

Rikshem Year-End Report

January–December 2023

The year in brief

- Rental income increased by SEK 304 million to total SEK 3,473 (3,169) million, an increase of 9.6 percent compared to the previous year.
- Rental income for the like-for-like portfolio rose SEK 201 million or 7.4 percent.
- Net operating income was SEK 1,960 (1,760) million, an increase of 11.4 percent compared to the previous year.

- Income from property management totaled SEK 1,189 (1,198) million.
- The change in value of investment properties was SEK -4,776 (-1,935) million, which is equivalent to a change in value of -8.2 percent (-3.2).
- The net change in value of derivative instruments and exchange rate effects from loans in foreign currency was SEK -866 (1,186) million.

- Profit for the year before tax was SEK -4,784 (319) million. Profit after tax was SEK -3,921 (228) million.
- Property acquisitions during the year amounted to SEK 101 (500) million. This amount relates mainly to final settlements of past transactions.
- Property investments for the year totaled SEK 1,918 (2,460) million.

Events in the fourth quarter

- The credit rating agency Moody's reconfirmed Rikshem's long-term credit rating of A3 with a stable outlook.
- A residential property in Sigtuna was divested at a total value of SEK 377 million.
- Rikshem sold all shares in Boostad Bostad Sverige AB, including Folkhem Trä AB, to Nordr Sverige AB, and the joint venture was terminated.

Rikshem in brief	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Rental income, SEKm	868	803	3,473	3,169
Net operating income, SEKm	465	379	1,960	1,760
Income from property management, SEKm	246	201	1,189	1,198
Profit for the period/year, SEKm	-1,617	-1,648	-3,921	228
Fair value of properties, SEKm	56,139	59,423	56,139	59,423
Leasable area, 1,000 sqm	2,245	2,240	2,245	2,240
Economic occupancy rate, percent	96.3	96.9	96.3	96.9
Loan-to-value ratio, percent	52	49	52	49
Interest-coverage ratio, multiple (R12M)	2.6	3.5	2.6	3.5
Equity, SEKm	25,164	29,085	25,164	29,085
Total return incl. joint ventures, percent (R12M)	-4.9	-0.4	-4.9	-0.4
Return on equity, percent (R12M)	-14.5	0.8	-14.5	0.8



Increased net operating income and customer satisfaction

In a challenging environment, we have stuck to our core business in 2023 – owning, managing and developing our residential and public-use properties. Our long-term operations can withstand change, we are stable, but of course changes in working methods and new thinking are needed to meet current conditions and to continue to build a strong business.

Increased net operating income – falling property values

In spring 2022, inflation picked up, with rising electricity prices having a particularly strong impact. In 2023, electricity prices dropped and the government electricity subsidy was paid out. Together with, among other things, our energy projects, this has had a positive impact on the net operating income. The parts of the subsidy that concern tenants with individual metering and billing have been distributed. At the same time, we devoted more resources to maintenance during the year, which in the short term is a burden on the net operating income, but necessary to maintain the quality of our properties. Overall, net operating income increased by more than 11 percent. Central overheads were higher during the year than in previous years.

"We see a continued strong interest in lending at long maturities to financially strong and long-term companies such as Rikshem."

Yield requirements have continued to rise during the year, with the result that property values have fallen. The overall change in value amounted to SEK -4.8 billion, corresponding to minus eight percent. With rising interest rates, we have slowed the pace of investment which, together with an increasing net operating income, has meant that the key figure of net debt/EBITDA is once again below 16 times. Thus, all key figures are in compliance with policy levels.

Confirmed rating

In December, the credit rating agency Moody's confirmed Rikshem's long-term credit rating of A3 with a stable outlook. The basis for the rating includes the good quality of our residential and public properties, good rental growth, good access to bank and bond financing, a strong liquidity profile and strong owner support. We see a continued strong interest in lending at long maturities to financially strong and long-term companies such as Rikshem and during 2023 we refinanced our bonds as they matured. At the end of the year we issued a secured 10-year loan and also issued our first bond in Japanese yen.

First rent negotiations completed

The annual rent negotiations are ongoing, and the first agreements are secured, with about a five percent increase from January 1, 2024. The larger than usual annual rent increase is due to the large cost increases of recent years. Our demands for the negotiations and those of other property owners have been significantly higher this year because it is important that rents develop in line with costs. At the same time, we have taken on great responsibility in the negotiations to reach an agreement. For our properties for public use, the vast majority of rental contracts are indexed with CPI, which provides compensation for increasing costs.

Higher customer satisfaction

Rikshem's long-term efforts to increase customer satisfaction continue to yield positive results. Customer satisfaction for public-use properties has increased by 2.6 points and the increase is due to, among other things, improved personal service and good customer dialogue. One of the reasons for the large increase is the organizational change just over a year ago, which has resulted in greater focus and increased expertise in the public-use property segment. On the residential side, customer satisfaction also continues to rise. We work on both central initiatives and local activities to improve customer satisfaction.

A long way to new construction projects but several major renovation projects

We, and the industry, continue to see major challenges in starting new construction projects. Revenues are not keeping pace with cost increases, and there is a risk that it will be several years before the conditions are in place to start building again. Demand for rental apartments remains good in most growth areas, and we ended the year with occupancy in several fully rented new construction projects. In the Brönnestad project in Malmö, where occupancy will not start until the second quarter of 2024, all 260 apartments are already rented out. The renovation projects in which we primarily replace pipes and renovate bathrooms are developing well, and we have now started the major project of renovating 442 apartments in two buildings in Hagalund, Solna. Major renovations are already underway in Södertälje and Uppsala.

Looking ahead to 2024

Last but not least. A big thank you to everyone who has been part of Rikshem's 2023 in various ways. Our employees, customers, partners and owners. We kick off 2024 with confidence and continue to work with commitment, presence and responsibility to create good living environments and a simpler everyday life.

Anette Frumerie, CEO



One of Sweden's largest private real estate 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 create good living environments and make everyday life easier for our customers.

The market value of the properties totals SEK **58,835 million** (including Rikshem's share of the property value in joint ventures).

30,000 Residential properties

Rikshem has approximately 30,000 residential properties: a mix of rental apartments, senior accommodation, student accommodation and youth apartments.

30% Properties for public use

30 percent of Rikshem's portfolio comprises properties for public use, primarily nursing homes, as well as preschools and schools.





Uppsala/Knivsta
27% of the portfolio

Number of apartments: 6,999
Share of properties for public use: 33%
Total area (sqm): 451,281



Greater Stockholm
20% of the portfolio

Number of apartments: 3,973
Share of properties for public use: 51%
Total area (sqm): 422,830



Helsingborg
10% of the portfolio

Number of apartments: 3,544
Share of properties for public use: 4%
Total area (sqm): 254,434



Norrköping
10% of the portfolio

Number of apartments: 3,638
Share of properties for public use: 6%
Total area (sqm): 246,173

Our biggest area in terms of property management

(share of property value)



Västerås
6% of the portfolio

Number of apartments: 2,059
Share of properties for public use: 32%
Total area (sqm): 143,255



Halmstad & Ale
5% of the portfolio

Number of apartments: 1,428
Share of properties for public use: 83%
Total area (sqm): 108,646



Luleå
5% of the portfolio

Number of apartments: 2,000
Share of properties for public use: 15%
Total area (sqm): 161,331



Kalmar
5% of the portfolio

Number of apartments: 1,641
Share of properties for public use: 48%
Total area (sqm): 148,401

We are also in the following locations: Umeå, Malmö, Lund and Östersund.

Income, costs and profit

Rental income

Rental income increased by SEK 304 million or 9.6 percent compared to the previous year, totaling SEK 3,473 (3,169) million. The increase is related mainly to the annual rent adjustment, completed projects and fewer vacancies. Rental income includes the government electricity subsidy paid out during the third quarter. Where appropriate, electricity subsidies have been redistributed to tenants who have paid Rikshem for electricity according to actual consumption and cost.

Rental income for the like-for-like portfolio rose SEK 201 million or 7.4 percent.

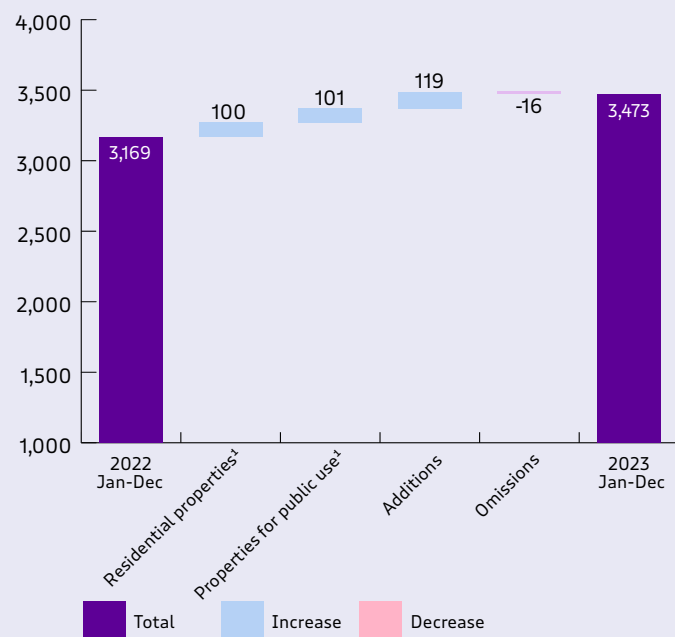
Property expenses

Property expenses increased by SEK 104 million or 7.4 percent compared with the previous year and totaled SEK 1,513 (1,409) million. Expenses for the like-for-like portfolio were up SEK 73 million or 6.1 percent. The increase is mainly due to higher costs for planned maintenance, damage and operation, while tariff-based costs have decreased.

Net operating income

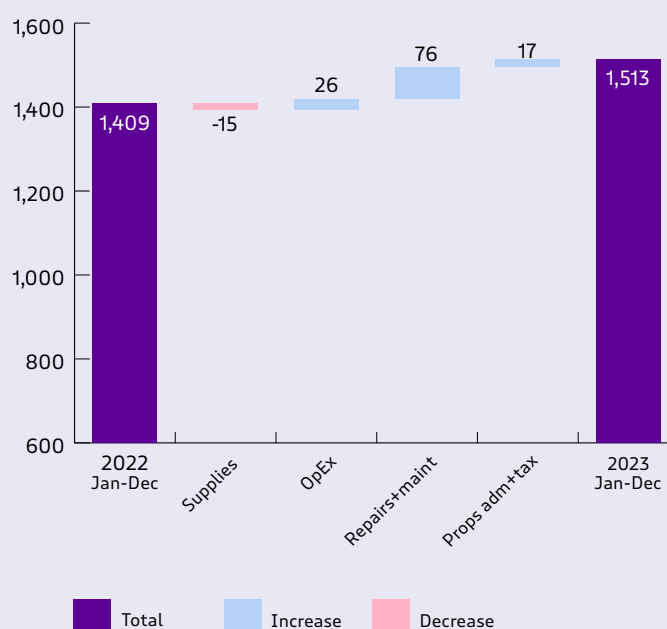
All in all, net operating income increased by SEK 200 million, or 11.4 percent year-on-year, and amounted to SEK 1,960 (1,760) million. Net operating income for the like-for-like portfolio increased by SEK 129 million or 8.4 percent.

Rental income (SEKm)



¹Like-for-like portfolio

Property expenses (SEKm)



Condensed income statement, SEKm	2023 Jan-Dec	2022 Jan-Dec
Rental income	3,473	3,169
Property expenses	-1,513	-1,409
Net operating income	1,960	1,760
Central administration	-172	-156
Earnings from joint ventures	-303	-91
Operating profit/loss	1,485	1,513
Financial income and expense	-627	-445
Profit after financial items	858	1,068
of which income from property management	1,189	1,198
Change in value of properties	-4,776	-1,935
Change in value of derivatives and foreign exchange fluctuation on loans	-866	1,186
Profit before tax	-4,784	319
Tax	863	-91
Profit for the year	-3,921	228

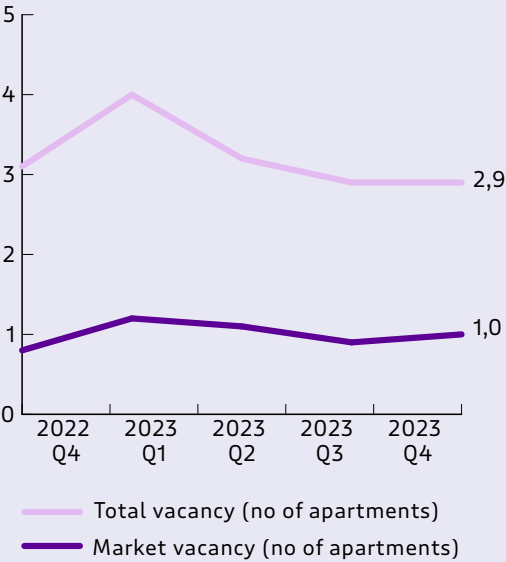
Vacancies

The vacancy rate for residential properties decreased during the year and amounted to 2.9 percent (3.1) at the end of the year. Adjusted for apartments that have been vacated for renovation, the market vacancy rate was 1.0 percent (0.8). The economic occupancy rate for properties for public use decreased and was 96.1 percent (98.7). Most of the decrease relates to a contract for a nursing home where the property will be developed for new leasing. The occupancy rate for the portfolio as a whole was 96.3 percent (96.9).

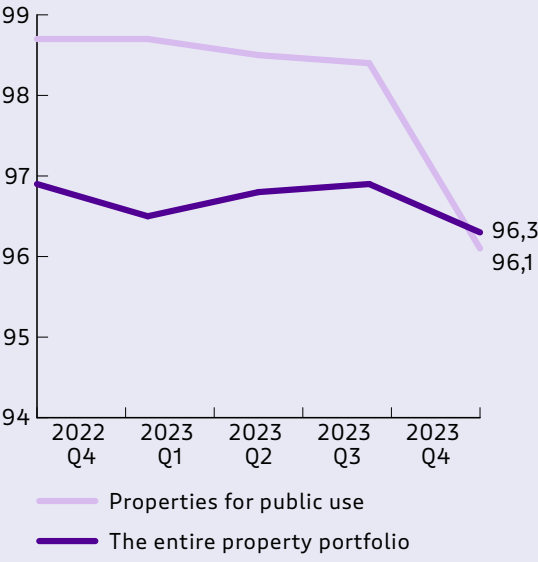
Lease duration

The average remaining lease term for properties for public use was 7.3 (7.6) years. A high proportion of the leases were signed for 15–20 years in conjunction with acquisitions of the properties. When leases are renewed, it is normally for shorter periods.

Vacancy rate, residential properties (percent)



Economic occupancy rate (percent)



Central administration

The costs for central administration amounted to SEK 172 (156) million. The increase is mainly attributable to restructuring costs for project development operations and increased personnel costs, as the average number of employees during the year was higher than in the comparison period.

Financial income and expense

Net financial income and expenses consists primarily of the company's external interest expenses and totaled SEK -627 (-445) million. The increase in expenses is mainly due to the rise in the short-term market interest rate Stibor 3 months and credit margins. The increase gradually affects interest costs, as the loan portfolio has a long interest and debt duration. The average interest rate was 2.6 percent (2.0) at the end of the year. Capitalized interest for the year totaled SEK 71 (35) million. Read more about Rikshem's financing on pages 13–14.

Earnings from joint ventures

Earnings from joint ventures amounted to SEK -303 (-91) million driven primarily by negative changes in the value of properties. More information is available in the Joint ventures section on page 12.

Change in value of properties

The change in value of the investment properties amounted to SEK -4,776 (-1,935) million during the year, which equates to a change in value of -8.2 percent (-3.2). The average yield requirement in the valuation was 4.49 percent, an increase of 0.57 percentage points relative to the yield requirement as at December 31, 2022. More information about property valuations can be found on page 10.

Derivative instruments and loans in foreign currency

The Company's financial derivative instruments are interest-rate swaps, which extend interest-rate duration, and combined currency and interest rate swaps, which have been included in order to eliminate currency risk on interest payments and repayments of loans raised in foreign currencies. As the duration of the derivatives becomes shorter and the number of remaining cash flows decreases, the fair value of the derivatives is reduced and will be zero at maturity. Changes in the value of interest-rate derivatives for the year totaled SEK -875 (1,780) million. The change in value is explained by the fall in market interest rates at longer maturities during the year.

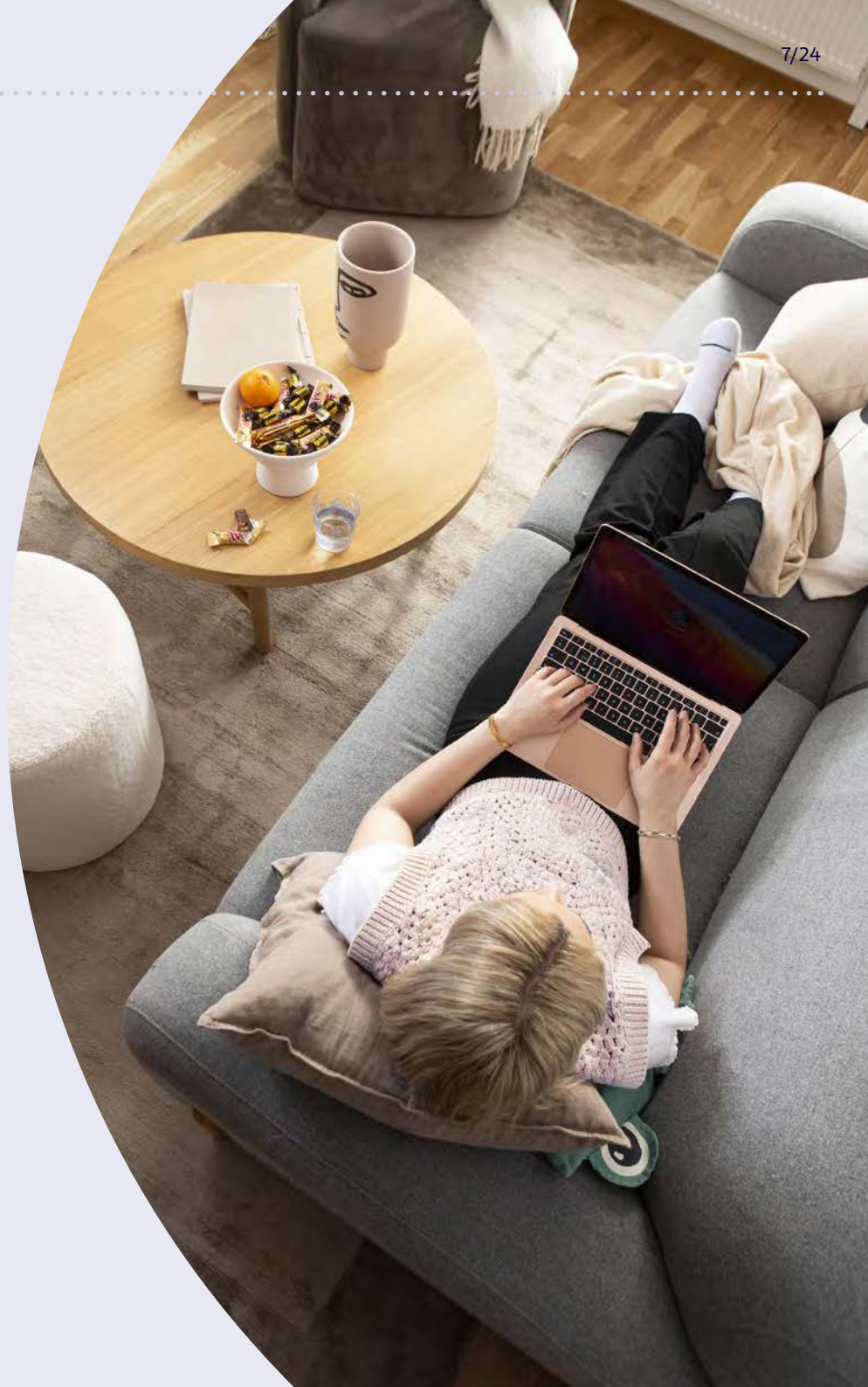
The change in value of combined currency and interest-rate derivative instruments totaled SEK -356 (-129) million. This was caused by changes in interest rates and exchange rate fluctuations. Exchange rate fluctuations also give rise to currency effects on the value of loans in foreign currencies, which amounted to SEK 365 (-465) million. If loans and derivative instruments are held to term, previously reported unrealized earnings impacts are neutralized.

Tax

Tax reported for the year totaled SEK 863 (-91) million, SEK -94 (-75) million of which was current tax and SEK 957 (-16) million was deferred tax. The deferred tax is mainly related to unrealized changes in the value of investment properties and financial instruments. Negative changes in the value of investment properties are the main explanation for the deferred tax income for the year.

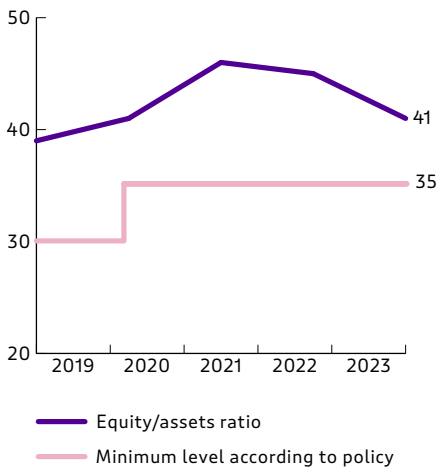
Profit for the year

Profit for the year totaled SEK -3,921 (228) million.

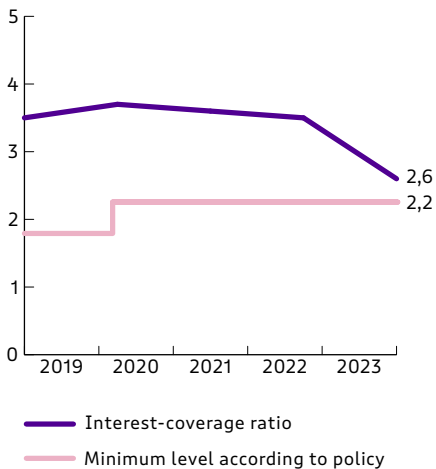


Rikshem's financial key figures

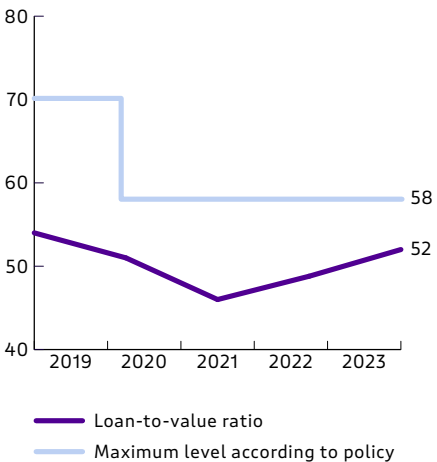
Equity/assets ratio (percent)



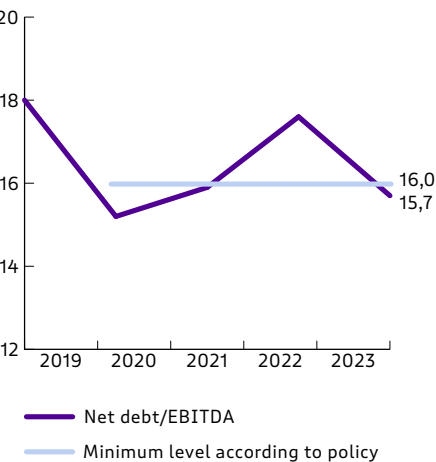
Interest-coverage ratio (multiple)



Loan-to-value ratio (percent)



Net debt/EBITDA (multiple)



Rikshem's overall key figures* are better than the company's policy levels. However, the equity/assets ratio, loan-to-value ratio and interest-coverage ratio have weakened somewhat due to the decline in the value of property and higher financing costs. The key figure net debt/EBITDA returned to a level below 16 times during the year, mainly due to increased net operating income and a lower rate of investment.

* See definitions on page 24.

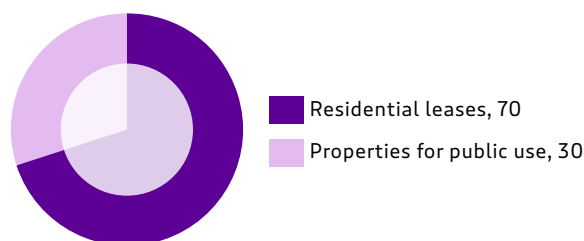
Property portfolio

Rikshem's property portfolio consisted of 512 properties (519) at the end of the year. The fair value of the properties was SEK 56,139 (59,423) million.

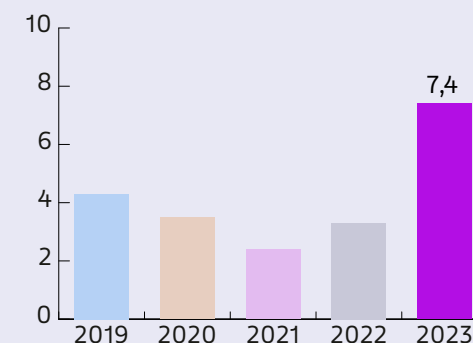
SEK 38,495 million of the fair value pertained to residential properties, SEK 13,714 million to nursing homes, SEK 3,071 million to schools and SEK 859 million to commercial properties.

The property portfolio includes development rights valued at SEK 696 million. Properties representing 46 percent of fair value are located along the Greater Stockholm–Uppsala axis.

Breakdown of fair value of investment properties (percent)



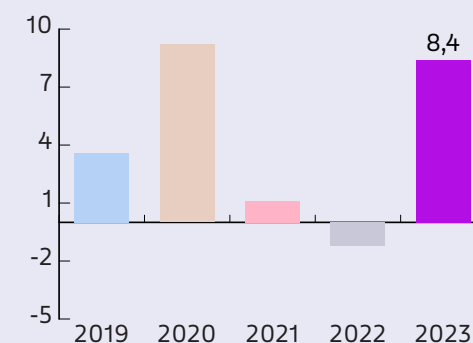
Change in rental income in like-for-like portfolio (percent)



Rikshem's property portfolio as at 31 December 2023

TYPE	VALUE, SEKm	PERCENTAGE	AREA, 1,000 sqm	MARKET VALUE, SEK/sqm	ANNUAL RENT, SEKm	ANNUAL RENT BROKEN DOWN BY TYPE OF TENANT, (PERCENT)			
						Residential leases	Public sector	Private sector	Total
Residential properties segment									
- Residential properties	38,495	69	1,592	24,177					
- Commercial*	666	1	33	19,969					
- Schools	52	0	1	46,457					
Residential properties	39,212	70	1,627	24,106	2,409	89	3	8	100
Properties for public use segment									
- Nursing homes	13,714	24	479	28,643					
- Schools	3,019	5	120	25,203					
- Commercial*	193	0	20	9,865					
Properties for public use	16,926	30	618	27,382	1,074	7	83	10	100
Total	56,139	100	2,245	25,008	3,483	64	27	9	100

Change in net operating income in like-for-like portfolio (percent)



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

Property valuation and segment reporting

Rikshem reports investment properties at fair value in accordance with IAS 40. External property valuations of the whole property portfolio are carried out on a quarterly basis. A small part of the portfolio is also valued internally, mainly properties with major ongoing or upcoming projects. The valuation conforms to level three in the IFRS 13 fair value hierarchy.

Unrealized change in value totaled SEK -4,776 million and is mainly driven by the market's increased effective yield requirement. The average yield requirement decreased by 0.57 percentage points, relative to the value at year-end 2022*, to 4.49 percent.

Yield requirement and rent/sqm by property type

Property type*	RENTAL VALUE (SEK/SQM)			YIELD REQUIREMENT (PERCENT)		
	min.	average	max.	min.	average	max.
Residential properties	968	1,559	3,565	3.14	4.36	5.75
Properties for public use:					4.65	
Nursing homes	936	1,834	3,619	3.58	4.60	6.30
Schools	1,019	1,811	2,882	4.45	4.86	5.90
Commercial	998	1,428	2,178	5.90	6.59	7.14
Average		1,640			4.49	

Property type*, percent	Dec 31, 2023	Dec 31, 2022	Change
Residential properties	4.36	3.73	0.63
Properties for public use:			
Nursing homes	4.60	4.16	0.44
Schools	4.86	4.43	0.43
Commercial	6.59	5.81	0.78
Total	4.49	3.93	0.57

* From 2023, the average yield requirement will be calculated based on a like-for-like portfolio. The previous calculation method, based on the total portfolio, produced a result of 3.90 percent as at December 31, 2022.

Segment reporting

Property type	RESIDENTIAL		PUBLIC USE		TOTAL	
	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec
Rental income	2,403	2,210	1,069	959	3,473	3,169
Property expenses	-1,162	-1,080	-350	-328	-1,513	-1,409
Net operating income	1,241	1,130	720	631	1,960	1,760
Change in value of properties	-3,592	-1,943	-1,184	8	-4,776	-1,935
Total return	-2,351	-813	-464	639	-2,816	-175
Fair value of properties	39,212	41,642	16,926	17,780	56,139	59,423
Total return excl. joint ventures, percent (R12M)	-5.5	-1.9	-2.6	3.7	-4.7	-0.3
Percentage share	70	70	30	30	100	100
Area, 1,000 sqm	1,627	1,627	618	613	2,245	2,240
Fair value, SEK/sqm	24,106	25,597	27,382	28,986	25,008	26,525
Investments	1,722	2,257	196	203	1,918	2,460

Fair value of investment properties

Amounts in SEKm	Jan-Dec 2023	Jan-Dec 2022
Fair value at the beginning of the year	59,423	58,780
Change in value	-4,776	-1,935
Investments	1,918	2,460
Acquisitions	101	500
Divestments	-527	-382
Fair value at the end of the year	56,139	59,423
Fair value incl. Rikshem's share of properties in joint ventures	58,835	62,532

Transactions and investments

Transactions

Acquisitions for the year totaled SEK 101 million, most of which related to the final payment for previous transactions.

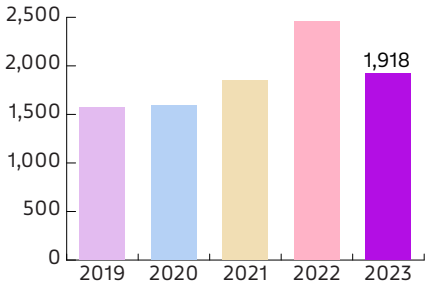
Six properties were sold (and vacated) during the year for a total value of SEK 527 million. Most of these were related to the sale of a residential property in Sigtuna.

Investments and projects

Investments for the year totaled SEK 1,918 (2,460) million. SEK 946 (1,025) million of this figure was related to redevelopment and renovation, SEK 725 (1,272) million was related to new construction projects and SEK 247 (163) million was related to energy projects.

Construction of 621 new apartments is under way. Estimated occupancy is between the second quarter of 2024 and the second quarter of 2026. Repair, renovation and conversion projects are ongoing in five properties and include 908 apartments where occupancy takes place continuously. During the year, 1,711 newly built and newly renovated apartments were completed.

Investments (SEKm)



Major projects in progress

Project	Municipality	Project category	Number of apartments before	Number of apartments after	Investment amount, SEKm	Outstanding investment amount, SEKm	Estimated completion date
Brönnestad	Malmö	New construction projects (residential properties)		260	414	41	Q1 2024
Filen	Helsingborg	Repair, renovation and conversion (residential properties)	44	44	68	15	Q1 2024
Grafikern	Uppsala	New construction projects (residential properties)		162	320	81	Q2 2024
Repet	Södertälje	New construction projects (residential properties)		60	124	44	Q2 2024
Gränby	Uppsala	Energy project (residential properties)			133	38	Q3 2024
Lärjungen	Uppsala	New construction projects (residential properties)		139	305	145	Q2 2025
Porsön	Luleå	Repair, renovation and conversion (residential properties)	426	426	331	113	Q1 2025
Tallidsgården	Nacka	Repair, renovation and conversion (nursing home)			151	75	Q1 2025
Hagalund	Solna	Repair, renovation and conversion (residential properties)	438	438	243	200	Q2 2026

Nordan 21, 23, 25, Solna

Characteristic houses renovated

In Hagalund in Solna, Rikshem has apartments in two of the 14-story blue buildings, popularly known as "Blåkulla". The 100-meter-long houses were built in the 1970s and are now in need of new main pipes and renovation. Renovation started in August 2023 and includes a total of 438 apartments. Many of the bright and well laid-out apartments have unobstructed views of central Stockholm.

Joint ventures

Stakes in joint ventures

Rikshem's JV partnerships allow it to operate in new markets, develop new and existing neighborhoods and share and expand its skills.

Rikshem owns shares in joint ventures with a total value of SEK 1,624 (2,088) million. The largest joint venture holding of SEK 1,067 million pertains to 49 percent of VärmdöBostäder (the remainder is owned by Värmdö Municipality). The second-largest holding of SEK 545 million pertains to Farsta Stadsutveckling (Telestaden), with Rikshem and Ikano Bostad each owning 50 percent. Other participations in joint ventures totaling SEK 12 million relate to development projects owned and operated together with P&E

Fastighetspartner and Huseriet. The value of Rikshem's share of the property holdings in joint ventures, which is reported according to the equity method, is SEK 2.7 billion.

In 2023, Rikshem sold all shares in Boostad Bostad Sverige AB, including Folkhem Trä AB, to Nordr Sverige AB, and the joint venture was terminated.

Earnings from joint ventures

Rikshem's share of earnings after tax amounted to SEK -303 (-91) million driven primarily by changes in the value of properties.

Rikshem's joint ventures

VärmdöBostäder AB
Farsta Stadsutveckling AB
Bergagårdshöjden JV AB
Huseriet Riks AB

Earnings from joint ventures

Amounts in SEKm	2023 Oct–Dec	2022 Oct–Dec	2023 Jan–Dec	2022 Jan–Dec
Income from property management	2	11	28	39
Change in value of properties	-195	-295	-359	-159
Change in value of derivatives	-3	2	-3	6
Profit on sale of shares	-19	-	-19	-
Tax	34	59	50	23
Total	-181	-223	-303	-91
Carrying amount in joint ventures, shares	1,624	2,088	1,624	2,088



Illustration: Telestaden, Farsta

Financing

Strong financial position with confirmed rating

Despite a deteriorating economy and the sharp rise in market interest rates in recent years, Rikshem stands strong with a good financial position, which was again confirmed by the rating agency Moody's in December. As a basis for the strong A3 rating with a stable outlook, Moody's highlights Rikshem's good quality residential and public-use properties, good rental growth, good access to bank and bond financing, a strong liquidity profile and strong owner support.

At its meeting in November, the Swedish central bank chose to leave the policy rate unchanged at 4.0 percent on the grounds that inflationary pressures had been subdued. However, the assessment is that monetary policy needs to remain tight, and a further policy rate hike is not ruled out if the inflation outlook deteriorates. Meanwhile, longer-term interest rates have fallen significantly following better inflation data and softer central banks. The market now also expects several cuts from the Swedish central bank in 2024.

In line with the improved inflation outlook and the reduced risk of a continued rise in market interest rates, issuance activity among real estate companies in the bond market generally increased in the second half of the year. It is mainly real estate companies with higher credit ratings that have been active. In order to maintain an average debt duration of more than 3.5 years, Rikshem has refinanced short-term bonds with new maturities from 5 years up to 12 years in the fourth quarter. Rikshem has also chosen to refinance parts of maturing bond loans via secured financing with a 10-year maturity, which has contributed to extending the portfolio's average debt duration. In the fourth quarter a bond loan in Japanese yen was also raised.

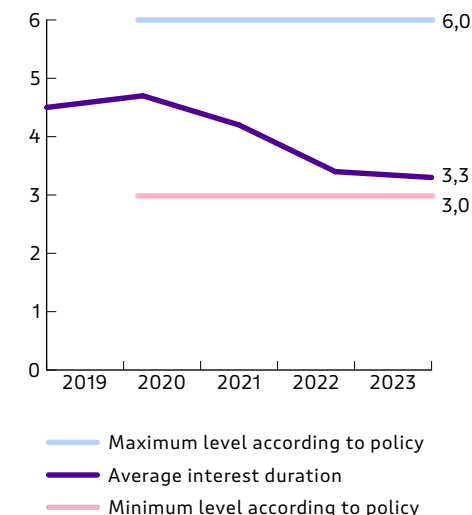
Interest-bearing liabilities

Interest-bearing liabilities totaled SEK 29,422 (29,021) million, of which the short-term portion is approximately 23 percent. Net debt adjusted for CSA has marginally decreased by SEK 36 million. Secured financing accounted for 10 percent (8) of the fair value of investment properties. The average interest rate increased in the past year due to rising market interest rates and higher credit margins. At the end of the period, the average interest rate was 2.6 percent, which was 0.6 percentage points higher than at year-end the previous year. Fees for unutilized backup facilities are included in the average interest rate. The average debt duration was 3.7 (3.7) years. Taking into account undrawn back-up facilities, the average debt duration was 4.1 years.

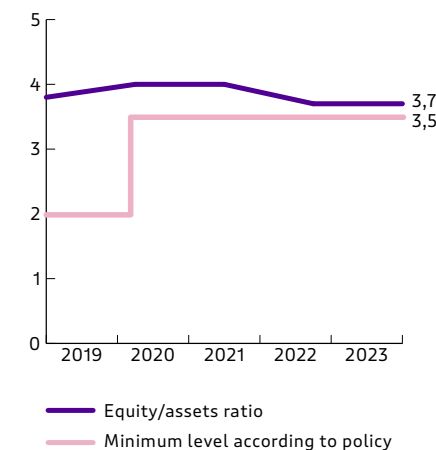
Cash and backup facilities

Cash and cash equivalents amounted to SEK 766 (783) million. On the closing date, assets pledged under Credit Support Annexes (CSAs) for combined interest-rate and currency swaps amounted to SEK 456 million. This type of collateral is settled on a monthly basis and aims to reduce the counterparty risk in the hedging contracts, thereby contributing to a lower cost of hedging exchange rate risk. To reduce the refinancing and liquidity risk, Rikshem has taken up backup facilities from the owners (SEK 10 billion with an equal share each) and from Swedish banks totaling SEK 3 billion. There is also an overdraft facility of SEK 500 million.

Average interest-rate duration (years)



Average debt duration (years)



Financial derivative instruments

The Company's interest-rate risk is managed on an ongoing basis mainly through the extension and new subscription of interest-rate swaps. At the end of the period, the net nominal amount of the interest rate derivatives portfolio was SEK 17,585 million. The average interest-rate duration at the end of the year was 3.3 (3.4) years. The share of loans with an average interest-rate duration of more than 12 months was 77 percent. The company also has so-called combined currency and interest rate swaps to hedge loans raised in foreign currency. The net fair value of the derivative portfolio was SEK 480 (1,710) million.

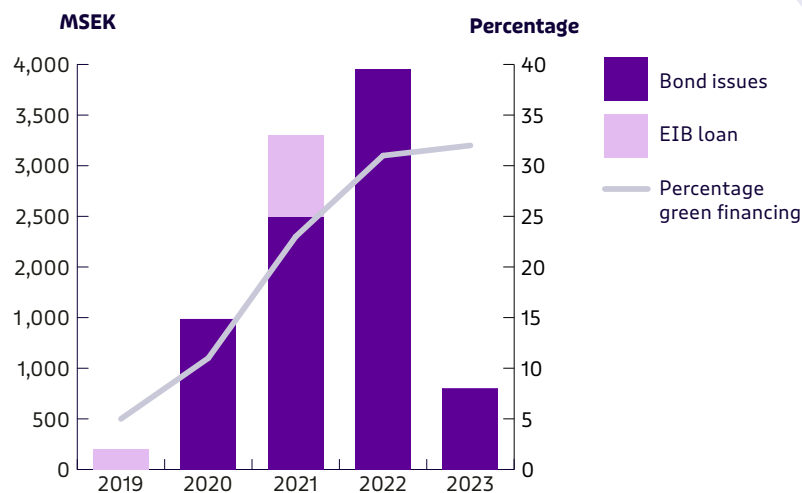
Green financing

For many years, Rikshem has had a framework for issuing green bonds. The framework will be updated regularly and most recently in February 2022. Read more about Rikshem's green framework and sustainability work, and read the latest investor report at rikshem.se. In total, green financing amounted to approximately 32 percent of interest-bearing liabilities at year-end.

Rating

Rikshem has an A3 credit rating with stable outlook from the credit rating agency Moody's. The rating was confirmed by Moody's in December 2023.

Green financing



Interest-bearing external liabilities

Maturity Year	INTEREST RATE DURATION		AVERAGE DEBT DURATION	
	Amount (SEKm)	Percentage	Amount (SEKm)	Percentage
2024	6,693	23	6,878	23
2025	4,880	17	4,968	17
2026	3,300	11	4,099	14
2027	2,949	10	3,037	10
2028	3,300	11	2,581	9
2029	1,500	5	1,619	6
2030	2,400	8	1,741	6
2031	1,800	6	800	3
2032	1,800	6	655	2
2033-	800	3	3,044	10
Total	29,422	100	29,422	100

Interest-bearing liabilities by type of financing

Financing type	Outstanding amount (SEKm)	Percentage of interest-bearing liabilities
Commercial papers, SEK	2,735	9
Secured bank loans, SEK	5,609	19
Unsecured loans, SEK	1,153	4
Bonds, SEK	11,041	38
Bonds, NOK	4,829	16
Bonds, EUR	3,263	11
Bonds, AUD	544	2
Bonds, JPY	248	1
Total	29,422	100

Consolidated statement of comprehensive income

Amounts in SEKm	2023 Oct–Dec	2022 Oct–Dec	2023 Jan–Dec	2022 Jan–Dec
Rental income	868	803	3,473	3,169
Operating expenses	-201	-261	-884	-873
Repairs and maintenance	-122	-87	-342	-266
Property administration	-68	-62	-240	-222
Property tax	-12	-14	-47	-48
Total property expenses	-403	-424	-1,513	-1,409
Net operating income	465	379	1,960	1,760
Central administration	-58	-58	-172	-156
Earnings from joint ventures	-181	-223	-303	-91
Operating profit/loss	226	98	1,485	1,513
Financial income	14	3	35	5
Financial expenses	-177	-134	-662	-450
Profit after financial items	63	-33	858	1,068
of which income from property management	246	201	1,189	1,198
Change in value of investment properties	-1,509	-2,113	-4,776	-1,935
Change in value of interest-rate derivatives	-830	-80	-875	1,780
Change in value of foreign exchange derivatives	41	323	-356	-129
Foreign exchange effect on financial liabilities	291	-118	365	-465
Profit before tax	-1,944	-2,021	-4,784	319
Tax	327	373	863	-91
Profit for the period/year	-1,617	-1,648	-3,921	228
Other comprehensive income that is not to be reclassified to the income statement in subsequent periods				
Revaluation of pensions	0	3	0	3
Tax, pensions	0	-1	0	-1
Other comprehensive income for the period/year, net after tax	0	2	0	2
Total comprehensive income for the period/year	-1,617	-1,646	-3,921	230

Comprehensive income, is in their entirety, attributable to the Parent Company's shareholders.

Consolidated statement of financial position

Amounts in SEKm	2023 Dec 31	2022 Dec 31
ASSETS		
Fixed assets		
Intangible fixed assets		
Capitalized development expenditure	21	15
Total intangible fixed assets	21	15
Property, plant and equipment		
Investment properties	56,139	59,423
Leaseholds and other right-of-use assets	175	177
Fixtures and fittings	5	6
Total property, plant and equipment	56,319	59,606
Financial assets		
Stakes in joint ventures	1,624	2,088
Financial derivative instruments	1,053	2,142
Non-current receivables	196	62
Total financial assets	2,873	4,292
Total fixed assets	59,213	63,913
Current assets		
Current receivables		
Accounts receivable	33	28
Financial derivative instruments	223	-
Other receivables	651	116
Prepaid expenses and accrued income	75	82
Total current receivables	982	226
Cash and cash equivalents	766	783
Total current assets	1,748	1,009
TOTAL ASSETS	60,961	64,922

Amounts in SEKm	2023 Dec 31	2022 Dec 31
EQUITY AND LIABILITIES		
Equity		
Share capital	100	100
Other paid-in capital	4,874	4,874
Retained earnings incl. profit for the year	20,190	24,111
Total equity	25,164	29,085
Liabilities		
Non-current liabilities		
Deferred tax liability	4,232	5,189
Interest-bearing liabilities	22,398	22,441
Interest-bearing liabilities to Parent Company	145	145
Financial derivative instruments	762	432
Lease liability	150	151
Other provisions for pensions and similar obligations	1	1
Total non-current liabilities	27,688	28,359
Current liabilities		
Interest-bearing liabilities	6,879	6,435
Accounts payable	155	122
Tax liabilities	151	57
Lease liability	21	22
Financial derivative instruments	34	-
Other current liabilities	49	65
Accrued expenses and deferred income	820	777
Total current liabilities	8,109	7,478
Total liabilities	35,797	35,837
TOTAL EQUITY AND LIABILITIES	60,961	64,922

Consolidated statement of changes in equity

Amounts in SEKm	Share capital	Other paid-in capital	Retained earnings incl. profit for the year	Total equity
Opening balance, Jan 1, 2022	100	4,874	23,881	28,855
Profit for the year			228	228
Other comprehensive income			2	2
Comprehensive income for the year			230	230
Closing balance, Dec 31, 2022	100	4,874	24,111	29,085
Opening balance, Jan 1, 2023	100	4,874	24,111	29,085
Profit for the year			-3,921	-3,921
Other comprehensive income			0	0
Comprehensive income for the year			-3,921	-3,921
Closing balance, Dec 31, 2023	100	4,874	20,190	25,164

Consolidated statement of cash flows

Amounts in SEKm	2023 Oct–Dec	2022 Oct–Dec	2023 Jan–Dec	2022 Jan–Dec
Operating activities				
Profit after financial items	63	-33	858	1,068
Adjustment for non-cash items	183	224	307	95
Reversal of net interest income	163	131	627	445
Interest paid	-179	-119	-628	-413
Interest received	15	4	36	5
Tax paid	-15	-70	0	-158
Cash flow from operating activities before changes in working capital	230	137	1,200	1,042
Decrease (+)/increase (-) in operating receivables	-46	129	-43	-18
Decrease (-)/increase (+) in operating liabilities	171	48	14	125
Cash flow from operating activities	355	314	1,171	1,149
Investing activities				
Investment in investment properties	-585	-681	-1,918	-2,460
Acquisition of investment properties	-74	0	-101	-500
Divestment of investment properties	377	382	527	382
Investment in other fixed assets	-1	-6	-9	-14
Investment in financial assets	11	0	-24	-1
Dividend from financial assets	5	-	5	-
Divestment of financial assets	0	2	20	179
Cash flow from investing activities	-267	-303	-1,500	-2,414
Financing activities				
Loans raised	3,936	2,932	16,383	17,589
Repayment of loans	-3,545	-2,901	-15,617	-15,956
Change in collateral	-289	99	-454	-51
Redemption of financial instruments	0	-	0	-
Amortization of lease liability	1	-3	0	-2
Cash flow from financing activities	103	127	312	1,580
Cash flow for the year	191	138	-17	315
Cash and cash equivalents at the start of the year	575	645	783	468
Cash and cash equivalents at the end of the period/year	766	783	766	783

Parent Company income statement

Amounts in SEKm	2023 Oct–Dec	2022 Oct–Dec	2023 Jan–Dec	2022 Jan–Dec
Income	89	84	318	300
Other external costs	-59	-67	-180	-193
Personnel expenses	-76	-69	-280	-234
Depreciation	-1	0	-3	-2
Operating profit/loss	-47	-52	-145	-129
Earnings from Group companies	0	158	-5	215
Financial income	301	226	1,109	820
Financial expenses	-163	-137	-629	-489
Change in value of interest-rate derivatives	-830	-80	-875	1,780
Change in value of combined interest rate and interest-rate derivatives	41	323	-356	-129
Foreign exchange effect on financial liabilities	291	-119	365	-466
Profit after financial items	-407	319	-536	1,602
Appropriations, Group contribution	-40	-21	-40	-21
Appropriations, profit to principal	-135	-303	-69	64
Tax	93	-23	97	-322
Profit for the period/year	-489	-28	-548	1,323

Parent Company

The activities of the Parent Company Rikshem AB (publ) primarily consist of managing the Group's properties through the ownership of shares and participations in its property-owning subsidiaries. The Parent Company's billings are mainly fees for services provided to the subsidiaries. The Parent Company has been included as principal for fiscal purposes with the majority of its subsidiaries. All subsidiaries included for fiscal purposes are also part of a VAT group.

Parent Company statement of comprehensive income

Amounts in SEKm	2023 Oct–Dec	2022 Oct–Dec	2023 Jan–Dec	2022 Jan–Dec
Profit for the period/year as shown in the income statement	-489	-28	-548	1,323
Other comprehensive income	-	-	-	-
Total comprehensive income for the period/year	-489	-28	-548	1,323

Parent Company statement of financial position

Amounts in SEKm	2023 Dec 31	2022 Dec 31
ASSETS		
Fixed assets		
Intangible fixed assets		
Capitalized development expenditure	21	15
Total intangible fixed assets	21	15
Property, plant and equipment		
Fixtures and fittings	5	5
Total property, plant and equipment	5	5
Financial assets		
Participations in subsidiaries	2,875	2,690
Receivables from Group companies	31,941	32,607
Financial derivative instruments	1,053	2,142
Non-current receivables	17	18
Total financial assets	35,886	37,457
Total fixed assets	35,912	37,477
Current assets		
Current receivables		
Accounts receivable	1	1
Financial derivative instruments	223	-
Other receivables	596	17
Prepaid expenses and accrued income	14	42
Total current receivables	834	60
Cash and cash equivalents	766	783
Total current assets	1,600	843
TOTAL ASSETS	37,512	38,320

Amounts in SEKm	2023 Dec 31	2022 Dec 31
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	100	100
Revaluation reserve	143	143
243	243	243
Non-restricted equity		
Retained earnings	8,324	7,001
Share premium reserve	841	841
Profit for the year	-548	1,323
8,617	9,165	9,165
Total equity	8,860	9,408
Provisions		
Deferred tax liability	302	492
Other provisions for pensions and similar obligations	1	1
Total provisions	303	493
Liabilities		
Non-current liabilities		
Interest-bearing liabilities	18,167	18,945
Interest-bearing liabilities to Parent Company	145	145
Financial derivative instruments	762	432
Total non-current liabilities	19,074	19,522
Current liabilities		
Interest-bearing liabilities	6,120	6,435
Accounts payable	11	13
Liabilities to Group companies	2,772	2,232
Tax liability	155	64
Financial derivative instruments	34	-
Other liabilities	12	22
Accrued expenses and deferred income	171	131
Total current liabilities	9,275	8,897
Total liabilities	28,652	28,912
TOTAL EQUITY AND LIABILITIES	37,512	38,320

Board of Directors

At the Annual General Meeting on March 21, 2023, Kerstin Lindberg Göransson was elected as a member and Chair of the Board of Directors. Former Chair of the Board of Directors Per Uhlén and Board member Liselotte Hjorth had declined re-election. The remaining members were re-elected. In December 2023, the company held an extraordinary general meeting at which Frida Olsson replaced Andreas Jensen, in connection with his departure from the Fourth Swedish National Pension Fund.

Employees

The number of employees in the Rikshem Group at year-end was 308 (316): 150 men and 158 women.

Risks

The Board of Directors and management work continuously on managing the risks to which the business is exposed. Rikshem's risks and uncertainties are described on page 60 of the Annual and Sustainability Report 2022.

Accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as approved by the European Union (EU). The Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups have also been applied. This interim report has been prepared according to IAS 34 Interim Financial Reports and the Annual Accounts Act. The Parent Company's accounting policies comply with the Annual Accounts Act and RFR 2. The accounting policies, valuation principles and calculation methods applied are consistent with the most recent annual report.

New standards and interpretations

The change to IAS 12 with regard to deferred tax on leases became effective on January 1, 2023, and means that companies applying IFRS in their consolidated financial statements must report deferred tax on all temporary differences. The change has a marginal impact on the financial statements. Other new and amended standards and

interpretation statements approved by the EU are currently not considered to have a material impact on Rikshem's earnings or financial position.

Related-party transactions

Rikshem's related parties are presented in Note 22 of the Annual and Sustainability Report 2022. In October 2023, Rikshem sold all shares in Boostad Bostad AB to Nordr Sverige AB, and the joint venture was terminated. There were no other material related-party transactions during the period apart from customary salaries and remuneration to the Board of Directors, CEO and other senior executives.

Affirmation of the Board of Directors and the CEO

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

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

Stockholm, February 8, 2024

Kerstin Lindberg Göransson
Chair of the Board Of
Directors

Pernilla Arnrud Melin
Board member

Siv Malmgren
Board member

Zdravko Markovski
Board member

Frida Olsson
Board member

Per-Gunnar Persson
Board member

Peter Strand
Board member

Anette Frumerie
CEO

Quarterly data

Amounts in SEKm	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3
Income statement						
Rental income	868	899	865	841	803	795
Property expenses	-403	-324	-365	-421	-424	-281
Net operating income	465	575	500	420	379	514
Central administration	-58	-36	-41	-37	-58	-34
Earnings from joint ventures	-181	5	-131	4	-223	9
Net financial income and expenses	-163	-170	-154	-140	-131	-119
Profit after financial items	63	374	174	247	-33	370
of which income from property management	246	382	315	246	201	369
Change in value of investment properties	-1,509	-1,180	-1,084	-1,003	-2,113	2
Change in value and exchange rate effects on financial instruments	-498	13	-62	-319	125	98
Profit before tax	-1,944	-793	-972	-1,075	-2,021	470
Tax and other comprehensive income	327	153	160	223	375	-85
Comprehensive income for the quarter	-1,617	-640	-812	-852	-1,646	385
Statement of financial position						
Investment properties	56,139	57,366	58,312	58,918	59,423	61,238
Stakes in joint ventures	1,624	1,965	1,961	2,092	2,088	2,312
Other assets	2,432	2,827	3,056	2,772	2,628	2,737
Cash and cash equivalents	766	575	592	440	783	645
Total assets	60,961	62,733	63,921	64,222	64,922	66,932
Equity	25,164	26,781	27,421	28,233	29,085	30,731
Deferred tax	4,232	4,562	4,755	4,944	5,189	5,558
Interest-bearing liabilities	29,422	29,326	29,702	29,181	29,021	28,872
Other liabilities	2,143	2,064	2,043	1,864	1,627	1,771
Total equity and liabilities	60,961	62,733	63,921	64,222	64,922	66,932
Key figures						
Loan-to-value ratio,	52	51	51	50	49	47
Equity/assets ratio, percent	41	43	43	44	45	46
Interest-coverage ratio, multiple (R12M)	2.6	2.7	2.9	3.2	3.5	3.6
Return on equity, percent (R12M)	-14.5	-13.7	-10.1	-4.7	0.8	17.5
Property yield, percent (R12M)	3.4	3.2	3.1	3.0	3.0	3.1
Surplus ratio, percent	54	64	58	50	47	65



Key figures

Amounts in SEKm	2023	2022	2021	2020	2019
Income statement					
Rental income	3,473	3,169	3,062	3,032	2,916
Net operating income	1,960	1,760	1,768	1,760	1,586
Profit after financial items	858	1,068	1,526	1,279	1,286
of which income from property management	1,189	1,198	1,230	1,245	1,048
Change in value of properties	-4,776	-1,935	5,509	1,825	1,538
Profit for the period	-3,921	228	5,931	2,481	2,244
Statement of financial position					
Equity	25,164	29,085	28,855	22,921	20,441
External liabilities	29,422	29,021	26,922	26,315	26,838
Fair value of properties	56,139	59,423	58,780	51,750	49,307
Total assets	60,961	64,922	62,411	55,271	52,612
Financial key figures					
Equity/assets ratio, percent	41	45	46	41	39
Loan-to-value ratio, percent	52	49	46	51	54
Interest-coverage ratio (R12M)	2.6	3.5	3.6	3.7	3.5
Net debt/EBITDA, multiple	15.7	17.6	15.9	15.2	18.0
Loan-to-value ratio, secured loans, percent	10	8	6	9	9
Average interest rate, percent	2.6	2.0	1.5	1.7	1.6
Interest-rate duration, years	3.3	3.4	4.2	4.7	4.5
Debt duration, years	3.7	3.7	4.0	4.0	3.8
Return on equity, percent (R12M)	-14.5	0.8	22.9	11.4	11.6
Property yield, percent (R12M)	3.4	3.0	3.2	3.5	3.3
Total return excl. joint ventures, percent (R12M)	-4.7	-0.3	13.9	7.2	6.7
Total return incl. joint ventures, percent (R12M)	-4.9	-0.4	13.9	7.0	7.2

Amounts in SEKm	2023	2022	2021	2020	2019
Property-related key figures					
Number of properties	512	519	514	540	560
Leasable area, 1,000 sqm	2,245	2,240	2,216	2,232	2,292
Number of apartments	29,650	29,230	28,514	28,730	29,214
Share of properties for public use (fair value), percent	30	30	29	30	30
Vacancy rate, residential properties, percent	2.9	3.1	5.1	4.0	3.5
Market vacancy rate, residential properties, percent	1.0	0.8	1.5	1.4	0.8
Remaining lease term for properties for public use, years	7.3	7.6	8.3	8.8	9.0
Fair value, SEK/sqm	25,008	26,525	26,522	23,181	21,512
Growth in revenue, like-for-like portfolio, percent	7.4	3.3	2.4	3.5	4.3
Growth in net operating income, like-for-like portfolio, percent	8.4	-1.2	1.1	9.2	3.6
Surplus ratio, percent	56	56	58	58	54
Employees					
Number of employees	308	316	286	271	259

Key figures – 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 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 SEK million unless stated otherwise.

Amounts in SEKm	2023 Jan–Dec	2022 Jan–Dec
Return on equity		
Profit for the year	-3,921	228
Average equity	27,125	28,970
Return on equity, percent	-14.5	0.8
Net operating income		
Rental income	3,473	3,169
Property expenses	-1,513	-1,409
Net operating income	1,960	1,760
Surplus ratio		
Net operating income	1,960	1,760
Rental income	3,473	3,169
Surplus ratio, percent	56	56
Property yield		
Net operating income	1,960	1,760
Opening property value	59,423	58,780
Closing property value	56,139	59,423
Average property value	57,781	59,102
Property yield, percent	3.4	3.0
Total return		
Net operating income	1,960	1,760
Change in value of properties	-4,776	-1,935
Total	-2,816	-175
Opening property value	59,423	58,780
Closing property value	56,139	59,423
Minus unrealized change in value	4,776	1,935
Adjusted average property value	60,169	60,069
Total return, percent	-4.7	-0.3

Amounts in SEKm	2023 Jan–Dec	2022 Jan–Dec
Interest-coverage ratio		
Profit before tax	-4,784	319
Reversal		
Change in value of properties	4,776	1,935
Change in value of financial derivative instruments and loans	866	-1,186
Earnings from joint ventures	303	91
Financial expenses	662	450
Total	1,823	1,609
External interest	-693	-456
Interest-coverage ratio, multiple	2.6	3.5
Loan-to-value ratio		
External interest-bearing liabilities	29,422	29,021
Fair value of investment properties	56,139	59,423
Loan-to-value ratio, percent	52	49
Loan-to-value ratio, secured loans		
Outstanding secured debt	5,609	4,530
Fair value of investment properties	56,139	59,423
Loan-to-value ratio, secured loans, percent	10	8
Net debt/EBITDA		
External interest-bearing liabilities	29,422	29,021
Cash and cash equivalents	-766	-783
Collateral relating to CSA agreements	-456	-2
Net debt	28,200	28,236
Net operating income	1,960	1,760
Central administration	-172	-156
Depreciation	3	2
EBITDA	1,791	1,606
Net debt/EBITDA, multiple	15.7	17.6

Definitions

Amounts within parentheses	For income statement items, amounts in parentheses show figures for the corresponding period of the prior year. For balance sheet items, amounts in parentheses refer to the result at the end of the preceding year.
Average interest rate	Average interest rate for interest-bearing liabilities including expenses for backup facilities in relation to current loans on the closing date.
Debt duration	The weighted remaining maturity of interest-bearing liabilities on the closing date.
Economic occupancy rate	Contracted rents in relation to total rental value on the closing date less rent related to areas that are unrented due to renovation.
Equity/assets ratio	Equity in relation to total assets.
Income from property management	Net operating income less administrative costs and net financial income and expenses plus income from property management from participations in 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 expense for external borrowings.
Interest-rate duration	The weighted remaining fixed interest period for interest-bearing liabilities and financial derivative instruments on the closing date.
Lease duration, properties for public use	The remaining lease term weighted in rental value in the properties for public use segment on the closing date, excluding garages/parking and residential properties let to private individuals.
Like-for-like portfolio	Properties owned for the whole period and the whole of the comparative period and which have not been classified as development properties during these periods.
Loan-to-value ratio	External interest-bearing liabilities in relation to the fair value of properties.
Loan-to-value ratio, secured loans	Secured interest-bearing liabilities in relation to the fair value of properties.
Market vacancy rate, residential properties	The number of unrented apartments less apartments decommissioned due to renovation, for example, in relation to the total number of apartments 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 operating income	Rental income less property expenses.
Property expenses	Costs for heating, electricity, water, operation, maintenance, property tax, rent losses and property administration.
Property yield	Annualized net operating income in relation to the average fair value of properties.
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.
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 rolling four-quarter changes in value.
Vacancy rate, residential properties	The number of unrented apartments in relation to the total number of apartments on the closing date.

The amounts in this report are rounded to the nearest million kroner, which means that tables, summaries and figures do not always agree.

Financial calendar

Rikshem's Annual Report and Sustainability Report 2023	March 21
Interim report January–March 2024	May 3
Interim report April–June 2024	July 12

Rikshem

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, offering safe, pleasant and flexible housing in attractive locations. Rikshem is owned by the Fourth Swedish National Pension Fund (AP4) and AMF Tjänstepension AB. For more information, see rikshem.se

Contact

Switchboard: +46 (0)10 70 99 200
Rikshem AB (publ)
Box 307
111 21 Stockholm