



Interim report Q2

January–June 2020



Interim report

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Events during the period

- Rental income for the period increased by MSEK 79 or 5.5 percent on the same period last year to MSEK 1,521 (1,442).
- Net operating income rose MSEK 121 or 16.4 percent to MSEK 861 (740), as a result of higher income and a reduction in both operating expenses and repair and maintenance costs.
- Income from property management increased by MSEK 21 or 3.7 percent to MSEK 583 (562).
- The change in value of investment properties was MSEK 859 (1,030).
- Profit before tax for the period increased by MSEK 105 or 7.6 percent to MSEK 1,479 (1,374). Profit after tax rose

MSEK 53 or 4.7 percent to MSEK 1,179 (1,126).

- Divestments of properties in the period totaled MSEK 46 (0), and properties were acquired for MSEK 59 (361).
- The coronavirus pandemic has had a significant impact worldwide and brought about big changes in society. However, the residential properties and properties for public use segments have been relatively unaffected by the crisis. Only a limited number of Rikshems tenants have applied for deferment of rent payment or requested rent rebate. Provided rent rebates are less than MSEK 2. In terms of results, Rikshem has so far been affected only to a limited extent by the pandemic.

Events during the second quarter

- Anette Frumerie took up the position of CEO on 5 May.
- An agreement was signed concerning divestment of 13 residential properties in Östersund. The properties will be surrendered at the turn of August to September this year.
- At the start of May, the credit rating agency S&P Global announced that they were lowering Rikshem's long-term rating one level to BBB+ with a stable outlook.

Events after the end of the period

- Rikshem has received credit rating A3 with stable outlook from the credit rating agency Moody's.

Rikshem in summary

	Jan–Jun 2020	Jan–Jun 2019	Jul 2019– Jun 2020	Jan–Dec 2019
Rental income, MSEK	1,521	1,442	2,995	2,916
Net operating income, MSEK	861	740	1,707	1,586
Income from property management, MSEK	583	562	1,307	1,286
Profit, MSEK	1,179	1,126	2,297	2,244
Fair value of properties, MSEK	50,989	47,392	50,989	49,307
Number of apartments	29,414	28,838	29,414	29,214
Lettable area, 1,000 sqm	2,301	2,267	2,301	2,292
Economic occupancy rate, %	96.6	97.0	96.6	96.4
Average lease term, years*	8.9	9.2	8.9	9.0
Loan-to-value ratio, %	55	55	55	54
Interest-coverage ratio, multiple**	3.7	3.3	3.7	3.5
Equity, MSEK	21,620	19,325	21,620	20,441
Total return excl. joint ventures, %**	6.3	8.4	6.3	6.7
Total return incl. joint ventures, %**	6.5	7.8	6.5	7.2
Return on equity, %**	11.2	13.7	11.2	11.6

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

Cover photo: Sicklaön 369:1, Nacka

Statement from the CEO



Anette Frumerie, CEO

“ Rikshem has flourished over its first 10 years and now has a portfolio of properties worth in excess of 50 billion kronor. Having the opportunity to take over the baton and lead the company forward is truly inspiring.”

Rikshem has flourished over its first 10 years and now has a portfolio of properties worth in excess of 50 billion kronor. Having the opportunity to take over the baton and lead the company forward is truly inspiring. During my first few months at Rikshem, I've met colleagues and customers around Sweden, listened to what they have to say, and visited many of our properties. I'm impressed at the knowledge that exists in the organization and the commitment to our tenants. I've seen many examples of good practice within our operations and look forward to working with colleagues to develop Rikshem further.

Measures in the time of coronavirus

At the same time, these months have of course been dominated by the coronavirus pandemic. After an initial slowing, both the residential properties and properties for public use segments have remained strong during the first half of 2020. For Rikshem, it is the turbulence on the capital market that has been most notable. However, liquidity improved markedly at the end of the period for companies with good credit ratings. We've implemented some local rent reductions at most of our locations, but the cost of doing this is modest, and we're not seeing any increase in rent losses. Renovations to our properties continue, and we have several new construction projects in progress. At the same time, we're seeing examples of SME contractors experiencing problems. Measures need to be taken to keep the sector moving at this time. The reintroduction of investment support is a positive step – both for principals looking to build and customers looking for homes – even if the system is rather sluggish. Further measures that should

be considered include grants for energy initiatives, subsidies for renovations of rental properties and reintroducing the grants available from the Swedish National Board of Housing, Building and Planning for outdoor environments in disadvantaged neighborhoods. Every single effort to sustain Sweden is important. With 30,000 apartments in the portfolio, we've worked hard to continue to offer our tenants a good standard of service. Face-to-face meetings have declined and been replaced by more digital interactions, which have usually worked well. Over the summer, we're once again providing jobs for young people, as we've done since 2012. With many summer jobs having been scrapped this year, we're particularly pleased that we continue to offer around 150 young people important work experience at the same time as they help to keep our neighborhoods looking good.

Continued income growth

The growth in income remains good, and costs are falling. Net operating income increased by 12 percent for the quarter and 16 percent for the first half. This increase can partly be attributed to the effects of annual rent increases as well as new construction projects and acquisitions from last year, plus lower operating costs as a result of the mild winter. Our income focus and damage-prevention work are ongoing.

Rating

In May, S&P Global announced that they were lowering Rikshem's long-term rating one level to BBB+ with a stable outlook. The change is based on Rikshem's updated ownership directive with new financial targets and dividend policy, which mean the company is now judged

on different rating criteria. Thereafter we underwent a rating process at Moody's and was, after the end of the period, assigned the rating A3. Among other things, Moody's value Rikshem's strong ownership structure, and it is satisfying that, after their extensive analysis, they see where we have come.

Agreement to divest properties in Östersund

Rikshem takes a long-term approach to property ownership but continuously monitors to which properties we can add value and which it would be better for another company to develop further. Accordingly, in May we signed an agreement to divest approximately 880 apartments in Östersund. We remain one of the largest property owners in Östersund and will continue to play a part in the city's development, but focusing instead on building new apartments and properties for public use.

'One Rikshem' for increased efficiency

Going forward, one of the things I'll be working on is what we call 'One Rikshem'. Good practice from around the company must be implemented throughout Rikshem, and we must work more uniformly. There is much that is good about the company but also the potential to become more efficient, including by building structural capital. We continue to work long-term and with focus on being professional and creating value, and, among other things, continue to identify more lettable areas and develop our neighborhoods.

Anette Frumerie, CEO

One of Sweden's largest private property companies

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



**Fair value
SEK 54 billion**

The fair value of the properties totaled MSEK 53,593 (including Rikshem's share of the property value in joint ventures).



**30,000
apartments**

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

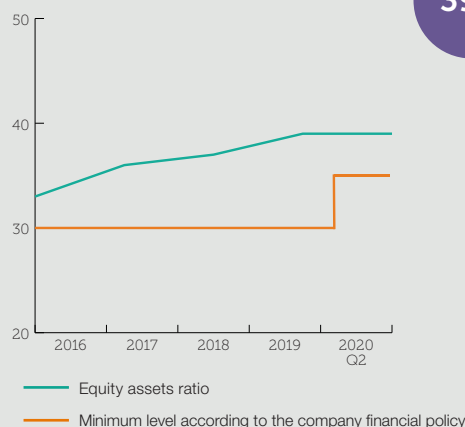


**30% properties for
public use**

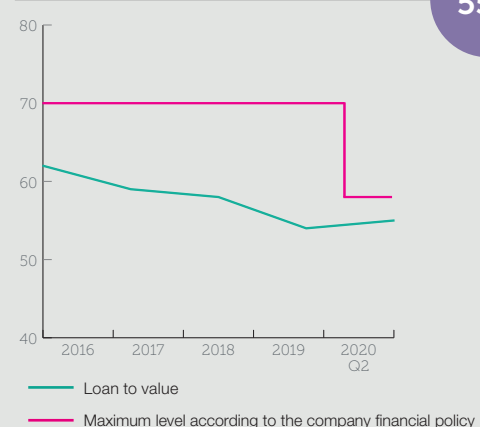
30 percent of Rikshem's portfolio comprises properties for public use, for example nursing homes, care facilities, pre-schools and schools.

Rikshem's overall financial key figures

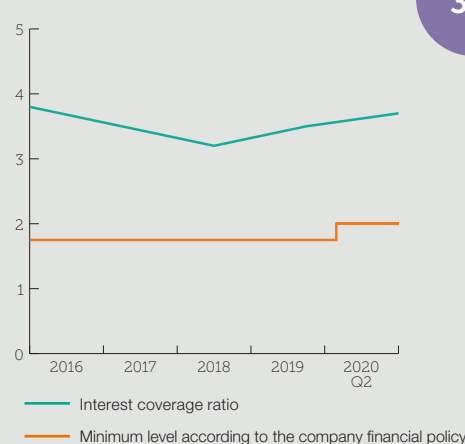
Equity/assets ratio (%)



Loan-to-value ratio (%)



Interest-coverage ratio (multiple)



Net debt/EBITDA (multiple)



Income, costs and profit

Net operating income

The Group's rental income for the period increased by MSEK 79 or 5.5 percent on the same period last year to MSEK 1,521 (1,442). Besides annual rent increases and investments in the properties that enable higher rents, the full-year effects of new construction and acquisitions in 2019 also contributed to the higher rental income. Rental income for the like-for-like portfolio rose MSEK 53 or 3.7 percent.

Property expenses for the period fell MSEK 42 or 6.0 percent to MSEK 660 (702). Expenses for the like-for-like portfolio fell MSEK 46 or 6.5 percent. One of the reasons for the lower operating costs was the mild winter. Costs for repairs and maintenance have been lower during the first half compared with the corresponding period of 2019.

**MSEK 861
(740)**

Altogether, total net operating income increased by MSEK 121 year-on-year, amounting to MSEK 861 (740). Net operating income for the like-for-like portfolio increased by MSEK 99 or 13.4 percent compared with the same period of 2019.

The surplus ratio for the total property portfolio for the period was 57 percent (51).

At the end of the period, the vacancy rate for residential properties was 3.3 percent. Adjusted for apartments that have been vacated in preparation for renovation, the market vacancy rate was 1.1 percent (0.9). The increase can be attributed to new-build and newly renovated apartments in the process of being rented. The average remaining lease term for properties for public use was 8.9 years (9.2). The economic occupancy rate for properties for public use was 97.4 percent. The economic occupancy rate for the total portfolio was 96.6 percent.

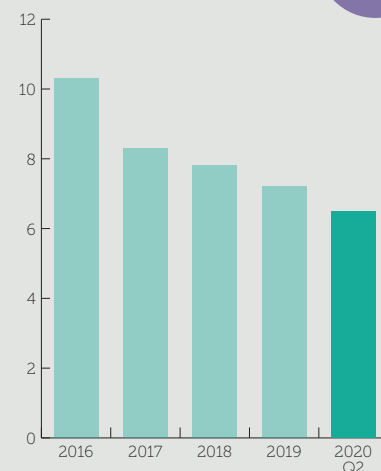
Income statement MSEK	Jan–Jun 2020	Jan–Jun 2019
Rental income	1,521	1,442
Property expenses	-660	-702
Net operating income	861	740
Central administration	-45	-41
Net financial items	-228	-228
Earnings from joint ventures	-5	91
Income from property management	583	562
Change in value of properties	859	1,030
Change in value of financial derivative instruments and foreign exchange effects on financial liabilities	37	-218
Profit before tax	1,479	1,374
Tax	-300	-248
Profit for the period	1,179	1,126



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

Total return incl.
joint ventures (%)

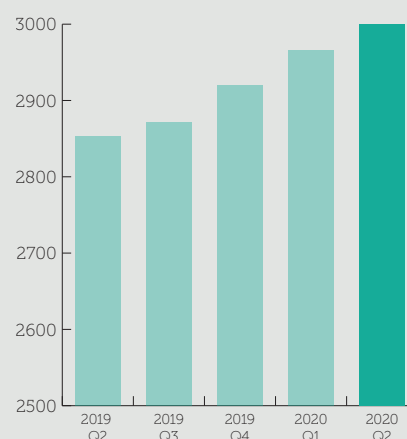
6.5%



Rikshem's long-term financial objective is to deliver a real total return of five percent of the fair value of the properties. The diagram above shows the total return without adjustment for inflation, see calculation on page 27.

Annual rent as at the
closing date (MSEK)

**MSEK
3,000**



Central administration

Costs for central administration amounted to MSEK -45 (-41). The increase is in line with the long-term plan for an increased focus on property management, with more employees, plus investments in digitalization. Central administration includes group-wide costs.

MSEK -45
(-41)

Net financial items

Net financial items totaled MSEK -228 (-228). Net financial items mainly comprise the company's external interest expenses. The average interest rate on interest-bearing liabilities was 1.7 percent (1.7).

MSEK -228
(-228)

Earnings from joint ventures

Earnings from joint ventures amounted to MSEK -5 (91). See the section on Joint ventures on page 11 for further information.

Change in value of financial derivative instruments

The company's financial derivative instruments are interest-rate swaps, which extend interest-rate duration, and combined currency and interest-rate swaps, which have been entered into to eliminate currency risk on interest payments and repayments of loans raised in EUR, NOK and AUD. Sweden's long-term interest rates were lower on the closing date than at year-end 2019, which has negatively affected the change in value of the interest-rate derivative instruments. The change in value during the period was MSEK -319 (-519). The change in value of foreign exchange derivatives amounted to MSEK -110 (718). The foreign exchange effects on financial liabilities in EUR, NOK and AUD totaled MSEK 466 (-417) and were attributable to the strengthening of the Swedish krona during the period, against NOK in particular.

MSEK -110
(718)

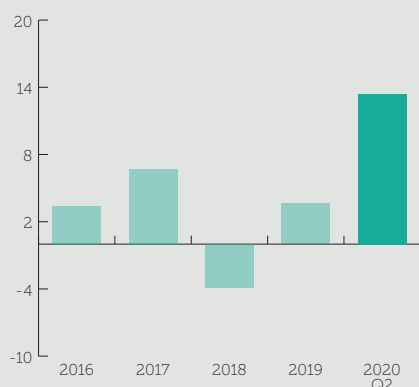
Change in value of properties

The change in value for investment properties in the period was MSEK 859 (1,030), equivalent to an increase in value of 1.7 percent (2.3). The unrealized change in value is mainly attributable to the change in net operating income and the higher project completion rate.

MSEK 859
(1,030)

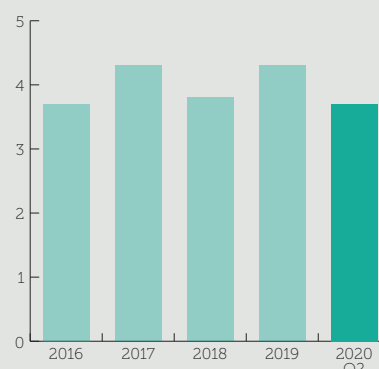
Rikshem reports investment properties at fair value in accordance with IAS 40. Internal property valuations are carried out on a quarterly basis. To verify the internal valuation, an annual external valuation of the majority of the property portfolio is conducted every year. Yield requirement and cost of capital have been checked with external appraisers in the second quarter. The valuation conforms to level 3 in the IFRS 13 fair value hierarchy. Deviations between the values assessed internally and externally are well within the uncertainty range of +/- 5 percent.

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



13.4%

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



3.7%

Tax

Reported tax for the period amounted to MSEK -300 (-248), of which MSEK -145 (0) was current tax and MSEK -156 (-248) deferred tax. Current tax has been impacted by non-deductible interest and tax-deductible depreciation. Deferred tax primarily comprises changes in temporary differences between the carrying amount and tax base of investment properties and change in value of financial derivative instruments. The deferred tax asset has been offset against the deferred tax liability in the balance sheet.

**MSEK -300
(-248)**

Profit for the period

Profit for the period totaled MSEK 1,179 (1,126).

**MSEK 1,179
(1,126)**

Effects of the coronavirus pandemic

With a property portfolio mainly comprising rental apartments and properties for public use, exposure to the sectors initially most affected by the pandemic is extremely low. Just under 4 percent of the company's rental income comes from letting commercial premises. Only a small number of Rikshem's tenants have applied for rent respite or requested rent discounts within

the framework of the part-government-financed rent support scheme. Rikshem monitors debt collection cases on an ongoing basis, and there is nothing to suggest an increased trend. Approximately 0.9 percent of total income invoiced during the period remains unpaid at the start of the third quarter. Of total invoiced revenue during the period, about 0.9 percent are unpaid at the beginning of quarter three.

Yield requirement and rent/sqm per property type

Property type	Rent/sqm			Yield requirement		
	min.	average	max.	min.	average	max.
Residential properties	728	1,250	2,840	2.44%	3.85%	5.60%
Properties for public use:					4.68%	
Nursing homes	550	1,478	2,818	3.60%	4.59%	7.50%
Schools	668	1,527	2,351	4.70%	5.07%	6.65%
Commercial properties	736	1,302	5,409	3.80%	5.09%	7.45%
Average		1,313			4.12%	

Change in yield requirement per property type

Property type	Value in MSEK	Dec. 31, 2019	June 30, 2020	Change
Residential properties	35,163	3.85%	3.85%	0.00%
Properties for public use:				
Nursing homes	11,904	4.61%	4.59%	-0.02%
Schools	3,047	5.07%	5.07%	0.00%
Commercial properties	875	5.05%	5.09%	0.04%
Total	50,989	4.12%	4.12%	0.00%

Property portfolio

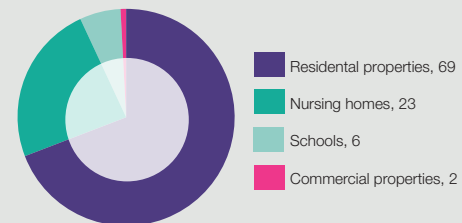
At June 30, 2020, Rikshem's property portfolio comprised 557 properties (560) with a fair value of MSEK 50,989 (49,307). MSEK 35,163 of this pertained to residential properties, MSEK 11,904 to nursing homes, MSEK 3,047 to schools and

MSEK 875 to commercial properties. The property portfolio includes development rights valued at MSEK 816. Properties representing 47 percent of the fair value are located along the Greater Stockholm–Uppsala axis. Altogether, the

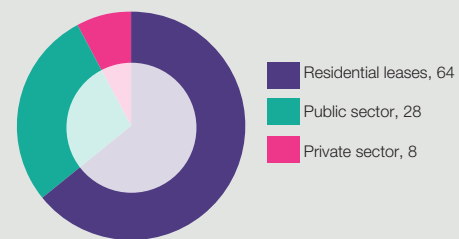
property portfolio comprises 29,414 apartments (29,214) and lettable area of approximately 2,301,350 sqm (2,292,000).



Breakdown of fair value of investment properties (%)



Breakdown of rental income (%)



Rikshem's property portfolio, June 30, 2020

Type	Value, MSEK	Proportion, %	Area, 1,000 sqm	Value, SEK/sqm	Annual rent, MSEK	Annual rent broken down by type of tenant, %			
Residential properties segment						Residential leases	Public sector	Private sector	Total
- Residential	35,163	69	1,655	21,246					
- Commercial*	516	1	12	40,773					
Residential properties	35,679	70	1,667	21,394	2,106	90	4	6	100
Properties for public use segment									
- Nursing homes	11,904	23	464	25,652					
- Schools	3,047	6	133	22,967					
- Commercial*	359	1	37	9,716					
Properties for public use	15,310	30	634	24,161	894	5	83	12	100
Total	50,989	100	2,301	22,156	3,000	64	28	8	100

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



Rikshem continues to refine its property portfolio through selective acquisitions as well as divestments of properties that are not considered suitable for the portfolio in the long term. Since 2019, the company has also intensified its work on project development in existing properties.

Transactions and investments

Properties totaling MSEK 59 were acquired during the second quarter, including a property in development in Uppsala, and properties totaling MSEK 46 were divested.

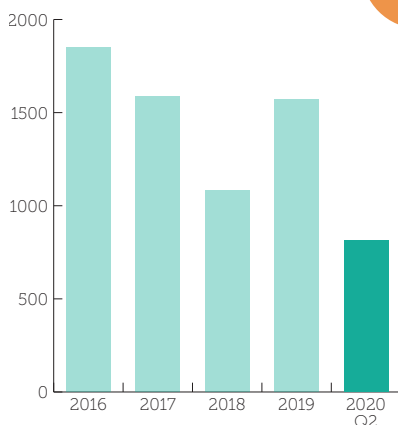
In May, an agreement was signed to divest 883 apartments in Östersund. The sales transaction comprises approximately 62,500 sqm across 13 residential properties in Torvalla, Odensala and central Östersund. The properties will be surrendered at the turn of August to September this year.

Investments in existing properties during the period amounted to MSEK 810 (679), of which MSEK 479 (214) pertained to redevelopment and renovation of residen-

tial properties, MSEK 138 (311) to new construction of residential properties and MSEK 193 (154) to investments in properties for public use.

During the period, construction started on 92 apartments together with renovation projects covering 234 apartments. Residents have moved in to 179 new-build apartments, including 105 in nursing-homes. Tenants have also moved into 93 apartments that have been renovated after the previous tenant moved out, as well as into 178 apartments that have undergone RM&U renovation.

Investments (MSEK)

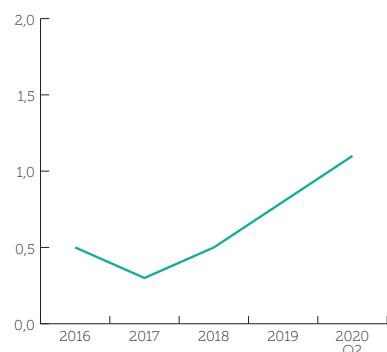


MSEK 810

Fair value of investment properties

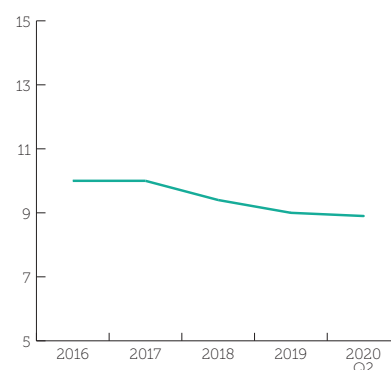
Amounts in MSEK	Jan–Jun 2020	Jan–Jun 2019	Jan–Dec 2019
Fair value at the beginning of the period	49,307	45,687	45,687
Change in value	859	1,030	1,538
Investments	810	679	1,568
Acquisitions	59	361	879
Divestments	-46	-365	-365
Fair value at the end of the period	50,989	47,392	49,307
Fair value incl. Rikshem's share of properties in joint ventures	53,593	49,680	51,871

Market vacancy rate, residential properties (%)



1.1%

Average lease term, properties for public use (years)



8.9 years

Projects in development

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

Larger projects in progress

Property/project	Location	Project category	Number of apartments before	Number of apartments after	Estimated completion
Bonden	Halmstad	New construction (residential)		189	Q4 2022
Flyttfågeln	Umeå	RM&U renovation	188	188	Q4 2024
Vård södra	Uppsala	New construction (public use)		96	Q3 2021
Enheten 1	Halmstad	New construction (residential)		155	Q2 2022
Planen	Norrköping	RM&U renovation	167	227	Q1 2022
Planen	Norrköping	New construction (residential)		100	Q1 2021

Example of project



Bonden 7 (Halmstad)

The project comprises new construction of a whole block with buildings of three to eight floors and a total area of approximately 9,400 sqm. There will be 189 new rental apartments of 1 to 4 rooms and kitchen plus four commercial premises on the ground floor. The property is being built adjacent to Slottsjorden in central Halmstad and will be completed during 2021.

The property is part of a new development area where a new local plan allows development of around 500 apartments in total plus offices, shops and restaurants.

Joint ventures



Rikshem's joint ventures

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

Participations in joint ventures

Rikshem holds participations in joint ventures with a total value of MSEK 1,679 (1,658).

The value of Rikshem's share of the property holdings in these joint ventures, which are consolidated according to the equity method, is SEK 2.6 billion. Investments in associated companies totaled MSEK 151 (170). The largest joint venture holding of MSEK 991 pertains to 49 percent of VärmdöBostäder; the remainder is owned by Värmdö Municipality. The second-largest holding of MSEK 581 pertains to Farsta Stadsutveckling (Telestaden), with Rikshem and Ikano Bostad each owning 50 percent.

Other participations in associated companies totaling MSEK 107 pertain to development projects owned and

MSEK
1,679
(1,658)

operated together with Veidekke Bostad, P&E Fastighetspartner and Glommen & Lindberg. The joint ventures involve some development of condominiums. At June 30, 2020, there were 60 apartments in production, 32 of which had been sold. Rikshem's share of the unsold apartments is 14. One completed apartment remained unsold, of which Rikshem's share is 0.5.

Earnings from joint ventures

Earnings from joint ventures amounted to MSEK -5 (91).

The difference between the periods is essentially explained by the change in value of properties, with Farsta Stadsutveckling AB accounting for a significant share. The value of development rights has been negatively impacted by the market uncertainty caused by the pandemic and falling condominium prices.

MSEK -5
(91)

Example of joint venture



Telestaden (Farsta Stadsutveckling AB)

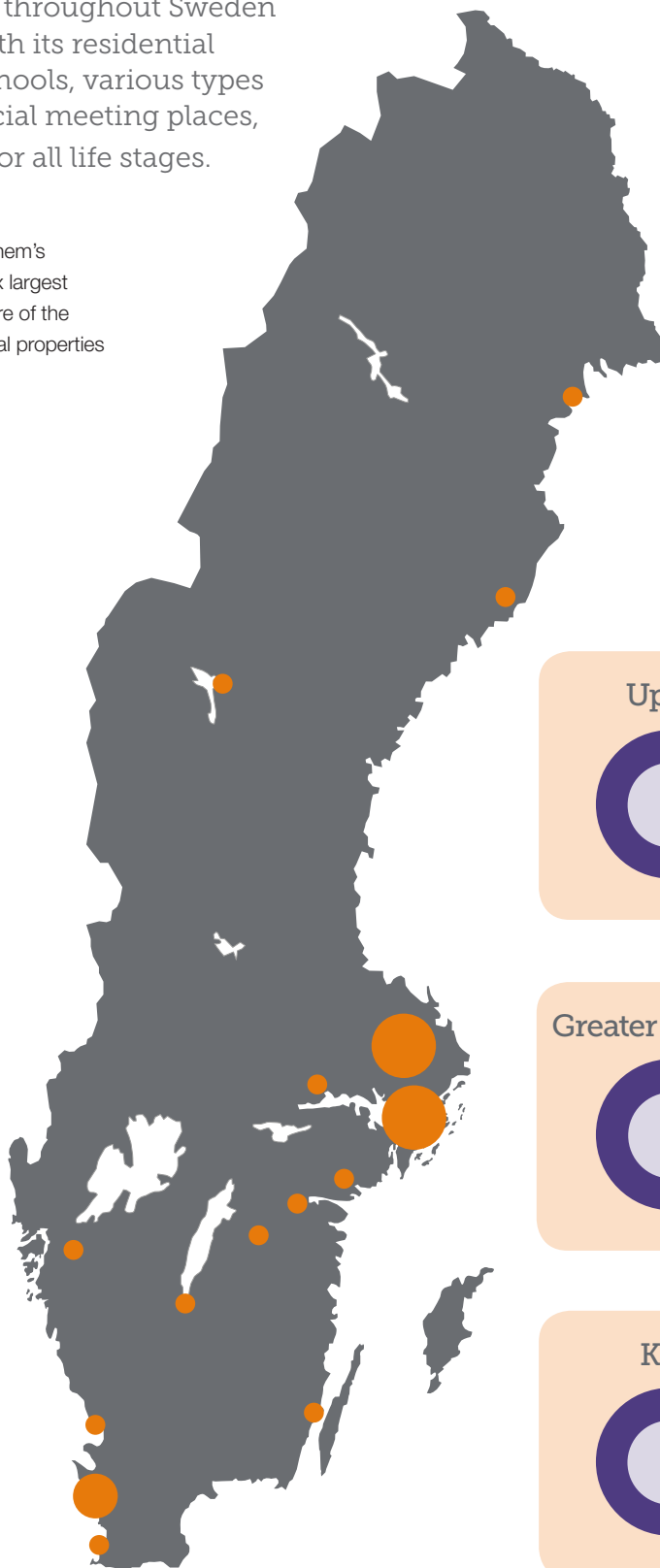
Set to provide approximately 2000 homes, Telestaden in Farsta is one of southern Stockholm's largest housing projects, under development by Rikshem and Ikano Bostad. Work is under way to create a vibrant district offering apartments, workplaces, neighborhood services, preschools and a school. Telestaden is currently have tenants such as the housing company Familjebostäder, contemporary arts organization Konstverket and dance studio ccap. The Swedish Police Authority will be moving into new premises later this year, and a nursing home will open in 2021.

Our largest cities

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

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

- Properties for public use
- Residential properties



Segment reporting

Amounts in MSEK	Residential properties		Properties for public use		Total	
	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Rental income	1,059	1,017	462	425	1,521	1,442
Property expenses	-507	-538	-153	-164	-660	-702
Net operating income	552	479	309	261	861	740
Change in value of properties	678	632	181	398	859	1,030
Total return	1,230	1,111	490	659	1,720	1,770
Total return excl. joint ventures, % (R12)	5.7	7.9	7.8	9.7	6.3	8.4
Fair value of properties	35,679	33,388	15,310	14,004	50,989	47,392
Proportion, %	70	70	30	30	100	100
Area, 1,000 sqm	1,667	1,651	634	616	2,301	2,267
Fair value, SEK/sqm	21,394	20,210	24,161	22,764	22,156	20,905
Investments	617	525	193	154	810	679



Financing

The coronavirus pandemic has led to turbulence on the capital market, and access to capital has been limited at times. However, even during this period, Rikshem has been able to issue commercial paper and bonds as required and has not needed to use any backup facilities.

The uncertainty on the capital market during the pandemic has pushed up credit margins, affecting Rikshem's financing cost. During June, there was an improvement in liquidity on the capital market, enabling Rikshem to issue significantly more than the company required. Credit margins have also declined.

Five corporate bonds for approximately SEK 1.4 billion were issued in the second quarter – three in SEK and two in NOK, with maturities between 5.25 and 12 years – as well as commercial paper for MSEK 1,540. A new SEK 1 billion bank loan signed in March was paid out during April, and an MSEK 475 bank loan that fell due in April was renegotiated and extended to 2023. Eight bonds with a total value of

approximately SEK 2.5 billion were issued during the first half.

Cash and cash equivalents

Cash and cash equivalents amounted to MSEK 1,554 (568). The increase has been implemented to increase flexibility in an at times turbulent market situation. On the closing date, pledged assets received under Credit Support Annexes (CSAs) for combined interest-rate and currency swaps amounted to MSEK 532. These pledged assets are settled on a monthly basis.

Financial derivative instruments

At the end of the period, the company had an interest-rate derivative portfolio

that hedged SEK 17.8 billion, with the company paying a fixed rate and receiving floating 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 516 (509), while the fair value of financial derivative instruments with a negative fair value was MSEK -864 (-432). The net fair value of the derivative portfolio was MSEK -348 (77).

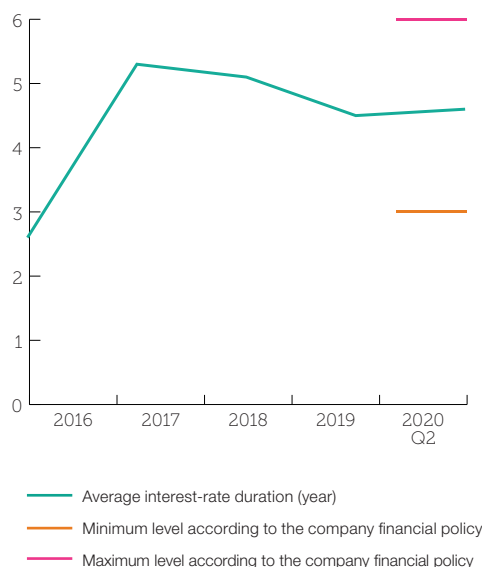
Interest-bearing liabilities

At the end of the period, interest-bearing liabilities amounted to MSEK 27,837 (26,868).

MSEK
27,837
(26,868)

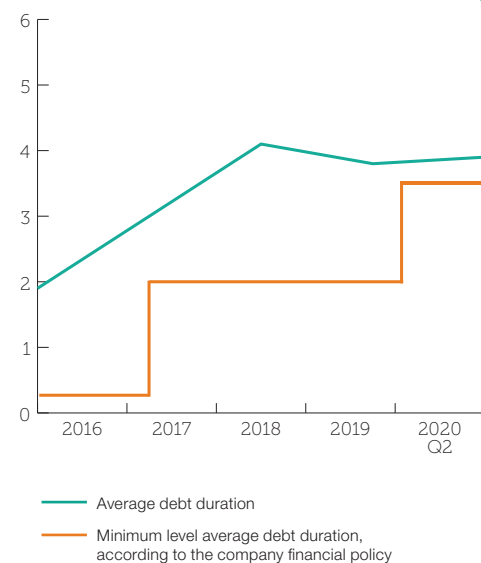
Average interest-rate duration (years)

4.6
years



Average debt duration (years)

3.9
years



Of these, MSEK 5,309 (4,317) pertained to secured bank loans, MSEK 199 (199) to liabilities to the European Investment Bank, MSEK 1,588 (2,740) to funding through commercial paper and MSEK 20,557 (19,582) to bond loans. In addition, the company had MSEK 185 (30) in interest-bearing liabilities to related parties. The fair value of financial assets and liabilities is not considered to deviate materially from the carrying amount. All bank loans are secured by collateral in properties. In total, secured financing accounted for 10 percent (9) of the fair value of the investment properties.

Of Rikshem's outstanding bonds, bonds corresponding to SEK 4.1 billion have been issued in EUR, SEK 5.6 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 4.3 billion (EUR), SEK 5.2 billion (NOK) and SEK 0.3 billion (AUD). At the end of the period, the average interest rate was 1.7 percent, which is up 0.1 percentage point

on the end of the previous quarter and equal to the corresponding date in 2019. The main reason for the interest rate rise is higher margins as a result of the coronavirus pandemic and Rikshem's downgraded rating. Fees for unused backup facilities are included in the average interest rate.

The average debt duration is 3.9 years (3.8) and the average interest-rate duration is 4.6 years (4.5).

Green financing

A total of MSEK 1,200 in green bonds was issued during the period, MSEK 400 of which during the second quarter. At June 30, 2020, outstanding green bonds totaled SEK 2.4 billion. Loans from the European Investment Bank for energy efficiency initiatives amounted to MSEK 199.

Backup facilities

The refinancing and liquidity risk inherent in the maturity structure is managed in part by means of backup facilities from Rikshem's owners (SEK 10 billion) and Swedish banks (SEK 3 billion). In addition, MSEK

800 of the credit facility with the European Investment Bank is unutilized and there is an overdraft facility of MSEK 500. The credit facility with the European Investment Bank can only be used to finance investments in energy efficiency initiatives.

Rating

Rikshem has a credit rating of A3 with stable outlook from the credit rating agency Moody's. This rating was assigned after the end of the period. From the credit rating agency S&P Global, Rikshem has a long-term rating BBB+ with stable outlook as well short-term rating A-2 and K-1 on S&P's Nordic scale.

Interest-bearing external liabilities

Maturity Years	Interest-rate duration		Debt duration	
	Amount (MSEK)	Proportion,	Amount (MSEK)	Proportion,
<1 year	4,905	17.6%	7,404	26.6%
1-2 years	1,776	6.4%	4,439	15.9%
2-3 years	2,450	8.8%	2,800	10.1%
3-4 years	4,023	14.4%	5,366	19.3%
4-5 years	1,883	6.8%	1,368	4.9%
5-6 years	3,500	12.6%	879	3.2%
6-7 years	2,500	9.0%	1,196	4.3%
7-8 years	2,000	7.2%	475	1.7%
8-9 years	2,900	10.4%	847	3.0%
>9 years	1,900	6.8%	3,063	11.0%
Total	27,837	100%	27,837	100%

Interest-rate derivative portfolio

Maturity date	Nominal amount (year-end), SEK billion	Average interest rate (year-end)
2020	17.8	0.8%
2021	17.3	0.8%
2022	15.8	0.8%
2023	13.8	0.8%
2024	13.3	0.8%
2025	10.8	0.9%
2026	7.3	0.9%
2027	5.3	0.8%
2028	3.3	0.7%
2029	1.4	0.9%
2030	0	

Group – Condensed statement of comprehensive income

Amounts in MSEK	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019–Jun 2020	Jan–Dec 2019
Rental income	760	724	1,521	1,442	2,995	2,916
Operating expenses	-174	-173	-395	-412	-754	-771
Repairs and maintenance	-69	-79	-133	-161	-278	-306
Property administration	-58	-61	-110	-109	-212	-211
Property tax	-11	-10	-22	-20	-44	-42
Total property expenses	-312	-323	-660	-702	-1,288	-1,330
Net operating income	448	401	861	740	1,707	1,586
Central administration	-23	-20	-45	-41	-104	-100
Net financial items	-116	-114	-228	-228	-444	-444
Earnings from joint ventures	-8	83	-5	91	148	244
<i>of which income from property management</i>	<i>9</i>	<i>2</i>	<i>12</i>	<i>7</i>	<i>10</i>	<i>6</i>
<i>of which change in value of properties</i>	<i>-18</i>	<i>104</i>	<i>-18</i>	<i>104</i>	<i>178</i>	<i>300</i>
<i>of which change in value of financial derivative instruments</i>	<i>-1</i>	<i>–</i>	<i>-1</i>	<i>–</i>	<i>0</i>	<i>1</i>
<i>of which tax</i>	<i>2</i>	<i>-23</i>	<i>2</i>	<i>-20</i>	<i>-41</i>	<i>-63</i>
Income from property management	301	350	583	562	1,307	1,286
Change in value of investment properties	730	857	859	1,030	1,367	1,538
Change in value of interest-rate derivatives	-105	-294	-319	-519	-70	-270
Change in value of foreign exchange derivatives	-81	201	-110	718	-323	505
Foreign exchange effects on financial liabilities	246	-125	466	-417	668	-215
Profit before tax	1,091	989	1,479	1,374	2,949	2,844
Tax	-228	-155	-300	-248	-652	-600
Profit/loss for the period/year	863	834	1,179	1,126	2,297	2,244
Other comprehensive income						
Revaluation of pensions	–	–	–	–	-3	-3
Tax, pensions	–	–	–	–	1	1
Other comprehensive income for the period/year, net after tax	–	–	–	–	-2	-2
Total comprehensive income for the period/year	863	834	1,179	1,126	2,295	2,242

Group – Condensed statement of financial position

Amounts in MSEK	June 30, 2020	June 30, 2019	Dec. 31, 2019
ASSETS			
Investment properties	50,989	47,392	49,307
Participations in joint ventures	1,679	1,474	1,658
Equipment	4	5	5
Leaseholds and other right-of-use assets	134	123	131
Financial derivative instruments	516	685	509
Non-current receivables	254	192	179
Total non-current assets	53,576	49,871	51,789
Current receivables	246	334	255
Cash and cash equivalents	1,554	482	568
Total current assets	1,800	816	823
TOTAL ASSETS	55,376	50,687	52,612
EQUITY AND LIABILITIES			
Equity	21,620	19,325	20,441
Deferred tax	3,548	3,045	3,392
Interest-bearing liabilities	20,433	21,940	19,699
Financial derivative instruments	864	644	432
Non-current liabilities, leases	120	110	117
Non-interest-bearing liabilities	6	3	6
Total non-current liabilities	24,971	25,742	23,646
Interest-bearing liabilities	7,404	4,293	7,169
Current liabilities, leases	13	12	14
Non-interest-bearing liabilities	1,368	1,315	1,342
Total current liabilities	8,785	5,620	8,525
TOTAL EQUITY AND LIABILITIES	55,376	50,687	52,612

Consolidated statement of changes in equity

Amounts in MSEK	Share capital	Other contributed capital	Retained earnings including profit for the year	Total equity
Opening balance, Jan. 1, 2019	100	4,874	13,225	18,199
Profit for the period, Jan–Jun			1,126	1,126
Other comprehensive income, Jan–Jun			-	-
Closing balance, June 30, 2019	100	4,874	14,351	19,325
Profit for the period, Jul–Dec			1,118	1,118
Other comprehensive income, Jul–Dec			-2	-2
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 period, Jan–Jun			1,179	1,179
Other comprehensive income, Jan–Jun			-	-
Closing balance, June 30, 2020	100	4,874	16,646	21,620



Investments in existing properties in the period.

MSEK 810

Of this amount, redevelopment and renovation of residential properties accounted for MSEK 479, new construction for MSEK 138 and investments in properties for public use for MSEK 193.

Consolidated statement of cash flows

Amounts in MSEK	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019– Jun 2020	Jan–Dec 2019
Cash flow from operating activities	426	386	817	704	1,604	1,491
Interest paid	-117	-120	-222	-225	-442	-445
Tax paid	-21	0	-22	-24	-22	-24
Change in working capital	36	-103	-129	-145	158	142
Cash flow from operating activities	324	163	444	310	1,298	1,164
Investment in investment properties	-510	-439	-810	-679	-1,699	-1,568
Acquisition of investment properties	-52	0	-52	-361	-542	-851
Divestment of investment properties	26	365	44	365	44	365
Change in equipment	0	-1	-1	-2	0	-2
Investment in financial assets	-100	-14	-100	-45	-132	-76
Divestment of financial assets	–	25	–	113	14	127
Dividend from financial assets	–	1	–	1	–	1
Cash flow from investing activities	-636	-63	-919	-608	-2,315	-2,004
Loans raised	4,557	1,875	8,008	5,073	13,633	10,698
Repayment of loans	-3,434	-2,380	-6,567	-5,805	-11,354	-10,592
Change in collateral	-115	207	25	498	-186	287
Redemption of financial instruments	–	–	-4	–	-4	–
Repayment of finance leases	0	0	-1	-1	0	0
Cash flow from financing activities	1,008	-298	1,461	-235	2,089	393
Cash flow for the period/year	696	-198	986	-533	1,072	-447
Cash and cash equivalents at the beginning of the period/year	858	680	568	1,015	482	1,015
Cash and cash equivalents at the end of the period/year	1,554	482	1,554	482	1,554	568

Parent Company – Condensed income statement

Amounts in MSEK	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019–Jun 2020	Jan–Dec 2019
Income	64	66	123	121	237	235
Other operating expenses	-35	-32	-64	-59	-141	-136
Personnel expenses	-51	-52	-102	-102	-207	-207
Depreciation	-1	-1	-1	-1	-2	-2
Operating profit	-23	-19	-44	-41	-113	-110
Earnings from Group companies	25	215	47	230	401	584
Net interest income	70	-1	144	3	169	28
Change in value of interest-rate derivatives	-105	-294	-319	-519	-70	-270
Change in value of foreign exchange derivatives	-80	201	-109	718	-322	505
Foreign exchange effects on financial liabilities	246	-125	466	-417	668	-215
Profit/loss after financial items	133	-23	185	-26	733	522
Tax	-4	27	24	-4	-32	-60
Profit/loss for the period/year	129	4	209	-30	701	462

Parent Company

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

The Parent Company's revenue for the period amounted to MSEK 123 (121) and mainly comprised fees for services provided to the subsidiaries. Administrative costs increased to MSEK -166 (-161). Financial items totaled MSEK 229 (15). In addition

to net interest income, financial items included earnings from participations in Group companies of MSEK 47 (230) and changes in value of financial instruments corresponding to MSEK 38 (-218).



The Parent Company's assets at June 30, 2020 amounted to MSEK 34,952 (34,000) and primarily comprised shares and participations in subsidiaries and receivables from Group companies. Cash and

cash equivalents amounted to MSEK 1,551 (561). The Parent Company's liabilities totaled MSEK 27,298 (26,555) and mainly comprised commercial paper, bonds and bank loans. Equity totaled MSEK 7,654 (7,445) on the closing date.

Parent Company – Condensed balance sheet

Amounts in MSEK	June 30, 2020	June 30, 2019	Dec. 31, 2019
ASSETS			
Equipment	4	4	4
Shares and participations in Group companies	1,945	1,945	1,945
Receivables from Group companies	30,824	29,981	30,887
Financial derivative instruments	516	685	509
Non-current receivables	34	29	29
Total non-current assets	33,323	32,644	33,374
Current assets	78	79	65
Cash and cash equivalents	1,551	482	561
Total current assets	1,629	561	626
TOTAL ASSETS	34,952	33,205	34,000
EQUITY AND LIABILITIES			
Equity	7,654	6,953	7,445
Deferred tax	153	182	238
Financial derivative instruments	864	644	432
Interest-bearing liabilities	24,401	23,925	24,579
Liabilities to Group companies	1,177	670	678
Non-interest-bearing liabilities	703	831	628
Total liabilities	27,298	26,252	26,555
TOTAL EQUITY AND LIABILITIES	34,952	33,205	34,000

Other information

Board of Directors and CEO

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

Employees

The number of employees in the Rikshem Group at the end of the period was 265 (264): 147 men and 118 women.

Risks

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

for public use segments have been less affected than other segments of the property market. In combination with the company's strong financial stability, this means Rikshem is well equipped to weather the crisis. If the crisis is prolonged and results in a deep recession, Rikshem envisages risks in the impact this could have on the company's tenants, restrictions in access to capital and delays in completion of projects.

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

Accounting policies

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

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

New standards and interpretations that come into force from 2020 onwards

Effective 2020, the IASB has implemented a change in IFRS 3 that addresses the boundary between a business combination and an asset acquisition by providing a new definition of a business. The change and the definition are in line with Rikshem's current treatment of acquisitions and are not deemed to have



any material effects on Rikshem's earnings or financial position. Other new and amended standards and interpretation statements approved by the EU are currently not considered to have a material impact on Rikshem's earnings or financial position.

Related-party transactions

Rikshem's related parties are presented in Note 29 of the annual report for 2019. No material related-party transactions have been carried out during the period.

Significant events after the end of the period

Rikshem has received credit rating A3 with stable outlook from the credit rating agency Moody's.

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.



Financial calendar

Interim report
January–September 2020
November 4, 2020

Year-end report 2020
February 5, 2021

Stockholm, August 24, 2020

Bo Magnusson
Chairman of the Board

Pernilla Arnrud Melin
Board member

Liselotte Hjorth
Board member

Andreas Jensen
Board member

Ulrica Messing
Board member

Per-Gunnar Persson
Board member

Per Uhlén
Board member

Anette Frumerie
CEO

Review report

Rikshem AB (publ), corporate identity number 556709-9667

Introduction

We have reviewed the condensed interim report for Rikshem AB (publ) as at June 30, 2020 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements

Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, August 24th, 2020

Ernst & Young AB

Mikael Ikonen

Authorized Public Accountant

Quarterly data

Amounts in MSEK	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Income statement						
Rental income	760	761	729	745	724	718
Property expenses	-312	-348	-364	-264	-323	-379
Net operating income	448	413	365	481	401	339
Central administration	-23	-22	-39	-20	-20	-21
Net financial items	-116	-112	-107	-109	-114	-114
Earnings from joint ventures	-8	3	152	1	83	8
Income from property management	301	282	371	353	350	212
Change in value of investment properties	730	129	226	282	857	173
Change in value of and foreign exchange effects on financial instruments	60	-23	310	-72	-218	0
Profit before tax	1,091	388	907	563	989	385
Tax and other comprehensive income	-228	-72	-229	-125	-155	-93
Comprehensive income for the period	863	316	678	438	834	292
Statement of financial position						
Investment properties	50,989	49,718	49,307	48,198	47,392	46,461
Participations in joint ventures	1,679	1,662	1,658	1,475	1,474	1,391
Other assets	1,154	1,316	1,079	1,509	1,339	1,100
Cash and cash equivalents	1,554	858	568	607	482	680
Total assets	55,376	53,554	52,612	51,789	50,687	49,632
Equity	21,620	20,757	20,441	19,763	19,325	18,491
Deferred tax	3,548	3,399	3,392	3,171	3,045	2,891
Interest-bearing liabilities	27,837	26,963	26,868	26,295	26,233	26,613
Other liabilities	2,371	2,435	1,911	2,560	2,084	1,637
Total equity and liabilities	55,376	53,554	52,612	51,789	50,687	49,632
Key performance indicators						
Loan-to-value ratio, %	55	54	54	54	55	57
Equity/assets ratio, %	39	39	39	38	38	37
Interest-coverage ratio, multiple*	3.7	3.7	3.5	3.5	3.3	3.2
Return on equity, %*	11.2	11.6	11.6	12.9	13.7	14.2
Property yield, %*	3.5	3.5	3.3	3.4	3.3	3.4
Surplus ratio, %	57	54	54	56	55	47

*Rolling 12 months

Key performance indicators

Amounts in MSEK	Jan–Jun 2020	2019	2018	2017	2016	2015
Income statement						
Rental income	1,521	2,916	2,792	2,665	2,484	2,040
Net operating income	861	1,586	1,524	1,555	1,420	1,192
Income from property management	583	1,286	1,008	1,150	1,208	579
Change in value of properties, MSEK	859	1,538	2,107	1,647	1,962	1,856
Profit for the period	1,179	2,244	2,489	2,430	2,433	1,964
Statement of financial position						
Equity	21,620	20,441	18,199	15,710	13,281	10,360
External liabilities	27,837	26,838	26,493	24,022	23,422	21,074
Fair value of properties	50,989	49,307	45,687	41,039	37,878	32,009
Total assets	55,376	52,612	48,734	43,501	40,114	34,053
Financial key figures						
Equity/assets ratio, %	39	39	37	36	33	30
Loan-to-value ratio, %	55	54	58	59	62	66
Interest-coverage ratio, multiple*	3.7	3.5	3.2	3.5	3.8	3.6
Net debt/EBITDA, multiple	16.7	18.0	17.6	15.8	17.2	19.0
Loan-to-value ratio, secured loans, %	10	9	10	12	15	21
Average interest rate, %	1.7	1.6	1.7	2.0	1.5	1.6
Interest-rate duration, years	4.6	4.5	5.1	5.3	2.6	2.4
Debt duration, years	3.9	3.8	4.1	3.0	1.9	1.4
Return on equity, %*	11.2	11.6	14.7	16.8	20.6	25.8
Property yield, %*	3.5	3.3	3.5	3.9	4.1	4.2
Total return excl. joint ventures, %*	6.3	6.7	8.6	8.3	10.0	11.0
Total return incl. joint ventures, %*	6.5	7.2	7.8	8.3	10.3	11.3
Property-related key figures						
Number of properties	557	560	555	586	574	533
Lettable area, 1,000 sqm	2,301	2,292	2,274	2,219	2,182	1,975
Number of apartments	29,414	29,214	28,840	27,924	27,224	24,203
Proportion of properties for public use, %	30	30	29	29	29	38
Vacancy rate, residential properties, %	3.3	3.5	3.2	2.7	3.6	2.6
Market vacancy rate, residential properties, %	1.1	0.8	0.5	0.3	0.5	0.4
Remaining lease term for properties for public use, years	8.9	9.0	9.4	9.8	10.3	10.5
Fair value, SEK/sqm	22,156	21,512	20,090	18,494	17,362	16,205
Growth in income for the like-for-like portfolio, %	3.7	4.3	3.8	4.3	3.7	2.7
Growth in net operating income for the like-for-like portfolio, %	13.4	3.6	-3.9	6.7	3.4	6.8
Surplus ratio, %*	57	54	55	58	57	58
*Rolling 12 months						
Employees						
Number of employees	265	259	242	206	192	173

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 to those used by other companies. Amounts in MSEK unless stated otherwise.

Amounts in MSEK	Jul 2019– Jun 2020	Jan–Dec 2019	Jul 2018– Jun 2019	Jan–Dec 2018
Return on equity				
Profit for the period/year	2,297	2,244	2,471	2,489
Average equity	20,473	19,320	18,090	16,954
Return on equity	11.2%	11.6%	13.7%	14.7%

Net operating income				
Rental income	2,995	2,916	2,859	2,792
Property expenses	-1,288	-1,330	-1,343	-1,268
Net operating income	1,707	1,586	1,516	1,524

Surplus ratio				
Net operating income	1,707	1,586	1,516	1,524
Rental income	2,995	2,916	2,859	2,792
Surplus ratio	57%	54%	53%	55%

Property yield				
Net operating income	1,707	1,586	1,516	1,524
Opening property value	47,392	45,687	43,239	41,039
Closing property value	50,989	49,307	47,392	45,687
Adjusted average property value	49,190	47,497	45,315	43,363
Property yield	3.5%	3.3%	3.3%	3.5%

Total return				
Net operating income	1,707	1,586	1,516	1,524
Change in value of properties	1,367	1,538	2,204	2,107
Total	3,074	3,124	3,720	3,631
Opening property value	47,392	45,687	43,239	41,039
Closing property value	50,989	49,307	47,392	45,687
Minus unrealized change in value	-1,367	-1,538	-2,204	-2,107
Adjusted average property value	48,507	46,728	44,213	42,310
Total return	6.3%	6.7%	8.4%	8.6%

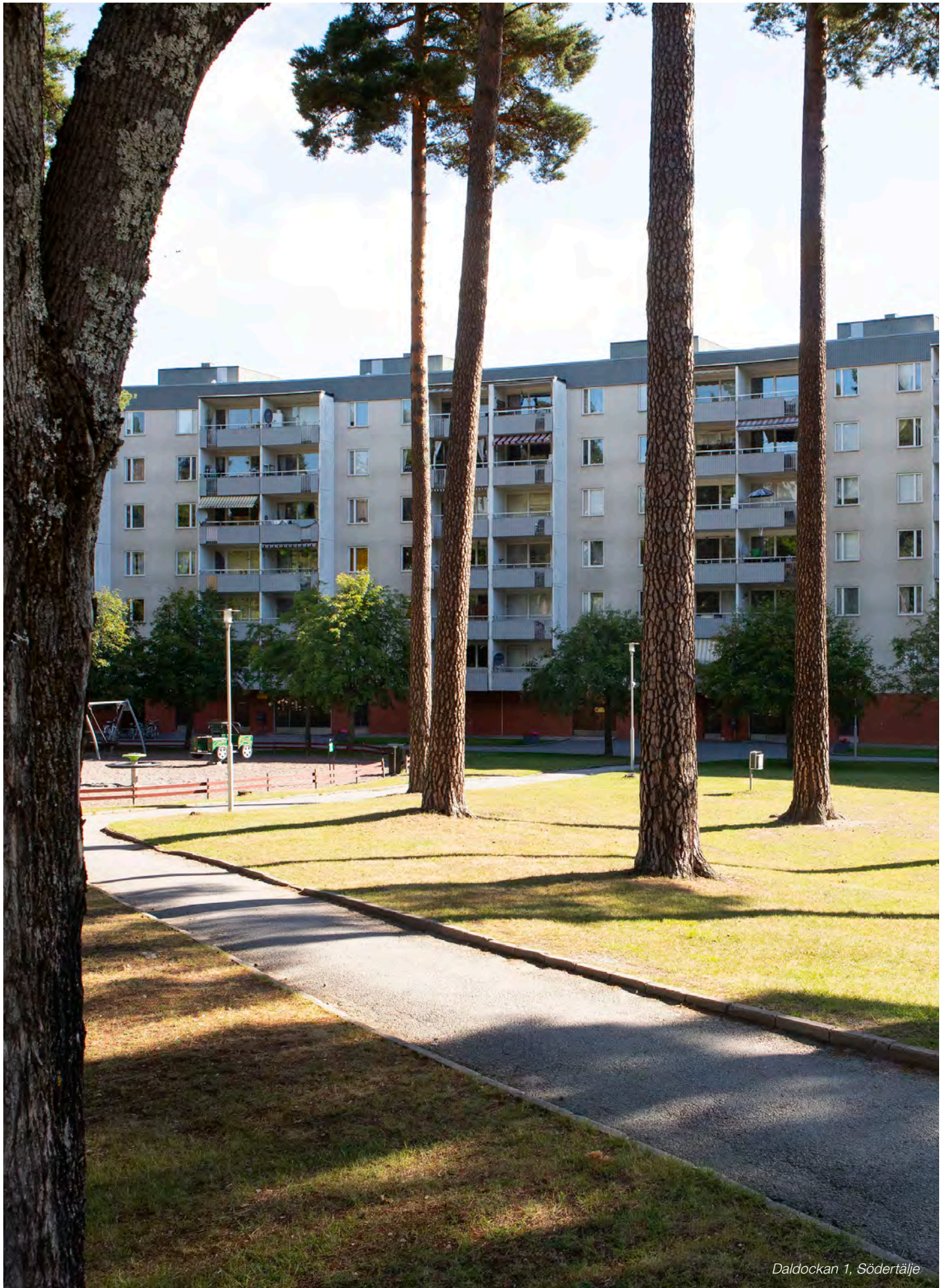
Interest-coverage ratio				
Profit before tax	2,949	2,844	3,059	2,922
<i>Reversal</i>				
Change in value of properties	-1,367	-1,538	-2,204	-2,107
Change in value of financial derivative instruments and loans	-275	-20	234	193
Earnings from joint ventures	-148	-244	-104	-7
Other financial expenses	27	29	26	13
Interest expenses	437	429	440	458
Operating profit	1,623	1,500	1,451	1,472
External interest	-437	-429	-440	-458
Interest-coverage ratio, multiple	3.7	3.5	3.3	3.2

Amounts in MSEK	June 30, 2020	Dec. 31, 2019	June 30, 2019	Dec. 31, 2018
Loan-to-value ratio				
External interest-bearing liabilities	27,837	26,838	26,185	26,493
Fair value of investment properties	50,989	49,307	47,392	45,687
Loan-to-value ratio	55%	54%	55%	58%

Loan-to-value ratio, secured loans				
Outstanding secured debt	5,309	4,317	4,318	4,535
Fair value of investment properties	50,989	49,307	47,392	45,687
Loan-to-value ratio, secured loans	10%	9%	9%	10%

Net debt/EBITDA				
External interest-bearing liabilities	27,837	26,838	26,185	26,493
Cash and cash equivalents	-1,554	-568	-482	-1,015
Collateral relating to CSA agreements	532	507	718	220
Net debt	26,815	26,777	26,421	25,698

Net operating income	1,707	1,586	1,516	1,524
Central administration	-104	-100	-79	-65
Depreciation	2	2	2	3
EBITDA	1,605	1,488	1,439	1,462
Net debt/EBITDA, multiple	16.7	18.0	18.4	17.6



Daldockan 1, Södertälje

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 outcome 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	Contract rent in relation to total rental value on the closing date less rent related to vacancies due to renovation.
Equity/assets ratio	Equity in relation to total assets. Stated to illustrate the company's financial stability.
Income from property management	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 expenses, change in value of assets and liabilities, and other financial expenses in relation to interest expenses for external borrowings.
Interest-rate duration	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	Secured 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 of interest income, interest expenses, similar revenue and costs and leasehold fees.
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	Annualized net operating income 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 on the closing date in the properties for public use segment.
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 unrealized change in value. This definition has been changed since last year, and comparative figures have been restated.
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.

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