



Annual and Sustainability Report **2020**



The year in brief

A different yet strong 2020 4

CEO statement

Stable properties for the future 6

Our business

Business concept, vision and mission 8

Targets that show the way 9

Business model 10

A business that creates value 11

Toward the good community 12

Strategic sustainability efforts 14

The world around us and our market

An unpredictable world 17

Property portfolio

Nationwide portfolio 21

The portfolio in figures 22

Property management

Thoughtful property management 29

Neighborhoods in development 30

Safe properties for public use 32

Property-related climate change mitigation 34

Purchasing for sustainable development 37

Project and property development

Local plans and projects at record level 39

Local plans in progress and with legal force 42

Projects in progress 43

Completed projects 44

Valuable partnerships 46

Employees

Commitment and development 48

Financing

An eventful year 51

Risks and risk management

Risks and opportunities 54

Financial reports, governance and index

Board of Directors and Management 60

Sustainability governance 62

About the Sustainability Report 64

Index to the statutory Sustainability Report 64

Signatories to the Sustainability Report 64

Auditor's statement on the Sustainability Report 65

GRI Index 66

Directors' report 69

Corporate governance report 74

Financial reports 77

Notes 87

Auditor's report 111

List of properties 115

Key figures 124

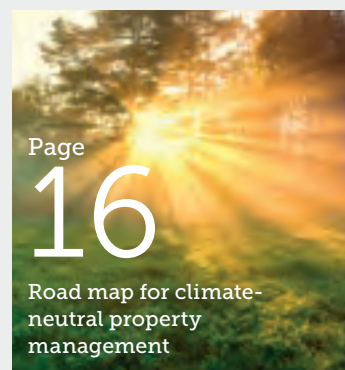
Definitions 126



Page

21

Properties
across Sweden



Page

16

Road map for climate-
neutral property
management



Page

25

Connected properties



Page

27

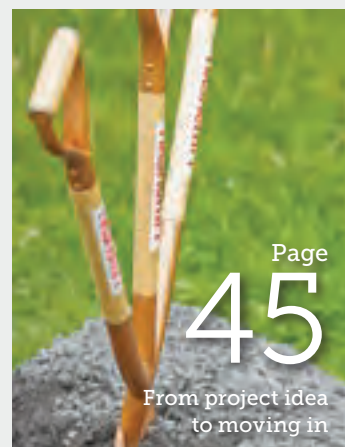
Sheltered accommodation at Bikupan



Page

33

Pulling together
for summer fun



Page

45

From project idea
to moving in

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.



Long-term ownership

Rikshem AB (publ) is owned by AMF Pensionsförsäkring AB and the Fourth Swedish National Pension Fund, each with a 50 percent stake. By extension, this means that good returns for Rikshem benefit Sweden's pensioners.



Fair value

The total fair value of the properties was SEK 51.7 billion, comprising residential properties at SEK 36.2 billion and properties for public use at SEK 15.5 billion. Including joint ventures, the fair value was SEK 54.5 billion.



Properties for public use based on need

Approximately 30 percent of Rikshem's portfolio comprises properties for public use: nursing homes, care facilities, preschools and schools.



Homes for all stages of life

Approximately 70 percent of the portfolio is residential properties: student accommodation, youth apartments, rental apartments and senior accommodation. The number of homes totals 28,730.



Professional community engagement

By combining professionalism with community engagement, Rikshem shall contribute to community development that is sustainable in the long term.



Sustainable property management

A dedicated property management organization, with local offices from Luleå in the north to Malmö in the south, enables Rikshem to develop sustainable properties and helps tenants to live sustainably.

A different yet strong 2020



Green bonds

Rikshem's framework for green bonds was updated at the start of 2020 and now includes buildings in certified timber, investments in energy-efficiency initiatives, residential properties with energy consumption at least 15 percent lower than specified by the Swedish National Board of Housing, Building and Planning, and investments in renewables such as solar energy. Green bonds worth a total of MSEK 1,487 were issued during the year.



New homework assistance in Uppsala

Rikshem's support for the Lärhjälpen foundation was extended during the year to cover the Gottsunda and Gränby neighborhoods in Uppsala. Rikshem has supported the foundation's work since 2015 and was already involved in Norrköping, Södertälje, Västerås and Umeå.



Anette Frumerie – new CEO

Anette Frumerie took up her position as Rikshem's new CEO in May. Anette was previously CEO of Besqab and has also worked for Skanska and JM. Her focus going forward is to develop the portfolio and increase the new building rate.

JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE

Signing leases digitally

During the year, Rikshem introduced e-signatures for signing leases. The option to sign leases digitally makes the process more efficient, as well as increasing safety and minimizing the infection risk during the coronavirus pandemic, both for Rikshem's employees and tenants. Leases have been sent to tenants for e-signing together with Boskolan – the Tenant School – Rikshem's digital induction for new tenants.

Connecting properties

During the year, Rikshem started connecting its entire portfolio, including an open network for tenants and property IT.

A pilot project in Uppsala during the summer saw 310 apartments connected. This gives tenants greater choice in terms of broadband and digital TV. A sensor is also installed in the apartments, enabling Rikshem to measure temperature and humidity, for example. The main project will continue during 2021 and 2022.



Rental income for the year

Rental income increased to MSEK 3,032.



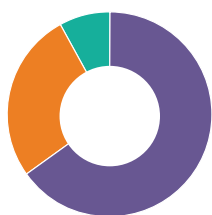
Good total return

The total return for the year was 7.2%, including joint ventures, as calculated by MSCI.

Financial key figures

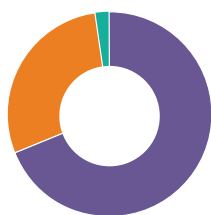
	2020	2019	2018
Equity/assets ratio, %	41	39	37
Loan-to-value ratio, %	51	54	58
Interest-coverage ratio, x	3.7	3.5	3.2
Net debt/EBITDA, x	15.2	18.0	17.6
Loan-to-value ratio, secured loans, %	9	9	10

Breakdown of rental income



- Residential leases, 65%
- Public sector, 27%
- Private sector, 8%

Breakdown of fair value of the properties



- Residential properties, 69%
- Properties for public use, 29%
 - Nursing homes, 24%
 - Schools, 5%
- Commercial, 2%

Energy-smart properties with Elena

In a project that aims to make properties more energy-smart, work started at the end of the year to coordinate company-wide tools, processes and guidelines for Rikshem's energy efforts in existing properties. The project has been awarded funding from the EU Horizon 2020 program via their ELENA initiative, under grant agreement ELENA-2017-119¹.



1) The Energy-smart properties project is part-financed by the EU Horizon 2020 program.

New renovation model

Rikshem revised its renovation model during the year. The new strategy will be implemented in 2021–2022 and means that, in the future, the majority of renovations will be carried out in stages. This is intended to provide a smoother and more predictable renovation process both for Rikshem and the tenant.



Ten-year anniversary

July 1, 2020 was Rikshem's tenth birthday. A whole decade has passed since the company was started and, along the way, the fair value of the properties has grown from SEK 5 billion to more than SEK 50 billion today.

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

Divestment of property portfolio in Östersund

In August, 883 apartments split across 13 residential properties in Östersund were taken into possession by Niam. Rikshem has had a presence in Östersund since 2016 and remains one of the city's largest private property owners. Rikshem's focus in Östersund moving forward will be new building of apartments and properties for public use, with a view to contributing to the city's development.

Hat trick of groundbreaking ceremonies in Halmstad.

October saw the groundbreaking ceremony for Rikshem's first-ever rental apartments in Halmstad – firing the starting shot for a total of 359 new apartments across three building projects in the city. The new-build apartments will be in the Västra Förstaden, Galgerget and Fyllinge districts. Rikshem already owns several properties for public use in Halmstad municipality.

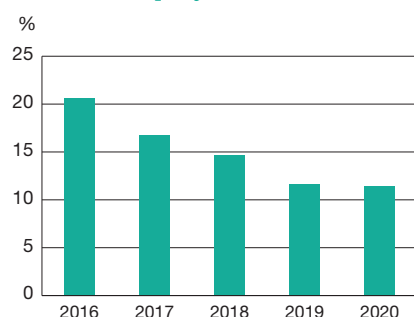


New rental apartments in Västerås

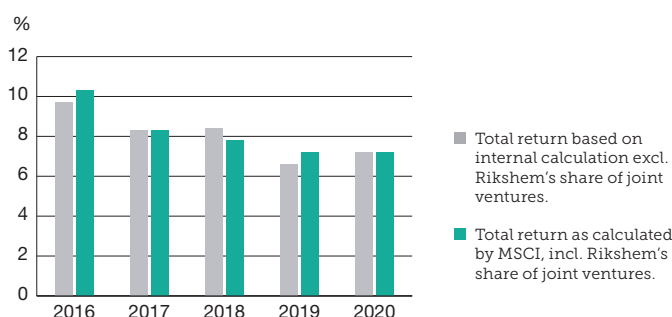
Rikshem acquired a property in development in the expanding Eriksborg district of Västerås. Rikshem already owns approximately 2,000 apartments in Västerås and is now adding a further 252 rental apartments. Construction is expected to start in Q1 2021, with residents scheduled to move in in Q1 2023.

Return for the year

Return on equity



Total return



Stable properties for the future

2020 was a year unlike any other. A year that tested individuals, the community and the whole world in various ways. Stepping into a company as CEO in the midst of a pandemic, with everyone recommended to work at home and not to travel, is rather different, to say the least. I've been impressed by the way Rikshem's employees give it a go rather than give up, and focus on what we can do and not what we can't. Despite the challenges that the coronavirus pandemic has presented, we're posting good results, and both customer and employee satisfaction have gone up. I feel proud of Rikshem's 2020.

A successful ten-year-old

July 1, 2020 was Rikshem's tenth birthday. It's been an incredible growth journey, with the fair value of the properties increasing from SEK 5 billion to more than SEK 50 billion. The company has evolved in many ways, and the growth journey continues with the development of our own portfolio and new building of both apartments and properties for public use. Society has undergone rapid change in the last ten years and even faster change is ahead. As a long-term property owner, we need to make well-reasoned decisions about the future now, because we'll be living with the choices we make today for a long time to come. In addition, we need to extract the organization's full potential and exploit the economies of scale we have as a large property company. This is why we underwent a reorganization process in 2020, creating the new position of Head of Property Management with responsibility for all aspects of property management. At the same time, we created a new role in the management team for a Head of Operations Development, whose task is to coordinate our development initiatives and provide strategic support in developing our operations and business so that Rikshem remains a successful property company in another ten years' time.

Strong result and substantial investments

We operate within stable segments, and the economic impact of the coronavirus pandemic has been limited. With properties in selected growth areas in Sweden, we're also well positioned for the prevailing urbanization trend in society. The results for 2020 are strong, with rental income over SEK 3 billion, lower costs and higher net operating income. Lower yield requirements and investments in the properties have seen prop-

erty value increase. We're posting a total return of 7.2 percent (including our joint ventures).

In a strong property market, we divested 883 apartments in Östersund and the Ormingehus building in Nacka during the year. We acquired two projects in development in Halmstad and Västerås, comprising 92 and 252 apartments respectively. In Västerås, Umeå and Uppsala, we completed new building of apartments and properties for public use. More new construction projects are under way and, in October, we teamed up with several contractors for a hat trick



Results for 2020 are strong, with rental income over SEK 3 billion, lower costs and higher net operating income.

of groundbreaking ceremonies for three different projects to build a total of 359 rental apartments in Halmstad. 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. A new renovation model was developed during the year, which means that future upgrades will primarily focus on plumbing and bathroom renovations, while work on roofing, windows and facades will be carried out in separate projects. The model will be implemented in stages over the next two years and will enable us to renovate more apartments, simultaneously providing a smoother and more predictable process both for us and our customers. On the investment side, there has been a sharp focus on energy investments such as lighting proj-

ects and connecting our properties to be able to streamline operations. In Östersund, we've taken the work on solar panels a step further, building a DC power network between the buildings to distribute the power from the solar panels to where it is needed – a relatively new technology that offered a cost-effective solution for the property.

Customer satisfaction continues to grow

For the second year in a row, we've seen big improvements in customer satisfaction among residential tenants, which was up by more than two points this year, bringing us close to our long-term target. Tenants in our properties for public use are more satisfied too. Our employees have gone the extra mile to ensure that our properties continue to function well, even in these challenging times, and we've managed to maintain a good level of service. We will continue on the course we have set and, during 2021, will introduce further initiatives on the customer side, including our new rental policy, which rewards tenants who have been with us for a long time. I'd like to extend my heartfelt thanks to our customers for their helpful cooperation during this special year

Increased digitalization offers new opportunities

The rate of digitalization in society has increased further during the pandemic. For us, this has meant accelerating many things that were already in progress, for example digital signing of leases. The work to connect the entire property portfolio is timely, enabling remote management and monitoring of our properties. With more than 8,000 apartments connected so far, 3,600 of them with sensors, we've already made good progress. Digitalizing our properties is an important



Lyngåkra 3:22, Halmstad

element of ensuring the rental apartment remains a modern and popular form of housing in the future.

Densifying for a feeling of safety

Rikshem's sustainability efforts support the UN Sustainable Development Goals, and several of our material sustainability issues link to our overall target of safe and attractive neighborhoods. People feel less safe today. Rikshem's vision is to contribute to developing the good community, and so we work to make our neighborhoods feel safe and secure. For example, we're involved in local cooperation in several of our locations, including Upplands Väsby, Sigtuna and Helsingborg. An important part of our safety efforts is increasing the flow of people in our neighborhoods. With a portfolio of development rights covering a gross area of almost 700,000 sqm, the majority of it within our existing neighborhoods, we are well positioned to densify, something that helps to increase the flow of people. We've also

”

2021 will continue to be affected by the pandemic, but Rikshem is well prepared, and there is much that is pointing in the right direction.

gone to great lengths to tackle illegal subletting. In Uppsala alone, we've been able to return approximately 70 apartments to the housing inventory since the new legislation to combat black-market contracts and illegal subletting came into force. This is a very important part of creating safe neighborhoods.

Positive outlook for 2021

2021 will continue to be affected by the pandemic, but Rikshem is well prepared, and there is much that is pointing in the right direction. We're in a strong position financially, as shown by the A3 rating we received from Moody's last September.

There were several successful recruitment processes in 2020, and the level of drive and commitment in the organization is high. The challenge, now, lies in having the strength to carry through everything we have started and achieve what we call 'One Rikshem', namely working together across the company and in different ways to exploit the benefits of being a large property company. This will enable us to continue delivering good results in the years ahead, both financially and in terms of sustainability and customer and employee satisfaction. I'd like to say a big thank-you to all our bright and efficient employees, who – day in, day out – help us to develop and, not least, make it great fun to work at Rikshem. I look forward to the time when we can meet more normally again.

Stockholm, March 2021

Anette Frumerie,
CEO



Our business concept

We shall own, develop and manage our residential properties and properties for public use, sustainably and for the long term.

Our vision

We make a difference in developing the good community.

Our mission

We develop safe and sustainable living environments for those who live and work in our neighborhoods. We do this by combining professionalism with community engagement.

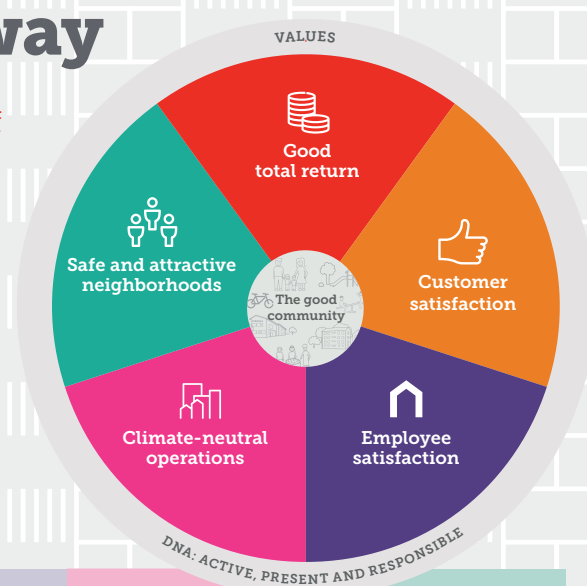
Our values are the company's DNA

Active, Present and Responsible.








Targets that show the way

Rikshem has five long-term targets that guide the focus of our operations. The long-term targets adopted in 2017 are to be achieved in 2022, and work is being carried out incrementally to reach them. The business is run according to a number of strategies intended to contribute to achieving the targets.



Rikshem's targets

Target area		Good total return			Customer satisfaction			Employee satisfaction			Climate-neutral operations*			Safe and attractive neighborhoods		
																
Target		Deliver a total return of minimum 5% in real terms on the property capital in the long term.			Achieve a score of 62 (index 100) on the Customer Satisfaction Index (CSI) for housing in 2022.			Achieve a score of 82 (index 100) on the Employee Satisfaction Index (ESI) in 2022.			Reduce energy use by 2.5% per year and CO ₂ emissions by 1.0 kg/m ² in 2020.			Achieve a score of 85 for perceived safety (index 100) among tenants in 2022.		
Strategies		Dedicated property management organization • Diverse offer of housing and properties for public use for all life stages Active portfolio development • Professionalism and community engagement in combination • Long-term neighborhood development • Energy optimization and efficiency measures • Inclusive and positive employeeship														
Result		2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
		6.7%	5.5%	5.8%	58.7%	56.6%	54.0%	71	70	71	-8.0%	+0.7%	-3.5%	76.8	77.2	75.6
											-0.7 kg/m ² per year	-1.7 kg/m ² per year	+0.9 kg/m ² per year			

*No date assigned

Financial key figures

Equity/assets ratio

The equity/assets ratio shall not fall below 35 percent.

%	2020	2019	2018
Equity/assets ratio	41	39	37
Minimum level according to policy	35	30	30

Loan-to-value ratio

The total loan-to-value ratio shall not exceed 58 percent of the fair value of the properties.

%	2020	2019	2018
Loan-to-value ratio	51	54	58
Maximum level according to policy	58	70	70

Net debt/EBITDA*

Net debt/EBITDA shall not exceed 16.0x in the long term.

multiple	2020	2019	2018
Net debt/EBITDA	15.2	18.0	17.6
Maximum level according to policy*	16.0	–	–

*new financial target 2020

Interest-coverage ratio

The interest-coverage ratio shall be at least 2.2x.

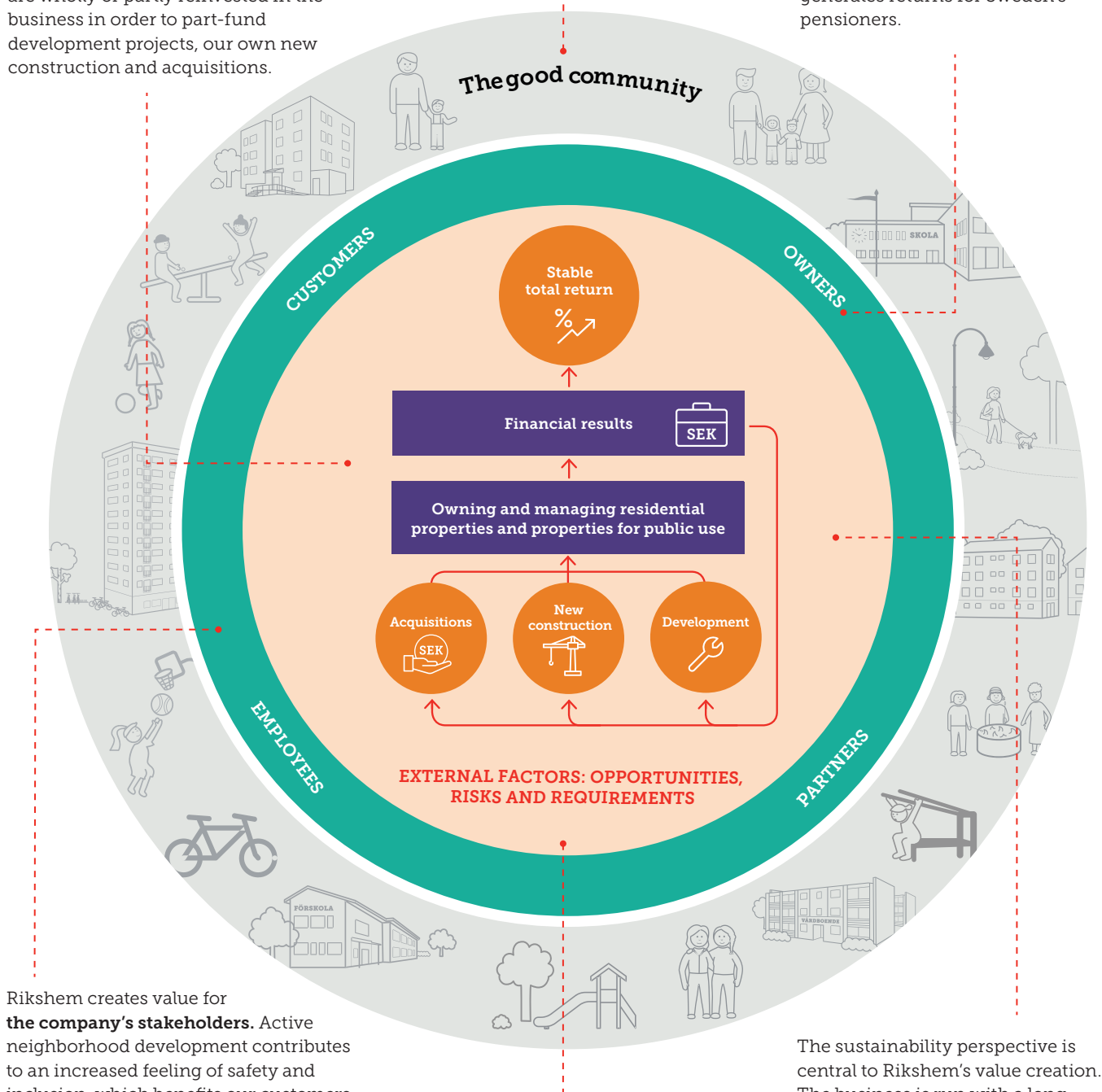
multiple	2020	2019	2018
Interest-coverage ratio	3.7	3.5	3.2
Minimum level according to policy	2.2	1.75	1.75

Business model

Rikshem's **business concept** is to own, develop and manage residential properties and properties for public use, sustainably and for the long term. We take a long-term view of **property management**, and profits are wholly or partly reinvested in the business in order to part-fund development projects, our own new construction and acquisitions.

An economically strong Rikshem enables the company to make a difference in community development and create opportunities for **the good community**.

Rikshem is owned by the Fourth Swedish National Pension fund and AMF Pensionsförsäkring AB, each with a 50 percent stake. The owners' target is to achieve a good, **stable total return**, which by extension generates returns for Sweden's pensioners.



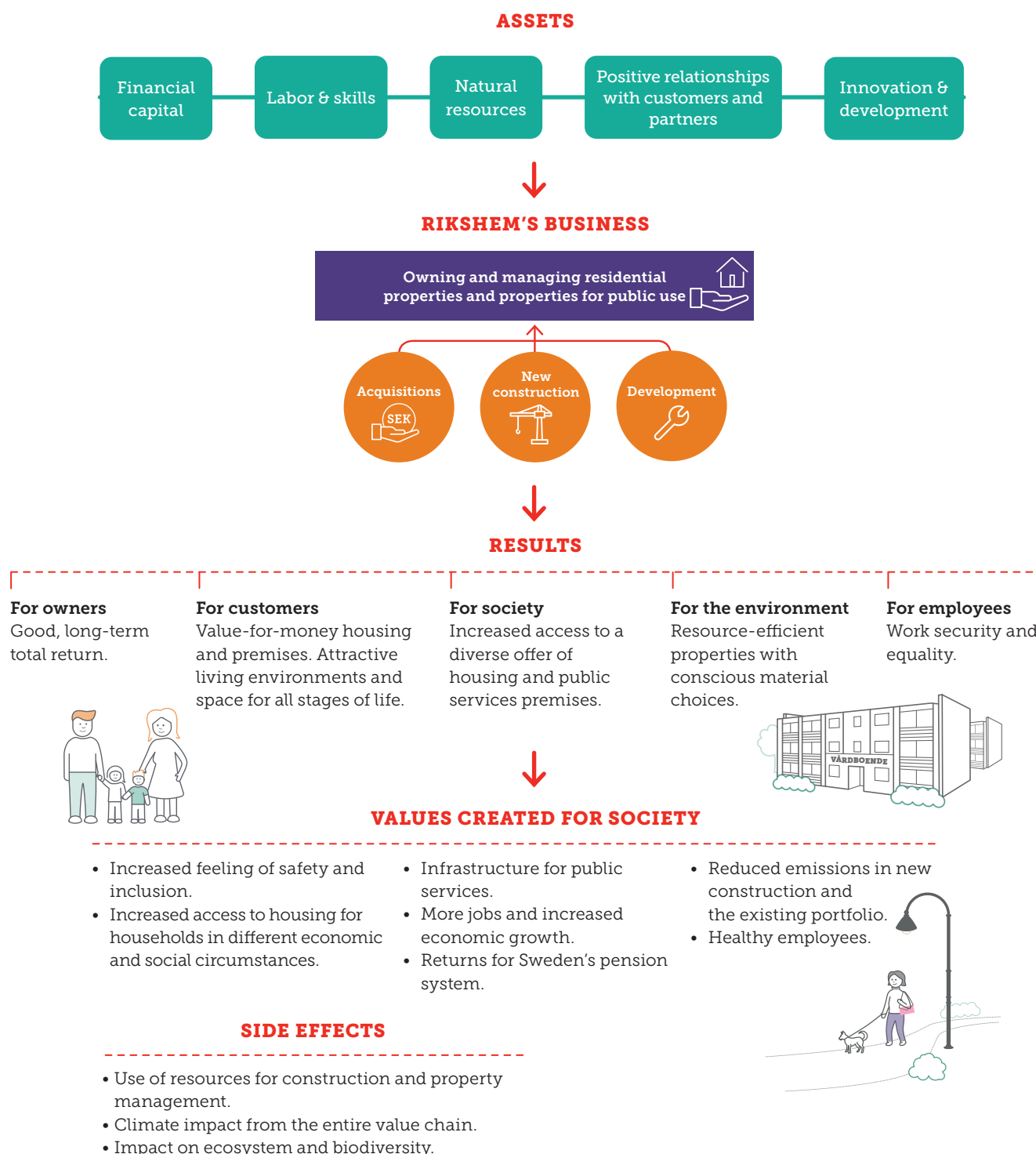
Rikshem creates value for **the company's stakeholders**. Active neighborhood development contributes to an increased feeling of safety and inclusion, which benefits our customers. Value is also created for Rikshem's employees, for example in the form of skills development and a healthy working environment. Rikshem's operations generate business for partners such as suppliers, municipalities, banks and the capital market.

Rikshem's business is impacted by multiple **external factors** such as financial developments, legal requirements and global trends, and this entails both risks and new business opportunities.

The sustainability perspective is central to Rikshem's value creation. The business is run with a long-term perspective. Rikshem's 'sustainability compass' management model supports the work by integrating sustainability in all decision processes.

A business that creates value

Rikshem utilizes its assets in a sustainable manner to generate good, long-term results for its stakeholders. The company's operations and properties impact its surroundings, both in terms of the production process and property management. Reducing the negative impact, dealing with the side effects of its operations, and increasing the positive contribution throughout the value chain are fundamental to Rikshem. This is how we create value for society.

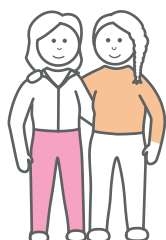


Toward the good community

With its apartments, preschools, schools, various types of nursing homes and social meeting places, Rikshem provides **space for all life stages**. Rikshem wants to make a difference in developing the good community by **creating attractive and sustainable living environments**. This is why the company strives to develop and manage attractive and safe neighborhoods where people want to both live and work.

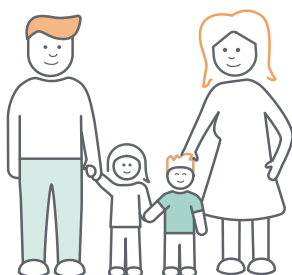


With approximately 30,000 apartments, Rikshem plays an important part in counteracting the housing shortage by contributing to the long-term supply of homes in Sweden.



RENTAL APARTMENTS

A rental apartment can be the start of an individual's housing journey – the first 'place of your own'. **Rental apartments are also an important form of housing for those moving to a new town to work or study.** Many people choose to live in rental apartments all their life, as witnessed by both the long waiting times and the long time people stay in the same property.



Through social-housing contracts with the municipalities, **Rikshem helps to give people who have difficulty accessing the housing market** the chance to have their own home.



By offering **apartments and living environments on a long-term basis** for households in **different economic and social circumstances**, Rikshem contributes to positive community development.



PRESCHOOLS AND SCHOOLS

Good preschools and schools encourage residents to stay in a neighborhood. Developing school environments gives more students the chance to succeed at school. Through the **Läxhjälp** foundation, Rikshem supports students who need extra help with homework.

Variation and breadth in the offer are important. Different types of housing and different sizes of apartments are needed within the same neighborhood, to enable people to move within their local area as their circumstances change. Rikshem manages and looks after both buildings and people.

Working actively on **safety analyses, dealing with illegal subletting, and developing environments** are examples of steps to create safe neighborhoods and attractive residential areas.





The portfolio's combination of apartments and properties for public use provides **long-term economic stability** for Rikshem.



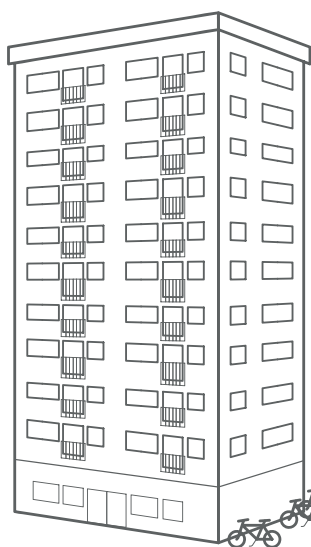
OUTDOOR ENVIRONMENT & SOCIAL MEETING PLACES

Sports halls, outdoor gyms and other social meeting places **boost well-being, employment and meaningful interaction**. Neighborhood development is a way of providing amenities that are lacking.

The outdoor environments are an important element of well-being in residential areas. **Each summer, young people work in Rikshem's neighborhoods to spruce up the outdoor environments – for many, this is their first summer job.**

NURSING HOMES

An **aging population** means a growing need for care facilities and nursing homes. **Rikshem manages and develops properties for public use**, such as nursing homes and care facilities, tailored to the community's needs. These facilities create local jobs.



STUDENT ACCOMMODATION

Student apartments are many young people's **first contact with a landlord**. Rikshem's portfolio also includes youth apartments.



SPECIAL NEEDS ACCOMMODATION

Rikshem meets the housing needs of **people who require special support** by providing homes for people with disabilities and respite accommodation.



SENIOR AND SHELTERED ACCOMMODATION

In several places, Rikshem has residential properties specifically for tenants aged 55+ or 70+. This is for those who want to live in ordinary rental accommodation but with neighbors of a similar age.



Rikshem's properties for public use are strategically important because they **provide both services and jobs** in the neighborhoods.



Strategic sustainability efforts

Sustainability is an integrated part of Rikshem's operations, guided by the sustainability compass, which ensures that business and operations development take the company in the right direction. Rikshem's material sustainability issues are coordinated with the long-term overall targets, which are measured and followed up continuously. The model also shows how Rikshem's sustainability development supports the UN Sustainable Development Goals.

The sustainability compass is intended to support Rikshem's work by integrating sustainability in all decision processes relating to development projects and investment decisions. What the various material issues mean in practice, and how Rikshem works on them, is

described in the various chapters of the Report. Over the past year, the compass has been further developed and aligned with the company's new management model. The material issues have been

analyzed to see if they remain relevant. Together with the alignment with Rikshem's management by objectives, this has led to certain clarifications to the company's material issues. Read more about Rikshem's materiality analysis on page 62.



- | | | | | | |
|------------------------------|-------------------------------|---|---|---|-------------------------------|
| 1 No poverty | 5 Gender equality | 8 Decent work and economic growth | 11 Sustainable cities and communities | 13 Climate action | 17 Partnerships for the goals |
| 2 Zero hunger | 6 Clean water and sanitation | 9 Industry, innovation and infrastructure | 12 Responsible consumption and production | 14 Life below water | |
| 3 Good health and well-being | 7 Affordable and clean energy | 10 Reduced inequalities | | 15 Life on land | |
| 4 Quality education | | | | 16 Peace, justice and strong institutions | |

KPIs by material issue

The table shows the results of Rikshem's most important KPIs (Key Performance Indicators) by material issue and the trend compared with the previous year. The page reference indicates where in the report more information can be found about the work behind the results.

Target area	Material issue	KPI (indicator)	Target	Result 2020 (2019)	Page
Good total return	Sustainable business	Confirmed incidents of corruption	0	0 (0)	63
	Sustainable supply chains	Share of Rikshem's largest suppliers who have accepted the Supplier code of conduct	All	297 out of 453 (161 out of 413)	37
Customer satisfaction	Customer dialogue	Customer Satisfaction Index (CSI) for housing	62 (2022)	58.7 (56.5)	30
	Easy to live sustainably	Number of summer jobs provided	150	148 (151)	30, 33
Employee satisfaction	Sustainable working life	Employee Satisfaction Index (ESI)	82 (2022)	71 (70)	48, 49
	Equality & diversity	Share of employees who consider there are equal numbers of male and female role models	90%	84% (83%)	48, 50
Climate-neutral operations	Reduction in CO ₂ emissions*	Reduction in energy use kWh/m ² /year, %, based on total energy, normal year-corrected	2.5%/year	-8.0% (+0.7)	34, 40-41, 43
		Reduction in CO ₂ , kg/m ² /year, based on total energy, normal year-corrected	1 kg/m ² /year 2020 2 kg/m ² /year 2021	-0.7 kg (-1.7)	34, 40-41, 43
	Resource efficiency & environment	Share of projects at the production stage using the Byggvaru-bedömningen scheme or equivalent	100%	13 out of 18, 70% (amended KPI 2020)	16, 30, 40-41
Safe and attractive neighborhoods	The feeling of safety & well-being	Perceived feeling of safety for tenants (index 100)	85 (2022)	76.8 (77)	13, 21, 27, 30-33
	Diverse offer	Attractiveness index	Target to be formulated in 2021	78.2 (New KPI 2020)	21-25, 40

* Note that energy use and carbon dioxide emissions are measured in different units. Rikshem's 2020 result for energy use is well above the target, but the carbon dioxide result is down on 2019. This is mainly because the volume of emissions is mostly impacted by the energy suppliers' emission factors, which Rikshem is unable to influence directly.

Strategic development during 2020

Easier to live sustainably

For our tenants, the material issue **Easy to live sustainably** covers social as well as environmental sustainability. Sustainability is part of the Tenant School, Rikshem's induction program for new tenants. Initiatives such as homework assistance and summer jobs are intended to help more people find jobs, increase integration in the community and support meaningful leisure time – quite simply, making it easier to live sustainably.

Climate-neutral in 2030

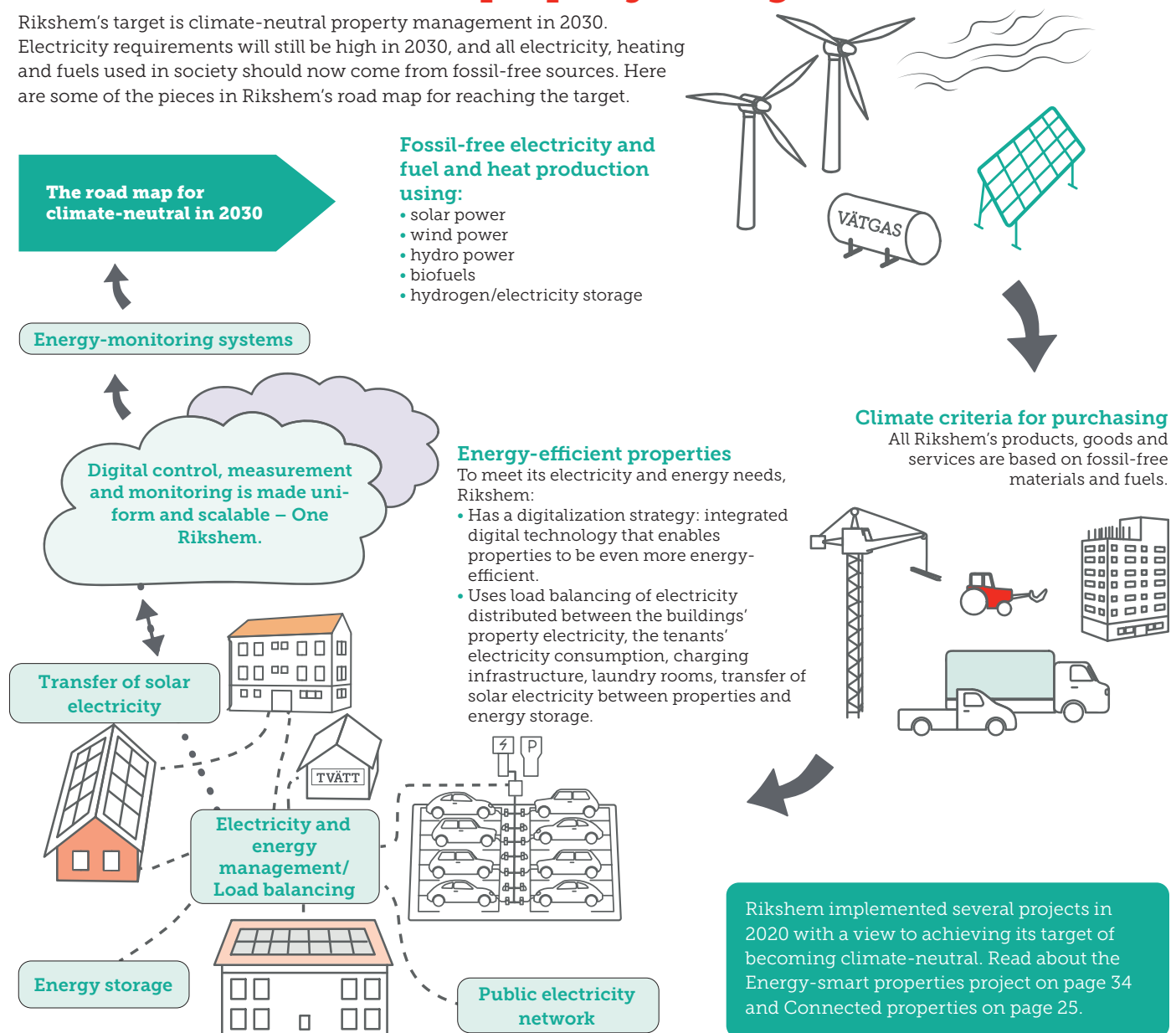
To achieve climate-neutral operations, Rikshem works continuously with annual climate and energy targets. The property management organization has also adopted the long-term target of climate neutrality in 2030. To reach this target, Rikshem is planning for how the road map needs to look. This work includes understanding how the community and the company's neighborhoods will look in 2030. Aspects of the target are illustrated in the next graphic.

Safe and attractive neighborhoods with a new system for classifying areas

During 2020, the company's efforts at the neighborhood level have been clarified and stepped up. This included drawing up a new, company-wide system for classifying areas so as to be able to work on neighborhood development in a more coordinated way and from a customer perspective, e.g., outdoor environment projects, local cooperation, customer communication, rentals and safety initiatives.

Toward climate-neutral property management

Rikshem's target is climate-neutral property management in 2030. Electricity requirements will still be high in 2030, and all electricity, heating and fuels used in society should now come from fossil-free sources. Here are some of the pieces in Rikshem's road map for reaching the target.



Five challenges within sustainability

The quest for sustainability is an enormous challenge for society. Rikshem considers the following areas to be particularly challenging, based on where the company is today.

• Rapid climate change mitigation at EU level

Many changes are being made by the EU and the financial sector to manage by climate targets, e.g., the introduction of the Taxonomy Regulation in 2021 and the EU Green Deal, which will impact the entire sector.

• Decreased feeling of safety

Not feeling safe is an increasing

problem in society generally and therefore also an important issue for Rikshem. The company works continuously on measures to increase the feeling of safety, but there are significant social challenges, and Rikshem shares responsibility with many other players.

• Segregation

Segregation in society is an issue that affects all owners of residential properties. Rikshem works on social initiatives to increase integration, e.g., by means of summer jobs and homework assistance, but more initiatives are needed.

• Circular flows

Increased circularity in the sector with increased resource efficiency and reduced climate impact, i.e., reusing and recycling products and materials, presents practical challenges. These may be meeting quality criteria for something that is being replaced or using building materials that are difficult to separate for recycling.

• Sustainable renovation

Rikshem has a portfolio of older properties requiring major upgrades, which presents challenges when it comes to renovating sustainably taking into account all of the environmental, economic and social aspects of sustainability.

An unpredictable world

2020 was a tumultuous year for people, the economy and the markets. Residential properties, properties for public use and logistics properties were stable assets when the coronavirus pandemic swept in. Rikshem's focus on rental apartments and fit-for-purpose properties for public use proved to be even more in line with market demand.

The year began with a high level of both economic and political uncertainty. The Brexit negotiations influenced the agenda, as did the threat of a trade war. At the same time, the new coronavirus was discovered in China, and the ensuing pandemic from its rapid spread paralyzed the entire world. Several countries introduced stringent measures, and the effects of the pandemic have been enormous, both in terms of health and the economy worldwide. In April, the Swedish National Institute of Economic Research's Economic Tendency Survey noted a historic decline to a level lower than at the time of the 2008 financial crisis. However, Sweden's economy recovered well in the latter part of 2020, although the indicator is at significantly lower levels than normal.

Recovery despite uncertainty

The property sector can look back on a

long period of rising property prices. Combined with low loan-to-value ratios and low market interest rates, this meant many property companies were well equipped for the crisis. The uncertainty during the pandemic has, however, left its mark on the past year, with things seemingly changing on a daily basis and a volatile stock market, including for property stocks. Nevertheless, seen in light of banks' total lending, low-risk property credits, such as for apartments and properties for public use, are considered stable. Despite a substantial fall in GDP and a sharp increase in unemployment, the housing market strengthened during the summer, both in terms of number of homes sold and prices. The building rate declined slightly less than expected. Construction of 48,000 homes started in 2020, and work is expected to begin on 42,500 in 2021. The number of new homes started

fell by 9 percent in 2020 and is expected to fall by 11 percent in 2021.

Continuing housing shortage

The population growth in the first six months of 2020 was the lowest since 2005. This is because of a big fall in immigration and an increase in deaths during the coronavirus pandemic. However, the low rate of growth does not affect the continuing housing shortage that is expected. In the Swedish National Board of Housing, Building and Planning's 2020 housing market survey, three out of four municipalities reported a housing deficit. The Board estimates that Sweden needs to build approximately 650,000 new homes in the ten-year period 2018–2027, i.e., an average of approximately 65,000 new homes a year. The shortage of homes particularly affects young people, students, newly arrived immigrants and older people.

Rikshem on the property market

With its focus on rental apartments, developing existing neighborhoods, and increasing the volume of self-developed properties for public use in its portfolio, Rikshem is well equipped for the prevailing market situation. The company's prioritizations are wholly in line with current and future needs for nursing homes, care facilities, preschools and schools.

Apartments and properties for public use have long been two stable segments for investors, and long-term returns are now predicted to increase too. This is because the segment is becoming more attractive to investors as the coronavirus pandemic has made commercial properties a less safe investment.

Rikshem also has good access to low-cost financing, partly thanks to strong ownership.



Niten 1, Norrköping

Three questions to Arvid Lindqvist, Head of Research at Catella

How has the property sector been impacted by the corona crisis?

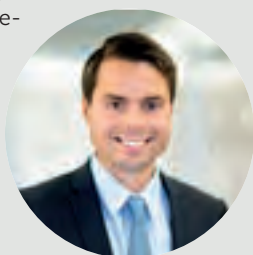
There's been a clear shift on the transaction market toward non-cyclical property segments during 2020. Investors look for stable cash flows over time and have become increasingly skeptical about office properties and shopping centers. There have been relatively few but large transactions, with institutional investors, funds and a number of Swedish property companies focused on rental apartments, properties for public use and logistics/industry dominating on the buyer side.

How has the corona crisis affected different regions of Sweden?

It corona crisis may have kick-started a new trend that will see regional and smaller towns stand out as attractive options, reflecting the increase in remote working and high housing prices in the big cities. However, I think the major cities, headed by the Stockholm region, will remain significant growth drivers in Sweden as the rate of infection declines and the pandemic peters out.

What must the property sector do to equip itself for the next few years?

The property market has had 15–20 years of incredibly strong macroeconomic tailwinds and enormous capital inflows. At the same time, many companies have gone into liquidation or reduced their production capacity over the last year. A growing number of investors now see stagflation (GDP growth remaining relatively low but higher inflation and, further ahead, higher long-term interest rates too) as an increasingly realistic macro scenario. If this plays out, the impacts on the property market will be huge. Property companies will need to focus on efficient property management, and rapid expansion strategies will become more difficult to implement.



Stronger market for rental apartments

The market conditions for rental housing in growth areas are still generally considered to be good. The strong development in rental apartments is partly because many were granted investment support at the end of 2019/start of 2020, after it had been temporarily halted from the end of 2018 because of budgetary decisions. Around 16,000 apartments were granted support from July 2019 to June 2020, compared with around 11,500 in calendar 2018. There is also much to suggest that, going forward, a higher share of projects in development will be rental apartments. Development rights have not been significantly affected by the pandemic, but a some uncertainty can be sensed concerning new projects, particularly condominiums. Some planned condominium projects were switched to rental apartments during the year. Housing rents in Sweden are regulated and determined based on the utility value system after negotiation with the tenants' association. On average, rent for apartments increased 1.9 percent in 2020, the same as 2019.

Increased need for properties for public use

Demand for properties for public use has increased in recent years, and this has been unaffected by the pandemic. Rather, interest from investors has increased, given the need for investments in nursing homes, care facilities and other properties used for public services, together with the uncertainty regarding commercial properties such as offices. Limited public resources open up opportunities for private-sector operators still more. Demand also continues to grow, linked to an aging population and the fact that the 1990s baby boomers are now having children themselves, such that demand for properties for public use is expected to increase. The rental market for these properties is stable, with little change in rent levels or vacancies. Rents vary widely, largely depending on the age of the properties, investments made and tenant modifications.

Sources: The Swedish National Board of Housing, Building and Planning, Catella, MSCI, Rise, Statistics Sweden, SVEFA, Swedbank



Transaction volume 2020

Uncertainty relating to the coronavirus pandemic was seen during the spring, with transactions paused or interrupted, but there was a recovery in the fall. According to Catella, the total transaction volume for direct property transactions in Sweden in 2020 was SEK 162 billion (158). MSCI calculated the total return for the Swedish Property Index at approximately 5.4 percent in 2020, compared with 10.3 percent in 2019. The total return for the Swedish Residential Index was 7.0 percent 2020, compared with 7.7 percent in 2019.

Global megatrends

CLIMATE CHANGE



The global mean temperature is rising steadily as a result of increased greenhouse gas emissions in the atmosphere. The building and property sector is material-intensive, and Swedish buildings account for slightly over one-fifth of the country's greenhouse gas emissions from a life cycle perspective. The financial sector and the EU are setting increasingly stringent requirements for companies to report how business development and investments lead not only to profitability but also to increased sustainability.

Rikshem works at multiple levels to reduce its climate footprint in both the building process and renovation, for example by using timber frames for some of its new building. Rikshem is also starting up uniform ways of working on energy efficiency. The project – Energy-smart properties – is part-funded by the EU. Energy-efficiency projects and new construction projects with low climate impact are then linked by issuing green bonds, which give investors an opportunity to contribute to sustainable development. Rikshem was one of the first property companies in the world to issue green bonds. In total, Rikshem has outstanding green bonds worth MSEK 2,687, MSEK 1,487 of which were issued during 2020.

URBANIZATION



The population of rural areas has been largely stable in recent years, at the same time as ever more people are choosing to live in towns. However, the coronavirus pandemic has seen discussions of work and home take a new turn, with many people working at home and not having the same need to commute to work in town. According to a survey by market research company Sifo, 40 percent of people expect to work more from home in the future, which may mean that more people choose to settle further away from town centers going forward. But it is too early to judge whether the coronavirus pandemic will slow the urbanization trend in the long term.

As Rikshem's property holdings are in selected growth municipalities, the demand for apartments and properties for properties for public use in living environments close to towns is secure over time. Rikshem assesses the likelihood of a decline in the rental market to be low. Rikshem's new construction projects primarily involve densifying existing neighborhoods on developed land, which helps to increase the attractiveness of the neighborhood. The coronavirus pandemic has shown there is a big need for shared spaces where we can meet and help one another, which is in line with Rikshem's neighborhood development and local cooperation initiatives.

DEMOGRAPHIC CHANGES



The working-age percentage is falling, while the total population is growing and becoming ever older. The number of 80-year-olds is forecast to rise by 50 percent in less than ten years. The demographic development is driving the need for new forms of housing, infrastructure solutions and new-build properties for public use.

An aging population combined with an increased number of children of both preschool and school age means that Rikshem considers the market for properties for public use to be heading upward.

Rikshem is responding to this megatrend by increasing its supply of rental apartments and fit-for-purpose properties for public use. The company's strategy is to establish new properties in selected growth areas where the need is greatest to meet market demand.

DIGITALIZATION

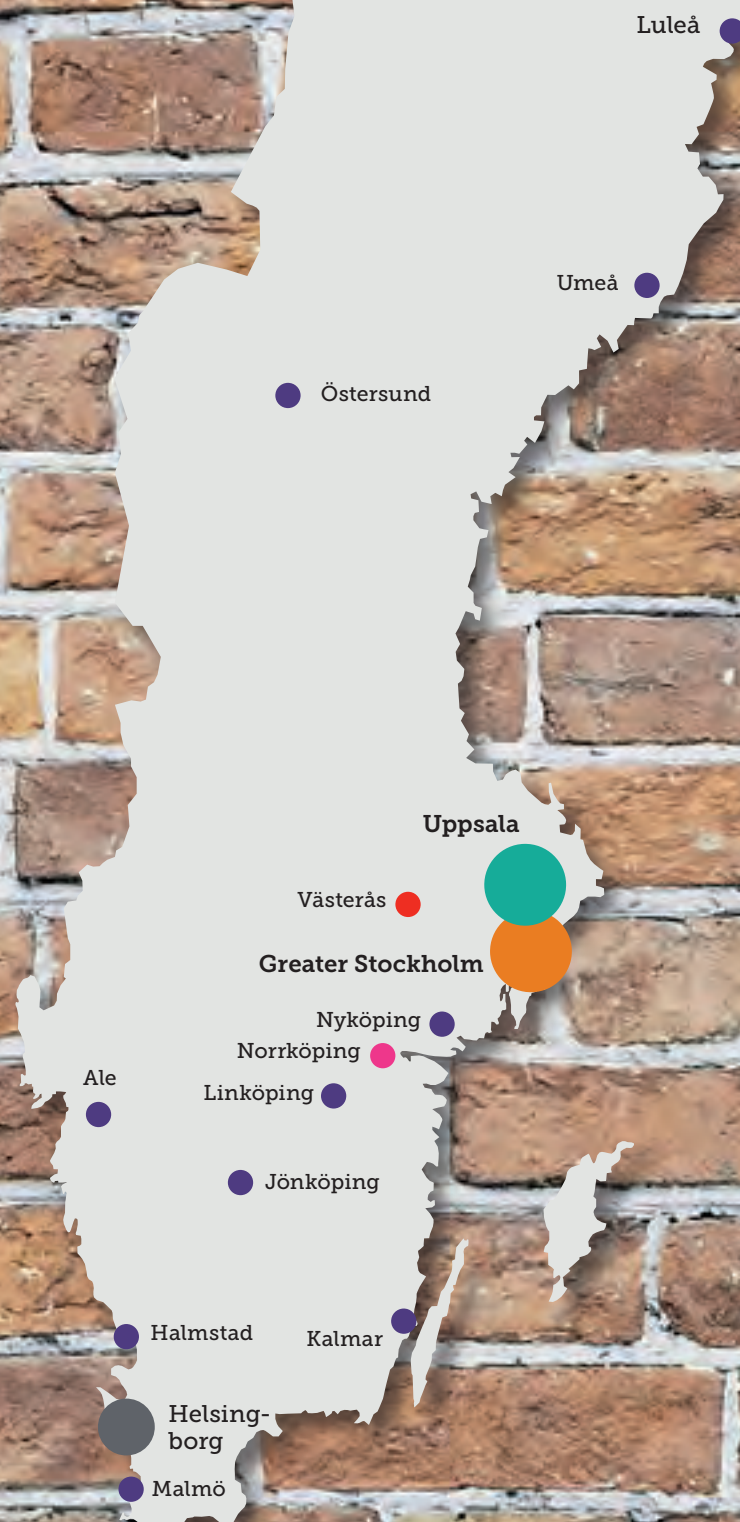


Technical developments affect not only the property sector but society as a whole. This is a megatrend that is overturning existing business models, and changing processes, behaviors and working methods at all levels in society. Technologies such as artificial intelligence and robotization can streamline internal processes and simultaneously revolutionize customer utility.

Rikshem has stepped up its work on digitalization over the past year, including connecting Rikshem's property portfolio with a view to increased automation of control and monitoring of the properties and their energy systems. Digitalization leads to more efficient use of resources and, at the next stage, reduced climate impact, and therefore facilitates climate change mitigation. As society transitions from using fossil fuels to using renewable electricity, Rikshem's digitalization can contribute to this trend. The coronavirus pandemic has also accelerated the development of certain digital services, such as the possibility of signing leases electronically.



Properties for public
use and apartments
across Sweden



Rental incomes
totalled

MSEK

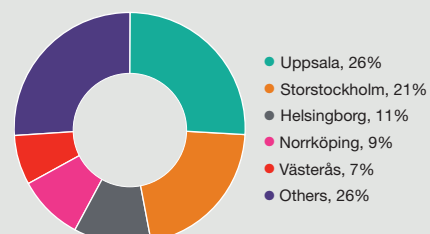
3,032

Economic
occupancy rate

96.4%

for total portfolio

Rikshem's largest locations
by share of the portfolio



Nation-wide portfolio

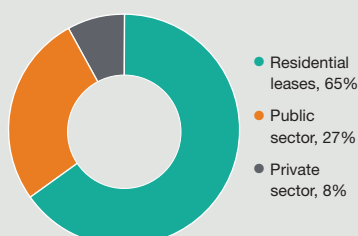
Rikshem owns properties throughout Sweden. With its residential properties, schools, preschools, various types of nursing homes and social meeting places, Rikshem provides opportunities for all life stages. At year-end, Rikshem's properties had a fair value of MSEK 51,750, making it one of Sweden's largest private property companies.

Rikshem shall grow responsibly and expand sustainably by developing existing neighborhoods. To ensure stable long-term returns, Rikshem's portfolio contains both residential properties and properties for public use. This split enables Rikshem to develop both the societal functions and the type of housing needed in a neighborhood to boost its attractiveness and the feeling of safety. Rikshem also wants to promote variation in housing. This could mean, for example, having both rental apartments and condominiums as well as different types of buildings and sizes of apartments within the same neighborhood.

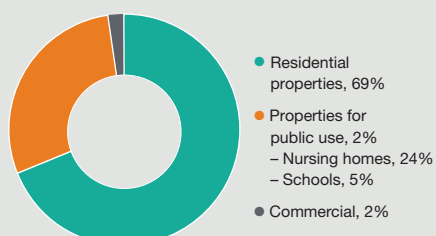
Diverse portfolio

The coronavirus pandemic has not yet made a significant impact on Rikshem. One of the main reasons for this is the mix in the portfolio, which mainly comprises rental apartments and properties for public use, with commercial premises making up only approximately 2 percent. Rental apartments and properties for public use have been less affected than other segments of the property market. Only a small number of Rikshem's tenants have applied for rent relief or requested rent discounts within the framework of the part-government-financed rent support program. However, if the pandemic is prolonged and results in a deep recession, Rikshem envisages risks in the impact the pandemic could have on the company's tenants, restrictions in access to capital, and delays in completion of projects.

Breakdown of rental income



Breakdown of fair value of the properties



The portfolio in figures

The fair value of the portfolio has increased by MSEK 2,443 as a result of investments, acquisitions and changes in value. The portfolio comprises 540 properties with a total lettable area of approximately 2,233,000 sqm. During the year, Rikshem divested 22 properties and acquired four.

Rikshem's property portfolio

	2020	2019	Change, %
Number of properties	540	560	-3.6
Number of apartments	28,730	29,214	-1.7
Lettable area, 1,000 sqm	2,233	2,292	-2.6
Fair value, MSEK	51,750	49,307	5.0
Rental income, MSEK	3,032	2,916	4.0
Property-related costs, MSEK	-1,272	-1,330	-4.4
Net operating income, MSEK	1,760	1,586	11.0
Property yield, %	3.5	3.3	6.1
Total return, % excl. JV	7.2	6.7	7.5
Total return, % incl. JV	7.0	7.2	-2.8
Economic occupancy rate, %	96.4	96.4	0.0

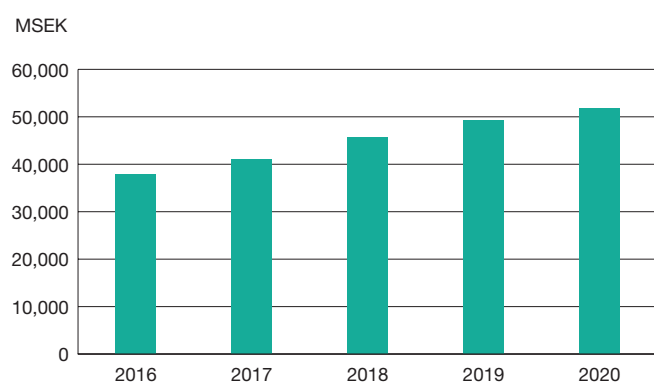
Like-for-like portfolio

	2020	2019	Change, %
Rental income, MSEK	2,918	2,820	3.5
Property-related costs, MSEK	-1,229	-1,273	-3.5
Net operating income, MSEK	1,689	1,547	9.2

Change in the property portfolio

MSEK	2020	2019
Fair value at January 1	49,307	45,687
Investments	1,592	1,568
Acquisitions	285	879
Divestments	-1,259	-365
Change in value	1,825	1,538
Fair value at December 31	51,750	49,307

Fair value of the properties



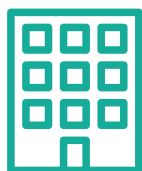
Acquisitions 2020

Municipality	Property	Property type
Halmstad	Nåden 2	Apartments
Uppsala	Kvarngärdet 5:5	Apartments
Västerås	Vedbo 99	Apartments
Kalmar	Puman 1	Property for public use

Divestments 2020

Municipality	Number of properties	sqm	Property type
Nacka	4	16,400	Properties for public use
Uppsala	3	–	Development rights
Södertälje	1	1,760	Property for public use
Västerås	1	–	Development rights
Östersund	13	62,500	Apartments





Net operating
income, MSEK

2020 2019
1,760 1,586



Change in value
of the portfolio

↑ **4%**



Rental income,
MSEK

2020 2019
3,032 2,916

The 10 biggest properties (by value)

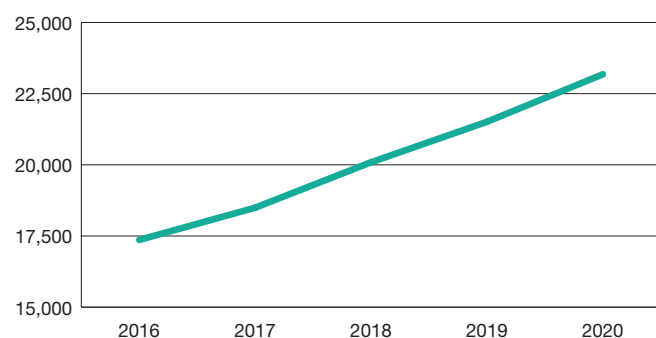
Property	Municipality	Type of property	Area, sqm	Value, MSEK	Share of total value
Kvarngärdet 4:3	Uppsala	Student accommodation	46,068	1,853	3.6%
Gränby 8:1, 8:3	Uppsala	Apartments	47,967	1,352	2.6%
Gränby 6:1, 6:3	Uppsala	Apartments	48,033	1,312	2.5%
Repet 4	Södertälje	Apartments	29,444	725	1.4%
Svartbäcken 36:45	Uppsala	Nursing home	24,737	714	1.4%
Kristallen 12	Luleå	Apartments	43,213	690	1.3%
Huslyckan 6, Köpingelyckan 5, 6 Skepparlyckan 3, Herden 16	Helsingborg	Apartments	36,038	687	1.3%
Spärren 2	Norrköping	Apartments	44,343	646	1.2%
Kvarngärdet 55:1	Uppsala	Apartments	2,479	542	1.0%
Valsta 3:38	Sigtuna	Apartments	25,423	527	1.0%
Total			347,745	9,048	17.3%

Segment reporting 2020

Amount (MSEK)	Apartments		Properties for public use		Total	
	2020	2019	2020	2019	2020	2019
Rental income	2,121	2,051	911	865	3,032	2,916
Property-related costs	-982	-1,023	-290	-307	-1,272	-1,330
Net operating income	1,139	1,028	621	558	1,760	1,586
Change in value of properties	1,325	803	500	735	1,825	1,538
Total return	2,464	1,831	1,121	1,293	3,585	3,124
Total return excl. joint ventures, %	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
Share, %	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

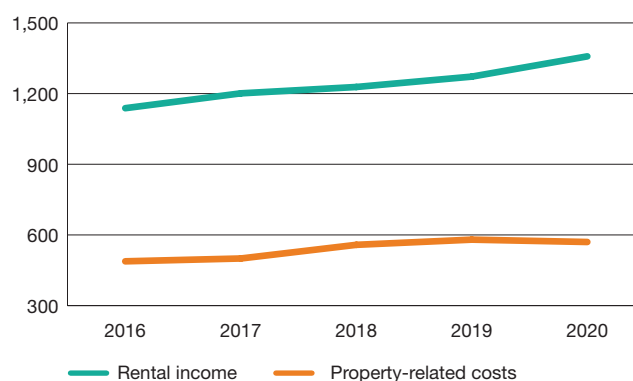
Fair value

SEK/sqm



Rental income and property-related costs

SEK/sqm



Rikshem's residential properties in figures

The residential segment makes up approximately 70 percent of Rikshem's property value. A diverse housing offer is a priority for Rikshem. The portfolio includes rental apartments, student accommodation, youth apartments, senior and sheltered accommodation. The tenant turnover rate for the residential segment is around 20 percent. Large parts of Rikshem's portfolio were built in the 1960s and -70s, which means they often require and offer opportunities for development.

Portfolio of residential properties

	2020	2019	Change, %
Number of properties	341	351	-2.8
Number of apartments	23,661	24,259	-2.5
Lettable area, 1,000 sqm	1,611	1,664	-3.2
Fair value, MSEK	36,243	34,354	5.5
Rental income, MSEK	2,121	2,051	3.4
Property-related costs, MSEK	-982	-1,023	-4.0
Net operating income, MSEK	1,139	1,028	10.8
Property yield, %	3.2	3.1	3.2
Total return, %	7.1	5.5	29.1

Like-for-like portfolio, residential properties

	2020	2019	Change, %
Rental income, MSEK	2,052	1,981	3.6
Property-related costs, MSEK	-950	-982	-3.3
Net operating income, MSEK	1,102	999	10.3

Residential properties by location

Municipality or location	Number of properties	Area, apartments, 1,000 sqm	Area, other, 1,000 sqm	Rental income, MSEK	Share of fair value, %
Uppsala/Knivsta	46	272	22	460	23.6
Greater Stockholm	33	229	14	328	15.7
Helsingborg	101	237	26	327	16.0
Norrköping	34	184	11	219	10.7
Västerås	13	74	27	146	6.9
Kalmar	18	84	8	101	4.3
Umeå	42	100	6	134	6.4
Östersund	29	126	10	153	5.8
Luleå	6	106	8	125	5.2
Halmstad	3		12	14	1.1
Malmö	12	28	10	62	3.6
Nyköping	4	12	3	18	0.7
Total	341	1,452	159	2,086	100

Vacancy rate (units)



Key figures by use of area

	Rental apartment	Student apartment	Commercial	Other	Total
Area, 1,000 sqm	1,419	33	42	117	1,611
Number	20,929	997	295	12,009	34,230
Rental income, MSEK	1,799	59	63	165	2,086



65%
of Rikshem's rental income
comes from residential
leases



Property-related
costs
-4%



Tenant turnover

20%



Number of
student apartments
1,654



8,300

Number of apartments
connected and with
access to open network.

Connected properties

More choice and a better indoor climate for tenants. More efficient operations and more sustainable property management for Rikshem. Plus lower energy use – connected properties are a win for everyone.

Connected properties is a comprehensive digitalization project that will see Rikshem's properties across Sweden connected and managed uniformly. The project breaks down into three main parts. An open network lets all tenants choose their own broadband, TV and telephone providers and services. Property IT updates all network infrastructure in the properties to provide a network that is faster and more modern, secure and stable. The project also includes installing sensors to measure temperature and humidity in apartments and premises. An IoT platform (Internet of Things) enables remote monitoring and visualization for the entire portfolio. To ensure all tenants can access basic public services online, a 1 Mbit/s connection sufficient for this purpose is provided free of charge.

As a first step, a pilot project was implemented in Kvarngärdet, Uppsala.

"We're pleased that the pilot project has gone so well. Despite the current pandemic, we connected and installed sensors in 310 apartments in Kvarngärdet," says Kristian Rolfsen Sandsborg, team manager at Rikshem in Uppsala.

During the fall, work began to connect the rest of Rikshem's properties.

By year-end, 8,300 apartments had access to the open network and 3,600 had had sensors installed. All residential properties from north to south will be connected by the end of 2022, followed by the properties for public use.

Connected properties offer many advantages. From a sustainability perspective, being able to control the apartments remotely is a big plus. Rikshem is then able to ensure a more even indoor climate over time and reduce energy use, leading to more efficient property management for Rikshem and a better indoor climate for the tenants.

"It also gives tenants more choice, as they can choose their own provider and package for internet, TV and IP telephone service. Whatever they choose, if anything, each household gets a free 1 Mbit/s internet connection, and all tenants have access to a basic digital TV package. Tenants today have different expectations of digitalization than previously. The digitalization project therefore provides added value for current and future tenants," Kristian Rolfsen Sandsborg concludes.



310 apartments in Kvarngärdet, Uppsala, were connected in the pilot phase of the Connected properties project.

Rikshem's properties for public use in figures

Properties for public use make up approximately 30 percent of Rikshem's property value. These properties are used for facilities such as nursing homes, group living, and schools and preschools. Rikshem offers properties for public use adapted to the facilities' needs, and the company works closely with its customers, which are both municipalities and private-sector operators. The majority (85 percent) of the properties for public use are leased by the public sector. The average remaining lease term for the company's properties for public use is nine years.

Portfolio of properties for public use

	2020	2019	Change, %
Number of properties	199	209	-4.8
Number of apartments	5,069	4,978	1.8
Lettable area, 1,000 sqm	622	628	-1.0
Fair value, MSEK	15,507	14,994	3.4
Rental income, MSEK	911	865	5.3
Property-related costs, MSEK	-290	-307	-5.5
Net operating income, MSEK	621	558	11.5
Property yield, %	4.1	4.0	2.5
Total return, %	7.5	9.2	-18.5
Average remaining lease period, years	8.8	9.0	-2.2

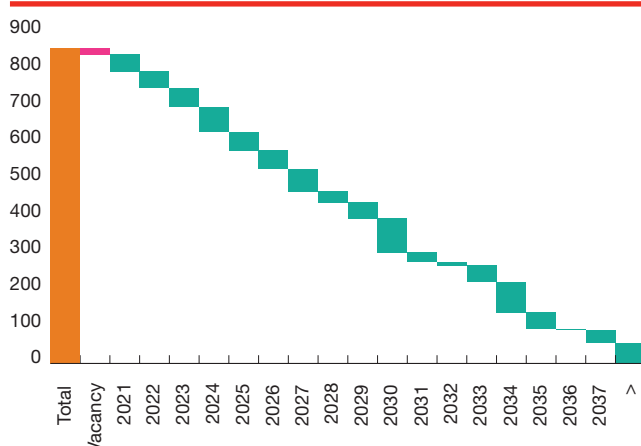
10 largest tenants of properties for public use

Tenant	Type of tenant	Leased area, 1,000 sqm	Rental value, %
Uppsala municipality	Public sector	84	15
Nacka municipality	Public sector	72	14
Sigtuna municipality	Public sector	60	10
Kalmar municipality	Public sector	53	8
Halmstad municipality	Public sector	46	6
City of Västerås	Public sector	37	6
Telge Fastigheter AB	Public sector	38	5
Ale municipality	Public sector	18	5
Luleå municipality	Public sector	32	4
Humana Omsorg AB	Private sector	10	3
Total		450	76

Properties for public use by location

Municipality or location	Number of properties	Area, nursing homes, 1,000 sqm	Area, schools, 1,000 sqm	Area, other, 1,000 sqm	Rental income, MSEK	Share of fair value, %
Uppsala/Knivsta	61	144			207	29.9
Greater Stockholm	64	86	105	13	295	32.9
Helsingborg	1	1			2	0.2
Norrköping	2	4		2	10	1.1
Västerås	23	41	4		66	6.5
Kalmar	11	55	6	6	94	10.4
Umeå	2	7			10	1.0
Luleå	7	32	1	15	40	3.0
Halmstad	12	56			69	7.9
Malmö	6	7			15	2.0
Ale	8	29			45	4.3
Jönköping	1	4			5	0.5
Linköping	1	2			3	0.3
Total	199	469	117	37	860	100

Lease maturity for properties for public use, annual rent (MSEK)



Key figures by use of area

	Nursing homes	Schools	Other	Total
Area, 1,000 sqm	469	117	37	622
Number	1,230	145	242	1,617
Rental income, MSEK	655	177	28	860



"We've done everything we can so that residents can at least socialize."

An invaluable community

While many older people have been isolated during the coronavirus pandemic, the 38 tenants at the Bikupan sheltered-housing complex in Helsingborg drew a winning ticket. As visits decreased, they were very glad about the social interaction with neighbors.

"Our airy rooms and fantastic garden with space for everyone have been absolutely perfect," says Ing-Marie Karlsson, Bikupan's manager.

Everyone living in one of Bikupan's apartments is 70 or over. The residents are healthy, spry, older people who can cope with having their own home but, at the same time, benefit from the high level of service provided. Rikshem plays an unusually active role here as both manager of the property and landlord for the residents. Ing-Marie Karlsson from Rikshem runs the complex and personifies the service available to the residents on a daily basis.

"Unlike a nursing home, we don't provide any personal care. My job is to be a reassurance for those who live here. They can come to me with worries big and small, and to share their joys too, of course," she says.

Ing-Marie Karlsson helps to serve lunch and also organizes a large number of activities such as drama, keep-fit, talks, gardening, choir and a book group.

"Everyone here lives alone and, as you get older, you can lose a lot of your network and friends. Residents here get all that in close proximity to their own home.

Sometimes on Fridays, I buy pizza and we have a quiz, which is always popular."

Residents were particularly happy to be living here during the challenging coronavirus year. When many older people in society were living completely isolated, either in their own homes or in nursing homes where visits were banned, the sheltered-housing complex was able to offer a kind of alternative between the two.

"Many clubs and meeting places for older people have closed down altogether or were not running, but we've done everything we can to adapt so that residents have at least been able to socialize," says Ing-Marie.

None of the residents fell sick with Covid-19, but when infection rates were highest in the spring, a decision was made for six weeks or so to serve lunch and snacks in residents' own apartments rather than in the communal dining room.

"When we reopened the dining room, we rearranged the furniture slightly, moving tables from the dining room to the day

room so there was more space between seats. Everything was disinfected before and after meals, and we were also able to use our fantastic garden, where there's space for everyone."

BIKUPAN SHELTERED-HOUSING COMPLEX

- Offers 1- and 2-room apartments for those over 70.
- Residents have access to communal areas such as dining room, library and a large garden where they can grow things.
- A two-course lunch and afternoon coffee are included in the mandatory meal charge. Tenants fix other meals in their own apartments.
- All amenities and the reassurance of having someone on hand are included in the rent, with Rikshem's manager on site from 7 a.m. to 4 p.m. Monday to Friday.
- Rikshem owns and manages the property as well as acting as landlord.



Ten-year-old St. Bernard Balder has more or less grown up at Bikupan and was recently joined by Fred (18 months). The dogs belong to a former chef but because the residents love them so much, they have become a permanent feature at the complex from 9 a.m. to 5 p.m. every weekday. "It's a win-win for everyone," says Ing-Marie.



2020 Customer
Satisfaction Index up

2.1

points
for residential
tenants

2020 Customer
Satisfaction Index up

2.1

points for properties
for public use

Number of new
and renovated
playgrounds

42

3,600

apartments fitted with
sensors as part of the
Connected properties
project



Thoughtful property management

As a long-term property owner, Rikshem can make investments in property management that generate higher property values and increased customer satisfaction in a longer-term perspective. Several initiatives were taken during the year to make Rikshem's property management even more uniform.

Rikshem handles the financial and technical aspects of property management through its own property management organization. During 2020, the company had two primary areas of focus: higher customer satisfaction and a higher total return, which are also two of Rikshem's five long-term targets. Sustainable property improvements to both indoor and outdoor environments lead to more satisfied customers and a higher total return as well as contributing to a more sustainable society.

'One Rikshem'

With approximately 30,000 apartments and premises spread across 30 or so locations in Sweden, there is a need for clarity, structure and coordination. Where property management is concerned, 'One Rikshem' meant moving from a three-region system of organization to bringing all property managers together under one Head of Property Management in 2020. Having uniform structures in the company facilitates a more efficient way of working as well as ensuring that customers and partners recognize Rikshem whatever the location.

This is why a set of resources was launched across the property management organization in 2020, available to all employees on the intranet to provide support, tips and tools for their day-to-day work. The resources include Rikshem's outdoor environment handbook, playground concept, lighting concept, plant list, signage program, tools for local cooperation and a contractor handbook, which helps the organization to ensure that Rikshem and its contractors deliver the service and customer experience to which the company aspires.

Neighborhoods in development

Increased neighborhood focus, connecting properties, investing in the outdoor environment, and new customer dialogue tools – much was able to be achieved within residential property management, despite an unusual year for both Rikshem and its residential tenants.

During 2019, Rikshem launched a major initiative to improve the outdoor environment of several of its residential properties. This work continued in 2020 and was able to be carried out on schedule. In order to improve the quality of the outdoor environment, the number of neighborhood surveys and inspections has been stepped up.

Neighborhood surveys involve the property technicians visiting their properties and surveying the neighborhood. Inspections are carried out using a checklist, and the checks are documented, partly to meet regulatory requirements.

New wooden playgrounds

During the year, a number of playgrounds were built according to Rikshem's new company-wide playground concept. The playgrounds are built in wood, which is a sustainable and play-friendly material. They conform to the principles of universal design and must feel welcoming to children and adults alike, irrespective of gender, age and interests. Read more about the playground concept on page 31.

A company-wide concept has also been drawn up with a view to achieving a uni-

form lighting standard, increasing the feeling of safety and well-being, and helping to reduce energy use and climate impact. A company-wide process for replacing lighting saves both time and resources.

Connected properties

During 2020, Rikshem started the work to connect all its properties. The project includes an open network for customers as well as property IT. First up were a number of properties in Uppsala, where a successful pilot project was implemented, with the result that it is now possible to control the apartments remotely, e.g., to measure humidity and temperature. Read more about Connected properties on page 25.

Customer dialogue

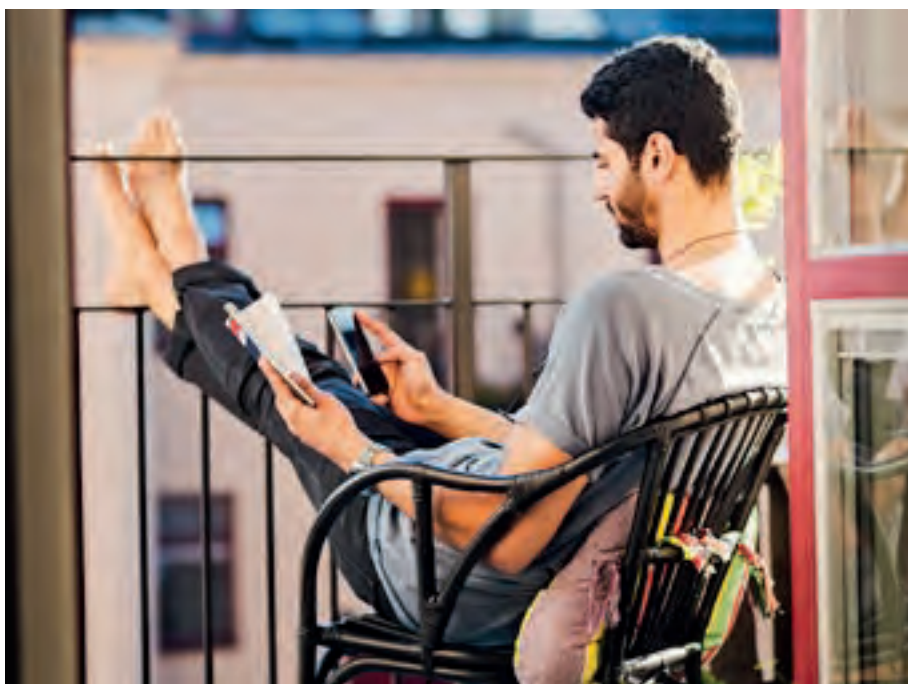
Understanding what customers want is important in raising customer satisfaction. This is why Rikshem is working to develop a customer dialogue tool, which will describe various procedures for communication with customers. Rikshem also carries out an annual customer survey to measure customer perceptions of areas such as the environment, cleaning and maintenance, and safety. Rikshem's property management organization uses

the responses to the customer survey to draw up local action plans for developing the neighborhood and services in line with the tenants' wishes. A total of 4,500 residential customers completed the 2020 survey, and the results show that customer satisfaction has improved. As well as the nationwide customer survey, several local online surveys were also conducted in 2020 about both the indoor and outdoor environment.

During the year, Rikshem produced a template for outdoor environment surveys, which was sent out in several neighborhoods to enable the customers to be involved in and influence how their neighborhood develops.

Easy to live sustainably

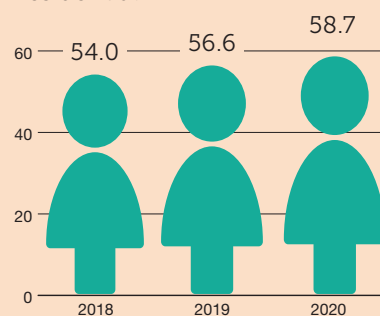
The Tenant School is another important tool for establishing customer dialogue. This program for new residential tenants provides an informative introduction to living in a rental apartment. During the year, Rikshem introduced e-signatures for signing leases, and information on the Tenant School is sent to all new tenants together with their lease. The Tenant School covers everything from routines for payment of rent to how residents can reduce their climate impact,



Increasingly satisfied residential customers

Rikshem's annual customer survey for the residential segment was sent to 8,321 households, 4,500 of which responded. The results showed a satisfaction index of 58.7/100.

Customer Satisfaction Index – residential





"Our playground concept is based on **making the playground accessible to all.**"

for example by sorting their waste correctly in Rikshem's recycling facilities.

Rikshem's tenants have an impact on the climate, and Rikshem therefore creates opportunities for a sustainable life-style. Making sustainable choices has to be easy and attractive.

Rental strategy

Rikshem adopted a new rental strategy and rental policy during the year, intended to contribute to the target of increasing customer satisfaction. Demand for apartments differs among Rikshem's locations, which is why Rikshem takes an active approach to minimizing the risk of vacancies. One important part of the new strategy was drawing up a uniform marketing package, which can be tailored to local requirements for different locations. The strategy also includes a loyalty program to reward and retain loyal customers.

Social-housing contracts

Rikshem works with several municipalities in Sweden and offers social-housing contracts for people with difficulties accessing the housing market. At the end of 2020, Rikshem had 424 social-housing contracts in place with municipalities, with the long-term aim being for the resident to take over the contract themselves.

Adapting to the coronavirus pandemic

To ensure the safety of both customers and employees, Rikshem made a number of necessary adaptations within its residential property management organization when the coronavirus pandemic broke out at the start of the year. In mid-March, Rikshem introduced restrictions and, among other things, asked tenants only to report urgent matters. The number of faults reported fell significantly during the spring, stabilizing at normal levels in the fall. Both Rikshem's own property technicians and contractors have been issued with gloves, masks and hand sanitizer so that home visits feel safe both for them and the customers. Repairs, etc., have only been carried out if the customers have been in a different room or out of the apartment. Some tenant-facing activities had to be postponed during the year. With many people working and studying from home, Rikshem has seen a significant increase in water use and waste disposal in its residential buildings.

The feeling of safety and well-being

The new playground in Pettersberg in Västerås is more than a place for children – it provides a hub and meeting place for everyone in the neighborhood. Rikshem's playground and lighting project has boosted the feeling of safety and sense of community in the neighborhood.

When the playground in Pettersberg, Västerås, needed renovating, Rikshem took a holistic approach to the job. A safety analysis showed that residents in Pettersberg wanted to see steps taken to increase the feeling of safety. Now rebuilt and adapted, the renovated playground became part of the solution.

"Neighborhoods where there is a flow of people of different genders and ages are perceived as safer. This was something we had in mind when planning the renovation of both the large playground and our courtyard areas. The playground was renovated according to our playground concept, which is based precisely on making the playground accessible to all and encouraging diversity. The renovation also made use of sustainable materials, primarily wood," says Linda Forsell, previously property manager at Rikshem in Västerås and now based in Uppsala.

Now inaugurated, the playground is located at the heart of the neighborhood and surrounded by residential buildings. The park boasts inspiring new wooden play equipment for different

ages and several seats with tables. Residents socialize here and can have a chat with their neighbors while keeping an eye on the children at the same time. The courtyard areas have been fitted out and decorated with flowerbeds and shrubs to encourage people other than families with children to use the communal areas. Raised beds have been provided where residents can grow their own herbs and vegetables.

"We've had a fantastic response to this project, both in terms of feedback from residents and how the amenities are being looked after. There hasn't been any vandalism or graffiti since the playground and the courtyard areas were inaugurated. We can see that the residents are proud of the communal areas," says Linda Forsell.

To increase the feeling of safety, the lighting has also been reviewed in line with Rikshem's lighting concept. Dark, unlit corners have either been redesigned or provided with new lighting, and dark tracks and footpaths on the way to the bus stop have been lit, using low-energy lighting solutions.



Urberget 1, Västerås

Safe properties for public use

Installing geothermal heating, a new lighting concept and a project to save water – the past year has seen major initiatives in the management of Rikshem's properties for public use in parallel with adaptations and changes in the daily work routines.

Managing properties for public use differs slightly from managing residential ones. Rikshem's customers in this segment comprise both municipalities and private-sector operators. In contrast to managing its residential properties, Rikshem has less direct contact with tenants such as preschools, schools and nursing homes in the way it does with residential tenants. The staff of the property in question contact the municipality or the private-sector operator if they need to report a fault, for example. The municipality then passes the report to Rikshem, which sends out one of its property technicians.

Safety is paramount

Rikshem conducts monthly inspections of the properties for public use to check sprinkler systems and fire safety and check for any vandalism or other minor faults. These properties are predominantly used by children, young people and the elderly – and their safety is paramount. A high proportion of Rikshem's properties date from the 1960s and -70s and require carefully planned maintenance.

Outdoor areas of schools and preschools are adapted on an ongoing basis to encourage learning and movement, to conform to the principles of universal design and be easily accessible to all, and to comply with regulatory safety requirements. The outdoor environments of nursing homes are also reviewed on an ongoing basis.

During 2020, Rikshem focused on making its properties for public use more energy-efficient. Geothermal heating has been installed, older lighting replaced by LED lighting, ventilation replaced and a water-saving project started.

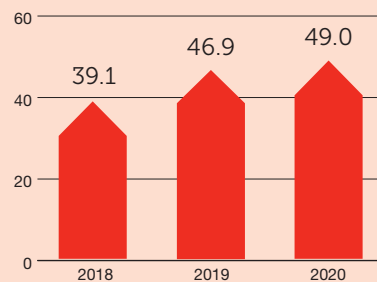
Adapting to the coronavirus pandemic

The outbreak of the coronavirus pandemic in March made work on the properties for public use more difficult because of the visiting ban and the recommendations of the Public Health Agency of Sweden. Only urgent faults were repaired, and the property technicians who visited the properties were equipped with full PPE and trained in routines for sanitizing hands, tools, etc.

Increased satisfaction for properties for public use

Rikshem's annual customer survey for the properties for public use segment was sent to 297 premises, and 160 responses were received. The results showed a satisfaction index of 49/100.

Customer Satisfaction Index – properties for public use



Kalkstenen 1, Kalmar

Summer jobs that lead to qualifications

Every summer, Rikshem offers summer jobs to young people aged 16 to 19, giving them a valuable insight into working life but also a sense of pride in their own neighborhood. There are opportunities to try out a leadership role with more exacting duties.

”I’ve had summer jobs with Rikshem for the last five years. Two years ago, I was given the chance to attend team leader training and learn about leadership via Rikshem. In the summer of 2020, I led three teams of summer jobbers. I allocated duties and was responsible for the safety routines being followed. It was fun to lead and encourage others, and valuable experience of course.”

Vitalijs Sakelis, Rikshem summer jobber and tenant in Södertälje

148

young people had summer jobs in 2020. A total of 1,159 summer jobs have been provided at Rikshem’s locations since the scheme started in 2012.

Extended homework assistance

Rikshem supports the Läxhjälp foundation, which provides help with schoolwork for seventh- to ninth-graders who are at risk of not making the grade to gain entry to an upper-secondary school. With assistance from Rikshem, the Läxhjälp foundation was able to extend its activities and start homework assistance at two schools in Uppsala in 2020. The pandemic year brought significant challenges for an already vulnerable group of students, but homework assistance was able to continue thanks to a new digital program.

115

students received assistance with homework via Rikshem in the fall of 2020. Rikshem supports schools close to its neighborhoods. A total of 430 young people have received homework assistance via Rikshem since the scheme started in 2015.



2

“Fencing, bowling and reading aloud were organized twice a day. Willys served ice cream every Friday.”

Positive local cooperation

Fencing, handicrafts, ice cream and breaks in the sun. For two weeks in the summer of 2020, the main square in Hagalund in Solna was transformed into a true oasis for local residents. The event was the starting shot for the Hagalund local cooperation project, a local safety initiative on behalf of Rikshem.

Local cooperation is a cooperation model that aims to increase the feeling of safety, well-being and attractiveness in a neighborhood. It involves participants from public- and private-sector and sometimes also nonprofit enterprises working together to create positive change in a neighborhood. The Hagalund local cooperation project is based on a safety analysis and mapping of the Hagalund district carried out by the Safer Sweden Foundation in the fall of 2018 on behalf of Rikshem.

“The Safer Sweden Foundation’s safety analysis of the neighborhood showed that the residents perceived Hagalund’s main square as unsafe. This is why we chose to make the square the center point of the local cooperation when we got started in Hagalund,” says Alexander Karlsson, real estate manager at Rikshem and the driving force behind local cooperation in northern Stockholm.

Rikshem wants to change who is using the square: A mix of people can increase both well-being and the feeling of safety. In the second half of June 2020, the entire square was covered with artificial grass and decorated with

bunting. Programmed activities such as fencing, bowling and reading aloud were offered twice a day. Willys shop served ice cream every Friday throughout the summer. Local residents could also do crafts, play kubb and ping-pong or just socialize in the sunshine. Staff from the Safer Sweden Foundation and four summer jobbers from Solna were on site every day to keep things running smoothly and organize the activities.

“The activities were a successful starting shot for the Hagalund local cooperation project. The Safer Sweden Foundation’s evaluation shows that the mix of people increased, as did the feeling of safety. Local cooperation is a long-term approach that requires perseverance. All the participants in Hagalund come together at monthly board meetings to plan, implement and evaluate various priority measures, for example improved outdoor lighting. Every Friday, the police have a pop-up facility at the square where local people can get their questions answered and put their views forward,” finishes Alexander Karlsson.



Photo: The Safer Sweden Foundation

Property-related climate change mitigation

Work on the action plan to reach the target of climate-neutral property management proceeded during the year and will continue to be developed in 2021. Examples of measures implemented during the year include several energy-saving projects and a water-saving initiative.

Buildings account for approximately 40 percent of Sweden's energy use and slightly over one-fifth of its greenhouse gas emissions from a life cycle perspective. Energy use at the operational stage and manufacture of materials for new construction projects are the two main climate-impacting areas of the sector's and Rikshem's operations. This is why energy-efficiency measures in the properties Rikshem manages are part of the material sustainability issue. Reduced carbon dioxide emissions, where Rikshem has an opportunity to make a difference for the climate.

Making properties more energy-smart

Work continued in 2020 to coordinate the property management organization's energy-efficiency projects in different parts of Sweden.

This offers opportunities to use local development to create benefits for properties throughout Sweden, for example within purchasing and development areas.

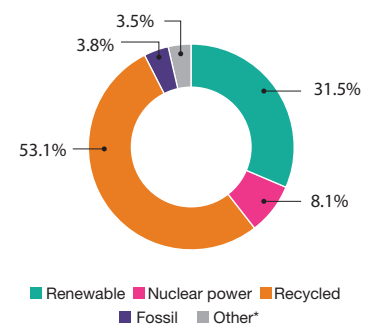
Planning was strengthened at the end of 2020 to extend the coordination of company-wide tools, processes and

guidelines in a project with the overall aim of achieving properties that are more energy-smart. The project is part-financed by the EU's ELENA initiative (read more on page 5).

Energy use refers to the energy that is used in the properties in the form of heating and property electricity. Heating use represents the greatest share, at around 85 percent. The remainder is made up of fossil-free property electricity. Tenants' electricity consumption is not reported. Rikshem's target is to reduce energy use by an average of 2.5 percent per year in the like-for-like portfolio and, in 2020, energy use was down 8.0 percent. One element of reducing energy use is energy efforts in the properties. During 2019, Rikshem expanded its organization for energy efforts and stepped up coordination functions internally. Energy-saving projects were started, including for lighting, operation and ventilation systems, with several projects carried out in both 2019 and 2020. The effects of this work are now starting to be seen in the energy monitoring, despite the ongoing pandemic impacting Rikshem's efforts in 2020.

Origin of purchased energy

Rikshem purchases fossil-free electricity from renewable sources (hydro power, solar power, wind power) and nuclear power. Rikshem chooses to report nuclear power separately. Heating is mainly purchased from district-heating companies, which report their emissions by source: fossil, recycled, renewable and other*.



* For example peat and peat briquettes, electricity from nuclear power for electric boilers, heat pumps and auxiliary electricity for distribution.

Recurring factors that affect the results for energy use and carbon dioxide emissions:

- Changes in the like-for-like portfolio* in the form of acquisitions, divestments and creation of new area
- Continuous energy efforts to reduce the volume of energy purchased and optimize its use.

*Like-for-like portfolio with respect to energy and climate statistics refers to the part of the portfolio that Rikshem owned for a full calendar year and for which comparable figures are available, i.e., properties where the company can monitor the same type of energy use (heating of buildings and water, and property electricity) year on year. The like-for-like portfolio includes 383 of Rikshem's total of 540 properties.

Annual reported total energy¹ (kWh/m² Atemp)

	2020	2019	2018	Variance, % 2020 vs 2019	Target, %
Energy use	119.7	132.5	136.0	-9.6	
Energy use (normal year-adjusted)	127.8	138.9	137.9	-8.0	-2.5

Annual reported total energy^{1,2} CO₂ (kg CO₂e/m² Atemp)

	2020	2019	2018	Variance, % 2020 vs 2019	Variance 2020 vs 2019 (kg CO ₂ e/sqm)	Target 2020 (kg CO ₂ e/sqm)
Emissions	8.2	9.0	11.1	-9.3	-0.8	
Emissions (normal year-adjusted)	8.9	9.6	11.3	-7.4	-0.7	-1.0

¹ The figures differ from the reported values in previous annual reports. Changes to the like-for-like portfolio together with updates and improvements to Rikshem's energy-monitoring system made during 2020 mean that the values for previous years need to be updated to provide correct comparables. Atemp is retrieved from energy declarations and is essentially standardized in line with previous energy declarations.

² Emission factors have been obtained from the respective suppliers. Calculated using the previous year's emission factors for district heating. The emission factors for the current year are obtained from the suppliers no earlier than the second quarter of each year.

Water, heating and electricity

Rikshem saw a clear increase in hot water use during 2020 because of the pandemic. Several water-saving projects were quickly initiated, which shows how the expanded organization for energy efforts strengthens Rikshem. Low-flow faucets and shower roses were installed, and WCs and faucets inspected for leaks at the same time. CO₂ emissions from heating and property electricity in 2020 were 8.9 kg/m² in the properties Rikshem owned for the full calendar year, 0.1 kg/m² of which from electricity. This is a decrease of 0.7 kg/m²

compared with 2019. The emissions calculation includes part of Scope 1¹ in the form of oil and – only for properties in the like-for-like portfolio – part of Scope 2² in the form of district heating and electricity.

Energy use and carbon dioxide targets

Carbon dioxide emissions are measured annually, and the reduction target for the existing portfolio has been tightened from 1 kg/m²/year for 2020 to 2 kg/m²/year for 2021 to support developments to reach climate-neutral in 2030. The focus in 2020 has been on strengthening the

work on energy projects, which will continue in 2021. However, reducing energy use is not sufficient to achieve the carbon dioxide target, which is clear from the fact that Rikshem's 2020 result for energy use is well above the target, but the carbon dioxide result is down on 2019. This is mainly because the volume of emissions is mostly impacted by the energy suppliers' emission factors, which Rikshem is unable to influence directly.



Rikshem works to minimize its environmental footprint by:

- Maintaining existing materials rather than replacing them. When it is necessary to buy new, components are chosen that are made of sustainable materials and that are good quality, have a long service life, and can be maintained.
- Phasing out substances and materials that are harmful to the environment and health via projects in the properties.
- Working to protect biodiversity in outdoor environments.

¹ Scope 1 relates to greenhouse gas emissions over which the business has direct control, for example from heating using oil boilers or from the company's own vehicles.

² Scope 2 relates to indirect emissions from the energy purchased for the business.



Sustainable purchasing and accountability in the supply chain are important factors in Rikshem's sustainability efforts.



Purchasing for sustainable development

Rikshem shall act responsibly, both within its own operations and in relation to suppliers and other partners. Accountability in the supplier chain is one of several components of contributing to good community development.

For a major purchasing organization like Rikshem, it is important to ensure that all the company's relationships are characterized by respect and good ethical practice. Most purchasing takes place within contracting, maintenance and support services. In order to maintain a good total return in the long term, it is vital that Rikshem's purchasing is carried out responsibly and sustainable suppliers engaged. The goal is thus for purchasing to meet high quality and sustainability criteria, taking into account total cost considerations.

Supplier code of conduct

To ensure that suppliers meet the company's requirements and expectations, Rikshem has a Supplier code of conduct. The code of conduct has been adopted by the Board of Directors and contains both environmental and social requirements. The code requires suppliers to endorse the principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption, and forms part of Rikshem's corporate governance in order to minimize the risk of negative impacts on the environment and people throughout the value chain. Contract-specific requirements are also set in order to best match the aspects relevant to the procurement in question.

The goal is for all Rikshem's major sup-

pliers to have approved this code. According to a follow-up conducted in 2020, Rikshem can state that of the 453 (413) biggest suppliers, which together represent 67 percent (79) of Rikshem's total purchasing, 297 (161) had actively approved the code of conduct.

Efforts now and going forward

During the year, Rikshem identified a need to review the requirements set out in the Supplier code of conduct and the process in place for ensuring compliance with the code. In 2021, Rikshem therefore plans to take various steps to improve current processes in order to even better be able to minimize risks of negative impacts on the environment and people throughout the supply chain.

New purchasing process

During 2020, Rikshem's management adopted a new purchasing process with a view to achieving a systematic and structured way of working within purchasing. This includes achieving economies of scale, working as 'One Rikshem', and implementing active environmental and sustainability efforts. Over the past year, the focus has been on developing the purchasing process by collating national and local agreements in Rikshem's central purchasing system and ensuring increased contract compliance.

"Entirely reasonable criteria"

ISS was contracted during the year as one of Rikshem's cleaning service providers, and cleans stairwells and laundry rooms in Östersund.

”Being a Rikshem contractor is really easy and straightforward, and feedback is always fast in both directions. As contractors, we have to meet many criteria, but we find this entirely reasonable. When it comes to environmental criteria, we can only use Swan-labeled products, which we've been doing for several years already. Then there are spot checks, and each month there are joint quality controls that involve our team leader inspecting cleaning carried out at a number of addresses with a representative from Rikshem.”

Ywonne Romild
Operations manager,
ISS Facility Services







23

ongoing local-planning projects

Development rights

685,693

sqm gross area

636

renovated apartments

299

completed new-build apartments

805

apartments with energy performance 15% above legal requirement under construction

Local plans and projects at record level

Rikshem has an extensive property portfolio with enormous potential to be developed, densified and complemented with new building. The portfolio is also developed by establishing a presence in new neighborhoods.

For Rikshem, developing the property portfolio is about seeing the potential, creating the project idea and the vision, and facilitating development. Rikshem creates new opportunities by looking beyond a neighborhood's existing parameters. The properties are renovated and developed with attractive apartments, preschools and nursing homes, translating development rights in local plans into profitable projects. Properties are modernized, and neighborhoods developed sustainably.

Profitable projects, safe housing, good workplaces and sustainable development of properties are anchored in dialogue with municipalities and those who live and work in the neighborhoods. Rikshem works to establish positive, long-term relationships. When developing neighborhoods, Rikshem collaborates with municipalities, other property owners and tenants.

Taking development rights forward

Rikshem's portfolio of development rights mainly comprises apartments and properties for public use. The lion's share of apartments in development projects are intended for rental apartments, with a smaller share of the development rights deemed more suitable for condominium projects.

At year-end, the portfolio of development rights comprised approximately 680,000 (790,000) sqm gross area. Of this, approximately 210,000 (280,000) sqm is at an early stage, approximately 280,000 (370,000) sqm at the local-planning stage, and approximately 190,000 (107,000) sqm in local plans with legal force. In addition, approximately 55,000 (24,000) sqm gross area in local plans with legal force were sold and taken into possession by the buyer during 2020. Read more about the local-planning work in progress on page 42.

Rikshem's property portfolio holds enormous potential for development. Large parts of Rikshem's portfolio were built in the 1960s and -70s, which means that many properties are in need of renovation. By renovating its properties, the company can extend buildings' service lives and offer an up-to-date standard of accommodation at the same time as increasing property values. A total of 636 apartments have been renovated in the past year.

New renovation model

During the year, Rikshem revised its renovation model, and the new one will start to be implemented in 2021–2022. In brief, the new model means that, in the future, the majority of renovations will be carried out in stages. Accordingly, the upgrade will focus on plumbing and bathroom renovations. Upgrades of facades, roofs, stairwells and windows will be carried out in separate projects as required. The new model is intended to provide a smoother and more predictable renovation process both for Rikshem and the tenant. Advantages for the tenant include not having to move out during the renovation and the rent increase following a plumbing and bathroom renovation will be lower than after a more extensive renovation. For Rikshem as a company, the new strategy will mean lower risk in the projects.

Resource efficiency and environment

Renovations also make the properties more efficient to run, reduce energy use,

and improve their environmental performance.

Rikshem builds and renovates people's homes, one of the most valuable and private things they have. This is why Rikshem takes steps to uphold a good, healthy environment for all in connection with both new construction and renovation projects.

A concrete example of how Rikshem works on resource efficiency and the environment is the work carried out regarding choice of materials for projects, both within new construction and property management. By often choosing to build with timber frames, Rikshem is increasing the circular flow of resources. Using the nonprofit organization Byggarvbedömningen's database when choosing products and materials for projects reduces the risk of substances that are harmful to the environment and health adversely affecting the surroundings and people.

Creating a diverse offer

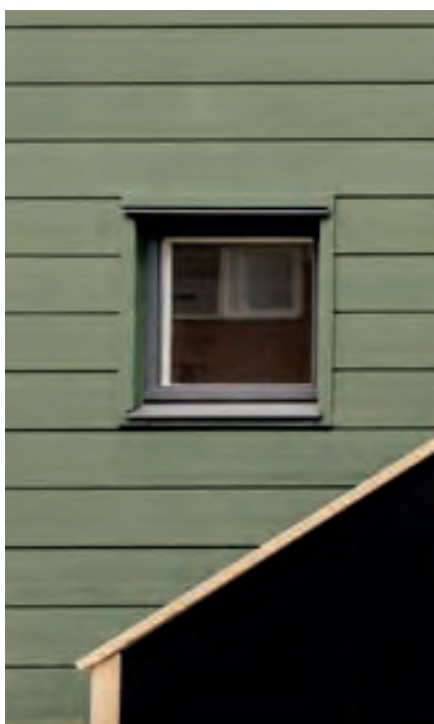
One of the ways in which Rikshem develops its neighborhoods is by building new apartments and properties for public use. When building new apartments in its existing neighborhoods, Rikshem seeks to provide apartment types that are lacking in order to provide a diverse housing offer. Another important element is providing premises for facilities such as preschools, nursing homes and sports halls. Dialogue with municipalities, other building contractors, and private-sector school and care operators is key to identifying current

needs. In aggregate, Rikshem owns large areas in established neighborhoods, which also makes it possible to develop spaces for activities and social interaction so as to increase well-being.

Framework collaborations in progress

Improving the processes surrounding Rikshem's new construction projects has been a major area of focus in the last year. Collaborations have been started with the contractors with which Rikshem entered into long-term framework agreements in 2019. Three new projects comprising a total of 430 apartments are being built under the framework agreement: Orrspelet in Umeå, Urberget in Västerås and Västra Blombacka in Södertälje. Each framework agreement has its own KPIs, for example quality factors in production, working environment on the construction site, spatial efficiency for the customer and the number of reported faults, which Rikshem will measure and follow up over time so as to streamline and further improve new construction.

When building new residential properties, Rikshem uses both industrial timber construction and concrete. For each project, the material that is most beneficial for the property in question is chosen. Wood is a renewable material that, compared with other construction materials, releases less carbon dioxide during the construction phase, stores carbon dioxide throughout its service life, and causes less disturbance in the local area during the construction phase.



Climate impacts in the construction phase

Biggest climate impact in the construction phase

The biggest climate impact of all in a property's life cycle now comes in the construction phase, as a result of the gradual decrease in impact from the management phase. Carbon dioxide emissions are caused mainly by the manufacturing processes for building materials, but also by machinery and transport in connection with the construction work.

Reducing climate impact

To reduce climate impact in the construction phase, the most important thing is to start with the most significant impact. Studies show that building materials have the biggest climate impact. Changing the composition and use of concrete or using other materials such as timber frames is a positive step.

What has Rikshem done?

Rikshem was early in using timber frames to reduce climate impact. During the year, a total of 173 apartments have been built using timber frames. Rikshem's framework agreement for timber frames was not able to be used in 2020, but planning is under way for new agreements in this area.

Future climate steps

Rikshem is planning for climate impact criteria being included in applications for building permits in line with the future legal requirement for climate declarations. Climate targets are being set for the growth in construction activity.

Building properties that are more energy-efficient

Rikshem continually improves energy performance in its new construction projects. The sector's progress is benchmarked against the Swedish National Board of Housing, Building and Planning's building regulations (BBR), the requirements of which are constantly being tweaked and tightened. Benchmarking is therefore carried out in relation to the requirements at the time the building permit application was approved. Thanks to their new weighting factors for primary energy, the building regulations are steering progress toward reduced climate impact.

New construction, projects at the construction stage 2020*

Energy performance 15% better than BBR

Smugglaren , 74 apartments, Västerås, Swan certification	✓
Bergskvadraten , 173 apartments (101 apartments, 72 homes for people with disabilities) and one premises, Norrköping, SGBC** Silver	✓
Enheten , 87 apartments, Halmstad	✓
Bonden , 178 apartments, Halmstad	✓
Nåden , 92 apartments, Halmstad	✓
Vård Södra Kvarngärdet , 96 apartments (nursing home) (living area 7,506 sqm), Uppsala, SGBC** Silver	✓
Vård Norra Kvarngärdet , 105 apartments (nursing home) (living area 8,361 sqm), Uppsala, SGBC** Silver	✓

*Includes Rikshem's own builds, projects acquired in development or finally acquired when taken into possession. ** Swedish Green Building Council.



Rönnbäret 1, Kalmar

Local plans in progress and with legal force

During the year, work has been carried out on around 20 local-planning projects at various stages, from planning application to approval. Work is also under way on a large number of project ideas at different stages and of different scopes. Below are some examples of ongoing local-planning processes that are in the closing phase and are expected to generate completed development rights in the next few years.

Fader Bergström, Axelsberg, Stockholm

There are plans to build 100 apartments across 9,000 sqm gross area. Rikshem's part in the project concerns two detached 11-floor buildings with views of Lake Mälaren. The local plan is expected to be approved in Q3 2021.

Elineberg, Helsingborg

Local-planning work is under way for new apartments and district center amenities. The plans are for two apartment buildings of seven and nine floors, covering a gross area of approximately 8,000 sqm. The local plan enables remodeling and densification of the district center with approximately 130 new apartments. The local plan is expected to be approved in Q3 2021.

Mjölkudden, Luleå

Approximately 140 new apartments covering a gross area of approximately 9,000 sqm are planned in a densification of the Radiomasten neighborhood in Mjölkudden, Luleå. The densification is planned to take place with regard to existing buildings and courtyards. The local plan is expected to be approved in Q1 2022.

Svartbäcken, Uppsala

Planning work is under way in the Svartbäcken district, in a central location adjacent to Fyrisån, for approximately 200 apartments comprising a gross area of approximately 20,000 sqm. The goal of the local-planning work is to trial a development with mixed numbers of floors, underground garages and courtyards fronting the river. The local plan is expected to be approved in Q3 2022.



Elineberg, Helsingborg. Image: Arkitema



Fader Bergström, Stockholm. Image: Reflex Arkitekter

More local plans in progress

Municipality	Property/neighborhood	Primary purpose	Number of apartments	Living area of apartments, sqm	Estimated approval
Helsingborg	Barrikaden/Fredriksdal	Apartments/properties for public use	140	8,500	2021
Malmö	Tuppen/Limhamn	Apartments	70	4,500	2021
Nacka	Orminge C	Properties for public use		5,200	2021
Nacka	Neglinge/Saltsjöbaden	Apartments/properties for public use	1	450	2021
Norrköping	Kardusen/Ljura	Apartments	60	3,650	2022
Norrköping	Linjen/Ekorp	Apartments/properties for public use	130	7,700	2022
Norrköping	Niten/Hageby	Apartments	160	10,000	2022
Norrköping	Motormannen/Stegelbacken	Apartments/properties for public use/commercial	800	90,000	2023
Sigtuna	Sätuna/Nymårsta	Apartments	150	10,000	2022
Stockholm	Jordbruksministern/Bagarmossen	Apartments	70	4,500	2021
Södertälje	Daldockan/Saltskog	Apartments	160	10,000	2022
Södertälje	Elefanten/Grusåsen	Apartments	60	5,000	2022
Umeå	Matrosen/Centrum	Apartments	30	1,400	2022
Umeå	Flyttfågeln/Mariehem	Apartments	60	4,000	2022
Umeå	Sofiehem/Ålidbacken	Apartments	300	24,000	2024
Uppsala	Valsåtra	Apartments/properties for public use	140	11,000	2022

Local plans that gained legal force in 2020

Municipality	Property/neighborhood	Primary purpose	Number of apartments	Living area of apartments, sqm
Botkyrka	Tullinge	Apartments		7,087
Nacka	Ormingehus Centrum	Apartments		20,600
Norrköping	Topasen/Vilbergen	Apartments	220	15,000
Södertälje	Repet/Blombacka	Apartments	420	30,000
Västerås	Urberget/Pettersberg	Apartments	280	20,000

Projects in progress

Rikshem has a large number of ongoing new construction and major renovation projects, mostly residential properties but also some properties for public use. Many of the renovation projects involve creating additional apartments at the same time. Here are some of the projects.

Kvarngärdet 4:3, Kvarngärdet, Uppsala

160 corridor rooms are being converted into apartments. A total of 188 apartments will be created, 43 of which on two new floors. In addition, the entire building is being renovated and, on completion, is estimated to achieve an energy consumption equivalent to new-build standard, which means the investment qualifies for financing from Rikshem's EIB loan. The production period is expected to run from Q1 2021 to Q2 2023.

Bonden 7, Västra Förstaden, Halmstad

The start of construction on Bonden (property in development) was one of Rikshem's three groundbreaking ceremonies in Halmstad in the fall of 2020. Bonden will comprise 178 rental apartments of one to four rooms, covering a total area of approximately 9,400 sqm. The property is part of a new development area in central Halmstad where a new local plan allows development of a total of around 500 apartments.

Kardusen 7, Ljura, Norrköping

138 apartments are undergoing total renovation, and two of the apartments are being converted into four smaller apartments. The entire building is being renovated with new plumbing, bathrooms, kitchens, and wall, floor and ceiling surfaces, together with new safety doors and windows.

Repet 4, Blombacka, Södertälje

In the summer of 2020, the local plan for Blombacka in Södertälje gained legal force, with a total gross area of 30,000 sqm close to existing properties. This project entails building 130 apartments in prefabricated concrete, one ground-floor premises of approximately 300 sqm and 14 parking places at ground level. Analysis of the neighborhood points to demand for larger apartments, which this project meets. The buildings will be among the green bond projects. Tenants are expected to move in in Q3 2022.



Repet 4, Södertälje



Bonden 7, Halmstad



Kardusen 7, Norrköping

More projects in progress

Municipality	Property/neighborhood	Project category	Number of apartments	Estimated completion date
Halmstad	Nåden 1/Fyllinge	NEW Apartments	92	2022 Q2
Halmstad	Enheten 1/Galgberget	NEW Apartments	87	2021 Q4
Helsingborg	Elineberg 7/Elineberg	RM&U Apartments	269	2024 Q1
Helsingborg	Brigaden 1/Fredriksdal	RM&U Apartments	90	2022 Q2
Luleå	Porsön 1:240/Porsön	RM&U Apartments	426	2024 Q1
Norrköping	Planen 4/Ekorp	RM&U Apartments	227	2021 Q2
Umeå	Sandtaget 2/Sandbacka	NEW Apartments	97	2021 Q1
Umeå	Orrspelet 1, 2/Mariehem	NEW Apartments	103	2022 Q4
Umeå	Flyttfågeln 1, 2/Mariehem	RM&U Apartments	188	2024 Q1
Uppsala	Kvarngärdet 56:13/ Kapellgärdet	NEW Property for public use	96	2021 Q2

NEW – new construction

RM&U – renovation

Completed projects

Several major renovation and new construction projects have been completed over the last year. Here are some of them.

Brigaden 1, Fredriksdal, Helsingborg

What were 46 apartments are now 72. The first stage of the renovation in Helsingborg's Fredriksdal neighborhood is a pilot project comprising two of a total of 24 apartment buildings. 46 existing apartments have undergone total renovation, including 18 larger apartments being converted into 26 smaller apartment sizes. Steps have been taken to further improve the outdoor environment. The first stage of the renovation was completed in Q2 2020. The next stage of

renovation work in the neighborhood will start in Q1 2021.

Porsön 1:240, Porsön, Luleå

The pilot project at Porsön comprises 24 of the total of 448 apartments, which, among other things, will have newly renovated plumbing, new ventilation, and new wall, ceiling and floor surfaces. Tenants have been given the choice of three different levels of renovation based on the preferences analyzed at an early stage. The pilot project was completed in Q2 2020. The next stage of renovation work

in the neighborhood will start in Q1 2021.

Niten 1, Hageby, Norrköping

349 apartments have been renovated in the Niten property in Norrköping. The third and final stage involved total renovation of 160 apartments. The tenants now have newly renovated apartments with new wall, ceiling and floor surfaces, and safety doors and windows. The property also has new plumbing, elevators and ventilation. The project, which finished in Q3 2020, involved renovation of total living area of approximately 10,000 sqm.



Porsön 1:240, Luleå



Brigaden 1, Helsingborg



Niten 1, Norrköping

More completed projects

Municipality	Property/ neighborhood	Project category		Number of apartments	Completed	
Norrköping	Planen 4/Ekorp	NEW*	Apartments	99	2020	Q4
Södertälje	Repet 4/Blombacka	RM&U	Apartments	131	2020	Q3
Uppsala	Kvarngärdet 56:14/Kapellgärdet	NEW	Property for public use	105	2020	Q1
	Smugglaren 1/Öster Mälarstrand	NEW	Apartments	74	2021	Q1
Östersund	Motboken 7/Centrum	RM&U	Apartments	15	2020	Q2
Östersund	Hyacinten 1/Odenslund	NEW	Apartments	74	2020	Q1

NEW – new construction

RM&U – renovation

From start to finish

Sandbacka in Umeå is one of several examples of project and property development at Rikshem where existing housing stock is developed to make it as attractive as possible to the tenants. This is the story of a whole neighborhood being given a boost and 97 new apartments created – from idea to moving in.



October 2015

Project idea and notice of new local plan

Rikshem has identified a shortage of smaller apartments in Sandbacka, which currently comprises four apartment buildings and a shared outdoor environment. The idea of developing the neighborhood with more apartments is discussed internally as a possible project, leading to an application for a new local plan. On October 21, 2015, the building committee notifies that planning work may begin.

January 2016 – October 2017

The local plan takes shape and a consultation is held in June 2017 to let the public have their say about the proposal drawn up. The feedback received is incorporated, resulting in the building committee approving the local plan.

October 2017 – June 2018 Appeals

Not unusually in this type of process, more than one appeal is received. This mainly concerns shading of existing buildings because the proposed buildings are noticeably higher than the surrounding ones. On October 31, 2017, an appeal against the local plan is lodged with the Land and Environment Court. The appeal is rejected in June 2018.

March 2018 Design work begins

Sweco and Tyréns are contracted to design the apartment types and produce simple sketches of the outdoor environment based on Rikshem's requirements. The work results in space-efficient apartments – with a focus on one- and two-room apartments – and a completely

new outdoor environment. During June, NCC is entrusted with the continued design work and execution.

Fall 2018 Input from tenants

A workshop is held with existing tenants, resulting in requests such as better lighting, more bicycle stands, more spread out social areas, and a communal barbecue. A mound that obstructs the view is to be removed, and all the ground-floor apartments are to be given a new terrace. The facades on all existing buildings will be renovated and there will be new drainage and heating ducts.

“ I think the success factor in Sandbacka has been how much we involved the tenants. We can see this in the CSI too, which went up significantly last year. It feels really great to be able to repay the tenants for all their patience. Another gain – for the tenants, Rikshem and the environment – is that we have reduced energy consumption in the existing buildings.”

Pontus Lundström,
project manager at Rikshem

October 2018 Legal force

The local plan gains legal force.

March 2019 Building permit granted

The building committee grants a building permit on March 14, 2019. The Byggarubedömningen scheme is used throughout the process to safeguard criteria concerning chemical content and life cycle aspects. The 'Bygga F method' is used to ensure moisture-safe construction and a long service life.

May 2019 Groundbreaking

Scarcely two months later, the groundbreaking ceremony takes place. Each Monday during parts of the building pro-

cess, Rikshem holds a morning meeting with local residents to provide information and answer questions.

June 2020 Outdoor environment ready

One year on, the new outdoor environment is ready for existing tenants to enjoy: new courtyard areas with new lighting, communal barbecues, a new playground, the unloved mound that obscured the view is no more, and the facades have been renovated.

September 2020

Rikshem's 2020 customer survey shows that existing tenants are pleased with the project. The CSI is up 7.4 points on the 2019 survey. The new outdoor environments are a major factor in this. Despite a tricky year, the end results have been worth the effort. The building process for the two apartment buildings continues.

December 2020 Tenants move into building 1

Tenants can finally move into the first new building. All the apartments have been fitted with digital sensors so that they are permanently connected. This streamlines management and operations, and will have significant environmental benefits.

February 2021 Tenants move into building 2

Building 2's new tenants can move in too. Applications have been high, with around 30–40 applicants per apartment. All 97 new apartments are rental apartments.



Valuable partnerships

Rikshem owns stakes in joint ventures with a total value of MSEK 1,768. Joint ventures enable Rikshem to enter new markets, develop new and existing neighborhoods, and exchange expertise. Together, the parties can contribute to community development.

The two largest joint venture holdings are VärmdöBostäder and Telestaden (Farsta Stadsutveckling), with participations of MSEK 1,024 and MSEK 635 respectively.

VärmdöBostäder AB

VärmdöBostäder is a nonprofit housing company, in which Rikshem has a 49 percent stake and Värmdö municipality a 51 percent stake. VärmdöBostäder owns and manages 2,000 apartments in the growth municipality of Värmdö. The majority of the portfolio comprises traditional rental apartments but there are also youth apartments and senior accommodation as well as sheltered accommodation. All the apartments are leased via the Stockholm Housing Agency.

Bergagårdshöjdens JV AB

Bergagårdshöjden in Kalmar is a joint venture between Rikshem and P&E Fastighetspartner. The aim of the joint venture is to develop new construction projects in Kalmar. The final property, comprising 95 rental apartments, is currently being developed with the help of investment support. To preserve the green spaces, the garage and waste-handling facilities are being built underground. Constructing energy-efficient buildings will bring energy consumption 25 percent below the Swedish National Board of Housing, Building and Planning's requirements for new residential buildings.

ding facilities are being built underground. Constructing energy-efficient buildings will bring energy consumption 25 percent below the Swedish National Board of Housing, Building and Planning's requirements for new residential buildings.

Boostad Bostad Sverige AB

Rikshem has a joint venture with Nordr AB (formerly Veidekke Eiendom) called Boostad Bostad Sverige. Boostad Bostad includes Folkhem Trä AB, which develops and builds sustainable condominiums in wood. The biggest project is Cederhusen in Hagastaden, which is a work in progress. The first phase of construction started in June 2020, and a large number of the condominiums have already been sold. When the Cederhusen buildings are ready for residents to move in, scheduled for 2022, they will be Stockholm's first large apartment buildings in solid wood, and one of the largest inner-city timber building projects in the world.

JV Tidmätaren AB

Rikshem and Glommen & Lindberg AB each have a 50 percent stake in a joint

venture called Tidmätaren AB. The purpose of this joint venture is to develop the properties Tidmätaren 1 and 2 in Solentuna, currently home to offices and warehouses. The aim is to produce a new local plan for residential purposes and then develop the property in the best way possible, initially by developing condominiums.

Telestaden (Farsta Stadsutveckling AB)

In Farsta, south of Stockholm, Farsta Stadsutveckling owns a property where it is planned to build 2,000 apartments – both condominiums and rental apartments – for different life stages. This makes Telestaden one of southern Stockholm's largest housing projects. Telestaden will not be just apartments but will be developed into a completely new and vibrant district with a carefully thought-out mix of housing, workplaces, local amenities, preschools and schools as well as cultural activities. Telestaden is a joint venture between Rikshem and Ikano Bostad, each with a 50 percent stake in the project, which is now at the final stage of the local-planning process.



” Establishing Telestaden as a diverse district in its own right is an exciting undertaking. We’ve signed a lease with Attendo Care, which will open a nursing home in Telestaden in 2021. The police will also start moving into their new premises, with 800 police officers eventually based here. We also have several artistic enterprises established in the district. The 3,700 sqm Konsthuset arts center is home to studios, workshops and dance studios.”

Per Högdin, CEO and project manager for Telestaden



Telestaden in Farsta, south of Stockholm.



Telestaden in Farsta, south of Stockholm.

Commitment and development

Rikshem's operations are run by committed employees, who enjoy their work. Achieving this requires good leadership, job security, and opportunities to grow and develop with the company.

Employees' commitment determines how the company develops. Rikshem's employees must be able to feel proud of where they work, have the skills to do a good job, and live the company's values: Active, Present and Responsible. Over the past year, Rikshem has worked to integrate these values in induction days, onboarding plans, training sessions and appraisals. The work to build 'One Rikshem' has continued, for example by introducing company-wide processes and ways of working, and developing internal communication.

Good leadership is highly valued at Rikshem, with good managers who support, coach and play a part in employees' commitment. 'Rikshem day' is an example of an important activity for creating a shared vision in the company. The theme of 'Rikshem day 2020', which took the form of a live stream, was 'One

Rikshem', with employees sharing examples of good practice. Digital execution is one example of how Rikshem adapted the business in line with pandemic-related recommendations. Other examples are less travel and working from home where possible.

A growing company

Rikshem is growing, with 51 new employees joining the company in 2020, plus three trainees recruited for the annual trainee program. With valuable skills in areas such as renovation processes, technical and financial management, property and operations development, the new employees will play a part in developing the company. The recruitment process attaches great importance to attracting people who share the company's values and are committed to Rikshem as a builder of community.

Increased diversity and equality

The number of female technicians increased during the year, and Rikshem now has equal numbers of male and female managers. The focus moving forward is on looking at more occupational categories within the company so as to increase diversity and equality. The recruitment process is key to achieving diversity and equality in the workplace, and the company always strives to include candidates of different genders and backgrounds in its selection processes.

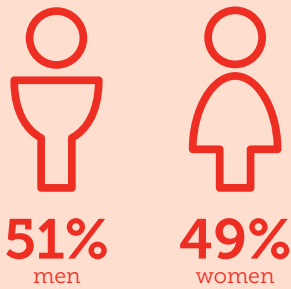
Career paths and the Rikshem Academy

At Rikshem, employees have a chance to grow, whether by means of internal recruitment to new roles, more challenging duties or moving to a different location. Annual appraisals and continuous dialogue take place between employee and manager. To ensure a high



Svårdsliljan 5, Västerås

Gender distribution, managers



level of skills and employee development, 2020 saw the launch of the Rikshem Academy – Rikshem’s concept for skills development.

The Rikshem Academy has five building blocks:

- Introduction and values
- Leadership
- Basic training
- Individualized training
- Day-to-day skills development

Several basic training sessions were conducted digitally in 2020. Examples include: Responsibilities of property

owners, Building work environment coordinator planning/construction (BAS P/U), Rental law, Commercial rental law and Personal safety. Two induction days for new employees were also held.

Day-to-day skills development is a key part of the employees’ development. This may involve knowledge sharing between colleagues or being faced with a new situation, such as a new way of working.

Satisfied employees

Rikshem measures employee satisfaction on an annual basis, and the 2020 survey showed an increase in the employee satisfaction index from 70 to 71. Employees remain committed, enjoy their work, and are very loyal to the company. There was an improvement in the results regarding the physical working environment, largely because many of the local offices moved to larger premises during the year or were renovated. The results of the survey are generally high, but the company’s level of ambition is higher, and efforts to reach this level are ongoing. This includes continuing to develop the company’s internal work processes, strengthening teamwork and offering employees opportunities to further increase their skills.



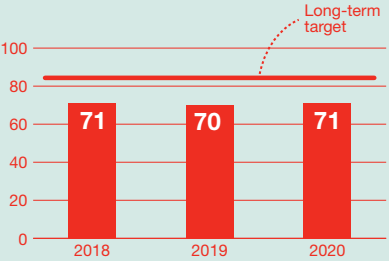
Rikshem’s Employee Satisfaction Index 2020



Employee survey

Rikshem’s annual employee survey identifies improvement areas, and action plans are drawn up to create the best conditions at the workplace.

Employee Satisfaction Index

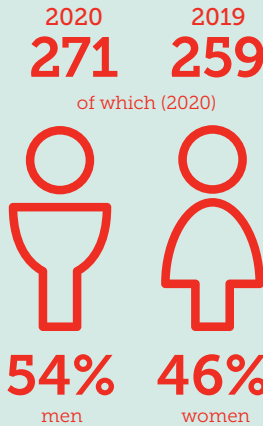


83/100
value their job security

74/100
enjoy their work

82/100
are loyal to their workplace

Total number of employees



Sustainable working life

To continue to develop as a company and retain and attract committed employees, Rikshem must offer all employees a safe, secure and inclusive workplace. Systematic work grounded in a number of policies and steering documents ensures a good working environment. The work is assessed and followed up each year.

A safe workplace

To ensure that it maintains a high standard of working environment, Rikshem works in accordance with a working-environment policy and routine descriptions. There are systems in place to avoid dangers and risks but also for compliance with laws and regulations concerning the working environment, for example the Swedish Working Environment Act and internal guidelines. The coronavirus pandemic has meant even greater focus on this area over the past year.

These systems cover both employees and consultants, as well as Rikshem's contractors to a certain extent. Routines are set down for safety at work, and to establish working methods that minimize accident risks and routines for dealing with threatening situations.

Working-environment inspections and evacuation drills are carried out once a year. Employees working within the property management organization are on the receiving end of feedback from tenants, and Rikshem therefore provides support on how to deal with any complaints. Portable personal alarms linked to a security company are also available for employees who find themselves in situations they perceive as threatening. To ensure the safety of customers and contractors, regular inspections are made of Rikshem's buildings with a view to both working-environment and property-owner responsibilities.

Working-environment efforts

Rikshem's objective is to ensure a healthy workplace in the long term. Support measures are put in place as required, for example counseling to deal with stress and mental health issues, and ergonomic support for the physical working environment.

In its working-environment efforts, Rikshem works with occupational

health services and other working-environment experts. Working-environment issues form part of annual appraisals and are a recurring subject at departmental meetings and in separate employee-manager reviews. Employees also contribute to a good working environment and flag any shortcomings or risks.

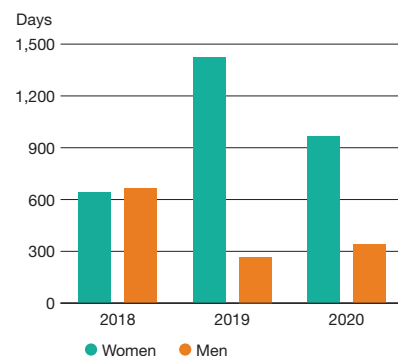
Rikshem strives to offer all employees a healthy work-life balance. All employees are offered wellness grants, regular health checks, counseling and reimbursement of healthcare costs. Proactive health checks and wellness, and those who need it being able to access support and healthcare quickly, are the keys to a healthy life.

An inclusive workplace

Rikshem shall be an inclusive workplace. For Rikshem, this means taking care of one another, and standing up for and emphasizing that there is zero tolerance of offensive behavior and harassment. Among other things, managers are given support with group development in order to achieve well-functioning teams. There is also a whistleblower function that enables employees to report irregularities or unsatisfactory conditions at the workplace anonymously. Notifications are handled quickly, discreetly and in confidence. All Rikshem's employees shall have the same rights, obligations and opportunities in all aspects relating to the workplace irrespective of gender, transgender identity or expression, ethnic background, religion, disability, age or sexual orientation.

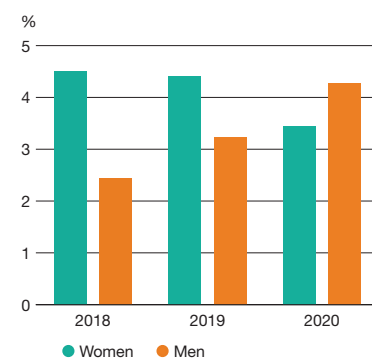
The parameters governing the work on equality are set out in Rikshem's Equality and diversity policy and the Equality plan. These efforts shall lead to all employees having the chance to develop, being well and having a working environment where everyone respects and is inspired by one another's differences.

Number of days' extra parental allowance¹⁾



1) Rikshem tops up the parental allowance for salaried employees to 180 days/child, to be taken before the child's second birthday. Persons employed under a collective agreement have the same entitlement, but payment is made via AFA.

Sickness absence as a percentage of total time worked



Gender distribution, %

Percentage	2020		2019		2018	
	F	M	F	M	F	M
All employees	46	54	46	54	43	57
Management	43	57	33	67	44	56
Board of Directors	43	57	50	50	50	50
Managers	51	49	40	60	43	57

Age distribution¹, number

	2020			2019		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
All employees	32	159	80	41	151	60
Management	–	3	4	–	4	5
Board of Directors	–	2	5	–	3	3

1) Permanent employees. Refers to actual number of persons.

Health and safety, number

	2020	2019	2018
Reported occupational injuries	6	12	8
Reported near-accidents	18	16	9
Cases of perceived harassment or discrimination ¹⁾	10	5	5

1) These cases came to light via the employee survey.

In order to guarantee anonymity, lost working days are not reported.

An eventful year

2020 started with good liquidity in 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 stabilized during the fall, despite the US elections and the second wave of the pandemic.

The uncertainty in the capital markets during March and April increased Rikshem's credit margins, which led to higher cost of funding. Liquidity in the capital market improved in early summer. 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.

Financing strategy

Rikshem's financing strategy is to ensure good access to short- and long term financing. To achieve this, Rikshem shall be a borrower of good repute in the Nordic banking system, on the Swedish commercial paper market, and on the Swedish, Norwegian and European bond markets. Financial stability is also achieved by using backup facilities with owners and banks, and diversified

sources of funding and an even maturity structure. Interest expenses must be minimized within the risk parameters set out in the Financial policy.

Financial position

Rikshem's equity/assets ratio improved to 41 percent at year-end, while the loan-to-value ratio decreased to 51 percent. Interest-bearing liabilities were MSEK 26,315 at year-end (26,868). Rikshem's interest-bearing liabilities have been relatively stable during 2020, as the acquisition rate has been lower than in previous years. Liquid assets totaled MSEK 830 (568) at year-end.

Bonds represent Rikshem's primary source of financing, totaling MSEK 18,988 at year-end. Secured bank loans amounted to MSEK 4,814. Unsecured loans from the European Investment Bank totaled MSEK 199. Rikshem had MSEK 2,139 outstanding in the commercial paper market at year-end. In addition, the company has MSEK 175 (30) in liabilities to related parties.

During 2020, Rikshem issued its first bond in Australian dollars (AUD), providing Rikshem with a 15-year loan. There were 11 bond issues in all in 2020, amounting to SEK 3.2 billion. Secured bank loans have increased from SEK 4.3 to SEK 4.8 billion during the year, while borrowing through commercial paper has decreased from SEK 2.7 to SEK 2.1 billion.

Loan program

Rikshem's commercial paper program enables the Company to issue commercial paper with a term of up to 12 months within a SEK 10 billion framework. Rikshem has an EMTN program listed on the Irish Stock Exchange for issuing bonds. The program is subject to a framework amount of EUR 2 billion and allows borrowing in several different currencies. The commercial paper and bonds are unsecured. At year-end, Rikshem had bonds outstanding in EUR,

NOK and AUD with a total value of SEK 9.9 billion. The remaining bonds are denominated in Swedish kronor.

At year-end, the average interest rate was 1.7 percent (1.6). In total, the secured financing amounted to 9 percent (9) of the fair value of the company's investment properties.

Backup facilities

The refinancing and liquidity risk inherent in the maturity structure is managed by means of a backup facility and a subscription undertaking for commercial paper from Rikshem's owners, as well as backup facilities with Swedish banks. In addition, there is a SEK 1 billion credit facility with the European Investment Bank, MSEK 800 of which is unutilized. However, use of this facility is tied to investments being made in energy-efficiency initiatives. There is also a MSEK 500 short-term committed overdraft facility, which is renewed on an annual basis.

Committed credit facilities, MSEK

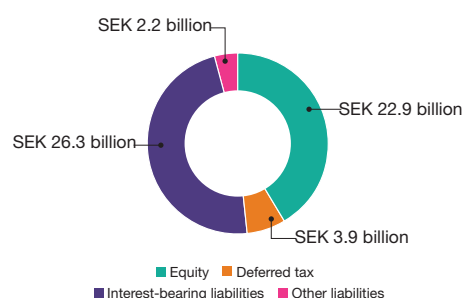
with remaining commitment >12 months

Owners	10,000
Banks	3,000
EIB	1,000
Total credit facilities	14,000
Of which unutilized	13,800

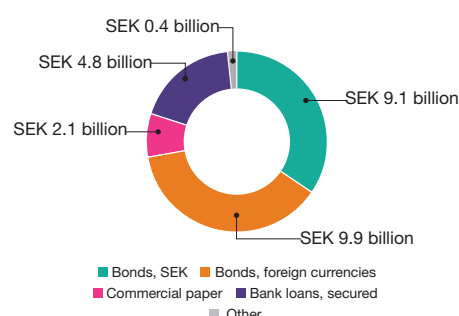
Interest duration

During 2020, Rikshem has largely retained the long interest duration built up in 2017. Approximately 77 percent of the financing is at variable interest rates based on STIBOR 3M. Interest-rate derivatives are used to reduce the interest-rate risk resulting from the short interest duration. Borrowing is hedged to limit the company's interest-rate risk in the medium term, which gives Rikshem time to adjust to interest-rate fluctuations. The Financial policy specifies a number of limits that restrict the interest-rate exposure; see page 53.

Capital structure at 12.31.2020



External loans at 12.31.2020



FINANCING

Debt duration

The debt duration has increased in recent years, and the minimum average duration has also been raised twice. The borrowing requirement has been limited during 2020, leading at times to a reduction in the debt duration. However, at the end of the year bank loans and bonds were refinanced with a long maturity, which increased average debt duration to 4.0 years (3.8).

Currency exposure

All borrowing in foreign currencies must be hedged in accordance with the Financial policy; see page 53. Exchange-rate hedging uses derivative instruments to eliminate currency risks throughout the loan term. Derivative instruments are reported on an ongoing basis at fair value in the statement of financial position, while changes in value are reported in the income statement. At the same time, loans in foreign currencies are revaluated, which creates an opposite change in the value in the statement of financial position and the change in value in the income statement. The changes in value are unrealized. If loans and derivative instruments are held to term, previously reported earnings impacts are neutralized.

Derivative instruments

At year-end, interest-rate derivatives had a nominal value of SEK 17.8 billion (17.8) and a fair value of MSEK -615 (-387). The company has combined interest-rate and currency swaps with a fair value of MSEK -72 (463). The total fair value of the derivative instruments at year-end was MSEK -686 (77).

Green financing

Rikshem's framework for green bonds was updated at the start of 2020 and now covers buildings in certified timber, investments in energy-efficiency initiatives, residential properties with energy consumption at least 15 percent lower than specified in the Swedish National Board of Housing, Building and Planning's regulations, and investments in renewable energy such as solar energy. The framework is based on the ICMA Green Bond Principles (2018) and, as with Rikshem's previous green bond frameworks, Cicero, the Center for International Climate Research, has provided a second opinion on the framework. Cicero awarded the framework a Medium Green classification for its green credentials and rated it Excellent for governance. The complete framework and

more information on green bonds issued can be found on rikshem.se. Green bonds worth a total of SEK 1.5 billion were issued during the year, and SEK 2.7 billion in green bonds was outstanding at year-end.

Rikshem also has green financing through a credit facility with the European Investment Bank, which can be used to finance investments in energy-efficiency initiatives. The facility amounts to MSEK 1,000, of which MSEK 200 is utilized. Rikshem's total green financing amounts to SEK 2.9 billion, equivalent to 11 percent of interest-bearing liabilities.

Rating

Rikshem has an A3 credit rating from the ratings agency Moody's. This rating provides good access to capital on the financial markets and is also important for keeping financing costs down. Rikshem also previously had a rating from S&P Global, but discontinued this in September 2020.



Financial policy

Rikshem's Financial policy defines objectives and sets forth guidelines and risk limits for financing activities. The policy is updated each year and, among other things, covers organization and allocation of responsibilities for financing activities; guidelines and risk limits for managing financial risks; and guidelines for monitoring and reporting. The information below covers some of the key limits in the Financial policy.

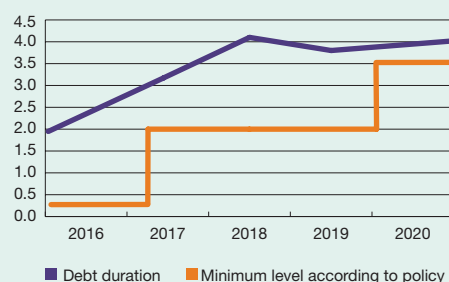
Risk management

Financing and liquidity risk

Rikshem limits its financing and liquidity risk by spreading the maturity structure of its liabilities and by means of unutilized credit facilities. This includes an average debt duration of at least two years. There are also limits for the share of short-term net liabilities and for liquidity reserves relative to short-term liabilities.

Policy compliance

Debt duration, years



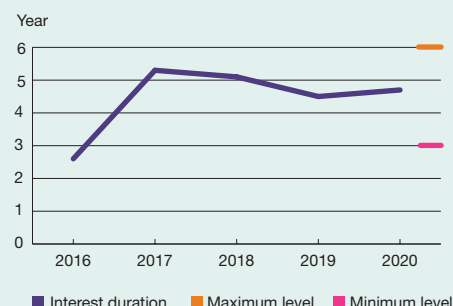
**4.0
years**

All the criteria have been met.

Interest-rate risk

The interest-rate risk is managed by means of parameters for interest duration. The aim is to spread the interest duration over a ten-year period. The average interest duration shall be in the range of three to six years, and no more than 20 percent of the loan portfolio shall be subject to a rate change within a 12-month period. Between 75 and 95 percent of the loan portfolio shall be hedged for 12 months.

Interest duration, years



**4.7
years**

All the criteria have been met.

Credit and counterparty risk

Permitted counterparties for entering into credit facilities and derivative instruments are Nordic counterparties with a rating of either at least A- (S&P) or at least A3 (Moody's) or another counterparty with a rating of either at least A (S&P) or at least A2 (Moody's). Permitted counterparties for investments are restricted to Swedish counterparties with a rating of A-/A3/K-1, subject to restrictions on maturity and type of instrument.

All the criteria have been met.

Currency risk

Rikshem's financing activities shall not be exposed to currency risk. Borrowings in currencies other than Swedish kronor are permitted but must be hedged. Exchange-rate hedging uses so-called basic swaps to eliminate currency risks throughout the loan term.

No currency exposure.

Risks and opportunities

Rikshem's operations are impacted by a large number of external factors and are associated with both risks and opportunities. Managed correctly, risks can be turned into opportunities, while a mismanaged risk or lack of preparedness for a certain risk can have significant negative consequences. Risk management is a priority for Rikshem, which, by extension, helps the company to be more successful.

Identifying material risks

For optimum achievement of its business objectives and creation of long-term value, Rikshem needs to define, understand and manage external factors that can represent both risks and opportunities. Ultimate responsibility for managing the company's risks rests with the Board of Directors, while the CEO has operational responsibility.

Rikshem divides its identified risks into five areas: strategic, operational, financial, brand, and sustainability. Each risk area is analyzed on an ongoing basis.

All defined risks have been graded. The grading indicates the probability of the

risk being realized and an assessment of the possible impact if it is realized, for the business and, in some cases, also for the wider community. The following pages describe the company's risks and how they are managed. The gradings are based on the value of Rikshem's property and loan portfolio as well as current rental income and costs.

Strategic risks

- Macro factors
- Fair value of properties
- Regulatory changes

Operational risks

- Rental income
- Property-related costs
- Projects in development
- Property management
- Organization

Financial risks

- Investments
- Financing

Brand risks

- Reputation

Sustainability risks

- Sustainability risks



Strategic risks



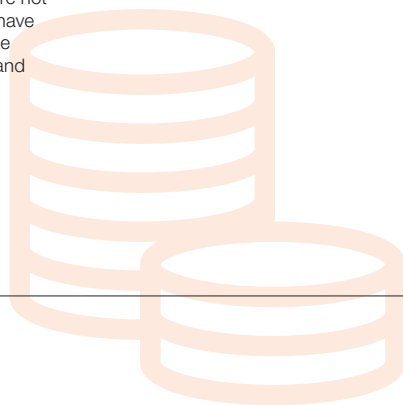
	Description of risk	Opportunities	How Rikshem manages the risk	Likelihood and impact the risk
Macro factors	The property sector is impacted by macro factors such as general economic developments, employment trends, and changes in society and the requirements for housing, enterprise, and medical and care services. Other macro factors include the issue of climate change and the possibility of far-reaching societal risks.	Economic development and growth lead to new job opportunities and demand for labor. Demographic changes such as an increasing and aging population and continuing urbanization drive additional demand for housing and properties for public use.	Rikshem has a balanced portfolio of apartments and properties for public use concentrated in selected growth areas, which limits the risks. Over time, the company can adjust the portfolio, for example to benefit from favorable conditions within a geographical submarket or a market segment, which is why it is important to understand the drivers at both the national and regional level.	Likelihood: Medium Impact: Medium
Fair value of properties	The fair value of the properties is based mainly on net operating income and the market's yield requirements. Net operating income is affected by factors such as rent level, vacancy rate, and operation and maintenance costs. The market's yield requirements are impacted by factors such as interest-rate levels and location-specific circumstances. Changes in net operating income or yield requirements may cause a fall in property values. Values may also fall if there is a decrease in the property sector's access to financing.	Being active in different segments with in part different drivers and different yield requirements means changes in requirements can be balanced to some extent. By working actively on measures to increase value in the property portfolio and making investments that increase net operating income, Rikshem can impact value positively.	To safeguard and increase values in the property portfolio, Rikshem works continuously to develop its property management, including by improving operational economy and maintaining its properties on an ongoing basis. To some extent, Rikshem can limit the risks of changed yield requirements, among other things by concentrating its activities in locations with good growth and good liquidity on the transaction market. The property portfolio is evaluated continuously, and opportunities for acquisitions and divestments that can strengthen the portfolio are identified.	Likelihood: Medium Impact: High
Regulatory changes	Changes in tax or property legislation, for example, can have a significant impact on opportunities in the sector and the company's results.	Residential properties and properties for public use are of great importance to the community and citizens. Policy and regulatory changes that promote opportunities in these areas are good news for Rikshem and the wider community.	In consultation with external experts, the company monitors changes in regulatory developments and industry practice. Rikshem is also active in industry associations to bring influence to bear on issues of interest to the company.	Likelihood: High Impact: Medium

Operational risks

	Description of risk	Opportunities	How Rikshem manages the risk	Likelihood and impact
Rental income	Rikshem's revenues comprise rental income for the apartments and other premises it rents. If vacancies increase or tenants fail to pay their rent, revenues fall. This can also have a negative impact on the value of the properties. Another risk is the outcome of the annual rent negotiations for apartments not following the general cost trend.	The rental value increases when properties undergo renovations that change the utility value. Rikshem works actively on neighborhood development with a view to reducing the risk of vacancies and increasing the attractiveness of its neighborhoods and, by that means, encouraging people to stay.	Good property management and active safety efforts make Rikshem's neighborhoods attractive. Demand for apartments is high in many of Rikshem's submarkets. The tenant's economic circumstances are assessed when entering into a lease. The large number of leases are a form of security in themselves. Long leases with stable, long-term tenants are entered into for properties for public use.	Likelihood: Low Impact: Low
Property management	The costs of managing the property portfolio depend partly on the general development in costs. Staff costs are affected to a certain degree by how Rikshem organizes. From time to time, the company can be affected by higher maintenance costs, for example for fire or water damage. Increased costs in the long term can have a negative impact on property values.	Sustained efforts to optimize operations, for example, can reduce costs or keep them stable. Neighborhood development initiatives, which aim to increase attractiveness, can reduce vandalism and costs for external care and maintenance. Structured purchasing work ensures that purchased goods and services are of good quality, and simultaneously enables economies of scale to be achieved.	Rikshem works on energy efficiency on an ongoing basis for both cost and sustainability reasons, and has long-term maintenance plans to ensure efficient operations. The company works with company-wide processes and assesses its organization on an ongoing basis. The company takes out insurance for damage caused by fire or water, for example.	Likelihood: Medium Impact: Medium
Projects in development	Projects in development generally entail risks but also opportunities for good economic development. However, choosing the wrong contractors or other partners for new construction or renovation projects can have major consequences in the form of cost increases, quality defects and delays. Unforeseen events can delay projects or make them more expensive. Projects can also be associated with environmental and working-environment risks. If it develops the wrong type of project, the company risks higher vacancies and lower value creation in the long term.	Ongoing project monitoring and control enable potential rationalizations and cost savings in current projects to be identified and implemented.	The company uses templates and models for contractor agreements and project management. The suppliers and contractors that Rikshem uses must comply with Rikshem's Supplier code of conduct. Working-environment risks can be reduced by means of active planning and preventive measures. Good internal collaboration between the project development and property management organizations and central support functions guarantees that the right products are developed.	Likelihood: Medium Impact: Low
Property management	Shortcomings in property management can lead to lower customer satisfaction and thus a risk of more people moving out and hence vacancies. For Rikshem as a property owner, it is important that the value of the properties is maintained or increased by means of property management and that the risks of damage to property and personal injury are minimized. Shortfalls in regulatory compliance can arise if there is a lack of competence or the regulations are unclear.	Professional and customer-focused property management can help Rikshem increase customer satisfaction, reduce the risk of vacancies and simultaneously deliver good returns.	The company has a sophisticated property management model with defined levels of care and maintenance. The property management organization works in accordance with property-specific maintenance plans, and there is ongoing training in property-owner responsibilities.	Likelihood: Medium Impact: Medium
Organization	Rikshem depends on professional and skilled employees with relevant experience. Incompetence can lead to the wrong decisions, resulting in falling rental income or rising costs, for example. Perceived shortcomings in the company's values or management and governance can increase staff turnover and make recruitment more difficult.	By striving for constant improvements, professionalism and a values-driven approach in all parts of the company, Rikshem can attract and retain the right staff.	By being a values-based company, Rikshem can attract the best employees. The company's values and management system are natural components of the ongoing skills development for staff within the framework of the Rikshem Academy. Working methods, guidelines and routines are developed continuously.	Likelihood: Low Impact: High

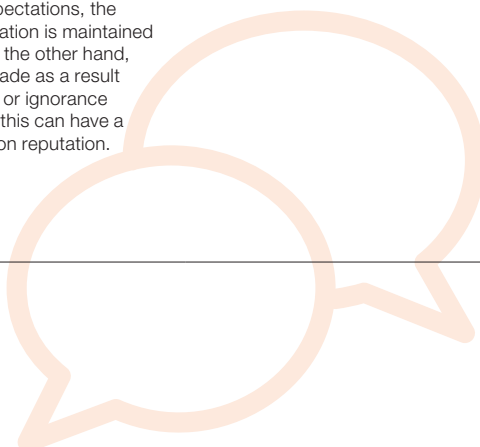
Financial risks

	Description of risk	Opportunities	How Rikshem manages the risk	Likelihood and impact
Investments	Rikshem makes ongoing investments, for example in the form of acquisitions, renovations and tenant modifications. If the investments do not match the yield requirements set, there is a risk of the value of the properties being eroded.	By balancing different types of investments, the company can achieve good yields at the same time as keeping the property portfolio in good condition.	To contribute to continued value growth, the investments need to achieve or exceed the yield requirements set, which vary for different types of investments. Certain investments may need to be made without yield requirements. Investments of this kind are subject to special scrutiny. The property portfolio is evaluated continuously, and opportunities for acquisitions and divestments that can strengthen the portfolio are identified.	Likelihood: Low Impact: Low
Financing	Rikshem is funded to a considerable degree by borrowed capital, mainly comprising bond loans, commercial paper and bank loans. These give rise to liquidity, refinancing and interest-rate risks as well as currency risks. If these risks are not managed correctly, they can have negative consequences for the company's financial position and results.	By using different types of financing sources, interest-rate and foreign-currency hedging instruments, the company can ensure good liquidity and, at the same time, work actively to minimize its financing costs.	Rikshem has a robust Financial policy, which, among other things, regulates how the financial risks are to be managed. Liquidity risks, for example, are managed using updated cash flow forecasts and access to adequate backup facilities. The refinancing risk is limited primarily by using different permitted sources of financing and a long debt duration with a spread of maturities on loans. The interest-rate risks are also limited by using interest-rate derivatives and the currency risks by using currency derivatives. Rikshem is continuously assessed by and has a rating from the ratings agency Moody's, and is working to increase the green financing of its operations.	Likelihood: Medium Impact: Low



Brand risks

	Description of risk	Opportunities	How Rikshem manages the risk	Likelihood and impact
Reputation	How Rikshem runs its business can have a long-term impact on the company's reputation. If the work is carried out in line with applicable requirements, internal rules, relevant risk management, and society's expectations, the company's reputation is maintained or enhanced. On the other hand, if mistakes are made as a result of incompetence or ignorance of relevant rules, this can have a negative impact on reputation.	By adopting a consistent values-based approach and further developing company-wide processes and working methods, Rikshem can strengthen its brand.	Rikshem strives to comply with rules set and society's expectations. The company has adopted reporting routines and a comprehensive set of steering documents that are revised and communicated to all employees on an ongoing basis. The documents are updated regularly. In addition, the Riksvägen quality management system includes descriptions of processes and routines for the various parts of the organization. The company has a whistleblower function that can be used to report more serious irregularities, and works actively on data protection.	Likelihood: Medium Impact: High



Sustainability risks

The risks in the table below could generate negative consequences for people and the environment as a result of Rikshem's operations. This in turn could have negative consequences for Rikshem as a company. These risks could materialize both locally and globally. To reduce the risk of negative impacts, Rikshem attaches great importance to identifying, managing and preventing the risks listed below.

	Description of risk	Opportunities	Risk management	Likelihood and impact
Rikshem's negative climate impact Section of sustainability compass: Climate-neutral operations	Greenhouse gas emissions, resulting from e.g., electricity and heating, business travel, transport and manufacture of building materials for new construction projects, have a negative impact on the climate. Like other market participants, Rikshem needs to reduce its negative impact on the climate to minimize future climate change. Global climate change leads to negative changes in people's living environments and, consequently, also to a worsening of social and economic living conditions. Rikshem's own properties may also be damaged as a result of extreme weather conditions.	Rikshem's green financing, which partly relates to climate change mitigation, gives us access to more beneficial and more secure loan terms. Aggressive climate change mitigation strengthens our brand and our dealings with other market participants, and helps to meet our owners' climate targets. Aggressive climate change mitigation enables Rikshem to offer customers climate-enhanced housing, something that is predicted to increase customer satisfaction in the long term.	Rikshem's target is to reduce emissions from heating and property electricity by 2 kg CO ₂ /m ² per year. Our work to develop Energy-smart properties includes reducing climate impacts in line with our target. Some of Rikshem's new properties are built of wood, an organic material that, compared with other building materials, produces lower carbon dioxide emissions during the construction phase and stores carbon dioxide throughout its service life. Rikshem's long-term ambition is to reduce our customers' negative climate impact, which will also make it easier for them to have a sustainable lifestyle or run a sustainable business.	Likelihood: High Impact: High
Use of substances harmful to the environment and health Section of sustainability compass: Climate-neutral operations	Use and emissions of chemicals anywhere in the value chain can be harmful to health and the environment. Ecosystem services and biodiversity are affected to differing degrees along our value chain, primarily in connection with the choice of products and materials. Both municipalities and the community as a whole require growth towns to offer a good, green environment and high biodiversity.	Working actively to reduce the use of substances harmful to the environment and health is an important part of long-term, credible sustainability efforts. We are not limited to reducing harmful impacts on the environment and health – we can also make active choices to increase ecological diversity and well-being with greener outdoor environments, which make Rikshem's neighborhoods and properties more attractive.	Rikshem's sustainability policy states that Rikshem shall work in accordance with applicable environmental legislation, including the precautionary principle, as well as other rules and requirements. The long-term goal is for all material in new construction and refurbishment projects to be assessed by the nonprofit organization Byggarubedömningen. Our way of working is in line with society's trend toward cyclical principles and a life cycle philosophy.	Likelihood: Low Impact: Medium
Increased social exclusion in Rikshem's neighborhoods Section of sustainability compass: Safe and attractive neighborhoods	Increasing segregation in society combined with large, unvarying neighborhoods of rental apartments with a narrow range of apartment sizes risks making some of Rikshem's neighborhoods areas where it is impossible to stay long term, so people move away as their families grow or their household finances improve. Clustering of lower-income households creates segregated and socio-economically fragile neighborhoods where there is a risk of poorer schools, higher unemployment, higher crime, poorer services, absence of positive neighborhood effects and narrower social networks, such that local residents miss out on the life opportunities that others have.	Reducing social exclusion leads to more socially sustainable, healthy and attractive neighborhoods, which in turn leads to business opportunities in the form of increased rental income potential, higher property values and better finances for projects in development. If Rikshem demonstrates an ability to create positive change in neighborhoods and is perceived as a good property owner and landlord, this is also good for the company's relationships with municipalities and the brand, which in turn can create new business opportunities.	By means of densifying and renovating to complement the existing portfolio, Rikshem takes a proactive approach to neighborhood development so as to have a diverse housing offer in our neighborhoods with a mixture of rental options, types of building, and sizes and standards of apartments. Rikshem's new rental policy will also facilitate existing tenants moving apartments within their current neighborhood. Rikshem also engages in various partnerships to increase training and employment and provide meaningful leisure time for those residents in the company's neighborhoods in greatest need. Examples include summer jobs, homework assistance and partnerships with local clubs and societies. Increased customer dialogue where tenants can be involved, express their views and influence their neighborhood on all kinds of matters is another important element in increasing participation and reducing social exclusion.	Likelihood: Medium Impact: High

	Description of risk	Opportunities	Risk management	Likelihood and impact
<p>Declining feeling of safety among Rikshem's tenants</p> <p>Section of sustainability compass: Safe and attractive neighborhoods</p>	<p>Feeling safe and secure is a fundamental human need and a prerequisite for somewhere to be pleasant and attractive. The prevailing social climate with its declining feeling of safety in the community, combined with purely residential areas that do not live up to today's social planning ideal of vibrant districts, increases the risk of people feeling less safe in Rikshem's neighborhoods. The physical environment can contribute to the feeling of not being safe, for example through lack of social control as a result of functional separation and traffic separation and too low a floor-area ratio, all of which contribute to there being too few people in too large an area.</p>	<p>An increased feeling of safety leads to greater stability, which results in lower property management costs, for example relating to vandalism and tenants moving. An increased feeling of safety leads to more satisfied customers and also creates opportunities to make neighborhoods more pleasant and attractive, resulting in higher values for Rikshem's properties.</p>	<p>Rikshem works constantly to increase the feeling of safety based on local conditions. Rikshem's customers must perceive that someone is looking after their neighborhood: It must be intact, clean and tidy. The company shall strive to provide inviting outdoor environments with good lighting and meeting places that can help to promote the flow of people and encourage people to spend time in the neighborhood, which increases the feeling of safety and well-being. Rikshem aims to have vibrant ground floors in its properties and to provide more jobs in properties for public use in neighborhoods so as to increase the daytime population. Ensuring a feeling of safety and security is important, too, in the planning phase of new construction and refurbishment projects. Rikshem works with municipalities, the police, property owners and other players to increase the feeling of safety. Work to counter illegal subletting is another parameter of increasing the feeling of safety and stability.</p>	<p>Likelihood: Medium Impact: High</p>
<p>Occupational injuries, accidents and health problems</p> <p>Section of sustainability compass: Satisfied employees</p>	<p>Employees, subcontractors and others working on behalf of Rikshem run the risk of being exposed to workplace accidents and dangerous situations. An unhealthy working environment can lead to health problems and a deterioration in the company culture.</p>	<p>Healthy employees lead to increased productivity and higher quality of work, resulting in more satisfied customers; this applies to others working on behalf of Rikshem too. Job satisfaction makes Rikshem an attractive place to work and helps to retain and recruit well-qualified staff.</p>	<p>Tools in place to prevent injuries and health problems include the Working-environment policy, working-environment committee, routines for systematic working-environment efforts and working-environment inspections, as well as training, wellness grants and employee surveys. Rikshem's Supplier code of conduct sets the same requirements for suppliers.</p>	<p>Likelihood: Medium Impact: High</p>
<p>Discrimination or other offensive treatment of employees</p> <p>Section of sustainability compass: Satisfied employees</p>	<p>Employees and others working on behalf of Rikshem risk being exposed to discriminatory or offensive treatment.</p> <p>There is also a risk of improper behavior in Rikshem's value chain leading to discriminatory or offensive treatment of individuals.</p>	<p>A company culture in which everyone feels well and is respected is more productive and makes Rikshem an attractive employer. Equal treatment of and respect for our tenants contribute to having satisfied customers.</p>	<p>Rikshem's Equality and diversity policy has been drawn up in collaboration with unions and is based on national legislation to tackle discrimination. Monitoring and training are by means of the annual employee survey, e-training and dilemma conversations at workplace meetings. The risk is also managed using Rikshem's equality plan and whistleblower function.</p>	<p>Likelihood: Medium Impact: Medium</p>
<p>Human rights violations</p> <p>Section of sustainability compass: Good total return</p>	<p>There is a risk of individuals' human rights being violated in connection with suppliers' and sub-suppliers' operations. This risk also entails business risks such as reputational damage and legal and financial consequences for Rikshem.</p>	<p>Working actively on the global development of sustainable working and living conditions reinforces Rikshem's ambition to contribute to the UN Sustainable Development Goals. Setting and following up on requirements facilitates positive, long-term relationships with our suppliers and partners, something that is crucial for Rikshem's commercial success.</p>	<p>The goal is for all Rikshem's major suppliers to sign Rikshem's Supplier code of conduct. This contains formulations to convey Rikshem's requirements regarding employment rights and decent working conditions, including for third-party suppliers. Rikshem monitors compliance with the requirements set out in the code of conduct by means of supplier meetings and self-evaluations.</p>	<p>Likelihood: Medium Impact: High</p>
<p>Bribery and/or corruption</p> <p>Section of sustainability compass: Good total return</p>	<p>Risk of individuals being involved in undue influence for their own gain. There is a risk of bribery and corruption right along the value chain, particularly in connection with ordering and procurement. Corruption and bribes mean that tax revenues have not been used properly, which risks having a negative impact on society. Moreover, corruption risks eroding trust in Rikshem and in the sector as a whole.</p>	<p>A high level of trustworthiness and transparency creates opportunities for Rikshem to continue doing business with important partners. In addition, a good reputation makes Rikshem more attractive to current and potential employees and investors.</p>	<p>Rikshem has a Code of conduct for employees. The Code serves as guidance on business ethics issues. Employees and business partners are able to report breaches of the Code of conduct anonymously via Rikshem's whistleblower function, and Rikshem has action plans for handling these matters.</p>	<p>Likelihood: Low Impact: Medium</p>

Board of Directors



Bo Magnusson (1962)

Chair of the Board
Chair of the remuneration committee
Member of the audit committee

Elected to the Board: 2016

Other positions: Chair, Rikshem Intressenter. Vice chair, Swedbank. Board member of KBC Bank N.V.

Education: Advanced bank training (SEB)

Previous experience: Positions including Deputy CEO of SEB and Chair of Norrporten.



Pernilla Arnrud Melin (1975)

Board member
Member of the investment committee

Elected to the Board: 2018

Other positions: Head of Property Investments at AMF Pensionsförsäkring AB. Board member of Mercada Oy, Oslo Areal AS, Antilooppi Management Oy and Antilooppi GP OY.

Education: Master's degree in Engineering

Previous experience: Head of Nordic Client Consultants Real Estate at MSCI, Head of Research at CBRE Sweden, and Chief Analyst at Strateg Fastighetskonsult.



Liselotte Hjorth (1957)

Board member
Chair of the audit committee

Elected to the Board: 2016

Other positions: Chair of White arkitekter, Eastnine, Brunswick Real Estate Capital Advisory. Board member of Hoist Finance, Ativo Finans, Fastighetsbolaget Emilshus.

Education: Bachelor's degree in Economics

Previous experience: Positions including Deputy CEO, Head of Group Credit and Global Head of Commercial Real Estate at SEB, and member of SEB AG management in Frankfurt, Germany.



Andreas Jensen (1981)

Board member
Member of the investment committee
Member of the remuneration committee

Elected to the Board: 2019

Other positions: Senior Portfolio Manager, alternative investments, at the Fourth Swedish National Pension Fund, specializing in infrastructure and real estate.

Education: Master's degree in Engineering

Previous experience: Head of business development at MTR Nordic, Senior Investment Manager at Skandia Liv, political adviser at the Swedish Ministry of the Environment and management consultant at McKinsey & Company.



Ulrica Messing (1968)

Board member
Member of the audit committee

Elected to the Board: 2020

Other positions: Chair of Business Sweden, SOS Alarm Sverige. Board member of PostNord, Länsförsäkringar Fondbolag.

Education: Social sciences

Previous experience: Member of the Swedish parliament. Served in the Ministry of Industry, Employment and Communications, Ministry of Culture, and Ministry of Labor. Vice chair and chair of Wallenstam.



Per-Gunnar Persson (1965)

Board member
Chair of the investment committee
Member of the remuneration committee

Elected to the Board: 2016

Other positions: CEO of Platzer Fastigheter Holding AB (publ) and deputy board member of Chalmers Studentbostäder

Education: Master's degree in Engineering

Previous experience: Positions including board member of Norrporten.



Per Uhlén (1948)

Board member

Elected to the Board: 2020

Other positions: –

Education: Master's degrees in Engineering and Business & Economics

Previous experience: Positions including Acting CEO of Rikshem, CEO of Diligentia, Deputy CEO of Skanska Sverige, and board member of companies including Vasakronan and Bonnier Fastigheter.

Management



Anette Frumerie (1968)
CEO

Employed since: 2020
Member of management team since: 2020
Other positions: Board member of Lindab
Education: Master's degree in Engineering
Previous experience: Besqab, Skanska, JM.



Carl Conradi (1968)
General Counsel

Employed since: 2010
Member of management team since: 2016
Other positions: –
Education: Bachelor of Laws
Previous experience: Vasakronan, solicitor's office, district court service.



Fredrik Edlund (1975)
Head of Property Management

Employed since: 2015
Member of management team since: 2017
Other positions: –
Education: Master's degree in Engineering
Previous experience: Rental properties in Norrköping, Grontmij/Carl Bro, Sweco.



Sandra Isberg (1974)
Head of Operations Development

Employed since: 2021
Member of management team since: 2021
Other positions: –
Education: Master's degree in Engineering
Previous experience: Libitum Sverige, Skanska.



Petter Jurdell (1971)
Head of Business Development

Employed since: 2017
Member of management team since: 2017
Other positions: –
Education: KTH Royal Institute of Technology, Swedish Institute of Management (IFL)
Previous experience: SABO, NCC.



Catharina Kandel (1965)
Head of HR

Employed since: 2017
Member of management team since: 2017
Other positions: –
Education: Bachelor's degree in Behavioral Science
Previous experience: Skandia, SBAB Bank.



Anders Lilja (1967)
CFO

Employed since: 2018
Member of management team since: 2018
Other positions: –
Education: Master's degree in Engineering; MBA
Previous experience: Skanska.



Jennie Wolmestad (1979)
Head of Communication

Employed since: 2015
Member of management team since: 2015
Other positions: –
Education: Bachelor's degree in Media and Communications Science
Previous experience: Com Hem, Vasakronan, communications agencies.

Sustainability governance

Rikshem AB (publ), with operations in Sweden and its head office in Stockholm, manages sustainability activities as an integral part of other corporate governance. Ultimate responsibility for sustainability issues rests with Rikshem's CEO. The operational work is led by Rikshem's Head of Sustainability. The overall goal of sustainability activities is to contribute to developing healthy communities. The sustainability strategy is Rikshem's framework for sustainability and clarifies the links between Rikshem's goals, areas of materiality and the UN's global goals. The strategy aims to support employees in integrating sustainability issues in a concrete way in their operations. During the year, the strategy was further developed and adapted to the Company's new steering model. Read more about Rikshem's strategic sustainability activities on page 15.

Changes compared to previous reports

Rikshem updated and improved its energy monitoring system in 2020. This, in combination with a changed comparable portfolio, means that Rikshem needs to update the values for previous years in order to report a correct comparative figure between years. This means a change in the follow-up to set targets for energy use in the materiality area of reduced carbon dioxide emissions.

Materiality analysis

Rikshem's ten areas of materiality constitute the core of sustainability activities, see page 15. Prioritization of the material issues is based on where Rikshem's operations have the greatest positive or negative impact on the environment and society. During 2019, Rikshem implemented a major update of its materiality analysis with a view to further ramping up its sustainability activities in light of the global challenges the world is facing. The basis for the materiality analysis includes continuous business intelligence, ongoing and targeted stakeholder dialogues and an analysis of the sustainability impact of our operations. In view of the fact that Rikshem's target management model was updated in 2020, Rikshem's areas of materiality were also reviewed during the year. There have been no major changes to the content of the areas of materiality. Some areas have been merged and others have been clarified.

Stakeholder dialogue

Rikshem engages in ongoing dialogue with our stakeholders on sustainability. The most important stakeholders are the people or activities that are affected by or affect Rikshem's activities, see the table below. During 2019, targeted dialogue on sustainability issues was conducted with key stakeholders within the framework of the materiality analysis. These included customers, owners, employees, suppliers,

Rikshem's stakeholders

Stakeholder group	Dialogue	Key questions and expectations	Rikshem's management
Customers	Conversations with residents, daily contact, SCI (Satisfied Customer Index) survey, case management system, in-depth interview prior to the development of significant issues.	<ul style="list-style-type: none"> Waste management Communication to and from the home Security Communal areas 	Read how Rikshem manages customer expectations on pages 21, 27, 30-31, 33
Owners	Owner meetings, owner reports, Annual and sustainability reports, Board meetings, in-depth interviews prior to the preparation of material issues.	<ul style="list-style-type: none"> Climate impact and climate benefit Social inclusion and integration Partnership and collaboration Material choices 	Read how Rikshem manages owner expectations on pages 11, 14-16, 30-31, 33-37, 40-41, 46-47
Employees	Daily dialogue between employees, including managers and employees, performance appraisals, training courses, the intranet, the Rikshem annual conference and working environment committee work.	<ul style="list-style-type: none"> Take advantage of skills and contribute to development Improved internal processes and procedures A safe and sustainable physical and psychosocial working environment Collaboration and sharing of experiences 	Read how Rikshem manages employees' expectations on pages 48-50
Suppliers	Tenders, supplier code of conduct, follow-ups, quality controls, in-depth interviews prior to the production of material issues.	<ul style="list-style-type: none"> Sustainable and long-lasting materials Positive impact on society 	Read how Rikshem manages suppliers' expectations on pages 10-14, 37
Municipalities (which are also customers in some cases)	Conversations with residents, event-driven dialogues in various thematic areas, in-depth interview before the development of significant issues.	<ul style="list-style-type: none"> Correctly managed agreements and contracts Responsiveness Security Sustainable material choices Social inclusion and integration 	Read how Rikshem manages municipality expectations on pages 10-14, 30-31, 34-37, 40, 43, 58, 62
The Swedish Union of Tenants	Ongoing dialogue with local offices and at central level between the Swedish Union of Tenants and Rikshem's head office, in-depth interview prior to the preparation of material issues.	<ul style="list-style-type: none"> Climate impact Social inclusion and integration Everyone's equal opportunity and right to a home. 	Read how Rikshem manages the Swedish Union of Tenants' expectations on pages 11, 15-16, 21, 30-31, 40, 58.

municipalities (which are also customers in certain cases) and the Swedish Union of Tenants. The dialogue took the form of in-depth interviews and conversations with residents in the neighborhoods where stakeholders were asked to prioritize Rikshem's most important sustainability issues. The results of the stakeholder dialogue were used to prioritize sustainability issues within the materiality analysis.

Corporate Responsibility Policies

Professionalism combined with exemplary sustainability efforts underpin Rikshem's long-term value creation. The Company's policies and guidelines promote responsible business and steer operations based on Rikshem's values. Rikshem's Code of Conduct has been laid down by the Board of Directors and is based on the Ten Principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption. All employees must familiarize themselves with the Code of Conduct when joining the Company. Rikshem has a zero-tolerance approach to bribery, kickbacks and other unlawful benefits, and works actively to create an environment where openness and dialogue lay the foundations for preventing violations. For employees, there are a large number of policies and governing documents setting out how to act in various situations. Rikshem's policy for counteracting conflicts of interest sets out how employees should act in situations where personal interests are at risk of being confused with Rikshem's business operations and states that employees may not participate in the handling of issues where employees may have a conflict of interest. The whistleblowing policy describes the opportunities employees have to report irregularities, what can be reported, to whom and how cases are handled by Rikshem's whistleblowing function. Notifications may be made anonymously. No reports to the whistleblower program were received in 2020. No confirmed cases of corruption were noted in 2020.

Good working environment management

In order to ensure that it maintains a high standard with regard to the working environment, Rikshem works in accordance with a working-environment policy and routine descriptions. This systematic approach is in place to avoid hazards and risks, but also to comply with laws and regulations concerning the working environment, such as the Swedish Work Environment Act and internal guidelines. Working environment management is ensured through individual discussions, communication and action plans and union reconciliations. The HR department also follows up on the work with the respective manager. The aim is to ensure a healthy workplace in the long term.

The Company has a working environment committee whose purpose is to support and take responsibility for working environment management through dialogue and exchange of experiences. This is to ensure that Rikshem fulfills its responsibility for the working environment as an employer. There is an annual follow-up on working environment responsibility regarding the fulfillment of goals and key performance indicators. Risk assessments and identification of training needs are then reviewed and occupational injuries and incidents are evaluated. Action plans for the coming years are set on the basis of the results. Each manager coordinates and drives ongoing working environment management. Working environment issues are included in annual performance reviews and are a recurring theme at departmental meetings and separate coordination meetings between employees and managers. All employees except the CEO are covered by collective agreements.

Rikshem strives to offer all employees a healthy work-life balance. All employees are offered wellness grants, regular health checks and reimbursement of healthcare costs. Proactive health checks and wellness care, and the fact that those who need it quickly receive support and medical care, are what enable a healthy life. Those working out in Rikshem's areas are also offered hepatitis and tetanus vaccines, as there is a risk of minor injury to those working out in Rikshem's areas.

Robust governance for a high standard of business ethics

A high standard of business ethics is of the utmost importance to Rikshem and is a material part of responsible enterprise. Rikshem has formulated its way of working in policies, guidelines and other governing documents that set out the route for the business

and limit the risks of corruption. Here are some of them.

- Code of Conduct
- Sustainability policy
- Supplier code of conduct
- Policy for whistleblowing
- Policy for tackling conflicts of interest
- Policy for business travel and expenses for representation

- Financial policy
- Insider policy
- Equality and diversity policy
- Rental policy
- Working-environment policy
- CEO instructions
- Decision-making and certification scheme.

About the Sustainability Report

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards at Core level. The Sustainability Report, which includes Rikshem AB (publ) and wholly-owned subsidiaries, is prepared annually and summarizes Rikshem's sustainability activities in 2020. Joint ventures are not included in the financial statements.

The Sustainability Report has been reviewed by auditors on behalf of the Board of Directors. See page 65 for the auditor's statement. Rikshem's fiscal year corresponds to the calendar year. All the information in this present Sustainability Report relates to the fiscal year January 1 – December 31, 2019, unless stated otherwise. The latest Annual Report and Sustainability Report were published on March 25, 2020, for the 2019 fiscal year. The contact person for the report is Malin Bosaeus, malin.bosaeus@rikshem.se.

Index to the statutory Sustainability Report

Index to content constituting the statutory Sustainability Report

	Page
Rikshem's business model	10-11
Risks and risk management	54-59

Governance, monitoring, results and key performance indicators

Environment	9, 14-16, 34, 40-41, 45, 58-59
Human rights	58 -59, 62-63
Staff	48-50, 58-59, 62-63
Anti-corruption	37, 58-59, 62-63
Social circumstances (sustainable urban development)	12-13, 21, 26, 30-31, 39-40

Signatories to the Sustainability Report

The statutory Sustainability Report, which covers the areas in Rikshem AB's Annual Report whose content is indicated on page 64, has been approved for issue by the Board of Directors.

Stockholm, March 26, 2021

Bo Magnusson
Chairman of the Board

Pernilla Arnrud Melin

Liselotte Hjorth

Andreas Jensen

Ulrica Messing

Per-Gunnar Persson

Per Uhlén

Anette Frumerie
CEO

Auditor's statement on the Sustainability Report

The auditor's report on the review of Rikshem AB (publ)'s Sustainability Report and statement on the statutory Sustainability Report.

To Rikshem AB (publ), org. no. 556709-9667

We have been engaged by the Board of Directors of Rikshem AB (publ) (Rikshem) to review Rikshem's Sustainability Report for 2020. The Company has defined the scope of the Sustainability Report on page 64 of this document, and the statutory Sustainability Report is defined on page 64.

Responsibilities of the Board and Management

The Board and Management are responsible for preparing the Sustainability Report, including the statutory Sustainability Report, in accordance with applicable criteria and the Swedish Annual Accounts Act. The criteria are set out on page 64 of the Sustainability Report and comprise those parts of the framework for sustainability reporting issued by GRI (Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the Company's own accounting and calculation policies. This responsibility also covers the internal controls deemed necessary to prepare a Sustainability Report that is free from material misstatement, whether due to irregularities or errors.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on our review and to provide a statement concerning the statutory Sustainability Report. Our task is limited to the information in this document and the historical information that is reported and, as such, does not cover future-oriented figures.

We have performed our review in accordance with ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". A review consists of making enquiries, in the first instance of persons responsible for preparing the Sustainability Report, conducting an analytical review and carrying out other review procedures. Our review of the statutory Sustainability Report has been conducted in accordance with FAR's recommendation RevR 12 "The auditor's statement regarding the statutory Sustainability Report". A review, and a review in accordance with RevR 12, are different and substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive quality control system, including documented guide-

lines and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. In accordance with generally accepted auditing standards in Sweden, we are independent of Rikshem and have otherwise fully discharged our ethical responsibilities according to these requirements.

The review procedures carried out in a review and a review in accordance with RevR 12 do not allow us to be certain that we are aware of all the important circumstances that could have been identified if an audit had been carried out. As such, the conclusion provided on a review, and a review in accordance with RevR 12, does not provide the certainty of a conclusion based on an audit.

Our review of the Sustainability Report is based on the criteria selected by the Board and Management, as defined above. We consider these criteria to be appropriate to the preparation of the Sustainability Report.

We consider that the evidence we have obtained during our review provides a sufficient and appropriate basis for our opinions below.

Opinions

Based on our review, nothing has come to our attention that causes us to believe that the Sustainability Report has not, in all material respects, been prepared in accordance with the criteria specified above by the Board and Management.

A statutory Sustainability Report has been prepared.

Stockholm, March 26, 2021

Ernst & Young AB

Mikael Ikonen
Authorized Public Accountant

Marianne Förander
Specialist member of FAR

GRI index

GRI Standards	Disclosure	Comment	Page
General disclosures			
Organizational profile			
102-1	Organization name		62
102-2	Activities, brands, products and services		3, 10-13
102-3	Location of head office		62
102-4	Countries where the organization operates		20-21
102-5	Ownership and legal form		3
102-6	Markets served		20-21, 42-44
102-7	Scale of the organization		3, 21
102-8	Information about employees and others working for the organization		49-50
102-9	Supply chain		11, 37
102-10	Significant changes in the organization and supply chain	No significant changes	
102-11	Precautionary principle	Rikshem applies the precautionary principle in accordance with Swedish environmental legislation	
102-12	External initiatives	FN:s Global Compact, Global Reporting Initiative	
102-13	Active membership of organizations	Fastighetsägarna, Sweden Green Building Council, Byggarubedömningen	
Strategy			
102-14	Statement from senior decision-maker		6-7
Ethics and integrity			
102-16	Values, principles and ethical guidelines		8, 63
Governance			
102-18	Corporate governance including committees and Board responsibility for economic, environmental and social impact		62, 64, 74
Stakeholder engagement			
102-40	List of stakeholder groups		62
102-41	Number of employees covered by collective agreements	All employees except the CEO	
102-42	Identification and selection of stakeholders		11, 12-13, 62
102-43	Approach to stakeholder engagement		12-13, 62
102-44	Key issues raised and the organization's response		62
Reporting practice			
102-45	Entities included in the Consolidated Financial Statements		64
102-46	Process for defining the content of the report and topic boundaries		11, 62
102-47	List of material issues		14-15
102-48	Cause and possible effect of any revisions of information included in previous reports		62
102-49	Significant changes from previous reporting period		62
102-50	Reporting period		64
102-51	Date of publication of most recent report		64
102-52	Reporting cycle		64
102-53	Contact person for the report		64
102-54	Statement on the report		64
102-55	GRI Index		66-68
102-56	External assurance		65

GRI Standards	Disclosure	Comment	Page
Satisfied employee			
Sustainable working life			
GRI 103: Management approach	103-1	Materiality and definition	48
	103-2	Management	48-50, 63
	103-3	Follow-up on management	48-50
	403-1–7	Mandatory management information	49-50, 63
GRI 403: Health and safety (2018)	403-9	Work-related accidents In order to guarantee anonymity, lost working days are not reported.	50
Own indicator:		Employee satisfaction index (NMI)	15, 49
Equality and diversity			
GRI 103: Management approach	103-1	Materiality and definition	48
	103-2	Management	15, 48-49
	103-3	Follow-up on management	48
GRI 405: Equality & diversity (2016)	405-1	Diversity in Board, management and among Company employees	49-50
Good total return			
Sustainable business			
GRI 103: Management approach	103-1	Materiality and definition	37
	103-2	Management	37, 52, 63
	103-3	Follow-up on management	37, 63
GRI 205: Anti-Corruption (2016)	205-3	Confirmed incidents of corruption and action taken	15, 63
Sustainable supply chain			
GRI 103: Management approach	103-1	Materiality and definition	37
	103-2	Management	37, 63
	103-3	Follow-up on management	37, 63
GRI 308: Environmental requirements for suppliers (2016)	308-1	New suppliers that were screened using environmental criteria Rikshem monitors acceptance of the Code of Conduct with suppliers. The Code contains requirements pertaining to social responsibility and the environment.	37
GRI 414: Social requirements for suppliers (2016)	414-1	New suppliers that were screened using social criteria See GRI 308	37
Climate neutral operations			
Reduced carbon dioxide emissions			
GRI 103: Management approach	103-1	Materiality and definition	11, 19, 34
	103-2	Management	16, 34, 40-41
	103-3	Follow-up on management	15, 34, 40
GRI 302: Energy (2016)	302-3	Energy intensity	34
	302-4	Reduction of energy consumption	9, 15, 34
GRI 305: Emissions (2016)	305-4	"Emission intensity"	9, 15, 34
Own indicator:		Number of residential properties (apartments) of total new construction built in timber	40
Resource management & environment			
GRI 103: Management approach	103-1	Materiality and definition	11, 19
	103-2	Management	16, 34, 40-41
	103-3	Follow-up on management	15, 34, 40
Own indicator:		Proportion of projects in the production stage that used Byggvarubedömningen or an equivalent system	15

GRI Standards	Disclosure	Comment	Page
Satisfied customer			
Customer dialogue			
GRI 103: Management approach	103-1	Materiality and definition	30
	103-2	Management	30, 58
	103-3	Follow-up on management	
Own indicator:		SCI for residential properties	30
		SCI for properties for public use	
Easy to live sustainably			
GRI 103: Management approach	103-1	Materiality and definition	30
	103-2	Management	15, 30-31
	103-3	Follow-up on management	15, 30-31
Own indicator:		Number of tenants who have received advice from Boskolan	1,700 during Q1
		Due to the coronavirus pandemic, the local offices' viewings of the Boskolan video were cancelled for the rest of 2020.	
Safe & attractive areas			
Safety & peace of mind			
GRI 103: Management approach	103-1	Materiality and definition	31
	103-2	Management	30-31, 33, 40, 59
	103-3	Follow-up on management	13, 15, 33
Own indicator:		The tenants' perceived safety	15
Varied range			
GRI 103: Management approach	103-1	Materiality and definition	21, 24, 40, 58
	103-2	Management	24, 40
	103-3	Follow-up on management	24, 40
Own indicator:		Attractiveness index (area index from customer survey)	15

Directors' Report

The Board of Directors and CEO of Rikshem AB (publ), corporate registration number 556709–9667, hereby submit the Annual Report and Consolidated Financial Statements for the 2020 fiscal year. Information in brackets refers to the previous fiscal year. The Board of Directors is based in Stockholm.

Operations

Rikshem was formed in 2010. Through smart investments and acquisitions, the Company has grown to become one of Sweden's largest private property companies specializing in residential properties and properties for public use. Rikshem is a long-term, sustainable and responsible property owner. The Company creates value growth by developing and refining new or existing properties and building rights and by conducting customer-focused and qualitative management. Rikshem owns properties throughout Sweden – from north to south.

Rikshem's business concept is to own, develop and manage residential proper-

ties and properties for public use, sustainably and for the long term. This is done by combining business acumen and community engagement.

Rikshem's vision is to make a difference in developing the good community.

Rikshem AB (publ) is the Parent Company of the Rikshem Group, hereinafter referred to as Rikshem. The Company manages all of the companies in the Group. The shares of Rikshem AB (publ) are held by Rikshem Intressenter AB, corporate registration number 556806–2466, which is jointly owned by the Fourth Swedish National Pension Fund (AP4) and pension company AMF Pensionsförsäkring AB.

Financial objectives

Rikshem has five long-term goals that govern its operations, of which good total return constitutes the overall financial target. In addition to a good total return, Rikshem has a number of financial targets for the Group that aim to ensure that the Company is financially stable, profitable and long-term. A financially strong Rikshem enables the Company to make a difference in terms of contributing to society and creating conditions for developing healthy communities. Rikshem's finance policy is a tool for defining objectives and guidelines and specifying risk limits for financing activities, which contribute to the overall objective of good total return.

Significant events during the fiscal year

- Q1:**
- Rikshem updated the framework for green bonds and issued new green bonds for MSEK 800.
 - Rikshem's owners updated the Company's financial targets and owner directive, establishing a dividend policy at the same time. As a result, the credit rating agency S&P Global placed Rikshem on Credit Watch Negative.
 - Sweden was hit by the coronavirus pandemic. For Rikshem, this was noticed in part through higher financing costs as a result of uncertainty in the capital market.

- Q2:**
- Anette Frumerie took over as CEO of Rikshem in May 2020, replacing Acting CEO Per Uhlén.
 - The Annual General Meeting elected Ulrica Messing and Per Uhlén as new ordinary members of Rikshem AB (publ)'s Board of Directors.
 - Rikshem established its own housing waiting list for the Company's approximately 3,600 apartments in Helsingborg.
 - Rikshem reorganized to enable more efficient management and better use of the scale distribution that comes with the Company's size.
 - Rikshem sold 883 apartments in Östersund to Niam, divided into 13 residential properties in Torvalla, Odensala and central Östersund.
 - Digitalization work to create smart, connected properties took off when the pilot project at Kvarngärdet in Uppsala was completed and tenants had access to a new open network.

- Q3:**
- Rikshem withdrew building rights from Wallenstam and Ikano at Kvarngärdet in Uppsala. Construction rights in the area had already been sold to Besqab.
 - Rikshem received a credit rating of A3 with stable prospects from Moody's. Rikshem decided to discontinue ratings from the rating agency S&P Global.
 - Rikshem sold part of the property Orminge 46:1 and Orminge 46:2 in Orminge centrum, Nacka municipality, to Elisby.

- Q4:**
- Through increased collaboration, Läxhjälpén started its operations in Uppsala.
 - In October, work began on Rikshem's first ever rental apartments in Halmstad, laying the foundation for a total of 359 new apartments divided into three construction projects in the town.
 - Rikshem acquired property in development in Västerås, containing 252 rental apartments. Construction is expected to start in the first quarter of 2021.

Rikshem's measurable financial key performance indicators for 2020 were:

- To deliver a real total return of five percent on property capital over the long term
- And targets for:
 - Loan-to-value ratio
 - Equity/assets ratio
 - Interest coverage ratio
 - Debt duration
 - Interest rate duration

Rikshem has actively worked to improve the key performance indicators and create a strong financial position during the year. This has resulted in the following outcomes:

	2020	2019
Real total return (excl. joint ventures), %	6.7	5.5
Equity/assets ratio, %	41	39
Loan-to-value ratio, %	51	54
Loan-to-value ratio, secured loans, %	9	9
Share of short-term net debt, %	21	24
Interest-coverage ratio, multiple	3.7	3.5
Interest rate duration, years	4.7	4.5
Debt duration, years	4.0	3.8

Organization and employees

The business is run almost exclusively with its own staff. At year-end, December 31, 2020, the number of employees at Rikshem was 271 (259). A reorganization was carried out in June 2020 in order to strengthen the organization in line with the ongoing process of change in the Company and to achieve more effective governance and better utilize the opportunities for economies of scale and synergies that come from Rikshem's size. The biggest change was that the operations that were previously organized in three regions: Region Norra, Region Mälardalen, Region Södra became a Management Organization. In addition, the Business and Sustainability Development unit was divided into two, Business Development and Operations Development, for more effective governance and shorter decision-making paths. Further information relating to employees can be found on pages 48-50 of this document.

Significant events during the fiscal year

The year 2020 was largely affected by the coronavirus pandemic, which began in March. The pandemic has created great economic uncertainty in the world. Nevertheless, Rikshem as a company reported a strong result. 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. Almost four percent of rental income comes from the renting of commercial premises, and a very limited number of Rikshem's tenants have applied for deferral or support for rent payments.

Comments on the Group's performance

Net operating income

The Group's rental income for the year increased by MSEK 116 (124) to MSEK 3,032 (2,916). Rental income for like-for-like properties increased by MSEK 98 (118) or 3.5 percent (4.3). The rent increase for like-for-like properties is mainly due to annual rent increases and the effects of investments that enable rents to be increased in the properties, but also to the full-year effects of new construction and acquisitions in the previous year. At year-end, the vacancy rate for residential properties was 4.0 percent (3.5). Adjusted for apartments that have been vacated in preparation for renovation, the market vacancy rate was 1.4 percent (0.8). The average remaining lease term for properties for public use was 8.8 years (9.0).

Property expenses fell by MSEK 58 percent year on year to MSEK 1,272 (1,330). Costs for like-for-like properties decreased by MSEK 44 or 3.5 percent as a result of reduced operating and maintenance costs in a mild year. Costs for repairs and maintenance were lower compared with the previous year. Overall, total net operating income increased year-on-year and amounted 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 holding was 58 percent (54).

Central administration

The year's costs for central administration amounted to MSEK 78 (100). The decrease can mainly be attributed to personnel costs and cancelled activities as a result of the coronavirus pandemic. The previous year was also charged with costs of a one-time nature associated with the change of CEO. Central administration includes group-wide costs.

Net financial items

Net financial items for the year totaled MSEK -463 (-444). Net financial items mainly comprise the Company's external interest costs. The negative change in net financial items is primarily attributable to higher interest-bearing liabilities and thus increased interest expense, but also to temporarily increased financing costs associated with the coronavirus pandemic. At year-end, the average interest rate was 1.7% (1.6). Fees for unutilized backup facilities are included in the average interest rate.

Earnings from joint ventures

Earnings from joint ventures amounted to MSEK 60 (244) for the 2020 fiscal year. The change in profit from shares in joint ventures is mainly attributable to a lower unrealized change in the value of the property portfolio compared with the previous year.

Income from management operations

Compared with the previous year, income from management operations has decreased by MSEK 7 to MSEK 1,279 (1,286), which is primarily due to changes in the value of joint ventures' property portfolio.

Change in value of investment 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 unrealized change in value is explained by changed net operating income and the market's reduced yield requirements.

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 inter-

est-rate swaps, which have been entered into to eliminate currency risk on interest payments and repayments of loans raised in EUR, NOK and AUD. The change in value of interest rate derivative instruments 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.

Profit for the year and tax

Profit for the year totaled MSEK 2,481 (2,244). Profit for the year is charged with a tax expense of MSEK -526 (-600), of which MSEK -66 (MSEK -5) relates to current tax and MSEK -460 (-595) to deferred tax. The year-on-year change in current tax is explained by new tax rules concerning interest deduction limitations as well as previous loss carryforwards that were utilized during 2019. The deferred tax mainly comprises tax on unrealized changes in the value of properties and financial derivative instruments.

Financial position

Investment properties

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. Properties corresponding to 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).

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.

Participations in joint ventures

Rikshem holds participations in joint ventures with a total value of MSEK 1,768 (1,658). The largest holding of MSEK 1,024 pertains to 49 percent of VärmdöBostäder AB. The remaining part of VärmdöBostäder AB is owned by Värmdö Municipality. The second largest holding of MSEK 635 pertains to Farsta Stadsutveckling AB, where Rikshem and Ikano Bostad each hold 50 percent. Farsta Stadsutveckling AB owns the Burmanstorp 1 property in Farsta. This is where the development of the new city area Telestaden is under way, which will comprise approximately 2,000 residential properties and premises for offices and local services. Other participations in joint ventures totaling MSEK 109 pertain to development projects owned and operated jointly with Veidekke Bostad, P&E Fastighetspartner and Glommen & Lindberg.

Receivables

Non-current receivables amounted to MSEK 281 (179) and mainly consisted of loans to joint ventures. Current receivables amounted to SEK 214 M (255), of which SEK 96 M (126) relates to prepaid expenses and accrued income. Accounts receivable amounted to MSEK 24 (22).

Cash and cash equivalents

Cash and cash equivalents 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 (507). 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 pay-

ing fixed interest and receiving variable interest. The Company also has combined interest-rate and currency swaps to hedge loans raised in other currencies. The total 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. The fair value of the liabilities does not differ materially from the carrying amount. All bank loans are secured by collateral in properties.

Total secured financing amounted to 9 percent (9) of the fair value of investment properties. Of Rikshem's outstanding bonds, bonds corresponding to SEK 4.1 billion have been issued in EUR, SEK 5.9 billion in NOK and SEK 0.3 billion in AUD. The carrying amount of these bonds on the closing date was SEK 4.1 billion (EUR), SEK 5.4 billion (NOK) and SEK 0.3 billion (AUD).

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

Equity

During the year, the Group's equity increased by MSEK 2,480 to MSEK 22,921 (20,441). The profit for the year in combination with the lower rate of acquisition has led to an increase in equity/assets ratio to 41 percent (39).

Parent Company

The operations of the Parent Company Rikshem AB (publ) comprise Group-wide functions as well as the organization for managing properties owned by the subsidiaries. No properties are owned directly by the Parent Company. Revenue for the year amounted to MSEK

243 (235) and profit after financial items to MSEK 188 (522). The Parent Company's equity amounted to MSEK 7,696 (7,445) at year-end.

Sustainability

Rikshem's operations must be sustainable from an environmental, social and economic perspective. For Rikshem, sustainability is the basis for long-term profitability. During 2019, the Company strengthened its control on how key sustainability issues are integrated into projects and neighborhood development, work that has had continued focus in 2020. The materiality analysis conducted last year resulted in the Company's material issues being revised. The work was specified in Rikshem's new sustainability strategy and was applied to all sustainability issues during the year. The sustainability strategy will help employees to integrate sustainability issues in a tangible way in any decision-making relating to projects and neighborhood development. The aim is to create the greatest possible benefit for Rikshem's customers and help the Company in its mission to improve social infrastructure and the social fabric. Rikshem contributes to community development in the areas where it operates, while working to ensure a minimal impact on the environment.

Sustainability activities are a natural component of the Company's overall operations and are carried out on a continuous basis.

Sustainability report

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Rikshem has chosen to prepare its statutory Sustainability Report separately from the Annual Report. The Sustainability Report was submitted to the auditor at the same time as the Annual Report. A sustainability index is available on page 66 with page references to each sustainability disclosure in accordance with Chapter 6, Section 12 of the Swedish Annual Accounts Act.

Significant risks and uncertainties

Rikshem's task on behalf of its owners is to deliver a long-term, stable and attractive real return. In the course of its operations, Rikshem is exposed to various types of risks. Minimizing risks and op-

timizing opportunities are integral parts of Rikshem's business plan. Rikshem has defined risks and uncertainties in the areas of strategic, operational, financial, brand and sustainability risks. Each risk area is analyzed on an ongoing basis.

Strategic risks

The property sector is impacted by macroeconomic factors such as general economic trends, growth rate, employment trends, the rate of building new properties, changes in infrastructure, population growth, inflation and interest rates. In a weaker macroeconomic situation, the value of properties could decline. The value of properties could also decline if the property sector has diminished access to funds and/or to equity. To guarantee the value of its property portfolio, Rikshem is working continually to develop its property management operations, improve its operating economy and maintain its properties on an ongoing basis.

Changes in tax legislation regarding, for example, VAT, corporate tax or property tax could have a significant impact on the Company's earnings. Material risks are managed by carefully monitoring changes in practice and the development of new regulations.

Operational risks

The Company's revenue consists of rent for leased residential properties and premises. Should the number of rented residential properties and leased premises decline, the Company's revenue will decrease. Revenue could also decline if the payment capacity of the Company's tenants is reduced and they therefore fail to pay their rent. Revenue risk is primarily managed through the large number of rental agreements for residential properties. An assessment of the individual tenant's ability to pay is made when signing a rental agreement. Long leases with stable, long-term tenants are entered into for properties for public use.

The Company's costs for managing the property portfolio, and for operation and maintenance, are dependent on the general cost trend in Sweden. This applies particularly to electricity and heating costs. Rikshem is working on an ongoing basis to enhance its energy

efficiency not only to lower its costs but also because reducing energy consumption is important in terms of the environment and sustainability. The Company also has long-term maintenance plans to ensure efficient operation.

Financial risks

Rikshem's interest-bearing liabilities result in liquidity, refinancing, currency and interest-rate risk.

Liquidity and refinancing risk is defined as the risk that when loans mature funding cannot be raised or can only be raised at significantly higher costs, and that payment obligations cannot be met due to insufficient liquidity. Currency risk refers to the risk that changes in exchange rates may have a negative impact on financial liabilities. Interest-rate risk is the risk that increased market interest rates lead to higher interest expense. This can have adverse consequences on the Company's financial position and earnings.

Rikshem has a well-developed Financial policy, which, among other things, regulates how the financial risks are to be managed. For example, the liquidity risks are managed using updated cash flow forecasts and access to adequate backup facilities. The refinancing risk is limited primarily by using different sources of financing and a long capital tie-up period with a spread of maturities on loans. The interest-rate risks are also limited by using interest-rate derivatives and the currency risks by using currency derivatives.

Rikshem makes ongoing investments, for example in the form of acquisitions, renovations and tenant modifications. If the investments do not correspond to the yield requirements set, there is a risk of the value of the properties being eroded. In order to contribute to continued value growth, investments need to achieve or exceed the yield requirements set, which vary for different types of investments. Certain investments may need to be made without yield requirements. Investments of this kind are subject to special scrutiny. Acquisitions are only made in selected locations.

Brand risks

How Rikshem runs its business can have a long-term impact on the Compa-

ny's reputation. By adopting a consistent values-based approach and further developing its working methods, Rikshem can strengthen its brand. Rikshem strives to comply with rules set and society's expectations. The Company has adopted reporting routines and a comprehensive set of governing documents that are communicated to all employees on an ongoing basis.

Sustainability risks

Sustainability risks describe how Rikshem's operations can in turn impact people, the environment and society. Risk mapping includes risks that directly impact the environment through emissions into the air or the use of chemicals in the business, but also risks that impact people and society through work-related injuries and accidents, discrimination, violations, bribery and corruption or exclusion in our residential areas.

Sustainability risks are integrated in projects, neighborhood development and in operating activities and are specified in Rikshem's sustainability strategy. Rikshem's operations must be sustainable from an environmental, social and economic perspective. For Rikshem, sustainability is the basis for long-term profitability.

Expected future development

Nobody could have predicted that 2020 would be defined and affected by a global pandemic. With an unusual year in the rear view mirror lined with economic unrest and with large parts of the world closed down, it is with some humility that future developments are described.

Rikshem's continued strategy is to develop its property portfolio in a sustainable way, and the long-term goals to be achieved in 2022 continue to be relevant, as are the Company's strategies for achieving these goals. A lot is pointing in the right direction for Rikshem and the Company is equipped to continue to drive the plan forward and achieve its ambitious goals in the coming years.

The property industry has been reporting increased property values for a long period of time. However, uncertainty during the pandemic has defined the year and there have been clearer differences in the valuation of proper-

ties with different risk profiles in their revenue flows. From an investor perspective, property shares and low-risk property credits, such as residential properties and properties for public use, have been viewed as more stable than commercial properties. This has led to increased interest in these properties, yield requirements have fallen and property values have risen.

With its focus on rental apartments, developing its existing neighborhoods and increasing the share of properties for public use in its portfolio, Rikshem is well equipped for the prevailing market situation. The Company's prioritization is in line with current and future needs for nursing homes, care facilities, pre-schools and schools. Demand for rental apartments is expected to remain good and the market for properties for public use stable even at times when the outside world is changing at an ever faster rate.

Although the population increase during the first half of the year is the lowest since 2005, Sweden's property market is defined by continued housing shortages and a reduced rate of construction, but also high demand for properties for public use as a result of an aging population.

For the first time in several years, it was seen in 2018 that residential construction declined, which has continued in subsequent years, although the rate of construction decreased less than expected in 2020. However, the need for housing has not decreased and it is particularly noticeable for young people, students, newly arrived immigrants and the elderly. The housing market is also affected by continued urbanization, which means that demand for residential properties in urban areas is high.

Demand for properties for public use is largely driven by demographic factors. Urbanization and a growing and aging population are leading to an increased need for municipalities and county councils to expand social services. Demand is also affected by the fact that Sweden had a baby boom in the 1990s. This generation is now of child-bearing age, which means that demand for properties for public use is increasing. The rental market for properties for public use is stable and shows no significant upturns or downturns for

rent levels or vacancies. Interest from investors has increased in view of the need for investments in healthcare, nursing and other properties of benefit to society.

The Company has a portfolio of rental apartments and properties for public use in growth areas and will continue to develop those areas where Rikshem is established. Focusing on growth areas helps to secure the demand for the Company's residential properties and properties for public use over time. The large need for investments in both new and old properties for public use means that many municipalities are considering the option of selling properties with investment needs to private property owners. Rikshem may be a possible partner for these municipalities. Thanks to the Company's ownership structure, Rikshem also has the opportunity to secure financing on good terms.

Events after the closing date

For events after the end of the fiscal year, see Note 24.

Proposed allocation of profit

The following earnings in the Parent Company are at the disposal of the AGM:

Share premium reserve, SEK	840,772,100
Retained earnings, SEK	6,361,498,214
Profit for the year, SEK	217,431,801
Total, SEK	7,419,702,115

The Board of Directors proposes that SEK 7,419,702,115 be carried forward.

For information on the Company's financial performance and position in general, refer to the following financial statements and associated notes.

Corporate governance report 2020

Rikshem AB (publ) ("Rikshem" or "the Company") is a Swedish limited company.

Rikshem's Corporate Governance Report was prepared in accordance with the Swedish Annual Accounts Act for the 2020 fiscal year. The report is included as part of Rikshem's Annual Report and Sustainability Report for 2020.

The corporate governance code, etc.

According to Rikshem's ownership directives, the Swedish Corporate Governance Code (the "Code") shall serve as a guide for corporate governance. The Company therefore mainly applies the Code but deviates from certain provisions as a result of the Company's ownership structure and the fact that the Company's shares are not listed.

Rikshem is not formally covered by the Code (or any other corporate governance code) as a result of the Company not having shares admitted to trading on a regulated market in Sweden, but following the rules on corporate governance set out in the law or other statutes. The Company has bonds issued under its MTN program, which are listed on Nasdaq OMX Stockholm (Stockholm Stock Exchange), as well as bonds issued under its Euro Medium Term Note (EMTN) program, which are listed on Euronext Dublin (Irish Stock Exchange). The Company therefore complies with the respective trading venue's regulations for issuers.

A communication policy has been established for internal and external disclosures of information that regulates the type of information the Company must provide to the market and how that information is to be disclosed.

Shareholders

As of December 31, 2020, Rikshem's share capital amounted to SEK 99,727,900, distributed over 997,279 shares with one vote each. All of Rikshem's shares are owned by Rikshem Intressenter AB, corporate registration number 556806-2466. Rikshem Intressenter AB is jointly owned by the Fourth Swedish National Pension Fund (AP4) and AMF Pensionsförsäkring AB, each of which owns 50 percent.

Articles of Association

In addition to legislation, the Articles of Association also constitute a key document in respect of the governance of the Company. Rikshem's Articles of Association state, among other things, the name of the Company to be Rikshem AB (publ) and that the Company is publicly listed and is headquartered in Stockholm. The aim of the Company's business operations is to directly or indirectly, through wholly or jointly owned companies or via purchased services, own, develop and manage real estate and pursue related activities, including the provision of property-related services. The Board of Directors is to comprise no less than three and no more than ten members with zero to ten deputy members.

General meetings of shareholders

Shareholders have the right to make decisions about Rikshem's affairs at general meetings of shareholders. At general meetings, each voting-qualified person is entitled to vote, without restriction, for the full number of shares represented. The Annual General Meeting (AGM) is to be held in Stockholm no later than June 30 each year.

Rikshem held its Annual General Meeting on May 4, 2020, in Stockholm. At the AGM, all Rikshem Intressenter AB's shares were represented by Katarina Romberg, AMF Pensionsförsäkring AB, and Jenny Askfelt Ruud, Fourth Swedish National Pension Fund (AP4), jointly. The Board of Directors (with the exception of Lena Boberg), Acting CEO, incoming CEO and the Company's auditor-in-charge attended the meeting.

At the Annual General Meeting, it was confirmed that the revised ownership directive was adopted at the extraordinary general meeting on February 14, 2020, and that this would continue to be valid. The ownership directive addresses issues such as the return target, risk management and capital structure, the rate of investment and dividend policy, ethics and sustainability, general corporate governance principles, the Board of Directors, auditors, coordination between the Board and the owners, and financial reporting.

At the Annual General Meeting, it was also resolved on a proposal from the Nomination Committee to re-elect Pernilla Arnrud Melin, Liselotte Hjorth, Bo Magnusson, Andreas Jensen and Per-Gunnar Persson to the Board. Ulrica Messing and Per Uhlén were elected as new ordinary members, which meant that the number of members was increased by one member and therefore amounted to seven. Lena Boberg had declined re-election and left the Board at the AGM. Bo Magnusson was elected Chairman of the Board. The resolution on the appointment of Board members was preceded by work by a Nomination Committee comprising Katarina Romberg appointed by AMF Pensionsförsäkring AB and by Olof Nyström appointed by the Fourth Swedish National Pension Fund (AP4) who, as part of their work, considered the Board's long-term composition, diversity and structure.

The AGM also resolved that annual fees amounting to SEK 575,000 would be paid to the Chairman of the Board of Directors and SEK 200,000 to other members, that the annual fee for work in established committees may not exceed SEK 300,000 per year to be distributed according to decisions by the Board of Directors, and that the total fee to the Board of Directors including committee fees may not exceed SEK 1,675,000 per year. The Board of Directors then decided that an annual fee of SEK 70,000 would be paid to the Chairman of the Audit Committee and SEK 30,000 to each member of the Audit Committee, that an annual fee of SEK 70,000 would be paid to the Chairman of the Investment Committee and SEK 30,000 to each member of the Investment Committee, and that an annual fee of SEK 20,000 would be paid to the Chairman of the Remuneration Committee and SEK 10,000 to each member of the Remuneration Committee.

The AGM resolved that fees for Board and committee work would not be paid to members of the Board who are employees of the Fourth Swedish National Pension Fund (AP4) or AMF Pensionsförsäkring AB.

The meeting decided that the Company should have a Nomination Com-

mittee. An instruction for the Nomination Committee was also adopted by the AGM. According to the instruction, the Nomination Committee shall consist of one member who shall be appointed by AMF Pensionsförsäkring AB and one member who shall be appointed by the Fourth Swedish National Pension Fund (AP4) and by the Chairman of the Board, who does not have the right to vote in matters concerning proposals to the Chairman of the Board and the Chairman's fee. The Nomination Committee is to prepare proposals concerning Board members, the Chairman of the Board and Board fees, including the distribution between the Chairman and the other members of the Board, as well as fees for committee work. The Nomination Committee shall also, following a recommendation from the Audit Committee, propose auditors and auditors' fees.

At an extraordinary general meeting on February 14, 2020, it was decided to adopt revised ownership directives. These express, for example, the owners' long-term goals to be able to decide on annual dividends amounting to a maximum of 50% of the previous fiscal year's cash flow from operating activities from the Company, provided that the Company's key performance indicators are met.

Board of Directors

The number of members at the beginning of the year was six members elected by the AGM, but increased by one member to seven members. Board members provide expertise in both

property and finance. The Company's CEO is not a member of the Board of Directors.

The work of the Board of Directors is governed by, inter alia, the Swedish Companies Act, the Articles of Association and the Board's rules of procedure approved annually by the Board for its work.

Under the Swedish Companies Act, the Board of Directors is ultimately responsible for Rikshem's organization and management. The Board of Directors' rules of procedure, which are approved annually at the statutory Board meeting, describe the forms of the work to be carried out by the Board in respect of Board meetings, minutes, the duties of the Chairman and the CEO, etc. The rules of procedure also include regulations regarding how the conditions of employment for people in executive positions are to be determined. Rikshem's chief legal officer serves as Board secretary.

The Board of Directors has adopted an annual plan for its work, with meetings scheduled at set times that take into consideration the fact that the Board must publish financial reports at certain times.

The work of the Board of Directors included customary processing of proposals concerning interim reports, the year-end report and Annual Report, adopting the budget and business plan, making decisions on financing matters, the purchase and sale of and investments in properties, and amending central governing documents.

The instructions for the Nomination Committee, which were adopted at the

Annual General Meeting, state that Rikshem's Diversity and Equality Policy must be taken into account when nominating Board members. Since the 2020 AGM, the Board of Directors has consisted of three women and four men.

The ownership directive and the Board's rules of procedure state that the Board is to carry out an annual evaluation of its own work. According to the rules of procedure, the Chairman is responsible for carrying out the evaluation. The evaluation has been carried out by the Chairman conducting individual discussions with the Board members. The evaluation has been reported to the Nomination Committee and reviewed by the Board of Directors.

Board committees

The ownership directive states that a committee is to be established to address issues related to risk management, internal control and financial reporting. The Board has therefore established an Audit Committee. In addition, the Board itself assesses the need for additional committees and has established a Remuneration Committee and an Investment Committee. The Board of Directors has adopted rules of procedure for each committee. The CEO is a regular reporter in the committees.

The Audit Committee shall, for example, monitor the Company's financial reporting, prepare the Annual Report and interim reports, review and monitor the impartiality and independence of the auditor, prepare governing documents that fall within the remit of the committee, and prepare strategic issues

Board committees			Attendance at meetings			
	Elected	Total annual fees, TSEK ¹	Board meetings ³	Remuneration Committee	Audit Committee	Investment Committee
Bo Magnusson, Chairman of the Board	2016	625	14 (14)	4 (4)	6 (6)	–
Pernilla Arnrud Melin	2018	No remuneration	14 (14)	–	3 (3)	6 (6)
Lena Boberg ⁴	2016	68	5 (6)	–	–	–
Liselotte Hjorth	2016	270	14 (14)	–	6 (6)	–
Andreas Jensen	2019	No remuneration	11 (14)	4 (4)	–	6 (6)
Ulrica Messing ⁵	2020	151	8 (8)	–	3 (3)	–
Per-Gunnar Persson	2016	280	14 (14)	4 (4)	–	6 (6)
Per Uhlén ⁶	2020	132	8 (8)	–	–	–

1) The AGM decides on the total annual fees paid to members of the Board for the work they carry out. Fees for the work in committees are determined by the Board of Directors within the framework decided by the AGM. The fees are recognized as an expense and paid in 12 equal monthly instalments

2) The figure in brackets refers to possible Board meetings for the period, i.e., where appropriate from the time the Board member was elected or to the time the Board member left the Board.

3) Including protocol-based decisions by correspondence.

4) Resigned from the Board of directors in connection with the 2020 AGM.

5) Elected in May 2020. Joined the Audit Committee simultaneously.

6) Elected to the Board in May 2020 and also stepped down as Acting CEO. Reported remuneration only refers to fees for Board work.

relating to the Company's financial structure. The Audit Committee comprised committee Chairman Liselotte Hjorth, Bo Magnusson and Pernilla Arnrud Melin. In conjunction with the 2020 AGM, Pernilla Arnrud Melin was replaced by Ulrica Messing as a member of the committee.

In accordance with its rules of procedure, the Investment Committee shall, for example, decide on acquisitions, sales and investments that fall within the committee's mandate. It shall also be a preparatory body for decisions by the Board of Directors on matters concerning acquisitions, sales and investments that go beyond the mandate and shall prepare governing documents that fall within the committee's remit. In 2020, the Investment Committee consisted of Per-Gunnar Persson, Chairman, Pernilla Arnrud Melin and Andreas Jensen.

The Remuneration Committee shall, among other things prepare proposals for and evaluate principles for remuneration and other terms of employment for the CEO and other senior executives (remuneration policy), prepare questions regarding variable salary schemes, monitor remuneration structures and remuneration levels in the Company, and prepare governing documents that fall within the Committee's remit. During the year, the Remuneration Committee consisted of Bo Magnusson, Chairman, Andreas Jensen and Per-Gunnar Persson.

CEO and management group, etc.

The CEO is responsible for the day-to-day administration, taking into account the directions and instructions established by the Board of Directors and presented in, for example, the CEO's instructions and the decision-making and authorization procedures, both of which are adopted by the Board of Directors.

During the year Acting CEO Per Uhlén was replaced by Anette Frumerie, who took up the position of CEO on May 5, 2020.

The CEO has established a management group, which reports directly to the CEO. The management group holds regular meetings to address Group-wide and strategic issues. Rikshem's management team initially consisted of Per Uhlén, Acting CEO, Anders Lilja, CFO, Carl Conradi, General Counsel, Jennie Wolmestad, Head of Communications, Petter Jurdell, Head of Business and Sustainability Development, and Catharina Kandel, Head

of HR and Regional Managers Fredrik Edlund and Anna-Karin Eriksson. Per Uhlén left his post as Acting CEO during the year. In connection with Anette Frumerie taking up the post of CEO, she has replaced Per Uhlén in the management group. Due to the fact that the Company has carried out a reorganization during the year, which means, for example, that the management organization is no longer divided into regions, Anna-Karin Eriksson has left the management group.

Auditor

At the AGM on March 4, 2020, Ernst & Young AB was elected as auditor for the period until the end of the next AGM. Authorized public accountant Mikael Ikonen is the chief auditor. The auditor reviews, among other things, the Company's Annual Report, Consolidated Financial Statements and accounting records as well as of the administration of the Board of Directors and the CEO, and submits an Auditor's Report. The audit is conducted in accordance with the Swedish Companies Act, international auditing standards and generally accepted auditing standards in Sweden. The auditor expresses an opinion on the Corporate Governance Report and the Company's Sustainability Report. The auditor in charge attended three Board meetings and four Audit Committee meetings in 2020.

Internal control of financial reporting

Under the Swedish Companies Act, the Board of Directors is responsible for internal control. Internal control is based on documented policies, guidelines, instructions, the allocation of responsibilities and duties such as the Board's rules of procedure, committee rules of procedure, the CEO's instructions, decision-making and authorization procedures, the financial policy and other documents, all of which seek to ensure a clear allocation of responsibilities for the effective management of the operation's risks and high-quality financial reporting. A review of the governing documents is carried out annually. Compliance with the Company's governing documents is monitored and evaluated continuously. The Company conducts an annual review of policies and other governing documents.

Rikshem has identified essential business processes designed, among other purposes, to identify and reduce risks or to mitigate the consequences of the Company's risks. Risks and opportuni-

ties are also identified and managed in the business planning and budget processes for each department and the Company as a whole. Furthermore, an assessment is made of the financial risks on the basis of the income statement and balance sheet, where items are evaluated based on risk and materiality. In financial reporting, control activities are based on risk assessments and are integrated into the Company's processes, which are evaluated on an ongoing basis. The process in which estimates and assumptions have a major impact on the carrying amounts of assets and liabilities is the process for the valuation of investment properties. Accordingly, special attention is paid to ensuring that financial reporting in this regard does not contain material errors. To quality-assure the internal valuations and internal valuation process, all properties are valued at year-end by external authorized property appraisers with relevant and recognized qualifications.

A minimum of two independent valuation institutions are engaged to establish the fair value of the properties. However, individual properties are only valued by one valuation institution. At midyear, the assumptions regarding cost of capital and yield requirement for investment properties are checked with external appraisers. The property valuation is carried out in accordance with the Company's policy for valuation of investment properties.

Each year, the Company's auditor reports his or her observations from the review and assessment of the internal control linked to the Group's financial statements to the Board of Directors and the management group. The six-month interim report is reviewed by the Company's auditor.

Internal control is continuously being improved with respect to implementation and is considered suitable for the Company's purposes. Rikshem shall annually consider whether a special function for internal auditing is to be established and has decided during the year not to establish such a function.

Consolidated statement of comprehensive income

Amounts in MSEK	Note	2020	2019
Rental income	3	3,032	2,916
Operating expenses		-736	-771
Repairs and maintenance		-278	-306
Property administration		-216	-211
Property tax		-42	-42
Total property expenses		-1,272	-1,330
Net operating income	4	1,760	1,586
Central administration	3, 5	78	-100
Earnings from joint ventures		60	244
Financial income	7	5	6
Financial expenses	7	-468	-450
Income from management operations		1,279	1,286
Change in value of investment properties	10	1,825	1,538
Change in value of interest-rate derivatives		-232	-270
Change in value of foreign exchange derivatives		-535	505
Foreign exchange effects on financial liabilities		670	215
Profit before tax		3,007	2,844
Tax	8	-526	-600
Profit for the year		2,481	2,244
Other comprehensive income not for reclassification			
Revaluation of pensions	5	-1	-3
Tax, pensions		-	1
Other comprehensive income for the year, net after tax		-1	-2
Total comprehensive income for the year		2,480	2,242

Comprehensive income is attributable to the Parent Company's shareholders.

Consolidated statement of financial position

Amounts in MSEK	Note	Dec. 31, 2020	Dec. 31, 2019
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized development expenditure	9	7	–
Total intangible fixed assets		7	–
Equipment			
Investment properties	10	51,750	49,307
Leaseholds and other right-of-use assets	11	137	131
Equipment	12	3	5
Total property, plant and equipment		51,890	49,442
Financial fixed assets			
Participations in joint ventures	14	1,768	1,658
Financial derivative instruments	17	281	509
Non-current receivables	18	281	179
Total financial fixed assets		2,330	2,347
Total non-current assets		54,227	51,789
Current assets			
Current receivables			
Accounts receivable	18	24	22
Other receivables		94	107
Prepaid expenses and accrued income	19	96	126
Total current receivables		214	255
Cash and cash equivalents		830	568
Total current assets		1,044	823
TOTAL ASSETS		55,271	52,612

Consolidated statement of financial position, cont.

Amounts in MSEK	Note	Dec. 31, 2020	Dec. 31, 2019
EQUITY AND LIABILITIES			
Equity			
Share capital		100	100
Other paid-in capital		4,874	4,874
Retained earnings		17,947	15,467
Total equity		22,921	20,441
LIABILITIES			
Non-current liabilities			
Deferred tax liability	8	3,852	3,392
Interest-bearing liabilities	18	19,886	19,699
Liabilities to Group companies	18	175	–
Financial derivative instruments	17	968	432
Non-current liabilities, finance leases	11	121	117
Other provisions for pensions and similar obligations	5	9	6
Total non-current liabilities		25,011	23,646
Current liabilities			
Interest-bearing liabilities	18	6,254	7,169
Trade accounts payable		89	68
Tax liabilities		71	6
Current liabilities, finance leases	11	14	14
Other current liabilities		263	560
Accrued expenses and deferred income	19	648	708
Total current liabilities		7,339	8,525
Total liabilities		32,350	32,171
TOTAL EQUITY AND LIABILITIES		55,271	52,612

Consolidated statement of changes in equity

Amounts in MSEK	Share capital	Other paid-in 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
Group contributions received			0	0
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

Classification of equity

Share capital

The item equity includes the registered equity for the Parent Company. As of December 31, 2020, the number of shares amounted to 997,279 (997,279). The par value is SEK 100 per share.

Other paid-in capital

Other paid-in capital relates to equity contributed by the owners as shareholders' contributions and new share issues at a premium.

Retained earnings

Retained earnings correspond to the cumulative gains and losses generated in the Group in total.

Consolidated statement of cash flows

Amounts in MSEK	Note	2020	2019
Operating activities			
Income from management operations		1,279	1,286
Adjustment for items not included in cash flow	22	-56	-239
Reversal of net interest income		463	444
Interest paid		-461	-451
Interest received		3	6
Tax paid		-2	-24
Cash flow from operating activities before changes in working capital		1,226	1,022
Decrease (+)/increase (-) in operating receivables		-	-55
Decrease (-)/increase (+) in operating liabilities		-28	197
Cash flow from operating activities		1,198	1,164
Investing activities			
Investment in investment properties		-1,592	-1,568
Acquisition of investment properties		-243	-851
Divestment of investment properties		1,227	365
Investment in other fixed assets		-8	-2
Investment in financial fixed assets		-170	-76
Dividend from financial assets		-	1
Divestment of financial assets		50	127
Cash flow from investing activities		-736	-2,004
Financing activities	23		
Loans raised		13,718	10,698
Repayment of loans		-13,597	-10,592
Change in collateral		-316	287
Redemption of financial instruments		-4	-
Repayment of finance leases		-1	0
Cash flow from financing activities		-200	393
Cash flow for the year		262	-447
Cash and cash equivalents at the start of the year		568	1,015
Cash and cash equivalents at the end of the year		830	568

Parent Company income statement

Amounts in MSEK	Note	2020	2019
Operating income	3	243	235
Other operating expenses	3, 11	-128	-136
Personnel expenses	5	-204	-207
Depreciation		-2	-2
Operating profit		-91	-110
Earnings from subsidiaries		108	584
Financial income	7	755	479
Financial expenses	7	-487	-451
Change in value of interest-rate derivatives		-232	-270
Change in value of foreign exchange derivatives		-535	505
Foreign exchange effects on financial liabilities		670	215
Profit/loss after financial items		188	522
Appropriations		-	-
Tax	8	29	-60
Profit for the year ¹⁾		217	462

1) In the Parent Company, there are no items under other comprehensive income.

Parent Company balance sheet

Amounts in MSEK	Note	Dec. 31, 2020	Dec. 31, 2019
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
Capitalized development expenditure	9	7	–
Total intangible assets		7	–
<i>Fixed assets</i>			
Equipment	12	3	4
Total property, plant and equipment		3	4
<i>Fixed assets</i>			
Participations in subsidiaries	13	2,117	1,945
Receivables from Group companies		30,963	30,887
Financial derivative instruments	17	281	509
Non-current receivables	18	79	29
Total financial fixed assets		33,440	33,370
Total non-current assets		33,450	33,374
CURRENT ASSETS			
<i>Current receivables</i>			
Accounts receivable	18	0	2
Other receivables		55	20
Prepaid expenses and accrued income	19	45	43
Total current receivables		100	65
Cash and cash equivalents		826	561
Total current assets		926	626
TOTAL ASSETS		34,376	34,000

Parent Company balance sheet, cont.

Amounts in MSEK	Note	Dec. 31, 2020	Dec. 31, 2019
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		100	100
Revaluation reserve		143	143
		243	243
Non-restricted equity			
Retained earnings		6,361	5,899
Share premium reserve		841	841
Profit for the year		217	462
		7,419	7,202
Total equity		7,662	7,445
Provisions			
Deferred tax liability	8	175	238
Other provisions for pensions and similar obligations	5	2	–
Total provisions		177	238
Non-current liabilities			
Interest-bearing liabilities	18	17,610	18,980
Liabilities to Group companies		175	–
Financial derivative instruments	17	968	432
Total non-current liabilities		18,753	19,412
Current liabilities			
Interest-bearing liabilities	18	5,774	5,599
Trade accounts payable		5	4
Liabilities to Group companies		1,646	678
Tax liability		30	–
Other liabilities		206	524
Accrued expenses and deferred income	19	123	100
Total current liabilities		7,784	6,905
Total liabilities		26,714	26,555
TOTAL EQUITY AND LIABILITIES		34,376	34,000

Parent Company statement of changes in equity

Amounts in MSEK	Share equity	Revaluation reserve	Share premium reserve	Retained earnings including profit for the year	Total equity
Opening balance, Jan 1, 2019	100	143	841	5,899	6,983
Profit for the year				462	462
Closing balance, Dec 31, 2019	100	143	841	6,361	7,445
Opening balance, Jan 1, 2020	100	143	841	6,361	7,445
Profit for the year				217	217
Closing balance, Dec 31, 2020	100	143	841	6,578	7,662

Parent Company statement of cash flows

Amounts in MSEK	Note	2020	2019
Operating activities			
Operating profit		-91	-110
Adjustment for items not included in cash flow	22	4	4
Interest paid		-480	-450
Interest received		755	479
Tax paid		-3	-5
Cash flow from operating activities before changes in working capital		185	82
Increase (+)/decrease (-) in operating receivables		-36	-3
Increase (+)/decrease (-) in operating liabilities		12	-5
Cash flow from operating activities		161	90
Investing activities			
Shareholders' contributions paid		173	0
Divestment of subsidiaries		-	213
Change in fixed assets		-8	-1
Investment in receivables from Group companies		894	-1,415
Investment in non-current receivables		-50	-
Divestment of non-current receivables		-	26
Cash flow from investing activities		663	-1,177
Financing activities	23		
Loans raised		11,164	10,698
Repayment of loans		-11,511	-10,565
Change in collateral		-316	287
Redemption of financial instruments		-4	-
Earnings from partnerships and limited partnerships		87	86
Group contributions received		21	307
Cash flow from financing activities		-559	813
Cash flow for the year		265	-454
Cash and cash equivalents at the start of the year		561	1,015
Cash and cash equivalents at the end of the year		826	561

Notes with accounting policies and notes to the financial statements

Note 1

Company information

The Rikshem Group comprises the Parent Company Rikshem AB (publ), corporate registration number 556709-9667, and its subsidiaries and associated companies. The Parent Company is a public limited company with its registered office in Stockholm, Sweden. The head office is located at Vasagatan 52 in Stockholm. The shares of Rikshem AB (publ) are held by Rikshem Intressenter AB, registration number 556806-2466, which in turn is jointly owned by the Fourth Swedish National Pension Fund and pension company AMF Pensionsförsäkring AB, each of which owns 50 percent. The Group's principal activity is to acquire, manage and develop residential properties and properties for public use in selected municipalities in Sweden.

The Annual Report and Consolidated Financial Statements pertain to Rikshem AB (publ) and were approved by the Board of Directors on March 26, 2021.

The Annual Report and Consolidated Financial Statements were submitted to the Annual General Meeting on the same day for approval.

Note 2

Accounting policies

This section is a summary of the basis for the preparation of the financial statements.

The accounting policies are presented in the respective notes in order to provide a better understanding of each accounting area.

Applicable regulations

The Consolidated Financial Statements for the Rikshem Group were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and interpretations issued by the IFRS Interpretations Committee (IFRIC), as approved by the European Union (EU). The Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 1 Supplementary Rules for Consolidated Financial Statements were also applied. Unless otherwise stated, the principles have been applied consistently for the years presented.

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2. Deviations between the policies used by the Parent Company and the Group are due to restrictions on fully applying IFRS in the Parent Company due to the Swedish Annual Accounts Act and the connection between accounting and taxation. The deviations are presented in the section entitled Parent Company's accounting policies.

Reporting currency

The Group's reporting currency is the Swedish krona (SEK), which is the functional currency of the Parent Company. Transactions in foreign currency are recalculated with the current exchange rate to Swedish kronor. Monetary assets and liabilities in foreign currencies are translated at the exchange rate on the balance sheet date, and realized and unrealized exchange rate fluctuations are recognized in the consolidated statement of comprehensive income. Unless otherwise specified, all amounts are reported in MSEK. Numbers between 0 and 0.5 are reported in texts and tables with 0.

Bases for preparation of the financial statements

The Consolidated Financial Statements were prepared on the principle of a going concern. Assets and liabilities are measured at historical cost with the exception of financial derivative instruments, right-of-use assets in the

form of site leasehold rights and investment properties, which are measured at fair value, and deferred tax, which is measured at nominal value.

Fixed assets, non-current liabilities and provisions are expected to be recovered or fall due for payment more than 12 months after the closing date. Current assets and current liabilities are expected to be recovered or fall due for payment earlier than 12 months after the closing date.

Gross accounting is applied consistently in the recognition of assets and liabilities except where both a receivable and a liability exist with the same counterparty and these can be legally offset and the intention is to do so. Gross accounting is also applied in respect of revenue and expenses, unless otherwise indicated.

Consolidated financial statements

The Consolidated Financial Statements include the Parent Company and all subsidiaries. Subsidiaries are all those companies in which the Group is exposed to various kinds of risks, or has a right to variable returns from its participation and is able to affect these returns through its influence over the Company. This usually results from a shareholding comprising more than half of the voting rights. All subsidiaries are consolidated as of the date when a controlling influence is achieved and consolidation ceases as of the date when the controlling influence ceases.

The Consolidated Financial Statements have been prepared in accordance with the acquisition method, which entails that an acquisition analysis is prepared on the date on which a subsidiary is acquired, with assets, liabilities and contingent liabilities measured at fair value. The Consolidated Financial Statements only include equity earned in the subsidiaries after the acquisition date. Earnings attributable to companies that were acquired or sold during the year are only included in the Consolidated Financial Statements in an amount corresponding to the profit earned during the holding period.

When a subsidiary is acquired, an assessment is made as to whether the acquisition is to be recognized as a business acquisition or an asset acquisition. Note 10 describes the criteria that Rikshem applies when assessing the acquisition.

Intra-group transactions and balance sheet items as well as realized and unrealized gains and losses on transactions between Group companies are eliminated. The accounting policies of subsidiaries have been changed where applicable to guarantee consistent application of the Group's policies.

Note 2.1

Changes in accounting principles

Significant accounting policies are summarized in Note 2.3 below. The accounting policies applied include new and revised standards issued by the IASB and interpretations of existing standards that entered into force and are mandatory for application in the EU as of January 1, 2020.

New standards, amendments and interpretations of existing standards applied for the first time in the 2020 fiscal year

The definition of an operation in IFRS 3 has been changed. This is important for the distinction between business combinations and asset acquisitions. Among other things, a test has been introduced which means that if the majority of the fair value of the acquired assets consists of an asset or a group of similar assets, the acquisition constitutes an asset acquisition. If this is not the case, further assessments shall be made to determine whether the acquisition is a business combination or an asset acquisition. The change does not entail any significant change for Rikshem.

New standards, amendments and interpretations of existing standards that have not been applied in advance by the Group

New standards and interpretations that come into force for the fiscal year beginning after January 1, 2020, have not been applied in this report. The standards, amendments and interpretations that are expected to affect or may have an impact on the Consolidated Financial Statements are described below.

Proposals for changes to IAS 1 Presentation of financial statements may have an impact on Rikshem's financial statements. The proposal entails, among other things, introducing three mandatory result lines and stricter requirements for what may be included in the reports. This will complicate opportunities, for example, for industry-specific result lines. Cash flow will also be more regulated in terms of what is to be reported on each line.

Note 2.2

Parent Company accounting principles

Rules and regulations applied

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2.

Deviations between the policies used by the Parent Company and the Group are due to restrictions on fully applying IFRS in the Parent Company due to the Swedish Annual Accounts Act and the connection between accounting and taxation. The deviations are presented below.

Participations in subsidiaries

Shares in subsidiaries are recognized using the amortization cost method. The value is assessed on an ongoing basis in relation to the subsidiaries' consolidated equity.

In cases where the value is less than the group value of the subsidiaries, an impairment loss is charged to the income statement.

If the conditions that resulted in impairment change, this can be reversed.

Share capital

Transaction costs directly attributable to the issue of new common shares are recorded, net of tax, in equity as a deduction from the proceeds.

Group contributions and shareholders' contributions

The Parent Company recognizes Group contributions in accordance with the principal rule, which entails that contributions received from the Parent Company are recognized in equity.

Group contributions received from subsidiaries are recognized as earnings from subsidiaries in the income statement. Group contributions paid to subsidiaries are recognized as an increase in participations in Group companies.

Shareholders' contributions paid by the Parent Company are recognized directly against the recipient's equity and are recognized as shares and participations with the Parent Company, insofar as amortization is not required. Shareholders' contributions received are recognized as an increase in non-restricted equity.

Leasing

The Parent Company does not apply the rules on the recognition of leases in accordance with IFRS 16. This means that lease payments are recognized in the Parent Company as an expense on a straight-line basis over the lease term. Right-of-use assets and lease liabilities are therefore not reported in the Parent Company's balance sheet.

Pensions

The Parent Company recognizes pensions in accordance with the rules of the Swedish Pension Obligations Vesting Act since this is a condition of tax deductibility.

Note 2.3

Significant accounting assessments, estimates and assumptions

In order to prepare Consolidated Financial Statements in accordance with IFRS and generally accepted accounting principles, a number of estimates and assumptions must be made that affect the carrying amounts of assets, liabilities, income and expenses and other information provided. These assessments and assumptions are based on historical experience and other factors considered reasonable in the prevailing circumstances. Changes in estimates are recognized in the period in which the change is made if the change only affects this period, or in the period in which the change is made if it affects both the current period and future periods. Actual outcomes may differ from the assessments made. The most important areas where estimates and assumptions are of great significance relate to the following and are described further in connection with the note they are assessed to be able to affect.

Assessment item	Note
Investment properties	10 Investment properties
Classification of acquisitions	10 Investment properties, 13 Participations in subsidiaries
Deferred tax	8 Tax

Note 3

Operating income and expenses



Accounting policies

Revenue is recognized when it is probable that the economic benefits will accrue to the Group and when revenue can be determined in a reliable manner. Revenue is recognized excluding VAT with deductions for any discounts. In all material respects, the Group's revenue comprises rental income. Leases are classified in their entirety, from an accounting perspective, as operating leases. Rental income, including supplements, is announced in advance and is recognized in the income statement on a straight-line basis over the rental period and includes the fair value of what will be received. Only the portion of the rent accruing to the period is recognized as revenue. Rent paid in advance is recognized as deferred income.

Property costs include direct and indirect costs of managing a property. Direct costs refer to consumption costs and indirect costs refer to costs for personnel for administration and leasing. Central administration includes group-wide costs. Costs are recognized in the period to which they relate.

Rental income

Rikshem's property portfolio consists of approximately 70 percent residential properties with housing and parking contracts, which usually have a three-month period of notice. For information purposes, the value of the annual rent for these contracts is shown. The maturity structure for agreed rental contracts in properties for public use and contracts for the few commercial premises in the residential properties for local services are also presented. The maturity structure does not include future indexation of rents.

The Group 2020	Number of contracts	Contracted revenues	
<i>Housing and parking contracts</i>			
Annual rent	35,042	1,998	
<i>Contracts in residential and properties for public use</i>			
Agreed income with payment 2021	3,272	1,011	13%
Agreed income with payment 2022	962	920	11%
Agreed income with payment 2023	702	844	10%
Agreed income with payment 2024	543	733	9%
Agreed income with payment 2025	422	660	8%
Agreed income with payment later than 5 years	389	4,013	49%
Total		8,181	

The Group 2019	Number of contracts	Contracted revenues	
<i>Housing and parking contracts</i>			
Annual rent,	36,522	1,959	
<i>Contracts in residential and properties for public use</i>			
Agreed income with payment in 2020	3,260	975	12%
Agreed income with payment 2021	943	888	11%
Agreed income with payment 2022	607	782	10%
Agreed income with payment 2023	433	695	9%
Agreed income with payment 2024	299	629	8%
Agreed income with payment later than 5 years	267	4,058	50%
Total		8,027	

The average term of the rental agreements in the table above was 7.8 years for 2020 and 8.0 years for 2019. The average term of equivalent rental agreements exclusively in properties for public use was 8.8 years for 2020 and 9.0 years for 2019.

Operating income and expenses in the Parent Company

Of the Parent Company's operating income, MSEK 242 (232) pertains to sales of administrative and property management services to subsidiaries, corresponding to 99 percent (99) of sales. Of the Parent Company's operating expenses, MSEK 12 (10) pertains to purchases from subsidiaries, corresponding to 10 percent (7) of total purchases.

Auditors' fees and reimbursements

	The Group		Parent Company	
	2020	2019	2020	2019
Ernst & Young AB				–
Audit assignment	3	3	3	3
Audit activities other than the audit assignment	1	1	1	1
Tax advice	0	0	0	0
Other services	0	0	0	0
Total	4	4	4	4

"Audit assignment" refers to the examination of the Annual Report, Sustainability Report and accounting records as well as of the administration of the Board of Directors and the CEO, other duties that the Company's auditors are required to conduct, and advisory services and other assistance required as a result of observations made during such examination or during the execution of such other duties. Where appropriate, fees in addition to the audit assignment are distributed between the items "Auditing activities other than the audit assignment", "Tax advice" and "Other services".

Note 4

Segment reporting

The Group

Rikshem's division into segments is based on how management and the chief operating decision maker, Rikshem's CEO, monitor and manage the business. Rikshem's breakdown into segments consists of two types of assets: residential properties and properties for public use. The segments are mainly monitored for net operating income and total return. Investment properties are also analyzed based on each segment. Income statement items included in operating income and changes in value are distributed by segment. No division is made in respect of the remaining income statement items as these are consolidated. All items in the balance sheet, apart from investment properties, are assessed to be group-wide and are therefore not allocated to the respective segments.

	Residential properties		Properties for public use		Total	
	2020	2019	2020	2019	2020	2019
Rental income	2,121	2,051	911	867	3,032	2,916
Operating expenses	-570	588	-166	183	-736	-771
Maintenance	-211	236	-67	70	-278	-306
Administration	-161	-160	-55	-51	-216	-211
Property tax	-40	-39	-2	-3	-42	-42
Total property expenses	-982	-1,023	-290	-307	-1,272	-1,330
Net operating income	1,139	1,028	621	558	1,760	1,586
Change in value of investment properties	1,325	803	500	735	1,825	1,538
Total return	2,464	1,831	1,121	1,293	3,585	3,124

All revenue relates to Sweden. No single tenant accounted for 10 percent of revenue or more during 2019 and 2020.

Income statement	By segment		Unallocated items		Total	
	2020	2019	2020	2019	2020	2019
Net operating income	1,760	1,586	-	-	1,760	1,586
Central administration	-	-	78	-100	78	-100
Interest income	-	-	5	6	5	6
Interest expense	-	-	-468	-450	-468	-450
Earnings from joint ventures	-	-	60	244	60	244
Change in value of properties	1,825	1,538	-	-	1,825	1,538
Change in value of derivatives	-	-	-767	235	-767	235
Foreign exchange effects on financial liabilities	-	-	670	215	670	215
Profit before tax	3,585	3,124	-578	280	3,007	2,844

Statement of financial position	Residential properties		Properties for public use		Total	
	2020	2019	2020	2019	2020	2019
Investment properties ¹	36,243	34,354	15,507	14,953	51,750	49,307
1) of which investments for the year.	1,246	1,214	346	354	1,592	1,568

All investment properties are located in Sweden. For further information about investments, acquisitions and sales, see Note 10.

Note 5

Employees, personnel costs and remuneration to the Board



Accounting policies

Employee benefits consist of salaries, social security expenses, paid holidays and sick leave, pensions and other benefits. Remuneration is recognized as the employees have performed services in exchange for remuneration.

The Group has both defined benefit pension plans and defined contribution pension plans. With regard to the defined contribution pension plans, the Group pays fixed contributions to a separate legal entity and has thus fulfilled its commitment to the employee. The Group's contributions to defined contribution pension plans are charged to profit for the year to which they are attributable. The defined benefit pension plan guarantees a percentage of the final salary that the employee receives on retirement. Rikshem reports defined benefit pension obligations in accordance with IAS 19. Obligations are valued annually by an independent actuary and reported at the present value of future discounted payments where the discount rate corresponds to the interest rate on premium mortgage bonds with a maturity corresponding to the pension obligation. Remeasurements of defined benefit pension plans comprise actuarial gains and losses as well as actual returns on plan assets and are recognized under other comprehensive income in the period in which they arise. The obligation is recognized in the consolidated balance sheet at the net of the present value of the liability and the fair value of the plan assets.

Termination benefits are paid when employment is terminated by the employer or when an employee accepts voluntary severance in exchange

for such benefits. The Group recognizes severance pay when an obligation arises.

Provisions are recognized when the Group has a current obligation, either legal or informal, as a result of past events and when it is probable that a disbursement will be required to settle the obligation and the amount can be reliably calculated. In cases where the Company expects that the provision made will be reimbursed by an external party, for example, as part of an insurance contract, the anticipated reimbursement is recognized as a separate asset but only when it is virtually certain that reimbursement will be received. Provisions are reviewed at the end of each reporting period.

	The Group		Parent Company	
	2020	2019	2020	2019
Average number of employees				
Women	119	110	113	105
Men	146	136	132	124
Total	265	246	245	229
Gender distribution, Board of Directors				
Women	3	3	3	3
Men	4	3	4	3
Total	7	6	7	6
Women and men in Company management				
Women	3	3	3	3
Men	4	6	4	6
Total	7	9	7	9

	The Group		Parent Company	
	2020	2019	2020	2019
Salaries, other remuneration and social security expenses				
Chairman of the Board, Bo Magnusson	0.6	0.6	0.6	0.6
Member of the Board, Pernilla Anrud Melin	–	–	–	–
Board member, Lena Boberg (until April 2020)	0.1	0.2	0.1	0.2
Board member, Liselotte Hjorth	0.3	0.3	0.3	0.3
Board member, Andreas Jensen (as of April 2019)	–	–	–	–
Member of the Board of Directors, Ulrica Messing (as of May 2020)	0.2	–	0.2	–
Board member, Per-Gunnar Persson	0.3	0.3	0.3	0.3
Member of the Board, Per Uhlén	0.1	0.2	0.1	0.2
Managing Director Sophia Mattsson Linnala (until October 2019)				
Basic salary and severance pay	–	8.6	–	8.6
Benefits	–	0.0	–	0.0
Managing Director Anette Frumerie (as of May 2020)				
Basic salary	2.8	–	2.8	–
Benefits	0.0	–	0.0	–
Other senior executives*				
Basic salary	10.9	11.5	10.9	11.5
Benefits	0.2	0.2	0.2	0.2
Performance pay	1.1	2.4	1.1	2.4
Other employees				
Basic salary	120.9	111.6	106.7	99.7
Benefits	0.9	1.0	0.4	0.6
Performance pay	11.4	11.8	10.0	10.3
Social security expenses	46.5	46.9	41.8	42.4
Total	196.3	195.6	175.5	177.3
Pension costs				
CEO	1.0	1.7	1.0	1.7
Other senior executives*	3.0	3.9	3.0	3.9
Other employees	19.4	17.2	16.5	14.8
Total	23.4	22.8	20.5	20.4
Total	219.7	218.4	196.0	197.7

*8 during most of 2019 and 6 during most of 2020.

Note 5

- continued

Board of Directors

According to an AGM resolution, an annual fee in the amount of TSEK 575 is to be paid to the Chairman of the Board and TSEK 200 to each Board member as of March 4, 2020. An annual fee of TSEK 70 is to be paid to the Chairman of the Investment Committee and the Chairman of the Audit Committee and TSEK 30 to each member of the Investment Committee and Audit Committee, and a fee of TSEK 20 is to be paid to the Chairman of the Remuneration Committee and TSEK 10 to each member of the Remuneration Committee. No fees are payable for Board or committee work for members employed by the Fourth Swedish National Pension Fund or AMF Pensionsförsäkring AB. In 2020, fees totaling TSEK 625 were paid to the Chairman of the Board and a total of TSEK 901 to the other Board members. Board member Per Uhlén resigned from the Board in November 2019 and re-joined in May 2020. No pension is paid to the Board of Directors.

CEO.

Remuneration and benefits

Remuneration and benefits for the CEO are determined by the Board. Compensation consists solely of basic salary. Benefits refer chiefly to Company vehicles. During the period from November 1, 2019, to May 4, 2020, the CEO was a consultant, and the new CEO took up her position on May 5, 2020. The Acting CEO received remuneration in accordance with the consulting agreement.

Agreement on period of notice and severance pay

The Company and the CEO are subject to a mutual six-month period of notice. In accordance with the employment contract, severance pay amounting to 12 months' salary will be paid to the CEO in the case of termination by the Company. Deductions to severance pay and salary will be made in respect of other income. No severance pay will be paid in the case of termination by the employee.

Pension

The retirement age for the CEO is 65 years. Pension benefits for the CEO amount to 30 percent of pensionable salary.

Other senior executives

Other senior executives include seven roles: CFO, General Counsel, Head of Administration, Head of Business Development, Head of Business Development, HR Manager and Head of Communications. A reorganization was carried out in the spring of 2020, when the three regional managers were merged into a single role, Head of Administration. In the reorganization, the role of Head of Business and Sustainability Manager was also changed to two roles, both of which are part of the Management group, Head of Business Development and Head of Operations Development. The Head of Operations Development was recruited externally and appointed in January 2021. In 2020, the Head of Business Development was also responsible for the Operations Development area. Remuneration and benefits to Group management are prepared by the Remuneration Committee and decided by the Board. Remuneration to other senior executives consists partly of basic salary and partly of variable remuneration. There is a senior executive who is exempt from the variable remuneration. The variable remuneration can amount to a maximum of four monthly salaries. The variable remuneration is based on three target areas for 2020: real total return should exceed 5 percent, the Company's total return equal to or higher than the benchmark MSCI* and an improvement in the "Satisfied Customer Index" (SCI) of at least 1.0 unit compared with the previous year. The three target areas can lead to separate outcomes.

*Benchmark portfolio refers to a benchmark portfolio developed by MSCI consisting of Swedish residential and properties for public use (MSCI Sweden Public Use and Residential Property Type Annual Property Index).

The variable remuneration is pensionable. Benefits mainly pertain to car benefits and healthcare benefits.

Pension

The retirement age is 65 years for all employees. Pension benefits for other senior executives follow collectively agreed defined contribution plans; some have supplementary premiums, up to 30 percent of pensionable salary.

Agreement on severance pay

The period of notice on the part of the Company varies between three and six months. Upon termination by the Company, severance pay may – according to individual agreements – be paid for up to 12 months with deductions made for other income.

Other employees

Remuneration to other employees consists partly of basic salary and partly of variable remuneration. For other employees, variable remuneration is based on three target areas for 2020: real total return shall exceed 5 percent, the Company's total return equal to or higher than the benchmark MSCI * and an improvement in the "Satisfied Customer Index" (SCI) of at least 1.0 unit compared with the previous year. The three target areas can lead to separate outcomes. Performance-based remuneration may amount to a maximum of two months' salary. The variable remuneration is pensionable. Benefits mainly pertain to car benefits and healthcare benefits.

Other provisions for pensions and similar obligations

Rikshem applies occupational pension agreements within the ITP plan, SAF-LO Collective Pension Insurance and the Banks' occupational pension agreements, the BTP plan. The occupational pension agreements are collectively agreed retirement plans covering sickness and survivor annuities in addition to provisions for retirement pension. Like SAF-LO, the ITP plan applies ITP1, which is a defined contribution plan. In regard to the BTP plan, both BTP1 and BTP2 are applied. BTP1 is a defined contribution pension plan and BTP2 is a defined benefit plan.

Within the defined contribution pension plans, employees contribute most of the premium themselves, which is based on pensionable income. As Rikshem has hereby fulfilled its undertaking to the employee through payment of premiums, the pension plans do not result in future obligations and provisions. The BTP2 plan provides a percentage of final salary as a retirement pension. The defined benefit pension obligations are measured according to the Projected Unit Credit Method (PUCM). The defined benefit obligations are placed in a fund through payment of pension premiums to the pension insurance with SPP. Rikshem does have access to such information that would make it possible to recognize this plan as a defined benefit plan secured with SPP. Rikshem currently has no employees who are active in the BTP2 plan. Rikshem's obligation in respect of BTP2 only includes paid-up policy holders and retirees and survivors' pensions.

	Dec. 31, 2020	Dec. 31, 2019
Pension costs in other comprehensive income		
Actuarial gains (-) / losses (+)	1	4
Actuarial gain (-)/loss (+) on the commitment's present value, demographic assumptions	0	0
Return on plan assets excluding interest income	0	-1
Total pension costs in other comprehensive income	1	3

Note 5

- continued

The actuarial loss for the years 2020 and 2019 is due to differences in assumptions and outcomes in terms of useful life and inflation, as well as a reduction in the discount rate.

	Dec. 31, 2020	Dec. 31, 2019
Net debt, defined pension benefits		
Change in pension obligations		
Present value of pension obligations, opening balance	23	19
Interest on pension obligations ¹	0	0
Pension payments	0	0
Newly affiliated members of the pension plan	–	–
Actuarial gains (–)/losses (+) on pension commitments ²	1	4
Reduction/Regulation \$8 gains (–)/losses (+)	–	–
Present value of pension obligations, closing balance³	24	23
Change in plan assets, fair value		
Fair value of plan assets, opening balance	–17	–16
Interest income ¹	0	0
Disbursement of benefits	0	0
Return on plan assets ²	0	–1
Fair value of plan assets, closing balance	–17	–17
Net debt, defined pension benefits	7	6
Other provisions pensions ⁴	2	–
Other provisions for pensions and similar obligations in the statement of financial position	9	6

1) Reported in the income statement.

2) Reported in other comprehensive income.

3) The expected weighted average duration of the present value of the pre-application is 19.52 (19.55).

4) Other provisions pension refers to special payroll tax on endowment insurance.

A provision for special payroll tax has not been made in the valuation of the present value of the obligation as there is no active person in the portfolio and special payroll tax is paid on the occupational pension premium.

Management assets consist of equities, interest-bearing securities and properties.

	Dec. 31, 2020	Dec. 31, 2019
Actuarial assumptions		
Discount rate	0.9	1.3
Inflation	2.0	2.0
Expected annual increase in pension paid out	2.0	2.0

The discount rate used corresponds to the interest rate on mortgage bonds. The discount rate is the assumption that has the greatest impact on the size of the pension obligation. A change in the discount rate of +1 percentage point would result in a reduced pension obligation of MSEK 4. A change in the discount rate of -1 percentage point would result in an increased pension obligation of MSEK 6.

Note 6

Earnings from participations in subsidiaries

	Parent Company	
	2020	2019
Group contributions received	21	307
Impairment of participations in subsidiaries	0	0
Profit share from limited partnerships	87	86
Profit/loss from divestment of participations in subsidiaries	–	191
Total	108	584

Note 7

Financial income and expense



Accounting policies

Financial income consists primarily of interest income on bank balances and financial receivables and investments. Financial expenses refer to interest expense, ground rents and costs incurred in connection with borrowing. Costs for setting up loans that arise when loans are taken out are accrued over the term of the loan in accordance with the effective interest method. Financial income and expense are recognized in the period to which they pertain. In the case of major new builds, extensions and redevelopments, interest on the investment is capitalized during the production period. Changes in the market valuation of interest and currency derivative agreements entered into are recognized on separate lines in the consolidated statement of comprehensive income. This also includes translation of loans in foreign currency.

	The Group		Parent Company	
	2020	2019	2020	2019
Interest income	1	3	0	1
Interest income, Group companies	0	–	754	477
Interest income, joint ventures/ subsidiaries' joint ventures	4	3	1	1
Other financial income	0	0	–	–
Other financial income	5	6	755	479

	The Group		Parent Company	
	2020	2019	2020	2019
Interest expense	–447	–428	–434	–421
Interest expense, Group companies	–1	–	–30	–13
Interest costs, joint ventures	0	–1	–	–
Interest expense, lease liabilities	–3	–3	–	–
Other financial expenses	–17	–18	–23	–17
Other financial expenses	–468	–450	–487	–451
Financial income and expense	–463	–444	268	28

In 2020, interest of MSEK 21 (9) was capitalized on major projects and was calculated based on the average interest rate on the loan portfolio during the period.

Note 8

Tax



Accounting policies

Tax expense for the year comprises current and deferred tax. Tax is recognized in profit for the year except when the tax pertains to items recognized in other comprehensive income or directly in equity. In such cases the tax is also recognized in other comprehensive income or equity, respectively.

Current income tax is calculated on the taxable profit for the period and is recognized in the statement of comprehensive income as income or an expense. Current tax reported in the income statement corresponds to the tax the Company is liable to pay based on the taxable profit for the year, adjusted for any current income tax relating to previous periods. Taxable profit refers to recognized profit adjusted for non-taxable revenue and non-deductible expenses.

Tax assets and tax liabilities for the current and previous years are set at the amount expected to be recovered from or paid to the Swedish Tax Agency. The tax rates and tax laws used to calculate the amount are those in force or announced as of the closing date. For both 2019 and 2020, the current tax rate was 21.4 percent. Furthermore, management regularly evaluates any claims made in tax returns relating to situations where applicable tax rules are subject to interpretation.

Provisions are made for amounts that are likely to be paid to the Swedish Tax Agency.

Deferred tax

Deferred tax is recognized on the closing date in accordance with the balance sheet method for temporary differences between the tax and accounting amounts of the assets and liabilities. The tax rates and tax laws used to calculate the amount are those in force or announced as of the closing date. Deferred tax liabilities in the Rikshem Group refer mainly to differences between the estimated fair value and tax value of current properties and financial instruments.

The valuation of deferred tax assets is assessed on each closing date and adjusted to the extent that it is no longer probable that sufficient profit will be generated, so that all or part of the deferred tax asset can be used. Deferred tax assets are recognized for all deductible temporary differences, including loss carryforwards, insofar as it is probable that a taxable profit will be available against which the deductible temporary differences can be used.

When acquiring a company, an assessment is made as to whether the acquisition refers to the acquisition of a business or the acquisition of an asset (a property). Acquisition of a business means that the acquisition pertains to the purchase of a company with properties, including the acquisition of staff and processes. When acquiring a business, deferred tax is reported at the nominal amount of temporary differences. In cases where acquisitions of assets are made, no deferred tax is recorded in the acquisition.

Deferred tax assets and deferred tax liabilities are recorded net.

	The Group		Parent Company	
Tax on profit for the year	2020	2019	2020	2019
Current tax	-66	-5	-33	-
Deferred tax	-460	-594	62	-60
	-526	-599	29	-60
Reconciliation of effective tax				
Recognized profit before tax	3,007	2,844	188	522
Tax according to current tax rate, 21.4%	-643	-609	-40	-112
Recalculation of change in deferred tax for the period according to new tax rate, 20.6%	21	23	2	0
Loss carryforwards	0	32	-	10
Change in value of properties	3	-20	-	-
Earnings from holdings according to the equity method	12	52	-	-
Divestment of properties	55	0	-	-
Untaxed reserves	50	-52	-	-
Non-taxable revenue/non-deductible expenses	-44	-27	58	42
Tax attributable to earlier fiscal years	11	0	10	-
Other adjustments	9	1	-1	0
Recognized effective tax	-526	-599	29	-60
Effective tax rate	17.5%	21.1%	-15.3%	11.5%

Deferred tax in statement of comprehensive income

Investment properties/Investment properties in limited partnerships	-579	-456	-3	-2
Interest-rate and foreign exchange derivatives	64	-48	63	-48
Untaxed reserves	52	-50	2	-
Loss carryforwards	4	-41	-	-10
Other	-1	1	-	0
Recognized deferred tax	-460	-594	62	-60

Current tax for 2020 has been calculated on the basis of a nominal tax rate of 21.4 percent, while deferred tax is calculated on the basis of a lower corporate tax rate of 20.6 percent in accordance with the government's decision on changed corporate tax, which began to apply from January 1, 2019.

	The Group		Parent Company	
Deferred tax	2020	2019	2020	2019
Deferred tax attributable to loss carryforwards	-4	0	-	-
Deferred tax attributable to properties	3,907	3,327	225	223
Deferred tax attributable to financial instruments	-48	15	-48	15
Deferred tax attributable to other items	-3	50	-2	0
Total	3,852	3,392	175	238

Deferred tax on differences arising between the carrying amount of an asset or liability and its taxable value, known as a temporary difference, is recognized according to the balance sheet method. This means that there is a tax liability or tax asset that is realized on the day the asset or liability is divested. When calculating the temporary difference for an asset or liability, which is the basis for calculating the deferred tax liability or tax receivable, only the temporary differences that have arisen after the Group has acquired the asset or liability are taken into consideration. This may mean that the difference between an asset or liability's carrying amount and tax residual value differs

Note 8

- continued

from the temporary difference for an asset or liability which is the basis for the deferred tax liability or tax asset reported in the Group.

In a direct sale of the Group's properties, the tax-related outcome in the Group is estimated at MSEK 32,270 (29,717) by offsetting the carrying amount of MSEK 51,750 (49,307) for properties recognized by the Group against the total taxable residual value in legal entities of MSEK 19,480 (19,590). Accordingly, the calculated taxable net profit exceeds the temporary difference for properties which form the basis for recognizing deferred tax liability for Group properties in the amount of MSEK 13,305 (13,565).

According to Rikshem's assessment, the Company's deferred tax liability will, in all material respects, be realized after 2020 and deferred tax has therefore been calculated based on the tax rate that will apply as of 2021, which is 20.6 percent. The income tax realized in a property sale is often significantly lower since it is possible to sell properties through Company sales, thereby avoiding full tax liability and also because of the time factor. With regard to accounting rules, deferred tax is reported at nominal value without discounting.

The Company has loss carryforwards measured at a total of MSEK 22, of which MSEK 4 is blocked until the end of 2024.

Note 9

Capitalized development expenditure



Accounting policies

Expenses for technical platforms developed and adapted for the Group are reported as intangible assets if they are expected to result in future economic benefits in the coming years. The amortization period is assessed on the basis of the expected useful life and is recorded on a straight-line basis over the useful life. The useful life is reviewed at least once a year. Amortization is recognized in the consolidated statement of comprehensive income under the item central administration. In accordance with IAS 36, intangible assets are subject to impairment testing. Some assets, such as intangible assets and equipment, are subject to impairment testing in accordance with IAS 36. The asset's carrying amount is assessed when there are indications that the asset has decreased in value. If the carrying amount exceeds the estimated recoverable amount, impairment is recognized at the recoverable amount, which is recognized in the statement of comprehensive income. Write-downs previously made are reversed if the conditions for write-downs no longer exist. Reversal is made to a maximum of the asset's residual value and is recognized in the statement of comprehensive income.

	The Group		Parent Company	
	2020	2019	2020	2019
Amortized cost				
At the start of the year	-	-	-	-
Investments for the year	7	-	7	-
Closing accumulated acquisition values	7	-	7	-
Depreciation				
At the start of the year	-	-	-	-
Closing accumulated amortization	-	-	-	-
Carrying amount at year-end	7	-	7	-

Expenses for development work and similar items of significant value to the business were capitalized in 2020. Rikshem's intangible assets essentially comprise acquired software that is considered to have an economic value in the coming years. Amortization has not yet begun and impairment testing has not indicated impairment.

Note 10

Investment properties



Accounting policies

Investment properties are held for the purpose of receiving rental income or an increase in value or a combination of the two. All properties owned by Rikshem are regarded as investment properties. Investment properties are recognized at cost on the acquisition date, including expenses directly attributable to the acquisition. After the acquisition date, investment properties are recognized at fair value in the consolidated statement of financial position. Changes in value during the period are recognized as realized and unrealized changes in value in the consolidated statement of comprehensive income. Unrealized changes in value are calculated based on the difference between the fair value on the balance sheet date and the fair value at the time of the previous reporting, taking into account acquisitions, sales and investments. Earnings from the sale of properties are recognized as a realized change in value. Realized change in value consists of the difference between the agreed purchase price after deduction of sales expenses and the property's fair value recognized in the latest financial report. Proceeds from property sales are recognized when the risks and rewards are transferred from the seller to the buyer, which coincides with the date of surrendering possession.

Additional expenditures are added to the carrying amount only if it is probable that the future economic benefits associated with the asset will accrue to the Company. All other additional expenditures are recognized as expenses in the periods in which they are incurred. Repairs and maintenance activities are expensed at the time when the expenditure is incurred. In larger projects, interest costs are capitalized during the production period in accordance with IAS 23 Borrowing Expenses.

Investment properties include buildings, land, ground installations, permanent equipment, service facilities, etc., in buildings, and work in progress.

Valuation of investment properties

In the valuation of investment properties, assessments and assumptions may affect the Group's earnings and financial position.

Valuation requires that assessments and assumptions be made regarding future cash flow and the determination of a discounting factor (property yield requirement and cost of capital). In order to reflect the uncertainty inherent in assumptions and assessments made in a property valuation, a "valuation range" of +/- 5 percent is usually specified. The assumptions and assessments made and sensitivity analysis are shown below.

Classification of acquisitions

Usually, property acquisitions are made indirectly through the acquisition of companies containing the property (s) instead of a direct acquisition of the property. An assessment must be made as to whether an acquisition is a business acquisition or an asset acquisition. The acquisition is classified, somewhat simplified, as an asset acquisition if the majority of the fair value of the acquired assets consists of an asset or group of similar assets and does not include the organization and processes required to conduct the business. For all acquisitions made during the year, Rikshem's assessment has resulted in the transactions being classified as asset acquisitions.

When acquisitions of subsidiaries entail the acquisition of non-business acquisition assets, the cost of these assets and liabilities is allocated according to their relative fair values on the acquisition date. If instead the assessment should have resulted in classification as a business combination, this would have resulted in deferred tax for any surplus value, apart from goodwill, being recognized as a liability based on the nominal tax rate. The difference between the nominal tax rate and the value at which a temporary difference is valued in the acquisition analysis would be reported as goodwill.

Note 10

- continued

The Group**Changes in the property portfolio for the year**

The fair value of investment properties increased to MSEK 51,750 (49,307) during the year, corresponding to SEK 23,181 (21,512) per square meter. The increase in value relate to investments in existing properties and value increases.

The total increase in value amounted to MSEK 1,825 (1,538), corresponding to growth of 3.7 percent (3.2). The increase in value reflects the change in the properties' cash flows and in the property yield requirement.

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. Rikshem acquired properties for a total of MSEK 285 (879) during the year. The acquisitions added to the property portfolio, including a development property in Uppsala, a residential property in Västerås and a property for public use in Kalmar built with a nursing home. Two properties were sold during the year for a total of MSEK 1,259 (365). The biggest sale involves 13 residential properties in Östersund.

	Dec. 31, 2020	Dec. 31, 2019
The Group		
Fair value at the start of the year	49,307	45,687
Investments	1,592	1,568
Acquisitions	285	879
Change in value	1,825	1,538
Divestments	-1,259	-365
Fair value at the end of the year	51,750	49,307

Contractual liabilities

The Group has contractual liabilities as yet not recognized in the balance sheet. These liabilities refer to the purchase of properties and investments in existing properties to complete initiated construction and renovations.

	Dec. 31, 2020	Dec. 31, 2019
The Group		
Acquisitions	823	830
New construction	709	916
Redevelopment	450	216
Total	1,982	1,962

Property valuations

In accordance with the Company's valuation policy, the fair value of investment properties is determined through internal valuations. In the evaluation model, fair value is calculated based on generally accepted valuation principles and the analysis of each property's earnings capacity and the market's yield requirement. As a general rule, the analysis period covers ten years. In the case of properties for public use rented to municipalities on long rental agreements, the analysis period corresponds to the remaining contract term. Rental income is based on the existing rental agreement and existing rent levels. Agreed future changes to the rental agreement term, rent levels, etc., are taken into account. Property-related costs for the respective property are based on estimated costs. Assumptions regarding cost of capital and property yield requirement are checked in yearly and half-yearly valuations by external appraisers. Fair value has therefore been assessed according to IFRS 13 level 3.

Renovation projects and new builds, extensions and redevelopments were valued in a corresponding manner less the remaining investment cost. The value of development rights is based on the future field of application and comparative market analyses.

Fair value is based on the following assumptions in respect of rent levels and property yield requirement.

Rent in SEK/sqm

Property type	min.	average	max.
Residential properties	729	1,284	2,356
Properties for public use – nursing homes	550	1,482	2,818
Properties for public use – schools	724	1,521	2,351
Commercial properties	754	1,322	5,534
Average		1,339	

Property yield requirement, %

Property type	min.	average	max.
Residential properties	2.39	3.77	5.50
Properties for public use – nursing homes	3.19	4.45	7.50
Properties for public use – schools	4.40	4.79	6.55
Commercial properties	3.67	4.91	7.45
Average		4.00	

Of the assessed fair value of MSEK 51,750 (49,307), MSEK 617 pertains to development rights which, on average, have been valued at SEK 1,600 per square meter. The average property yield requirement is 4.0 (4.12) percent, a reduction of 0.12 percentage points compared with the average property yield requirement at the beginning of the year.

Fair value per property type	Dec. 31, 2020	Dec. 31, 2019
Residential properties	35,709	33,812
Properties for public use – nursing homes	12,512	11,636
Properties for public use – schools	2,670	3,012
Commercial ¹⁾	859	847
Total	51,750	49,307

¹⁾ Commercial premises for local services or areas of use for future residential properties or properties for public use.

Sensitivity analysis

Property valuations are based, for example, on assumptions about future use, earning capacity and market return requirements. The valuation range of +/- 5 percent specified for property valuation reflects the uncertainty inherent in assumptions and estimations made. In the case of Rikshem, this uncertainty range of +/- 5 percent is equivalent to a value range of +/- MSEK 2,588.

A change of +/- 0.25 percentage points in the average property yield requirement of 4.0 percent would entail a change in value of MSEK -3,061 or MSEK +3,476, respectively. If the average net operating income of SEK 865 per square meter were to change by +/- 5 percent, fair value would change by +/- MSEK 2,422.

The table below shows how value is affected by a change in certain key valuation parameters. The table provides a simplified overview since a single parameter will probably not change in isolation.

Note 10

- continued

Changed property yield requirement	+0.25	-0.25
Residential properties	-2,222	2,538
Properties for public use – nursing homes	-665	745
Properties for public use – schools	-132	147
Commercial properties	-42	46
Total	-3,061	3,476

Change in net operating income	+5.0%	-5.0%
Residential properties	1,671	-1,671
Properties for public use – nursing homes	584	-584
Properties for public use – schools	131	-131
Commercial properties	36	-36
Total	2,422	-2,422

Change in rental income	+1.0%	-1.0%
Residential properties	554	-554
Properties for public use – nursing homes	154	-154
Properties for public use – schools	36	-36
Commercial properties	12	-12
Total	756	-756

External valuation

To ensure accurate valuations, Newsec and Cushman & Wakefield have together valued properties equivalent to 99.3 percent of the property portfolio in terms of value. Rikshem's valuation of these properties amounted to MSEK 51,398, while the external valuations together totaled MSEK 51,650 which corresponds to a deviation of MSEK 252 or 0.5 percent. The deviation between the internal and external assessed values is well within the uncertainty range of +/- 5 percent.

Note 11

Leaseholds and other right-of-use assets



Accounting policies

At the commencement date of a lease, Rikshem recognizes a right-of-use asset and a lease liability. The majority of Rikshem's right-of-use assets consist of site leasehold rights. Site leasehold rights are deemed to have perpetual contracts and are reported at fair value. Site leasehold rights are not amortized, but the value remains until the rent is renegotiated. As site leasehold rights are deemed to have perpetual contracts, there is no amortization and the rent is reported as an interest expense in the income statement. For other leasing agreements, which consist of leases for premises and contracts for company cars and vans, a liability is reported where the fixed payments are discounted with the implied interest rate of the agreement or with Rikshem's marginal loan interest rate if there is no implicit interest rate. An equivalent right-of-use asset is reported. Amortization of right-of-use assets is recorded on a straight-line basis and is reported in property management and central administration, while interest rates are reported in financial expenses. Leasing costs with a lease term of 12 months or less, or leases with an underlying asset of low value, are not reported as right-of-use assets.

	The Group		Parent Company	
	2020	2019	2020	2019
Maturity within 1 year	14	13	10	10
Maturing within 2-5 years	30	35	19	23
Maturity later than 5 years	110	123	–	–
Total	154	171	29	33

The Group	2020 Site leasehold rights	2020 Other agreements	2020 Total	2019 Site leasehold rights	2019 Other agreements	2019 Total
Assets						
Opening balance	101	30	131	97	12	109
Newly signed agreements and renewed agreements	3	11	14	4	25	29
Indexation	1	–	1	–	0	0
Depreciation	–	–11	–11	–	–8	–8
Other items	–	2	2	0	1	1
Carrying amount at year-end	105	31	137	101	30	131

The Group	2020 Site leasehold rights	2020 Other agreements	2020 Total	2019 Site leasehold rights	2019 Other agreements	2019 Total
Liabilities						
Accumulated costs						
Non-current liability	101	19	120	98	19	117
Current liability	4	10	14	3	11	14
Carrying amount at year-end	105	29	134	101	30	131

Note 12

Equipment



Accounting policies

Equipment comprises physical assets that are used in the Group's operations and have an expected useful life exceeding one year. This mainly concerns cars and office equipment. Equipment is recognized at cost less accumulated depreciation and any impairment. Depreciation is recorded on a straight-line basis over 5 years and commences when the asset is placed in service. Amortization is recognized in the consolidated statement of comprehensive income under the item central administration. Residual value is not taken into account as this is considered negligible. In accordance with IAS 36, equipment is subject to impairment testing.

Some assets, such as intangible assets and equipment, are subject to impairment testing in accordance with IAS 36. The asset's carrying amount is assessed when there are indications that the asset has decreased in value. If the carrying amount exceeds the estimated recoverable amount, impairment is recognized at the recoverable amount, which is recognized in the statement of comprehensive income. Write-downs previously made are reversed if the conditions for write-downs no longer exist. Reversal is made to a maximum of the asset's residual value and is recognized in the statement of comprehensive income.

	The Group		Parent Company	
	2020	2019	2020	2019
Accumulated acquisition values				
At the start of the year	20	22	17	19
Acquisitions and new purchases	1	2	1	2
Divestments and disposals	-1	-4	-1	-4
Closing amortized cost	20	20	17	17
Depreciation				
At the start of the year	-15	-17	-13	-15
Divestments and disposals	0	4	1	4
Depreciation for the year according to plan	-2	-2	-2	-2
Closing depreciation	-17	-15	-14	-13
Carrying amount at year-end	3	5	3	4

Note 13

Participations in subsidiaries



Accounting policies

Participations in subsidiaries are reported at acquisition value, which includes any transaction costs. If the carrying amount of the shares exceeds the fair value, an impairment loss is recognized in the income statement. Write-downs previously made are reversed if the conditions for write-downs no longer exist.

Parent Company	Dec. 31, 2020	Dec. 31, 2019
Amortized cost		
At the start of the year	1,945	1,967
Divestments	–	–22
Shareholder contributions	172	0
Impairment of shares in subsidiaries	0	0
Share of profit in limited partnerships	87	86
Withdrawal of share of profit in limited partnerships	–87	–86
Carrying amount at year-end	2,117	1,945

Specification of the Company's holding of shares and participations in subsidiaries

The number of shares and book value of directly owned subsidiaries are stated below. Other companies in the Group are owned indirectly and appear in the Annual Report of the respective subsidiaries.

Subsidiaries	Corp. reg. no.	Domicile	Number of participations	% ¹⁾	Carrying amount
Rikshem Cityfastigheter AB	556761-8029	Stockholm	1,000	100	35
Rikshem Fastigheter AB	556793-1281	Stockholm	1,000	100	1
Rikshem Enheten AB	556299-6388	Stockholm	5,000	100	105
Rikshem Nordan AB	556312-4642	Solna	265,000	100	362
Rikshem Bostäder Holding AB	556856-2911	Stockholm	50,000	100	231
Rikshem Samhold AB	556856-2929	Stockholm	50,000	100	144
Rikshem Uppsala KB	969646-7290	Stockholm	–	99	944
Rikshem Fastighetsutveckling AB	556912-1493	Stockholm	500	100	0
Rikshem BRF-utveckling AB	556971-2846	Stockholm	500	100	0
Rikshem JV Holding AB	559015-8928	Stockholm	50,000	100	295
					2,117

1) Refers to the equity share, which also corresponds to the percentage of votes for the total number of shares/participations.

Note 14

Participations in joint ventures



Accounting policies

The term joint ventures refers to companies in which Rikshem, through collaboration agreements with one or more partners, has a joint controlling influence over the management of the company. Holdings in joint ventures are reported in accordance with the equity method, which means that the shares are reported at cost at the time of acquisition and thereafter adjusted by Rikshem's share of the profit/loss for the year and any dividends received. The accounting policies of each joint venture are adjusted to correspond with the Group's accounting policies.

	The Group	
	2020	2019
At the start of the year	1,658	1,353
Contribution	50	62
Share of profit	60	244
Capital withdrawal	–	–1
Carrying amount at year-end	1,768	1,658

Note 14

- continued

Company	2020		2019	
	Profit for the year	Rikshem's share	Profit for the year	Rikshem's share
Farsta Stadsutveckling KB	–	–	0	0
Farsta Intressenter AB	–	–	–	–
Farsta Fastighetsintressenter AB	27	14	396	198
Boostad Bostad Sverige AB	0	0	-36	-18
VärmdöBostäder AB	94	46	130	64
Bergagårdshöjdens JV AB	–	–	–	–
Bergagårdshöjdens BR JV AB	0	0	0	0
JV Tidmätaren AB	1	0	0	0
Profit for the year	122	60	490	244
Total comprehensive income	122	60	490	244

Specification of the Company's holding of shares and participations in joint ventures

Joint ventures	Corp. reg. no.	Domicile	Partner	Share of capital, %	Number of participations	Carrying amount
Farsta Stadsutveckling KB	969622-6399	Stockholm	Ikano Bostad	50	500	5
Farsta Intressenter AB	559015-9108	Stockholm	Ikano Bostad	50	25,000	–
Farsta Fastighetsintressenter AB	559039-2246	Stockholm	Ikano Bostad	50	25,000	630
Boostad Bostad Sverige AB	559021-1313	Stockholm	Veidekke Bostad	50	250	88
VärmdöBostäder AB	556476-2176	Stockholm	Värmdö kommun	49	12,250	1,025
Bergagårdshöjdens JV AB	559006-0967	Kalmar	P&E Fastighetspartner	50	500	10
Bergagårdshöjdens BR JV AB	559079-9077	Kalmar	P&E Fastighetspartner	50	500	0
JV Tidmätaren AB	559098-6088	Stockholm	Glommen & Lindberg	50	250	11

1,768

Condensed financial information, significant holdings

Financial information for the joint ventures that are deemed to be significant from a holding perspective is presented below. Information for joint ventures refers to the amounts recognized in the annual accounts of each company (not the Group's participation) adjusted for differences in the accounting policies between the Group and the joint ventures. The information below is a summary.

	Farsta Fastighets-intressenter AB		Värmdö-Bostäder AB	
	2020	2019	2020	2019
Income	35	17	183	190
Income from management operations	12	2	61	41
Change in value of properties	29	501	71	117
Change in value of derivatives	–	–	-2	2
Net financial items	-8	-4	-9	-7
Tax	-7	-103	-28	-23
Profit for the year	27	396	93	130
Comprehensive income for the year	27	396	93	130

	Farsta Fastighets-intressenter AB		Värmdö-Bostäder AB	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Fixed assets	1,948	1,740	3,097	2,951
Current assets	3	77	21	6
Cash and cash equivalents	41	32	19	36
Assets	1,992	1,849	3,137	2,993
Equity	1,260	1,133	2,091	1,997
Non-current financial liabilities	580	580	828	814
Other non-current liabilities	117	117	173	144
Current financial liabilities	–	–	3	2
Other current liabilities	35	19	42	36
Equity and liabilities	1,992	1,849	3,137	2,993

Note 15

Prepaid expenses and accrued income

	The Group		Parent Company	
	2020	2019	2020	2019
Accrued income	48	51	41	40
Accrued income interest	–	–	–	–
Accrued insurance compensation	27	63	–	–
Prepaid insurance premiums	12	9	1	–
Prepaid operating expenses	2	1	–	–
Other prepaid income and accrued income	7	2	3	3
Total	96	126	45	43

Note 16

Financial risks and risk management

Rikshem is exposed to a number of financial risks. The risks are managed within the framework of the financial policy adopted by the Board. The finance policy defines objectives and mandates, and specifies guidelines and risk limits for financial activities within Rikshem. The financial risks to which the Group is exposed and risk management are presented below.

Financing risk

Financing risk refers to the risk that financing cannot be obtained at any given time, or is only obtained at a significantly increased cost. The following guidelines shall be followed to limit financing risk:

- A liquidity reserve must be available at all times
- Short-term net debt should amount to a maximum of 35 percent of the total interest-bearing debt
- The average capital tied up must be at least 3.5 years
- The number of lenders relating to liabilities to credit institutions shall amount to at least three, with no single lender accounting for more than 50 percent of total liabilities to credit institutions in the long term.
- Borrowing shall only take place through the counterparties permitted by the financial policy.
- An even maturity structure of the net debt should be sought.

Rikshem works proactively to ensure it continuously has multiple financing sources available. Bank loans have been raised with a number of Nordic banks. In addition, the Company has a commercial paper program, which provides the opportunity to issue a maximum maturity of 12 months within a framework of MSEK 10,000 (10,000). On the closing date, MSEK 2,139 (2,740) had been utilized. Rikshem also has an EMTN program of MEUR 2,000 (2,000), or an equivalent amount in foreign currency. As of the closing date, bonds for MSEK 18,988 (19,582) were issued. Of these, MSEK 4,148 (4,311) related to EUR, MSEK 5,408 (5,065) to NOK and MSEK 312 (0) to AUD. The remaining part was issued in SEK.

There is also a credit facility with the European Investment Bank (EIB). The facility may be used to finance energy-efficient investments. Net operating income totaled MSEK 199 (199). Rikshem has also taken out back-up facilities with two banks totaling MSEK 3,000 and back-up facilities and subscription commitments for commercial paper with owners AMF Pensionsförsäkring AB and Fjärde AP-fonden (AP4) totaling MSEK 10,000. The Company also has an overdraft facility of MSEK 500.

Interest-rate risk

Interest rate risk is the risk that developments in the interest rate market will have a negative impact on Rikshem's earnings. Interest rate risk af-

fects current interest costs for loans and derivatives and changes in the market value of derivatives. The management of interest rate risk has the objective of achieving stability in Rikshem's financial cash flow. Interest expense is affected by market interest rates, margins on financing and Rikshem's chosen strategy for fixed interest. In order to limit interest rate risk, the following guidelines must be followed:

- The average fixed interest period shall be 3 to 6 years.
- A maximum of 20 percent of the total amount of the loan portfolio must be traded within a 12-month period.
- The proportion of interest hedged parts of the loan portfolio that exceed 12 months must be 75 to 95 percent.
- Interest-rate duration over 10 years is not permitted.

Rikshem uses interest-rate derivatives with varying maturities to manage interest rate risk and to extend the fixed-interest period of the loan portfolio in order to achieve a more stable and predictable net interest income.

Currency risk

Currency risk is defined as the risk that changes in exchange rates have a negative impact on the income statement and balance sheet. Rikshem is only exposed to currency risk when borrowing in a foreign currency. Rikshem may not be exposed to currency risk exposure in financing activities. When borrowing in another currency, all cash flows are swapped to SEK, eliminating currency risk.

Credit and counterparty risk

Credit and counterparty risk is the risk that counterparties, both financial and commercial, cannot fulfill their obligations on time or offer security for fulfillment. To manage credit and counterparty risk, an assessment of the risk to which the Company is exposed must take place prior to each transaction. Rikshem's total exposure and net exposure with the counterparty shall be taken into account. Counterparty risks shall be disseminated and only counterparties approved in accordance with the policy may be used. Rikshem's collateral with counterparties is regulated monthly for combined currency and interest rate swaps.

In addition to the above, the financial policy also establishes that the equity/assets ratio must not be less than 35 percent, the interest coverage ratio must be at least 2.2 times and the loan-to-value ratio must not exceed 58 percent of the properties' market value. All guidelines presented above have been complied with and presented in the Directors' Report and in the section on financing on pages 51-53.

Note 17

Financial derivative instruments



Accounting policies

The interest rate and currency derivative agreements, which have been signed to manage Rikshem's interest rate and currency risk, are recognized in the statement of financial position and valued in accordance with the accepted valuation model at fair value. Since values can be derived from an observable market, valuation takes place in accordance with level 2 of the valuation hierarchy in IFRS 13. Interest-rate and foreign exchange derivatives are measured at fair value by discounting expected future cash flows under a contract's terms and due dates on the basis of market interest rate/observable yield curve. For combined currency interest rate swaps, a valuation is added at current exchange rates. Value adjustments are reported in Rikshem's statement of comprehensive income for the year. Derivative instruments with positive values are reported as an asset and derivative instruments with negative values are reported as a liability.

	The Group		Parent Company	
	2020	2019	2020	2019
Recognized as financial assets				
Interest-rate swaps	5	1	5	1
Currency swaps	276	508	276	508
	281	509	281	509
Recognized as financial liabilities				
Interest-rate swaps	-620	-388	-620	-388
Currency swaps	-348	-44	-348	-44
Total liabilities	-968	-432	-968	-432

Derivative agreements have been signed with five Nordic banks that hold a credit rating of A+. ISDA agreements allow receivables and liabilities to the same counterparty to be offset against each other, thereby reducing the credit risk of the counterparty not being able to fulfill its obligations. For all interest rate derivatives, STIBOR is received for 3 months and a fixed interest rate is paid to the counterparties.

	Dec. 31, 2020		Dec. 31, 2019	
Interest rate derivatives	Nominal amount, SEK billion (year-end)	Average interest rate, % (year-end)	Nominal amount, SEK billion (year-end)	Average interest rate, % (year-end)
2020			17.8	0.8
2021	17.3	0.8	16.5	0.8
2022	16.3	0.8	14.5	0.9
2023	14.8	0.8	12.5	0.9
2024	14.3	0.8	12.0	0.9
2025	11.8	0.8	7.5	1.0
2026	8.8	0.8	4.5	1.1
2027	6.8	0.8	2.0	0.9
2028	4.3	0.7	0.5	0.8
2029	1.9	0.9	0.0	0.0

At year-end, the Company had an interest rate derivative portfolio that hedged SEK 17.8 billion. Derivatives have a maturity of up to 8 years. For funding in foreign currency, Rikshem uses currency swaps whereby the exchange rate on interest payments and repayments is hedged. Derivative instruments for combined currency and interest rate swaps have a closing market value of MSEK -72 and the net fair value of the derivative portfolio was MSEK -687 (77). The year's change in value of interest rate and currency derivatives amounted to MSEK 767 (235). Interest rate derivatives with a nominal value of MSEK 4 (0) were redeemed early in the year.

Note 18

Financial assets and liabilities



Accounting policies

Financial instruments are any form of agreement that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial instruments recognized in the balance sheet include cash and cash equivalents, accounts receivable, other receivables, derivative instruments and financial receivables on the asset side. Liabilities include borrowings, derivative instruments, accounts payable and other liabilities.

A financial asset or financial liability is recognized in the balance sheet when the Company becomes party to it in accordance with the instrument's contractual conditions. A financial asset and financial liability are offset and recorded in a net amount in the balance sheet only when there is a legal right to offset the amounts and there is an intention to settle the items as a net amount, or to simultaneously realize the asset and settle the liability. A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire or when the Company loses control of them. A financial liability is removed from the balance sheet when the contractual obligation is met or otherwise extinguished. The same applies to portions of a financial liability. The recognition of financial instruments depends on how they are classified.

Classification of financial instruments

Financial assets

The classification of financial assets is based on the Group's business model for the management of the asset and the asset's contractual cash flow characteristics. The instruments are classified at amortized cost, fair value through other comprehensive income or fair value through profit or loss. On initial recognition, all financial instruments are measured at fair value.

Financial assets classified at amortized cost are held under the business model of collecting the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. This refers to long-term financial receivables, receivables from joint ventures and other current receivables. Accounts receivable and lease receivables are initially recorded at their invoiced value. After initial recording, the assets are measured according to the effective interest method.

Rikshem's interest rate and currency derivatives are classified at fair value through profit or loss as the Group does not apply hedge accounting. Changes in fair value are recognized in the statement of comprehensive income for the year. Fair value is determined according to the description in Note 17.

Financial assets are subject to loss provisions for expected credit losses, which are described below.

Rikshem is not covered by financial assets measured at fair value through other comprehensive income.

Financial liabilities

Financial liabilities are classified at accrued cost with the exception of financial derivative instruments. Financial liabilities measured at accrued acquisition value are initially measured at fair value including transaction costs. After the initial recognition date, they are measured at accrued cost in accordance with the effective interest method.

Financial derivative instruments are classified at fair value through profit or loss. The Group does not apply hedge accounting. Changes in fair value are recognized in the statement of comprehensive income for the year. Fair value is determined according to the description in Note 17.

Impairment of financial assets

The Group's financial assets, with the exception of those classified at fair value through profit or loss, are included in impairment of expected credit losses. Impairment also includes rent receivables and contract assets not measured at fair value through profit or loss. Impairment of credit losses under IFRS 9 is forward-looking and a loss allowance is made when there is exposure to credit risk, usually on initial recognition. Expected credit losses reflect the present value of all deficits in cash flows attributable to default either for the next 12 months or for the expected remaining life of the financial instrument, depending on the class of asset and credit impairment since initial recognition. Expected credit losses reflect an unbiased and probability-weighted amount that considers a range of possible outcomes based on reasonable and verifiable forecasts.

The measurement of expected credit losses is based on different methods for different credit risk exposures. The simplified model is applied for rental and trade receivables, which means that a loss reserve is recognized for the expected maturity of the receivable. Provisions for expected credit losses are based on past statistics and a risk assessment of accounts receivable and rental receivables, taking into account economic cycles and credit risk.

Long-term financial receivables and receivables from joint ventures are valued on the basis of a rating-based model based on the creditor's cash flow, equity/assets ratio, ownership structure and any collateral and guarantees.

Financial assets are recognized in the balance sheet at accrued cost, which is the net of gross amount and the loss reserve. Changes in the loss reserve are recognized in the statement of comprehensive income.

Note 18

- continued

Classification of financial instruments

The Group	Financial assets/ liabilities measured at amortized cost	Financial assets/ liabilities measured at fair value through profit or loss	Total carrying amount	Fair value
December 31, 2020				
Assets				
Non-current receivables	281	–	281	281
Financial derivative instruments	–	281	281	281
Trade receivables and other receivables	177	–	177	177
Cash and cash equivalents	830	–	830	830
Total assets	1,286	281	1,567	1,567
Liabilities				
Interest-bearing liabilities	26,315	–	26,315	27,271
Financial derivative instruments	–	968	968	968
Trade payables and other liabilities	620	–	620	620
Total liabilities	26,935	968	27,903	28,859

The Group	Financial assets/ liabilities measured at amortized cost	Financial assets/ liabilities measured at fair value through profit or loss	Total carrying amount	Fair value
December 31, 2019				
Assets				
Non-current receivables	179	–	179	179
Financial derivative instruments	–	509	509	509
Trade receivables and other receivables	194	–	194	194
Cash and cash equivalents	568	–	568	568
Total assets	941	509	1,450	1,450
Liabilities				
Interest-bearing liabilities	26,838	–	26,838	27,594
Liabilities to joint ventures	30	–	30	30
Financial derivative instruments	–	432	432	432
Trade payables and other liabilities	976	–	976	976
Total liabilities	27,844	432	28,276	29,032

NOTES

Note 18

- continued

Classification of financial instruments, Parent Company

Parent Company	Financial assets/ liabilities measured at amortized cost	Financial assets/ liabilities recorded at fair value through profit or loss	Total carrying amount	Fair value
December 31, 2020				
Assets				
Receivables from Group companies	30,962		30,962	30,962
Non-current receivables	79		79	79
Financial derivative instruments		281	281	281
Trade receivables and other receivables	80		80	80
Cash and cash equivalents	826		826	826
Total assets	31,947	281	32,228	32,228
Liabilities				
Interest-bearing liabilities	23,559		23,559	24,497
Interest-bearing liabilities to Group companies	1,646		1,646	1,646
Financial derivative instruments		968	968	968
Trade payables and other liabilities	300		300	300
Total liabilities	25,505	968	26,473	27,411

Parent Company	Financial assets/ liabilities measured at amortized cost	Financial assets/ liabilities recorded at fair value through profit or loss	Total carrying amount	Fair value
December 31, 2019				
Assets				
Receivables from Group companies	30,887		30,887	30,887
Non-current receivables	29		29	29
Financial derivative instruments		509	509	509
Trade receivables and other receivables	43		43	43
Cash and cash equivalents	561		561	561
Total assets	31,520	509	32,029	32,029
Liabilities				
Interest-bearing liabilities	24,579		24,579	25,324
Interest-bearing liabilities to Group companies	678		678	678
Financial derivative instruments		432	432	432
Trade payables and other liabilities	607		607	607
Total liabilities	25,864	432	26,296	27,041

For financial instruments, long-term receivables, accounts receivable and other receivables and accounts payable and other liabilities, the book value is substantially equal to the fair value. For the purpose of disclosure, the fair value of interest-bearing liabilities is calculated by discounting future cash flows of the principal and interest rate discounted to the current market rate. This has been carried out in accordance with level 3 of the valuation hierarchy in IFRS 13. Recognition at fair value would increase the Group's liabilities by MSEK 956 and reduce equity by MSEK 759.

Note 18

- continued

	The Group		Parent Company	
Non-current receivables	2020	2019	2020	2019
Opening book value	179	276	29	58
Additional receivables	152	15	50	–
Deductible receivables	–50	–109	–	–26
Impairment	–	–3	–	–3
Provision for expected losses according to IFRS 9	0	0	–	0
Closing book value	281	179	79	29

Of the Group's receivables, MSEK 248 (176) relates to receivables from joint ventures. Of the Parent Company's receivables, MSEK 79 (29) relates to receivables from subsidiaries' joint venture holdings.

	The Group		Parent Company	
Accounts receivable	2020	2019	2020	2019
Tenant receivables	24	24	–	–
Other accounts receivable	–	–	0	2
Provision for expected credit losses	0	–2	–	–
Total	24	22	0	2

	The Group		Parent Company	
Aging analysis, accounts receivable	2020	2019	2020	2019
Non-overdue accounts receivable	9	10	–	2
Past due <30 days	1	1	–	–
Past due 31> days	14	11	0	–
Total accounts receivable	24	22	0	2

Interest-bearing liabilities

Interest-bearing liabilities are shown in the table below. Of Rikshem's outstanding bonds, bonds corresponding to SEK 4.1 billion have been issued in EUR, SEK 5.3 billion in 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 4.2 billion (EUR), SEK 5.4 billion (NOK) and SEK 0.3 billion (AUD).

Collateral is provided in the form of property mortgages for the Group's liabilities to Nordic credit institutions. No collateral is provided for other financing. In total, secured financing accounted for 9 percent (9) of the fair value of the investment properties.

	The Group		Parent Company	
Interest-bearing liabilities	2020	2019	2020	2019
Bonds	18,988	19,582	18,988	19,582
Bank loans	5,013	4,516	2,257	2,257
Liabilities to Group companies	175	–	175	–
Commercial paper	2,139	2,740	2,139	2,740
Liabilities to joint ventures	–	30	–	–
Total	26,315	26,868	23,559	24,579

At year-end, the Group's average interest rate was 1.7 percent (1.6), taking into account fees for unutilized back-up facilities. If the average interest rate were to change by 1 percentage point, the profit for the year in the coming year would be affected by +/- MSEK 42 net.

The Group's average fixed interest period was 4.0 years (4.5) and the capital duration was 4.7 years (3.8) at year-end. Capital and interest-rate duration yield the following maturity structure:

Maturity structure interest-bearing liabilities

2020 Years	Interest-rate duration		Debt duration	
	MSEK	share, %	MSEK	share, %
<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	12.7
Total	26,315	100	26,315	100

2019 Years	Interest-rate duration		Debt duration	
	MSEK	share, %	MSEK	share, %
<1 year	3,412	12.7	7,139	26.6
1-2 years	2,153	8.0	4,451	16.6
2-3 years	3,226	12.0	3,404	12.7
3-4 years	2,000	7.5	2,819	10.5
4-5 years	4,047	15.1	3,547	13.2
5-6 years	4,500	16.8	–	–
6-7 years	3,000	11.2	719	2.7
7-8 years	2,500	9.3	528	2.0
8-9 years	1,500	5.6	1,052	3.9
>9 years	500	1.9	3,179	11.8
Total	26,838	100	26,838	100

Maturity analysis, interest-rate derivatives

Year	Amortized cost	Nominal amount	Future interest payments
2021	6,254	6,273	400
2022	3,867	3,916	359
2023	3,293	3,295	325
2024	4,136	4,116	266
2025	1,959	1,975	221
after 2025	6,806	7,213	630
	26,315	26,788	2,201

The table presents the remaining contractual term for the Group's interest-bearing liabilities. The flows are not discounted and STIBOR has been adopted as of the balance sheet date in cases where the future floating rate is unknown.

Note 19

Accrued expenses and deferred income

	The Group		Parent Company	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Prepaid rental income	321	326	–	–
Accrued operating expenses	51	64	–	–
Accrued interest expense	61	51	60	50
Accrued personnel expenses	46	50	42	40
Accrued project expenses	131	206	–	–
Other items	38	11	21	10
Total	648	708	123	100

Note 20

Pledged assets and contingent liabilities

Accounting policies

A contingent liability is a possible obligation arising from past events whose existence will only be confirmed by one or more uncertain future events, not wholly within the control of the Company, which may or may not occur, or an obligation arising from past events which is not recognized as a liability or provision since it is not probable that an outflow of resources will be required to settle the obligation or because the size of the obligation cannot be calculated with sufficient reliability. No recognition is required when the probability of an outflow of resources is remote.

	The Group		Parent Company	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Mortgages	5,736	5,434	–	–
Shares in subsidiaries	161	167	–	–
Total	5,897	5,601	–	–

	The Group		Parent Company	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Guarantees on behalf of Group companies	–	–	3,460	3,459
Guarantees on behalf of joint ventures/joint ventures owned by subsidiaries	967	932	843	808
Responsibility for limited partnership liabilities	–	–	392	391
Total	967	932	4,695	4,658

Commitments leading to expenses for restoring contaminated land or other environmental commitments for owned properties may be updated in the future. Expenses can occur, for example, in the form of extra costs in connection with new constructions or extensions or a price reduction when selling a property. Assessing any future amounts is not possible at this stage. Rikshem is involved in a number of minor disputes with tenants, mainly concerning ongoing management issues, which may result in future commitments. For example, expenses can be incurred in the form of consulting costs associated with negotiations. Assessing any future amounts relating to these disputes is not possible at present.

Note 21

Related-party transactions

Accounting policies

Similar to other transactions, transactions with related parties must take place on market terms. Guidelines for conflicts of interest shall be taken into account in relation to related party transactions.

Related parties	Transactions
Parent Company owners	During the year, fees were paid to the Fourth Swedish National Pension Fund (AP4) for a subscription undertaking and to AMF Pensionsförsäkring AB for a loan commitment.
Board and management group	For information on remuneration, see Note 5. No Board member or senior executive has concluded any additional direct or indirect business transactions with Rikshem.
Group companies	Shown in notes 3, 7 and 13. During the year, Rikshem AB borrowed MSEK 185 from Rikshem Intressenter AB, of which MSEK 10 has been repaid. The loan is expensed with interest and is due for payment in 2025.
Joint ventures	Presented in Note 14.

Note 22

Adjustment for items not included in cash flow

Accounting policies

Cash and cash equivalents comprise balances available with banks and other liquid investments with a maturity of less than three months that are exposed to insignificant value fluctuations. Cash flow from operating activities is recognized in accordance with the indirect method.

	The Group		Parent Company	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Share of profit in joint ventures	–60	–244	–	–
Depreciation	2	2	2	2
Capital gain on sale of equipment	0	–1	–	–1
Pension costs	2	–	2	–
Impairment of shares in subsidiaries	–	–	0	0
Other	–	4	0	3
Total	–56	–239	4	4

Note 23

Summary of liabilities attributable to financing activities

	The Group		Parent Company	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Interest-bearing liabilities				
Opening carrying amount	26,868	26,550	24,579	24,233
Changes affecting cash flow	121	106	-348	133
Changes not affecting cash flow				
Currency fluctuations	-670	215	-670	215
Accrual of borrowing costs and issues at premium/discount rate	-4	-3	-2	-2
Closing carrying amount	26,315	26,868	23,559	24,579

Note 24

Events after the closing date



Accounting policies

Events after the closing date that confirm the conditions prevailing on the closing date are taken into consideration in the measurement of assets and liabilities.

The ongoing pandemic has had a major impact on society and the global economy. No segment or market is unaffected. 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 on access to capital, and completion of projects.

Note 25

Proposed allocation of profit

The following earnings in the Parent Company are at the disposal of the AGM:

Share premium reserve, SEK	840,772,100
Retained earnings, SEK	6,361,498,214
Profit for the year, SEK	217,431,801
Total, SEK	7,419,702,115

The Board of Directors proposes that SEK 7,419,702,115 be carried forward.

In February 2020, the owners established a dividend policy, which states that if the financial targets are met, the owners can choose to pay an annual dividend amounting to a maximum of 50 percent of the Company's cash flow from operating activities in the previous fiscal year.

Signing of the Annual Report

The Board of Directors and the CEO hereby certify that the Annual Report was prepared in accordance with generally accepted accounting practices. The Annual Report provides a true and fair view of the Company's financial position and earnings, and the Directors' Report provides a true overview of the operations, financial position and earnings of the Company and describes the significant risks to which the Company is exposed. The Consolidated Financial Statements were prepared in accordance with international accounting standards referred to in regulation EC No 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards. The Consolidated Financial Statements provide a true and fair view of the Group's financial position and earnings, and the Directors' Report provides a true overview of the operations, financial position and earnings of the Company and describes the significant risks to which the Company is exposed.

Stockholm, March 26, 2021

Bo Magnusson
Chairman of the Board

Pernilla Arnrud Melin

Liselotte Hjorth

Andreas Jensen

Ulrica Messing

Per-Gunnar Persson

Per Uhlén

Anette Frumerie
CEO

Our auditor's report was submitted on March 26, 2021.

Ernst & Young AB

Mikael Ikonen
Authorized Public Accountant

Auditor's report

To the Annual General Meeting of Rikshem AB (publ),
corporate registration number 556709-9667

Report on the annual accounts and
consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Rikshem AB (publ) for the year 2020 with exception of the corporate governance report on pages 74-76. The annual accounts and consolidated accounts of the company are included on pages 69-110 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Insurance Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2019 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 for Insurance Companies. Our opinion does not cover the corporate governance report on pages 74-76.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the condensed statement of comprehensive income

and condensed statement of financial position for the group.

Our opinions in this report on 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties

Description

The fair value of investment properties in the Group as at 31 December 2020 was 51 750 MSEK. The Group has a policy of valuing the properties internally.

As of the closing day 31 December 2020, 99 percent of the property portfolio has had its value appraised externally. The external evaluation has been used as quality control and for comparison purposes. Valuation according to fair value is associated with subjective assumptions where a small change in made assumptions on which the valuation is based on may have a material effect on the accounted values. Valuations are prepared based on the discounted cash flow method which relies on the forecasted future cash flows. The properties' yield requirements are assessed based on each property's unique risk and transactions made on the market for items of similar nature.

Because of the many assumptions and assessments connected to the valuation of investment properties, we believe that this area is a key audit matter.

Description of the valuation of the property holdings, accounting policies, significant accounting assessments and judgments and risk and risk management of the valuation of the property holdings, are presented in note 10 Investment properties page 101-102.

How our audit addressed this key audit matter

In our audit, we evaluated and tested the management process for real estate valuation.

We have audited the input data and calculations in the internal valuations at the property level for a sample of investment properties to evaluate the Groups compliance to its valuation policy and valuation models.

We have audited the input data and calculations in the internal valuations at the property level for a sample of investment properties.

We have assessed and evaluated the company's internal valuation in comparison to the external valuation and addressed the differences in the valuations. Our sample have comprised of the largest properties in the portfolio in terms of fair value, as well as the properties with the largest variances in comparison to prior quarters and prior year.

We have discussed significant assessments and assumptions made by the personnel responsible for the valuation in the Group and management. We have benchmarked the assumptions and inputs against observable market data.

Our internal valuation specialists have reviewed the company's valuation model and assessed the reasonableness of the assumptions for a sample of properties regarding yield, vacancy rates, rental income and operating costs. We have reviewed the information disclosed in the annual report.

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 2-61 and 115-126. 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.

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 for Insurance Companies 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 prepara-

tion 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 intends 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 skepticism 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, 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

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 Rikshem AB (publ) for the year 2020 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 Insurance Business Act, the Annual Accounts Act for Insurance Companies 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 corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 74-76 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 RevU 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.

Ernst & Young AB, Box 7850 103 99 Stockholm, was appointed auditor of Rikshem AB (publ) by the general meeting of the shareholders on the 28 March 2018 and has been the company's auditor since 2011. Rikshem has been a public interest entity since 2014.

Stockholm 26 March 2021

Ernst & Young AB

Mikael Ikonen

Authorized Public Accountant

List of properties

Properties	Location	Address	Purpose
Häljered 2:75	Ale	Vallmovägen 3	Nursing homes
Ledet 1:4	Ale	Ledetvägen 9	Nursing homes
Nödinge 2:45	Ale	Fyrklövergatan 26	Nursing homes
Nödinge 38:50	Ale	Södra Klöverstigen 31-32	Retirement homes/care homes/ sheltered housing
Skepplanda 3:62	Ale	Odalvägen 2	Nursing homes
Skårdal 1:68	Ale	Göteborgsvägen 217	Retirement homes/care homes/ sheltered housing
Starrkärr 4:10	Ale	Garverigränd 2, Garverivägen 3	Nursing homes
Utby 3:63	Ale	Änggatan 4	Nursing homes
Blåregnet 9	Halmstad	Barnhemsgatan 30, Skepparegatan 21, Skånegatan 9-11	Nursing homes
Bonden 7	Halmstad	Boreliusgatan 2, and others	Land/Parking
Eketånga 6:658	Halmstad	Soldalsvägen 14	Nursing homes
Eldsberga 6:13	Halmstad	Eldsbergavägen 52	Nursing homes
Enheten 1	Halmstad	Flottiljvägen 1-24	Residential properties
Getinge 5:26	Halmstad	Göteborgsvägen 703	Nursing homes
Krusbäret 19	Halmstad	Snöstorpsvägen 54	Nursing homes
Lyngåkra 3:22	Halmstad	Pålgårdsvägen 8	Nursing homes
Nåden 2	Halmstad	Fyllingevägen	Residential properties
Talet 1	Halmstad	Pålsbovägen 18	Nursing homes
Termometern 1	Halmstad	Bäckagårdsvägen 47	Nursing homes
Vivan 1	Halmstad	Parkvägen 4	Nursing homes
Vokalen 3	Halmstad	Ålderstigen 4	Nursing homes
Volontären 4	Halmstad	Agestigen 1-5	Nursing homes
Åsen 15	Halmstad	Odengatan 34	Nursing homes
Amerika Norra 50	Helsingborg	Hantverkaregatan 24-26	Residential properties
Amerika Södra 21	Helsingborg	Furutorpsgatan 34, Södergatan 95	Residential properties
Ask 1	Helsingborg	Kurirgatan 51-59, Kullavägen	Residential properties
Balgripen 1	Helsingborg	Spannmålgsgatan 6-8	Residential properties
Barrikaden 2	Helsingborg	Fyrverkaregatan	Land/Parking
Batteriet 1, 8, 9	Helsingborg	Fyrverkaregatan 2-10, Minörgatan 3-5	Residential properties
Batteriet 3	Helsingborg	Minörgatan 7-17	Residential properties
Bollbro 19	Helsingborg	Södergatan 20	Residential properties
Brigaden 1	Helsingborg	Trångsgatan 1-6/Revärgatan 1-6	Residential properties
Böhmen 19	Helsingborg	Hantverkaregatan 11, 17	Residential properties
Carnot 8	Helsingborg	Öresundsgatan 25	Residential properties
Elineberg 5	Helsingborg	Elinebergsplatsen 3,5,7,12	Commercial properties
Elineberg 7	Helsingborg	Elinebergsplatsen 2,4,6,8,10	Residential properties
Eneborg 10	Helsingborg	Övre Eneborgsvägen 24	Residential properties
Eneborg 11	Helsingborg	Övre Eneborgsvägen 26	Residential properties
Eneborg 7	Helsingborg	Bjäreg. 8, Ö. Eneborgsv. 28, Ö. Holländareg. 35	Residential properties
Filen 8	Helsingborg	Hälsövägen 25-27, Kopparmöllegatan 22	Residential properties
Fjärilen 12	Helsingborg	Södra Stenbocksgatan 100	Residential properties
Fjärilen 13	Helsingborg	Södra Stenbocksgatan 102	Residential properties
Fjärilen 14	Helsingborg	Södra Stenbocksgatan 104 A-B	Residential properties
Fjärilen 16	Helsingborg	Visitörsgatan 3	Residential properties
Fjärilen 17	Helsingborg	Wieselgrensgatan 20	Residential properties
Fjärilen 19	Helsingborg	Wieselgrensgatan 22-24	Residential properties
Fjärilen 9	Helsingborg	Wieselgrensgatan 26	Residential properties
Frigg 1	Helsingborg	Kullavägen 57-69, Majorsgatan 4-16	Residential properties
Getingen 6, 19	Helsingborg	Siöcronaplatsen 4 - 10	Residential properties
Guldmeden 15	Helsingborg	Gullandersgatan 4 A-C, O D Krooks g. 39	Residential properties
Gärdet 1	Helsingborg	Plutogatan 9-11	Retirement homes/care homes/ sheltered housing
Hammaren 23	Helsingborg	Stampgatan 15	Residential properties
Hantverkaren 13	Helsingborg	O D Krooks gata 38	Residential properties
Herden 16	Helsingborg	Elinebergsvägen, Luggudegatan, Häradsgratan	Land/Parking

LIST OF PROPERTIES

Properties	Location	Address	Purpose
Huslyckan 6	Helsingborg	Eliebergsvägen, Luggudegatan, Häradsgatan	Residential properties
Kapellet 17	Helsingborg	Hälsövägen 26-30, Kopparmöllegatan 20	Residential properties
Kapellet 18	Helsingborg	Hälsövägen 32-38	Residential properties
Kapellet 21	Helsingborg	Lilla Mölllevångsgatan 9 A-C	Residential properties
Kaplanen 10	Helsingborg	Krabbegatan 3 A-C	Residential properties
Karl XI Norra 19	Helsingborg	Karlskatan 9	Residential properties
Karl XI Södra 20	Helsingborg	Karlskatan 12, Södra Storgatan 16	Residential properties
Karl XI Södra 4	Helsingborg	Karlskatan 10	Residential properties
Köpingelyckan 5, 6	Helsingborg	Eliebergsvägen, Luggudegatan, Häradsgatan	Residential properties
Ljuset 5	Helsingborg	Rusthållsg. 10-18, Norrehedsg. 9-17	Residential properties
Malen 41	Helsingborg	Sadelmakareg. 7 A-B, Övre Eneborgsv. 36 A-B	Residential properties
Maria 1	Helsingborg	Traktörsgatan 42-52	Residential properties
Myran 8	Helsingborg	Gasverksgatan 48, Magistergatan 1	Residential properties
Norge 10	Helsingborg	Nedre Holländaregatan 4-6	Residential properties
Norge 2, 9	Helsingborg	Södergatan 56-58, Nedre Holländareg. 8	Residential properties
Nunnan 1	Helsingborg	Södra Stenbocksgatan 106	Residential properties
Nunnan 2	Helsingborg	Södra Stenbocksgatan 108	Residential properties
Nunnan 3	Helsingborg	Södra Stenbocksgatan 110	Residential properties
Nunnan 5	Helsingborg	Visitörsgatan 13	Residential properties
Nunnan 6	Helsingborg	Visitörsgatan 11	Residential properties
Nunnan 7	Helsingborg	Visitörsgatan 9	Residential properties
Nunnan 8	Helsingborg	Sämskmakaregatan 2 A-B	Residential properties
Nyckelpigan 2	Helsingborg	Sadelmakaregatan 2 A-B	Residential properties
Nyckelpigan 26	Helsingborg	Sadelmakaregatan 4-14	Residential properties
Nässlan 12	Helsingborg	Industrigatan 22-24, Wienergatan 17	Residential properties
Nässlan 13	Helsingborg	Norra Ljunggatan 13	Residential properties
Nässlan 4	Helsingborg	Industrigatan 28	Residential properties
Ollonborren 11	Helsingborg	Slöcronangatan 5	Residential properties
Ollonborren 14	Helsingborg	Övre Holländaregatan 34 A-B	Residential properties
Ollonborren 9	Helsingborg	Bjäregratan 14	Residential properties
Pinjen 5	Helsingborg	Fredsgatan 2-4 A-B, Planteringsvägen 42 A-E	Residential properties
Pinjen 8	Helsingborg	Östra Fridhemsgatan 3 A-D	Residential properties
Rovan 13	Helsingborg	Södra Stenbocksgatan 83	Residential properties
Rovan 14	Helsingborg	Munkavägen 14-28, Skånegatan 13	Residential properties
Ruuth 17	Helsingborg	Trädgårdsgatan 15 A-C	Residential properties
Samson 7	Helsingborg	Erik Dahlbergsgata 57, Helmfeltsgatan 13	Residential properties
Samson 8	Helsingborg	Helmfeltsgatan 11	Residential properties
Skepparlyckan 3	Helsingborg	Eliebergsvägen, Luggudegatan, Häradsgatan	Residential properties
Sköldenborg 12	Helsingborg	Hebsackersgatan 14	Residential properties
Sköldenborg 16	Helsingborg	Hebsackersgatan 16-18	Residential properties
Sköldenborg 18	Helsingborg	Hebsackersgatan 24	Nursing homes
Spindeln 5, 6	Helsingborg	Södra Stenbocksg 119-121, Eneborgsplatsen 2	Residential properties
Spindeln 7	Helsingborg	Apotekaregatan 16-22, Eneborgsplatsen 4-6	Residential properties
The Norra foundation 2, 3, 4, 5, 7, 8	Helsingborg	O D Krooksg. 19-23, N. Stenbocksg.10, 14, 16, Grubbag. 2	Residential properties
Städet 15	Helsingborg	Föreningsgatan 37	Residential properties
Städet 17	Helsingborg	Stampgatan 17-19	Residential properties
Städet 9	Helsingborg	Föreningsgatan 35	Residential properties
Träsket 8	Helsingborg	Flogatan 12	Retirement homes/care homes/ sheltered housing
Ugglan 15	Helsingborg	Fredriksdalsplatsen 1 A-B, Lilla Mölllevångsgatan 2	Residential properties
Ugglan 4	Helsingborg	Mellersta Stenbocksgatan 41	Residential properties
Ugglan 9	Helsingborg	Lilla Mölllevångsgatan 4	Residential properties
Uven 5	Helsingborg	Lilla Mölllevångsgatan 6 A-B	Residential properties
Valhall 17	Helsingborg	Fredsgatan 1, Planteringsvägen 48-50 A-C	Residential properties
Valhall 18	Helsingborg	Fredsgatan 3 A-F, Tryckerigatan 25-27 A-B	Residential properties
Würrtemberg 7, 8, 9, 13	Helsingborg	Carl Krooksg. 49-55, Furutorpsg.25, Gustav Adolfs torg 2	Residential properties
Värnet 2, 3	Helsingborg	Minörgratan 18-19	Residential properties
Beckasinen 9 (site leasehold)	Huddinge	Sjöstigen 14-16	Retirement homes/care homes/ sheltered housing

Properties	Location	Address	Purpose
Strandpiparen 1 (site leasehold)	Huddinge	Tranvägen 42	Retirement homes/care homes/ sheltered housing
Lärlingen 9	Jönköping	Västerliden 16-18, Wilhelm Thams v.	Nursing homes
Apotekaren 22	Kalmar	Kaggensgatan 16-18, Storgatan 16	Commercial properties
Beckasinen 34	Kalmar	Tullslätten 17-31, Unionsgatan 16-18	Residential properties
Beckasinen 43	Kalmar	Unionsgatan 10-14	Residential properties
Braxen 15	Kalmar	Esplanaden 26-28, Postgatan 5	Residential properties
Bärnstenen 1 (site leasehold)	Kalmar	S:t Kristoffers väg 3	Nursing homes
Duvan 22	Kalmar	Norra Vägen 37	Commercial properties
Flintan 2	Kalmar	Två Systrars väg 2-24	Residential properties
Gnejsen 1	Kalmar	Två Systrars väg 1-21	Residential properties
Hagby 12:42	Kalmar	Möregårdsvägen 10	Nursing homes
Kalkstenen 1	Kalmar	Vänskapens väg 4	Nursing homes
Kalkstenen 22	Kalmar	Björkenäsvägen 4-20	Nursing homes
Karlsunda-Fagerhult 1:25	Kalmar	Bäverdalsvägen 13	Nursing homes
Korpen 16	Kalmar	Nygatan 36	Commercial properties
Kroppkakan 2	Kalmar	Kastrullvägen 2-108, Lassevägen 37-105, Förlösavägen 7-135	Residential properties
Ljungby 16:126	Kalmar	Backsippvägen 13	Nursing homes
Måbäret 1	Kalmar	Malörtsvägen 7 A-B, Värnsnäs vägen 15 A-B	Residential properties
Puman 1	Kalmar	Arrheniusgatan 7	Nursing homes
Rapsen 10	Kalmar	Bergagårdsvägen 6	Residential properties
Rapsen 11	Kalmar	Bergagårdsvägen 8	Residential properties
Rapsen 14	Kalmar	Bergagårdsvägen 12	Residential properties
Rapsen 15	Kalmar	Bergagårdsvägen 10	Residential properties
Rapsen 9	Kalmar	Bergagårdsvägen 4	Residential properties
Rodret 4	Kalmar	Sparregatan 34	Residential properties
Rönnbäret 1	Kalmar	Malörtsvägen 1,3 Skvatramsvägen 35	Residential properties
Smedbacken 1	Kalmar	Ingelstorp vägen 1 A-D	Nursing homes
Smedhagen 1	Kalmar	Klappervägen 1-35	Residential properties
Stenmuren 1	Kalmar	Smedhagsvägen 1-65, Stenmursvägen 1-43	Residential properties
Vallmon 19	Kalmar	Sjöbrings väg 4, Ståthållaregatan 50 A-B	School/pre-school
Videt 13	Kalmar	Gasverksgatan 4-6 A-B	Residential properties
Gredelby 7:91	Knivsta	Disponentg 3, Mejerskansg. 26, Sägverkstorget 4-12, Staffansv 7	Nursing home, Residential
Särsta 3:25	Knivsta	Forsbyvägen 3-7, Häradsvägen 3	Residential properties
Idrottsplatsen 1	Linköping	Korpralsgatan 6-10	Nursing homes
Balder 1	Luleå	Baldersvägen 2 A-B, Furumovägen 5	Nursing homes
Bergviken 5:40	Luleå	Klintvägen 81-83	Residential properties
Kallkällan 4	Luleå	Lingonstigen 147-233	Residential properties
Kallkällan 9	Luleå	Lingonstigen 33, 36, 36 A	School/pre-school
Kristallen 12	Luleå	Tunastigen 1-91	Residential properties
Kronan 1:221	Luleå	Kronadalsvägen 1, Kaserngatan 1-7, Kronan A, B, H	Commercial properties
Maskinisten 2	Luleå	Storstigen 20-28	Nursing homes
Midskogen 13	Luleå	Gymnasievägen 6-8	Nursing homes
Mjölkudden 3:51	Luleå	Radiomasten 3-21	Residential properties
Mjölkudden 3:54	Luleå	Mjölkuddsvägen 79 A-C	Nursing homes
Porsön 1:240	Luleå	Assistentvägen 8-370, Docentvägen 1-555	Residential properties
Porsön 1:406	Luleå	Kårhusgränd 1-9, 3 A	Housing for students and young people
Sundsgården 4	Luleå	Lulsundsgatan 40-44, 42 A-B, 44 A-B, Sundsbacken 9	Nursing homes
Brönnestad 1	Malmö	Industrigatan, Nobelvägen	Land/Parking
Brönnestad 2	Malmö	Industrigatan, Nobelvägen	Land/Parking
Cellon 2	Malmö	Mellanhedsgatan 26 A-C	Residential properties
Handskfacket 3	Malmö	Sommarvagnsgatan 22	Nursing homes
Insjön 3	Malmö	58 A-D, Karlskronaplan 4 A-B	Residential properties
Jagten 7	Malmö	Ystadsgatan 8 A-D	Residential properties
Kungsfågeln 5	Malmö	Älggatan 29	Residential properties
Månstrålen 6	Malmö	Råkrittegatan 10	Nursing homes
Protokollet 1	Malmö	Industrigatan, Nobelvägen	Land/Parking
Puffen 1	Malmö	Axel Danielssons väg 117	Nursing homes
Rönnen 2	Malmö	Nobelvägen 137, Rönnbladsgatan 2 A-B	Housing for students and young people

LIST OF PROPERTIES

Properties	Location	Address	Purpose
Skansen 1 (site leasehold)	Malmö	Lilla Varvsgatan 6-10, Kompassgatan 40	Housing for students and young people
Tavlan 5	Malmö	Amiralsgatan 54, Skanörsgatan 2	Residential properties
Tuppen 15	Malmö	Hyllie Kyrkoväg 56-58, Idrottsgatan 47	Residential properties
Undret 1	Malmö	Lantmannagatan 46 A-D, Lindgatan 2 A-D	Residential properties
Värmereglaget 1	Malmö	Landålettgatan 42	Nursing homes
Åkermlyntan 3 (site leasehold)	Malmö	Norra Bulltoftavägen 8	Nursing homes
Björknäs 1:34	Nacka	Eklundavägen 9	School/pre-school
Björknäs 1:4	Nacka	Talluddsvägen 12	Nursing homes
Björknäs 1:442	Nacka	Häckvägen 2 B	School/pre-school
Bo 12:7	Nacka	Norrstigen 23, Liljekonvaljens väg 42	School/pre-school
Bo 8:5	Nacka	Bragevägen 36	School/pre-school
Part of Orminge 46:1 Residential housing, Nursing home	Nacka	Edövägen	Land/Parking
Erstavik 26:245	Nacka	Ostronvägen 2, Fidravägen 1	School/pre-school
Igelboda 46:5	Nacka	Odenvägen 10	School/pre-school
Igelboda 54:1	Nacka	Vinterbrinksvägen 2	School/pre-school
Kummelnäs 27:1	Nacka	John Wibergs Väg 5-7	School/pre-school
Lännersta 1:148	Nacka	Liljekonvaljens väg 2	School/pre-school
Mensättra 17:1	Nacka	Stiltjev 5	School/pre-school
Neglinge 13:5	Nacka	Neglingevägen 21	Nursing homes
Orminge 34:1	Nacka	Bockögränd 1	School/pre-school
Orminge 59:1	Nacka	Sandövägen 1, 2, 4 & 8	School/pre-school
Rösunda 45:1	Nacka	Karl Gerhards väg 23B	School/pre-school
Rösunda 9:11	Nacka	Ringvägen 50	School/pre-school
Sicklaön 123:1	Nacka	Helgesons väg 5	Nursing homes
Sicklaön 127:1	Nacka	Helgesons väg 4	School/pre-school
Sicklaön 226:8	Nacka	Duvnäsavägen 30-38	School/pre-school
Sicklaön 343:1	Nacka	Hägervägen 33	School/pre-school
Sicklaön 352:1	Nacka	Ektorpsvägen 17-19	Nursing homes
Sicklaön 369:1	Nacka	Jarlabergsvägen 5	School/pre-school
Sicklaön 375:2	Nacka	Gamla Landsvägen 22	School/pre-school
Sicklaön 73:48	Nacka	Skuru Skolväg 2	School/pre-school
Solsidan 12:22	Nacka	Skyttevägen 17-19	School/pre-school
Tollare 2:48	Nacka	Skymningsv 2, Sockenv 38	School/pre-school
Älta 100:2	Nacka	Sävsångarv 42 A & B	School/pre-school
Älta 47:7	Nacka	Erstaviksv 4, Evalundsv 2, Ältavägen 183-185	School/pre-school
Älta 61:1	Nacka	Bäckalidsvägen 8	School/pre-school
Bärnstenen 1 (site leasehold)	Norrköping	Kalkstensgatan 5	Nursing homes
Djäkneberget 10	Norrköping	Skepparegatan 33, Skolgatan 31	Residential properties
Dörren 16	Norrköping	Armeraregatan 1-11	Residential properties
Fönstret 7	Norrköping	Hagebygatan 180	Commercial properties
Godvån 16	Norrköping	Källvindsgatan 16, S:t Persgatan 38-40	Residential properties
Godvån 21	Norrköping	Sankt Persgatan 34-36	Residential properties
Godvån 28	Norrköping	Korsgatan 19, Nygatan 19	Residential properties
Hålet 1 (site leasehold)	Norrköping	Dragaregatan 1	Land/Parking
Karbinen 9	Norrköping	Bråddgatan 57 A-C	Residential properties
Kardusen 7	Norrköping	Dagbergsvägen 136-140	Residential properties
Kolonien 11, 12	Norrköping	Lagergrensgatan 7, 11-13, Dagsbergsvägen 4, 4 A	Residential properties
Kopparkypen 30	Norrköping	Sankt Persgatan 43 A-G	Residential properties
Krukan 16	Norrköping	Garvaregatan 15	Residential properties
Krusmyntan 4	Norrköping	Stensgatan 1-3, Hagagatan 29	Residential properties
Lejongapet 10	Norrköping	Norrallundsgatan 23 A-C	Residential properties
Linjen 2 (site leasehold)	Norrköping	Idrottsgatan 32-74	Residential properties
Niten 1	Norrköping	Hagebyg. 160-174, Hyvlareg. 17-21, Mamreg. 2-16, Murareg. 107-129	Residential properties
Planen 4	Norrköping	Ektorpsgatan 22-46	Residential properties
Pokalen 21	Norrköping	Bråddg. 47-49, Luntg. 23-25, Smedjeg. 40	Residential properties
Pokalen 27	Norrköping	Luntgatan 19-21, Smedjegatan 36, Vattengatan 30-32	Residential properties
Pokalen 29	Norrköping	Smedjegatan 38 A-B	Residential properties

Properties	Location	Address	Purpose
Spärren 2	Norrköping	Formareg. 3-21, Hyvlareg. 2-20, Limmareg. 2-21, Snickareg. 3-21, Svarvareg. 2-21, Murareg. 9	Residential properties
Stadsvakten 2	Norrköping	Torggatan 7-9, Trädgårdsg 15-17, Olai Kyrkogata 6	Residential properties
Stopet 11	Norrköping	Sankt Persgatan 125-131, Hantverkaregatan 48-50	Residential properties
Strömbacken 4	Norrköping	Linköpingsvägen 12	Residential properties
Topasen 1, 2	Norrköping	Urbergsgatan 11-97	Residential properties
Tornet 11	Norrköping	Styrmansgatan 21-25, Östra Promenaden 18	Residential properties
Tornet 8	Norrköping	Hospitalsgatan 58, Östra Promenaden 14	Residential properties
Tornet 9	Norrköping	Östra Promenaden 16	Residential properties
Tuvan 1 (site leasehold)	Norrköping	De Geersgatan 57-63, Ångsvaktaregatan 27	Residential properties
Vattnet 7	Norrköping	Trädgårdsgatan 27-29	Residential properties
Vesslan 5	Norrköping	Norra Promenaden 110 A-B, Åbygatan 1	Residential properties
Vesslan 6	Norrköping	Norra Promenaden 112, 112 A-B	Residential properties
Vesslan 7	Norrköping	Norra Promenaden 114, Tjustgatan 2 A-B	Residential properties
Motormannen 1	Norrköping	Stockholmsvägen 53-59	Nursing homes
Brandstoden 7	Nyköping	Järnvägsgatan 26-28 A-C	Residential properties
Brudslöjan 3	Nyköping	Hemgårdsvägen 18 A-B, 20 A-B, 22 A-B	Residential properties
Garvaren 1	Nyköping	Östra Kvarngatan 11-17	Residential properties
Kaveldunet 2	Nyköping	Skolortsgången 1-87	Residential properties
Brännbo 1:29	Sigtuna	Lilla Brännbovägen 18	Nursing homes
Ekilla 4:19	Sigtuna	Solbrinken 5	Nursing homes
Ekilla 6:125	Sigtuna	Solbrinken 12	Nursing homes
Fiskgjusen 1	Sigtuna	Ormbergsvägen 28, 30, 32, 34	Residential properties
Havsörnen 2	Sigtuna	Ormbergsvägen 17, 19, 21, 23	Residential properties
Humlegården 17	Sigtuna	Prästgatan 21	Nursing homes
Hällsboskolan 2	Sigtuna	Prästängsvägen 1	School/pre-school
Höken 2	Sigtuna	Trollbergsvägen 1	Nursing homes
Märsta 1:186	Sigtuna	Idrottssvägen 21	Nursing homes
Märsta 1:19	Sigtuna	Bollbacken 9	Nursing homes
Norrbacka 1:39	Sigtuna	Odensalavägen 1-3	School/pre-school
Norrbacka 1:48	Sigtuna	Norrbackav 1-17, Odensalav 2-58	Residential properties
Ormvräken 1	Sigtuna	Falkvägen 1-5G	Residential properties
Ragvaldsbo 1:119	Sigtuna	Rosendalsvägen 34	Nursing homes
Ragvaldsbo 1:186	Sigtuna	Hagtornsvägen 12	Nursing homes
Ragvaldsbo 1:189	Sigtuna	Ragvaldsbo gårdsväg 14 A	Residential properties
Rävsta 5:386	Sigtuna	Solursg 3 A-D, Solursst 4 A-G, Spaljeväg 23 A	Residential properties
Rördrommen 1	Sigtuna	Ormbergsvägen 1-32	Residential properties
Sigtuna 2:171	Sigtuna	Väringavägen 11	Nursing homes
Sigtuna 2:247	Sigtuna	Skolbacken 58	School/pre-school
Sjudargården 1:17	Sigtuna	Karin Hansdotterväg 2 / Hertigvägen 3	Nursing homes
Sätuna 3:12	Sigtuna	Dragonvägen 10	School/pre-school
Sätuna 3:201	Sigtuna	Södergatan 33	School/pre-school
Sätuna 3:266	Sigtuna	Södergatan 57-59	School/pre-school
Valsta 3:170	Sigtuna	Vikingavägen 2	School/pre-school
Valsta 3:172	Sigtuna	Ragnagatan 5A-C	School/pre-school
Valsta 3:179	Sigtuna	Ragnagatan 7 & 9	Nursing homes
Valsta 3:182	Sigtuna	Steninge Backe 1-6	Residential properties
Valsta 3:184	Sigtuna	Valsta gårdsväg 10, Valsta gårdsväg 14	Residential properties
Valsta 3:38	Sigtuna	Sleipnergatan 40-86	Residential properties
Valsta 3:53	Sigtuna	Ragnagatan 38	School/pre-school
Nordan 21 (site leasehold)	Solna	Hagalundsgatan 19	Commercial properties
Nordan 23	Solna	Hagalundsgatan 23 - 31	Residential properties
Nordan 25	Solna	Hagalundsgatan 35 - 41	Residential properties
Brågarp 6:879	Staffanstorps	Amarantgatan 12	Nursing homes
Fader Bergström 1	Stockholm	Selmedalsvägen 90 & 92	Nursing homes
Jordbruksministern 3	Stockholm	Byälsvägen 35 B	Nursing homes
Lagern 6	Stockholm	Vasagatan 52	Commercial properties
Skrinnaren 1	Sundbyberg	Rissneleden	Land/Parking
Daldockan 1	Södertälje	Ågårdsvägen 1-9	Residential properties
Elefanten 19	Södertälje	Björklundsgatan 4 D-L	Nursing homes
Fasanen 1, Påfågeln 1	Södertälje	Karlhovsvägen 7-17	Residential properties

LIST OF PROPERTIES

Properties	Location	Address	Purpose
Glasberga 1:133	Södertälje	Glasbygatan 1, Ljustergatan 1	Nursing homes
Hasseln 4	Södertälje	Övre Torekällgatan 21 A-B	Residential properties
Karlberga 2	Södertälje	Karlbergavägen 1	Nursing homes
Ljungbacken 2	Södertälje	Rönnvägen 9 A	Nursing homes
Lönnen 3	Södertälje	Parkgatan 8	Nursing homes
Ollonborren 7	Södertälje	Kringelvägen 1	Nursing homes
Pumpan 1	Södertälje	Prästgårdsvägen 48	School/pre-school
Repet 4	Södertälje	Myrstigen, Fjärilsstigen	Residential properties
Segelbåten 1, 2	Södertälje	Hertig Carls Väg 24 A-C	Residential properties
Skorpionen 6	Södertälje	Oxbacksgatan 14, Sankta Ragnhildsg 30	Residential properties
Spettet 2, 3, 4	Södertälje	Täppgatan 14	Residential properties
Vibacken 2	Södertälje	Wijbacksvägen 1	Nursing homes
Båtsmannen 1	Umeå	Bankgatan 16 A, 16 B	Residential properties
Duvhöken 2, 3	Umeå	Länsmansvägen 4-6 B	Residential properties
Fjällämmeln 23	Umeå	Målargränd 11	Nursing homes
Flyttfågeln 1	Umeå	Mariehemsvägen 43 A-D, 39 A-K	Residential properties
Flyttfågeln 11	Umeå	Mariehemsvägen 41 A-Ö	Residential properties
Flyttfågeln 2	Umeå	Mariehemsvägen 35 A-H, 37 A-H	Residential properties
Gärdet 16	Umeå	Norra Ersmarksgatan 51	Residential properties
Gärdet 18	Umeå	Hagmarksvägen 26	Residential properties
Handlaren 20	Umeå	Bölevägen 9 A-B, 11 A-C, 13 A-B	Residential properties
Hygget 1	Umeå	Sandbackavägen 22-24 A-L	Residential properties
Hygget 75	Umeå	Sandbackavägen 22 M-N	Residential properties
Ingenjören 6	Umeå	Svedjebacken 4 A-H, 6 A-B	Residential properties
Jungmannen 1	Umeå	Centralgatan 25 A-B	Residential properties
Jägaren 4	Umeå	Skolgatan 40 A-B	Residential properties
Jägaren 5	Umeå	Kungsgatan 41-43 A-C	Residential properties
Järven 18	Umeå	Storgatan 72-74, Häradsövdingegatan 6, Östra Strandgatan 19	Residential properties
Järven 19	Umeå	Storgatan 76-78	Residential properties
Krukan 15	Umeå	Mjölkvägen 10-12 A-E, 14-22	Residential properties
Laxen 23	Umeå	Storgatan 98	Residential properties
Leoparden 2	Umeå	Hovrättsgatan 5, Kungsgatan 39	Residential properties
Leoparden 4	Umeå	Skolgatan 36 A-B, Slöjdgatan 8	Residential properties
Lövsågen 16	Umeå	Lagmansgatan 48 A-B	Residential properties
Lövsågen 37	Umeå	Lagmansgatan 44	Residential properties
Matrosen 4	Umeå	Nygatan 2 A-B	Residential properties
Matrosen 7	Umeå	Bankgatan 11, Nygatan 4 A-B	Residential properties
Nämndemannen 1	Umeå	Svedjebacken 5 A-K	Residential properties
Orrspelet 1, 2	Umeå	Morkullevägen 16 A-H, 18 A-M	Residential properties
Reparatören 3	Umeå	Odlarvägen 6 A-X , Yrkesvägen 6 A-K	Residential properties
Rubinen 2	Umeå	Kungsgatan 23, Skolgatan 22 A-B	Residential properties
Sandtaget 2	Umeå	Sandbackavägen 34 A-M, 36-38	Residential properties
Släggskäftet 11	Umeå	Markvägen 3 A-M	Residential properties
Sofiehem 2:156	Umeå	Ålidbacken 23	School/pre-school
Stora Björnen 11	Umeå	Häradsövdingegatan 8, 10 A-C	Residential properties
Storjägaren 7	Umeå	Borgvägen 22 A-B	Residential properties
Svalan 6	Umeå	Holmsundsvägen 77 A-B	Residential properties
Tranan 2, 3	Umeå	Fabriksgratan 9, Skolgatan 95-97	Residential properties
Täfteå 10:202	Umeå	Mastvägen 2-8 A-F	Residential properties
Uven 11	Umeå	Träsnidargatan 4 A-B	Residential properties
Vaktposten 3	Umeå	Slöjdgatan 7 A-B	Residential properties
Vallen 4	Umeå	Grisbackav. 3-5, Hartvigsg.14, Lagmansg. 7-11	Residential properties
Vittran 1	Umeå	Vittervägen 172-290	Residential properties
Nedre Runby 1:58 (leased)	Upplands Väsby	Lilla Hagvägen 2	Housing for students and young people
Skälby 1:14	Upplands Väsby	Maria Krantzons väg 1-28	Residential properties
Skälby 1:312	Upplands Väsby	Lindhemsvägen 13-60	Residential properties
Vilunda 28:22	Upplands Väsby	Holmvägen 2-20	Residential properties
Vilunda 28:25	Upplands Väsby	Holmvägen 11, 13	Residential properties
Kungsängens-Tibble 1:653	Upplands-Bro	Lillsjö Badväg 10	Nursing homes
Kungsängens-Tibble 1:654	Upplands-Bro	Lillsjö Badväg 8	School/pre-school

Properties	Location	Address	Purpose
Almunge Prästgård 1:59	Uppsala	Lillsjövägen 14 D	Nursing homes
Berthåga 38:5	Uppsala	Sandstensvägen 20	Assisted living
Berthåga 43:1	Uppsala	Stenkolsvägen 5	Assisted living
Berthåga 48:6	Uppsala	Stenhuggarvägen 12	Assisted living
Berthåga 60:2	Uppsala	Herrhagsvägen 16	Nursing homes
Björklinge-Tibble 2:8	Uppsala	Brudlåttsvägen 20	Assisted living
Björklinge-Tibble 2:9	Uppsala	Södra Tibblevägen 12	Assisted living
Björklinge-Tibble 5:52	Uppsala	Bror Hjorts väg, Spelmansvägen	Nursing homes
Bälinge-Ekeby 12:1	Uppsala	Lundgårdsvägen 2, Lundgården	Nursing homes
Bälinge-Ekeby 14:1	Uppsala	Kyrkvägen 2	Assisted living
Dalby 11:1	Uppsala	Dalby 17	Nursing homes
Ellsta 2:72	Uppsala	Knutbyvägen 4, Björkgården	Nursing homes
Eriksberg 11:5	Uppsala	Gnejsvägen 20-26	Retirement homes/care homes/ sheltered housing
Eriksberg 12:2	Uppsala	Gnejsvägen 1/Granitvägen 21	Residential properties
Eriksberg 15:2	Uppsala	Glimmervägen 3	Assisted living
Eriksberg 17:1	Uppsala	Glimmervägen 5 A-B, 7 A-B	Residential properties
Eriksberg 17:2	Uppsala	Glimmervägen 9-11 A-B, Granitv 1 A-C	Residential properties
Eriksberg 4:1	Uppsala	Glimmervägen 6-10	Residential properties
Eriksberg 9:4	Uppsala	Gustavsbergsgatan 4	Residential properties
Flogsta 17:2	Uppsala	Tavastehusgatan 5	Assisted living
Flogsta 34:3	Uppsala	Helsingforsgatan 159	Assisted living
Fålhagen 6:3	Uppsala	Vaksalagatan 35-39	Residential properties
Fålhagen 6:4	Uppsala	Eskilsgatan 6 A-B	Residential properties
Gamla Uppsala 21:80	Uppsala	Arkeologvägen 15-27	Assisted living
Gamla Uppsala 47:7	Uppsala	Sköldmövägen 11-19	Nursing homes
Gamla Uppsala 94:4	Uppsala	Topelliusgatan 21	Assisted living
Gamla Uppsala 97:3	Uppsala	Huges väg 7	Assisted living
Gottsunda 32:6	Uppsala	Djurgårdsvägen 7	Assisted living
Gottsunda 34:3	Uppsala	Bröderna Berwalds väg	Residential properties
Gottsunda 48:2	Uppsala	Granelidsvägen 1C	Assisted living
Gottsunda 49:1	Uppsala	Vårdsåtravägen 78	Assisted living
Gränby 19:1	Uppsala	Solskensgatan 4-10	Residential properties
Gränby 19:2	Uppsala	Tövådersgatan 3-13	Residential properties
Gränby 6:1, 6:3	Uppsala	Br. Liljeforsg. 43-49, Levertin 1-35	Residential properties
Gränby 6:2, 6:4, 6:5	Uppsala	Bruno Liljeforsgatan 1-41	Residential properties
Gränby 7:1, 7:3	Uppsala	Br. Liljeforsg. 57-63, Atterbom 1-31	Residential properties
Gränby 7:2	Uppsala	Br. Liljeforsg. 43-55, Levertin 2-34	Residential properties
Gränby 7:4	Uppsala	Bruno Liljeforsg. 52-58, Råbyvägen 61 A-C	Residential properties
Gränby 8:1, 8:3	Uppsala	Br. Liljeforsg. 71-77, Almqvist 1-35	Residential properties
Gränby 8:2	Uppsala	Br. Liljeforsg. 65-69, Atterbom 2-32	Residential properties
Gränby 9:1, 9:3	Uppsala	Br. Liljeforsg. 85-91, A Engströmg 1-31	Residential properties
Gränby 9:2	Uppsala	Br. Liljeforsg. 79-83, Almqvist 2-36	Residential properties
Gränby 9:4	Uppsala	Albert Engströmgatan 2 A-G	Residential properties
Gåvsta 2:36	Uppsala	Gåvstavägen 17	Assisted living
Gåvsta 2:37	Uppsala	Gåvstavägen 19	Nursing homes
Kronåsen 1:29	Uppsala	Eklundshovsvägen 13	Assisted living
Kronåsen 1:31	Uppsala	Eklundshovsvägen 4 A-D	Residential properties
Kvarngärdet 4:2	Uppsala	Kantorsgatan	Land/Parking
Kvarngärdet 4:3	Uppsala	Kantorsgatan 2-80	Housing for students and young people
Kvarngärdet 4:4	Uppsala	Kantorsgatan	Land/Parking
Kvarngärdet 45:1	Uppsala	Långjärnsg, Kvarängsg	Residential properties
Kvarngärdet 46:1	Uppsala	Långjärnsg 1-7	Residential properties
Kvarngärdet 47:1	Uppsala	Långjärnsg 2-18, Kvarängsg 46-52	Residential properties
Kvarngärdet 5:5	Uppsala	Djåknegatan	Land/Parking
Kvarngärdet 52:1	Uppsala	G. bilg, Kvarängsg, Kvarnbacksg, Lurg.	Residential properties
Kvarngärdet 53:1	Uppsala	Kvarängsg, Kvarnbg, Gårdets Bilg,	Residential properties
Kvarngärdet 54:1	Uppsala	Kvarängsg, Hjulg, Kvarnkamg, GBilg	Residential properties
Kvarngärdet 55:1	Uppsala	Kvarängsg, Kvarnkamg, GBilg	Residential properties
Kvarngärdet 56:13	Uppsala	Orgelgatan 1-5, Vattholmavägen 10 A-B	Land/Parking
Kvarngärdet 56:14	Uppsala	Orgelgatan 1-17, Vattholmavägen 10-12	Nursing homes

LIST OF PROPERTIES

Properties	Location	Address	Purpose
Librobäck 19:7	Uppsala	Ullforsgatan 5	Assisted living
Librobäck 4:7 (leased)	Uppsala	Söderforsgatan	Assisted living
Luthagen 24:1	Uppsala	Dalgatan 1-3, Norrlandsgatan 6, Wallingatan 25	Retirement homes/care homes/ sheltered housing
Luthagen 37:8	Uppsala	Börjegatan 25 A-E	Retirement homes/care homes/ sheltered housing
Löten 7:1	Uppsala	Lagerlöfsgatan 2-62	Residential properties
Löten 7:2	Uppsala	Lagerlöfsgatan 2-32	Residential properties
Löten 7:4	Uppsala	Lagerlöfsgatan 1-11	Residential properties
Norby 63:33 & 63:34	Uppsala	Tallbacksvägen 40	Assisted living
Norby 90:8	Uppsala	Fältvägen 10	Assisted living
Norrvisjö 1:22	Uppsala	Norrvisjö	Land/Parking
Sala Backe 13:3	Uppsala	Årstagatan 23 A-E	Nursing homes
Sala Backe 25:1	Uppsala	Verkmästargatan 16-20	Residential properties
Storvreta 1:214	Uppsala	Hasselvägen 11A	Assisted living
Storvreta 4:15	Uppsala	Vretalundsvägen 10 A-B, 12	Nursing homes
Storvreta 55:1	Uppsala	Vitsippsvägen 10	Assisted living
Storvreta 56:1	Uppsala	Bordtennisvägen 2	Assisted living
Sunnersta 155:7	Uppsala	Sunnerstavägen 28B	Assisted living
Sunnersta 193:1	Uppsala	Morkullevägen 76	Assisted living
Sunnersta 67:35	Uppsala	Backvägen 1	Assisted living
Sunnersta 79:31	Uppsala	Domherrevägen 12	Assisted living
Svartbäcken 14:3	Uppsala	Hallstensgatan 20, Styrbjörnsgratan 7	Nursing homes
Svartbäcken 29:4	Uppsala	Egilsgatan 8 - 12	Residential properties
Svartbäcken 36:45	Uppsala	Svartbäcksgatan	Nursing homes
Sävja 111:1	Uppsala	Stenbrohultsvägen 91-93	Nursing homes
Sävja 59:1	Uppsala	Carl von Linnés väg 4	Assisted living
Sävja 64:2	Uppsala	Linvägen 58	Assisted living
Trollbo 5:3	Uppsala	Konstnärsvägen 14	Assisted living
Tuna Backar 33:1	Uppsala	Tunagatan 31-37	Retirement homes/care homes/ sheltered housing
Vaksala-Lunda 4:14	Uppsala	Vaksala Lunda 200-202	Assisted living
Valsätra 54:6	Uppsala	Rosendalsvägen 3	Assisted living
Vattholma 5:320	Uppsala	Malmvågsvägen 11	Nursing homes
Vattholma 5:330	Uppsala	Järnmalmsvägen 1	Assisted living
Vänge-Täby 1:137	Uppsala	Täbyvägen 2	Assisted living
Vänge-Täby 1:138	Uppsala	Arkitektvägen 33B	Assisted living
Vänge-Täby 1:2	Uppsala	Arkitektvägen 1	Nursing homes
Årsta 106:3	Uppsala	Mariedalsgatan 1-3	Assisted living
Årsta 93:1	Uppsala	Hjortrongatan 5	Assisted living
Årsta 96:1	Uppsala	Fyrislundsgatan 62-66	Nursing homes
Adrian 11	Västerås	Lundagatan 1	Assisted living
Barkaröby 15:298	Västerås	Ruagatan 2	Assisted living
Bommen 1 (site leasehold)	Västerås	Genuag. Mälarparksv. Ö Mälarstrands Allé	Residential properties
Enkelstugan 25	Västerås	Vallbygränd 36	Assisted living
Fatburen 3	Västerås	Fatburgsgatan 17	Nursing homes
Fredriksberg 7	Västerås	Lövsångargatan 74-78	Nursing homes
Fyrtornet 1 (site leasehold)	Västerås	Fyrtornsg. 6, Kummelg. 5, Verksg. 9-13	Residential properties
Gippen 1	Västerås	Ankargatan 37	Nursing homes
Gulmåran 2	Västerås	Prästkragegatan 3 A-C, 5 A-D	Retirement homes/care homes/ sheltered housing
Gunnar 18	Västerås	Karlsgatan 17 B, Knutsgatan 2 B-D	Retirement homes/care homes/ sheltered housing
Hubbo-Kvistberga 1:23	Västerås	Rallarvägen 5	Assisted living
Hubbo-Sörby 15:9	Västerås	Kvistbergavägen 10-10 C	Nursing homes
Härjedalen 3	Västerås	Gåstrikevägen 2-6	Assisted living
Hässlö 5:6	Västerås	Flottiljgatan 2-34	Housing for students and young people
Karlavagnen 1	Västerås	Karlavagnsgatan 8-10	Residential properties
Kronhjorten 5	Västerås	Karlfeldtsgatan 20-22	Retirement homes/care homes/ sheltered housing
Krutbacken 1	Västerås	Norelligatan 10 A-B	Assisted living
Läkaren 125	Västerås	Hyvlarg 9, Plåtslagarg 1 A-C, 2	Assisted living

Properties	Location	Address	Purpose
Nadden 1	Västerås	Naddenvägen 1	Assisted living
Nybygget 8	Västerås	Traktorgatan 5	Assisted living
Ollonborren 32	Västerås	Jonasborgsvägen 6-8	Assisted living
Pinjen 2	Västerås	Cedergatan 11	Nursing homes
Resmilan 1	Västerås	Odensviplatsen 1 A-D, 2 A-B	Retirement homes/care homes/ sheltered housing
Rimfrosten 1	Västerås	Talltorpsgratan 1	Assisted living
Rädisan 1	Västerås	Hammarbacksv 5 A-B, Narvav. 24	Nursing homes
Sjömärket 2 (site leasehold)	Västerås	Fyrtoresg. 7 A-B, Sjömärkesg. 8 A-B	Residential properties
Skogsduvan 3	Västerås	Skogsduvevägen 1	Nursing homes
Smugglaren 1	Västerås	Havsfrugatan 6-8, Poseidongatan 16	Residential properties
Sveten 1	Västerås	Hagabergsgatan 10	Assisted living
Svärdsliljan 5	Västerås	Svärdsliljeg. 1-3, Gulsörreg. 3-13	Residential properties
Tvättstugan 2 (site leasehold)	Västerås	Håkanortsgatan 158	School/pre-school
Urberget 1	Västerås	Jakobsgatan 47-99	Residential properties
Vaktchefen 2	Västerås	Kaserngatan 30 A-C	Nursing homes
Vaktposten 2	Västerås	Kaserngatan 24	Nursing homes
Vedbo 99	Västerås	Hörntorpsvägen 3 A-F	Land/Parking
Vetterstorp 3	Västerås	Narvavägen 58-74	Residential properties
Vintergatan 1	Västerås	Karlavagnsgatan 4-6	Residential properties
Abc-Boken 10	Östersund	Rådhusgatan 31, Thoméegränd 22 A-B	Residential properties
Batteriet 1-4	Östersund	Divisionsgränd 2-20, Batterigränd 1-20, Trossgränd 1-19	Residential properties
Elritsan 4	Östersund	Rådhusgatan 85-91 A-B	Residential properties
Frigg 10	Östersund	Repslagarstigen 23, Skolgatan 76 A-D	Residential properties
Förskinnat 8	Östersund	Regementsg. 38-42, S.Gröng. 37-41, Thoméegr. 26-28, Tullg. 25-27	Residential properties
Harren 2	Östersund	Brunflövägen 22	Residential properties
Hyacinten 10, 12, 13, 15, 16	Östersund	Brunflöv. 9, Grundläggargr. 2-48, Ängg. 1-11	Residential properties
Härbärgat 3	Östersund	Storgatan 58 A-B & K	Residential properties
Kålhagen 6	Östersund	Kyrkg./Residensgr./Rådhusg./S Permang.	Residential properties
Lussekatten 1	Östersund	Blåhammarvägen 2-160	Residential properties
Majsen 11	Östersund	Ringvägen 26-30	Residential properties
Motboken 7	Östersund	Rådhusgatan 41 A-D	Residential properties
Pastorn 12	Östersund	Brogr./Färjemangsg./Kyrkg./Prästg.	Residential properties
Pionen 13	Östersund	Stuguvägen 20, Övre Hantverksgatan 23-25	Residential properties
Rektorn 9	Östersund	Köpmang/Biblioteksg./Törnstens Gr/Storg	Residential properties
Stadspredikanten 2	Östersund	Pastorsgatan 4 A-B, Artillerigatan 7	Residential properties
Sädesskäppan 3	Östersund	Regementsgatan 32, Pastorsgatan 3	Residential properties
Trasmattan 1	Östersund	Skogsbruksvägen 1-17, Stöttingvägen 2-22	Residential properties
Trossen 1	Östersund	Trossgränd 2-20	Residential properties
Tröskan 11	Östersund	Odenskogsvägen 102-114, Slåttvägen 5-29	Residential properties
Väghyveln 5-6	Östersund	Divisionsgränd 1-19, Stabsgränd 2-20	Residential properties

Key performance indicators

Key performance indicators

Amounts in MSEK	2020	2019	2018	2017	2016
Income statement					
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 management operations	1,279	1,286	1,008	1,150	1,208
Change in value of properties	1,825	1,538	2,107	1,647	1,962
Profit for the period	2,481	2,244	2,489	2,430	2,433
Statement of financial position					
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
Financial key performance indicators					
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
Property-related key performance indicators					
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
Employees					
Number of employees	271	259	242	206	192

Key performance indicators – 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.

Key performance indicators – calculations

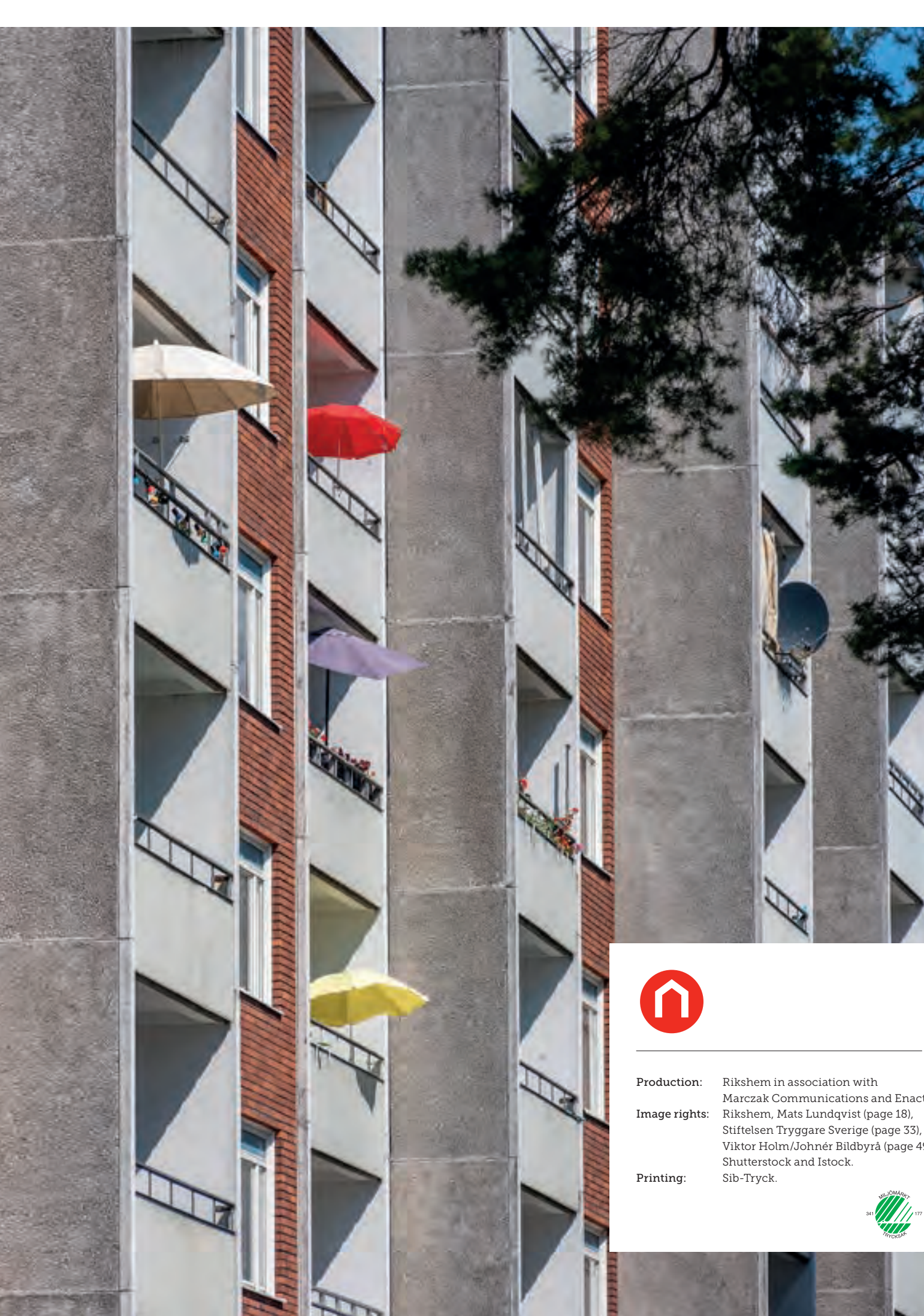
Amounts in MSEK	Jan-Dec 2020	Jan-Dec 2019
Return on equity		
Profit for the year	2,480	2,244
Average equity	21,681	19,320
Return on equity, %	11.4	11.6
Net operating income		
Rental income	3,032	2,916
Property expenses	-1,272	-1,330
Net operating income	1,760	1,586
Surplus ratio		
Net operating income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

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

Definitions

Amounts within parentheses	Amounts within parentheses for income statement items refer to the outcome for the corresponding period of the preceding year and for balance sheet items, amounts within parentheses refer to the outcome at the end of the preceding year.
Average interest rate	Average interest rate Average interest rate for interest-bearing liabilities including expenses for backup facilities in relation to current loans on the closing date.
Comparable portfolio	For financial follow-up, this refers to the properties that have been owned or, for new construction, that have been moved into during the last four quarters.
Debt duration, years	The weighted remaining maturity of interest-bearing liabilities on the closing date.
Economic occupancy rate	On the balance sheet date, contracted rents in relation to the total rental value.
Equity/assets ratio	Equity in relation to total assets.
Income from management operations	Net operating income less administrative costs and net financial items plus earnings from joint ventures.
Interest-coverage ratio	Profit before tax after reversal of earnings from joint ventures, interest expense, change in value of assets and liabilities, and other financial expenses in relation to interest expenses for external borrowings.
Interest-rate duration, years	The weighted remaining interest-rate duration for interest-bearing liabilities and financial derivative instruments on the closing date.
Loan-to-value ratio	External interest-bearing liabilities in relation to the fair value of properties.
Loan-to-value ratio, secured loans	Securing external interest-bearing liabilities in relation to the fair value of properties.
Market vacancy rate, residential properties	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.

Net debt/EBITDA	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.
Net financial items	Net interest income, interest expense, ground rents and similar income and expenses.
Net operating income	Rental income less property expenses.
Property expenses	Costs for heating, electricity, water, operation, maintenance, property tax, rent losses and administration.
Property yield	Net operating income on an annual basis in relation to the average fair value of properties.
Remaining lease term, properties for public use	The weighted remaining lease term in the rental value in the properties for public use segment on the closing date.
Rental income	Rental value less vacancies and rent discounts.
Return on equity	Profit for the year in relation to average equity.
Secured loans	Loans raised against liens on properties.
Share of short-term net debt	Current interest-bearing liabilities less cash and cash equivalents in relation to total interest-bearing liabilities.
Surplus ratio	Net operating income in relation to rental income.
Total return	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 historical key performance indicators have been recalculated.
Vacancy rate, residential properties	The number of unrented apartments in relation to the total number of apartments in the residential properties segment on the closing date.



Production: Rikshem in association with Marczak Communications and Enact
Image rights: Rikshem, Mats Lundqvist (page 18), Stiftelsen Tryggare Sverige (page 33), Viktor Holm/Johnér Bildbyrå (page 49) Shutterstock and Istock.
Printing: Sib-Tryck.

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.

Contact

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