriksborg, Västerås

Rikshem has acquired a property in development in Västerås. The property will be developed to provide six four-floor buildings comprising 252 rental apartments of 1 to 4 rooms plus kitchen. Construction is expected to start in Q1 2021, with residents moving in in Q1 2023.

# Joint ventures



## Rikshem's joint ventures

- VärmdöBostäder AB
- Farsta Stadsutveckling AB
- Boostad Bostad Sverige AB
- Bergagårdshöjdens JV AB
- Tidmätaren Fastighets AB

### Participations in joint ventures

Rikshem holds participations in joint ventures with a total value of MSEK 1,768 (1,658).

**MSEK 1,768  
(1,658)**

The largest joint venture holding of MSEK 1,024 pertains to 49 percent of VärmdöBostäder; the remainder is owned by Värmdö Municipality. The second-largest holding of MSEK 635 pertains to Farsta Stadsutveckling (Telestaden), with Rikshem and Ikano Bostad each owning 50 percent. The value of Rikshem's share of the property holdings in these joint ventures, which are consolidated according to the equity method, is SEK 2.8 billion.

Other participations in joint ventures totaling MSEK 109 pertain to development projects owned and operated together with Nordr (formerly Veidekke Eiendom), P&E Fastighetspartner and Glommen & Lindberg.

The joint ventures involve some development of condominiums. At December 31, 2020, there were 111 apartments in production, 77 of which had been sold. Rikshem's share of the unsold apartments is 17. One completed apartment remained unsold, of which Rikshem's share is 0.5.

### Earnings from joint ventures

Earnings from joint ventures amounted to MSEK 60 (244).

**MSEK 60  
(244)**

The difference between 2019 and 2020 is essentially explained by the change in value of properties, with Farsta Stadsutveckling AB accounting for a significant share.

## Example of joint venture



### New construction at Bergagårdshöjden, Kalmar

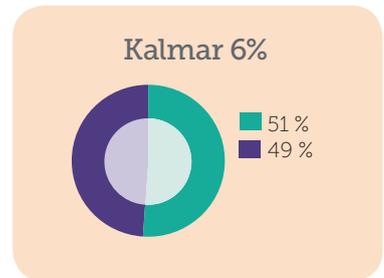
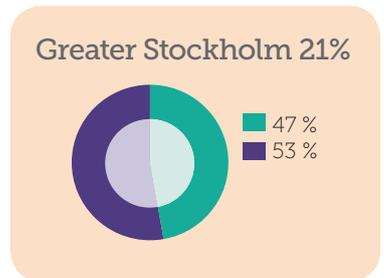
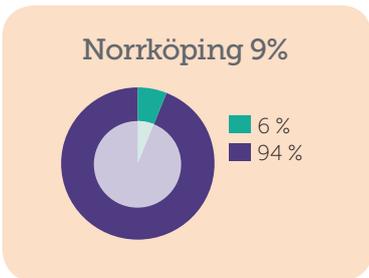
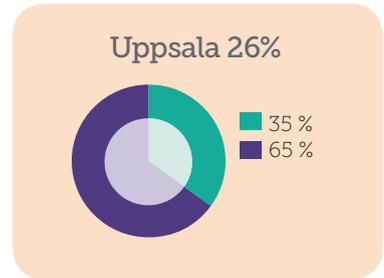
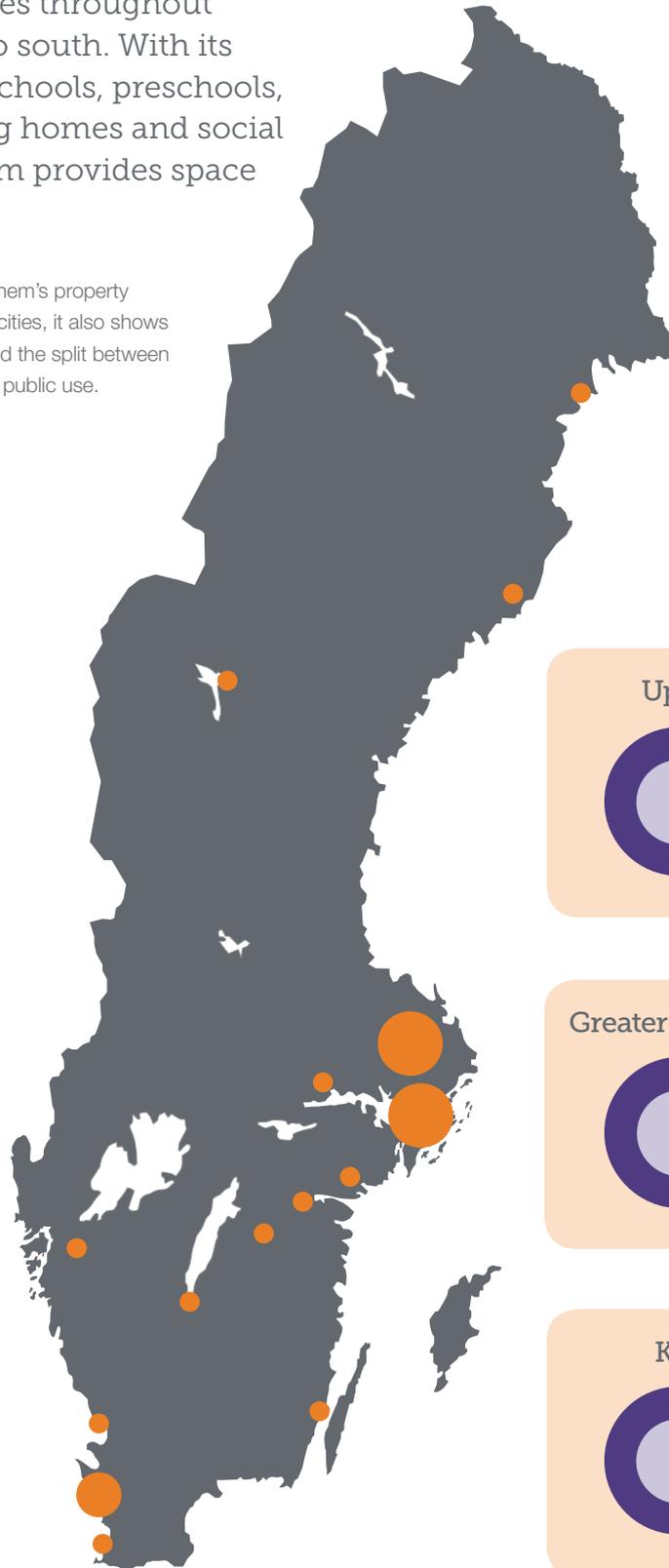
Bergagårdshöjden in Kalmar is a joint venture between Rikshem and P&E Fastighetspartner that aims to develop new construction projects in Kalmar. Development of the final property is now under way: a 13-floor building comprising 95 rental apartments. Residents are scheduled to move in in Q1 2022.

# Our largest cities

Rikshem owns properties throughout Sweden – from north to south. With its residential properties, schools, preschools, various types of nursing homes and social meeting places, Rikshem provides space for all life stages.

The map shows the distribution of Rikshem's property portfolio in Sweden. For our six largest cities, it also shows the percentage share of the portfolio and the split between residential properties and properties for public use.

■ Properties for public use  
■ Residential properties



## Segment reporting

| Amounts in MSEK                            | Residential properties |              | Properties for public use |              | Total        |              |
|--|------------------------|--------------|---------------------------|--------------|--------------|--------------|
|  | 2020                   | 2019         | 2020                      | 2019         | 2020         | 2019         |
| Rental income                              | 2,121                  | 2,051        | 911                       | 865          | 3,032        | 2,916        |
| Property expenses                          | -982                   | -1,023       | -290                      | -307         | -1,272       | -1,330       |
| <b>Net operating income</b>                | <b>1,139</b>           | <b>1,028</b> | <b>621</b>                | <b>558</b>   | <b>1,760</b> | <b>1,586</b> |
| Change in value of properties              | 1,325                  | 803          | 500                       | 735          | 1,825        | 1,538        |
| <b>Total return</b>                        | <b>2,464</b>           | <b>1,831</b> | <b>1,121</b>              | <b>1,293</b> | <b>3,585</b> | <b>3,124</b> |
| Total return excl. joint ventures, % (R12) | 7.1                    | 5.5          | 7.5                       | 9.4          | 7.2          | 6.7          |
| Fair value of properties                   | 36,243                 | 34,354       | 15,507                    | 14,953       | 51,750       | 49,307       |
| Proportion, %                              | 70                     | 70           | 30                        | 30           | 100          | 100          |
| Area, 1,000 sqm                            | 1,611                  | 1,664        | 622                       | 628          | 2,233        | 2,292        |
| Fair value, SEK/sqm                        | 22,501                 | 20,644       | 24,942                    | 24,213       | 23,181       | 21,512       |
| Investments                                | 1,246                  | 1,214        | 346                       | 354          | 1,592        | 1,568        |



# Financing

2020 started with good liquidity on the capital markets and relatively low credit margins. As the coronavirus pandemic gathered pace in March, the situation changed to one where capital markets were closed for periods and margins increased substantially. Over the summer months, liquidity returned to the markets and margins started to fall back. Thanks to stimulus packages from governments and central banks around the world, the capital markets remained quiet during the fall, despite the US elections and the second wave of the pandemic.

The uncertainty on the capital markets during March and April pushed up Rikshem's credit margins, increasing the financing cost. Liquidity on the capital market improved in early summer, and credit margins for companies with Rikshem's credit rating then began to fall. Rikshem sustained good liquidity throughout the year, without needing to use backup facilities.

Two bonds with a total value of SEK 0.5 billion and maturities of 8.25 and 12 years respectively were issued in Q4. Commercial paper of SEK 1.9 billion was

also issued during Q4, and bank loans refinanced and new loans raised for approximately SEK 1.6 billion.

Eleven bonds in SEK, NOK and AUD with a total value of approximately SEK 3.2 billion were issued during the year. Bank loans for approximately SEK 3.0 billion were raised and refinanced during the year.

## Cash and cash equivalents

Cash and cash equivalents at year-end amounted to MSEK 830 (568). On the closing date, pledged assets received under Credit Support Annexes (CSAs)

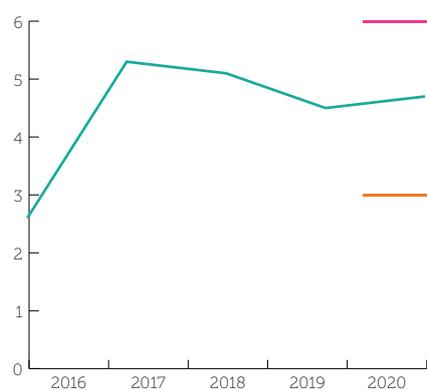
for combined interest-rate and currency swaps amounted to MSEK 192. These pledged assets are settled on a monthly basis.

Financial derivative instruments  
At year-end, the company had an interest-rate derivative portfolio that hedged SEK 17.8 billion, with the company paying fixed interest and receiving variable interest.

The company also has combined interest-rate and currency swaps to hedge loans raised in foreign currency. The total

Average interest-rate duration (years)

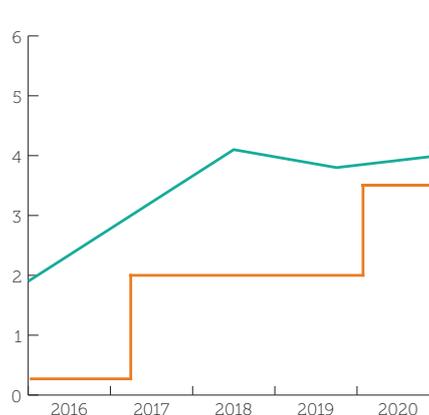
4.7 years



- Average interest-rate duration (years)
- Minimum level according to the company's financial policy
- Maximum level according to the company's financial policy

Average debt duration (years)

4.0 years



- Average debt duration (years)
- Minimum level (years) for debt duration

fair value of the company's financial derivative instruments with a positive fair value amounted to MSEK 281 (509), while the fair value of financial derivative instruments with a negative fair value was MSEK -968 (-432). The net fair value of the derivative portfolio was MSEK -687 (77).

### Interest-bearing liabilities

At year-end, interest-bearing liabilities amounted to MSEK 26,315 (26,868). Of these, MSEK 4,814 (4,317) pertained to secured bank loans, MSEK 199 (199) to liabilities to the European Investment Bank, MSEK 2,139 (2,740) to funding through commercial paper and MSEK 18,988 (19,582) to bond loans. In addition, the company had MSEK 175 (30) in interest-bearing liabilities to related parties. All bank loans are secured by collateral in properties. In total, secured financing accounted for 9 percent (9) of the fair value of the investment properties.

Of Rikshem's outstanding bonds, bonds corresponding to SEK 4.1 billion have been issued in EUR, SEK 5.9 billion in

MSEK  
26,315  
(26,868)

NOK and SEK 0.3 billion in AUD. The remaining bonds have been issued in SEK. The carrying amount of foreign-currency bonds on the closing date was SEK 4.1 billion (EUR), SEK 5.4 billion (NOK) and SEK 0.3 billion (AUD).

At year-end, the average interest rate was 1.7 percent, which is up 0.1 percentage point on year-end 2019 and unchanged from the end of the previous quarter. Fees for unutilized backup facilities are included in the average interest rate.

The average debt duration is 4.0 years (3.8), and the average interest-rate duration is 4.7 years (4.5).

### Green financing

At year-end, green financing represented 11 percent of interest-bearing liabilities. Outstanding green bonds totaled SEK 2.7 billion and loans from the European Investment Bank for energy efficiency initiatives amounted to MSEK 199. Green bonds worth a total of SEK 1.5 billion were issued during the year.

### Backup facilities

The refinancing and liquidity risk inherent in the maturity structure is managed in part with backup facilities from Rikshem's owners (SEK 10 billion) and Swedish banks (SEK 3 billion). In addition, MSEK 800 of the credit facility with the European Investment Bank is unutilized, and there is an overdraft facility of MSEK 500. The credit facility with the European Investment Bank can only be used to finance investments in energy efficiency initiatives.

### Rating

Rikshem has an A3 credit rating with stable outlook from the credit rating agency Moody's. Rikshem discontinued its rating from S&P Global in September.

#### Interest-bearing external liabilities

| Maturity<br>Years | Interest-rate duration |             | Debt duration |             |
|-------------------|------------------------|-------------|---------------|-------------|
|                   | Amount (MSEK)          | Proportion, | Amount (MSEK) | Proportion, |
| <1 year           | 3,516                  | 13.3%       | 6,254         | 23.8%       |
| 1-2 years         | 2,226                  | 8.5%        | 3,867         | 14.7%       |
| 2-3 years         | 1,500                  | 5.7%        | 3,293         | 12.5%       |
| 3-4 years         | 3,888                  | 14.8%       | 4,137         | 15.7%       |
| 4-5 years         | 3,385                  | 12.9%       | 1,959         | 7.4%        |
| 5-6 years         | 3,000                  | 11.4%       | 1,192         | 4.5%        |
| 6-7 years         | 2,000                  | 7.6%        | 477           | 1.8%        |
| 7-8 years         | 2,500                  | 9.5%        | 949           | 3.6%        |
| 8-9 years         | 2,400                  | 9.1%        | 835           | 3.2%        |
| >9 years          | 1,900                  | 7.2%        | 3,352         | 12.8%       |
| <b>Total</b>      | <b>26,315</b>          | <b>100%</b> | <b>26,315</b> | <b>100%</b> |

#### Interest-rate derivative portfolio

| Years | Nominal amount (year-end), SEK billion | Average interest rate (year-end) |
|-------|--|----------------------------------|
| 2021  | 17.3                                   | 0.8%                             |
| 2022  | 16.3                                   | 0.8%                             |
| 2023  | 14.8                                   | 0.8%                             |
| 2024  | 14.3                                   | 0.8%                             |
| 2025  | 11.8                                   | 0.8%                             |
| 2026  | 8.8                                    | 0.8%                             |
| 2027  | 6.8                                    | 0.8%                             |
| 2028  | 4.3                                    | 0.7%                             |
| 2029  | 1.9                                    | 0.9%                             |
| 2030  | 0                                      |                                  |

# Group – Condensed statement of comprehensive income

| Amounts in MSEK  | Oct–Dec 2020 | Oct–Dec 2019 | Jan–Dec 2020  | Jan–Dec 2019  |
|--|--------------|--------------|---------------|---------------|
| <b>Rental income</b>   | 756          | 729          | 3,032         | 2,916         |
| Operating expenses   | -190         | -212         | -736          | -771          |
| Repairs and maintenance  | -88          | -83          | -278          | -306          |
| Property administration  | -55          | -57          | -216          | -211          |
| Property tax   | -9           | -12          | -42           | -42           |
| <b>Total property expenses</b>                                       | <b>-342</b>  | <b>-364</b>  | <b>-1,272</b> | <b>-1,330</b> |
| <b>Net operating income</b>  | <b>414</b>   | <b>365</b>   | <b>1,760</b>  | <b>1,586</b>  |
| Central administration   | -20          | -39          | -78           | -100          |
| Net financial items  | -116         | -107         | -463          | -444          |
| Earnings from joint ventures   | 59           | 152          | 60            | 244           |
| <i>of which income from property management</i>                      | <i>1</i>     | <i>-5</i>    | <i>26</i>     | <i>6</i>      |
| <i>of which change in value of properties</i>                        | <i>70</i>    | <i>198</i>   | <i>52</i>     | <i>300</i>    |
| <i>of which change in value of financial derivative instruments</i>  | <i>0</i>     | <i>1</i>     | <i>-1</i>     | <i>1</i>      |
| <i>of which tax</i>  | <i>-12</i>   | <i>-42</i>   | <i>-17</i>    | <i>-63</i>    |
| <b>Income from property management</b>                               | <b>337</b>   | <b>371</b>   | <b>1,279</b>  | <b>1,286</b>  |
| Change in value of investment properties                             | 803          | 226          | 1,825         | 1,538         |
| Change in value of interest-rate derivatives                         | 92           | 440          | -232          | -270          |
| Change in value of foreign exchange derivatives                      | -381         | -358         | -535          | 505           |
| Foreign exchange effects on financial liabilities                    | 184          | 228          | 670           | -215          |
| <b>Profit before tax</b>   | <b>1,035</b> | <b>907</b>   | <b>3,007</b>  | <b>2,844</b>  |
| Tax  | -150         | -227         | -526          | -600          |
| <b>Profit/loss for the period/year</b>                               | <b>885</b>   | <b>680</b>   | <b>2,481</b>  | <b>2,244</b>  |
| <b>Other comprehensive income</b>                                    |              |              |               |               |
| Revaluation of pensions  | -1           | -3           | -1            | -3            |
| Tax, pensions  | -            | 1            | -             | 1             |
| <b>Other comprehensive income for the period/year, net after tax</b> | <b>-1</b>    | <b>-2</b>    | <b>-1</b>     | <b>-2</b>     |
| <b>Total comprehensive income for the period/year</b>                | <b>884</b>   | <b>678</b>   | <b>2,480</b>  | <b>2,242</b>  |

# Group – Condensed statement of financial position

| Amounts in MSEK                          | 2020<br>Dec 31, | 2019<br>Dec 31, |
|--|-----------------|-----------------|
| <b>ASSETS</b>                            |                 |                 |
| Capitalized development expenditure      | 7               | –               |
| Investment properties                    | 51,750          | 49,307          |
| Participations in joint ventures         | 1,768           | 1,658           |
| Equipment                                | 3               | 5               |
| Leaseholds and other right-of-use assets | 137             | 131             |
| Financial derivative instruments         | 281             | 509             |
| Non-current receivables                  | 281             | 179             |
| <b>Total non-current assets</b>          | <b>54,227</b>   | <b>51,789</b>   |
| Current receivables                      | 214             | 255             |
| Cash and cash equivalents                | 830             | 568             |
| <b>Total current assets</b>              | <b>1,044</b>    | <b>823</b>      |
| <b>TOTAL ASSETS</b>                      | <b>55,271</b>   | <b>52,612</b>   |
| <b>EQUITY AND LIABILITIES</b>            |                 |                 |
| <b>Equity</b>                            | <b>22,921</b>   | <b>20,441</b>   |
| Deferred tax                             | 3,852           | 3,392           |
| Interest-bearing liabilities             | 20,061          | 19,699          |
| Financial derivative instruments         | 968             | 432             |
| Non-current liabilities, leases          | 121             | 117             |
| Non-interest-bearing liabilities         | 9               | 6               |
| <b>Total non-current liabilities</b>     | <b>25,011</b>   | <b>23,646</b>   |
| Interest-bearing liabilities             | 6,254           | 7,169           |
| Current liabilities, leases              | 14              | 14              |
| Non-interest-bearing liabilities         | 1,071           | 1,342           |
| <b>Total current liabilities</b>         | <b>7,339</b>    | <b>8,525</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>55,271</b>   | <b>52,612</b>   |

# Consolidated statement of changes in equity

| Amounts in MSEK                | Share capital | Other contributed capital | Retained earnings including profit for the year | Total equity |
|--------------------------------|---------------|---------------------------|---|--------------|
| Opening balance, Jan. 1, 2019  | 100           | 4,874                     | 13,225  | 18,199       |
| Profit for the year            |               |                           | 2,244   | 2,244        |
| Other comprehensive income     |               |                           | -2  | -2           |
| Total comprehensive income     |               |                           | 2,242   | 2,242        |
| Closing balance, Dec. 31, 2019 | 100           | 4,874                     | 15,467  | 20,441       |
| Opening balance, Jan. 1, 2020  | 100           | 4,874                     | 15,467  | 20,441       |
| Profit for the year            |               |                           | 2,481   | 2,481        |
| Other comprehensive income     |               |                           | -1  | -1           |
| Total comprehensive income     |               |                           | 2,480   | 2,480        |
| Closing balance, Dec. 31, 2020 | 100           | 4,874                     | 17,947  | 22,921       |



Investments in existing properties for the year

**MSEK 1,592**

Of this amount, redevelopment and renovation of residential properties accounted for **MSEK 976**, new construction for **MSEK 271** and investments in properties for public use for **MSEK 345**.

# Consolidated statement of cash flows

| Amounts in MSEK   | Oct-Dec 2020 | Oct-Dec 2019 | Jan-Dec 2020 | Jan-Dec 2019  |
|---|--------------|--------------|--------------|---------------|
| Cash flow from operating activities                           | 397          | 326          | 1,686        | 1,491         |
| Interest paid   | -122         | -115         | -458         | -445          |
| Tax paid  | 20           | 0            | -2           | -24           |
| Change in working capital                                     | 74           | 345          | -28          | 142           |
| <b>Cash flow from operating activities</b>                    | <b>369</b>   | <b>556</b>   | <b>1,198</b> | <b>1,164</b>  |
| Investment in investment properties                           | -414         | -615         | -1,592       | -1,568        |
| Acquisition of investment properties                          | -191         | -240         | -243         | -851          |
| Divestment of investment properties                           | 425          | -            | 1,227        | 365           |
| Change in intangible assets and equipment                     | -7           | 0            | -8           | -2            |
| Investment in financial assets                                | -30          | -32          | -170         | -76           |
| Divestment of financial assets                                | -            | 14           | 50           | 127           |
| Dividend from financial assets                                | -            | -            | -            | 1             |
| <b>Cash flow from investing activities</b>                    | <b>-217</b>  | <b>-873</b>  | <b>-736</b>  | <b>-2,004</b> |
| Loans raised  | 3,972        | 2,525        | 13,718       | 10,698        |
| Repayment of loans  | -4,597       | -1,722       | -13,597      | -10,592       |
| Change in collateral  | -229         | -527         | -316         | 287           |
| Redemption of financial instruments                           | 0            | -            | -4           | -             |
| Repayment of finance leases                                   | 0            | 2            | -1           | 0             |
| <b>Cash flow from financing activities</b>                    | <b>-854</b>  | <b>278</b>   | <b>-200</b>  | <b>393</b>    |
| <b>Cash flow for the period/year</b>                          | <b>-702</b>  | <b>-39</b>   | <b>262</b>   | <b>-447</b>   |
| Cash and cash equivalents at the beginning of the period/year | 1,532        | 607          | 568          | 1,015         |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>830</b>   | <b>568</b>   | <b>830</b>   | <b>568</b>    |

# Parent Company – Condensed income statement

| Amounts in MSEK                                   | Oct–Dec 2020 | Oct–Dec 2019 | Jan–Dec 2020 | Jan–Dec 2019 |
|---|--------------|--------------|--------------|--------------|
| <b>Income</b>                                     | <b>61</b>    | <b>65</b>    | <b>243</b>   | <b>235</b>   |
| Other operating expenses                          | -35          | -50          | -128         | -136         |
| Personnel expenses                                | -54          | -62          | -204         | -207         |
| Depreciation                                      | -1           | -1           | -2           | -2           |
| <b>Operating profit</b>                           | <b>-29</b>   | <b>-48</b>   | <b>-91</b>   | <b>-110</b>  |
| Earnings from Group companies                     | 35           | 327          | 108          | 584          |
| Net interest income                               | 61           | 14           | 268          | 28           |
| Change in value of interest-rate derivatives      | 92           | 440          | -232         | -270         |
| Change in value of foreign exchange derivatives   | -381         | -358         | -535         | 505          |
| Foreign exchange effects on financial liabilities | 185          | 228          | 670          | -215         |
| <b>Profit/loss after financial items</b>          | <b>-37</b>   | <b>603</b>   | <b>188</b>   | <b>522</b>   |
| Tax   | -66          | -18          | 29           | -60          |
| <b>Profit/loss for the period/year</b>            | <b>-103</b>  | <b>585</b>   | <b>217</b>   | <b>462</b>   |

## Parent Company

The operations of the Parent Company Rikshem AB (publ) primarily comprise managing the Group's properties through the ownership of shares and participations in its property-owning subsidiaries. No properties are owned directly by the Parent Company.

The Parent Company's income for the year amounted to MSEK 243 (235) and mainly comprised fees for services provided to the subsidiaries. Administrative costs decreased to MSEK -334 (-345). Financial items totaled MSEK 279 (632).

In addition to net interest income, financial items included earnings from participations in Group companies of MSEK 108 (584) and changes in value of financial instruments corresponding to MSEK -97 (20).



The Parent Company's assets at December 31, 2020 amounted to MSEK 34,376 (34,000) and mostly comprised shares and participations in subsidiaries and receivables from Group companies. Cash

and cash equivalents amounted to MSEK 826 (561). The Parent Company's liabilities totaled MSEK 26,714 (26,555) and mainly comprised commercial paper, bonds and bank loans. Equity totaled MSEK 7,662 (7,445) on the closing date.

# Parent Company – Condensed balance sheet

| Amounts in MSEK                              | Dec. 31,<br>2020 | Dec. 31,<br>2019 |
|--|------------------|------------------|
| <b>ASSETS</b>                                |                  |                  |
| Capitalized development expenditure          | 7                | -                |
| Equipment                                    | 3                | 4                |
| Shares and participations in Group companies | 2,117            | 1,945            |
| Receivables from Group companies             | 30,963           | 30,887           |
| Financial derivative instruments             | 281              | 509              |
| Non-current receivables                      | 79               | 29               |
| <b>Total non-current assets</b>              | <b>33,450</b>    | <b>33,374</b>    |
| Current assets                               | 100              | 65               |
| Cash and cash equivalents                    | 826              | 561              |
| <b>Total current assets</b>                  | <b>926</b>       | <b>626</b>       |
| <b>TOTAL ASSETS</b>                          | <b>34,376</b>    | <b>34,000</b>    |
| <b>EQUITY AND LIABILITIES</b>                |                  |                  |
| <b>Equity</b>                                | <b>7,662</b>     | <b>7,445</b>     |
| Provisions                                   | 2                | -                |
| Deferred tax                                 | 175              | 238              |
| Financial derivative instruments             | 968              | 432              |
| Interest-bearing liabilities                 | 23,384           | 24,579           |
| Liabilities to Group companies               | 1,821            | 678              |
| Non-interest-bearing liabilities             | 364              | 628              |
| <b>Total liabilities</b>                     | <b>26,714</b>    | <b>26,555</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>          | <b>34,376</b>    | <b>34,000</b>    |

# Other information

## Board of Directors and CEO

The composition of the Board of Directors of Rikshem AB (publ) changed during the year, with Per Uhlén and Ulrica Messing elected as ordinary members at the AGM and Lena Boberg standing down at the same time. This means that Rikshem's board now consists of seven ordinary members. Anette Frumerie took up the position of CEO on 5 May.

## Employees

The number of employees in the Rikshem Group at year-end was 271 (259): 147 men and 124 women.

## Risks

The spread of the COVID-19 virus and the measures this has necessitated have had a significant impact on society and the global economy. No segment or market will be unaffected by the pandemic. However, Rikshem's assessment is that the residential properties and properties

for public use segments have been less affected than other segments of the property market. In combination with the company's strong financial position, this means Rikshem is well equipped to weather the crisis.

If the crisis is prolonged and results in a deep recession, Rikshem envisages risks in the impact this could have on the company's tenants, restrictions in access to capital, and completion of projects.

The Board of Directors and management work continuously on managing the risks to which the business is exposed. Rikshem's risks and uncertainties are described on page 52 of the annual report for 2019.

## Accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS

Interpretations Committee (IFRIC), as approved by the European Union (EU). The Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups have also been applied. This interim report has been prepared according to IAS 34 Interim Financial Reports and the Annual Accounts Act. The Parent Company's accounting policies comply with the Annual Accounts Act and RFR 2. The same accounting policies, valuation principles and calculation methods have been applied as in the annual report for 2019.

For the first time, Rikshem is reporting expenditure on development work and similar that is material to business activities and intangible fixed assets. Intangible assets are recognized initially at cost and subsequently at cost less accumulated amortization and write-downs. Rikshem's intangible assets essentially comprise acquired or self-developed software that



Braxen 15, Kalmar



Niten 1, Norrköping

is considered to have an economic value in the coming years.

### **New standards and interpretations that come into force from 2020 onwards**

Effective 2020, the IASB has implemented a change in IFRS 3 that addresses the boundary between a business combination and an asset acquisition by providing a new definition of a business. The change and the definition are in line with Rikshem's current treatment of acquisitions and are not deemed to have any material effects on Rikshem's earnings or financial position. Other new and amended standards and interpretation statements approved by the EU are currently not considered to have a material impact on Rikshem's earnings or financial position.

### **Related-party transactions**

Rikshem's related parties are presented in Note 29 of the annual report for 2019.

Rikshem AB borrowed MSEK 185 during the year from the parent company Rikshem Intressenter AB, of which MSEK 10 was repaid. Otherwise there were no material transactions with related parties during the year apart from the usual salaries and allowances to the Board, the CEO and other senior executives.

### **Significant events after the end of the period**

No significant events have taken place after year-end.

### **Affirmation of the Board of Directors and the CEO**

The Board of Directors and the CEO affirm that this year-end report provides a true and fair view of the Parent Company's and the Group's operations, position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.



## **Financial calendar**

Annual Report and Sustainability Report 2020  
March 29, 2021

Interim report, Jan–Mar 2021  
May 7, 2021 (new date)

Six-month report,  
Jan–June 2021  
August 25, 2021

## **Stockholm, February 4, 2021**

Bo Magnusson  
Chairman of the Board

Pernilla Arnrud Melin  
Board member

Liselotte Hjorth  
Board member

Andreas Jensen  
Board member

Ulrica Messing  
Board member

Per-Gunnar Persson  
Board member

Per Uhlén  
Board member

Anette Frumerie  
CEO

This year-end report has not been reviewed by the company's auditors.

# Quarterly data

| Amounts in MSEK  | Q4<br>2020 | Q3<br>2020 | Q2<br>2020 | Q1<br>2020 | Q4<br>2019 | Q3<br>2019 |
|--|------------|------------|------------|------------|------------|------------|
| <b>Income statement</b>  |            |            |            |            |            |            |
| Rental income  | 756        | 755        | 760        | 761        | 729        | 745        |
| Property expenses  | -342       | -270       | -312       | -348       | -364       | -264       |
| Net operating income   | 414        | 485        | 448        | 413        | 365        | 481        |
| Central administration   | -20        | -13        | -23        | -22        | -39        | -20        |
| Net financial items  | -116       | -119       | -116       | -112       | -107       | -109       |
| Earnings from joint ventures   | 59         | 6          | -8         | 3          | 152        | 1          |
| Income from property management  | 337        | 359        | 301        | 282        | 371        | 353        |
| Change in value of investment properties                                 | 803        | 163        | 730        | 129        | 226        | 282        |
| Change in value of and foreign exchange effects on financial instruments | -105       | -29        | 60         | -23        | 310        | -72        |
| Profit before tax  | 1,035      | 493        | 1,091      | 388        | 907        | 563        |
| Tax and other comprehensive income                                       | -150       | -76        | -228       | -72        | -229       | -125       |
| Comprehensive income for the period                                      | 885        | 417        | 863        | 316        | 678        | 438        |
| <b>Statement of financial position</b>                                   |            |            |            |            |            |            |
| Investment properties  | 51,750     | 50,761     | 50,989     | 49,718     | 49,307     | 48,198     |
| Participations in joint ventures   | 1,768      | 1,710      | 1,679      | 1,662      | 1,658      | 1,475      |
| Other assets   | 923        | 1,099      | 1,154      | 1,316      | 1,079      | 1,509      |
| Cash and cash equivalents  | 830        | 1,532      | 1,554      | 858        | 568        | 607        |
| Total assets   | 55,271     | 55,102     | 55,376     | 53,554     | 52,612     | 51,789     |
| Equity   | 22,921     | 22,037     | 21,620     | 20,757     | 20,441     | 19,763     |
| Deferred tax   | 3,852      | 3,568      | 3,548      | 3,399      | 3,392      | 3,171      |
| Interest-bearing liabilities   | 26,315     | 27,124     | 27,837     | 26,963     | 26,868     | 26,295     |
| Other liabilities  | 2,183      | 2,373      | 2,371      | 2,435      | 1,911      | 2,560      |
| Total equity and liabilities   | 55,271     | 55,102     | 55,376     | 53,554     | 52,612     | 51,789     |
| <b>Key performance indicators</b>  |            |            |            |            |            |            |
| Loan-to-value ratio, %   | 51         | 53         | 55         | 54         | 54         | 54         |
| Equity/assets ratio, %   | 41         | 40         | 39         | 39         | 39         | 38         |
| Interest-coverage ratio, multiple*                                       | 3.7        | 3.6        | 3.7        | 3.7        | 3.5        | 3.5        |
| Return on equity, %*   | 11.4       | 10.9       | 11.2       | 11.6       | 11.6       | 12.9       |
| Property yield, %*   | 3.5        | 3.5        | 3.5        | 3.5        | 3.3        | 3.4        |
| Surplus ratio, %   | 58         | 64         | 59         | 54         | 50         | 65         |

\*Rolling 12 months

# Key performance data

| Amounts in MSEK   | 2020   | 2019   | 2018   | 2017   | 2016   |
|---|--------|--------|--------|--------|--------|
| <b>Income statement</b>   |        |        |        |        |        |
| Rental income   | 3,032  | 2,916  | 2,792  | 2,665  | 2,484  |
| Net operating income  | 1,760  | 1,586  | 1,524  | 1,555  | 1,420  |
| Income from property management                                   | 1,279  | 1,286  | 1,008  | 1,150  | 1,208  |
| Change in value of properties, MSEK                               | 1,825  | 1,538  | 2,107  | 1,647  | 1,962  |
| Profit for the period   | 2,481  | 2,244  | 2,489  | 2,430  | 2,433  |
| <b>Statement of financial position</b>                            |        |        |        |        |        |
| Equity  | 22,921 | 20,441 | 18,199 | 15,710 | 13,281 |
| External liabilities  | 26,315 | 26,838 | 26,493 | 24,022 | 23,422 |
| Fair value of properties  | 51,750 | 49,307 | 45,687 | 41,039 | 37,878 |
| Total assets  | 55,271 | 52,612 | 48,734 | 43,501 | 40,114 |
| <b>Financial key figures</b>                                      |        |        |        |        |        |
| Equity/assets ratio, %  | 41     | 39     | 37     | 36     | 33     |
| Loan-to-value ratio, %  | 51     | 54     | 58     | 59     | 62     |
| Interest-coverage ratio, multiple*                                | 3.7    | 3.5    | 3.2    | 3.5    | 3.8    |
| Net debt/EBITDA, multiple   | 15.2   | 18.0   | 17.6   | 15.8   | 17.2   |
| Loan-to-value ratio, secured loans, %                             | 9      | 9      | 10     | 12     | 15     |
| Average interest rate, %  | 1.7    | 1.6    | 1.7    | 2.0    | 1.5    |
| Interest-rate duration, years                                     | 4.7    | 4.5    | 5.1    | 5.3    | 2.6    |
| Debt duration, years  | 4.0    | 3.8    | 4.1    | 3.0    | 1.9    |
| Return on equity, %*  | 11.4   | 11.6   | 14.7   | 16.8   | 20.6   |
| Property yield, %*  | 3.5    | 3.3    | 3.5    | 3.9    | 4.1    |
| Total return excl. joint ventures, %*                             | 7.2    | 6.7    | 8.6    | 8.3    | 10.0   |
| Total return incl. joint ventures, %*                             | 7.0    | 7.2    | 7.8    | 8.3    | 10.3   |
| <b>Property-related key figures</b>                               |        |        |        |        |        |
| Number of properties  | 540    | 560    | 555    | 586    | 574    |
| Lettable area, 1,000 sqm  | 2,232  | 2,292  | 2,274  | 2,219  | 2,182  |
| Number of apartments  | 28,730 | 29,214 | 28,840 | 27,924 | 27,224 |
| Proportion of properties for public use, %                        | 30     | 30     | 29     | 29     | 29     |
| Vacancy rate, residential properties, %                           | 4.0    | 3.5    | 3.2    | 2.7    | 3.6    |
| Market vacancy rate, residential properties, %                    | 1.4    | 0.8    | 0.5    | 0.3    | 0.5    |
| Remaining lease term for properties for public use, years         | 8.8    | 9.0    | 9.4    | 9.8    | 10.3   |
| Fair value, SEK/sqm   | 23,181 | 21,512 | 20,090 | 18,494 | 17,362 |
| Growth in income for the like-for-like portfolio, %               | 3.5    | 4.3    | 3.8    | 4.3    | 3.7    |
| Growth in net operating income for the like-for-like portfolio, % | 9.2    | 3.6    | -3.9   | 6.7    | 3.4    |
| Surplus ratio, %*   | 58     | 54     | 55     | 58     | 57     |
| *Rolling 12 months  |        |        |        |        |        |
| <b>Employees</b>  |        |        |        |        |        |
| Number of employees   | 271    | 259    | 242    | 206    | 192    |

# Key performance data – calculations

Both interim and annual reports refer to a number of financial metrics that are not defined by IFRS. Rikshem believes that these metrics help both investors and the company's management to analyze the company's results and financial position. Not all companies calculate financial metrics in the same way, so the metrics are not always comparable with those used by other companies. Amounts in MSEK unless stated otherwise.

| Amounts in MSEK  | 2020<br>Jan–Dec | 2019<br>Jan–Dec |
|--|-----------------|-----------------|
| <b>Return on equity</b>  |                 |                 |
| Profit for the year  | 2,480           | 2,242           |
| Average equity   | 21,681          | 19,320          |
| <b>Return on equity</b>  | <b>11.4%</b>    | <b>11.6%</b>    |
| <b>Net operating income</b>  |                 |                 |
| Rental income  | 3,032           | 2,916           |
| Property expenses  | -1,272          | -1,330          |
| <b>Net operating income</b>  | <b>1,760</b>    | <b>1,586</b>    |
| <b>Surplus ratio</b>   |                 |                 |
| Net operating income   | 1,760           | 1,586           |
| Rental income  | 3,032           | 2,916           |
| <b>Surplus ratio</b>   | <b>58%</b>      | <b>54%</b>      |
| <b>Property yield</b>  |                 |                 |
| Net operating income   | 1,760           | 1,586           |
| Opening property value   | 49,307          | 45,687          |
| Closing property value   | 51,750          | 49,307          |
| <b>Adjusted average property value</b>                               | <b>50,529</b>   | <b>47,497</b>   |
| <b>Property yield</b>  | <b>3.5%</b>     | <b>3.3%</b>     |
| <b>Total return</b>  |                 |                 |
| Net operating income   | 1,760           | 1,586           |
| Change in value of properties  | 1,825           | 1,538           |
| <b>Total</b>   | <b>3,585</b>    | <b>3,124</b>    |
| Opening property value   | 49,307          | 45,687          |
| Closing property value   | 51,750          | 49,307          |
| Minus change in value  | -1,825          | -1,538          |
| <b>Adjusted average property value</b>                               | <b>49,616</b>   | <b>46,728</b>   |
| <b>Total return</b>  | <b>7.2%</b>     | <b>6.7%</b>     |
| <b>Interest-coverage ratio</b>                                       |                 |                 |
| Profit before tax  | 3,007           | 2,844           |
| <i>Reversal</i>  |                 |                 |
| <i>Change in value of properties</i>                                 | <i>-1,825</i>   | <i>-1,538</i>   |
| <i>Change in value of financial derivative instruments and loans</i> | <i>97</i>       | <i>-20</i>      |
| <i>Earnings from joint ventures</i>                                  | <i>-60</i>      | <i>-244</i>     |
| <i>Other financial expenses</i>                                      | <i>29</i>       | <i>29</i>       |
| <i>Interest expenses</i>   | <i>460</i>      | <i>429</i>      |
| <b>Operating profit</b>  | <b>1,708</b>    | <b>1,500</b>    |
| External interest  | -460            | -429            |
| <b>Interest-coverage ratio, multiple</b>                             | <b>3.7</b>      | <b>3.5</b>      |

| Amounts in MSEK                           | 2020<br>Jan–Dec | 2019<br>Jan–Dec |
|---|-----------------|-----------------|
| <b>Loan-to-value ratio</b>                |                 |                 |
| External interest-bearing liabilities     | 26,315          | 26,838          |
| Fair value of investment properties       | 51,750          | 49,307          |
| <b>Loan-to-value ratio</b>                | <b>51%</b>      | <b>54%</b>      |
| <b>Loan-to-value ratio, secured loans</b> |                 |                 |
| Outstanding secured debt                  | 4,814           | 4,317           |
| Fair value of investment properties       | 51,750          | 49,307          |
| <b>Loan-to-value ratio, secured loans</b> | <b>9%</b>       | <b>9%</b>       |
| <b>Net debt/EBITDA</b>                    |                 |                 |
| External interest-bearing liabilities     | 26,315          | 26,838          |
| Cash and cash equivalents                 | -830            | -568            |
| Collateral relating to CSA agreements     | 192             | 507             |
| <b>Net debt</b>                           | <b>25,677</b>   | <b>26,777</b>   |
| Net operating income                      | 1,760           | 1,586           |
| Central administration                    | -78             | -100            |
| Depreciation                              | 2               | 2               |
| <b>EBITDA</b>                             | <b>1,684</b>    | <b>1,488</b>    |
| <b>Net debt/EBITDA, multiple</b>          | <b>15.2</b>     | <b>18.0</b>     |

# Definitions

|  |   |
|--|---|
| <b>Amounts within parentheses</b>                      | For income statement items, amounts in parentheses show figures for the corresponding period of the prior year. For balance sheet items, amounts in parentheses refer to the result at the end of the preceding year.   |
| <b>Average interest rate</b>                           | Average interest rate for interest-bearing liabilities including expenses for backup facilities in relation to current loans on the closing date.   |
| <b>Debt duration</b>                                   | The weighted remaining maturity of interest-bearing liabilities on the closing date.  |
| <b>Economic occupancy rate</b>                         | Contract rent in relation to total rental value on the closing date.  |
| <b>Equity/assets ratio</b>                             | Equity in relation to total assets.   |
| <b>Interest-coverage ratio</b>                         | Profit before tax after reversal of earnings from joint ventures, interest expenses, change in value of assets and liabilities, and other financial expenses in relation to interest expenses for external borrowings.  |
| <b>Income from property management</b>                 | Net operating income less administrative costs and net financial items plus earnings from joint ventures.   |
| <b>Interest-rate duration</b>                          | The weighted remaining interest-rate duration for interest-bearing liabilities and financial derivative instruments on the closing date.  |
| <b>Loan-to-value ratio</b>                             | External interest-bearing liabilities in relation to the fair value of properties.  |
| <b>Loan-to-value ratio, secured loans</b>              | Secured interest-bearing liabilities in relation to the fair value of properties.   |
| <b>Market vacancy rate, residential properties</b>     | The number of unrented apartments less apartments unrented due to renovation in relation to the total number of apartments in the residential properties segment on the closing date.   |
| <b>Net debt/EBITDA</b>                                 | External interest-bearing liabilities minus cash and cash equivalents, adjusted for collateral relating to CSA agreements, in relation to EBITDA. EBITDA is calculated as net operating income excluding central administration plus reversal of depreciation included in central administration. |
| <b>Net financial items</b>                             | Net amount of interest income, interest expenses, similar revenue and costs, and leasehold fees.  |
| <b>Net operating income</b>                            | Rental income less property expenses.   |
| <b>Property expenses</b>                               | Costs for heating, electricity, water, operation, maintenance, property tax, rent losses and property administration.   |
| <b>Property yield</b>                                  | Annualized net operating income in relation to the average fair value of properties.  |
| <b>Rental income</b>                                   | Rental value less vacancies and rent discounts.   |
| <b>Remaining lease term, properties for public use</b> | The weighted remaining lease term in the rental value in the properties for public use segment on the closing date.   |
| <b>Return on equity</b>                                | Profit for the year in relation to average equity.  |
| <b>Secured loans</b>                                   | Loans raised against liens on properties.   |
| <b>Surplus ratio</b>                                   | Net operating income in relation to rental income.  |
| <b>Total return</b>                                    | Net operating income plus change in value in relation to the average fair value of properties, less change in value. This definition has been changed since last year, and comparative figures have been restated.  |
| <b>Vacancy rate, residential properties</b>            | The number of unrented apartments in relation to the total number of apartments in the residential properties segment on the closing date.  |

Rikshem is one of Sweden's largest private property companies. We own, develop and manage residential properties and properties for public use in selected municipalities in Sweden, where we offer safe, pleasant and flexible housing in attractive locations. Rikshem is owned by the Fourth Swedish National Pension Fund and AMF Pensionsförsäkring AB. [Read more at rikshem.se](http://rikshem.se)

## Contact

Phone: +46 (0) 10 70 99 200  
Rikshem AB (publ)  
Box 307, SE-101 26 Stockholm  
[rikshem.se](http://rikshem.se)