

# Annual Report 2018

with Sustainability Report



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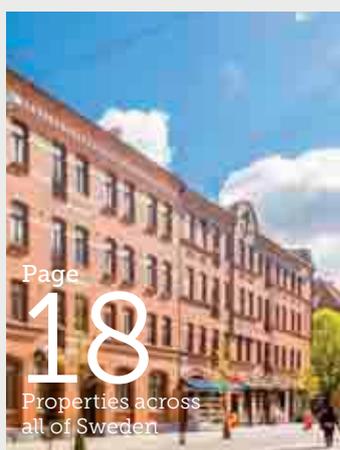
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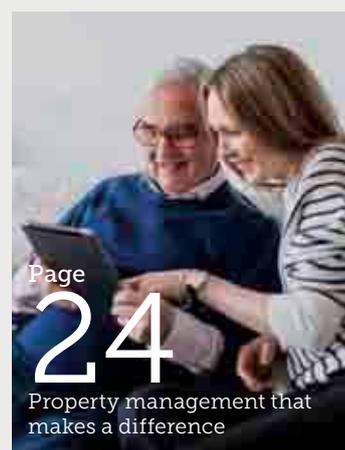
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Cover image: The Vänskapens Väg retirement home in Kalmar, where the large lounge with the open fireplace provides an important meeting place for the elderly residents (bottom image). The top image shows the Radiomasten area in Luleå.



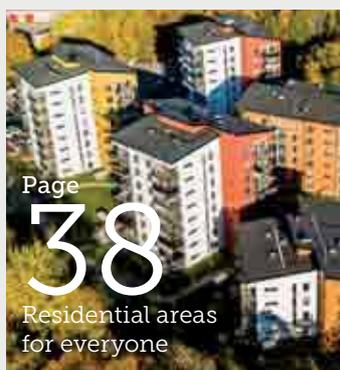
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Two career journeys  
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# One of Sweden's largest private property companies

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 the entire country. Rikshem's vision is to make a difference in the development of the good community.



## 28,840

Rikshem provides Sweden with 28,840 residential properties, from north to south.



### Attractive housing for all stages of life

Rikshem offers student housing, apartments for young people, rental apartments and senior residences.



### Professional community involvement

By combining a sense of professionalism with community involvement, Rikshem aims to promote long-term, sustainable community development.

## SEK 46 billion

The market value of the properties totaled MSEK 45,687.



### Properties for public use for young and old

Properties for public use, such as preschools, schools and nursing homes, make up approximately 30 percent<sup>1)</sup> of Rikshem's property portfolio.

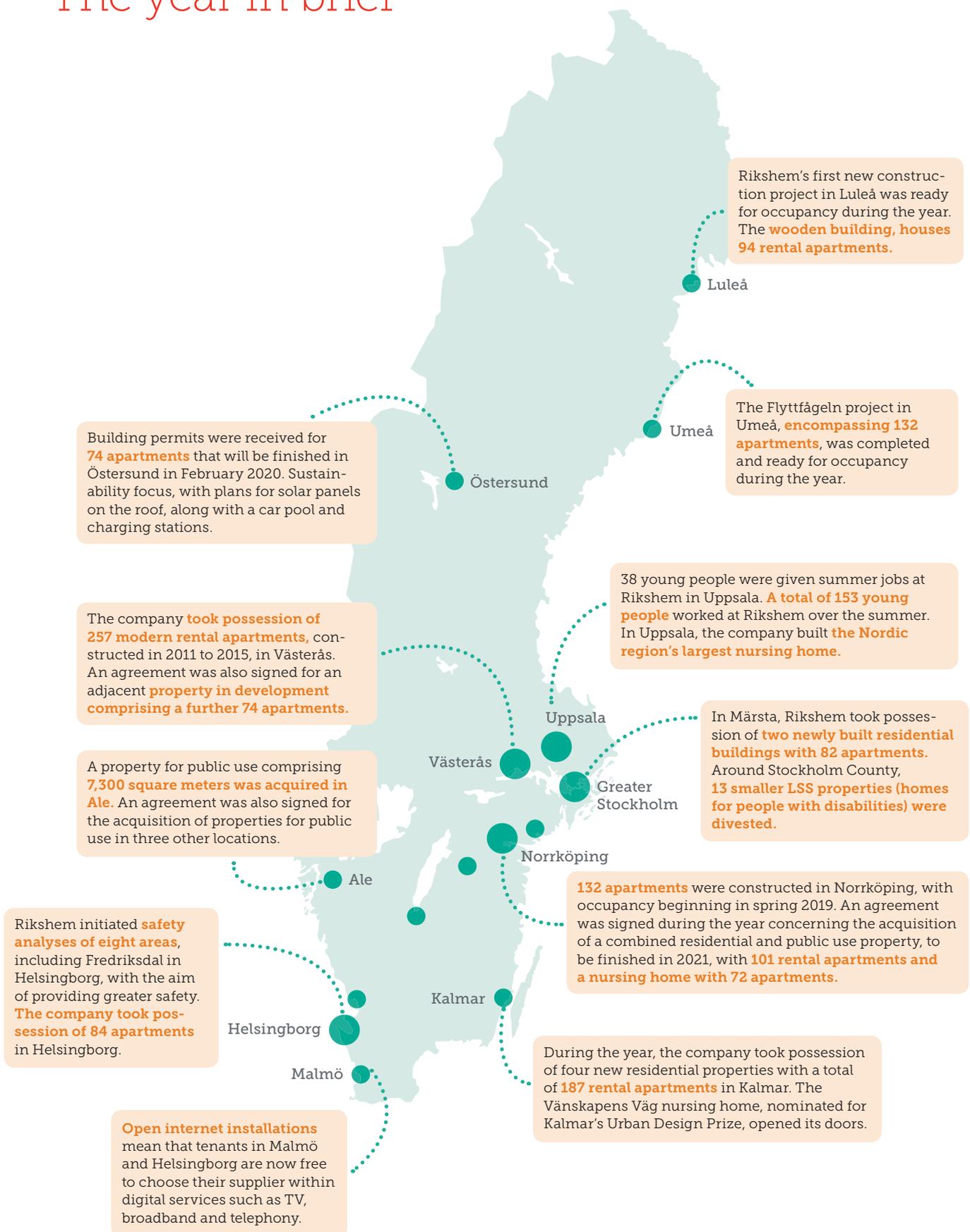


### Long-term owner

Rikshem is owned by the Fourth Swedish National Pension Fund and AMF Pensionsförsäkring AB, each of which owns 50 percent.

1) Based on the properties' market value

# The year in brief



## Property-related key figures

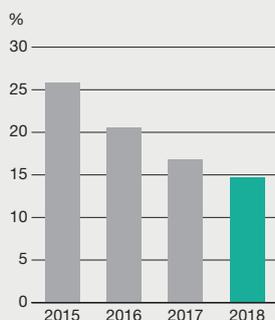
MSEK	2018	2017	2016	2015
Market value of properties	45,687	41,039	37,878	32,009
Rental income	2,792	2,665	2,484	2,040
Net operating income	1,524	1,555	1,420	1,192
No. of properties	555	586	574	533
Property yield, %	3.5	3.9	4.1	4.2



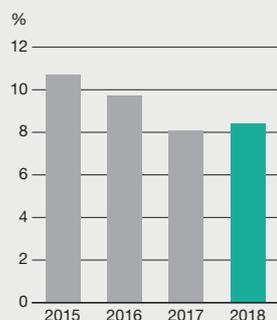
### Total return<sup>1)</sup>

Total return for the year was 8.4 percent.

Return on equity



Total return<sup>1)</sup>



<sup>1)</sup>Sum of property yield and change in value of property portfolio.

## Financial key figures

	2018	2017	2016	2015
Loan-to-value ratio, %	58	59	62	66
Loan-to-value ratio, secured loans, %	10	12	15	21
Interest-coverage ratio, multiple	3.2	3.5	3.8	3.6
Interest-rate duration, years	5.1	5.3	2.6	2.4
Debt duration, years	4.1	3.0	1.9	1.4

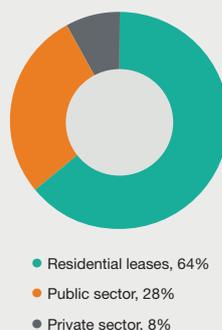
All key performance data is presented on page 118.



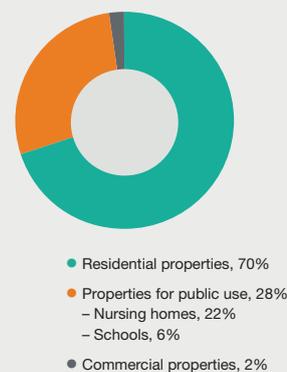
### Rental income for the year

Rental income rose to MSEK 2,792 during the year.

Breakdown of rental income



Breakdown of the properties' market value





Kolonien 11 & 12, Norrköping

# 2018

Active property management  
for increased customer satisfaction.



# Statement by CEO

In 2018, strategic changes were made to boost our focus on more active property management, increased customer satisfaction and long-term neighborhood development to ensure higher property values. Our earnings were in line with the preceding year and we experienced favorable growth in value through acquisitions. Both customer and employee satisfaction increased.

We started the year with an ambitious business plan, with increased focus on property management and customers. It fills me with a sense of pride to report that we accomplished a number of major strategic moves during the year, including within our customer and property management initiatives, which we expect to begin yielding results in 2019. Financially speaking, our results were in line with the preceding year. Although our net operating income is not at the level it should be in the long term, our earnings were still strong thanks to a favorable change in value due to lower yield shifts as well as our investments.

## Active property management

One of the long-term strategic initiatives we implemented during the year involved a change to our property management approach. By moving toward more active management, we will better understand our properties and neighborhoods and increase customer satisfaction. This investment resulted in increased costs, but will also eventually generate higher property values for us. Not only will this initiative result in higher-quality management, it will also allow us to set higher expectations for ourselves as well as for our contractors and suppliers. It is important for us to manage our financial and technical operations ourselves. In 2018, we took over operations in Kalmar that had previously been managed externally. Being closely involved in the management of our portfolio is a necessary prerequisite if we are to maintain the level of control we would like to have for our properties.

## Increased customer satisfaction

Ahead of 2018, we established an objective to increase both customer and employee

satisfaction. This year's measurements are moving in the right direction and we expect that a more active approach to property management will further improve customer satisfaction. Our efforts to strengthen our corporate culture have been key in achieving a higher level of satisfaction among our employees, but are also intended to increase customer satisfaction.

## Value growth through acquisitions

In terms of transactions, 2018 was an eventful year for Rikshem. We acquired properties in Kalmar and Märsta, among other places, and signed agreements concerning future acquisitions of both residential properties and properties for public use, for example in Ale, Norrköping, Staffanstorps and Upplands-Bro.

The acquisitions we carried out in 2018 have been very successful, generating favorable growth in value. At the same time, we have not reached our goal with respect to our investing activities. With a new project organization in place, our focus in 2019 will be on significantly increasing our investments, both with respect to acquisitions of residential properties and properties for public use and in terms of extensive RM&U renovations (repairs, maintenance and upgrades) and succession renovations.

## Building for the future

One of the challenges going forward, for Rikshem and for society at large, will be tenants' ability to pay. Housing is not being built today for the groups who need it, which became even clearer during 2018 when condominium projects were converted to rental apartments or were simply not started. For us, as a company that primarily builds rental apartments, investment contributions have been a necessary prerequisite for taking the

risk to build in certain areas. Although we are seeing favorable demand, the gap between the rent required to generate a positive return on a new construction project and the rent level in existing properties is substantial. This is resulting in increased relocation and higher vacancy rates in newly constructed residential properties. In today's climate, new construction requires greater analysis and a cautious approach. Before breaking ground on new residential properties, we need to go much deeper than looking at how municipalities estimate their future population growth. At the same time, demand and the property sector's interest in properties for public use are increasing, and we are seeing good growth opportunities within the segment.

## Neighborhood development

Rikshem is to have exemplary sustainability efforts. Certain steps were taken to this end in 2018. We already have an ambitious environmental and energy agenda, and our sustainability department has now been expanded in order to devote greater focus to social sustainability. We already contribute to the local community through summer jobs, homework support and social-housing contracts – but we want to do more. Neighborhood development will therefore be a focus for us in 2019 and will be important for many years to come as we aim to make our areas more attractive. We are convinced that attractive neighborhoods are good for tenants, municipalities and our property values. That is why we are continuing our efforts to develop safe, secure and sustainable neighborhoods for those who live and work in our areas.

Stockholm, February 2019

Sophia Mattsson-Linnala,  
CEO Rikshem



# Business concept, vision and mission



## Our owners

Rikshem AB (publ) is 100 percent owned by Rikshem Intressenter AB, in which AMF Pensionsförsäkring AB and the Fourth Swedish National Pension Fund own 50 percent each.

## Our business concept

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

## Our vision

We make a difference in the development of the good community.

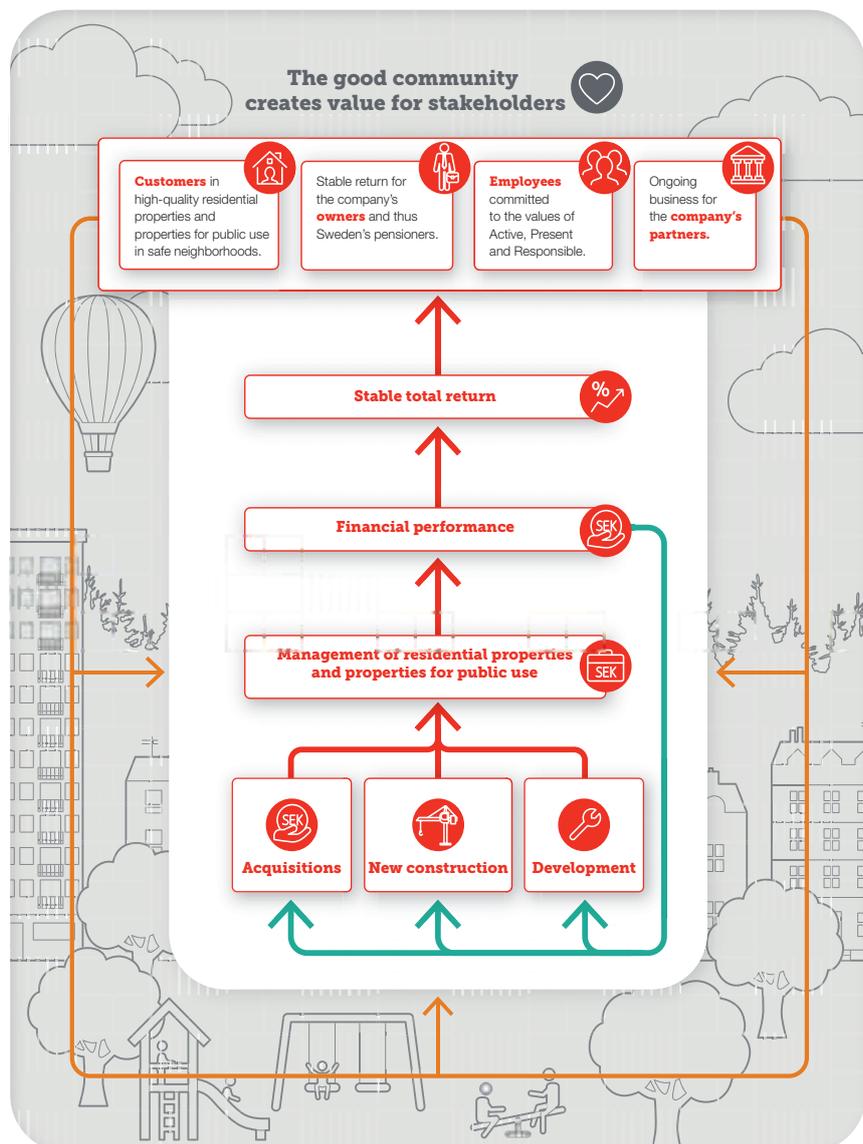
## Our mission

We develop safe, secure and sustainable neighborhoods for those who live and work in our areas. We do this by combining professionalism with community involvement.

# Business model

Rikshem creates value by owning, developing and managing residential properties and properties for public use. The company is to make a difference in the development of the good community and create value for its stakeholders, including its owners, customers, employees and society.

Rikshem is owned by the Fourth Swedish National Pension Fund and AMF Pensionsförsäkring AB, each of which owns 50 percent. The company's business concept is to own, develop and manage its residential properties and properties for public use sustainably and for the long term. The property portfolio is substantial, with residential properties and properties for public use in selected areas. Its **property management** is long-term and sustainable. The **income** from the management operations is fully or partially reinvested in the operations and thus used to partially finance **development projects, such as RM&U renovations, succession renovations, new construction of the company's own buildings and acquisitions** of residential properties and properties for public use. Any remaining financing is borrowed on the capital market. Earnings are also used for adaptations for tenants in properties for public use. The owners' goal is a healthy and **stable total return**. When the value of Rikshem increases, **the owners'** capital also grows, which ultimately contributes to a return for Sweden's **retirees**. A financially strong Rikshem can **make a difference in the development of the good community and create value for its stakeholders**, including its owners, customers, suppliers, creditors, employees and society. As a long-term, active property owner and manager, Rikshem develops residential neighborhoods in areas where the company operates. The ambition is to increase area attractiveness through active work with neighborhood development. Neighborhood development can contribute to increased feeling of safety, decreased relocation and increased inclusion. This is positive for



Rikshem, Rikshem's **customers** and society at large. A stable return will also accrue to **pension recipients**. **Employees** that work according to Rikshem's values and achieve the company's objectives are part of the foundation for achieving these results. When Rikshem grows and reinvests its funds, it generates business for **its**

**partners**, such as suppliers, municipalities, banks and the capital market. When it comes to value creation, Rikshem takes a sustainability perspective and strives to minimize the negative impact of its operations, for example regarding emissions, segregation and security. For more information on sustainability risks, see page 49.

## The Rikshuset concept – a strategic property

Rikshem has developed a concept known as Rikshuset – a concept illustrated in the form of a strategic property. Rikshuset shows how, and to what end, the company works in its daily operations to conduct financially sustainable property management and project operations that also contribute positively to community development.



With nearly 29,000 apartments and a market value of SEK 46 billion, Rikshem is one of Sweden's largest private property companies. The company has grown quickly since it was founded in 2010 and has continually delivered a healthy return.

### Stable return

Rikshem's financial stability enables long-term and sustainable property management, acquisitions, development of existing properties and new construction, which leads to continued growth that generates a favorable return for Sweden's retirees. Rikshem is a responsible company, which means, among other things, operating with a long-term perspective that includes financial, environmental and social sustainability. A financially strong company is a fundamental prerequisite for being able to pursue operations in an optimal fashion. For Rikshem, financial sustainability means property management and project operations with low risk, having long-term relationships with stakeholders and making long-term decisions.

### The good community

Rikshem's vision is to make a difference in the development of the good community, a safe and stable community where people respect each other and there is room for differences. Through social commitment and environmental initiatives, Rikshem aims to support sustainable community development and work for increased property values. Together with municipalities, partners and tenants, Rikshem strives to create neighborhoods that are more inclusive, more safe and more attractive. By owning, developing and managing residential properties and properties for public use, Rikshem helps to create the conditions to develop Sweden.

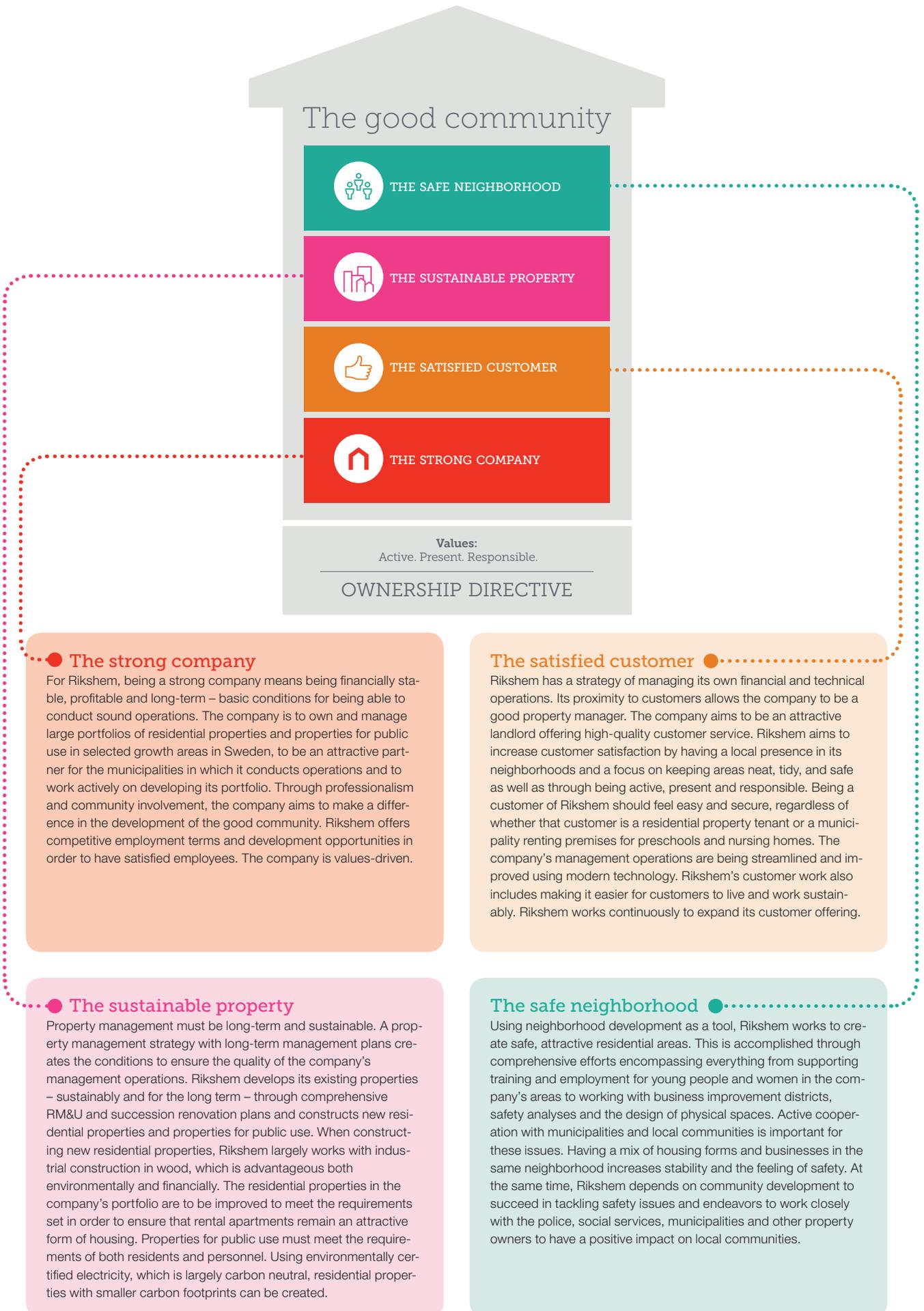
### Rikshuset serves as a guide

Rikshem's business model shows how the company works systematically to create value – not only financial value, but also environmental and social value.

Rikshem has also developed Rikshuset, a strategic property that shows how, and to what end, Rikshem works in its daily operations. Rikshuset helps to illustrate Rikshem's objectives, strategies and ambitions. Rikshuset is based on the company's ownership directive and values, supplemented with four general areas:

- The strong company
- The satisfied customer
- The sustainable property
- The safe neighborhood

Working in accordance with Rikshuset makes a difference in the company's daily interactions with customers and ultimately helps to make Rikshem a profitable company. Rikshuset also helps Rikshem to manage its operations in accordance with the UN Sustainable Development Goals, thus placing its sustainability efforts and its ambition to make a difference in the development of the good community in a broader context.



# Rikshem's five target areas

Rikshem has five primary target areas that are prioritized within the company and that ensure that Rikshem creates long-term value for its owners. The targets focus on finances, satisfied customers and employees, and environmental and social sustainability.



Target area	Goal for 2018
 <p><b>Finance</b></p>	<p>Deliver a real total return of 5 percent on property capital over the long term.</p>
 <p><b>Customer satisfaction</b></p>	<p>To reach 73 (out of 100) in customer satisfaction</p>
 <p><b>Employees</b></p>	<p>To reach 72 (out of 100) on the Employee Satisfaction Index (ESI).</p>
 <p><b>Environment</b></p>	<p>To reduce energy use in its properties by at least 2.5 percent annually.</p>
 <p><b>Social sustainability</b></p>	<p>Customers' feeling of safety in Rikshem's residential areas is to reach 80 (out of 100).</p>

Strategy	Outcome	Comments on Outcome
By being an attractive partner to municipalities and actively working to manage and develop the property portfolio in a long-term, sustainable manner, Rikshem creates value growth. Rikshem combines professionalism with community involvement since it considers sustainability to be a prerequisite for long-term profitability.	2018 <b>6.4%</b> 2017 <b>6.4%</b> 2016 <b>8.7%</b>	Despite a decrease in the property yield, Rikshem maintained a healthy total return. Lower yield requirements and improved cash flow helped to increase value.
Rikshem conducts its own management operations in order to remain informed about its properties and customers and their expectations and wishes. Part of the company's customer satisfaction strategy involves giving customers the opportunity to impact their home through add-ons and to allow them to influence the level of renovation during RM&U renovations. Customer care is to be characterized by the words active, present and responsible. The company strives to make the experience of being a Rikshem customer feel simple and secure. Thanks to a large and varied offering of residential properties and properties for public use, customers should be able to live in a Rikshem property for their entire life.	2018 <b>71</b> 2017 <b>70</b> 2016 <b>72</b>	Rikshem's long-term goal for customer satisfaction is 80 (out of 100). The increase during the year shows that the company is on the right path. Major improvements in customer satisfaction were reported in areas where targeted investments have been made, but customer satisfaction is also on the rise in the company as a whole. The scale for measuring customer satisfaction was changed in 2017, which means that the results are not entirely comparable with those from 2016 and earlier.
To reach a high level of employee satisfaction, with engaged and motivated employees, Rikshem endeavors to create a workplace environment where employees thrive and grow by promoting inclusion and offering interesting work assignments, professional development and the chance to grow within the company. Employees should have a healthy work-life balance, and are offered physical activity subsidies and regular health checks. Rikshem also actively promotes the company's values throughout the organization and focuses on leadership and leadership training.	2018 <b>71</b> 2017 <b>66</b> 2016 <b>71</b>	The ESI results for the year show a turnaround from last year. While the employees rate their managers highly (78) as well as their coworkers (82), there are challenges with respect to working conditions (70), an area where initiatives are current under way in the form of a new management system, Riksvägen. Rikshem's long-term goal is an ESI of 82 (out of 100).
Rikshem takes the environment into consideration in all areas of its operations and works according to energy guidelines that define the different components of the company's energy initiatives. Through internal skills training, the company is focusing on a proactive energy agenda. Modern technology is also being used to reduce energy use. Rikshem often reduces its climate impact by choosing industrial construction in wood when building new properties.	2018 <b>2.6%</b> 2017 <b>1.6%</b> 2016 <b>3.9%</b>	Despite a cold beginning to the year, the company's reduction in energy use surpassed the target slightly, with a savings of 2.6 percent. By connecting substations, the company's management operations have been able to monitor properties more effectively. Renovation and new construction work also helped to reduce energy use.
To create safe areas, Rikshem works with both soft and hard factors. Rikshem collaborates with other social operators, such as non-profit organizations, the police, social services and other property owners. The company also works with safety analyses to improve the physical space and to respond quickly to property damage. Active work with neighborhood development is another strategic tool for safe areas.	2018 <b>75.6</b> 2017 <b>76.4</b> 2016 <b>77.2</b>	People's feeling of safety has deteriorated in Sweden as a whole, and the same applies to Rikshem's areas. In the areas where the company's properties are located, Rikshem actively works to help this trend move in the right direction – for example, by conducting safety analyses, developing outdoor environments and working with neighborhood development. Rikshem's long-term goal for safety is 85 (out of 100).

# Global challenges and possibilities

Rikshem endeavors to set a good example when it comes to sustainability and actively contributes to sustainable economic, social and environmental development. Sustainability initiatives are integrated into the business operations and also help expand Rikshem's ability to generate healthy long-term returns.



## Global challenges and possibilities

Climate change, segregation, social unrest and urbanization are global challenges that Rikshem is affected by and can impact through its operations.

**Climate change**, caused by increased greenhouse gas emissions, is happening at a global level and affects all parts of society, including the environment around residential areas. The construction and property sector is resource-intensive and accounts for around one third of Sweden's energy use.

**Segregation** in Sweden is increasing and can entail different risks for Rikshem's tenants, for example through isolation and its effect on the social climate in residential areas. Being defined as "segregated" can result in the risk of isolation in an area increasing even further.

**Insecurity.** In 2017, the highest levels of perceived insecurity in over ten years were measured in Sweden and the numbers continue to rise. According to the annual survey "Svenskarna & Tryggheten"

(Swedes & Safety) from 2018, one in three Swedes feels unsafe in their neighborhood and has even considered moving because of this.

**Housing shortage.** According to Statistics Sweden, Sweden is experiencing the fastest urbanization of all countries in the EU and significant population growth. This has created a challenge for municipalities to meet the country's increased need for housing.

### Agenda 2030

In 2015, the UN Sustainable Development Goals (SDGs), also referred to Agenda 2030, were adopted by the UN General Assembly. The SDGs consists of 17 long-term goals and 169 associated targets. The goals are formulated as a challenge for governments, organizations and companies to eradicate extreme poverty, fight inequality and injustice in the world, support peace and justice and, finally, to solve the climate crisis by 2030.

As one of the major operators within the construction and property sector in Sweden, Rikshem has a responsibility to work toward the SDGs and tackle the challenges associated with the company's vision of making a difference in the development of the good community. Through Rikshem's Rikshuset concept, the company works with a sense of focus and responsibility in its daily operations in order to meet the challenges to society posed by climate change, segregation, insecurity and housing shortages.

### The SDGs for Rikshem

Rikshem has chosen to actively work with eight of the 17 Sustainable Development Goals. The company is aware that major investments need to be made to achieve the company's ambitious sustainability agenda.

Rikshem actively works with energy efficiency, responsible use of natural resources and choice of construction material, with thought given to people and the environment, preserving green spaces and areas, and making it easier for tenants to live and work sustainably. Rikshem also takes the local ecosystem and biological diversity into consideration.

For Rikshem, integration means making it easier for tenants to become part of the community, making them feel welcomed and included. To this end, Rikshem works with municipalities and other operators to create employment and development opportunities that can strengthen a person's sense of belonging in the neighborhood where they live.

Rikshem considers safety a basic human right, and understands how the company's efforts can therefore have a major impact on tenants' lives and well-being. Safety aspects are included early on in the planning phase of new construction and redevelopment, and Rikshem strives to engage the residents in the company's areas in development projects. The annual customer survey also includes safety aspects.

Rikshem has a major impact on the development of residential areas and the planning of new residential properties. A belief in the equal value of all people is of the greatest importance for Rikshem. By allocating its residential properties according to a point-based housing queue system, Rikshem provides people with the opportunity to search for residential properties on equal terms.

### Focus on eight selected Sustainable Development Goals

In the company's daily operations, Rikshem can affect eight of the 17 Sustainable Development Goals that the UN General Assembly has agreed on. The Sustainable Development Goals and Rikshem's material topics connected to each "floor" in Rikshuset are presented below. Read more about Rikshem's eight material sustainability topics on page 54.

 The strong company	 The satisfied customer	 The sustainable property	 The safe neighborhood
   	 	  	  
<ul style="list-style-type: none"> <li>Requirements on and monitoring of suppliers</li> <li>Occupational health and safety</li> <li>Diversity and equal opportunities at work</li> <li>Active work against corruption</li> </ul>	<ul style="list-style-type: none"> <li>Make it easier for Rikshem's customers to live and work sustainably</li> </ul>	<ul style="list-style-type: none"> <li>Choice of materials</li> <li>Energy use</li> </ul>	<ul style="list-style-type: none"> <li>Promote sustainable urban development/living environments, including integration in residential areas and tenants' safety, security and health</li> </ul>

# Navigating towards sustainability

Professionalism and exemplary sustainability efforts serve as the foundation for Rikshem’s long-term value creation. The company’s policies and guidelines promote responsible business and guide the operations based on Rikshem’s core values.

Rikshem’s ownership directive stipulates that company’s operations are to have exemplary sustainability efforts. Sustainability initiatives lead to better property management, increased attraction among stakeholders, and good control of the properties and residential areas. This creates greater customer satisfaction, committed employees and increased profitability.

## Towards sustainability

In 2018, Rikshem developed a sustainability strategy that is to aid Rikshem in its efforts to integrate sustainability into all of its operations, based on the planning process and management of residential properties and properties for public use as well as dialogues with, and investments in, the local community. Neighborhood development is central in Rikshem’s sustainability strategy and the goal is to create living environments that encourage security, safety, health and integration. The core values, together with the sustainability policy, the sustainability strategy, stakeholder dialogues, the portfolio strategy, the property management strategy, the Code of Conduct and the Supplier

Code of Conduct form the core of Rikshem’s sustainability efforts.

## Business ethics

Rikshem’s Code of Conduct is established by the Board, updated at least once a year and is based on the ten principles of the UN Global Compact regarding human rights, working conditions, the environment and anti-corruption. All employees are provided with the Code of Conduct when employment begins.



Active, Present and Responsible – Rikshem’s core values are the company’s DNA.

Rikshem has a zero-tolerance policy towards bribery, hidden commission and other unlawful benefits, and actively works

to create an environment where openness and dialogue create a basis for preventing violations. There are several governing documents for employees that describe how they are to act in different situations. Rikshem’s policy for business travel, expenses for representation and conferences, provides employees with guidelines for how they are to conduct themselves during trips and representation. The whistleblowing policy describes what is to be reported, to whom and how the issue is managed within Rikshem’s whistleblowing function. Reports can be made anonymously.

## Work with suppliers

Rikshem has an effect on people, the environment and society, both through its own operations and through the supply chain.

Rikshem has a large number of suppliers, contractors and partners, and has the ability to influence them through its purchasing. To increase the transparency of the company’s expectations, Rikshem has a Supplier Code of Conduct. The Supplier Code of Conduct reflects the company’s

## Robust governance for a high level of business ethics

Sound business ethics are of the utmost importance for Rikshem and are a material part of being a responsible company. Rikshem has formulated its working method in a number of policies, guidelines and governing documents that describe the company’s operational direction and limit the risks of corruption. Here are some of them.

- Code of Conduct
- Sustainability policy
- Supplier Code of Conduct
- Whistleblowing policy
- Policy for counteracting conflicts of interest
- Policy for business travel, expenses for representation and conferences
- Decision-making and authorization procedure
- Financial policy
- CEO instructions
- Rules of procedure for Board committees
- Rules of procedure for the Board of Directors
- Insider policy
- Equality and Diversity policy
- Rental policy



own Code of Conduct and is a part of Rikshem's governance to minimize the risks associated with the value chain. When Rikshem signs new agreements, the Supplier Code of Conduct is attached. In certain cases, Rikshem can also approve the supplier's Code of Conduct, provided that it corresponds with Rikshem's own Supplier Code of Conduct. The goal is for all of Rikshem's suppliers to approve the Supplier Code of Conduct. In 2018, a follow-up was made of the company's 271<sup>1)</sup> largest suppliers, who together represent 89 percent of Rikshem's total purchasing volume. Of these, 168<sup>2)</sup> had accepted the Code of Conduct. While following up on the Code's implementation, the company identified various development opportunities, including registering the suppliers that have signed the Code in a uniform system and the development of procedures for continuous follow-up. Rikshem also needs to perform spot checks to ensure compliance with the Code.

In 2018, Rikshem introduced a new IT system that will simplify both contract management and following up the Supplier

Code of Conduct. The goal is for all agreements to be in the system.

Rikshem is a major purchaser of goods and services from contractors and consultants. The majority come from suppliers within Sweden, but Rikshem also purchases from contractors and wholesalers who have subcontractors outside Europe. Rikshem's suppliers commit to applying the terms of Rikshem's Supplier Code of Conduct to their own subcontractors.

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**” All employees are provided with the Code of Conduct when employment begins.**

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To ensure compliance with the requirements in the Supplier Code of Conduct, Rikshem can request documentation and/or perform an on-site audit. During the year, three suppliers provided notification stating that they cannot follow all of the requirements of the Supplier Code of Conduct since they have their own code

of conduct and principles. The three exceptions came from three different suppliers but concerned the same point in the Supplier Code of Conduct: Rikshem's right to conduct audits. Since Rikshem classifies these suppliers as low-risk suppliers, and since they operate under confidentiality according to the law or under the supervision of the Swedish Financial Supervisory Authority, these exceptions were accepted. In 2019, the procurement department will develop a plan for how this requirement in the Code of Conduct will be followed up more closely. No audits were performed in 2018.

In 2017, a procurement forum consisting of seven individuals in key positions was introduced to discuss topics such as training and professional development, contract follow-up, reception and response time via telephone, new contract categories and strategies. The forum met a total of six times during 2018.

1) Invoicing from internal companies, municipalities and municipal and public companies is not included, since these are assumed to have well-established procedures and their own codes.

2) Rikshem has a digital system for registering whether or not the Code has been signed. However, not all departments of Rikshem currently use this system, which means that it is possible that suppliers who have signed the Code are not centrally registered.

# Rikshem holds stable market position

A growing population and continued strong demand for rental apartments. Turbulence in the market for condominiums but stability in the market for properties for public use. Some uncertainty in the property market, though this means new business opportunities for Rikshem.

For the first time in several years, residential property construction slowed in 2018. Something that has not slowed, however, is the need for residential properties. High birth rates and immigration have led to steady growth in Sweden's population during the last few years. Today, the population is over ten million. This shortage of residential properties applies in particular to young people, students, newly arrived immigrants and the elderly.

**1.4**  
million

new homes will be  
needed by 2060.

(The Swedish National Board of Housing,  
Building and Planning)

In 2017, households had an average of 2.2 residents. If this ratio remains constant until 2060, and every new household needs a home, some 1.4 million additional residential properties will be needed by 2060. Along with a need for new residential properties to cope with the country's population growth, Sweden also has a latent need for residential properties in general. According to the Swedish National Board of Housing, the latent need since 2012 amounts to approximately 100,000 residential properties. The challenge is to build for the right target group. Otherwise there is a risk of Sweden having empty apartments during a housing shortage. The prognosis for the period from 2015 to 2020 shows that the population in Rikshem's markets is expected to grow at the same rate as the country as a whole (8 percent for the period in question).

## The condominium market

The market for condominium apartments has been turbulent during the last two years. The new construction market in particular is experiencing the greatest instability. Orders and sales of new builds has decreased significantly, and it was reported during the year that several residential property developers had been forced to lower their prices or delay planned projects. There are several reasons for this negative price trend: New amortization requirements and an expected interest rate hike have made banks and households more cautious. At the same time, the offering of newly built condominium has increased significantly during the last few years. The most expensive projects and residential properties have the most to lose.

## Rental apartments in demand

Increased homeownership costs are making it more attractive to live in rental apartments. In addition, ongoing urbanization and low unemployment rates are creating high demand for residential properties in metropolitan areas. There is a demand for new rental apartments and renovated apartments, both of which have high rent levels. Demand in certain areas and for residential properties in less desirable locations is more limited. In more homogeneous residential areas from the 60s and 70s, it is clear that the residential property offering cannot meet the needs of financially weaker households. Instead, rent levels for new builds and renovated apartments, together with the housing shortage for economically weak households, are leading to older apartments becoming more densely populated. Being able to continue building rental apartments

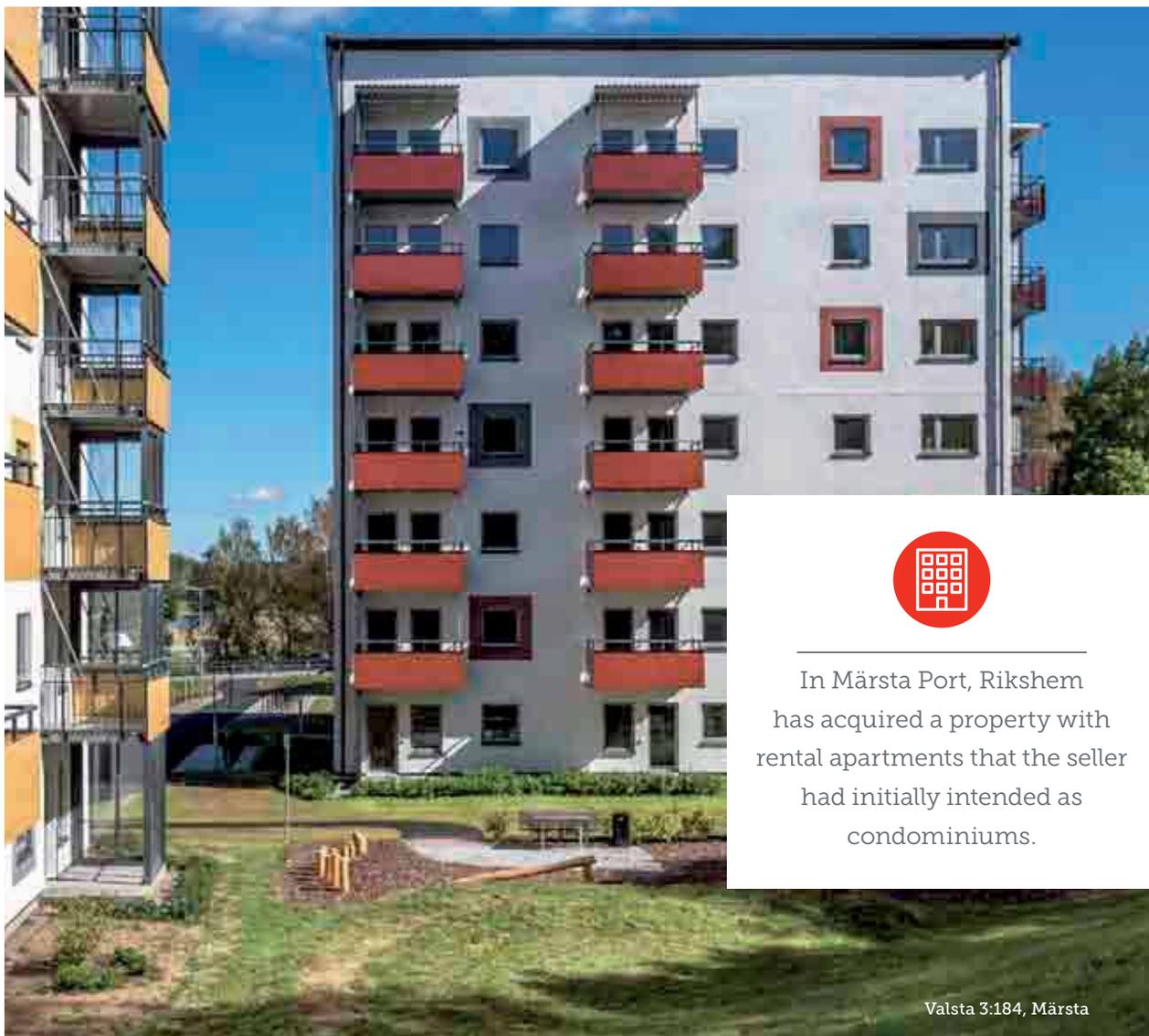
requires increased focus on market knowledge in combination with cost-efficiency and an increase in industrial residential property construction. The market is dependent on interest-rate trends.

## Growing population

Population growth not only results in an increased need for residential properties but also a need for more properties for public use. Urbanization, in combination with a growing and aging population, is leading to an increased need for expanded social services among municipalities and county councils. Over the next 20 years, Sweden's population over the age of 65 is expected to increase by about 35 percent, which will lead to a greater need for nursing homes and other care facilities. At the same time, the number of children in preschool, elementary school and high school is expected to increase by approximately 230,000 by 2020.

## Stable rent levels

The rental market for properties for public use is stable, and shows no signs of significant upturns or downturns in rent levels or vacancies. Rents vary considerably, and are largely dependent on the age of the properties, investments made and adaptations for tenants. For residential properties in Sweden, rents are regulated and determined based on a utility-value system (bruksvärdesystem) according to negotiations with the Swedish Union of Tenants. The average rent increase for 2018 was 1.1 percent, the third-lowest level in ten years. In pace with the expected acceleration of inflation, rent levels are expected to follow.



In Märsta Port, Rikshem has acquired a property with rental apartments that the seller had initially intended as condominiums.

Valsta 3:184, Märsta

### Lower transaction volume

The transaction volume in the Swedish property market in 2018 amounted to SEK 133 billion, down 9.5 percent compared with 2017.

According to MSCI's All Country World Index (ACWI), the total return in the 2018 Sweden Annual Property Index was approximately 10.7 percent, compared to 10.8 percent for 2017. The total return in the Sweden Annual Residential Property Index was 7.2 percent, a decrease compared with the last few years.

### Rikshem's market presence

Rikshem's assessment is that the company is well equipped if the property market were to take a downturn. The trend in the market for condominiums has provided Rikshem with the opportunity to purchase new rental apartments that the seller had

initially intended as condominiums.

Rikshem has good financing opportunities thanks to, among other things, its strong constellation of owners. Demand for residential properties and properties for public use is also ensured by the strong growth areas selected for the portfolio. In most of the areas where Rikshem has properties, the wait time for an older rental apartment is seven to ten years, or even longer.

Rikshem's assessment is that the likelihood of a downturn in the rental apartment market is low. If, despite everything, the market were to turn, smaller neighborhoods would be affected to a greater extent than the selected growth areas in Rikshem's property portfolio. The pressure on major investments in both new and old properties means that many municipalities are considering the possibility of selling properties with investment requirements to property

owners who invest in properties for public use in the areas in question. Several operators, often owned by institutional investors, have established themselves and are making long-term investments in properties for public use, which has significantly lowered the yield requirement over the past few years. Rikshem has been forward thinking and is not currently involved in any condominium projects of its own, but instead has a favorable mix of rental apartment projects and properties for public use in its portfolio. At the end of the year, 80 condominiums were in production through joint ventures, 41 of which have been sold. The company has the financial capacity to cope with eventual interest rate increases.

Sources: The Swedish National Board of Housing, NAI Svefa, Hem & Hyra, Catella, Newsec, SCB, MSCI

# Properties across all of Sweden

Rikshem is one of the country's largest private property companies, with properties representing a market value of SEK 46 billion. The total market value is divided between 70 percent residential properties and 30 percent properties for public use, in strategically selected growth areas across Sweden.

Rikshem's property portfolio consists mainly of residential properties and properties for public use. Properties for public use are defined as properties where the operations, primarily nursing homes and schools, are funded by the public sector. Within the residential property segment, Rikshem offers rental apartments, student housing, youth apartments and seniors' residences. Rikshem's property portfolio is situated in carefully chosen growth areas, the largest of which are Uppsala, Greater Stockholm, Helsingborg and Norrköping. The company also has a significant portfolio of properties in Västerås, Kalmar,

Umeå, Luleå and Östersund. Over the last three areas, 90 percent of the portfolio has consisted of residential properties.

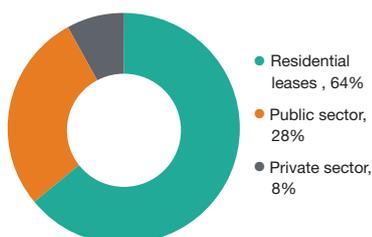
## The portfolio in figures

The company's total lettable area at year-end amounted to approximately 1.7 million square meters in residential properties and approximately 0.6 million square meters in properties for public use.

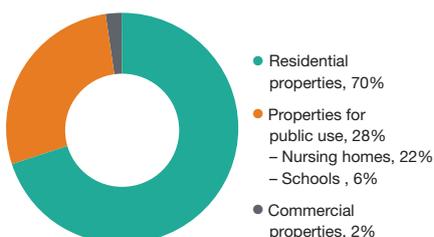
Rikshem's residential property operations account for about 70 percent of the market value of the properties. Rental income for residential properties in 2018 totaled MSEK 1,966 (1,871). Rent levels for

residential properties, which vary depending on area, location and standard, are within a range of SEK 700 to SEK 2,700 per square meter, with a mean of SEK 1,205 per square meter. At year-end 2018, the vacancy rate for residential properties was 3.2 percent (2.7). Adjusted for apartments that have been vacated in preparation for renovation, the market vacancy rate was 0.5 percent (0.3). Rikshem's vacancy rate in properties for public use is low. At the end of the year, the economic occupancy rate for the total portfolio was 97 percent.

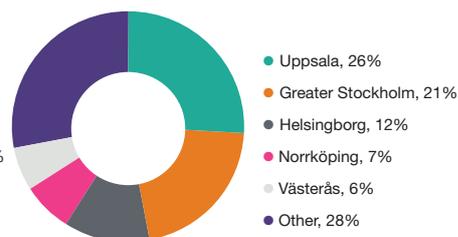
Breakdown of rental income



Breakdown of the properties' market value



Rikshem's largest areas, percent of property value



## Rikshem's property portfolio

	2018	2017
Number of properties	555	586
Number of apartments	28,840	27,924
Market vacancy rate, residential properties, %	0.5	0.3
Economic occupancy rate, properties for public use, %	98	-
Lettable area, residential properties, 1,000 sqm	1,661	1,618
Lettable area, properties for public use, 1,000 sqm	613	601
Average lease length, properties for public use, years	10	10

## Property-related key figures

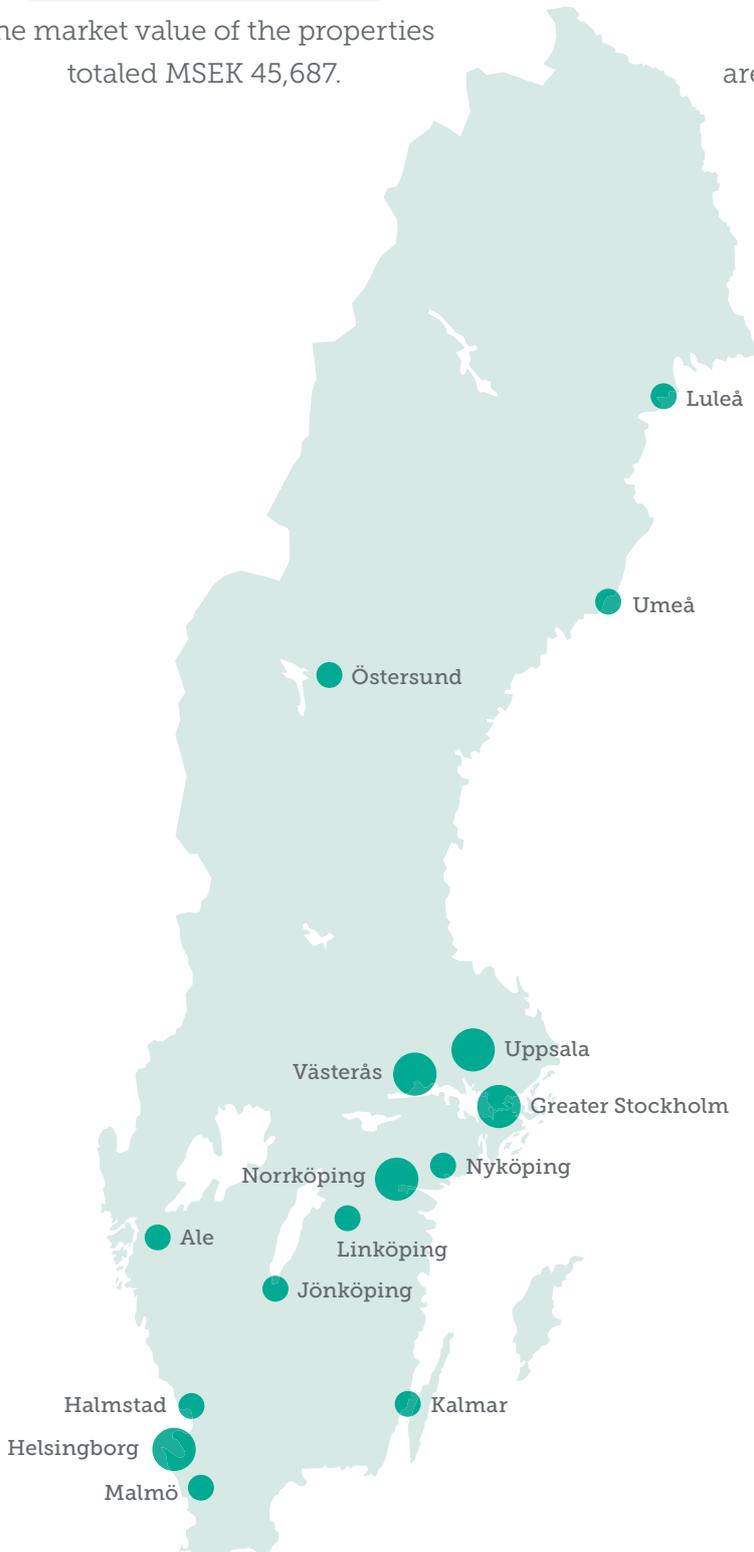
MSEK	2018	2017
Rental income	2,792	2,665
Property expenses	-1,268	-1,110
Net operating income	1,524	1,555
Income from management operations	1,008	1,150
Market value	45,687	41,039

46  
billion

The market value of the properties totaled MSEK 45,687.

2,3  
million

The company's total lettable area amounted to 2,274,000 sqm

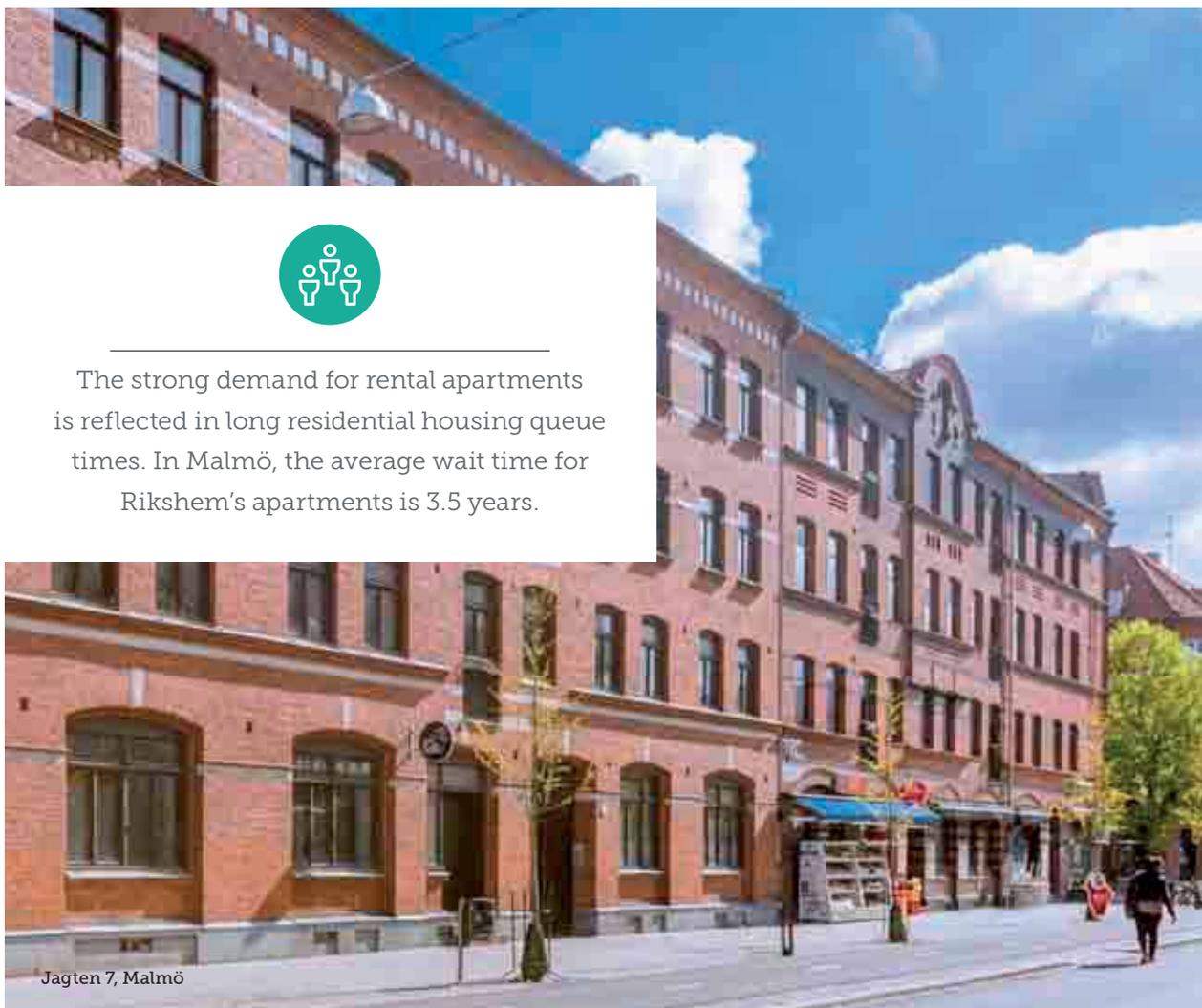


- Uppsala 26%
- Greater Stockholm 21%
- Helsingborg 12%
- Norrköping 7%
- Västerås 6%
- Kalmar 5%
- Luleå 5%
- Umeå 5%
- Östersund 5%

**We are also active in:**

- Halmstad 3%
- Malmö 3%
- Ale 1%
- Jönköping <1%
- Linköping <1%
- Nyköping <1%

Breakdown of the properties' market value per area.



The strong demand for rental apartments is reflected in long residential housing queue times. In Malmö, the average wait time for Rikshem's apartments is 3.5 years.

Jagten 7, Malmö

### Focus on rental apartments

Rikshem owns student apartments, apartments for young people, ordinary rental apartments and seniors' residences in selected growth areas in Sweden. Some of the company's residential properties are allocated through the regional housing authority in the area and some through Rikshem's own residential housing queue, which is free of charge and open to everyone over the age of 18. A smaller portion of the residential properties are rented to municipalities, which in turn rent out the apartments according to the needs of the local community.

### Strong demand

The strong demand for rental apartments is reflected in long residential housing queue times. The large volumes of new construction, primarily of rental apartments, that began in 2016 and 2017 shortened the wait time somewhat in 2018. However, competition for Rikshem's apartments has generally remained intense, with two- and three-room apartments in the greatest demand. The shortest wait time is for newly built apartments, where higher rent levels limit the number of applicants. The wait time varies somewhat among the different areas. In Luleå, Umeå and

Östersund, the average wait time is one to eight years, depending on the neighborhood and size of the apartment. In Stockholm and Uppsala, the average wait time for a residential property with Rikshem is six years. The wait time in southern Sweden is somewhat shorter, around 3.5 years in Malmö for ordinary apartments and just under two years for student housing. In Helsingborg, the wait time for an ordinary apartment is, on average, just over one year. The turnover rate for tenants is around 13 to 15 percent for residential properties, which reflects the general market conditions.

### Change in yield requirement per property type

Property type	Market value in MSEK	Dec 31, 2018	Dec 31, 2017	Change
Residential properties	31,990	3.89%	3.98%	-0.09%
Properties for public use				
Nursing homes	10,279	4.78%	4.97%	-0.19%
Schools	2,652	5.42%	5.49%	-0.07%
Commercial properties	766	5.19%	5.38%	-0.19%
<b>Total</b>	<b>45,687</b>	<b>4.20%</b>	<b>4.31%</b>	<b>-0.11%</b>

### New construction projects

New construction projects are primarily being carried out in Kalmar, Norrköping, Luleå and Umeå. In Märsta Port in Sigtuna Municipality, two newly built residential buildings were acquired, and all of their 82 apartments were rented out immediately.

## Buildings that benefit society

Properties for public use account for approximately 30 percent of Rikshem's portfolio. These properties house operations such as schools, preschools, social care facilities, retirement homes and group homes. Rikshem adapts its properties for public use to the needs of the operation in question, and the company cooperates closely with customers, both municipalities and private operators. A large portion of the healthcare properties in Sweden do not meet today's demands, which creates opportunities for investment and development.

## More properties for public use

In Ale Municipality, where Rikshem already has seven residential properties, the portfolio was complemented with the acquisition of a newly built combined public use and residential property totaling 7,300 square meters. The property includes a nursing home attached to seniors' residences, which allows seniors to live near their partner. The nursing home is certified Gold by LEED, while the seniors'

residences are certified Silver by the Sweden Green Building Council.

During the year, Rikshem also signed agreements to acquire a total of seven new properties for public use (properties in development). In Staffanstorps and Upplands-Bro, two nursing homes comprising a total of 10,250 square meters will be completed in 2019. Humana Omsorg has signed a 15-year rental agreement for the properties. In Norrköping, a nursing home with 72 apartments and 101 new rental apartments is being built, with occupancy beginning in 2021. The aim is for the properties, which have a total area of 10,760 square meters, to be certified Silver by the Sweden Green Building Council Silver.

## Investments in existing areas

Rikshem aims to grow responsibly and sustainably. Its portfolio strategy states that the company is to expand sustainably through the development of existing areas. This leads to synergy effects in development and management of the current portfolio. Additional properties are to generate further value in existing areas in order to

increase the attractiveness of the areas.

Rikshem aims to support a variety of tenure forms in its areas, meaning both rental apartments and condominiums as well as different building types and sizes of apartments. By enabling the establishment of social services in its neighborhoods, Rikshem can also increase the level of service for its customers.

## Refining the portfolio

During the year, Rikshem divested 13 LSS properties (homes for people with disabilities) spread across Stockholm County. The properties consist of smaller management units with an average area of around 600 square meters. This divestment was part of a process to refine Rikshem's portfolio in order to enable more efficient and higher quality property management. When selling properties, it is important for Rikshem to ensure the security of its customers by investigating whether the buyer is a serious operator who will take over and continue to manage and develop the property in a sustainable way.

## Acquisitions 2018

Municipality	No. of properties	Sqm	Property type
Ale	1	7,300	Public use/ residential property
Helsingborg	1	6,100	Residential property
Kalmar	4	9,800	Residential property
Malmö	1	–	Development rights
Sigtuna	2	7,500	Residential property
Västerås	3	17,600	Residential property

## Divestments 2018

Municipality	No. of properties	Sqm	Property type
Kalmar	1	1,900	Residential/ commercial property
Malmö	2	1,900	Residential property
Stockholm County	13	7,600	Properties for public use
Umeå	1	1,250	Residential property
Uppsala	1	740	Residential property

## Change in the property portfolio 2018

MSEK	Market value
Market value at the beginning of the year	41,039
Investments	1,083
Acquisitions	1,786
Change in value	2,107
Sales	-328
<b>Market value at the end of the year</b>	<b>45,687</b>

## Agreements regarding future acquisitions

Municipality	No. of properties	Sqm	Property type
Kalmar	1	4,200	Property for public use (nursing home)
Kalmar	1	7,380	Residential property
Norrköping	1	10,760	Residential and public use property (nursing home)
Staffanstorps	1	5,032	Property for public use (nursing home)
Upplands-Bro	2	6,558	Property for public use (nursing home and preschool)
Västerås	1	3,580	Residential property

# Property valuation

Every quarter, Rikshem values the property portfolio using an internal valuation method. This method is based on external analyses that take external factors and the market situation into account. Valuations are completed and quality assured at the end of every year through an external valuation.

The market value of Rikshem's properties at year-end totaled MSEK 45,687 (41,039), corresponding to SEK 20,091 per square meter (18,494). Of the total value, MSEK 795 (738) pertains to development rights which on average have been valued at SEK 2,160 per square meter (2,050). The average property yield was 4.20 percent, down 0.11 of a percentage point compared with the average yield requirement at the beginning of 2018. The market value of the property portfolio has increased MSEK 4,648 since year-end, corresponding to growth of 11 percent. The unrealized change in value totaled MSEK 2,107 (1,647). The increase is primarily a result of improved cash flow and a lower yield requirement. During the year, properties valued at MSEK 1,768 (1,603) were acquired. Properties with a total value corresponding to MSEK 328 (1,675) were divested, of which MSEK 110 (261) pertained to sales of newly constructed condominiums.

## Valuation method

Rikshem's properties are classified as investment properties and recognized at market value. Each property's market value is calculated based on internal valuations

carried out each quarter. The valuation method is based on analysis of the earnings capacity of the respective properties and other factors impacting value, such as market rents and the market's yield requirements, which are derived externally through a comparative market analysis. Rikshem's internal valuation model simulates cash flow with future net operating income for the respective valuation units, which are primarily composed of individual properties. Future net operating income and residual value at the end of the calculation period are discounted to the present value less the estimated remaining investments. For residential properties, the calculation is based on a ten-year period, and for properties for public use, the calculation period corresponds to the length of the contract or at least ten years. Rental income is based on the existing rental agreement and existing rent levels. Agreed future changes to the rental agreement term, rent levels, etc. are taken into account in the valuations. Property expenses for the respective properties are based on estimated costs, and the assumptions regarding cost of capital and yield requirement are checked by external appraisers. Using

this methodology, the market value of the properties has been assessed according to IFRS 13 level 3. Renovation projects and new builds, extensions and redevelopment projects are valued in a corresponding manner less the remaining investments. The value of development rights is based on future application, taking into account which stage of the zoning plan process the property is at, and on a comparative market analysis.

## External valuation

To ensure the quality of the internal valuations, an external valuation of the property portfolio is conducted annually at year-end. Rikshem also submits the valuation data to MSCI's IPD Sweden Annual Property Index every year.

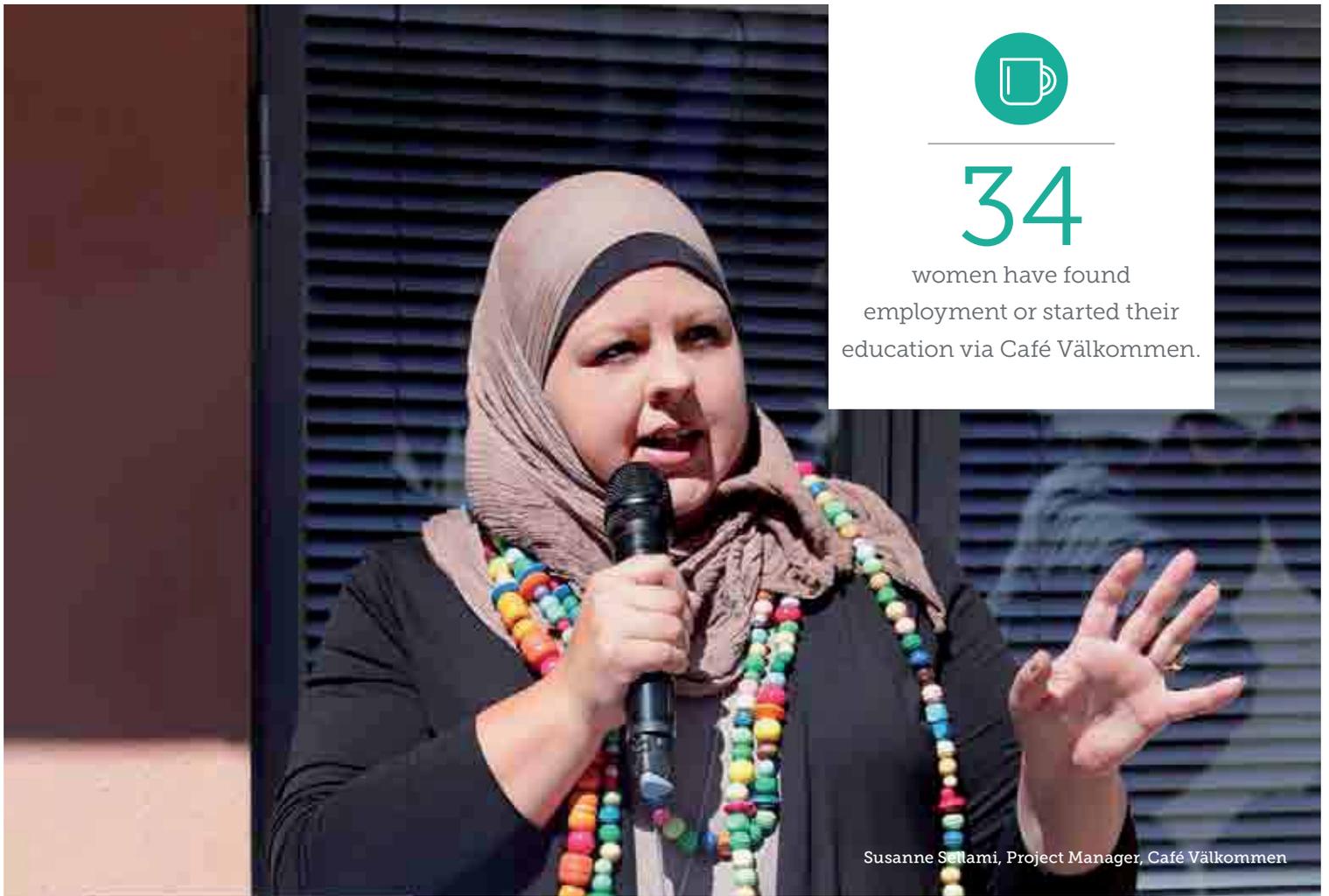
During the year, properties equivalent to 99.4 percent of the property portfolio in terms of value were valued externally. Rikshem's valuation of these properties amounted to MSEK 45,418, while the external valuations together totaled MSEK 45,549, which corresponds to a deviation of MSEK 131 or 0.3 percent. The deviation between the internal and external assessed values is well within the uncertainty range of +/- 5 percent.

## Valuation assumptions

Property type	Rent SEK/sqm			Yield requirement, %		
	min	mean	max	min	mean	max
Residential properties	699	1,205	2,737	2.45%	3.89%	5.65%
Properties for public use						
Nursing homes	550	1,415	2,608	3.65%	4.78%	7.50%
Schools	769	1,462	2,103	5.00%	5.42%	6.75%
Commercial properties	654	1,167	4,179	3.85%	5.19%	7.50%
<b>Mean</b>		<b>1,261</b>			<b>4.20%</b>	

## Sensitivity analysis

Change in MSEK	Yield requirement		Rent		Net op. income
	+0.25%	-0.25%	+/- 1.0%	+/- SEK 50/sqm	
<b>Property type</b>					
Residential properties	-1,931	2,196	512	2,128	1,502
Properties for public use					
Nursing homes	-511	567	127	484	466
Schools	-117	128	34	118	121
Commercial properties	-35	39	11	50	31
<b>Total</b>	<b>-2,594</b>	<b>2,930</b>	<b>684</b>	<b>2,780</b>	<b>2,120</b>



34

women have found employment or started their education via Café Välkommen.

Susanne Sellami, Project Manager, Café Välkommen

## A warm welcome

The idea is simple, but the project makes a big difference by breaking down social alienation and helping unemployed women into work. Café Välkommen in Helsingborg is a meeting place that contributes to integration and a safer neighborhood.

When Susanne Sellami was asked to be the project manager responsible for creating a meeting place for women who had just arrived in Sweden, she declined at first.

"I didn't want to run a project exclusively directed towards newly arrived immigrants. That's not how we contribute to integration. Integration happens when people with different backgrounds meet. That's why it was important for me that the meeting place would be open to all the women in the neighborhood," says Susanne Sellami.

That was the premise of Café Välkommen, which she started in September 2016.

### Inclusive cooperation

The project is run and financed through a collaboration with Rikshem, Helsingborg Municipality and the local division of the Swedish Union of Tenants, LH Brigaden. The café is housed in one of Rikshem's properties in the Fredriksdal residential area.

The goal of the project is to break the cycle of alienation and create a safer environment. In addition to offering visitors the opportunity to take part in various activities, enjoy a coffee or a snack and listen to lectures, the café also supports women who are far from the job market and help them find employment. When Susanne Sellami began her work as a liaison for the City of Helsingborg in 2017, she also saw opportunities to help the women find employment. By inviting her colleagues at the Labor Market Department to Café Välkommen, Susanne could connect women in search of jobs with the right contacts.

"Since we opened, we've helped 34 women find work or start their education. Coaches and study counselors come to Café Välkommen and speak directly with women in the neighborhood. On the whole, the entire project has gone really well. Our goal was to have 200 unique visitors in 2017 and 2018, and we've hit twice that," says Susanne.

” Our goal was 200 visitors, and we have hit twice that. With a meeting place like Café Välkommen, we've managed to tear down the barriers between residents.

Susanne is a resident in the neighborhood herself, and she has seen how people who used to not even greet each other now stand and talk.

"With a meeting place like Café Välkommen, we've managed to tear down the barriers between residents. For example, several of the neighborhood retirees have made friends with the newly arrived women. Obviously there's culture clashes and differences. We don't always have to understand each other, but we should also show each other respect and acceptance. Our common denominator is that we're all women. The café's motto is Different But Equal.

"Now I'm lecturing about the project and encouraging others to do the same. With contacts and good cooperation, we can contribute to integration. You also get a lot, personally, out of running a project like Café Välkommen," concludes Susanne.

## Active property management

Property management is a central part of Rikshem's operations. Financial and technical management is carried out by the company's own property management organization, which creates greater control over the portfolio and the customer service. 2018 was characterized by work to establish a more active property management approach, focused on both customers and sustainability.

Rikshem's property management is to be sustainable over the long term – for the company, customers and society. Property management includes maintenance, daily operations and ensuring that the properties last over time. The company manages its own financial and technical operations and engages in close cooperation with a number of local subcontractors, for example for maintaining green spaces and stairwell cleaning.

### More active management

As part of the company's change process, Rikshem made a major investment in more active property management in 2018. As a long-term property owner, the company has the opportunity to make investments in

management that will eventually generate higher property values and increased customer satisfaction. During the year, Rikshem implemented new procedures and working methods through the quality system Riksvägen as a way to further ensure the quality of its management operations.

### Listening to customers

Rikshem conducts an annual customer survey that provides valuable information about how customers perceive the living environment, maintenance, safety and other factors. A new part of the customer survey in 2018 was that customers in properties for public use had the opportunity to

fill in a questionnaire. Based on the answers from the customer survey, Rikshem develop action plans for future property management. Based on the 2017 customer questionnaire, Rikshem decided to devote greater attention to its outdoor environments, such as cleaning and maintaining the green spaces in its areas. Based on the results of the 2018 customer survey, it is clear that customer satisfaction has already increased significantly in the areas where the greatest investments had been made.

In its larger areas, Rikshem and local tenant associations organize resident meetings to promote increased customer dialogue and different joint activities.



### Art installations in waste/recycling buildings

Waste and recycling buildings are not usually considered beautiful and inspiring.

In Helsingborg, Rikshem wanted to engage the city's young artists while at the same giving tenants a more positive experience when leaving their waste in the waste/recycling buildings. Together with Kulturhotellet in Helsingborg, a project was carried out to allow young artists to decorate two of Rikshem's waste/recycling buildings with graffiti. The waste/recycling buildings and graffiti artwork were appreciated by the tenants.



### A win for the Väghyveln neighborhood and the environment

Sorting waste is something that benefits us all. To encourage more people to start sorting waste in Östersund Municipality, a waste sorting contest was held in 2017. One of Rikshem's neighborhoods, Väghyveln in Körfältet, participated and was crowned the contest winner. Together, the residents managed to reduce the amount of waste sent for incineration by a full 18 percent by increasing their waste sorting. The amount of waste that Väghyveln, together with the Ardennergren neighborhood in Torvallå, saved from the incinerator in Sundsvall could fill an entire tractor trailer.



**Tenant School shows the way**  
 In 2018, Rikshem developed the concept The Tenant School, an introduction to living in rental apartments for the company's tenants. An educational film describes what it means to be a tenant with Rikshem, the rights and obligations involved, and how tenants can contribute to a more sustainable residence, for example by sorting their waste.

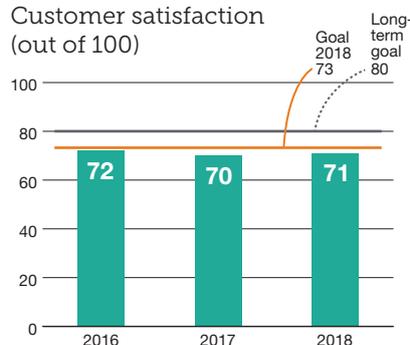
” **The Tenant School offers subtitles in four different languages.**

The initiative is also a part of the company's efforts to build strong customer relationships and, in the future, will have subtitles in English, Somali, Persian and Arabic. The introduction is part of the rental procedure and is shown when the contract is signed.

**Properties for important public use**

Management of properties for public use differs from management of residential properties. For properties for public use, Rikshem is responsible for the property itself, while the tenant – often the municipality – is responsible for internal maintenance. Rikshem cooperates closely with municipalities and over 90 percent of Rikshem's properties for public use are leased to municipalities and county

**Customer satisfaction (out of 100)**



The scale for measuring customer satisfaction was changed in 2017, which means that the results are not entirely comparable with those from 2016 and earlier.

councils. Operations in Rikshem properties include nursing homes and other care facilities, retirement homes, group homes, preschools and schools.

**Modern technology makes life easier**

Being a Rikshem tenant should be simple. Under the heading Mina Sidor on rikshem.se, customers can easily file and follow damage reports. In many properties, tenants can also book laundry room times and other services on the web. During the year, Rikshem also began to improve and digitize information for tenants.

Together with other housing companies, Rikshem has conducted a preliminary study to investigate the impact of digital development on tenants' perceptions of their landlords and future expectations of landlords. The preliminary study will set the foundation for Rikshem's continued work with digitization. In parallel with this, an initiative has been taken to create the basic conditions for increased digitization of the company's operations in the long term in order to streamline and improve its management operations.

### Fair property allocation

Rikshem allocates its residential properties based on a housing queue system, which provides people with the opportunity to find accommodation on equal terms, without risk of discrimination. In areas that lack a local regional housing authority, Rikshem offers its own residential housing queue, which is free of charge and open to everyone over the age of 18. The rental policy is an important tool for Rikshem, external property agents and tenants in their dealings with local regional housing authorities.

” **The rental policy is an important tool for Rikshem, external property agents and tenants in the allocation process.**

In 2018, Rikshem updated its rental policy and published it in English on the company's website to make it accessible to more people. The overall requirements in the updated policy have been clarified in order to make the content easier to understand. The requirements concern, among other things, overcrowding, household economic conditions and civil registration. This clarification has been well received by the com-

pany's customers and employees as well as the external regional housing authorities that Rikshem collaborates with.

### Transition to climate-neutral operations

The construction and property sector accounts for around one third of Sweden's energy use. As a property company, Rikshem has both a direct and an indirect impact on the environment, not only through its own operations but also through its interactions with contractors, suppliers and tenants. As part of its community development work, the company is transitioning to climate-neutral operations where electricity, heating and water are used as responsibly and efficiently as possible. Rikshem follows applicable environmental legislation, including the precautionary principle, and has set a number of environmental goals that are regularly monitored.

### Environmentally friendly district heating

According to Rikshem's sustainability strategy, the company is to continuously work to reduce its impact on the environment. Energy use relates primarily to the energy used in the properties in the form of heating and electricity for property services.

Heat use accounts for the largest portion – around 85 percent. The remaining amount consists of electricity for property services, which is essentially carbon neutral. Carbon emissions in 2018 amounted to 11.4 kg/m<sup>2</sup> in existing properties, of which 0.1 kg/m<sup>2</sup> came from electricity. This entails a decrease of 2.4 percent compared with 2017. Rikshem almost exclusively uses environmentally friendly district heating to heat its buildings. A transition is ongoing at the remaining facilities. During the year, oil burners began to be phased out in a number of properties for public use in Nacka, which will help the company continue its climate-smart transition.

**2.6%**

decrease in actual energy consumption in 2018.

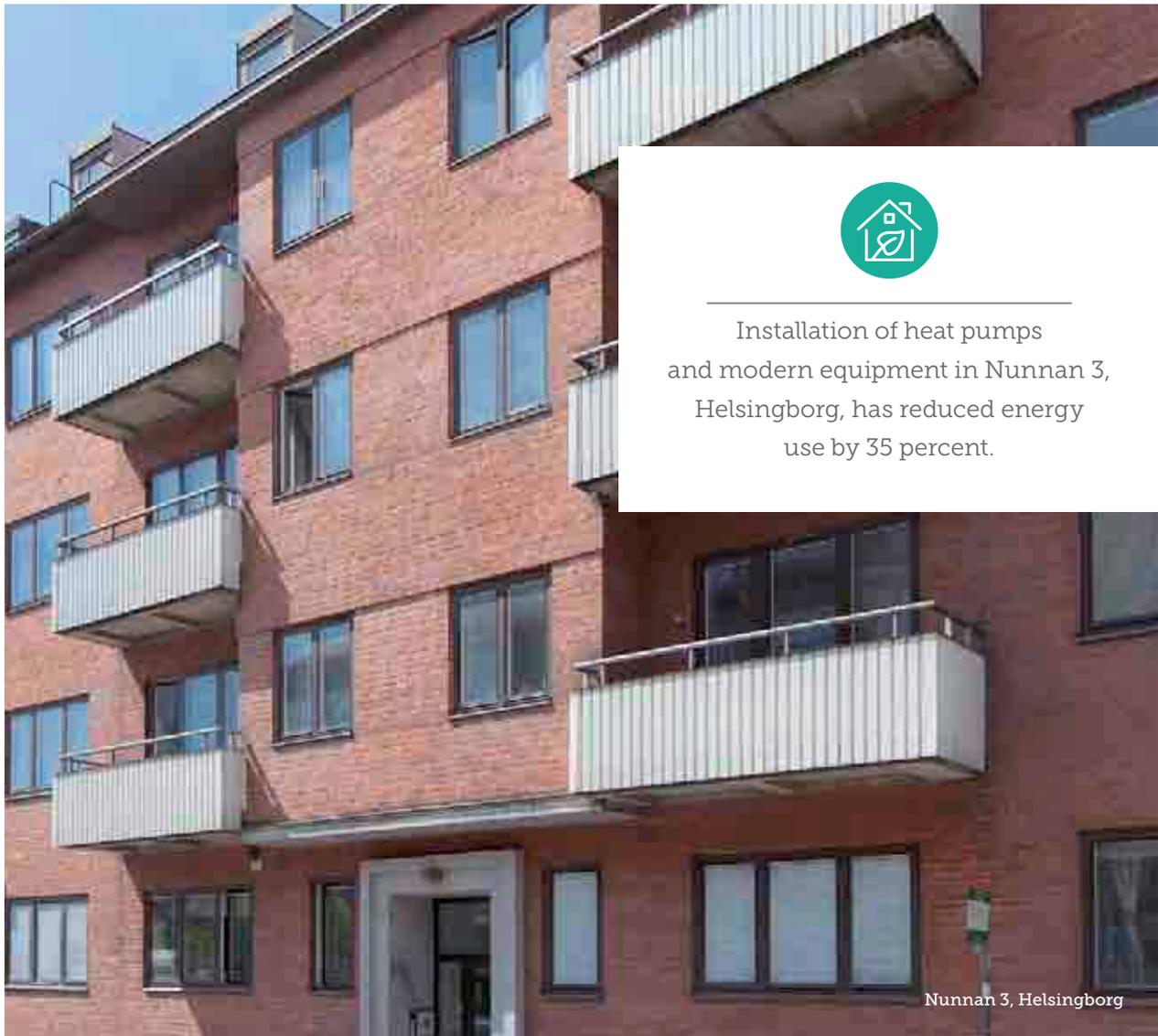
Rikshem's goal is to reduce its energy use by an average of 2.5 percent per year in existing properties, which Rikshem has succeeded at since 2013. Actual energy consumption decreased 2.6 percent in 2018.

### A sense of community in Sigtuna project

Every neighborhood is a part of society. To create the best environmental conditions for a neighborhood, several social operators need to work together to carry out improvement efforts. In the Valsta area of Sigtuna, Rikshem, the municipality, property owners and other social operators have formed an economic association with the goal of developing the entire area, creating a sense of community, increasing pride in Valsta and working for good economic development for commercial operators. Together, Rikshem and the other operators in the Valsta project aim to create ways of financing a number of activities that support development in the short and long term.



Valsta 3:32, Sigtuna



Installation of heat pumps and modern equipment in Nunnan 3, Helsingborg, has reduced energy use by 35 percent.

Nunnan 3, Helsingborg

Carbon emissions are measured annually, with the goal of reducing emissions by an average of one kilo per square meter per year. Water is also measured and monitored on a monthly basis. Total water use for 2018 was 1,300.7 l/m<sup>2</sup>.

### Climate compensation

Rikshem's direct and indirect climate impact is substantial. According to the sustainability strategy, Rikshem is to minimize emissions of carbon dioxide and other greenhouse gases. This can be achieved by increasing the share of carbon-neutral energy in accordance with the company's electricity trading strategy. Rikshem has essentially achieved zero emissions for large parts of its portfolio, primarily as a result of deliberate purchases of carbon-neutral electricity.

#### Existing properties

Existing properties refers to properties that Rikshem has owned or occupied for 12 months by the end of the quarter. Example: Rikshem's existing properties in the second quarter include all properties that the company had in its portfolio (acquired or occupied) at the end of the first quarter of the preceding year.

#### Property management strategy

A new management strategy was developed in 2018 that will guide the company in its efforts related to its existing properties. The strategy also describes how Rikshem wants those who live and work in its properties to experience their surroundings. Together with the portfolio and sustainability strategies, the management strategy is to guide all Rikshem employees in ensuring that both property management and development initiatives are climate smart, socially engaged and long-term, with a focus on customers and comfort.

Rikshem applies climate compensation when other measures are not possible, by investing in certified climate compensation projects, primarily within the Clean Development Mechanism (CDM)<sup>1)</sup>. One comprehensive climate investment that Rikshem decided on in 2018 was that energy use is

to be monitored in real time. This way, the company can work proactively to lower it. The work, which is long-term and constitutes a major step for Rikshem, will involve the digitization of several substations on properties in 2019.

### Electric cars

Another ongoing energy measure Rikshem is taking is replacing service cars with electric cars. Rikshem has a total of 57 service cars, seven of which were replaced with electric cars in 2018. According to the company's service car policy, all service cars are to be phased out and replaced with electric, chargeable hybrid or hybrid cars.

#### Annual report, total energy, normal year-corrected

kWh/m <sup>2</sup> (ATemp)	2018	2017	2016	Deviation, %
Energy use	140.2	143.9	146.2	-2.6

#### Annual report, total energy (CO<sub>2</sub>) kg/m<sup>2</sup> 2)

kWh/m <sup>2</sup> (ATemp)	2018	2017	2016	Deviation, %
Emissions	11.4 <sup>2)</sup>	11.7	11.0	-2.4

#### Annual report, total energy

kWh/m <sup>2</sup> (ATemp)	2018	2017	2016	Deviation, %
Energy use	137.2	139.3	143.5	-1.5

#### Annual report, total energy (CO<sub>2</sub>) kg/m<sup>2</sup> 2)

kWh/m <sup>2</sup> (ATemp)	2018	2017	2016	Deviation, %
Emissions	11.1 <sup>2)</sup>	11.2	10.8	-1.1

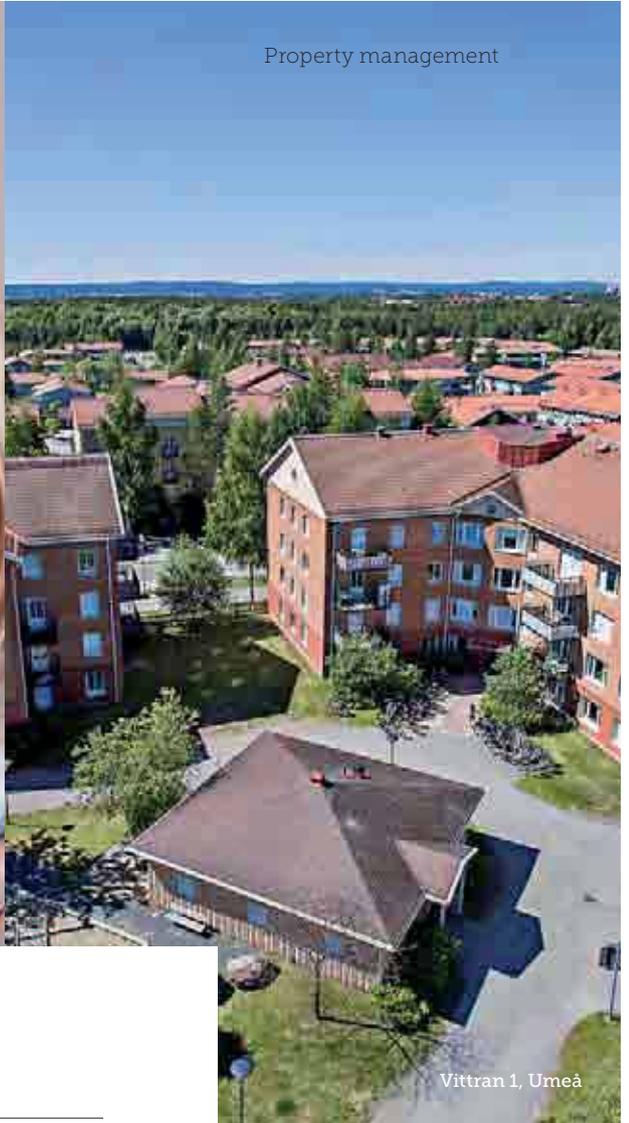
1) A CDM project that Rikshem contributed to throughout 2018 to convert methane gas from a Chinese coal mine to electricity.  
 2) Calculated based on 2017's emission values, since the values for 2018 will be presented in the second quarter of 2019 at the earliest once Rikshem has received reports from its suppliers.



Construction engineering has been used to reduce the need for radiators in the buildings in Lillåudden and Öster Mälarstrand in Västerås.



Fyrtornet, Västerås

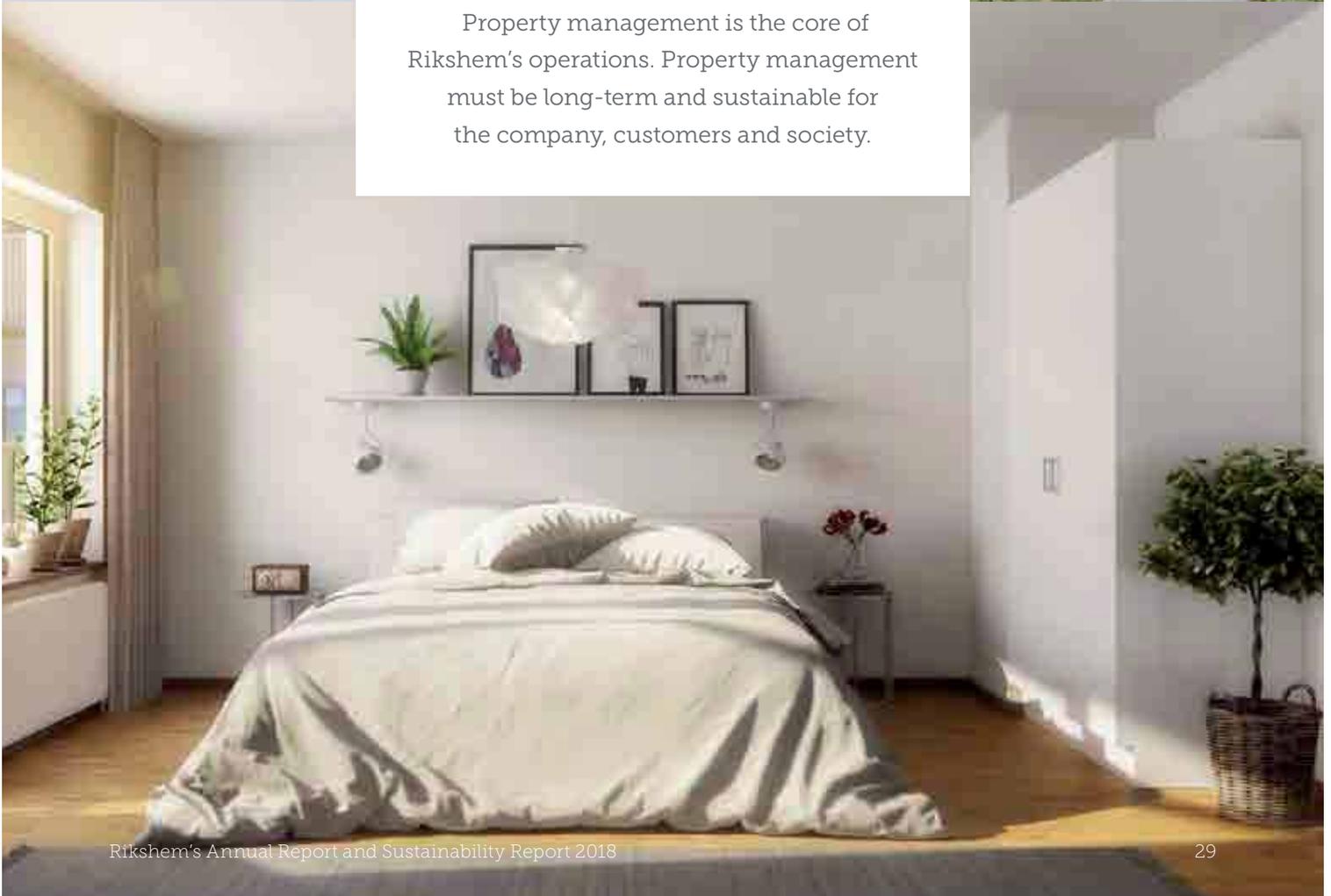


Property management

Vittran 1, Umeå



Property management is the core of Rikshem's operations. Property management must be long-term and sustainable for the company, customers and society.



# Actions for a brighter future

Feelings of unsafety are growing in general and Rikshem's customer survey confirms the trend. As one of Sweden's largest private property companies, Rikshem is a part of society and strives to create safe and secure neighborhoods – both by improving existing environments and in planning and forming new environments.

Almost a third of the population are worried about crime in society. Feelings of unsafety in society are increasing, according to statistics from Brå, the Swedish National Council for Crime Prevention. Safety can be an essential factor for a location's attractiveness and whether people decide to stay there.

## Feelings of safety is measured

Feelings of safety in the physical environment is also an important equality issue, since women generally feel less safe than men in public spaces. According to Brå, 30 percent of women feel very or somewhat unsafe in their own neighborhood late in the evening. The corresponding number for men is 9 percent.

Every year, Rikshem measures how safe the customers feel in their neighborhood. The result for the 2018 is 76 (out of 100), which is somewhat lower than last year. This trend is in line with the rest of the country and reversing it poses a challenge.

## Government support

To increase the feelings of safety, the government previously decided to provide financial support to socio-economically disadvantaged areas to contribute to their outdoor environments. The funds can be applied for from the Swedish National Board of Housing and be used to partially finance safety projects. In 2018, Rikshem

applied for support for 39 projects around the country, 33 of which were granted.

## Preventive measures

Active engagement with safety issues is an important part of developing the company's residential areas and preventive safety measures were taken in several areas during the year. Together with the Safer Sweden Foundation, residential areas have been surveyed to identify solutions that can increase the feelings of safety.

” As a long-term property owner, Rikshem can contribute to designing residential areas that have a physical environment that makes people feel safe.

Through safety analyses, tangible improvement measures can be developed for disadvantaged areas. Rikshem also collaborates with the Safer Sweden Foundation in the national program Botryggt2030. The program disseminates information based on research and proven experience about how different operators can prevent crimes and increase the feelings of safety in residential areas.

## The Safer Sweden Foundation

A foundation that performs safety analyses according to the national model BoTryggt2030, in which Rikshem is a primary project partner. The commissioning parties are municipalities and construction and property companies, with the goal of analyzing and surveying the feelings of safety in residential areas. Both existing properties and new construction projects are surveyed.

## Safety analysis

Mapping out obstacles and opportunities in the physical environment in order to reduce crime and provide feelings of safety. In addition to analyzing the actual environment of the location, safety analysis also involves interviews with the residents, the police, the municipality and local stakeholders.



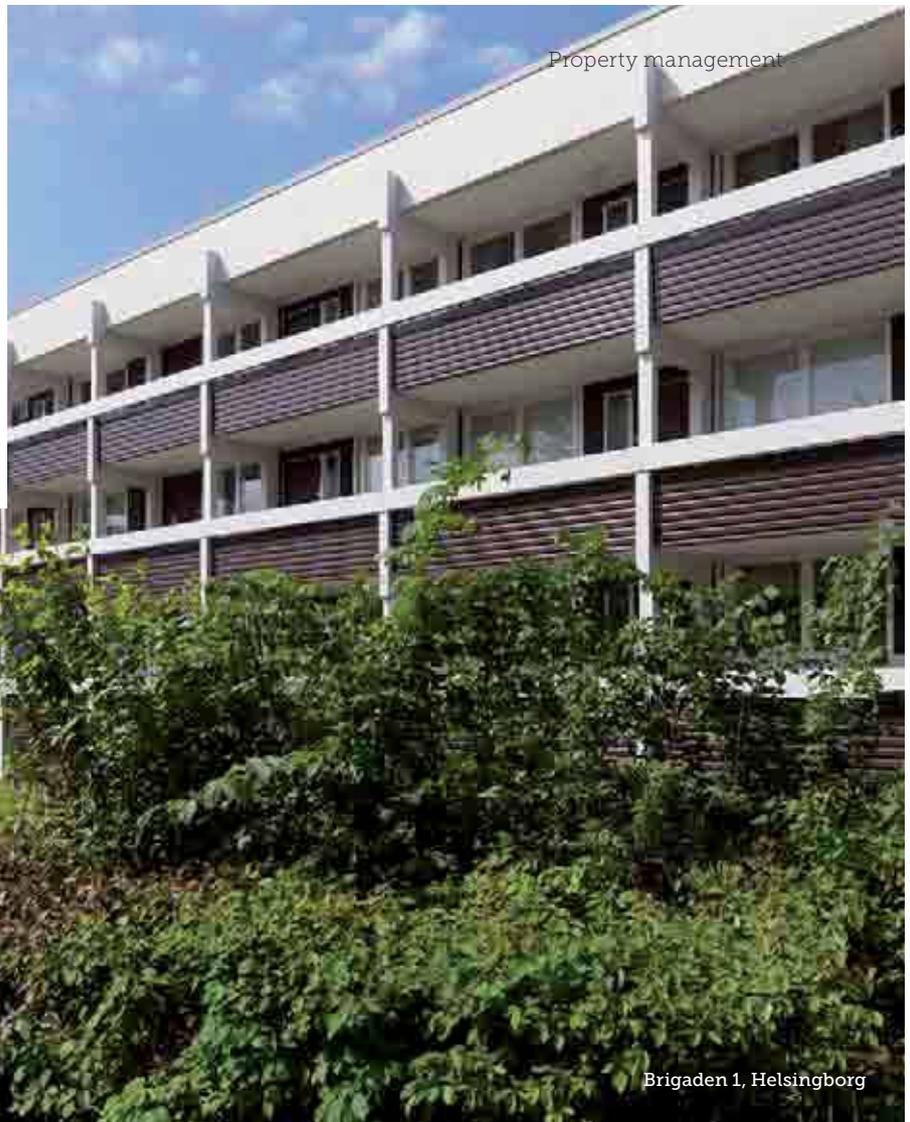
## Stellar light project in Västerås

Floating lights in trees, properly illuminated street numbers in entrances and projections of an illuminated Earth and moon along building walls. Over the year, the Pettersberg neighborhood in Västerås has been decorated with light art. In consultation with residents, Rikshem decided to invest in better lighting to increase the feelings of safety in the neighborhood. The result was a light project with an outer space theme, where large LED light rings have been placed in a wooded area along a walkway that residents had previously thought felt abandoned. The art project, which is a collaboration with the Västerås Municipality and other property owners in the municipality, is the work of artists Mikael Richter and Karen Frode.



8

safety analyses of Rikshem neighborhoods were performed in 2018, including Fredriksdal in Helsingborg.



Brigaden 1, Helsingborg

## Increasing feelings of safety

A new sports center, better lighting and new apartments on the ground floor are some of the measures that will create more life and activity – and feelings of safety – in the Fredriksdal neighborhood of Helsingborg.

Fredriksdal in Helsingborg has been classified as socio-economically disadvantaged, and as a risk area according to the police. Rikshem has therefore conducted a safety analysis in order to identify measures to increase the feelings of safety with help from the Safer Sweden Foundation.

“The safety analysis that the Safer Sweden Foundation performed consists of nine parameters addressed in the physical environment. For us at Rikshem, it’s important to engage a company with both theoretical and practical expertise in the area,” says Christofer Bernebring, Head of Region, Southern Sweden.

### Lighting, even in daytime

A number of ideas in the neighborhood came out of the analysis.

“One observation was that one of the most important foot paths in the neighborhood is an underpass that’s only lit in the evening and at night. During the day, there’s a marked contrast when you step into the dark tunnel from the daylight outside. This was something that could easily be addressed,” says Magnus Lindgren, General Secretary, The Safer Sweden Foundation.

### New sports center on the way

In addition to lighting in the underpass, a number of improvement areas were defined. The bottom floors of the buildings are closed off, without any windows, so Rikshem is

” The Safer Sweden Foundation goes in and diagnoses an area to find out what needs to be done to make that particular neighborhood safer.

Magnus Lindgren,  
General Secretary,  
The Safer Sweden Foundation

reviewing the possibility of opening up the bottom floors by creating apartments where the laundry rooms and storage areas used to be. More openness and activity in the neighborhood can increase safety.

Investments in measures to increase feelings of safety in the outdoor environment are also being planned in connection with scheduled renovations, and an application has been submitted for a new sports center in the neighborhood.

“A sports hall brings more activity to the neighborhood and can attract people from other neighborhoods to come here and see what this city area has to offer,” says Christofer Bernebring.



153

young people had summer jobs at Rikshem in 2018.

## Summer jobs that benefit everyone

Weeding, oiling wooden benches, picking up litter, sanding and painting. Rikshem's young summer workers did plenty of work in the company's neighborhoods in the summer. Stefan Al-Tefo in Norrköping and Delicia Ndayishimiye in Uppsala were two of them.

Since 2012, young people living in Rikshem's residential areas have had the chance to join the job market through Rikshem's summer job project. In 2018, some 153 young people in Rikshem's areas were offered summer jobs. In addition to contributing to their work experience, the project is an important part of Rikshem's social sustainability agenda, helping to address such issues as integration and safety. Another positive effect is that the project gives younger a greater sense of pride and involvement in their neighborhoods.

"It feels good to make our neighborhood look better, and now I've started telling my friends to throw trash in trash cans instead of on the ground," says 16-year-old Stefan Al-Tefo, who is saving the money from his summer job for a driver's license.

He had never worked before, and hopes to use his new experience on his CV to get interviews for other jobs in the future.

### New friends

In addition to Stefan's neighborhood in Norrköping, young people were offered summer jobs in over ten other areas across Sweden. 18-year-old Delicia Ndayishimiye held a summer job in Uppsala for the second year in a row:

"I was new to the city last year when my mom saw a note in the stairwell saying that Rikshem was looking for young people. In the beginning, I was a little unsure because I didn't know anyone, but afterwards there was no doubt that I'd apply again. I got to know a lot of other people in my neighborhood and made lots of new friends," explains Delicia who sees a lot of advantages with the job:

"You do something good during summer break, you make new friends and you earn money. It was really warm this year, so it was a little tough sometimes, but I'd prefer sun over rain."



This was my first summer job and it meant a lot for me.

Stefan Al-Tefo, summer worker in Norrköping

### Learning to cooperate

Delicia has previously handed out direct mail advertisements, been a telemarketer and worked a lot as a babysitter.

"But in this job, I've learned to cooperate. There were several of us helping out with assignments and it was actually a lot of fun. I also learned that you have to sand before you oil. I didn't know that before."

Delicia thinks that the third time will be the charm next year:

"I'm pretty sure of that. Rikshem is a nice place to work and I feel comfortable with the job now."

## ” Major and minor initiatives all over the country are making a difference

Rikshem aims to actively promote positive community development in the areas where it conducts operations and to engage in national and local projects.

Rikshem devoted considerable focus to young people in its residential areas in order to minimize feelings of alienation and create safer neighborhoods. To support development possibilities and employment, Rikshem works with both the municipality and non-profit associations.

### Läxhjälpen

In collaboration with the Läxhjälpen Foundation, Rikshem contributes to helping young people in elementary school who need extra support qualify for high school. Through Läxhjälpen, Rikshem was able to offer free homework assistance in Södertälje, Västerås, Norrköping and Helsingborg in 2018, with a total of 100 spots per term.

### Summer jobs

Every year, Rikshem hires young people between the ages of 16 and 19 for summer jobs, both to help them enter the job market and to increase their sense of pride and involvement in their neighborhoods. In all, over 800 young people have held summer jobs at Rikshem since the project started in 2012.

### Social-housing initiative

Rikshem works closely with municipalities to help meet residential property needs in society. Municipalities are invited to rent apartments from Rikshem, through “social-housing” contracts. People who are unable to rent an apartment on their own may be given access to an apartment through the municipality. The municipality acts as the contracting party and is responsible for paying the rent. Another important part of Rikshem’s efforts within social housing is its cooperation with social services, the Swedish Enforcement Agency, local budget and debt advisors, and other operators to avoid eviction.

### Social-housing contracts

	Number of apartments
Mälardalen	235
Southern Sweden	133
Northern Sweden	142
<b>Total</b>	<b>510</b>

### TRIS

In Uppsala, Rikshem collaborates with the non-profit organization TRIS – (Girl rights in society). The organization works to prevent honor-related violence and oppression, including the Ronjabollen project. The purpose of Ronjabollen is to increase participation and freedom of action for girls who live far away from sports activities.

Rikshem also collaborates with TRIS on Livscirkeln, an integration project for newly arrived female immigrants.

### Other local initiatives

- Together with the Swedish Union of Tenants, Rikshem’s operations in Norrköping organize an annual trip to the Kolmården Zoo for families living in Rikshem’s areas.
- In Luleå, Rikshem supports the work of VildaKidz to create meaningful leisure activities for children and young people.
- In Helsingborg, Rikshem supports Café Välkommen, an integration project and meeting place. Read more on page 23.



# Zoning plans that support growth

Rikshem strives to develop flexible zoning plans that enable sustainable urban development. During the year, zoning plans allowing 400 new apartments to be built were developed and at the end of the year, ongoing zoning plan processes encompassed development rights for approximately 500,000 square meters of gross area.

Property development is about refining and leveraging the potential of existing properties. For Rikshem, it also means doing this sustainably. New construction of residential properties and properties for public use as well as renovations and extensions drive the company's growth. Rikshem works in close collaboration with the municipalities, which are responsible for zoning plans and construction permits. The planning process is carried out in a dialogue with the municipality and sets the parameters for what is possible.

In 2018, zoning plans developed by Rikshem were approved in Norrköping, Luleå, Uppsala and Östersund, enabling around 400 new apartments to be built. At the end of 2018, ongoing zoning plan processes encompassed development rights of approximately 500,000 square meters of gross area.

## Built-in flexibility

Rikshem aims to develop zoning plans that enable sustainable growth in the company's areas. In tangible terms, this can mean including structures for solar panels on roofs or mixed forms of tenure in an area to support new target groups and increase social sustainability. In order to work with sustainability at an early stage

and in a structured manner, Rikshem has developed a new sustainability tool for analyzing zoning plans based on social, financial and environmental sustainability.

## Value creation analysis

As part of the digitization process, the company is investigating how geographic information systems (GIS) can be used to streamline property and development analysis. By combining data, demographic trends can be presented visually on a map. This can then be used, for example, to identify a need for a retirement home or preschool. Future development trends can also be determined, enabling proactive work with integration and safety initiatives.

## Valuable green spaces

Rikshem continuously works to improve its integration of solutions that protect people and the environment. As residential areas become more concentrated, for example, this creates a stronger basis for more frequent public transit, additional commercial services and other community functions in the area. A decreased need for cars can lead to a reduction in the transport of goods. Sustainable solutions can be included right at the drawing board. One example is how Rikshem strives to build on already paved spaces, such as parking lots, whenever possible. From an environmental perspective, it is advantageous to construct new buildings without sacrificing valuable green spaces.

# 400

new residential properties  
can be created based on  
zoning plans approved  
in 2018.





85

new apartments in a modern retirement home in Kalmar.

Kalkstenen 1, Kalmar

## Design with Care

In March 2018, the new retirement home Vänskapens Väg opened up its doors in Kalmar. The residence has been developed based on insights from the people who run the daily operations.

When Rikshem took over the Norrliden retirement home, it was out of date and in need of refurbishment. Starting construction on Vänskapens Väg right next door was therefore a top priority. Now the tenants have moved in to the 85 apartments that, together with home help and other daily operations, make up Vänskapens Väg.

"The 'Design with Care' concept has served as the cornerstone of the project and provided a common thread through the entire process," says Rikard Aläng, Project Manager at Rikshem.

"Vänskapens Väg is a model project and we're proud of it. It's well thought out with a focus on the well-being of the residents. The attractive building is built out of sustainable material," says Michael Ländin, Chairman of the Social Care Committee in Kalmar.

### Influence over the residence

"Design with Care" is a method for developing sustainable environments. Based on the

knowledge of those who work in the industry, the "Design with Care" model provides tools to create a positive work environment as well as a good environment for residents. In practice, it has meant that personnel at the retirement home have participated in the planning process by serving as a reference group.

"It's been valuable, given their skills and knowledge about how to best plan a retirement home. The personnel have also conveyed the needs and wishes of the residents themselves," explains Rikard Aläng.

### Cozy quarters

Vänskapens Väg is built and planned to feel like a regular home, and at the same time offer many shared spaces.

"In center of the retirement home is a large lounge, where you can sit down by an open fireplace for both warmth and company. Shared activities and different performances are also organized at the lounge. We've also

” It was exciting to see the project being nominated for the Urban Design Prize here in Kalmar. Now we've started a renovation project at another retirement home, and we'll obviously work according to the 'Design with Care' concept.

Rikard Aläng,  
Project Manager,  
Rikshem

invested in the outdoor environment which offers an accessible outdoor gym and a greenhouse," says Michael Ländin.

"Collaboration between the municipality, contractors and us at Rikshem was essential for the project's success as was the fact that we listened to ideas from the retirement home's personnel. All parties in the project were represented in our work teams. That way, we could always have a good dialogue and quickly redirect and adapt the project," says Rikard Aläng.

# Property development potential

Rikshem's existing properties have immense development potential through renovations that are good for both the customer and the environment. In addition to acquisitions, the portfolio also grows through new construction of both properties for public use and residential properties.



The Nordic region's largest nursing home is being built at Kvarngärdet 56:13 and 56:14.

In addition to building new properties of its own, Rikshem also invests in properties in development projects for new residential properties and properties for public use. In Umeå and Luleå, over 200 apartments were completed during the year, and in Kalmar, tenants moved in to Vänskapens Väg, a newly built retirement home with 85 apartments. A large part of the existing portfolio was built in the 1960s and 70s, so RM&U renovations are a significant part of Rikshem's projects. The investment pace was low in 2018 compared with the last few years, but will increase again in 2019.

## Acquired projects

Among the company's investments for 2018, MSEK 190 (48) was invested in acquired projects with forward funding. This means that Rikshem acquires and takes possession of a construction project at an early stage, before the buildings have been completed. The seller commits to completing the project by an agreed-upon date,

and Rikshem commits to financing the project through regular payments for the ongoing contract. Projects of this variety made up 17.5 percent (3.0 percent) of Rikshem's total investments during the year and included three separate projects, including the Nordic region's largest nursing home in Uppsala and a new residential construction project.

## Sustainable construction

Rikshem's new construction consists of projects managed by Rikshem as well as acquisitions of projects. Rikshem often builds new properties close to its existing properties in order to create attractive living environments. This approach is also financially advantageous, especially since the existing infrastructure in the area can be used. It also creates the conditions for efficient property management. When constructing new residential properties, Rikshem largely works with industrialized wood-based construction. Wood is a

renewable material that, compared with other construction materials, releases less carbon dioxide during the construction phase, stores carbon dioxide throughout its life cycle, is faster to build with and mean fewer disturbances in the area. When carrying out new construction projects, Rikshem also reviews the possibilities of building in concrete and uses the type of material that is best suited to the property in question. In new construction with concrete, the material's impact on the climate needs to be taken into account, since carbon emissions from concrete are higher than from wood.

# 201

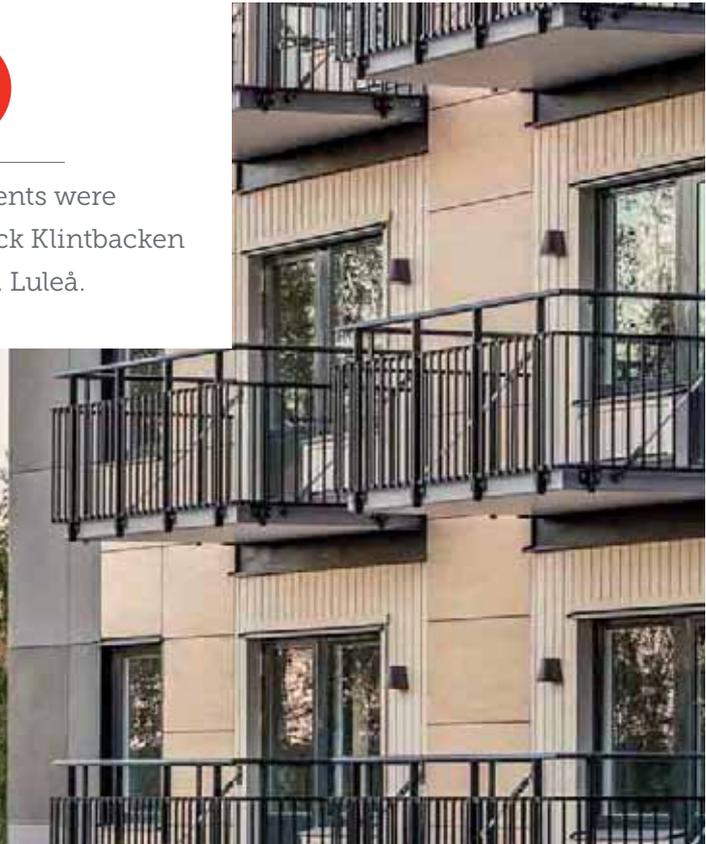
new apartments in the Nordic region's largest nursing home being built in Uppsala.

## Modern residential properties

Rikshem renovates properties to offer customers a modern standard of living and create long-term sustainable residential properties with lower energy consumption. Parts of the portfolio require more extensive renovations, referred to as RM&U renovations. This can include ceilings, façades, windows, equipment installations and replacing pipes. The apartment interior is also renovated. During RM&U renovations, improvements to entryways, laundry rooms and the external environment are often carried out. RM&U projects are ongoing in Södertälje, Norrköping and Helsingborg. Beyond raising the standard for the tenants, these measures aim to enhance the



94 new apartments were completed in the block Klintbacken in Bergviken, Luleå.



efficiency of operations, reduce energy use and increase the property's environmental performance. Apartments that undergo RM&U renovation generally reduce their energy consumption by 25 to 40 percent.

In addition to RM&U renovations of older properties, what are known as "succession renovations" are carried out in selected apartments in connection with a tenant moving out. 220 apartments underwent succession renovations in 2018.

### Customer influence

Prior to more comprehensive renovations, Rikshem conducts a dialogue with the local tenant association to negotiate rent, among other things. Rikshem aims to

complete RM&U renovations as close to the customer's wishes as possible and also conducts a dialogue with tenants prior to renovation. When possible, the tenant is permitted to choose the level of renovation. The majority choose a normal level, which includes a new kitchen, bathroom and renovation of surfaces in addition to overall renovations, such as plumbing replacement. A lower level comprises only overall renovations including bathrooms.

### A boost for the environment

Rikshem purchases contractor services for construction projects and renovations. When choosing a contractor, Rikshem considers to be essential that they have an

environmental management system and quality management system. An initiative was implemented in 2018 to assess how Rikshem uses Byggvarubedomningen (BVB) – a construction industry database of environmental impact statements for construction materials – in its projects. This assessment showed several areas for improvement. Based on the assessment, a goal was established for 2019 to allocate resources to working with BVB and review how Rikshem uses and recycles material in construction projects and renovations. The framework of the goal also involves reviewing the company's efforts related to sorting at source, materials and waste.

### Major projects in progress during 2018

Municipality	Property/project	Project category	No. of residences	Estimated completion
Luleå	Klintbacken	New construction (residential)	94	Q4 2018
Märsta	Sleipner	RM&U renovation	320	Q1 2018
Norrköping	Dörren 16	New construction (residential)	132	Q4 2019
Norrköping	Niten, stage 2	RM&U renovation	135	Q4 2018
Norrköping	Niten, stage 3	RM&U renovation	160	Q2 2020
Södertälje	Repet	RM&U renovation	397	Q4 2020
Umeå	Flyttfågeln	New construction (residential)	110	Q4 2018
Uppsala	Kvarngärdet 56:13	New construction (public use)	96	Q3 2020
Uppsala	Kvarngärdet 56:14	New construction (public use)	105	Q3 2019
Uppsala	Lågberget	RM&U renovation	270	Q3 2018

# Residential areas for everyone

Rental apartments play an important role in ensuring many people's reliable access to housing. With approximately 29,000 apartments, Rikshem contributes to Sweden's housing supply. Rikshem aims to develop residential areas that offer different types of housing, where people can – and want to – continue living even when their lives change.

People need different types of housing at different stages of their lives. Rikshem wants customers to be able to continue living in the same area even when their housing needs change. An important aspect of creating long-term, sustainable urban development is being able to offer apartments of various types and sizes in the same area. Strategic analyses are conducted prior to acquisitions and the development of existing areas to ensure that there is a good balance of different tenure forms, such as condominiums and rental apartments, large and small apartments, and community functions, such as health centers, sports centers, libraries and schools.

## Attractive areas

Rikshem focuses on neighborhood development that creates value by densifying and developing existing areas.

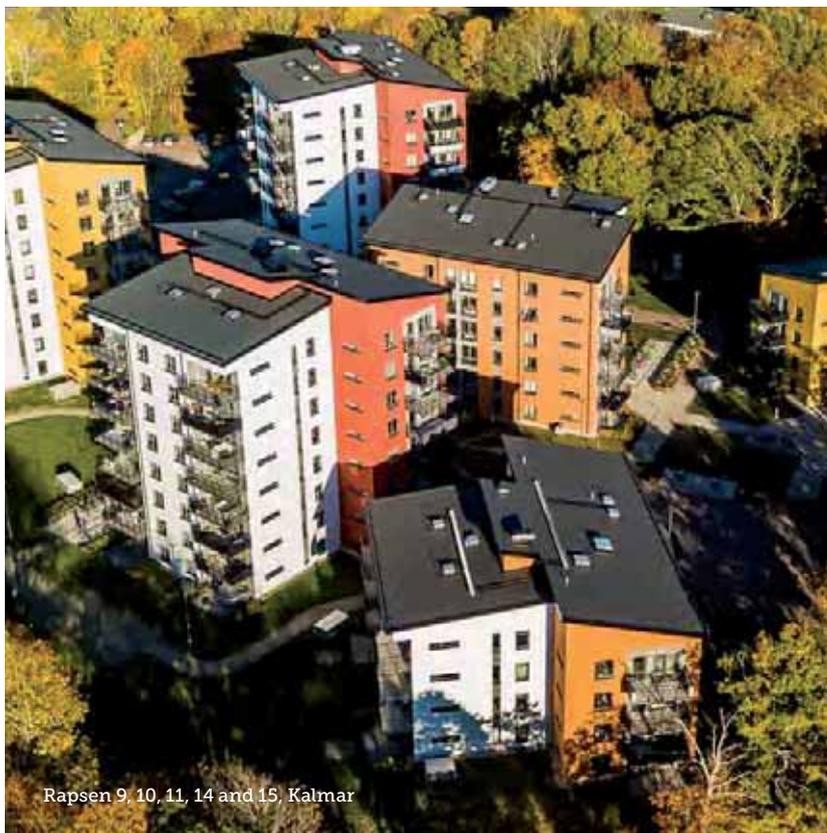
4

selected areas will be part of a pilot project for value-creating neighborhood development.

For Rikshem, neighborhood development is about long-term value growth and creating areas that people choose to move to and remain in. When there is demand for an area, property value increases. This way, Rikshem can conduct good business while contributing to positive initiatives for society.

## Social meeting places

Rikshem aims to create social meeting places that are welcoming for everyone, even those who do not live in the area, to combat barriers and segregation. A sports center or a library can attract people who do not live in the neighborhood. Areas that offer different types of housing and



## The importance of rental apartments

Rental apartments play an important role in society as a housing alternative for a demographic that cannot or would prefer not to purchase their own property.

Rental apartments offer a flexible housing solution without exposing tenants to financial risk since they do not need to pay for maintenance and property management themselves.



Repet 4, Södertälje

functions create a feeling of safety for those who live and work there. Natural meeting places contribute to the flow of people and activity between buildings and city areas.

” **By offering residential properties and living environments over the long term to households with different financial and social circumstances, Rikshem promotes positive community development.**

### The role of schools

A social problem in several of the regions where Rikshem owns properties is the turnover of both students and teachers in schools. This problem is one of several puzzle pieces that needs to be included in

Rikshem's neighborhood development efforts. To attract more teachers and, in the long term, improve school performance, Rikshem has worked together with municipalities to see how the company can help break the cycle.

As a part of sustainable neighborhood development, Rikshem has begun an analysis to investigate the domino effect of relocation to and from the company's properties. The focus is on questions about why someone chooses to leave an area.

### Four pilot projects

In Rikshem's sustainability strategy, there is significant focus on value-creating neighborhood development, and pilot projects will begin in four selected areas in 2019. New tools and models are contributing to neighborhood development efforts. This will make daily operations easier for Rikshem's employees. For Rikshem, neighborhood development is a focus area that brings together employees from different parts of the company.

### Inclusive collaboration

Work related to sustainable urban development requires cooperation on several levels. Each municipality sets a number of sustainability requirements that are taken into account when developing a specific area. These may focus on developing green spaces or encouraging more climate-friendly travel patterns to reduce car use. A close cooperation between municipalities, other property owners, social operators and non-profit organizations is essential for developing sustainable areas with important community functions.



Pilot projects will be conducted in:

Blombacka, Södertälje  
Fredriksdal, Helsingborg  
Gränby, Uppsala  
Porsön, Luleå

# Engagement as a driving force

Engaged employees are a key to success for Rikshem’s business. The company offers personal development opportunities, internal career tracks and competitive working conditions. The company’s leadership has received high marks and the employee satisfaction index is rising.

In 2017, Rikshem initiated a project to define its core values and the company united around the three words Active, Present and Responsible. The work to establish these values throughout the organization continued in 2018. The values provide Rikshem’s employees with important guidance on how to act.

## Values in play

Rikshem regularly works with its core values and discusses their meaning. The values are reinforced through a boardgame developed by Rikshem based on actual events. With clear and inspiring leadership, Rikshem’s vision and values can be ingrained in its daily work. Rikshem’s leadership days, which are arranged several times per year, are therefore an important forum for the company’s leaders, where they can support each other and share their experiences. All of Rikshem’s employees meet every year at a much-appreciated event referred to as Rikshem Day. There, the focus is on sharing skills and inspiration, and good examples are provided from different departments in the

organization. The level of engagement is high, and Rikshem Day is important for building Rikshem’s corporate culture.

## Equality

All employees at Rikshem have the same rights, obligations and opportunities in all aspects of the workplace, regardless of gender, gender identity or expression, ethnic affiliation, religion, disability, age or sexual orientation. The frameworks that govern the company’s work on equal treatment are described in Rikshem’s equality and diversity and equality policy as well as the equal opportunities plan. The company’s work is based on a structured recruitment process and managers are taught to recruit for diversity. Rikshem also monitors employee knowledge of its equal treatment initiatives in its employee survey.

## Optimized organization

Equality and diversity must always be taken into consideration when recruiting. Rikshem endeavors to have candidates of different genders and backgrounds in the selection process. In order to strengthen

the organization in line with the ongoing change process under way in the company, about 60 employees were recruited during the year, including three trainees. Recruiting experienced leaders has been prioritized because key personnel with solid experience and insight from other operations and industries contribute to the development of the organization.

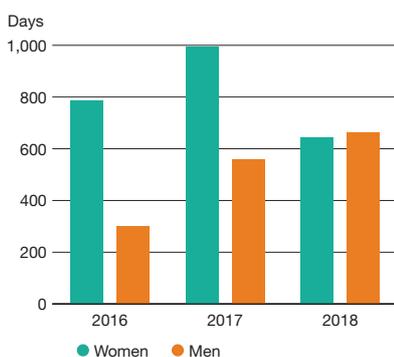
## Creating the good community

A driving force for Rikshem’s employees is contributing to the good community for example through combating segregation and developing neighborhoods. During the recruitment process, considerable importance is attached to attracting candidates with a commitment to Rikshem’s role as a community builder. The strategic model and concept - Rikshuset, as well as the company’s vision and values are used in every interview. New employees receive a welcome package with important information and are invited to a Welcome Day, where they are provided with additional information and training, to ensure they feel welcome and understand the organization.

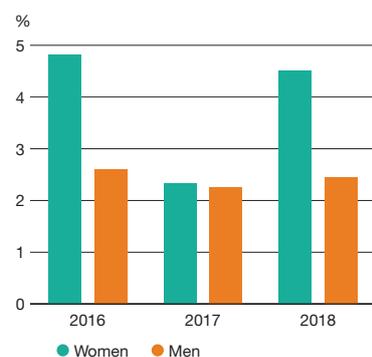
## Internal career tracks

The company encourages internal mobility within both regions and roles, and invests in training and development for employees. Read more about two different career journeys on pages 42–43. Employees are encouraged to come up with their own suggestions at annual performance reviews, and there are various options for ongoing professional development, for example via online training. During the year, significant focus was also devoted to internal training in the company’s quality management system, Riksvägen, to reinforce procedures and policies, and to create a more uniform working method in the company.

Number of days with extra parental allowance <sup>1)</sup>



Sickness absence as a percentage of total time worked



1) Rikshem tops up parental allowance for salaried workers for up to 180 days per child, taken when the child is under the age of two. Employees under collective agreements are also entitled to an extra parental allowance, but payment is made through AFA.



### An inclusive environment

In total, 241 people were working at Rikshem on December 31, 2018, of whom 234 were permanently employed and seven temporarily employed. The number of employees in each region is as follows: 145 in Mälardalen (including central functions), 51 in Region Northern Sweden and 45 in Region Southern Sweden. Rikshem aims to be an inclusive workplace. For Rikshem, this means taking care of each other and standing up for and reminding others that we have zero tolerance for abuse and harassment. Managers receive support when it comes to group development to ensure a well-functioning team. There is also a whistleblowing function where employees can file anonymous reports if they encounter any improprieties or unsatisfactory workplace conditions.

### A safe workplace

To systematically ensure that Rikshem maintains a high standard when it comes to the work environment, the company follows a work environment policy. The policy describes procedures for workplace safety and provides instructions for using the right equipment, establishing working methods that minimize the risk of accidents and how to address threatening situations. Employees are to feel secure in their daily work. Those who work in the property management

organization receive a great deal of feedback from tenants and are provided with support in how to handle any complaints. There is also an alarm function connected to a security company if any employee should find themselves in a threatening situation.

During the year, the property management organization also underwent training in handling threats and violence. Rikshem cooperates with occupational health services and other work environment experts in its health and safety work. The company has a work environment committee that conducts an annual review of the systematic work environment. The company's managers are responsible for coordinating and organize and run carrying out ongoing work related to the work environment, and the areas are addressed during the annual performance reviews, but employees are also expected to contribute to a good work environment and to alert management about any shortcomings or risks. The company's work environment efforts are evaluated based on the results of the employee survey, sick leave, and workplace injuries and near-accidents. In 2018, eight workplace injuries and ten near-accidents were reported.

### More than work life

Life is more than work, and Rikshem aims for all employees to have a healthy work-life

balance. All employees are therefore offered physical activity subsidies, regular health checks and reimbursements for health care costs.

### Loyalty and job satisfaction

Rikshem conducts an annual employee survey. Through this survey, improvement areas are identified and action plans are developed to create the best possible conditions in the workplace. Rikshem's employee satisfaction index increased to 71 in 2018 – a significant improvement from 2017 and an improvement that is even stronger when seen in light of the changes the company is undergoing. The figures for loyalty and job satisfaction were 82 and 75, respectively – figures on a par with the top rankings in comparable surveys. Leadership also received high marks. Decreased employee turnover and the recruiting of experienced employees also indicate that Rikshem has become more attractive as an employer.



### Gender distribution

Share, %	Dec 31, 2018		Dec 31, 2017	
	Women	Men	Women	Men
All employees	43	57	43	57
Management	44	56	44	56
Board of Directors	50	50	50	50

### Age distribution<sup>1)</sup>

	<30 years	30–50 years	>50 years
All employees	30	144	60
Management	–	4	5
Board of Directors	–	2	4

1)Pertains to permanent employees

### Health and safety

Number of workplace injuries reported during the year	8
Number of near-accidents reported during the year	10
Number of incidents of abuse or discrimination during the year	5

## Two career journeys through Rikshem

How about keeping the same job after moving 600 kilometers away to a new city? Or constantly being challenged in new roles in the organization and having your career take off in no time? As an employer, Rikshem offers its employees ample opportunities to develop. Christofer Bernebring and Gabriella Edfast are both in the middle of an exciting journey within Rikshem.



Christofer Bernebring, Head of Region, Southern Sweden

**Christofer Bernebring** began as a project manager at Rikshem at the age of 28. Six years later, he had been promoted to property manager and now Head of Region, with a place in the management group.

"I had decided to try out a career as a consultant and Rikshem was my first client. But my consulting career was short-lived, and after four months I was hired at Rikshem. I realized right away that I wanted to be where the important decisions were being made," he says.

### What was your first impression of Rikshem?

"It was tremendously exciting to be part of a young company and, along with many experienced and talented people, be involved in developing the company and initiating

refurbishment and new construction projects around the country. During that time, we built our project department from the ground up."

### How would you describe Rikshem as a company and employer?

"Rikshem is still a relatively young company. We've only been around since 2010, which means that we have less of a tendency to get stuck in old beliefs. This suits my own passion for constant improvement and seeing possibilities instead of obstacles."

### How has Rikshem changed during your six years at the company?

"Rikshem has grown significantly, which I think is very exciting. You can notice this during our annual conferences, when we

ask for a show of hands for who participated in earlier conferences. Because of how we've grown, the number of hands in the air has increased every year and it's very symbolic of our growth journey," says Christofer.

” “A major reason that I feel at home at Rikshem is the helpful culture and the shared will to succeed.”

### How have you grown at Rikshem?

"The whole time I've been given more responsibility, which I've liked. I've also had the chance to work with the issues I'm passionate about: value growth of our properties, tenant dialogue during renovation, negotiations and leadership issues. Rikshem invested in leadership very early on. Both managers and team leaders go through leadership training to create a shared vision of what good leadership entails."

### What's the next step for you at Rikshem?

"I see it as an exciting challenge, together with my colleagues and the rest of the company, to be part of the change we're now undergoing, going from a growth-oriented company to working with a more customer-oriented property management approach while we continue to grow through exciting projects and further acquisitions."



Gabriella Edfast, Property Developer, Umeå

**Gabriella Edfast** ended up in Rikshem's trainee program after studying land surveying. Rikshem was a relatively new company and Gabriella did not yet know what she wanted to work with. Learning more about property ownership seemed exciting and felt right. Today, Gabriella works as a property developer in Region Northern Sweden and is based out of Umeå.

"The trainee program was a good chance to test different departments and learn a lot about the company. All the trainees learn about property management, financing and renting regardless of their specific focus area," she explains.

#### How was it to go from trainee to employee?

"It was a natural route to take. I knew that I'd have the chance if I performed well. After just eight or nine months, I was offered a position as a business developer, meaning I worked with valuation, analysis and transactions."

#### How would you describe Rikshem as an employer?

"It's a company that's always growing, and where your opinion is valued. An adaptable

company where new ideas are always welcome. I've always been listened to, and felt a sense of freedom and involvement, even as a trainee."

#### After two years as a business developer, you wanted to make a change in your life. What happened?

"I came from Luleå originally, moved to Lund to study and ended up in Stockholm as a trainee, where I also had my first job at Rikshem. But after a few years, I was done with the Stockholm life and wanted to move back north. And love brought me to Umeå..."

#### But you weren't done with Rikshem?

"No, I was getting along really well at my job. I talked with my manager at the time, and the one I have now. I had been involved in a number of large acquisitions in the north and had a good idea of the situation there. So in addition to the move, it was pretty exciting to get the chance to follow up on these property deals. I got the role of property developer, with the opportunity to continue developing the portfolio I had helped to acquire.

” **“Rikshem is a driven company with a flat hierarchy, and there's a high level of engagement among the employees. You always want to do better.”**

#### What's the next step? Will you be in Umeå for a while longer?

"Yes, I'm very satisfied with my current position, where I can broaden my competence through a number of new work assignments. At the same time, I can take advantage of my previous role as a business developer, primarily in analysis work and when it comes to property finances. There's a lot to develop on the property side up here in the north, so I hope I can stay here and work for several more years."

# Financing

During 2018, Rikshem continued to pursue financing in the international capital market with the aim of obtaining longer debt duration at a reasonable price. A total of 16 bond issues were conducted, of which six in the Norwegian market and two in the euro market.

The amount issued in foreign currency during the year amounted to SEK 3.3 billion, of which 82 percent in NOK and 18 percent in EUR. Borrowing in Swedish bonds amounted to SEK 2.7 billion. In addition to this, borrowing in commercial papers and bank loans was conducted in the Swedish market.

## Financial policy

Rikshem's financial policy defines objectives and stipulates guidelines and risk limits for treasury activities. The policy is updated annually and covers such areas as the organization and allocation of responsibility for financing activities, guidelines and risk limits for the management of financial risks, and guidelines for follow-up and reporting.

## Rating

Rikshem has a credit rating of A- with a stable outlook from S&P Global. This credit rating gives Rikshem good access to capital in the financial markets and is also important in maintaining low financing costs.

## Financing strategy

The primary objective of the financing strategy is to ensure good access to both short and long-term financing. To achieve this objective, Rikshem endeavors to be a borrower with a good reputation in the Nordic banking system, the Swedish commercial paper market, and the Swedish, Norwegian and European bond markets. In addition to its primary objective, Rikshem has interim objectives of utilizing the sources of financing that are most advantageous at the time, reducing its interest-rate risk through interest-rate hedging and extending its loan maturity over time.

## Reduced short-term liabilities

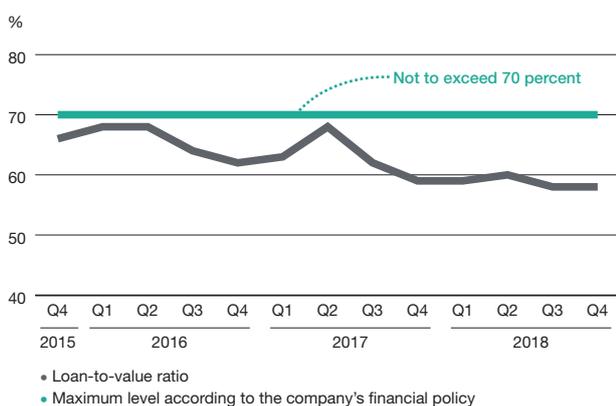
In accordance with the financial policy, short-term interest-bearing net debt is not to exceed 35 percent of total interest-bearing liabilities. Historically, Rikshem has had a larger share of short-term liabilities than this, which was changed following a policy decision in 2017. During 2018, the share of short-

term liabilities was reduced through the reduction of the share of outstanding certificates, which by their nature are always short-term. In addition, short-term bank loans were repaid or their term was extended. At year-end, the share of short-term net debt amounted to approximately 15 percent of total interest-bearing liabilities.

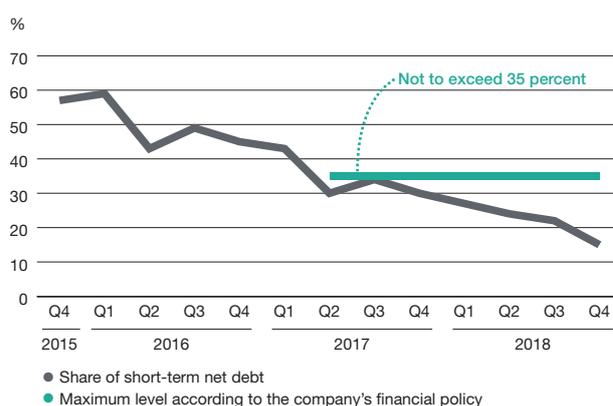
## Interest-rate duration

During 2018, Rikshem maintained the long interest-rate duration established in 2017. The purpose of the interest-rate hedging of the company's borrowings is to limit the company's interest-rate risk over the medium term, which gives Rikshem time to restructure in connection with interest-rate fluctuations. A restructuring of the interest-rate swap portfolio was carried out during the fourth quarter, under which interest-rate derivatives were reset in conjunction with an extension of the interest-rate duration. The average interest-rate duration was 5.1 years at the end of the year, compared with 5.3 years at the beginning of the year.

Loan-to-value ratio



Share of short-term net debt



## Debt duration

The financial policy stipulates that the debt duration must always exceed two years. During the year, several long-term bonds were issued, of which SEK 3.0 billion with a duration of ten years or more. The long-term bonds were issued in the euro market and in the Norwegian market. The advantage of these markets is that Rikshem can reach more and new investors, and that during the year, there was better access to and a lower price on long-term bonds compared with the Swedish market, even including the adjustment of swaps to SEK. The debt duration increased during the year from 3.0 to 4.1 years.

## Currency risk

All borrowing in foreign currency is to be hedged in accordance with the financial policy. Borrowing is hedged using financial derivative instruments (so-called basis swaps), which eliminates risk during the entire duration of the loans. Financial derivative instruments are recognized continuously at fair value in the balance sheet, while changes in value are recognized in profit or loss. At the same time, loans in foreign currency are revalued, which also results in an opposite change in value in the balance sheet and a value change in profit or loss. The changes in value are unrealized and do not impact cash flow. If loans and financial derivative instruments are retained until maturity, previously recognized earnings effects are neutralized.

## Financial position

Rikshem's equity/assets ratio amounted to 37 percent at year-end and the loan-to-value ratio was 58 percent. Interest-bearing liabilities amounted to MSEK 26,550 (24,290) at year-end. Of these interest-bearing liabilities, MSEK 4,535 (4,944) pertained to bank loans, MSEK 2,060 (3,715) to borrowings through commercial papers and MSEK 19,898 (15,363) to bonds. In addition, the company had MSEK 57 (268) in current liabilities to related parties. At year-end, the average interest rate was 1.7 percent (2.0). All bank loans are covered by collateral in properties. In total, secured financing accounted for 10 percent (12) of the fair value of investment properties.

Rikshem has a commercial paper program that represents an opportunity to issue commercial paper with maturities of up to 12 months subject to a limit of SEK 10 billion. Rikshem also has an MTN program listed on Nasdaq Stockholm and an EMTN program listed on the Irish Stock Exchange for the issuance of bonds. The MTN program has a limit of SEK 20 billion and the EMTN program a limit of EUR 2 billion. Neither the commercial paper nor the bonds are secured.

Rikshem has a total of eight bonds outstanding in NOK and four bonds in EUR, with a combined volume of SEK 8.7 billion. Other bonds are denominated in SEK. The refinancing and liquidity risks resulting from the maturity structure are managed by means of a backup facility and a subscription undertaking for commercial papers

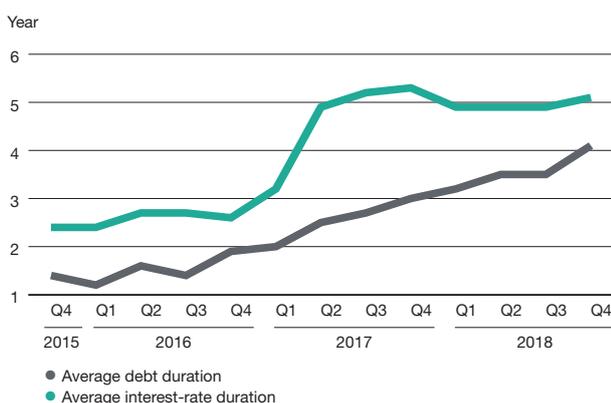
from the owners in a combined amount of SEK 10 billion and through backup facilities and unutilized overdraft facilities with Swedish banks in a combined amount of SEK 3.2 billion. Cash and cash equivalents totaled MSEK 1,015 (386) at the end of the year. Approximately 70 percent of the financing carries a floating interest rate based on STIBOR 3 months. Interest-rate derivatives are used to reduce the interest-rate risk resulting from the short interest-rate duration. At year-end, the interest-rate derivatives had a nominal value of MSEK 17,800 (17,800) and a fair value of MSEK -116 (-425). The company also has combined interest-rate and currency swaps with a fair value MSEK -42 (-85). At year-end, the total fair value of financial derivative instruments was MSEK -158 (-510).

The interest-coverage ratio for external financing during the year was 3.2 (3.5). Under the company's financial policy, the interest-coverage ratio for the most recent 12-month period for external financing must amount to at least 1.75.

## Green bonds

In 2014, Rikshem was the first in the world to issue green bonds to finance sustainable renovations of residential properties. The total outstanding green bonds amounts to MSEK 1,450. The green bond framework includes, for example, new construction in wood, follow-up of water consumption and carbon emissions.

## Debt duration and interest-rate duration



## Interest-rate derivative portfolio

Maturity date	Nominal amount (end of the year), SEK billion	Average interest rate (end of the year), %
2019	17.8	0.7
2020	17.8	0.8
2021	16.5	0.8
2022	14.0	0.8
2023	10.0	1.0
2024	9.5	1.0
2025	6.5	1.0
2026	3.5	1.1
2027	1.0	1.1

# Risks and risk management

External factors that could impact Rikshem's operations can be divided into strategic, operational, financial risks and brand risks. Sustainability risks describe how Rikshem's operations in turn impact people, the environment and society.

Risk	Description of risk	Opportunities	Risk management
<b>Strategic risks</b>			
 <p><b>Macroeconomic factors</b></p>	<p>The property sector in general is impacted by a number of macro-economic factors – for example, general economic trends, employment trends, and changes in society and the conditions for the housing, health and medical sectors, and business, among other areas. The trend may be different in different parts of the country, making it important to understand the drivers of local and regional growth.</p>	<p>Society's need for residential properties and properties for public use is relatively sensitive to economic trends. Strong economic performance and growth lead to new job opportunities and a need for labor. Demographic changes, such as a growing and aging population, and advancing urbanization, are further driving demand for residential properties and properties for public use in Rikshem's submarkets.</p>	<p>Operating environment risks and other strategic risks are managed on an ongoing basis by the company's management and the Board of Directors. Rikshem has a balanced portfolio of residential properties and properties for public use concentrated in growth areas, which limits the risks. By continually monitoring economic trends, the company can adjust its portfolio over time, for example, to benefit from favorable conditions in a geographic sub-market or market segment.</p>
 <p><b>Market value properties</b></p>	<p>The company's property portfolio is measured at fair value. The fair value is based primarily on two main components: net operating income and the market's yield requirement. Net operating income is impacted by a number of property-specific parameters, such as rent levels, vacancy rates and costs for operation and maintenance. The market's yield requirement is impacted by factors such as interest rate levels and location-specific conditions. Changes in the market's yield requirement could cause the value of the properties to decrease. The value of properties could also decrease if access to financing declines in the property sector.</p>	<p>By being active in various segments using various drivers and different yield requirements enables changes in demand to be offset to a certain extent. By working proactively with value-enhancing measures in the property portfolio and making investments that increase its net operating income, Rikshem can achieve a positive trend in the value of the property portfolio, even when the yield requirement remains constant.</p>	<p>To guarantee and develop the value of its property portfolio, Rikshem works continually to develop its property management operations, improve its operating economy and maintain its properties on an ongoing basis. Rikshem can limit the risks of changed yield requirements to some extent by, for example, working with a geographical concentration on districts with favorable growth and healthy liquidity in the transaction market.</p>
 <p><b>Amended legislation and regulations</b></p>	<p>The property sector is capital-intensive and even minor amendments to legislation regarding, for example, tax or changes to property legislation, could have a significant impact on the conditions in the sector and the company's earnings.</p>	<p>Residential properties and properties for public use are of major importance to the community and its citizens. A policy and regulatory changes that promote the conditions for these operations are beneficial for Rikshem and society at large.</p>	<p>These risks are primarily managed by carefully monitoring changes in practice and the development of new regulations, both using internal expertise and in consultation with external experts. Rikshem actively exerts an influence – for example, through sector organizations – on issues that are of interest to the company.</p>

Risk	Description of risk	Opportunities	Risk management
<b>Operational risks</b>			
	<p>Rikshem's revenue consists of rental income for leased residential properties and premises. If vacancies in the holdings increase, rental income will decrease. The risk of lost rental income increases if tenants lose their income or experience a decline in their payment capacity. Revenue is impacted if the company's tenants neglect to pay their rent. Vacancies and unpaid rental income could also negatively impact the value of the properties. Another risk is that the result of the annual rent negotiations for residential properties may not follow the general cost trend.</p>	<p>The rental value increases when properties undergo renovations that change their utility value. Rikshem takes a proactive approach to neighborhood development with the aim of enhancing the attractiveness of its residential areas and thereby contributing to people choosing to continue living in the same area when their housing needs change.</p>	<p>The company's revenue risk has essentially been managed. There is high demand for residential properties in many of Rikshem's submarkets. An assessment of the tenant's financial conditions is carried out in connection with signing a rental agreement. Reduced payment capacity on the part of individual tenants is balanced by the large number of rental agreements. For properties for public use, long-term rental agreements are signed with stable, long-term tenants. In rent negotiations, Rikshem cooperates with the Fastighetsägarna sector organization where appropriate.</p>
	<p>The company's costs for managing the property portfolio are partly dependent on the general cost trend, primarily for electricity and heat. Another portion of the company's overall costs comprises personnel expenses, which are impacted by Rikshem's approach to its organization. At one time or another, the company may be affected by unplanned yet necessary maintenance expenses, such as for fire or water damage, for which the cost may be less than the deductible. Costs that increase over the long term can negatively impact the value of the properties.</p>	<p>Continuous work on such areas as operation optimization could lead to lower or consistent expenses. As a result of neighborhood development activities designed to enhance attractiveness, costs for outdoor maintenance and damage could be reduced.</p>	<p>Rikshem works continuously with energy enhancement in order to achieve cost and sustainability improvements, and has long-term maintenance plans to ensure efficient operation. The company continuously evaluates its organization. For more information, refer to the "Property management" risk area. The company purchases insurance for damage caused, for example, by fire or water.</p>
	<p>The company conducts new construction as well as various forms of refurbishment and renovation projects. Incorrect choices of contractors and other cooperative partners could have major consequences in the form of cost increases, quality shortcomings and delays. Unforeseen events can also delay projects or make them more expensive. Contract projects may be associated with environmental and health and safety risks.</p>	<p>Through continuous project follow-up and control, potential efficiency measures and cost savings can be identified and implemented in projects in progress.</p>	<p>The company works with project operations according to templates prepared for subcontracting agreements and project management. The suppliers and contractors engaged by Rikshem must comply with Rikshem's Supplier Code of Conduct. Health and safety risks can be reduced through active planning and preventive measures.</p>
	<p>The core of the company's operations is management of the property portfolio. For Rikshem as an owner, it is important that the properties' value is maintained or increased through its management and that the risks to life and property are minimized by assuming responsibility as a property owner. Shortcomings in terms of compliance with external or internal rules may occur if there is a lack of competence or if rules are unclear.</p>	<p>Through professional and customer-oriented property management, Rikshem can increase customer satisfaction and deliver healthy returns.</p>	<p>The company has an established property management model, with specified levels of care and maintenance. The management organization works in accordance with property-specific maintenance plans and is continuously trained in property owner responsibility. Rikshem continuously evaluates its organization, weighing expenses against the demands of long-term, sustainable property management.</p>
	<p>Rikshem is dependent on professional and competent employees with relevant experience. Increased employee turnover entails a risk for a knowledge-intensive company. If the company is perceived as having deficient values or a lack of management and control, recruitment could become difficult.</p>	<p>By endeavoring to make constant improvements, adopt a professional approach and work in values-driven manner in all areas of the company, Rikshem can attract and retain the right personnel.</p>	<p>Rikshem endeavors to be a values-driven company that attracts the best labor. The company's values and management system form natural elements in the competence development of its personnel. The company's working methods, guidelines and procedures are developed continuously.</p>

Risk	Description of risk	Opportunities	Risk management
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**Financial risks**



**Investments**

Rikshem invests on a continual basis, for example, in the form of acquisitions, renovations and adaptations for tenants. If these investments do not correspond to the yield requirement, there is a risk that the value of the properties will decrease.

By balancing various types of investments, the company can achieve a favorable return, while the properties are maintained in good condition.

To promote continued growth in value, investments need to match or exceed the yield requirement set, which varies for different types of investments. Certain investments may need to be made without a yield requirement. Such investments are reviewed separately. Acquisitions are made only in selected locations.



**Financing**

Rikshem is financed with a mix of equity and borrowed capital. Borrowed capital consists primarily of bonds, commercial papers and bank loans. These give rise to liquidity, refinancing and interest-rate risks. Liquidity and refinancing risk is defined as the risk that funding cannot be raised or can only be obtained at significantly higher costs, and that payment obligations cannot be met due to insufficient liquidity. Interest-rate risk is the risk that increased market interest rates could lead to higher interest expenses. This could have adverse consequences on the company's operations, financial position and earnings.

By working with different types of financing sources as well as interest-rate and exchange-rate hedging instruments, the company can ensure healthy liquidity, while at the same time working actively to minimize its financing costs.

Financing activities are regulated in the company's financial policy. Liquidity risks are minimized through measures such as preparing updated cash flow forecasts and having access to backup facilities with significant unutilized scope. Refinancing risk is primarily restricted through a long debt duration with a distribution of loan maturities. In addition, a continuous dialogue is conducted with existing creditors in order to ensure that any changes are identified as early as possible. Refinancing risk has also been limited through backup facilities from banks and owners. Interest-rate risks are limited through continuous access to several different sources of financing, and thereby the possibility of selecting the most advantageous source of financing. The risk of increased interest expenses as a result of changes to market interest rates is primarily limited through interest-rate derivatives, such as interest-rate swaps. Exchange-rate risks are managed using foreign exchange derivatives.

**Brand risks**



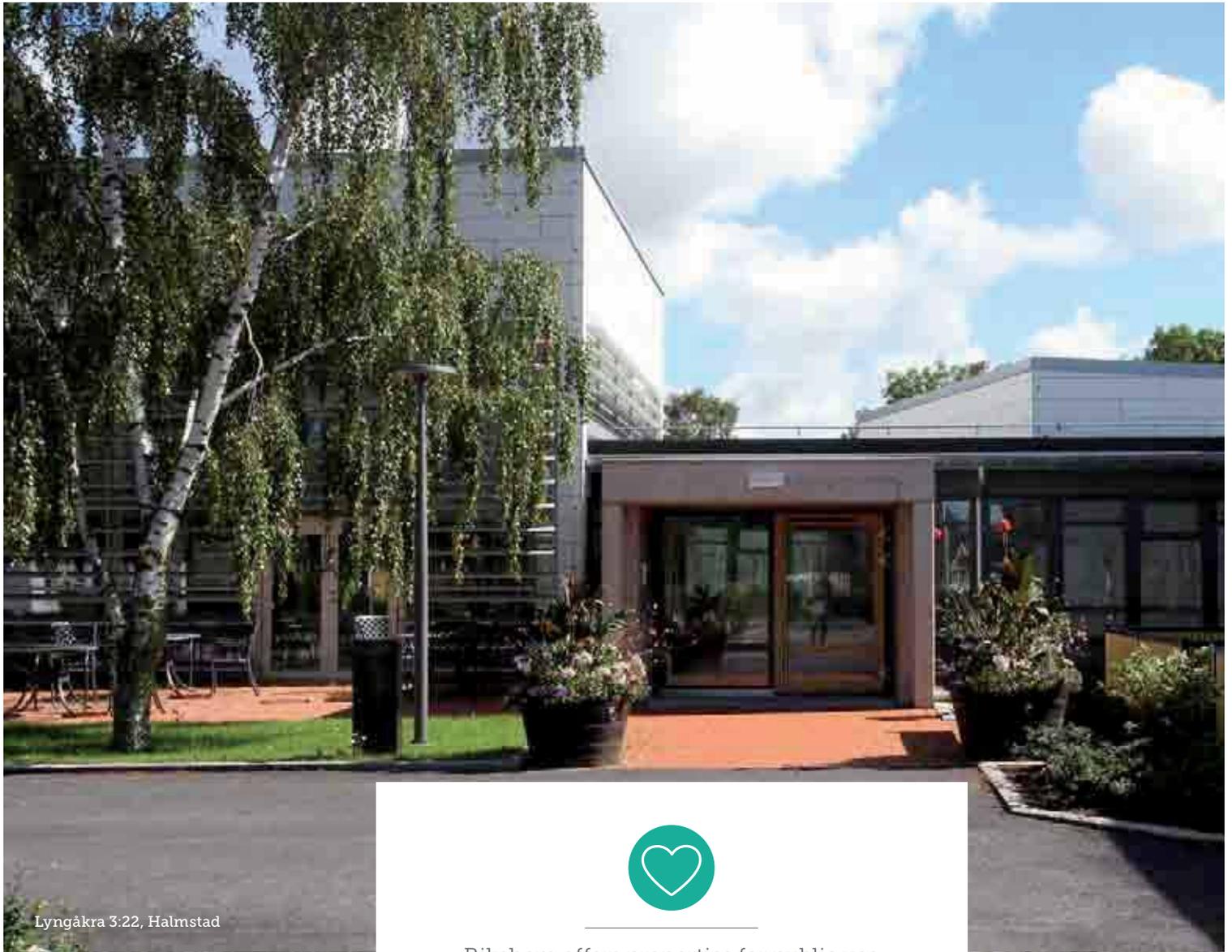
**Reputation**

The way in which Rikshem conducts its operations could have a long-term impact on the company's reputation. If the work is performed in accordance with applicable requirements, internal rules and the expectations of the business environment, the company's reputation will be maintained or strengthened. However, if errors are made due to a lack of competence or lack of knowledge regarding applicable rules, the company's reputation could be negatively affected.

Rikshem's brand is strengthened by continuously pursuing its values and further developing its way of working.

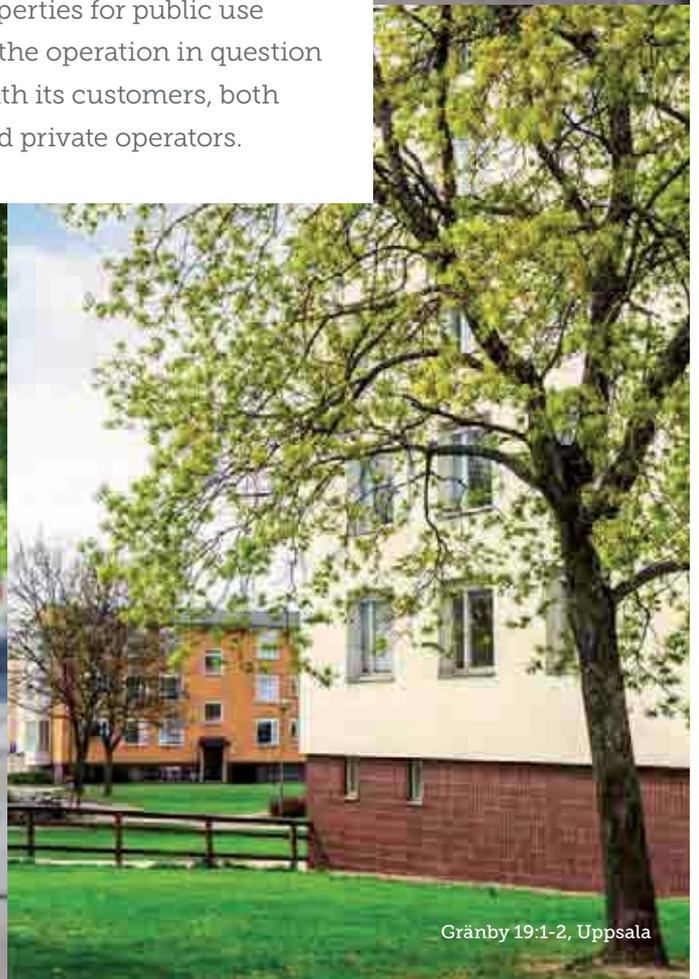
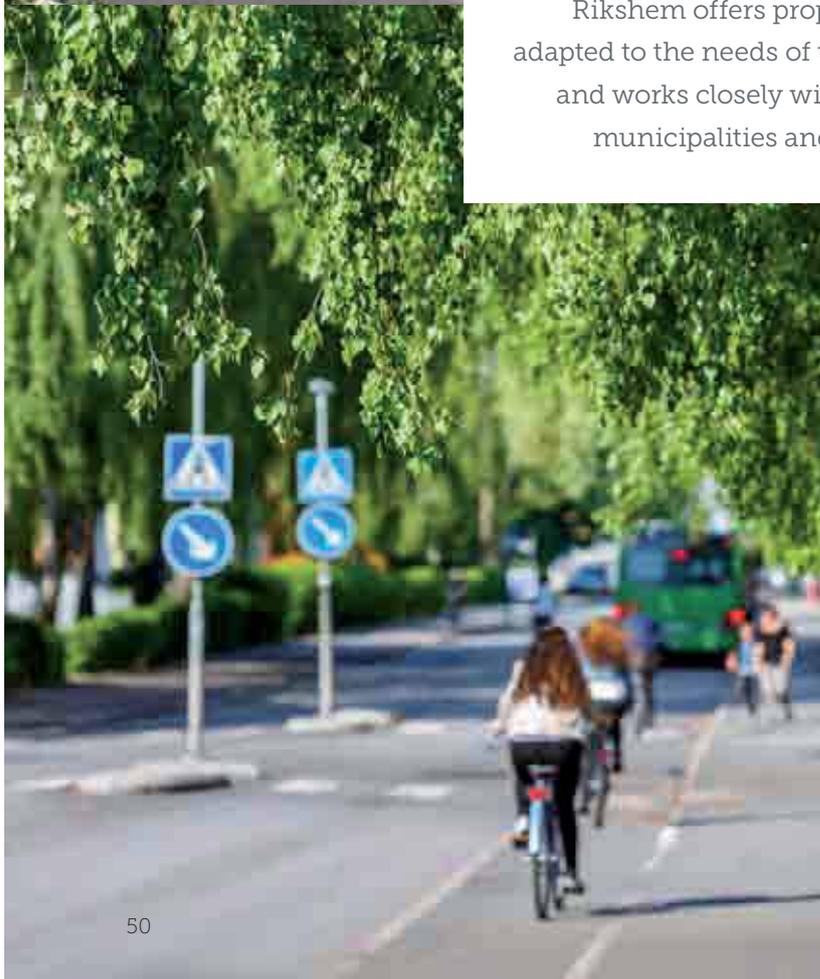
Rikshem endeavors to follow established rules and the expectations of the business community. The company has adopted reporting procedures and a comprehensive set of control documents that are continuously communicated to all employees. The documents are updated regularly. Rikshem also has a management system – Riksvägen – which comprises procedural descriptions for the various parts of the organization. The company has a whistleblowing function that can be used to report serious improprieties.

Risk	Description of risk	Risk management
<b>Sustainability risks</b>		
<b>Emissions into the air</b> 	Emissions of carbon dioxide – for example, from energy use, heating and business travel – into the air have a negative impact on the climate.	Rikshem's target is to reduce its emissions by 1 kg/m <sup>2</sup> per year. The company's electricity trading strategy and energy guidelines stipulate that environmentally friendly sources of energy are to be used to a greater extent. The majority of Rikshem's new properties are constructed of wood, an organic material that releases less carbon dioxide than other building materials during the construction phase and stores carbon dioxide throughout its life cycle.
<b>Use of chemicals</b> 	The use and discharge of chemicals along the entire value chain can damage the environment and human health.	Rikshem's sustainability policy stipulates that Rikshem is to work in accordance with applicable environmental legislation – including the precautionary principle – as well as with other laws, regulations and requirements. The long-term goal is that all materials in new construction and conversion projects are to be assessed by BVB. Processes for the way in which the assessment is to be conducted will be developed during 2019. The majority of Rikshem's new properties are constructed of wood, which is an organic material. The ecocycle principle and life cycle principle are applied.
<b>Residential areas contribute to increased alienation</b> 	The risk that certain residential areas where Rikshem has properties could become segregated and that economically stronger households could move. This could lead to the area becoming less attractive and cause residents to experience a sense of alienation that could have several negative consequences.	Rikshem is working to increase the attractiveness of its rental apartments in socially disadvantaged areas and to increase the competitiveness of the residential area through collaboration with municipalities, offering a mix of sizes and forms of tenure, and guaranteeing a straightforward, non-discriminatory housing queue. As part of its efforts to make it easier for tenants to become part of the community, Rikshem is involved in several projects together with municipalities and non-profit organizations in order to create employment and development opportunities.
<b>Alienation in residential area can increase the risk of feeling unsafe</b> 	Increased segregation in Rikshem's residential areas could result in a higher risk of tenants feeling unsafe and, as a result, cause them to choose to relocate, which entails an economic risk for Rikshem.	Safety issues are measured in Rikshem's annual customer survey. Security and safety are key issues in the planning phase of new construction and redevelopment projects. The risks are also managed using the BoTryggt2030 (national safety concept), safety analyses and cooperation with local tenant associations.
<b>Work-related injuries and accidents</b> 	Employees are exposed to a risk of workplace accidents, which can be serious.	A health and safety policy, a Health and Safety Committee, procedures for Rikshem's systematic health and safety work, health and safety inspections, physical activity subsidies and employee surveys.
<b>Discrimination or other abusive treatment of employees</b> 	Employees risk being exposed to discriminatory or abusive treatment.	Rikshem's diversity and equal opportunity policy was developed in cooperation with trade union representatives and is based on national legislation against discrimination. Monitoring occurs through the annual employee survey. This risk is also managed using Rikshem's equal opportunity plan, whistleblowing function and online training.
<b>Violations of human rights</b> 	The risk of individuals being exposed to abuse in connection with the operations of suppliers and subcontractors. Risk of a damaged reputation for Rikshem.	All Rikshem suppliers must approve Rikshem's Supplier Code of Conduct. The Code contains formulations to convey Rikshem's requirements for labor law terms and decent working conditions to third-party suppliers.
<b>Cases of bribery and/or corruption</b> 	The risk of individuals being exposed to undue influence and the risk of a negative impact on society.	Rikshem has a Code of Conduct that applies for its employees and business partners. The Code serves as a guide in matters of business ethics. Employees and business partners have the possibility to anonymously report violations of the Code of Conduct by using Rikshem's whistleblowing function.



Rikshem offers properties for public use adapted to the needs of the operation in question and works closely with its customers, both municipalities and private operators.

Lyngåkra 3:22, Halmstad



# Board of Directors



**Bo Magnusson**  
(1962)

*Chairman of the Board  
Chairman of the remuneration committee  
Member of the audit committee*

**Elected to the Board of Directors in:** 2016

**Other assignments:** Chairman of SBAB Bank AB (publ), AB Sveriges Säkerställda Obligationer (The Swedish Covered Bond Corporation), Carnegie Holding AB, Carnegie Investmentbank AB and Rikshem Intressenter AB, and Board member of KBC Bank N.V.

**Education:** Advanced bank training (SEB)

**Previous experience:** Positions including Deputy CEO of SEB and Chairman of Norrporten



**Lena Boberg**  
(1970)

*Board member  
Member of the investment committee*

**Elected to the Board of Directors in:** 2016

**Other assignments:** CEO of ICA Fastigheter Holding AB, Chairman of Secore Fastigheter AB and Board member of Ancore Fastigheter AB

**Education:** Master of Science in Business and Economics

**Previous experience:** Positions including Board member of Corem Property Group AB



**Pernilla Arnrud Melin**  
(1975)

*Board member  
Member of the audit committee*

**Elected to the Board of Directors in:** 2018

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

**Education:** Master of Science in Civil Engineering

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



**Liselotte Hjorth**  
(1957)

*Board member  
Chairman of the audit committee  
Member of the investment committee*

**Elected to the Board of Directors in:** 2016

**Other assignments:** Chairman of White Intressenter AB and Eastnine AB (publ), and Board member of Kungsleden Aktiebolag (publ), Hoist Finance AB (publ), Ativo Finans AB, Fastighetsbolaget Emilshus AB and BNP Paribas Real Estate Investment Management Germany

**Education:** Bachelor of Science in Economics

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



**Per-Gunnar Persson**  
(1965)

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

**Elected to the Board of Directors in:** 2016

**Other assignments:** CEO of Platzer Fastigheter Holding AB (publ), Chairman of Svensk Tennis Gothenburg, Board member of Provibus Invest AB and deputy Board member of Chalmers Studentbostäder

**Education:** Master of Science in Civil Engineering

**Previous experience:** Board member of Norrporten AB



**Per Uhlén**  
(1948)

*Board member  
Member of the remuneration committee*

**Elected to the Board of Directors in:** 2017

**Other assignments:** CEO of Aktinova Företagsutveckling AB

**Education:** Master of Science in Civil Engineering and Master of Science in Business and Economics

**Previous experience:** Positions including CEO of Diligentia, Deputy CEO of Skanska Sverige and Board member of companies including Vasakronan AB and Bonnier Fastigheter AB

# Management



**Sophia Mattsson-Linnala**  
(1966)  
CEO

**Employed since:** 2016

**Member of management team since:** 2016

**Other assignments:** –

**Education:** Master of Science in Business and Economics

**Previous experience:** Huga Fastigheter, Botkyrkabyggen, Sollentunahem, SABO and Svenska bostäder



**Christofer Bernebring**  
(1984)  
Head of Region, Southern Sweden

**Employed since:** 2012

**Member of management team since:** 2017

**Other assignments:** Board member of Fastighetsägarna Helsingborg

**Education:** Bachelor of Arts in Property Management

**Previous experience:** Uppsalahem



**Carl Conradi**  
(1968)  
General Counsel

**Employed since:** 2010

**Member of management team since:** 2016

**Other assignments:** –

**Education:** Master of Laws

**Previous experience:** Vasakronan, solicitor's office, district court service



**Fredrik Edlund**  
(1975)  
Head of Region, Mälardalen

**Employed since:** 2015

**Member of management team since:** 2017

**Other assignments:** –

**Education:** Master of Science in Civil Engineering

**Previous experience:** Hyresbostäder i Norrköping, Grontmij/Carl Bro and Sweco



**Anna-Karin Eriksson**  
(1963)  
Head of Region, Northern Sweden

**Employed since:** 2016

**Member of management team since:** 2017

**Other assignments:** Board member of Fastighetsägarna Umeå

**Education:** Executive MBA, StyrelseAkademien Board member training, university degree in media and communications science

**Previous experience:** Övikshem, Bostaden i Umeå and SABO CEO Council



**Petter Jurdell**  
(1971)  
Head of Business and Sustainability Development

**Employed since:** 2017

**Member of management team since:** 2017

**Other assignments:** –

**Education:** The Royal Institute of Technology in Stockholm and SSE Executive Education at the Stockholm School of Economics

**Previous experience:** SABO, NCC



**Catharina Kandel**  
(1965)  
*Head of HR*

**Employed since:** 2017  
**Member of management team since:** 2017  
**Other assignments:** –  
**Education:** Bachelor of Science in Behavioral Sciences  
**Previous experience:** Skandia, SBAB Bank



**Anders Lilja**  
(1967)  
*CFO*

**Employed since:** 2018  
**Member of management team since:** 2018  
**Other assignments:** Board member of Implenla Sverige AB  
**Education:** Master of Science in Civil Engineering, MBA  
**Previous experience:** Skanska



**Jennie Wolmestad**  
(1979)  
*Head of Communication*

**Employed since:** 2015  
**Member of management team since:** 2015  
**Other assignments:** –  
**Education:** Bachelor of Science in Media and Communications Science  
**Previous experience:** Com Hem, Vasakronan, communications bureaus

# On the Sustainability Report

Rikshem's Sustainability Report, which is integrated into the company's Annual Report, summarizes the company's sustainability agenda for the financial year 2018. The Sustainability Report includes the statutory sustainability report and reporting according to the GRI.

The Sustainability Report was prepared in accordance with the GRI Standards: Core option and includes all operations within Rikshem.

The impact via the customer chain, from transportation and energy use in the supplier and contractor chain, is not reported since correct information in these areas is not available.

## Materiality analysis

To identify and establish material sustainability topics, Rikshem has identified what positive or negative impacts the company's operations have on the environment and society. The materiality analysis was conducted in 2017 in accordance with the Global Reporting Initiative (GRI) guidelines and was based on Rikshem's actual effect on the environment, people, and society. As part of the materiality analysis, a stakeholder dialogue was conducted where Rikshem's most important stakeholders – owners, financiers, government authorities, municipalities, decision-makers, employees, tenants, contractors and suppliers – were interviewed. These stakeholder groups are, in different ways, part of Rikshem's operations and can both affect and be affected by them. The material sustainability topics were established by Rikshem's management group.

## Rikshem's eight material sustainability topics

- 1.**  
Promote sustainable urban development/living environments, including integration in residential areas and tenants' safety, security and health
- 2.**  
Requirements on and monitoring of suppliers
- 3.**  
Choice of materials
- 4.**  
Energy use
- 5.**  
Make it easier for Rikshem's customers to live and work sustainably
- 6.**  
Occupational health and safety
- 7.**  
Diversity and equal opportunities at work
- 8.**  
Active work against corruption

### Expanded sustainability team

During the year, the company's sustainability agenda and management were expanded through the recruitment of several individuals to Rikshem's sustainability department, including two social planners and a head of sustainability. These new recruitments enable a clearer allocation of responsibility and better management of the operation's sustainability agenda.

### Integrated into Riksvägen

In 2018, Rikshem's employees continued to work with the Riksvägen quality management system. This system aims to ensure a uniform and efficient working method as well as to facilitate monitoring and continual improvements. This joint working method has been developed through the sharing of experience. Governing documents, procedures and templates form a common framework for operations. There is an ongoing effort to integrate Rikshem's most material sustainability topics into this infrastructure.

# Index of the statutory sustainability report

## Index on the contents of the statutory sustainability report

	Page
Rikshem's business model	7
Risks and risk management	49

## Policies, due diligence, outcome and key performance indicators

Environmental matters	11, 13, 26–28, 36–37
Respect for human rights	13–15, 23, 30–31
Employee matters	40–41
Anti-corruption and bribery matters	14–15
Social matters (sustainable urban development)	13, 30–34, 36–39

*This is a translation from the Swedish original.*

## Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Rikshem AB (publ),  
corporate identity number 556709-9667

### Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the financial year 2018 that is defined above and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A statutory sustainability statement has been prepared.

Stockholm 28 March 2019 Ernst & Young AB

Mikael Ikonen  
Authorized Public Accountant

# GRI content index

This report is the second report presented by Rikshem in accordance with GRI. The report was prepared in accordance with the GRI Standards: Core option. Material sustainability topics have been grouped together according to the levels of the Rikshuset concept, which can be found on page 9.

GRI Standards	Indicator	Page	Comments/omissions
<b>General disclosures</b>			
<b>Organizational profile</b>			
<b>GRI 102:</b>			
General disclosures	102-1: Name of the organization	1	
	102-2: Activities, brands, products and services	2, 3, 7	
	102-3 Location of headquarters	GRI content index	Stockholm, Sweden.
	102-4: Location of operations	GRI content index	Active in Sweden.
	102-5: Ownership and legal form	6	
	102-6: Markets served	2	
	102-7: Scale of the organization	1, 3, 41	
	102-8: Information on employees and other workers	40, 41, GRI content index	Active in Sweden.
	102-9: Supply chain	14, 15	
	102-10: Significant changes to the organization and its supply chain	17, 18, 21	
	102-11: Precautionary Principle or approach	26	
	102-12: External initiatives	8, 13	
	102-13: Membership of associations	GRI content index	Fastighetsägarna, Sweden Green Building Council, Byggarbetsnämningen.
<b>Strategy</b>			
	102-14: Statement from senior decision-maker	5	
<b>Ethics and integrity</b>			
	102-16 Values, principles, standards, and norms of behavior	14, 15	
<b>Governance</b>			
	102-18 Governance structure	14, 51	
<b>Stakeholder engagement</b>			
	102-40: List of stakeholder groups	54	
	102-41: Collective bargaining agreements	GRI content index	All employees excluding CEO.
	102-42: Identifying and selecting stakeholders	54	
	102-43: Approach to stakeholder engagement	37, 41, 54	
	102-44: Key topics and concerns raised	37, 41, 54	
<b>Reporting practice</b>			
	102-45: Entities included in the consolidated financial statements	54	
	102-46: Defining report content and topic Boundaries	54	
	102-47: List of material topics	54	
	102-48: Restatements of information	GRI content index	No revisions.

GRI Standards	Indicator	Page	Comments/omissions
	102-49: Changes in reporting	GRI content index	No revisions.
	102-50: Reporting period	GRI content index	Reporting pertains to the 2018 calendar year.
	102-51: Date of most recent report	GRI content index	March 29, 2018.
	102-52: Reporting cycle	GRI content index	Annually.
	102-53: Contact point for questions regarding the report	GRI content index	Malin Bosaeus, malin.bosaeus@rikshem.se.
	102-54: Claims of reporting in accordance with the GRI Standards		This report was prepared in accordance with the GRI Standards: Core option.
	102-55: GRI content index	GRI content index	
	102-56: External assurance	GRI content index	GRI report not externally assured.

## Material sustainability areas

### The strong company

#### Occupational health and safety

<b>GRI 103:</b> Management approach	103-1: Explanation of the material topic and its Boundary	40, 41	
	103-2: The management approach and its components	40, 41	
	103-3: Evaluation of the management approach	40, 41	
<b>GRI 403:</b> Occupational health and safety	403-1: Workers representation in formal joint management-worker health and safety committees	41, GRI content index	Covers Rikshem's own employees.

#### Diversity and equal opportunity

<b>GRI 103:</b> Management approach	103-1: Explanation of the material topic and its Boundary	40	
	103-2: The management approach and its components	40, 41	
	103-3: Evaluation of the management approach	40, 41	
<b>GRI 405:</b> Diversity and equal opportunity	405-1: Diversity of governance bodies and employees	41	

#### Requirements for suppliers

<b>GRI 103:</b> Management approach	103-1: Explanation of the material topic and its Boundary	14, 15	
	103-2: The management approach and its components	14, 15	
	103-3: Evaluation of the management approach	14, 15	
<b>GRI 308:</b> Supplier environmental assessment	308-1: New suppliers that were screened using environmental criteria	15	The reported information pertains to the portion of Rikshem's 271 largest suppliers (current and new) that have accepted Rikshem's updated Supplier Code of Conduct.
<b>GRI 414:</b> Supplier social assessment	414-1: New suppliers that were screened using social criteria	15	The reported information pertains to the portion of Rikshem's 271 largest suppliers (current and new) that have accepted Rikshem's updated Supplier Code of Conduct.

#### Active work against corruption

<b>GRI 103:</b> Management approach	103-1: Explanation of the material topic and its Boundary	14	
	103-2: The management approach and its components	14	
	103-3: Evaluation of the management approach	14	
<b>GRI 205:</b> Anti-corruption	205-3: Confirmed incidents of corruption and actions taken	GRI content index	No confirmed incidents.

GRI Standards	Indicator	Page	Comments/omissions
<b>The satisfied customer</b>			
<b>Making it easier for customers to live and work sustainably</b>			
<b>GRI 103:</b> Management approach	103-1: Explanation of the material topic and its Boundary	24	
	103-2: The management approach and its components	24, 26, 27, 28, 30	
	103-3: Evaluation of the management approach	30	
Company-specific topics	A number of newsletters for tenants that included information to make it easier to live and work sustainably.	GRI content index	Rikshem is of the opinion that the GRI standard performance indicators do not properly reflect Rikshem's sustainability issues; Rikshem has therefore chosen to report under company-specific topics. There were four newsletters.

**The sustainable property**

<b>Sustainable choice of materials</b>			
<b>GRI 103:</b> Management approach	103-1: Explanation of the material topic and its Boundary	36, 37	
	103-2: The management approach and its components	36, 37	
	103-3: Evaluation of the management approach	37	
Company-specific topics	Proportion of materials in projects assessed by Byggarubedömningen (BVB).	GRI content index	Rikshem is of the opinion that the GRI standard performance indicators do not properly reflect Rikshem's sustainability issues; Rikshem has therefore chosen to report under company-specific topics. Work with processes and procedures for how Byggarubedömningen is to be used has been delayed and will continue in 2019.

**Energy use**

<b>GRI 103:</b> Management approach	103-1: Explanation of the material topic and its Boundary	26, 27, 28	
	103-2: The management approach and its components	10, 11, 26, 27, 28	
	103-3: Evaluation of the management approach	26, 27, 28	
<b>GRI 302:</b> Energy	302-3 Energy intensity	27, 28	
	302-4 Reduction of energy consumption	27, 28	

**The safe neighborhood**

<b>Sustainable urban planning (security)</b>			
<b>GRI 103:</b> Management approach	103-1: Explanation of the material topic and its Boundary	30	
	103-2: The management approach and its components	10, 11, 30, 31	
	103-3: Evaluation of the management approach	30	
Company-specific topics	Customer satisfaction index (CSI): Tenants' perceived safety and security	11, 25	Rikshem is of the opinion that the GRI standard performance indicators do not properly reflect Rikshem's sustainability issues; Rikshem has therefore chosen to report under company-specific topics.



Niten 1, Norrköping

Properties that undergo RM&U renovation generally reduce their energy consumption by 25 to 40 percent.



# Report of the Directors

The Board of Directors and CEO of Rikshem AB (publ), corporate registration number 556709–9667, hereby submit the annual report for the 2018 financial year. The registered office of the Board of Directors is located in Stockholm.

Rikshem AB (publ) is the Parent Company in the Rikshem Group, hereinafter referred to as Rikshem. The company manages all of the companies in the Group. The shares of Rikshem AB (publ) are held by Rikshem Intressenter AB, registration number 556806–2466, which is jointly owned by the Fourth Swedish National Pension Fund and pension company AMF Pensionsförsäkring AB, each of which owns 50 percent.

## Operations – business concept, vision and mission

Rikshem is one of Sweden’s largest private property companies. The company’s business concept is to be a long-term and sustainable owner, and to develop and manage its residential properties and properties for public use. This is achieved by combining professionalism with community involvement. Rikshem’s vision is to make a difference in the development of the good community.

### Long-term, sustainable ownership

Rikshem was formed in 2010 and, through strong growth, favorable profitability, smart investments and acquisitions, has become one of Sweden’s largest private property companies specializing in residential properties and properties for public use. Rikshem’s owners, the Fourth Swedish National Pension Fund and AMF Pensionsförsäkring AB, are well-established, long-standing companies that act as guarantors to ensure that Rikshem’s operations prioritize professionalism and profitability. Rikshem is a long-term, sustainable and responsible property owner and promotes the development of the good community through professionalism and community involvement. The company is also an attractive and natural partner for municipalities. Rikshem owns properties across Sweden, from north to south.

## Property development that creates value

Through the creation of development rights, zoning plans, residential properties and properties for public use as well as RM&U projects in existing properties, Rikshem increases the value of its portfolio and reduces its operating expenses. An important aspect of this work involves sustainable urban development in partnership with municipalities and other players by developing residential properties with various forms of tenure in the same area in order to achieve greater variation and diversity. Another success factor is the company’s ability to create additional residential properties by rearranging existing surface areas.

## Responsible, in-house property management

A property management strategy based on long-term property management plans creates the conditions for efficient operation. Rikshem has its own property management organization. Proximity to customers enables high-quality management and having regional managers in the management group allows for efficient decision-making. Corporate social responsibility activities, such as measures designed to create a feeling of safety and environmental initiatives, improve the company and community in the long term and contribute to the vision of making a difference in the development of the good community.

Rikshem’s mission is to develop safe, secure and sustainable neighborhoods for those who live and work in our areas.

## Property portfolio

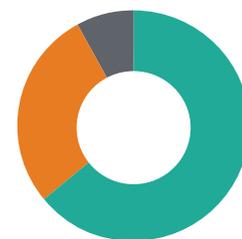
Rikshem owns properties in Greater Stockholm, Uppsala, Helsingborg, Norrköping, Västerås, Östersund, Umeå, Kalmar, Luleå, Halmstad, Malmö, Linköping, Jönköping, Nyköping and Ale.

The property portfolio can generally be divided into residential properties and

properties for public use. Properties for public use are defined as properties for primarily nursing homes and schools, where the operations are primarily funded by the public sector. An important prerequisite for future new construction by Rikshem is being able to create development rights through the development of zoning plans. In addition to new construction, the company also engages in property development including extensions and upgrades of existing properties. Property management also entails identifying development opportunities in the portfolio aimed at creating sustainable living environments and a range of suitable premises for good neighborhood services.

At year-end, Rikshem’s property portfolio consisted of 555 properties (586) with a fair value of MSEK 45,687 (41,039). The property value is broken down into MSEK 31,990 in residential properties, MSEK 10,279 in nursing homes, MSEK 2,652 in schools and MSEK 766 in commercial premises. The property portfolio includes development rights of MSEK 795. Properties corresponding to 47 percent of the fair value are located along the Stockholm–Uppsala axis. The property portfolio comprises 28,840 apartments (27,924) and 2,274,000 square meters (2,219,000) of lettable area.

## Breakdown of rental income



## Sustainability

Rikshem's operations are to be financially, environmentally and socially sustainable over the long term since sustainability is a prerequisite for Rikshem's long-term profitability. Rikshem contributes to community development in the areas where it operates, while working to ensure a minimal impact on the environment.

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

### Sustainability report

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Rikshem has chosen to prepare its statutory sustainability report separately from the annual report.

The sustainability report was submitted to the auditor at the same time as the annual report. A sustainability index is available on page 55 with page references to each sustainability disclosure in accordance with Chapter 6, Section 12 of the Annual Accounts Act.

### Significant risks and uncertainties

Rikshem's task on behalf of its owners is to deliver a healthy, stable return. In the course of its operations, Rikshem is exposed to various types of risks. To achieve its goals in an optimal manner, Rikshem must address the opportunities and risks that impact its operations.

The various risks managed by the company can be divided into the following categories:

**Strategic risks** – risks of external or internal threats that could negatively affect the organization's ability to achieve its strategic goals or changes in the outside world that could potentially have a material impact on the company's operations and business objectives

**Operational risks** – risks associated with the company's day-to-day administration that could have a direct impact on income from management operations

**Brand risks** – risks associated with the

manner in which the company is operated that could have a long-term impact on its reputation

**Financial risks** – risks associated with financing, a lack of access to financing and inadequate compliance with regulations, laws and rules

**Sustainability risks** – risks that could result in the company's operations have a direct impact on the external world with respect to sustainability

The company's strategic, operational and financial risks are described in greater detail below. For further information regarding risks and risk management, refer to the table on page 46 of this document.

### Strategic risks

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

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

### Operational risks

The company's revenue consists of rent for leased residential properties and premises. Should the number of rented residential properties and leased premises decline, the company's revenue will decrease. Revenue could also decline if the payment capacity of the company's tenants is reduced and they therefore fail to pay their rent. Revenue risk is primarily managed through the large

number of rental agreements for residential properties. An assessment of the individual tenant's ability to pay is made in connection with signing a rental agreement. For properties for public use, long-term rental agreements are signed with stable, long-term tenants.

The company's costs for managing the property portfolio, and for operation and maintenance, are dependent on the general cost trend in Sweden. This applies particularly to electricity and heating costs. Rikshem works on an ongoing basis to enhance its energy efficiency not only to lower its costs but also because reducing energy consumption is important from a sustainability perspective. The company also works with long-term maintenance plans to ensure efficient operation.

### Financial risks

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

The refinancing and liquidity risks resulting from the maturity structure are managed by means of a back up facility and a subscription undertaking for commercial papers from the owners in a combined amount of SEK 10 billion and through back up facilities and unutilized overdraft facilities with various banks in a combined amount of SEK 3.2 billion (3.2). The company also manages its refinancing and liquidity risk by limiting its short-term net debt to a maximum of 35 percent of the total debt and by always having an average debt duration of more than two years.

For borrowings in foreign currency, Rikshem uses cross currency swaps whereby the exchange rate on interest payments and repayments is hedged.

Most of the financing carries floating interest based on STIBOR 3 months. Interest-rate derivatives are used to reduce the interest-rate risk resulting from the short interest-rate duration. The portfolio of interest-rate derivatives is extended on a continuous basis with durations of up to ten years in order to create a well-diversified interest-rate risk.

## Comments on the Group's performance

### Net operating income

The Group's rental income for the year increased MSEK 127 to MSEK 2,792 (2,665), of which MSEK 26 was attributable to changes in the property holding. Rental income for existing properties rose MSEK 101 or 3.9 percent (4.3). The rent increase for existing properties mainly derived from annual rent increases and the effects of investments that enable rents to be raised in the properties. At year-end, the vacancy rate for residential properties was 3.2 percent (2.7). Adjusted for apartments that have been vacated in preparation for renovation, the market vacancy rate was 0.5 percent (0.3). The average remaining lease term for properties for public use was 10.1 years (9.8).

Property expenses for the year increased MSEK 158 to MSEK 1,268 (1,110), of which changes in the property holding accounted for a decrease of MSEK 3. Expenses for existing properties rose MSEK 161 or 14.8 percent, mainly as a result of operating and maintenance expenses as well as increased costs for administration. The increase in operating and maintenance expenses was attributable to more active property management, but was also impacted by higher municipal tariffs and increased costs in connection with the harsh winter weather. The administration organization was strengthened according to plan during the year, which resulted in a cost in-

crease of MSEK 26. Altogether, total net operating income declined slightly year-on-year and amounted to MSEK 1,524 (1,555). Net operating income for existing properties declined 3.9 percent compared with the preceding year.

The surplus ratio for the total property holding was 55 percent (58).

### Central administration

The year's costs for central administration amounted to MSEK 65 (62). The cost increase was mainly due to a strategic strengthening of the organization.

### Net financial items

Net financial items for the year totaled MSEK -458 (-433). Net financial items mainly comprise the company's external interest expenses, which rose MSEK 25 compared with 2017. The increase in external interest expenses was due to an increase in interest-bearing liabilities during the period and an extension of the debt duration. At year-end, the average interest rate was 1.7 percent (2.0).

### Earnings from joint ventures

Earnings from joint ventures amounted to MSEK 7 (90) for the 2018 financial year. The year-on-year change was attributable to a change in value. In 2017, a change in value of MSEK 107 was reported, compared with a change in value of MSEK 2 for the current year.

### Income from management operations

Compared with the preceding year, income from management operations declined by MSEK 142 to MSEK 1,008 (1,150). This decline in income was mainly due to weaker net financial items and lower earnings from joint ventures.

### Change in value of investment properties

The change in value of investment properties was MSEK 2,107 (1,647), corresponding to a yield of 4.9 percent (4.3). Approx-

mately half of the change in value is attributable to the fact that the average yield requirement was lowered by 0.11 of a percentage point to 4.20 percent during the year. The remainder is attributable to increases in assessed net operating income. The value of residential properties increased by MSEK 1,462, or 4.8 percent, and the value of properties for public use by MSEK 645, or 5.1 percent.

### Change in value of financial derivative instruments

The company's financial derivative instruments are interest-rate swaps that extend interest-rate duration and combined currency and interest-rate swaps, which were entered into to eliminate all foreign-exchange risk for interest payments and repayments of loans raised in EUR and NOK. A restructuring of the interest-rate swap portfolio was carried out during the fourth quarter in order to extend the interest-rate duration, which resulted in a change in value of the company's interest-rate derivatives. The change in value of financial derivative instruments amounted to MSEK -102 (36). The foreign exchange effects on financial liabilities in EUR and NOK amounted to MSEK -91 (115).

### Profit for the year and tax

Profit for the year rose MSEK 59 year-on-year to MSEK 2,489 (2,430). Profit for the year was charged with a tax expense of MSEK 433 (518). The tax expense was largely attributable to the company's deferred tax liability, which was impacted by the Swedish Parliament's (Riksdag) decision to gradually lower the corporation tax rate from 22 percent to 21.4 percent as of January 1, 2019, followed by an additional reduction to 20.6 percent as of January 1, 2021. According to Rikshem's assessment, the company's deferred tax liability will, in all material respects, be realized after 2020 and the deferred tax liability has thus been restated based on a tax rate of 20.6 percent. This resulted in a positive earnings effect of MSEK 149.

## Financial position

### Investment properties

The fair value of investment properties increased to MSEK 45,687 (41,039) during the year, corresponding to SEK 20,090 (18,494) per square meter. The increase in value resulted from investments in existing properties and value increases. The change in value was MSEK 2,107 (1,647), corresponding to an average increase in fair value of 4.9 percent (4.3). The change in value reflects the change in the properties' cash flows and yield requirements.

During the year, properties were acquired for MSEK 1,786 (1,603). The acquisitions, which were carried out in Ale, Helsingborg, Kalmar, Malmö, Sigtuna and Västerås, added ten residential properties and one property for public use to the property portfolio, corresponding to 741 apartments and 48,431 square meters of lettable area. The acquisitions also included one property in development.

Properties were sold for a total of MSEK 328 (1,675). Most of these sales pertained to 13 minor properties for public use in Greater Stockholm. The selling price for the properties sold was in line with previous valuations. All of the properties sold were properties that Rikshem did not intend to retain in the long term as the company streamlines its portfolio and clarifies its focus on owning, managing and developing residential properties and properties for public use in selected growth areas.

Investments in existing properties during the year amounted to MSEK 1,083 (1,586), of which MSEK 660 (943) pertained to re-development and renovation of residential properties, MSEK 179 (426) to new construction of residential properties and MSEK 244 (217) to investments in properties for public use.

Rikshem had no (56) condominiums under construction as of the closing date.

### Participations in joint ventures

Rikshem owns participations in joint ventures with a total value of MSEK 1,353 (1,356). The largest holding of MSEK 915 pertains to 49 percent of VärmdöBostäder

AB. The remaining part of VärmdöBostäder AB is owned by Värmdö Municipality. The second largest holding of MSEK 368 pertains to Farsta Stadsutveckling AB, where Rikshem and Ikano Bostad each hold 50 percent. Farsta Stadsutveckling AB owns the Burmanstorp 1 property in Farsta. This is where the development of the new city area Telestaden is under way, which will comprise approximately 3,000 residential properties and premises for offices and neighborhood services. Other participations in joint ventures totaling MSEK 70 pertain to development projects owned and operated together with Veidekke Bostad, P&E Fastighetspartner and Glommen & Lindberg.

The holdings of these joint ventures on the closing date included 80 (80) condominiums under construction, of which 41 were sold. Rikshem's interests in these holdings amounted to 50 percent.

### Interest-bearing liabilities

At year-end, interest-bearing liabilities amounted to MSEK 26,550 (24,290). Of these interest-bearing liabilities, MSEK 4,535 (4,944) pertained to bank loans, MSEK 2,060 (3,715) to borrowings through commercial papers and MSEK 19,898 (15,363) to bonds. In addition, the company had MSEK 57 (268) in current interest-bearing liabilities to related parties. The fair value of the interest-bearing liabilities essentially matches the carrying amount. At year-end, the average interest rate was 1.7 percent (2.0). The average interest-rate duration decreased to 5.1 years at year-end, compared with 5.3 years at the beginning of the year. The average debt duration increased from 3.0 years to 4.1 years during the year.

All bank loans are secured by collateral in properties. In total, secured financing accounted for 10 percent (12) of the fair value of investment properties. Rikshem has a commercial paper program that represents an opportunity to issue commercial paper with maturities of up to 12 months subject to a limit of SEK 10 billion. Rikshem also has a Medium Term

Note (MTN) program listed on Nasdaq Stockholm and an EMTN program listed on the Irish Stock Exchange for the issuance of bonds. The MTN program has a limit of SEK 20 billion and the EMTN program a limit of EUR 2 billion. Neither the commercial paper nor the bonds are secured. Rikshem has a total of ten bonds outstanding in NOK and four bonds in EUR, with a combined volume of SEK 8.7 billion. Other bonds are denominated in SEK.

Cash and cash equivalents totaled MSEK 1,015 (386) at year-end. The loan-to-value ratio declined to 58 percent (59).

At the end of the financial year, the interest-rate derivatives had a nominal value of MSEK 17,800 (17,800), with the company paying a fixed interest 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 153 (32), while the fair value of financial derivative instruments with a negative fair value amounted to MSEK -311 (-542). At year-end, the total fair value of financial derivative instruments was MSEK -158 (-510).

The interest-coverage ratio for external funding during the year was 3.2 (3.5).

Rikshem has a credit rating of A- with a stable outlook from S&P Global.

### Equity

The Group's equity increased to MSEK 18,199 (15,710) as a result of comprehensive income totaling MSEK 2,489. Profit for the year in combination with the lower acquisition rate led to an increase in the equity/assets ratio to 37 percent (36).

### Parent Company

The operations of the Parent Company Rikshem AB (publ) comprise Group-wide functions as well as the organization for managing properties owned by the subsidiaries. No properties are owned directly by the Parent Company. Revenue for the year amounted to MSEK 205 (177) and profit after financial items to MSEK 278 (210). The Parent Company's equity amounted to MSEK 6,983 (6,735) at year-end.

## Organization and employees

As of December 31, 2018, the number of employees in Rikshem totaled 241 (206). In order to strengthen the organization in line with the ongoing change process under way in the company, the number of employees increased during the year. For further information regarding employees, refer to pages 40–41 of this document.

## Other significant events during the financial year

The composition of the Board of Directors of Rikshem AB (publ) was changed at the annual general meeting, when Pernilla Annrud Melin was elected as a Board member and replaced Ebba Hammarström.

## Events after the closing date

In January, Rikshem's owners extended their backup agreements with the company. AMF Pensionsförsäkring AB and the Fourth Swedish National Pension Fund have previously provided the company with backup facilities in the form of a loan facility and a subscription undertaking for commercial papers, amounting to SEK 10 billion. These agreements have been extended until February 2025.

In February 2019, Rikshem sold the development property Fålhagen 3:1, also known as Sivia Torg, in central Uppsala.

The property currently comprises 112 apartments and commercial premises.

The buyer, Alma Property Partners, will take possession of the property on May 2, 2019.

## Outlook

In 2019, the company expects to see continued favorable demand for rental apartments and a stable market for properties for public use. For the first time in several years, residential property construction slowed in 2018. However, the need for residential properties has not decreased. The population of Sweden is steadily growing and, along with a need for new residential properties to cope with the country's population growth, Sweden also has a latent need for residential properties in general. The residential property market is also being impacted by ongoing urbanization and low unemployment, which are resulting in high demand for residential properties in metropolitan areas. The new repayment requirements and an expected interest-rate increase are also impacting the residential property market as banks and households become more restrained, which in turn is making the option of living in a rental apartment more attractive.

Being able to continue building rental apartments requires increased focus on market knowledge in combination with cost-efficiency and an increase in industrial

residential property construction. The market is dependent on interest-rate trends, and while the general assessment is that interest rates will rise, there is considerable uncertainty as to the extent of this increase.

Demand for properties for public use is largely governed by demographic factors. As a result of urbanization and a growing and aging population, the need for expanded social services among municipalities and county councils is increasing. The rental market for properties for public use is stable, and shows no signs of significant upturns or downturns in rent levels or vacancies.

## Proposed allocation of profits

The following earnings in the Parent Company are at the disposal of the Annual General Meeting:

Share premium reserve, SEK	840,772,100
Retained earnings, SEK	5,651,572,171
Profit for the year, SEK	247,777,933
<b>Total, SEK</b>	<b>6,740,122,204</b>

The Board proposes that SEK 6,740,122,204 be retained in the company.

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

# Corporate governance report 2018

Rikshem AB (publ) (hereinafter referred to as Rikshem or the company) is a Swedish limited liability company. The Swedish Corporate Governance Code does not encompass Rikshem and Rikshem does not apply the code, or any other corporate governance code and thus follows the rules of corporate governance provided by law or other statutes. The company has bonds issued under its MTN program, which are listed on Nasdaq OMX Stockholm (Stockholm Stock Exchange), as well as bonds issued under its Euro Medium Term Note (EMTN) program, which are listed on Euronext Dublin (Irish Stock Exchange). Accordingly, the company follows the rules for issuers for each marketplace.

Rikshem's corporate governance report was prepared in accordance with the Annual Accounts Act for the 2018 financial year. The report is included as part of Rikshem's annual report for 2018.

## Shareholders

As of 31 December 2018, Rikshem's share capital amounted to SEK 99,727,900, distributed over 997,279 shares with one vote each. All of Rikshem's shares are owned by Rikshem Intressenter AB, corporate registration number 556806-2466. Rikshem Intressenter AB is owned by the Fourth Swedish National Pension Fund and AMF Pensionsförsäkring AB, each of which owns 50 percent.

## Articles of Association

In addition to legislation, the Articles of Association also constitute a key document in respect of the governance of the company. Rikshem's Articles of Association state the name of the company to be Rikshem AB (publ) and that the company is publicly traded and has its head office in Stockholm. The aim of the company's business operations is to directly or indirectly, through wholly or jointly owned companies or via purchased services, own, develop and manage real estate and pursue related activities, including the provision of property-related services. The

Board is to comprise at least three and no more than ten members with zero to ten alternates.

## General meetings of shareholders

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

Rikshem held its AGM on March 28, 2018 in Stockholm. All shares were jointly represented at the AGM by Arne Lööv, the Fourth Swedish National Pension Fund, and Fredrik Ronvall, AMF Pensionsförsäkring AB. All members of the Board of Directors, with the exception of Per Uhlén, and the company's auditor attended the meeting.

The AGM adopted the company's ownership directive. The ownership directive addresses such matters as the return target, risk management and capital structure, the rate of investment and dividend policy, ethics and sustainability, general corporate governance principles, the Board of Directors, auditors, coordination between the Board and the owners, and financial reporting.

The AGM also resolved to re-elect Lena Boberg, Liselotte Hjorth, Bo Magnusson, Per-Gunnar Persson and Per Uhlén. Pernilla Arnrud Melin was elected as a new ordinary Board member. Bo Magnusson was elected Chairman of the Board. Ebba Hammarström stepped down from the Board of Directors in connection with the AGM. The resolution on the appointment of Board members was preceded by work by a representative of AMF Pensionsförsäkring AB and a representative from the Fourth Swedish National Pension Fund who, as part of their work, considered the Board's long-term composition, diversity and structure.

The AGM also resolved that annual fees in an amount of SEK 520,000 would be paid to the Chairman of the Board and SEK 185,000 to other members, that the annual fee for work in established committees may not exceed SEK 290,000 to be distributed according to decisions by the Board, and that the total fee to the Board including committee fees may not exceed SEK 1,550,000 per year. The Board then decided that an annual fee of SEK 60,000 would be paid to the chairman of the audit committee and SEK 30,000 to each member of the audit committee, that an annual fee of SEK 60,000 would be paid to the chairman of the investment committee and SEK 30,000 to each member of the investment committee, and that an annual fee of SEK 20,000 would be paid to the chairman of the remuneration committee and SEK 10,000 to each member of the remuneration committee.

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

The AGM also resolved that the company is to have nomination committee for the 2019 AGM comprising one member appointed by AMF Pensionsförsäkring AB and one member appointed by the Fourth Swedish National Pension Fund. The nomination committee is to prepare proposals concerning Board members, the Chairman of the Board and Board fees, including the distribution between the Chairman and the other members of the Board, as well as fees for committee work.

## Board of Directors

The Board of Directors of Rikshem comprises six members elected by the AGM for the period until the end of the 2019 AGM. The Board members possess knowledge of properties as well as financial expertise. The company's CEO is not a member of the Board.

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

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

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

The Board held ten meetings in 2018. The Board's work during the year included customary processing of proposals concerning interim reports, the year-end report and annual report, adopting the budget and business plan, making decisions on financing matters, the purchase and sale of properties and investments in the existing portfolio, and amending or adopting central governing documents.

The ownership directive states that Rikshem is to endeavor to achieve diversity, with gender balance in all occupational groups constituting a key parameter. The company has adopted an equality and diversity policy. This policy encompasses everyone who works at the company, including employees, consultants and temporary employees, and thus also includes Board members acting on behalf of Rikshem. Work related to equality and diversity issues should result in individual development and a work environment characterized by mutual respect among employees, including Board members in the manner mentioned above. Diversity

has been taken into consideration in the nomination of Board members. The Board comprises three women and three men.

In accordance with the ownership directive and the Board's rules of procedure state, the Board is to carry out an annual evaluation of its own work. The Board evaluated its work during the year under the supervision of the Chairman, who conducted individual discussions with the various Board members.

### Board committees

The ownership directive states that a committee is to be established to address issues related to risk management, internal control and financial reporting. Beyond this, the Board itself assesses the need for any additional committees. The Board has established an audit committee, a remuneration committee and an investment committee from within its ranks. The Board has adopted rules of procedure for each committee.

The audit committee initially comprised committee chairman Liselotte Hjorth, Bo Magnusson and Ebba Hammarström. In conjunction with the 2018 AGM, Ebba Hammarström was replaced on the committee by Pernilla Arnrud Melin. The committee held seven meetings in 2018.

The investment committee comprises committee chairman Per-Gunnar Persson, Lena Boberg and Liselotte Hjorth. The committee held eight meetings in 2018.

The remuneration committee comprises committee chairman Bo Magnusson, Per-Gunnar Persson and Per Uhlén. The committee held three meetings in 2018.

### CEO and management group

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

The CEO has established a management group, which reports directly to the CEO. The management group holds regular meetings to address Group-wide and strategic issues. Rikshem's management comprised: Sophia Mattsson-Linnala (CEO), Anders Lilja (CFO), Carl Conradi (General Counsel), Jennie Wolmestad (Head of Communication), Petter Jurdell (Head of Business and Sustainability Development), Catharina Kandel (Head of HR) and the regional managers Fredrik Edlund, Anna-Karin Eriksson and Christofer Bernebring.

### Auditor

At the AGM on March 28, 2018, Ernst & Young AB was elected as auditor for the period until the end of the next AGM. In conjunction with the 2018 AGM, Authorized Public Accountant Mikael Ikonen replaced Magnus Fredmer as auditor in charge. The auditor reviews the company's annual report, consolidated financial statements and accounting records as well as of the administration of the Board of Directors and the CEO, and submits an auditor's report. The audit is conducted in accordance with the Swedish Companies Act, international auditing standards and generally accepted auditing standards in Sweden. The auditor expresses an opinion based on the Swedish Corporate Governance Code and, as of the 2017 annual report, the auditor also expresses an opinion on the company's sustainability report. The auditor in charge attended two Board meetings and four audit committee meetings in 2018.

### Internal control of financial reporting

Under the Swedish Companies Act, the Board is responsible for internal control. Internal control is based on documented policies, guidelines, instructions, the allocation of responsibilities and duties such as the Board's rules of procedure, committee rules of procedure, the CEO's instructions, decision-making and authorization

procedures, the financial policy and other documents, all of which seek to ensure a clear allocation of responsibilities for the effective management of the operation's risks and high-quality financial reporting. Compliance with the company's governing documents is followed up and evaluated continuously. During the year, an overall follow-up of the company's ethical guidelines in the Code of Conduct and other governing documents was carried out. A review of the governing documents is carried out annually. Rikshem has identified essential business processes designed, among other purposes, to identify and reduce risks or to mitigate the consequences of the company's risks. Risks and opportunities are also identified and managed in the business planning and budget processes for each department and the company as a whole. Furthermore, an assessment is made of the financial risks on the basis of the statement of income and

balance sheet, where items are evaluated based on risk and materiality. In financial reporting, control activities are based on risk assessments and are integrated into the company's processes, which are evaluated on an ongoing basis. The process in which estimates and assumptions have a major impact on the carrying amounts of assets and liabilities is the process for the valuation of investment properties. Accordingly, special attention is paid to ensuring that financial reporting in this regard does not contain material errors. To quality-assure the internal valuations and internal valuation process, all properties are valued at year-end by external authorized property appraisers with recognized, relevant qualifications. A minimum of two independent valuation institutions are engaged to establish the fair value of the properties. However, individual properties are only valued by one valuation institution. At mid-year, the assumptions regarding cost of

capital and yield requirement for investment properties are checked with external appraisers. This process takes place in accordance with the company's policy for the valuation of investment properties.

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

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

Rikshem does not have a dedicated internal audit function. The company's internal control is continuously improved with respect to implementation and is considered suitable for the company's purposes.

## Consolidated statement of comprehensive income

Amounts in MSEK	Note	2018	2017
<b>Rental income</b>	5	<b>2,792</b>	<b>2,665</b>
Operating expenses		-740	-702
Maintenance		-306	-216
Administration		-182	-156
Property tax		-40	-36
<b>Total property expenses</b>		<b>-1,268</b>	<b>-1,110</b>
<b>Net operating income</b>	6	<b>1,524</b>	<b>1,555</b>
Central administration	7, 8, 9	-65	-62
Earnings from joint ventures		7	90
Interest income	10	9	8
Interest expenses	11	-467	-441
<b>Income from management operations</b>		<b>1,008</b>	<b>1,150</b>
Change in value of investment properties	14	2,107	1,647
Change in value of interest-rate derivatives	12	-145	160
Change in value of foreign exchange derivatives	12	43	-124
Foreign exchange effects on financial liabilities		-91	115
<b>Profit before tax</b>		<b>2,922</b>	<b>2,948</b>
Tax	13	-433	-518
<b>Profit for the year</b>		<b>2,489</b>	<b>2,430</b>
<b>Other comprehensive income not for reclassification</b>			
Revaluation of pensions	26	0	-1
Tax, pensions		0	0
<b>Other comprehensive income for the year, net after tax</b>		<b>0</b>	<b>-1</b>
<b>Total comprehensive income for the year</b>		<b>2,489</b>	<b>2,429</b>

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

## Consolidated statement of financial position

Amounts in MSEK	Note	Dec 31, 2018	Dec 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	14	45,687	41,039
Equipment	15	5	6
Participations in joint ventures	17	1,353	1,356
Financial derivative instruments	18	153	32
Non-current receivables	19	276	227
<b>Total non-current assets</b>		<b>47,474</b>	<b>42,660</b>
<b>CURRENT ASSETS</b>			
<b>Current receivables</b>			
Accounts receivable	21	18	16
Receivables from the Parent Company		0	–
Other receivables	22	130	322
Prepaid expenses and accrued income	23	97	117
<b>Total current receivables</b>		<b>245</b>	<b>455</b>
<b>Cash and cash equivalents</b>		<b>1,015</b>	<b>386</b>
<b>Total current assets</b>		<b>1,260</b>	<b>841</b>
<b>TOTAL ASSETS</b>		<b>48,734</b>	<b>43,501</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		100	100
Other contributed capital		4,874	4,874
Retained earnings		13,225	10,736
<b>Total equity</b>		<b>18,199</b>	<b>15,710</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	24	2,797	2,365
Interest-bearing liabilities	25	21,467	16,525
Financial derivative instruments	18	311	542
Provision for pensions	26	3	3
<b>Total non-current liabilities</b>		<b>24,578</b>	<b>19,435</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	25	5,083	7,583
Liabilities to Parent Company	25	–	182
Trade accounts payable		73	58
Tax liabilities		26	48
Other current liabilities		278	40
Accrued expenses and deferred income	27	497	445
<b>Total current liabilities</b>		<b>5,957</b>	<b>8,356</b>
<b>Total liabilities</b>		<b>30,535</b>	<b>27,791</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48,734</b>	<b>43,501</b>

## Consolidated statement of changes in equity

Amounts in MSEK	Share capital	Other contributed capital	Retained earnings including profit for the year	Total equity
<b>Opening balance, Jan 1, 2017</b>	<b>100</b>	<b>4,874</b>	<b>8,307</b>	<b>13,281</b>
Profit for the year			2,430	2,430
Other comprehensive income			-1	-1
<b>Total comprehensive income</b>			<b>2,429</b>	<b>2,429</b>
<b>Closing balance, Dec 31, 2017</b>	<b>100</b>	<b>4,874</b>	<b>10,736</b>	<b>15,710</b>
<b>Opening balance, Jan 1, 2018</b>	<b>100</b>	<b>4,874</b>	<b>10,736</b>	<b>15,710</b>
Profit for the year			2,489	2,489
Other comprehensive income			0	0
<b>Total comprehensive income</b>			<b>2,489</b>	<b>2,489</b>
Group contributions received			0	0
<b>Closing balance, Dec 31, 2018</b>	<b>100</b>	<b>4,874</b>	<b>13,225</b>	<b>18,199</b>

### Classification of equity

#### Share capital

The item share capital includes the registered share capital for the Parent Company. As of December 31, 2018, the number of shares amounted to 997,279 (997,279). The quotient value is SEK 100 per share.

#### Other contributed capital

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

#### Retained earnings

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

## Consolidated statement of cash flows

Amounts in MSEK	Note	2018	2017
<b>Operating activities</b>			
Income from management operations		1,008	1,150
Adjustment for items not included in cash flow	29	-4	-87
Reversal of net interest income		458	433
Interest paid		-508	-433
Interest received		10	8
Tax paid		-23	-8
<b>Cash flow from operating activities before changes in working capital</b>		<b>941</b>	<b>1,063</b>
Decrease (+)/increase (-) in operating receivables <sup>1)</sup>		-13	142
Decrease (-)/increase (+) in operating liabilities <sup>1)</sup>		109	-72
<b>Cash flow from operating activities</b>		<b>1,037</b>	<b>1,133</b>
<b>Investing activities</b>			
Investment in investment properties		-1,083	-1,586
Acquisition of investment properties		-1,759	-1,603
Divestment of investment properties		328	1,675
Investment in other equipment		-1	-1
Investment in financial assets		-93	-293
Dividend from financial assets		10	-
Divestment of financial assets		204	79
<b>Cash flow from investing activities</b>		<b>-2,394</b>	<b>-1,729</b>
<b>Financing activities</b>			
	30		
Loans raised		8,094	13,142
Repayment of loans		-5,908	-12,381
Change in collateral <sup>1)</sup>		255	-99
Redemption of financial instruments		-455	-
<b>Cash flow from financing activities</b>		<b>1,986</b>	<b>662</b>
<b>Cash flow for the year</b>		<b>629</b>	<b>66</b>
Cash and cash equivalents at the beginning of the year		386	320
<b>Cash and cash equivalents at the end of the year</b>		<b>1,015</b>	<b>386</b>

1) From the third quarter of 2018, cash and cash equivalents pledged as collateral for foreign exchange derivatives are reclassified according to the Credit Support Annex (CSA) from "Change in working capital" to "financing activities." Comparative figures have been restated.

## Parent Company statement of income

Amounts in MSEK	Note	2018	2017
<b>Operating income</b>	4	<b>205</b>	<b>177</b>
Other operating expenses	4, 7, 9	-106	-96
Personnel expenses	8	-171	-144
Depreciation		-2	-3
<b>Operating loss</b>		<b>-74</b>	<b>-66</b>
Earnings from subsidiaries		489	74
Interest income	10	537	514
Interest expenses	11	-482	-462
Change in value of interest-rate derivatives <sup>1)</sup>	12	-145	159
Change in value of foreign exchange derivatives <sup>1)</sup>	12	43	-124
Foreign exchange effects on financial liabilities		-90	115
<b>Profit after financial items</b>		<b>278</b>	<b>210</b>
Appropriations		24	-24
Tax <sup>1)</sup>	13	-54	-44
<b>Profit for the year <sup>2)</sup></b>		<b>248</b>	<b>142</b>

1) In conjunction with the transition to IFRS 9 Financial Instruments, Rikshem began recognizing all financial derivative instruments at fair value. Comparative figures for 2017 have been restated, which had a net impact of MSEK 45 on interest-rate derivatives and foreign exchange derivatives and MSEK -10 on the deferred tax liability. Refer also to Note 2.2. on page 78.

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

## Parent Company balance sheet

Amounts in MSEK	Note	Dec 31, 2018	Dec 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment	15	4	6
Participations in subsidiaries	16	1,967	1,967
Receivables from Group companies	20	29,418	27,964
Financial derivative instruments <sup>1)</sup>	18	153	32
Non-current receivables	19	58	54
<b>Total non-current assets</b>		<b>31,600</b>	<b>30,023</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable		0	–
Other receivables		20	232
Prepaid expenses and accrued income	23	41	43
<b>Total current receivables</b>		<b>61</b>	<b>275</b>
<b>Cash and cash equivalents</b>		<b>1,015</b>	<b>386</b>
<b>Total current assets</b>		<b>1,076</b>	<b>661</b>
<b>TOTAL ASSETS</b>		<b>32,676</b>	<b>30,684</b>

1) In conjunction with the transition to IFRS 9 Financial Instruments, Rikshem began recognizing all financial derivative instruments at fair value. Comparative figures for 2017 have been restated, which increased total assets by MSEK 510, net, in financial derivative instruments. The deferred tax liability and equity declined by MSEK 112 and MSEK 398, respectively. Refer also to Note 2.2. on page 78.

## Parent Company balance sheet, cont.

Amounts in MSEK		Dec 31, 2018	Dec 31, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		100	100
Revaluation reserve		143	143
		<b>243</b>	<b>243</b>
<b>Non-restricted equity</b>			
Retained earnings <sup>1)</sup>		5,651	5,509
Share premium reserve		841	841
Profit for the year <sup>1)</sup>		248	142
		<b>6,740</b>	<b>6,492</b>
Total equity		<b>6,983</b>	<b>6,735</b>
<b>Untaxed reserves</b>			
			<b>24</b>
<b>Provisions</b>			
Deferred tax liability <sup>1)</sup>	24	178	124
Total provisions		<b>178</b>	<b>124</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	25	19,207	14,264
Financial derivative instruments <sup>1)</sup>	18	311	542
Total non-current liabilities		<b>19,518</b>	<b>14,806</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	25	5,026	7,089
Trade accounts payable		7	6
Liabilities to Group companies	20	623	1,763
Tax liability		5	16
Other liabilities		241	13
Accrued expenses and deferred income	27	95	108
Total current liabilities		<b>5,997</b>	<b>8,995</b>
Total liabilities		<b>25,693</b>	<b>23,949</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,676</b>	<b>30,684</b>

1) In conjunction with the transition to IFRS 9 Financial Instruments, Rikshem began recognizing all financial derivative instruments at fair value. Comparative figures for 2017 have been restated, which increased total assets by MSEK 510, net, in financial derivative instruments. The deferred tax liability and equity declined by MSEK 112 and MSEK 398, respectively. Refer also to Note 2.2. on page 78.

## Parent Company statement of changes in equity

Amounts in MSEK	Share capital	Revaluation reserve	Share premium reserve	Retained earnings including profit for the year	Total equity
<b>Opening balance, Jan 1, 2017</b>	<b>100</b>	<b>143</b>	<b>841</b>	<b>5,942</b>	<b>7,026</b>
Effect of changed accounting policy					
– Recognition of financial derivative instruments according to IFRS 9				–433	–433
Profit for the year <sup>1)</sup>				142	142
<b>Closing balance, Dec 31, 2017</b>	<b>100</b>	<b>143</b>	<b>841</b>	<b>5,651</b>	<b>6,735</b>
<b>Opening balance, Jan 1, 2018</b>	<b>100</b>	<b>143</b>	<b>841</b>	<b>5,651</b>	<b>6,735</b>
Profit for the year				248	248
Group contributions received				0	0
<b>Closing balance, Dec 31, 2018</b>	<b>100</b>	<b>143</b>	<b>841</b>	<b>5,899</b>	<b>6,983</b>

1) Profit for the year for 2017 has been restated according to IFRS 9, which had a positive impact of MSEK 35 on earnings.

## Parent Company statement of cash flows

Amounts in MSEK	Note	2018	2017
<b>Operating activities</b>			
Operating loss		-74	-66
Adjustment for items not included in cash flow	29	3	3
Interest paid		-519	-452
Interest received		537	514
Tax paid		-1	0
<b>Cash flow from operating activities before changes in working capital</b>		<b>-54</b>	<b>-1</b>
Increase (+)/decrease (-) in operating receivables <sup>1)</sup>		163	41
Increase (+)/decrease (-) in operating liabilities <sup>1)</sup>		7	-146
<b>Cash flow from operating activities</b>		<b>116</b>	<b>-106</b>
<b>Investing activities</b>			
Shareholders' contributions paid		-	-77
Investment in equipment		-1	-1
Investment in receivables from Group companies		-2,594	-1,551
Investment in non-current receivables		0	-108
Divestment of non-current receivables		12	65
<b>Cash flow from investing activities</b>		<b>-2,583</b>	<b>-1,672</b>
<b>Financing activities</b>			
	30		
Loans raised		8,094	11,600
Repayment of loans		-5,288	-9,731
Change in collateral <sup>1)</sup>		255	-99
Redemption of financial instruments		-455	-
Earnings from partnerships and limited partnerships		62	74
Group contributions received		428	-
<b>Cash flow from financing activities</b>		<b>3,096</b>	<b>1,844</b>
<b>Cash flow for the year</b>		<b>629</b>	<b>66</b>
Cash and cash equivalents at the beginning of the year		386	320
<b>Cash and cash equivalents at the end of the year</b>		<b>1,015</b>	<b>386</b>

1) From the third quarter of 2018, cash and cash equivalents pledged as collateral for foreign exchange derivatives are reclassified according to the Credit Support Annex (CSA) from "Change in working capital" to "financing activities." Comparative figures have been restated.

# Notes with accounting policies and notes to the financial statements

## Note 1

### Company information

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

The annual report and consolidated financial statements pertain to Rikshem AB (publ) and were approved by the Board of Directors on March 28, 2019. The annual report and consolidated financial statements were submitted to the Annual General Meeting on the same day for approval.

## Note 2.1

### Basic accounting policies

#### Applicable regulations

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

#### Reporting currency

The Group's reporting currency is the Swedish krona (SEK), which is the functional currency of the Parent Company. Unless otherwise specified, all amounts are reported in SEK million (MSEK).

#### Bases for preparation of the financial statements

The consolidated financial statements were prepared on the principle of a going concern. Assets and liabilities are measured at historical cost with the exception of financial derivative instruments and investment properties, which are measured at fair value, and deferred tax, which is measured at nominal value.

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

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

The preparation of financial statements in accordance with IFRS requires that several estimates be made by management. Areas involving a high degree of assessment or complexity, or areas where assumptions and estimates are of material significance for the consolidated financial statements, are presented in Note 2.4. These assessments and assumptions are based on historical experience and other factors considered reasonable in the prevailing circumstances. Actual outcomes may differ from the assessments made.

## Note 2.2

### Changes in accounting policies

Significant accounting policies are summarized in Note 2.3 below. The accounting policies applied include new and revised standards issued by the IASB and interpretations of existing standards that entered into force and are mandatory for application in the EU as of January 1, 2018.

#### New standards, amendments and interpretations of existing standards applied for the first time in the 2018 financial year

IFRS 15 Revenue from Contracts with Customers took effect on January 1, 2018. The standard replaces earlier IFRS related to revenue recognition, such as IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 is based on revenue recognition when control of the goods or services is transferred to the customer, which differs from the earlier standard based on the transfer of risks and rewards.

Rikshem's revenue consists of rental income and revenue from the sale of properties. Rental income is recognized when Rikshem provides residential properties and properties for public use primarily through rental agreements under which, in addition to the right to use the leased residential property/premises, the agreed rent usually also includes heat, water/sewage and refuse collection. Normally, the individual tenant is not permitted to enter into agreements with suppliers other than those contracted by the landlord. Should, for example, the consumption of heat be higher than what has been calculated due to climate variations, the landlord – Rikshem – normally carries the risk and no additional payment from the tenant is required. In light of this, Rikshem is of the opinion that the entire rental payment should also be viewed as rent in accounting terms.

Revenue from the sale of property is recognized when the risks and rewards are transferred to the buyer, which was previously considered to coincide with date of surrendering possession. IFRS 15 is based on revenue recognition when control has passed to the buyer. In Rikshem's opinion, the adoption of IFRS 15 has not altered the timing of revenue recognition from property sales.

According to Rikshem's assessment, the company's revenue comprises rental income and is encompassed by IAS 17 Leasing, which means that IFRS 15 has not had any impact on Rikshem's income statement and balance sheet.

IFRS 9 Financial Instruments also took effect on 1 January 2018 and replaced IAS 39 Financial Instruments: Recognition and Measurement. The standard entails changes to the way financial assets are classified and measured. The recommendation also introduces a new model for loss allowances based on expected credit losses rather than incurred losses as well as changes in the policies for hedge accounting, which are intended to increase consistency with the company's internal risk management strategies. The new standard will result in additional provisions for expected credit losses and financial receivables, since Rikshem does not apply hedge accounting. However, the additional provisions have not had any material impact on Rikshem's income statement and balance sheet since losses on both accounts receivable and financial receivables have been historically low.

In all other respects, the accounting policies and measurement methods for the Group are the same as those applied in the 2017 Annual Report.

## Note 2.2

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### New standards, amendments and interpretations of existing standards not applied in advance by the Group

New standards and interpretations that come into force for financial years beginning after January 1, 2018 have not been applied in this report. The standards, amendments and interpretations that are expected to impact, or may impact, the financial statements are described below.

From January 1, 2019, IFRS 16 Leases will replace IAS 17 Leases and related interpretations. Under the new standard, a lessee is to recognize assets and liabilities attributable to all leases in the balance sheet, with the exception of leases with a term of less than 12 months and/or leases that pertain to a low value.

During the year, Rikshem initiated an analysis to determine the expected impact of the new standard on the reporting, and part of the analysis concentrated on identifying all of the Group's leases. Rikshem has identified site leaseholds, rent for premises, and company cars and service vehicles as material agreements in which Rikshem is the lessee. Rikshem has chosen to apply the exemption rules and recognize the remaining lease payments discounted by the company's incremental borrowing rate as of January 1, 2019 as a lease liability. Rikshem has chosen to apply the same principle for all lease assets and recognize assets at the value of the liability, which is why no deferred tax has arisen and there will be no impact on the Group's equity.

As of the closing date, the Group's non-cancellable operating leases amounted to MSEK 169; refer also to Note 9. Application of IFRS 16 entails that Rikshem's balance sheet as of January 1, 2019 will be impacted by assets and liabilities calculated at present value amounting to MSEK 109, of which the largest impact for the Group pertains to site leaseholds amounting to MSEK 97. Site leaseholds pertain to a right of use considered to be a perpetual right and are therefore capitalized on a perpetual basis, which explains the significant increase compared with earlier accounting policies.

Lease obligations that pertain to short-term leases, assets of a low value (USD 5,000) and variable lease costs amount to approximately MSEK 3 and will continue to be recognized on a straight-line basis as an expense over the lease term in accordance with the exemption rules.

Going forward, lease payments will be recognized in profit or loss under depreciation and interest expenses, which will result in higher net operating income and lower net financial items. Based on estimated lease costs for the 2019 financial year of approximately MSEK 11, this change in recognition is not expected to have a material impact on net operating income or income from management operations.

### Changes in Parent Company accounting policies

From January 1, 2018, the Parent Company will also apply IFRS 9 without exception, which means that all financial derivative instruments will be measured at fair value. The Parent Company previously applied the cost method in accordance with the Swedish Annual Accounts Act for the recognition of interest-rate derivatives and combined interest-rate and foreign exchange derivatives, pursuant to the exemption rule in the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities. This change in accounting policy entails that the comparative periods for the Parent Company have been restated, whereby the opening balance of equity as of January 1, 2017 decreased by MSEK 433. Profit for the year for 2017 increased by MSEK 35, which meant that equity as of December 31, 2017 decreased by MSEK 398; refer also to the table below.

## Note 2.3

### Summary of significant accounting policies

#### Consolidated accounts

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

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

When a subsidiary is acquired, an assessment is made as to whether the acquisition is to be recognized as a business combination or an asset acquisition. Note 2.4 describes the criteria that Rikshem applies when assessing an acquisition.

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

Change in Parent Company recognition	Share capital	Revaluation reserve	Share premium reserve	Retained earnings	Profit for the year	Total equity
Opening balance	100	143	841	5,942		7,026
Profit for the year					107	107
Effects of IFRS 9						
Financial derivative instruments, asset				39	-7	32
Deferred tax				-9	2	-7
Financial derivative instruments, liability				-595	52	-542
Deferred tax				131	-12	119
Closing balance	100	143	841	5,509	142	6,735

## Note 2.3

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### Joint ventures

Joint ventures refers to companies in which Rikshem, through collaboration agreements with one or more partners, has a joint controlling influence over the operations. Holdings in joint ventures are recognized using the equity method. The equity method entails that participations are recognized at cost on the acquisition date and are thereafter adjusted by the Group's share of the change in the net assets of the joint venture. The accounting policies of each joint venture are adjusted to correspond with the Group's accounting policies.

### Revenue

Revenue is recognized when it is probable that the economic benefits will accrue to the Group and when revenue can be determined in a reliable manner. Revenue is recognized net of VAT with deductions for any discounts. In all material respects, the Group's revenue comprises rental income.

### Rental income

Rental agreements are classified in their entirety as operating leases. Rental income, including surcharges, is announced in advance. Rental income from investment properties is recognized on a straight-line basis in profit or loss over the rental period. Only the portion of the rent accruing to the period is recognized as revenue. Rent paid in advance is recognized as deferred income.

### Revenue from property sales

Revenue from property sales is recognized when the risks and rewards are transferred from the seller to the buyer, which coincides with date of surrendering possession. Earnings from the sale of properties are recognized as a realized change in value.

### Financial income and expenses

Financial income and expenses are recognized in the period to which they pertain by applying the effective interest method.

### Leases – Rikshem as lessee

Leases where the lessor essentially retains all the risks and rewards of ownership are classified as operating leases. Lease payments are expensed on a straight-line basis in the statement of comprehensive income over the lease term. All leases where Rikshem is the lessee are classified as operating leases.

### Investment properties

Investment properties are held for the purpose of receiving rental income or an increase in value or a combination of the two. All properties owned by Rikshem constitute investment properties. Investment properties are recognized at cost on the acquisition date, including expenses directly attributable to the acquisition. After the acquisition date, investment properties are measured at fair value; see Note 14 for a description of the valuation model and assumptions underlying the valuation.

Both realized and unrealized changes in value are recognized in the statement of comprehensive income on the line "Change in value of investment properties." The unrealized change in value is calculated on the basis of the year-end valuation compared with the valuation at the beginning of the year, or at cost if the property was acquired during the period, taking into account the period's investments.

Additional expenditures are added to the carrying amount only if it is probable that the future economic benefits associated with the asset will accrue to the company. All other additional expenditures are recognized as an expense in the periods in which they arise. Repairs and maintenance activities are expensed at the time when the expenditure arises. In major projects, interest expenses are capitalized during production.

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

### Equipment

Equipment comprises physical assets that are used in the Group's operation and have an expected useful life in excess of one year. This primarily pertains to cars and office equipment. Equipment is recognized at cost less accumulated depreciation and any impairment. Depreciation is carried out on a straight-line basis over five years and commences when the asset is put into operation. Residual value is not taken into consideration since it is assessed as being negligible.

### Financial instruments

Financial instruments comprise every type of agreement that gives rise to a financial asset in one company and a financial liability in another company. Financial instruments that are recognized in the balance sheet on the assets side include cash and cash equivalents, accounts receivable, other receivables, financial derivative instruments, securities and financial receivables. Liabilities include trade accounts payable, loans, other liabilities, financial derivative instruments and financial liabilities. Recognition depends on the classification of the financial instruments.

### Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized in the balance sheet when the company becomes party to it in accordance with the instrument's contractual conditions. Accounts receivable are recognized in the balance sheet when an invoice has been sent and Rikshem has performed as agreed. A liability is recognized when the counterparty has performed and a contractual obligation for the company to pay exists, even if the invoice has not yet been received. Trade accounts payable are recognized when the invoice has been received. A financial asset and financial liability are offset and recognized in a net amount in the balance sheet only when a legal right exists to offset the amounts and there is an intention to settle the items in a net amount, or to simultaneously realize the asset and settle the liability. A financial asset is derecognized from the balance sheet when the rights in the contract are realized, have matured or the company loses control over them. The same applies to portions of a financial asset. A financial liability is derecognized from the balance sheet when the obligation in the contract is met or extinguished in another manner. The same applies to a portion of a financial liability. On each reporting occasion, the company evaluates whether objective evidence exists that a financial asset or group of financial assets requires impairment.

Gains and losses on derecognition from the balance sheet and modification are recognized in profit or loss.

## Note 2.3

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### Classification and measurement of financial instruments

**Financial assets**  
The classification of financial assets that are debt instruments is based on the Group's business model for the management of the asset and the asset's contractual cash flow characteristics. The instruments are classified at amortized cost, fair value through other comprehensive income or fair value through profit or loss. Financial assets classified at amortized cost are initially measured at fair value plus transaction costs. Accounts receivable and lease receivables are initially recognized at their invoiced value. After initial recognition, the assets are measured according to the effective interest method. Assets classified at amortized cost are held under the business model of collecting the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Assets are encompassed by a loss allowance for expected credit losses.

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

Fair value through profit or loss is all other debt instruments that are not measured at amortized cost or fair value through other comprehensive income. Financial instruments in this category are initially measured at fair value. Changes in fair value are recognized in profit or loss. The Group's debt instruments are classified at amortized cost.

The Group classifies equity instruments at fair value through profit or loss.

Financial derivative instruments are classified at fair value through profit or loss. The Group does not apply hedge accounting. Fair value is determined according to the description in Note 3.

### Financial liabilities

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

Financial derivative instruments are classified at fair value through profit or loss. The Group does not apply hedge accounting. Fair value is determined according to the description in Note 3.

### Impairment of financial assets

The Group's financial assets, with the exception of those classified at fair value through profit or loss, are included in impairment of expected credit losses. Impairment also includes rent receivables and contract assets measured at fair value through profit or loss. Impairment of credit losses under IFRS 9 is forward-looking and a loss allowance is made when there is exposure to credit risk, usually on initial recognition. Expected credit losses reflect the present value of all deficits in cash flows attributable to default either for the next 12 months or for the full lifetime of the financial instrument, depending on the class of asset and credit impairment since initial recognition. Expected credit losses reflect an unbiased and probability-weighted amount that considers a range of possible outcomes based on reasonable and supportable forecasts. The measurement of expected credit losses is based on different methods for different credit risk exposures. The method applied to rent receivables, accounts receivable and contract assets is based on a past credit loss rate combined with forward-looking factors. Other receivables and assets are impairment according to a rating-based method through external credit rating. Credit-impaired assets and receivables are assessed individually, taking into consideration

past, current and forward-looking information. The measurement of expected credit losses also considers any collateral and other credit enhancement in the form of guarantees.

The financial assets are recognized in the balance sheet at amortized cost, meeting at the net of gross amount and the loss allowance. Changes in the loss allowance are recognized in profit or loss.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and immediately available balances with banks and other institutes as well as short-term liquid investments with a maturity of less than three months from the acquisition date. Cash and cash equivalents are encompassed by the requirements concerning a loss allowance for expected credit losses.

### Borrowing costs

Borrowing costs comprise interest and other costs that occur when a company borrows money. Borrowing costs that are attributable to the financing of an asset that takes a significant amount of time to complete for its intended use or sale are capitalized as part of the asset's cost. Other borrowing costs are recognized as an expense in the period in which they arise.

### Provisions

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

### Contingent liabilities

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

### Employee benefits

The Group has both defined benefit pension plans and defined contribution pension plans. A defined contribution pension plan is one where the company pays fixed premiums to a separate legal entity. The Group has no legal or informal obligations to pay further contributions if the legal entity does not have sufficient assets to pay all employee benefits relating to employee service in the current or earlier periods. The Group's contributions to defined contribution pension plans are charged to profit for the year to which they are attributable.

A defined benefit pension plan specifies the amount of the pension benefit an employee will receive after retirement. The defined benefit plan is calculated using the Projected Unit Credit Method (PUCM) and is recognized in the balance sheet. In addition to taking into account the pensions and legal rights that are known on the

## Note 2.3

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closing date, assumptions are also made concerning anticipated increases in pensions and salaries and other significant factors. The calculation is based on actuarial calculation methods. Expenses regarding employee service in the current year and net interest expenses are included in income from management operations.

Remeasurements of defined benefit pension plans comprise actuarial gains and losses as well as actual returns on plan assets and are recognized under other comprehensive income in the period in which they arise. Estimated pension costs for previous periods of employee service are determined when a defined benefit pension plan is adjusted. These adjustments are recognized in income from management operations. The total net obligation, meaning the present value of the defined benefit obligation less the fair value of the plan assets in respect of all plans, is recognized in the consolidated balance sheet after adjustment for any previous expenses not yet allocated.

### Termination benefits

Termination benefits are paid when employment is terminated by the employer or when an employee accepts voluntary retirement in exchange for such benefits. The Group recognizes severance pay when an obligation arises.

### Tax

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

### Current income tax

Current income tax is calculated on the taxable profit for the period and is recognized in the statement of comprehensive income as income or an expense. Taxable profit refers to recognized profit adjusted for non-taxable revenue and non-deductible expenses. Tax assets and tax liabilities for the current and previous years are set at the amount expected to be recovered from or paid to the National Tax Board. The tax rates and tax laws used to calculate the amount are those in force or announced as of the closing date. For 2018 and 2017, the tax rate was 22 percent. Furthermore, management regularly evaluates any claims made in tax returns relating to situations where applicable tax rules are subject to interpretation. When deemed appropriate, provisions are made for the amount that will likely be paid to the National Tax Board.

### Deferred tax

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

Deferred tax assets are recognized for all deductible temporary differences, including loss carryforwards, insofar as it is probable that a taxable profit will be available against which the deductible temporary differences can be utilized.

The valuation of deferred tax assets is assessed on each closing date and adjusted to the extent that it is no longer probable that sufficient profit will be generated, so that all or part of the deferred tax asset can be utilized.

When acquiring a company, an assessment is made as to whether the acquisition refers to the acquisition of a business (business combination) or an asset (a property). A business combination is when the acquisition concerns the purchase of a company with properties, including the takeover of staff and processes. In respect of business combinations, deferred tax is recognized at a nominal amount based on temporary differences. When an acquisition pertains to an asset, no deferred tax is recognized upon acquisition.

Deferred tax assets and deferred tax liabilities are offset.

### Share capital

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

### Recognition of cash flow

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

### Events after the closing date

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

### Parent Company accounting policies

#### Rules and regulations applied

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

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

#### Financial instruments

Financial assets are recognized according to IFRS 9, including in the Parent Company, with no exceptions. However, all financial derivative instruments are measured at fair value in the Parent Company.

Accordingly, the Parent Company's policy for the recognition of financial instruments was changed as of January 1, 2018. This change in accounting policy entails that the comparative periods for the Parent Company have been restated, whereby the opening balance of equity as of January 1, 2017 decreased by MSEK 433. Profit for the year for 2017 increased by MSEK 35, which meant that equity as of December 31, 2017 decreased by MSEK 398. For more information, refer to Note 2.2 Changes in accounting policies.

#### Participations in Group companies

Shares in subsidiaries are recognized using the cost method. This means that transaction costs are included in the carrying amount of holdings in subsidiaries.

#### Group contributions and shareholders' contributions

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

Group contributions received from subsidiaries are recognized as earnings from subsidiaries in profit or loss. Group contributions paid to

**Note 2.3**

– continued

subsidiaries are recognized as an increase in participations in Group companies.

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

**Pensions**

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

**Note 2.4****Significant accounting assessments, estimates and assumptions**

When the Board of Directors and CEO prepare financial statements in accordance with applicable accounting policies, certain estimates and assumptions must be made that impact the carrying amounts of assets, liabilities, revenue and expenses. The areas where such estimates and assumptions are of significant importance for the Group, and which could impact comprehensive income and the financial position were they to change, are described below:

**Valuation of investment properties**

In the valuation of investment properties, assessments and assumptions may affect the Group's earnings and financial position. Valuation requires that assessments and assumptions be made regarding future cash flow and the determination of a discounting factor (yield requirement and cost of capital). In order to reflect the uncertainty inherent in assumptions and assessments made in a property valuation, a "valuation range" of +/- 5 percent is usually specified. Information about this and the assumptions and assessments made are presented in Note 14.

**Classification of acquisitions**

An assessment must be made as to whether an acquisition is a business combination or an asset acquisition. A business comprises resources and processes that can result in production. When acquiring a company, an assessment is made as to how the acquisition is to be recognized, partly based on the following criteria: the existence of employees, the company's assets and the complexity of internal processes. Moreover, the assessment also takes into consideration the number of operations and the existence of agreements with various degrees of complexity. High fulfillment of these criteria results in classification of the acquisition as a business combination and low fulfillment in classification as an asset acquisition. For all acquisitions made during the year, Rikshem's assessment has resulted in the transactions being classified as asset acquisitions.

When acquisitions of subsidiaries entail the acquisition of non-business combination assets, the cost of these assets and liabilities is allocated according to their relative fair values on the acquisition date. Had the assessment instead resulted in classification as a business combination, this would have meant that the initial recognized property value would have been higher as would deferred tax liabilities and probably also goodwill.

**Note 3****Financial instruments and risk management**

The Group's financial liabilities comprise bank and capital market loans, liabilities to related parties, interest-rate and foreign exchange derivatives, and certain operating liabilities, such as trade accounts payable. The Group's financial assets comprise cash and cash equivalents, interest-rate and foreign exchange derivatives, accounts receivable, accrued rental income, and current and non-current receivables.

**Risk management**

The financial risks that the financial assets and liabilities give rise to can be broken down into liquidity and refinancing risk, currency risk, credit risk and interest-rate risk. Liquidity and refinancing risk refers to the risk that financing may not be available when required or may only be available at a significantly higher expense than before and that it may not be possible to meet payment commitments as a result of insufficient liquidity. Currency risk refers to the risk that changes in exchange rates may have a negative impact on financial liabilities. Credit risk refers to the risk that a counterparty may not be able to fulfill its obligation and thus cause Rikshem a financial loss. Interest-rate risk refers to the risk that the future cash flows from a financial instrument may fluctuate due to changes in market interest rates, which in Rikshem's case would entail a substantial increase in interest expenses.

**Financial key figures**

	Dec 31, 2018	Dec 31, 2017
Equity/assets ratio, %	37	36
Loan-to-value ratio, %	58	59
Loan-to-value ratio, secured loans, %	10	12
Share of short-term net debt, %	15	32
Interest-coverage ratio, multiple	3.2	3.5
Interest-rate duration, years	5.1	5.3
Debt duration, years	4.1	3.0
Average interest rate at the end of the year	1.7	2.0

**Credit risk**

The main financial risk that the financial assets give rise to is credit risk. As of the closing date, Rikshem had non-current receivables with a total carrying amount of MSEK 276, of which 89 percent comprised receivables from joint ventures. The credit risk on rent receivables is managed by conducting credit assessments of new tenants. As of the closing date, Rikshem had accounts receivable amounting to MSEK 18. The credit quality of accounts receivable that are not past due is considered to be good. As of the closing date, Rikshem also had interest-rate and foreign exchange derivatives with a positive value of MSEK 153. To limit the credit risk on interest-rate and foreign exchange derivatives, Rikshem only enters into agreements with counterparties with a credit rating of A– or higher. For combined interest-rate and foreign exchange derivatives with a positive market value, the company also receives collateral from its counterparties on a monthly basis.

**Liquidity and refinancing risk**

Rikshem works proactively to ensure it continuously has multiple financing sources available. The company has raised secured bank loans with five Nordic banks. Of these bank loans, 90 percent have 3-month STIBOR as their interest rate base and 10 percent have a

**Note 3**

– continued

fixed interest rate. In addition, the company has raised capital market loans by issuing commercial papers and bonds. The commercial papers have a maturity of less than one year and the bonds have a maturity of more than one year. The interest rate for the commercial papers is determined on the issue date. The interest rate for 63 percent of the bonds is based on 3-month STIBOR. The remainder have a fixed interest rate.

To ensure access to financing, the company aims to have an equity/assets ratio of at least 30 percent and a maximum loan-to-value ratio of 70 percent of fair value. The portfolio of interest-rate derivatives held by Rikshem is extended on a continuous basis with maturities of up to ten years in order to create a well-diversified interest-rate risk.

The company has a liquidity and refinancing risk when each loan falls due. The refinancing and liquidity risk resulting from the maturity structure is managed by limiting the current net debt to 35 percent of the total liability and by always having an average debt duration of at least two years. The risk is also managed through the backup facilities and unutilized portion of overdraft facilities totaling SEK 3.2 billion that the company has with two banks as well as the backup facility and subscription commitment for commercial papers from the owners of AMF Pensionsförsäkring AB and the Fourth Swedish National Pension Fund totaling SEK 10 billion.

**Maturity analysis, interest-bearing liabilities**

Year	Amortized cost	Nominal amount	Future interest payments under current contracts at closing date	Of which, payments on interest-rate derivatives
2019	5,026	5,026	370	127
2020	5,163	5,161	360	122
2021	4,428	4,408	283	60
2022	2,087	2,102	196	7
2023	1,620	1,620	161	-26
2024	3,485	3,365	117	-45
2025	–	–	88	-56
2026	721	720	101	-58
2027	511	536	96	-38
2028	1,018	1,060	110	-16
2029	–	–	80	–
2030	766	811	64	–
2031	–	–	53	–
2032	287	270	55	–
2033	1,381	1,417	32	–
<b>Total</b>	<b>26,493</b>	<b>26,496</b>	<b>2,166</b>	<b>77</b>

**Maturity analysis, interest-rate derivatives**

Year	Interest payable	Interest receivable
2019	144	17
2020	133	11
2021	138	78
2022	130	123
2023	116	142
2024	96	141
2025	81	137
2026	64	122
2027	35	73
2028	11	27
	<b>948</b>	<b>871</b>

**Currency risk**

While Rikshem mainly issues bonds in SEK, the loan portfolio also includes bonds issued in NOK and EUR. For borrowings in foreign currency, Rikshem uses currency swaps whereby the exchange rate on interest payments and repayments is hedged.

**Interest-rate risk**

Most of the company's interest-rate durations in respect of external financing fall due within six months.

**Remaining interest-rate duration**

Remaining interest-rate duration	Amortized cost	Nominal amount
0–6 months	18,226	18,355
6–12 months	–	–
More than 12 months	8,267	8,141
<b>Total</b>	<b>26,493</b>	<b>26,496</b>

**Note 3**

– continued

The interest-rate risk resulting from the company's interest-rate duration structure is managed through interest-rate swaps and forward interest-rate swaps that the company has signed with four Nordic banks with A+ credit ratings. Interest-rate swaps have been signed under ISDA agreements and in all interest-rate derivatives the company receives 3-month STIBOR and pays a fixed interest rate to the counterparties. The ISDA agreements allow receivables and liabilities to the same counterparty to be offset against each other, thereby reducing the credit risk of the counterparty not being able to fulfill its obligations. To manage interest-rate risk, the company aims to ensure that its interest-coverage ratio always exceeds 1.75 percent.

**Interest-rate derivatives, December 31, 2018**

Year	Nominal amount, SEK billion End of the year	Average interest rate, % End of the year
2019	17.8	0.7
2020	17.8	0.8
2021	16.5	0.8
2022	14.0	0.8
2023	10.0	1.0
2024	9.5	1.0
2025	6.5	1.0
2026	3.5	1.1
2027	1.0	1.1

The interest-rate duration of the debt portfolio combined with the above derivative portfolio gives rise to the following overall interest-rate duration structure:

**Interest-bearing liabilities**

Year	Interest-rate duration		Debt duration	
	MSEK	share, %	MSEK	share
0–1	1,491	6	5,026	19
1–2	1,878	7	5,163	19
2–3	2,154	8	4,428	17
3–4	3,475	13	2,087	8
4–5	3,999	15	1,620	6
5–	13,496	51	8,169	31
<b>Total</b>	<b>26,493</b>	<b>100</b>	<b>26,493</b>	<b>100</b>

**Sensitivity analysis**

If the average interest rate were to change by +/- 1 percent, interest expenses would change by +/- MSEK 265.

**Classification of financial instruments**

**In the comparative year 2017, financial instruments were recognized in accordance with IAS 39.**

IAS 39 used other classification categories than those used in IFRS 9. The classification categories under IAS 39 also entailed the same recognition at amortized cost and fair value through profit or loss, except as regards shares and participations, which according to IAS 39 were classified as financial assets available for sale and are measured at fair value in other comprehensive income. The investments in equity instruments that did not have a listed market price in an active market and whose fair value could not be calculated in a reliable manner are recognized at cost.

IAS 39 stipulated a different method for reserves for credit losses entailing that the reserve was to be made in connection with confirmed credit events, as opposed to IFRS 9 when a loss allowance is made for expected credit losses. There are no other differences between the standards for the Group.

### Note 3

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#### Classification of financial instruments

Group	Financial assets/ liabilities measured at amortized cost	Financial assets/ liabilities measured at fair value through profit or loss	Financial assets/ liabilities measured at fair value through other comprehen- sive income	Total carrying amount	Fair value
December 31, 2018					
<b>Assets</b>					
Accounts receivable	18			18	18
Receivables from joint ventures	262			262	262
Other receivables	65			65	65
Financial derivative instruments		153		153	153
Non-current receivables	31			31	31
Prepaid expenses and accrued income	86			86	86
Cash and cash equivalents	1,015			1,015	1,015
<b>Total assets</b>	<b>1,477</b>	<b>153</b>		<b>1,630</b>	<b>1,630</b>
<b>Liabilities</b>					
Bank loans	4,535			4,535	4,656
Bonds	19,898			19,898	20,009
Commercial papers	2,060			2,060	2,060
Liabilities to joint ventures	57			57	57
Financial derivative instruments		311		311	311
Trade accounts payable	73			73	73
Other current liabilities	253			253	253
Accrued expenses and deferred income	179			179	179
<b>Total liabilities</b>	<b>27,055</b>	<b>311</b>		<b>27,366</b>	<b>27,599</b>
December 31, 2017					
<b>Assets</b>					
Accounts receivable	16			16	16
Receivables from joint ventures	422			422	422
Other receivables	73			73	73
Financial derivative instruments		32		32	32
Non-current receivables	5			5	5
Prepaid expenses and accrued income	109			109	109
Cash and cash equivalents	386			386	386
<b>Total assets</b>	<b>1,011</b>	<b>32</b>		<b>1,043</b>	<b>1,043</b>
<b>Liabilities</b>					
Bank loans			4,944	4,944	4,978
Bonds			15,363	15,363	15,580
Commercial papers			3,715	3,715	3,716
Liabilities to Parent Company			182	182	182
Liabilities to joint ventures			86	86	86
Financial derivative instruments		542		542	542
Trade accounts payable			58	58	58
Other current liabilities			25	25	25
Accrued expenses and deferred income			186	186	186
<b>Total liabilities</b>		<b>542</b>	<b>24,559</b>	<b>25,101</b>	<b>25,353</b>

**Note 3**

– continued

	Financial assets/ liabilities measured at amortized cost	Financial assets/ liabilities measured at fair value through profit or loss	Financial assets/ liabilities measured at fair value through other comprehen- sive income	Total carrying amount	Fair value
<b>Parent Company</b>					
December 31, 2018					
<b>Assets</b>					
Accounts receivable	0			0	0
Receivables from Group companies	29,418			29,418	29,418
Receivables from joint ventures	55			55	55
Other receivables	6			6	6
Financial derivative instruments		153		153	153
Non-current receivables	3			3	3
Prepaid expenses and accrued income	40			40	40
Cash and cash equivalents	1,015			1,015	1,015
<b>Total assets</b>	<b>30,537</b>	<b>153</b>		<b>30,690</b>	<b>30,690</b>
<b>Liabilities</b>					
Bank loans	2,275			2,275	2,312
Bonds	19,898			19,898	20,009
Commercial papers	2,060			2,060	2,060
Financial derivative instruments		311		311	311
Liabilities to Group companies	623			623	623
Trade accounts payable	7			7	7
Other current liabilities	228			228	228
Accrued expenses and deferred income	86			86	86
<b>Total liabilities</b>	<b>25,177</b>	<b>311</b>		<b>25,488</b>	<b>25,636</b>
	Loan receivables and accounts receivable	Financial assets/ liabilities mea- sured at fair value	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
<b>Parent Company</b>					
December 31, 2017					
<b>Assets</b>					
Receivables from Group companies	27,964			27,964	27,964
Receivables from joint ventures	233			233	233
Other receivables	39			39	39
Financial derivative instruments		32		32	32
Non-current receivables	3			3	3
Prepaid expenses and accrued income	41			41	41
Cash and cash equivalents	386			386	386
<b>Total assets</b>	<b>28,666</b>	<b>32</b>		<b>28,698</b>	<b>28,698</b>
<b>Liabilities</b>					
Bank loans			2,275	2,275	2,285
Bonds			15,363	15,363	15,580
Commercial papers			3,715	3,715	3,716
Financial derivative instruments		542		542	542
Liabilities to Group companies			1,763	1,763	1,763
Trade accounts payable			6	6	6
Other current liabilities			1	1	1
Accrued expenses and deferred income			101	101	101
<b>Total liabilities</b>		<b>542</b>	<b>23,224</b>	<b>23,766</b>	<b>23,994</b>

**Note 3**

– continued

**Financial receivables**

Financial receivables primarily pertain to non-current receivables to external counterparties and joint ventures. A loss allowance for expected credit losses has been made using a rating-based model. The rating is based on the creditor's quick ratio, equity/assets ratio, ownership structure and any pledged assets. Book value is considered a fair approximation of fair value.

**Financial derivative instruments**

Interest-rate and foreign exchange derivatives are measured at fair value by discounting expected future cash flows under a contract's terms and due dates on the basis of market interest rate/observable yield curve. Interest-rate derivatives are included in level 2 of the valuation hierarchy.

**Interest-bearing liabilities**

For the purpose of disclosure, the fair value of interest-bearing liabilities is calculated by discounting future cash flows of the principal and interest rate discounted to the current market rate. This has been carried out in accordance with level 3 of the valuation hierarchy.

**Current receivables and liabilities**

Current receivables and liabilities, such as accounts receivable and trade accounts payable, are initially recognized at their invoiced value.

The assets are encompassed by a loss allowance for expected credit losses. The loss allowance for expected credit losses is based on past statistics and a risk assessment of accounts receivable and rent receivables, taking the economic situation and credit risk into account.

**Note 4****Operating income and expenses****Parent Company**

Of the Parent Company's operating income, MSEK 204 (175) pertains to sales of administrative and property management services to subsidiaries, corresponding to 99 percent (99) of sales. Of the Parent Company's operating expenses, MSEK 10 (9) pertains to purchases from subsidiaries, corresponding to 9 percent (9) of total purchases.

**Note 5****Rental income****Group**

All rental agreements are classified as operating leases. The rental agreement maturity structure is presented in the table below. Housing and parking space agreements, which are usually subject to a three-month period of notice, are not included in the table.

Annual rent	2018	2017
Maturing within 1–5 years	369	375
Maturing within 6–10 years	195	185
Maturing within 11–15 years	190	196
Maturing within 16–20 years	178	139
Maturing within 21–25 years	33	32
Maturing later than 26 years	–	–
	<b>965</b>	<b>927</b>

The average term of the rental agreements in the table above was 9.0 years for 2018 and 8.4 years for 2017. The average term of equivalent rental agreements exclusively in properties for public use was 10.1 years for 2018 and 9.8 years for 2017.

## Note 6

### Segment reporting

#### Group

Rikshem's breakdown into segments consists of two types of assets: residential properties and properties for public use. This breakdown corresponds to the internal reporting structure.

The distribution of earnings is made in respect of the income statement items included in net operating income and changes in value. No division is made in respect of the remaining income statement items as these are consolidated. Investment properties are distributed between the respective segments based on balance sheet items. Other assets, liabilities and equity are considered to be consolidated and are thus not distributed.

	Residential properties		Properties for public use		Total	
	2018	2017	2018	2017	2018	2017
<b>Rental income</b>	<b>1,966</b>	<b>1,871</b>	<b>826</b>	<b>794</b>	<b>2,792</b>	<b>2,665</b>
Operating expenses	-567	-543	-173	-159	-740	-702
Maintenance	-228	-158	-78	-58	-306	-216
Administration	-137	-117	-45	-39	-182	-156
Property tax	-37	-34	-3	-2	-40	-36
<b>Total property expenses</b>	<b>-969</b>	<b>-852</b>	<b>-299</b>	<b>-258</b>	<b>-1,268</b>	<b>-1,110</b>
<b>Net operating income</b>	<b>997</b>	<b>1,019</b>	<b>527</b>	<b>536</b>	<b>1,524</b>	<b>1,555</b>
Change in value of investment properties	1,462	1,466	645	181	2,107	1,647
<b>Total return</b>	<b>2,459</b>	<b>2,485</b>	<b>1,172</b>	<b>717</b>	<b>3,631</b>	<b>3,202</b>

All revenue relates to Sweden. No single tenant accounted for 10 percent of revenue or more during 2017 and 2018.

Statement of income	By segment		Unallocated items		Total	
	2018	2017	2018	2017	2018	2017
Net operating income	1,524	1,555	-	-	1,524	1,555
Central administration	-	-	-65	-62	-65	-62
Interest income	-	-	9	8	9	8
Interest expenses	-	-	-467	-441	-467	-441
Earnings from joint ventures	-	-	7	90	7	90
Change in value of properties	2,107	1,647	-	-	2,107	1,647
Change in value of financial derivative instruments	-	-	-102	36	-102	36
Foreign exchange effects on financial liabilities	-	-	-91	115	-91	115
<b>Profit before tax</b>	<b>3,631</b>	<b>3,202</b>	<b>-709</b>	<b>-254</b>	<b>2,922</b>	<b>2,948</b>

Balance sheet	Residential properties		Properties for public use		Total	
	2018	2017	2018	2017	2018	2017
Investment properties <sup>1)</sup>	32,411	28,799	13,276	12,240	45,687	41,039
1) of which, investments for the year	839	1,369	244	217	1,083	1,586

All investment properties are located in Sweden. For further information about investments, acquisitions and sales, see Note 14.

**Note 7****Auditors' fees and reimbursements**

Group/Parent Company, SEK thousand	2018	2017
<b>Ernst &amp; Young AB</b>		
Audit assignment	2,843	2,855
Auditing activities other than the audit assignment	632	726
Tax advice	84	-
Other services	-	-
<b>Total</b>	<b>3,559</b>	<b>3,581</b>

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

**Note 8****Number of employees, salaries, fees and benefits to the Board of Directors and other senior executives**

	Group		Parent Company	
	2018	2017	2018	2017
<b>Average number of employees</b>				
Women	91	87	87	82
Men	122	114	113	105
<b>Total</b>	<b>213</b>	<b>201</b>	<b>200</b>	<b>187</b>
<b>Gender distribution, Board of Directors</b>				
Women	3	3	3	3
Men	3	3	3	3
<b>Total</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Gender distribution, other senior executives</b>				
Women	4	4	4	4
Men	5	5	5	5
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>

**Note 8**

– continued

	Group		Parent Company	
	2018	2017	2018	2017
<b>Salaries, other remuneration and social security expenses</b>				
SEK thousand				
Chairman of the Board Bo Magnusson	564	545	564	545
Board member Lena Boberg	211	200	211	200
Board member Liselotte Hjorth	269	250	269	250
Board member Per-Gunnar Persson	250	235	250	235
Board member Per Uhlén (from April 2017)	193	139	193	139
Board member Pernilla Arnrud Melin (from April 2018)	–	–	–	–
Board member Ebba Hammarström (until March 2018)	–	–	–	–
<b>CEO</b>				
Basic salary	3,830	3,648	3,830	3,648
Benefits	58	58	58	58
<b>Other senior executives</b>				
Basic salary	11,571	8,127	11,571	7,615
Benefits	216	183	216	170
Performance pay	1,549	1,580	1,549	1,473
<b>Other employees</b>				
Basic salary	87,728	77,129	80,259	70,883
Benefits	887	991	506	750
Performance pay	11,544	9,861	10,978	8,995
Social security expenses	37,578	32,292	34,843	29,897
<b>Total</b>	<b>156,448</b>	<b>135,238</b>	<b>145,297</b>	<b>124,858</b>
<b>Pension costs</b>				
CEO	1,244	1,114	1,244	1,114
Other senior executives	3,452	2,840	3,452	2,645
Other employees	13,516	10,979	12,348	9,888
<b>Total</b>	<b>18,212</b>	<b>14,933</b>	<b>17,044</b>	<b>13,647</b>
<b>Total</b>	<b>174,660</b>	<b>150,171</b>	<b>162,341</b>	<b>138,505</b>

**Board of Directors**

According to an AGM resolution, an annual fee in the amount of SEK 520 thousand is to be paid to the Chairman of the Board and SEK 185 thousand to each Board member as of March 29, 2018. An annual fee of SEK 60 thousand is to be paid to the chairman of the investment committee and the chairman of the audit committee and SEK 30 thousand to each member of the investment committee and audit committee, and a fee of SEK 20 thousand is to be paid to the chairman of the remuneration committee and SEK 10 thousand to each member of the remuneration committee. No fees are payable for Board or committee work for members employed by the Fourth Swedish National Pension Fund or AMF Pensionsförsäkring AB. In 2018, fees totaling SEK 564 thousand were paid to the Chairman of the Board and a total of SEK 923 thousand to the other Board members. No pension is paid to the Board of Directors.

**CEO****Remuneration and benefits**

Remuneration and benefits for the CEO are determined by the Board. The remuneration comprises a basic salary, and no variable remuneration was paid in 2018. Benefits refer chiefly to company vehicles and healthcare benefits.

**Agreement on severance pay**

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

**Note 8**

– continued

**Pension**

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

**Other senior executives**

Other senior executive include the following eight (ten) positions: Head of Region, Northern Sweden; Head of Region, Southern Sweden; Head of Region, Mälardalen; CFO; General Counsel; Head of Business and Sustainability Development; Head of HR; and Head of Communication. Remuneration to other senior executives consists of a basic salary and a variable performance-based component based on the Group's return on equity. For full pay-out, the Group's return on equity must exceed 20 percent. Performance-based remuneration may amount to a maximum of four (six) months' salary. Payment is spread across the subsequent three years on the condition that employment continues. There is one senior executive who is exempt from this variable remuneration. The variable remuneration is pensionable. Benefits refer chiefly to company vehicles and healthcare benefits.

**Pension**

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

**Agreement on severance pay**

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

**Other employees**

Remuneration for other employees consists of a basic salary and a variable performance-based component.

The performance-based remuneration for five (four) key personnel is based on the Group's return on equity. For full pay-out, the Group's return on equity must exceed 20 percent. This remuneration may amount to a maximum of four or six months' salary. Payment is spread across the subsequent three years on the condition that employment continues. The variable remuneration is pensionable. Benefits refer chiefly to company vehicles and healthcare benefits.

Performance-based remuneration for other employees is based on the total return on properties and on individual target fulfillment. For full pay-out, the average real total return for 2015, 2016, 2017 and 2018 must exceed 7 percent. Performance-based remuneration may amount to a maximum of two months' salary. The performance-based remuneration is pensionable. Benefits refer chiefly to company vehicles.

**Note 9****Operating leases – Rikshem as lessee**

	2018	2017
<b>Group</b>		
Maturing within 1 year	12	6
Maturing within 2–5 years	35	16
Maturing later than 5 years	122	30
	<b>169</b>	<b>52</b>
<b>Parent Company</b>		
Maturing within 1 year	8	4
Maturing within 2–5 years	23	10
Maturing later than 5 years	1	2
	<b>32</b>	<b>16</b>

Future lease payments refer to agreements entered into concerning leasehold fees, cars, office equipment and rental agreements with an external landlord.

**Note 10****Interest income**

	2018	2017
<b>Group</b>		
Interest income, joint ventures	5	6
Interest income, other	4	2
Other financial income	0	0
	<b>9</b>	<b>8</b>
<b>Parent Company</b>		
Interest income, Group companies	533	509
Interest income, subsidiary holdings in joint ventures	3	5
Interest income, other	1	0
	<b>537</b>	<b>514</b>

**Note 11****Interest expenses**

	2018	2017
<b>Group</b>		
Interest expenses, Group companies	-1	-2
Interest expenses, joint ventures	-2	-3
Interest expenses, other	-451	-422
Other financial expenses	-13	-14
	<b>-467</b>	<b>-441</b>

In the case of major new builds, extensions and redevelopments, interest on the investment is capitalized during the production period. In 2018, MSEK 7 (10) was capitalized and calculated based on the average interest rate on the loan portfolio during the period.

	2018	2017
<b>Parent Company</b>		
Interest expenses, Group companies	-20	-32
Interest expenses, other	-450	-417
Other financial expenses	-12	-13
	<b>-482</b>	<b>-462</b>

**Note 12****Change in value of financial instruments**

	2018	2017
<b>Group</b>		
Interest-rate derivatives redeemed in advance	-455	-
Change in value, interest-rate derivatives	310	160
Change in value, foreign exchange derivatives	43	-114
Change in value, financial derivative instruments linked to convertibles	-	-10
	<b>-102</b>	<b>36</b>
<b>Parent Company</b>		
Interest-rate derivatives redeemed in advance	-455	-
Change in value, interest-rate derivatives	310	159
Change in value, foreign exchange derivatives	43	-114
Change in value, financial derivative instruments linked to convertibles	-	-10
	<b>-102</b>	<b>35</b>

**Note 13****Tax**

	2018	2017
<b>Group</b>		
Current tax	-1	-44
Deferred tax	-432	-474
	<b>-433</b>	<b>-518</b>
<b>Reconciliation of effective tax</b>		
Recognized profit before tax	2,922	2,948
Tax according to current tax rate, 22%	-643	-649
Recalculation of opening deferred tax according to new tax rate, 20.6%	149	-
Recalculation of change in deferred tax for the period according to new tax rate, 20.6%	42	-
Loss carryforwards	12	-
Change in value of properties	4	35
Earnings from holdings according to the equity method	2	20
Divestment of properties	1	87
Non-taxable revenue/non-deductible expenses	0	-1
Tax attributable to earlier fiscal years	0	-10
Other adjustments	0	0
<b>Recognized effective tax</b>	<b>-433</b>	<b>-518</b>
Effective tax rate	14.8%	17.6%

**Deferred tax in statement of comprehensive income**

Investment properties	-387	-443
Interest-rate and foreign exchange derivatives	-80	-10
Untaxed reserves	18	-12
Loss carryforwards	17	-9
Other	0	0
<b>Recognized deferred tax</b>	<b>-432</b>	<b>-474</b>
<b>Parent Company</b>		
Current tax	0	-16
Deferred tax	-54	-28
	<b>-54</b>	<b>-44</b>

**Reconciliation of effective tax**

Recognized profit before tax	302	186
Tax according to current tax rate	-66	-41
Recalculation of opening deferred tax according to new tax rate, 20.6%	8	-
Recalculation of change in deferred tax for the period according to new tax rate, 20.6%	4	-
Non-taxable revenue/non-deductible expenses	0	-3
Other	0	-
<b>Recognized effective tax</b>	<b>-54</b>	<b>-44</b>
Effective tax rate	17.9%	23.6%

Investment properties in limited partnerships	15	-15
Interest-rate and foreign exchange derivatives	-79	-10
Loss carryforwards	10	-3
Other	0	0
<b>Change in deferred tax in the statement of income</b>	<b>-54</b>	<b>-28</b>

## Note 14

### Fair value of investment properties

#### Group

#### Changes in the property portfolio for the year

The fair value of investment properties increased to MSEK 45,687 (41,039) during the year, corresponding to SEK 20,090 (18,494) per square meter. The increase in value resulted from investments in existing properties and value increases. The total increase in value amounted to MSEK 2,107 (1,647), corresponding to growth of 4.9 percent (4.3). The increase in value reflects the change in the properties' cash flows and in the yield requirement.

Investments in existing properties during the year amounted to MSEK 1,083 (1,586), of which MSEK 660 (943) pertained to redevelopment and renovation of residential properties, MSEK 179 (426) to new construction of residential properties and MSEK 244 (217) to investments in properties for public use. During the year, properties were acquired in Ale, Helsingborg, Kalmar, Malmö, Sigtuna and Västerås for a total of MSEK 1,786 (1,603). The acquisitions added ten residential properties and one property for public use with a total of 741 apartments and 48,431 square meters of lettable area and an undeveloped property to the property portfolio. Properties were sold for a total of MSEK 328 (1,675) during the year. Most of these sales pertained to 13 minor properties for public use in Greater Stockholm. The selling price for the properties sold was in line with the valuations carried out.

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
Fair value at the beginning of the year	41,039	37,878
Investments	1,083	1,586
Acquisitions	1,786	1,603
Change in value	2,107	1,647
Divestments	-328	-1,675
<b>Fair value at the end of the year</b>	<b>45,687</b>	<b>41,039</b>

#### Contractual liabilities

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

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
Acquisitions	1,329	1,225
New construction	403	535
Redevelopment	200	334
	<b>1,932</b>	<b>2,094</b>

#### Property valuations

In accordance with the company's valuation policy, the fair value of investment properties is determined through internal valuations. In the evaluation model, fair value is calculated based on generally accepted valuation principles and the analysis of each property's earnings capacity and the market's yield requirement. As a general rule, the analysis period covers ten years. In the case of properties for properties for public use rented to municipalities on long rental agreements, the analysis period corresponds to the remaining

## Note 14

– continued

contract term. Rental income is based on the existing rental agreement and existing rent levels. Agreed future changes to the rental agreement term, rent levels, etc. are taken into account. Property expenses for the respective properties are based on estimated costs. Assumptions regarding cost of capital and yield requirement are checked in yearly and half-yearly valuations by external appraisers. Fair value has thus been assessed according to IFRS 13 level 3.

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

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

#### Rent in SEK/sq m

Property type	min	average	max
Residential properties	699	1,205	2,737
Properties for public use – residential	550	1,415	2,608
Properties for public use – schools	769	1,462	2,103
Commercial properties	654	1,167	4,179
<b>Average</b>		<b>1,261</b>	

#### Yield requirement

Property type	min	average	max
Residential properties	2.45%	3.89%	5.65%
Properties for public use – residential	3.65%	4.78%	7.50%
Properties for public use – schools	5.00%	5.42%	6.75%
Commercial properties	3.85%	5.19%	7.50%
<b>Average</b>		<b>4.20%</b>	

Of the assessed fair value of MSEK 45,687 (41,039), MSEK 795 pertains to development rights which, on average, have been valued at SEK 2,160 per square meter. The average yield requirement is 4.20 percent, which is a reduction of 0.11 percentage points compared with the average yield requirement at the beginning of the year.

Fair value per property type	Dec 31, 2018	Dec 31, 2017
Residential properties	31,990	28,942
Properties for public use – nursing homes	10,279	8,854
Properties for public use – schools	2,652	2,518
Commercial properties <sup>1)</sup>	766	725
<b>Total</b>	<b>45,687</b>	<b>41,039</b>

<sup>1)</sup> Commercial premises for neighborhood services or areas of use for future residential properties or properties for public use

#### Sensitivity analysis

Property values are based on, inter alia, assumptions about future use, earnings capacity and the market's yield requirement. The

**Note 14**

– continued

valuation range of +/- 5 percent specified for property valuation reflects the uncertainty inherent in assumptions and estimations made. In the case of Rikshem, this uncertainty range of +/-5 percent is equivalent to a value range of +/- MSEK 2,284.

A change of +/-0.25 percentage points in the average yield requirement of 4.20 percent would entail a change in value of MSEK -2,594 or MSEK +2,930, respectively. If the average net operating income of SEK 773 per square meter were to change by +/-5 percent, fair value would change by +/- MSEK 2,120.

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

	<b>+0.25</b>	<b>-0.25</b>
<b>Changed yield requirement</b>		
Residential properties	-1,931	2,196
Properties for public use – nursing homes	-511	567
Properties for public use – schools	-117	128
Commercial properties	-35	39
<b>Total</b>	<b>-2,594</b>	<b>2,930</b>
<b>Change in net operating income</b>	<b>+5.0%</b>	<b>-5.0%</b>
Residential properties	1,502	-1,502
Properties for public use – nursing homes	466	-466
Properties for public use – schools	121	-121
Commercial properties	31	-31
<b>Total</b>	<b>2,120</b>	<b>-2,120</b>
<b>Change in rental income</b>	<b>+1.0%</b>	<b>-1.0%</b>
Residential properties	512	-512
Properties for public use – nursing homes	127	-127
Properties for public use – schools	34	-34
Commercial properties	11	-11
<b>Total</b>	<b>684</b>	<b>-684</b>

**External valuation**

To ensure accurate valuations, Newsec and Cushman & Wakefield have together valued properties equivalent to 99.4 percent of the property portfolio in terms of value. Rikshem's valuation of these properties amounted to MSEK 45,418, while the external valuations together totaled MSEK 45,549, which corresponds to a deviation of MSEK 131 or 0.3 percent. The deviation between the internal and external assessed values is well within the uncertainty range of +/- 5 percent.

**Note 15****Equipment**

	<b>2018</b>	<b>2017</b>
<b>Group</b>		
<b>Accumulated costs</b>		
At the start of the year	21	20
Acquisitions and new purchases	1	1
Divestments and disposals	0	0
	<b>22</b>	<b>21</b>
<b>Depreciation</b>		
At the start of the year	-15	-12
Divestments and disposals	0	0
Depreciation for the year according to plan	-3	-3
	<b>-17</b>	<b>-15</b>
<b>Carrying amount at the end of the year</b>	<b>5</b>	<b>6</b>
<b>Parent Company</b>		
<b>Accumulated costs</b>		
At the start of the year	18	18
New purchases	1	1
Divestments and disposals	-	-1
	<b>19</b>	<b>18</b>
<b>Depreciation</b>		
At the start of the year	-12	-10
Divestments and disposals	-	1
Depreciation for the year according to plan	-3	-3
	<b>-15</b>	<b>-12</b>
<b>Carrying amount at the end of the year</b>	<b>4</b>	<b>6</b>

## Note 16

### Participations in subsidiaries

	Dec 31, 2018	Dec 31, 2017
<b>Parent Company</b>		
<b>Accumulated costs</b>		
At the start of the year	1,967	1,890
Shareholders' contributions	–	77
Impairment of shares in subsidiaries	–	–
Share of profit in limited partnerships	62	74
Withdrawal of share of profit in limited partnerships	-62	-74
<b>Carrying amount at the end of the year</b>	<b>1,967</b>	<b>1,967</b>

#### Specification of the company's holding of shares and participations in subsidiaries

Subsidiary	Corp. reg. no.	Domicile	Number of participations	% <sup>1)</sup>	Carrying amount
Rikshem Cityfastigheter AB	556761-8029	Stockholm	1,000	100	35
Rikshem Fastigheter AB	556793-1281	Stockholm	1,000	100	1
Rikshem Fålhagen AB	556713-4100	Stockholm	1,000	100	22
Rikshem Enheten AB	556299-6388	Stockholm	5,000	100	105
Rikshem Nordan AB	556312-4642	Solna	265,000	100	362
Rikshem Bostäder Holding AB	556856-2911	Stockholm	50,000	100	59
Rikshem Samhold AB	556856-2929	Stockholm	50,000	100	144
Rikshem Uppsala KB	969646-7290	Stockholm	–	99	944
Rikshem Fastighetsutveckling AB	556912-1493	Stockholm	500	100	0
Rikshem BRF-utveckling AB	556971-2846	Stockholm	500	100	0
Rikshem JV Holding AB	559015-8928	Stockholm	50,000	100	295
					<b>1,967</b>

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

## Note 17

### Participations in joint ventures

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
At the start of the year	1,356	1,292
Acquisitions	–	0
Contribution	–	12
Share of profit	7	90
Capital withdrawal	–10	–38
<b>Carrying amount at the end of the year</b>	<b>1,353</b>	<b>1,356</b>

Company	2018		2017	
	Profit for the year	Rikshem's share	Profit for the year	Rikshem's share
Farsta Stadsutveckling KB	–	–	–16	–8
Farsta Intressenter AB	–	–	–	–
Farsta Fastighetsintressenter AB	–40	–20	26	13
Boostad Bostad Sverige AB	–21	–11	17	8
VärmdöBostäder AB	72	35	138	68
Bergagårdshöjdens JV AB	–	–	–	–
Bergagårdshöjdens BR JV AB	4	2	17	9
JV Tidmätaren AB	1	1	1	0
<b>Profit for the year</b>	<b>16</b>	<b>7</b>	<b>183</b>	<b>90</b>
<b>Comprehensive income for the year</b>	<b>16</b>	<b>7</b>	<b>183</b>	<b>90</b>

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

Joint venture	Corp. reg. no.	Domicile	Partner	Share of equity, %	Number of participa- tions	Carrying amount
Farsta Stadsutveckling KB	969622-6399	Stockholm	Ikano Bostad	50	500	5
Farsta Intressenter AB	559015-9108	Stockholm	Ikano Bostad	50	25,000	–
Farsta Fastighetsintressenter AB	559039-2246	Stockholm	Ikano Bostad	50	25,000	368
Boostad Bostad Sverige AB	559021-1313	Stockholm	Veidekke Bostad	50	250	43
VärmdöBostäder AB	556476-2176	Stockholm	Värmdö Municipality	49	12,250	915
Bergagårdshöjdens JV AB	559006-0967	Kalmar	P&E Fastighetspartner	50	500	10
Bergagårdshöjdens BR JV AB	559079-9077	Kalmar	P&E Fastighetspartner	50	500	1
JV Tidmätaren AB	559098-6088	Stockholm	Glommen & Lindberg	50	250	11

1,353

#### Financial information in summary, significant holdings

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

**Note 17**

– continued

	Farsta Fastighetsintressenter AB		VärmdöBostäder AB	
	2018	2017	2018	2017
Revenue	11	20	170	169
Income from management operations	-10	-11	39	40
Change in value of properties	-38	18	56	162
Change in value of financial derivative instruments	-	-	3	-7
Net financial items	-4	-1	-7	-8
<b>Tax</b>	12	20	-19	-49
<b>Profit for the year</b>	<b>-40</b>	<b>26</b>	<b>72</b>	<b>138</b>
<b>Comprehensive income for the year</b>	<b>-40</b>	<b>26</b>	<b>72</b>	<b>138</b>

	Farsta Fastighetsintressenter AB		VärmdöBostäder AB	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Non-current assets	1,190	1,180	2,688	2,460
Current assets	140	209	10	8
Cash and cash equivalents	19	36	116	35
<b>Assets</b>	<b>1,349</b>	<b>1,425</b>	<b>2,814</b>	<b>2,503</b>
Equity	737	776	1,867	1,796
Non-current financial liabilities	580	580	774	550
Other non-current liabilities	11	18	122	107
Current financial liabilities	-	-	4	8
Other current liabilities	21	51	47	42
<b>Equity and liabilities</b>	<b>1,349</b>	<b>1,425</b>	<b>2,814</b>	<b>2,503</b>

**Note 18****Financial derivative instruments**

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
<b>Recognized as financial assets</b>		
Interest-rate swaps	0	19
Currency swaps	153	13
	<b>153</b>	<b>32</b>
<b>Recognized as financial liabilities</b>		
Interest-rate swaps	-117	-444
Currency swaps	-194	-98
	<b>-311</b>	<b>-542</b>
	<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
<b>Parent Company</b>		
<b>Recognized as financial assets</b>		
Interest-rate swaps	0	19
Currency swaps	153	13
	<b>153</b>	<b>32</b>
<b>Recognized as financial liabilities</b>		
Interest-rate swaps	-117	-444
Currency swaps	-194	-98
	<b>-311</b>	<b>-542</b>

**Note 19****Non-current receivables**

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
Opening book value	227	231
Additional receivables	82	281
Deductible receivables	-33	-80
Reclassification	-	-205
	<b>276</b>	<b>227</b>
	<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
<b>Parent Company</b>		
Opening book value	54	170
Additional receivables	21	108
Deductible receivables	-17	-64
Reclassification	-	-160
	<b>58</b>	<b>54</b>

Of the receivables, MSEK 245 (222) pertains to receivables from joint ventures.

Of the receivables, MSEK 55 (51) pertains to receivables from subsidiary holdings in joint ventures.

**Note 20****Receivables from and liabilities to Group companies**

	Dec 31, 2018	Dec 31, 2017
<b>Parent Company</b>		
Opening book value	27,964	26,121
Additional receivables	2,336	3,507
Deductible receivables	-882	-1,664
	<b>29,418</b>	<b>27,964</b>
	<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
<b>Parent Company</b>		
Opening book value	1,763	1,392
Additional liabilities	237	474
Outgoing liabilities	-1,377	-103
	<b>623</b>	<b>1,763</b>

**Note 21****Accounts receivable**

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
Tenant receivables	20	16
Doubtful accounts receivable	-	-
Loss allowance for expected credit losses	-2	-
	<b>18</b>	<b>16</b>

No loss allowance has been made for expected credit losses attributable to intra-Group receivables since they have never arisen in the past.

**Age spread, accounts receivable**

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
Non-overdue accounts receivable	7	7
Past due <30 days	2	3
Past due 31>	9	6
<b>Total accounts receivable</b>	<b>18</b>	<b>16</b>

**Note 22****Other receivables**

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
Receivables from joint ventures	17	200
Other receivables	113	122
	<b>130</b>	<b>322</b>
<b>Parent Company</b>		
Receivables from subsidiary holdings in joint ventures	–	182
Other receivables	20	50
	<b>20</b>	<b>232</b>

**Note 23****Prepaid expenses and accrued income**

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
Accrued income	85	108
Prepaid insurance premiums	5	7
Prepaid operating expenses	2	1
Other prepaid expenses and accrued income	5	1
	<b>97</b>	<b>117</b>
<b>Parent Company</b>		
Accrued income	40	40
Prepaid insurance premiums	0	2
Other prepaid expenses and accrued income	1	1
	<b>41</b>	<b>43</b>

**Note 24****Deferred tax**

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
Deferred tax attributable to loss carryforwards	–41	–24
Deferred tax attributable to properties	2,871	2,484
Deferred tax attributable to financial instruments	–33	–113
Deferred tax attributable to other items	–	18
	<b>2,797</b>	<b>2,365</b>

Deferred tax on the difference that arises between an asset's or liability's carrying amount and its taxable amount, a so-called temporary difference, is recognized according to the balance sheet method. This means that a tax liability or tax asset exists that will be realized on the day the asset or liability is divested. In the calculation of the temporary difference of an asset or liability that forms the basis for calculating a deferred tax liability or tax asset, only those temporary differences that arise after the Group acquired the asset or liability are considered. This may mean that the difference between an asset or liability's carrying amount and taxable residual value deviates from the temporary difference of an asset or liability that forms the basis for the deferred tax liability or asset recognized by the Group.

In a direct sale of the Group's properties, the tax-related outcome in the Group is estimated at MSEK 27,239 (24,114) by offsetting the carrying amount of MSEK 45,687 (41,039) for properties recognized by the Group against the total taxable residual value in legal entities of MSEK 18,447 (16,925). Accordingly, the calculated taxable net profit exceeds the temporary difference for properties which form the basis for recognizing deferred tax liabilities for Group properties in the amount of MSEK 13,301 (12,823).

According to Rikshem's assessment, the company's deferred tax liability will, in all material respects, be realized after 2020 and deferred tax has thus been calculated based on the tax rate that will apply as of 2021, which is 20.6 percent. The opening balance of deferred tax on January 1, 2018 was also restated to the new corporate tax rate. The income tax realized in a property sale is often significantly lower since the possibility exists to sell properties in a tax-efficient manner and also due to the time factor. With regard to accounting rules, deferred tax is reported at nominal value without discounting.

The company has loss carryforwards measured at a total of MSEK 200, of which MSEK 146 is blocked until the end of 2018.

	Dec 31, 2018	Dec 31, 2017
<b>Parent Company</b>		
Deferred tax attributable to loss carryforwards	–10	–
Deferred tax attributable to properties	221	236
Deferred tax attributable to financial instruments	–33	–112
	<b>178</b>	<b>124</b>

## Note 25

### Interest-bearing liabilities

Group	Dec 31, 2018	Dec 31, 2017
Bonds	19,898	15,363
Bank loans	4,535	4,944
Commercial papers	2,060	3,715
Liabilities to Parent Company	–	182
Liabilities to joint ventures	57	86
	<b>26,550</b>	<b>24,290</b>

Interest-bearing liabilities with a maturity of more than five years amounted to MSEK 8,169. Remaining liabilities fall due within five years of the closing date. For further information, see Note 3 Financial instruments and risk management.

Parent Company	Dec 31, 2018	Dec 31, 2017
Bonds	19,898	15,363
Bank loans	2,275	2,275
Commercial papers	2,060	3,715
	<b>24,233</b>	<b>21,353</b>

Interest-bearing liabilities with a maturity of more than five years amounted to MSEK 7,448. Remaining liabilities fall due within five years of the closing date. For further information, see Note 3 Financial instruments and risk management.

## Note 26

### Provision for pensions

#### Group

Rikshem applies three different occupational pension agreements within the Group: the ITP and SAF-LO plans and the Bank Service agreement plan (BTP plan). The occupational pension agreements are collectively agreed retirement plans covering sickness and survivor annuities in addition to provisions for retirement pension. Like SAF-LO, the ITP plan applies ITP1, which is a defined contribution plan. The BTP plan applies BTP1, but also BTP2 in some cases. BTP1 is a defined contribution pension plan and BTP2 is a defined benefit plan.

In BTP1, employees contribute most of the premium themselves, which is based on pensionable income. The cost of pension premiums is recognized in the period to which the premium relates, and Rikshem has thus discharged its commitment towards the employee. The BTP2 plan is a defined benefit pension plan with a supplementary defined contribution component of 2 percent of pay. The BTP2 plan provides a percentage of final salary as a retirement pension. The defined benefit pension obligations are measured according to the Projected Unit Credit Method (PUCM). The defined benefit obligations are placed in a fund through payment of pension premiums to the pension insurance with SPP. Rikshem does have access to such information that would make it possible to recognize this plan as a defined benefit plan secured with SPP.

## Note 26

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### Pension costs in the statement of income

Pension costs, SEK thousand	Dec 31, 2018	Dec 31, 2017
<b>Pension costs in the statement of income</b>		
Service costs for the current year	-19	-18
Interest expenses, net	-90	-43
<b>Total defined benefit costs</b>	<b>-109</b>	<b>-61</b>
Cost for special payroll tax paid	-12	-12
Defined contribution costs	-14,797	-12,114
Cost for special payroll tax paid	-3,590	-2,939
<b>Total pension costs</b>	<b>-14,906</b>	<b>-12,175</b>
<b>Total pension costs, including the cost for special payroll tax paid</b>	<b>-18,508</b>	<b>-15,126</b>

### Pension costs in other comprehensive income

Actuarial gain (+)/loss (-) on the commitment's present value, experiential <sup>1)</sup>	419	306
Actuarial gain (+)/loss (-) on the commitment's present value, financial assumptions <sup>2)</sup>	-543	-1,402
Return on plan assets	-405	-54
<b>Total pension costs in other comprehensive income</b>	<b>-529</b>	<b>-1,150</b>

1) The experiential actuarial gain for 2018 and 2017 is attributable to differences between assumptions and the outcome with respect to life cycle. 2017 was also due to the gain from differences between assumptions and the outcome with respect to inflation.

2) The actuarial loss with respect to financial assumptions is attributable to a reduced discount rate for both 2018 and 2017.

### Net debt, defined benefit plans

SEK thousand	Dec 31, 2018	Dec 31, 2017
<b>Change in pension obligations</b>		
Present value of defined benefit pension obligations, opening balance <sup>3)</sup>	18,696	17,263
Service costs for the current year	19	18
Interest expenses on pension commitments	465	498
Disbursement of benefits directly from plan assets	-221	-179
Actuarial gains (-) / losses (+) on pension commitments	124	1,096
<b>Present value of pension obligations, closing balance <sup>3)</sup></b>	<b>19,083</b>	<b>18,696</b>
<b>Change in plan assets, fair value</b>		
Fair value of plan assets, opening balance	16,042	15,787
Interest income	375	455
Premium payments from employer	36	33
Disbursement of benefits	-221	-179
Return on plan assets <sup>4)</sup>	-405	-54
<b>Fair value of plan assets, closing balance</b>	<b>15,827</b>	<b>16,042</b>
<b>Net obligations in the balance sheet</b>	<b>3,256</b>	<b>2,654</b>

**Note 26**

– continued

3) The present value of pension obligations includes special payroll tax, estimated as the present value of special payroll tax calculated on the annual difference between the pension obligation measured according to PUCM and the accrued pension obligation with SPP's actuarial assumptions.

4) Return on plan assets	Dec 31, 2018	Dec 31, 2017
Actual return on plan assets	–30	401
Interest income on plan assets	–375	–455
	<b>–405</b>	<b>–54</b>

Plan assets consist of pension insurance policies in SPP. Plan assets are exposed to market risks.

Plan assets in SPP, broken down in percent	Dec 31, 2018	Dec 31, 2017
Shares	9	9
Interest-bearing investments	79	80
Alternative investments	12	11
<b>Total plan assets</b>	<b>100</b>	<b>100</b>

Information about the distribution of plan assets was obtained from SPP. A classification of assets that have a quoted price in an active market and other assets cannot be presented due to a lack of information for such a classification.

**Actuarial calculation assumptions**

The actuarial measurement of Rikshem's defined benefit pension commitments and pension costs is based on the following assumptions.

Actuarial assumptions	Dec 31, 2018	Dec 31, 2017
Discount rate, %	2.4	2.5
Future annual salary increases, %	3.0	3.0
Changes in income base amounts, %	3.0	3.0
Inflation, %	2.0	2.0
Longevity assumptions	DUS14	DUS14
Employee turnover, %	3.0	3.0
Average remaining service period, years	0.0	1.0
Expected weighted average duration for present value of the obligation, years	19.3	19.1

The discount rate is determined in accordance with IAS 19 with reference to high-quality corporate bonds that are traded on a functioning market by referring to the Swedish housing bond market. Longevity assumptions follow the Swedish Financial Supervisory Authority's (FSA) principles in accordance with FFFS 2007:31.

Until December 31, 2013, longevity assumptions followed the FSA's principles according to FFFS 2007:31. DUS14 is an update of DUS06, compiled by the Swedish Insurance Federation. DUS 14 is not yet set up in an FFFS.

BTP2 includes a possibility for premature retirement between the ages of 61 and 65, conditional upon the employee still being employed at that time. The calculations in respect of this commitment are based on the assumption that 20 percent will take this opportunity at the age of 61. A major difference in outcome compared with the assumptions described above or a change in assumptions

**Note 26**

– continued

would entail changes in pension costs, pension commitments and also cash flow to the extent that the premiums were to change, since the defined benefit commitment are secured through occupational pension policies. No premium payments for defined benefit pension commitments will be made from 2019.

The discount rate is the assumption that needs to be changed as market interest rates change should interest rates change. The average term to maturity (duration) of the defined benefit pension commitments affects how much the commitments will change. The weighted average maturity is 19 years.

**Note 27****Accrued expenses and deferred income**

Group	Dec 31, 2018	Dec 31, 2017
Prepaid rental income	304	247
Accrued operating expenses	68	62
Accrued personnel expenses	42	38
Accrued interest expenses	48	71
Accrued project expenses	23	18
Other items	12	9
	<b>497</b>	<b>445</b>
<b>Parent Company</b>		
Accrued interest expenses	48	69
Accrued personnel expenses	37	32
Other items	10	7
	<b>95</b>	<b>108</b>

**Note 28****Related-party transactions**

Related parties	Transactions
Parent Company owners	During the year, fees were paid to the Fourth Swedish National Pension Fund for a subscription undertaking and to AMF Pensionsförsäkring AB for a loan commitment.
Board and management group	For information on remuneration, see Note 8. No board member or senior executive has concluded any additional direct or indirect business transactions with Rikshem.
Group companies	Presented in Note 4 and Note 16.
Joint ventures	Presented in Note 17.

**Note 29****Adjustment for items not included in cash flow**

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
Share of profit in joint ventures	-7	-90
Amortization	3	3
Capital gain on sale of equipment	0	0
Pension costs	0	0
Other	0	0
	<b>-4</b>	<b>-87</b>
<b>Parent Company</b>		
Amortization	3	3
Capital gain on sale of equipment	-	0
Impairment of shares in subsidiaries	0	-
	<b>3</b>	<b>3</b>

**Note 30****Summary of liabilities attributable to financing activities**

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
<b>Interest-bearing liabilities</b>		
Opening carrying amount	24,290	23,422
Cash flow items	2,186	761
<b>Non-cash items</b>		
Exchange-rate changes	91	-115
Allocation of costs for raising loans and issues at a premium/discount	-17	-4
Reclassification	-	226
<b>Closing carrying amount</b>	<b>26,550</b>	<b>24,290</b>
<b>Parent Company</b>		
<b>Interest-bearing liabilities</b>		
Opening carrying amount	21,353	19,641
Cash flow items	2,806	1,869
<b>Non-cash items</b>		
Exchange-rate changes	90	-115
Allocation of costs for raising loans and issues at a premium/discount	-16	-
Reclassification	-	-42
<b>Closing carrying amount</b>	<b>24,233</b>	<b>21,353</b>

**Note 31****Pledged assets**

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
Real property mortgages	5,572	5,997
Shares in subsidiaries	142	97
<b>Total</b>	<b>5,714</b>	<b>6,094</b>

**Note 32****Contingent liabilities**

	Dec 31, 2018	Dec 31, 2017
<b>Group</b>		
Guarantees on behalf of joint ventures	1,011	508
<b>Total</b>	<b>1,011</b>	<b>508</b>
<b>Parent Company</b>		
Guarantees on behalf of Group companies	3,754	2,979
Guarantees on behalf of joint ventures owned by subsidiaries	888	508
Responsibility for limited partnership liabilities	379	381
<b>Total</b>	<b>5,021</b>	<b>3,868</b>

**Note 33****Events after the closing date**

In January, Rikshem's owners extended their backup agreements with the company. AMF Pensionsförsäkring AB and the Fourth Swedish National Pension Fund have previously provided the company with backup facilities in the form of a loan facility and a subscription undertaking for commercial papers, amounting to SEK 10 billion. These agreements have been extended until February 2025.

In February 2019, Rikshem sold the development property Fålhagen 3:1, also known as Sivia Torg, in central Uppsala. The property currently comprises 112 apartments and commercial premises. The buyer, Alma Property Partners, will take possession of the property on May 2, 2019.

## Note 34

### Proposed allocation of profits

The following earnings in the Parent Company are at the disposal of the Annual General Meeting:

Share premium reserve, SEK	840,772,100
Retained earnings, SEK	5,651,572,171
Profit for the year, SEK	247,777,933
<b>Total, SEK</b>	<b>6,740,122,204</b>

The Board proposes that SEK 6,740,122,204 be retained in the company.

### Signing of the annual report

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

Stockholm, March 28, 2019

Bo Magnusson  
Chairman of the Board

Pernilla Arnrud Melin

Per Uhlén

Lena Boberg

Liselotte Hjorth

Per-Gunnar Persson

Sophia Mattsson-Linnala  
Chief Executive Officer

Our auditor's report was submitted on March 28, 2019.

Ernst & Young AB

Mikael Ikonen  
Authorized Public Accountant

# Auditor's report

*This is a translation from the Swedish original.*

To the general meeting of the shareholders of Rikshem AB (publ),  
corporate identity number 556709-9667

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Rikshem AB (publ) for the year 2018 with exception of the corporate governance report on pages 65–67. The annual accounts and consolidated accounts of the company are included on pages 60-108 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Insurance Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Insurance Companies. Our opinion does not cover the corporate governance report on pages 65–67.

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

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

### Basis for Opinions

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

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

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### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these

requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

## Valuation of investment properties

### Description

The fair value of investment properties in the Group as at 31 December 2018 was 45 687 MSEK. The Group has a policy of valuing the properties internally.

As of the closing day 31 December 2018, 99.4 percent of the property portfolio has had its value appraised externally. The external evaluation has been used as quality control and for comparison purposes. Valuation according to fair value is associated with subjective assumptions where a small change in made assumptions on which the valuation is based on may have a material effect on the accounted values. Valuations are prepared based on the discounted cash flow method which relies on the forecasted future cash flows. The properties' yield requirements are assessed based on each property's unique risk and transactions made on the market for items of similar nature.

Because of the many assumptions and assessments connected to the valuation of investment properties, we believe that this area is a key audit matter. Description of the valuation of the property holding is presented in note 2.3 Summary of significant accounting policies page 79, note 2.4 Significant accounting assessments and judgments page 82 and note 14 Fair value investment properties page 93.

### How our audit addressed this key audit matter

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

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

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

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

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

Our internal valuation specialists have reviewed the company's valuation model and assessed the reasonableness of the assumptions for a sample of properties regarding yield, vacancy rates, rental income and operating costs. We have reviewed the information disclosed in the annual report.

## Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–53 and 108–119. The Board of Directors and the Managing Director are responsible for this other information.

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

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

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Insurance Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine

is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's responsibility

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

they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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

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

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Rikshem AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

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

### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

### Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

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

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

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

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

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

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 56-67 has been prepared in accordance with the Annual Accounts Act.

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

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

Ernst & Young AB, Box 7850 103 99 Stockholm, was appointed auditor of Rikshem AB (publ) by the general meeting of the shareholders on the 28 March 2018 and has been the company's auditor since 2011. Rikshem has been a public interest entity since 2014.

Stockholm 28 March 2019

Ernst & Young AB

Mikael Ikonen

Authorized Public Accountant



Porsön 1:240, Luleå



Rikshem has properties in selected growth areas throughout Sweden, from Luleå in the north to Malmö in the south.



Eriksberg 17:1-2, Uppsala



Lussekatten 1, Östersund

# List of properties

## Region Mälardalen

Property/ (valuation unit)	Municipality	Address	Purpose
Tullinge 16:121	Botkyrka	Ulvsbergsv. 7-9, Solv. 3A	Nursing home
Beckasinen 9	Huddinge	Sjöst. 8, 12-16	Seniors' residence
Strandpiparen 1	Huddinge	Tranv. 42	Seniors' residence
Gredelby 7:91	Knivsta	Sågverkstorget 4-12, Staffansv. 7, Disponentg. 3	Residential, Nursing home
Särsta 3:25	Knivsta	Häradsv. 3A-R, Forsbyv. 3, 5A-C, 7	Residential
Björknäs 1:34	Nacka	Eklundav. 9, Björknäs Skolv. 15	School, Preschool
Björknäs 1:4	Nacka	Talluddsv. 12	Nursing home
Björknäs 1:442	Nacka	Häckv. 2B	Preschool
Bo 12:7	Nacka	Norrst. 23/Liljekonvaljens v. 42	School
Bo 8:5	Nacka	Bragev. 36	Preschool
Erstavik 26:245	Nacka	Fidrav. 1, Ostronv. 2	School, Preschool
Igelboda 46:5	Nacka	Odenv. 10	School
Igelboda 54:1	Nacka	Vinterbrinksv. 2	Preschool
Kummelnäs 27:1	Nacka	John Wibergs v. 5-7	Preschool
Lännersta 1:148	Nacka	Liljekonvaljens v. 2	Preschool
Mensättra 17:1	Nacka	Stiltjev. 5	Preschool
Neglinge 13:5	Nacka	Neglinge v. 21	Nursing home
Neglinge 15:1	Nacka	Byv. 54	Office
Orminge 34:1	Nacka	Bockögr. 1	Preschool
Orminge 46:1	Nacka	Edöv. 2	Nursing home, School, Office
Orminge 46:2	Nacka	Betsöv. 2	Retail
Orminge 59:1	Nacka	Sandöv. 1, 2-4, 8,	School, Preschool
Rösunda 45:1	Nacka	Karl Gerhards v. 21	Preschool
Rösunda 9:11	Nacka	Ringv. 50	School
Sicklaön 103:4	Nacka	Fredrik Jahns gr. 3	Office
Sicklaön 123:1	Nacka	Helgessons v. 5	Nursing home
Sicklaön 127:1	Nacka	Helgessons v. 4	Preschool
Sicklaön 226:8	Nacka	Duvnäsv. 30-38	School
Sicklaön 343:1	Nacka	Hägerv. 33	School
Sicklaön 352:1	Nacka	Ektorpsv. 17-19	Nursing home
Sicklaön 369:1	Nacka	Jarlbergsv. 5	School
Sicklaön 375:2	Nacka	G:A Landsv. 22	Preschool
Sicklaön 73:48	Nacka	Skuru Skolv. 2	School
Solsidan 12:22	Nacka	Skyttev 17-19	Preschool
Tollare 2:48	Nacka	Skyrningsv 2, Sockenv. 38	Preschool
Älta 100:2	Nacka	Sävsångarv 42 A-B	Preschool
Älta 47:7	Nacka	Erstaviksv 4, Evalundsv 2, Ältav. 183-185	School, Preschool
Älta 61:1	Nacka	Bäckalidsv 8	Preschool
Motormannen 1, 3, 5	Norrköping	Stockholmsv. 53	Nursing home
Brännbo 1:29	Sigtuna	Lilla Brännbo v. 18	Nursing home
Ekilla 4:19	Sigtuna	Solbrinken 5	Nursing home
Ekilla 6:125	Sigtuna	Solbrinken 10-16	Nursing home
Fiskgjusen 1	Sigtuna	Ormsbergsv. 28-34	Residential
Havsörnen 2	Sigtuna	Ormsbergsv. 17-23	Residential
Humlegården 17	Sigtuna	Stora g. 64	Nursing home
Hällsboskolan 2	Sigtuna	Prästängsv. 1	School
Höken 2	Sigtuna	Trollbergsv. 1	Nursing home
Märsta 1:186	Sigtuna	Idrottsv. 21	Nursing home
Märsta 1:19	Sigtuna	Bollbacken 9	Nursing home
Norrbacka 1:39	Sigtuna	Odensalav. 1-3	School, Preschool
Norrbacka 1:48	Sigtuna	Norrbackav. 1-17, Odensalav. 2-58	Residential
Ormvråken 1	Sigtuna	Falkv. 1-5	Residential
Ragvaldsbo 1:119	Sigtuna	Rosendalsv. 4	Nursing home
Ragvaldsbo 1:186	Sigtuna	Hagtornsv. 12	Nursing home
Ragvaldsbo 1:189	Sigtuna	Ragvaldsbo gårdsv. 14A-B	Residential

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Property/ (valuation unit)	Municipality	Address	Purpose
Rävsta 5:386	Sigtuna	Solursg 3 A-D, Solurst 4 A-G, Spaljeväg 23A	Bostäder
Rördrommen 1	Sigtuna	Ormbergsv. 1-15, 2-26	Residential
Sigtuna 2:171	Sigtuna	Väringav. 11	Nursing home
Sigtuna 2:247	Sigtuna	Skolbacken 58	School
Sjudargården 1:17	Sigtuna	Hertigv. 3, Karin Hansdotters v. 2	Nursing home
Sätuna 3:12	Sigtuna	Dragonv. 10	Preschool
Sätuna 3:201	Sigtuna	Söderg. 33-35	Preschool
Sätuna 3:266	Sigtuna	Söderg. 57-59	School
Valsta 3:170	Sigtuna	Vikingav. 2	School
Valsta 3:172	Sigtuna	Ragnag. 5	Preschool
Valsta 3:179	Sigtuna	Ragnag. 40a	Nursing home
Valsta 3:182	Sigtuna	Steninge Backe 1A-E, 3-5, 2-4A-E, 6	Residential
Valsta 3:184	Sigtuna	Valsta gårdsväg 10, Valsta gårdsväg 14	Residential
Valsta 3:38	Sigtuna	Sleipnerg. 40-46, 50-56, 60-66, 70-76, 80-86	Residential
Valsta 3:53	Sigtuna	Ragnag. 38, Torsg. 49	School, Preschool
Nordan 21	Solna	Hagalundsg. 21	Retail
Nordan 23	Solna	Hagalundsg 25-31	Residential
Nordan 25	Solna	Hagalundsg. 35-43	Residential
Fader Bergström 1	Stockholm	Selmedalsv. 90	Nursing home
Jordbruksministern 3	Stockholm	Byälsv. 35B	Nursing home
Lagern 6	Stockholm	Vasag. 52	Office
Daldockan 1	Södertälje	Ågårdsv. 1-9	Residential
Elefanten 19	Södertälje	Björklundsg. 4D-H, J-L	Nursing home
Fasanen 1, Påfågeln 1	Södertälje	Karlhovsv. 1-17, Törnrosav. 14-18	Residential
Glasberga 1:133	Södertälje	Glasbyg. 1, 3A, Ljusterg. 1	Nursing home
Hasseln 4	Södertälje	Övre Torekällg. 21 A-B	Residential
Karlberga 2	Södertälje	Karlbergav. 1	Nursing home
Ljungbacken 2	Södertälje	Rönnv. 9	Nursing home
Lönnen 3	Södertälje	Parkg. 8	Nursing home
Ollonborren 7	Södertälje	Kringelv. 1	Nursing home
Pumpan 1	Södertälje	Prästgårdsv. 48	Preschool
Repet 4	Södertälje	Myrst. 1-22 Fjärilst. 1-31	Residential
Segelbåten 1, 2	Södertälje	Hertig Carls v. 24-26A-C	Residential
Skorpionen 6	Södertälje	Oxbacksg. 14, S:ta Ragnhildsg. 30	Residential
Spettet 2, 3, 4	Södertälje	Täppg. 10 A-B, 12 A-B, 14	Residential
Vibacken 2	Södertälje	Wijbacksv. 1	Nursing home
Nedra Runby 1:58 (leasehold)	Upplands Väsby	Lilla Hagv. 2	Student residence
Skälby 1:14	Upplands Väsby	Maria Krantzonsv. 1-28	Residential
Skälby 1:312	Upplands Väsby	Lindhems. 13-39, 41A-F, 43-60, 40A-F	Residential
Vilunda 28:22	Upplands Väsby	Holmv. 2-20	Residential
Vilunda 28:25	Upplands Väsby	Holmv. 11.13	Residential
Almunge Prästgård 1:59	Uppsala	Lillsjöv. 14D	Nursing home
Berthåga 38:5	Uppsala	Sandstensv. 20	Assisted living
Berthåga 43:1	Uppsala	Stenkolsv. 5, 7	Assisted living
Berthåga 48:6	Uppsala	Småstensv. 1, Stenhuggarv. 12-14	Assisted living
Berthåga 60:2	Uppsala	Herrhagsv. 14	Nursing home
Björklinge-Tibble 2:8	Uppsala	Brudlåtsv. 20	Assisted living
Björklinge-Tibble 2:9	Uppsala	Södra Tibblev. 12	Assisted living
Björklinge-Tibble 5:52	Uppsala	Bror Hjorts v. 7A-C, Spelmansv. 7	Nursing home
Bälinge-Ekeby 12:1	Uppsala	Lundgårdsv. 2,5,7	Nursing home
Bälinge-Ekeby 14:1	Uppsala	Bälinge-Ekeby 26	Assisted living
Dalby 11:1	Uppsala	Dalby 17	Nursing home
Eilsta 2:72	Uppsala	Knutby Videv. 9-15, Knutbyv. 4, Lustigkullsv. 6	Nursing home
Eriksberg 11:5	Uppsala	Gnejsv. 20-24, 26A-B	Residential, Seniors' residence
Eriksberg 12:2	Uppsala	Gnejsv. 1, Granitv. 21 A-C	Residential
Eriksberg 15:2	Uppsala	Glimmerv. 3	Assisted living
Eriksberg 17:1	Uppsala	Glimmerv. 5-7A-B	Residential
Eriksberg 17:2	Uppsala	Glimmerv. 9-11A-B, Granitv. 1A-C	Residential
Eriksberg 4:1	Uppsala	Glimmerv. 6-10A-D	Residential
Eriksberg 9:4	Uppsala	Gustavbergsg. 4 A-D	Residential
Flogsta 17:2	Uppsala	Tavastehusg. 5	Assisted living

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Property/ (valuation unit)	Municipality	Address	Purpose
Flogsta 34:3	Uppsala	Helsingforsg. 161	Assisted living
Fålhagen 3:1	Uppsala	Storg. 25, Vaksalag. 19-21, Roslagsg. 2-4	Residential
Fålhagen 6:3	Uppsala	Vaksalag. 35-39, Botvidsg. 12	Residential
Fålhagen 6:4	Uppsala	Eskilsg. 6 A-B	Residential
Gamla Uppsala 21:80	Uppsala	Arkeologv. 15-27	Assisted living
Gamla Uppsala 47:7	Uppsala	Sköldmöv. 11A-B, 13-17A-C, 19A-D	Nursing home, Residential
Gamla Uppsala 94:4	Uppsala	Topeliusg. 21	Assisted living
Gamla Uppsala 97:3	Uppsala	Huges v. 7	Assisted living
Gottunda 32:6	Uppsala	Djurgårdsv. 7	Assisted living
Gottunda 34:3	Uppsala	Bröderna Berwalds v. 1	Residential
Gottunda 48:2	Uppsala	Granelidsv. 1C	Assisted living
Gottunda 49:1	Uppsala	Vårdsätrav. 78	Assisted living
Gränby 19:1-2, 19:4-5	Uppsala	Solskensg. 4-10, Tövådersg. 3-13	Residential
Gränby 6:1-5, 7:1-3	Uppsala	Bruno Liljeforsg. 1-63, Levertinsg.1-37, 2-34, Atterbomsg.1-33	Residential
Gränby 8:1-3, 9:1-3	Uppsala	Bruno Liljeforsg. 65-89, Almqvistg. 1-37, Atterbomsg. 2-32, Albert Engströmmsg. 1-33	Residential
Gränby 9:4	Uppsala	Albert Engströmmsg. 2A-G	Residential
Gåvsta 2:36	Uppsala	Gåvstav. 17	Assisted living
Gåvsta 2:37	Uppsala	Gåvstav. 19	Nursing home
Kronåsen 1:29	Uppsala	Eklundshovsv. 13	Residential
Kronåsen 1:31	Uppsala	Eklundshovsv. 4A-C	Student residence
Kvarngärdet 4:2	Uppsala		Parking
Kvarngärdet 4:3	Uppsala	Kantorsg. 2-80	Residential, Student residence
Kvarngärdet 4:4	Uppsala		Parking
Kvarngärdet 45:1	Uppsala	Kvarnbacksg. 13, Kvarnängsg. 36-44, Långjärnsg. 9A-C, 11A-D	Residential
Kvarngärdet 46:1	Uppsala	Långjärnsg. 1-7	Residential
Kvarngärdet 47:1	Uppsala	Kvarnängsg. 46-52, Långjärnsg. 2-18	Residential
Kvarngärdet 5:3	Uppsala		Parking
Kvarngärdet 5:5	Uppsala		Parking
Kvarngärdet 52:1	Uppsala	Gärdets Bilg. 24-26, Kvarnbacksg. 2-6, Kvarnängsg. 35-39, Lurg. 1-7	Residential
Kvarngärdet 53:1	Uppsala	Gärdets Bilg. 28-30, Hjulg. 2-10, Kvarnbacksg. 1-11, Kvarnängsg. 41	Residential
Kvarngärdet 54:1	Uppsala	Gärdets Bilg. 32-34, Hjulg. 1-7, Kvarnkammarg. 2-4, Kvarnängsg. 43-47	Residential
Kvarngärdet 55:1	Uppsala	Gärdets Bilg. 36, Kvarnkammarg. 1-9, Kvarnängsg. 49-51	Residential
Kvarngärdet 56:13	Uppsala		Land
Kvarngärdet 56:14	Uppsala		Land
Librobäck 19:7	Uppsala	Ullforsg. 5B-G, J-N, P-Q	Assisted living
Librobäck 4:7 (leasehold)	Uppsala	Söderforsg. 14A-M	Assisted living
Luthagen 24:1	Uppsala	Norrlandsg. 6A-B, 8, Dalg. 1A-B, 3, Walling. 25A-B, 27	Nursing home, Sheltered housing
Luthagen 37:8	Uppsala	Börjeg. 25A-E	Seniors' residence
Löten 7:1-2	Uppsala	Lagerlöfsg. 2-62	Residential
Löten 7:4	Uppsala	Lagerlöfsg. 1-11	Residential
Norby 63:33-34	Uppsala	Tallbacksv. 40, Norbyv. 133	Assisted living
Norby 90:8	Uppsala	Fältv. 10	Assisted living
Norrvisjö 1:22	Uppsala	Norrvisjö 235	Land
Sala Backe 13:3	Uppsala	Årstag. 23A-E	Nursing home, Seniors' residence
Sala Backe 25:1	Uppsala	Verkmästarg. 16-20A-D	Residential
Storvreta 1:214	Uppsala	Hasselv. 11A	Assisted living
Storvreta 4:15	Uppsala	Vretalundsv. 10, 10B, 12	Nursing home
Storvreta 55:1	Uppsala	Vitsippsv. 10	Assisted living
Storvreta 56:1	Uppsala	Motionsv. 12, Bordtennisv. 2-4	Assisted living
Sunnersta 155:7	Uppsala	Sunnerstav. 28B	Assisted living
Sunnersta 193:1	Uppsala	Morkullev. 76	Assisted living
Sunnersta 67:35	Uppsala	Dag Hammarskjöldsv. 235, Backv. 1	Assisted living
Sunnersta 79:31	Uppsala	Domherrev. 12	Assisted living
Svartbäcken 14:3	Uppsala	Hallstensg. 20, Styrbjörnsg. 7	Nursing home
Svartbäcken 29:4	Uppsala	Egilsg. 8A-B, 12A-B, Svartbäcksg. 89-93	Residential

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<b>Svartbäcken 36:45</b>	Uppsala	Svartbäcksg. 52-54A-D, 56-58, 60A-C, Gamla Uppsalag. 1, Hagbardsg. 5	Nursing home, Seniors' residence
<b>Sävja 111:1</b>	Uppsala	Stenbrohultsv. 91-93	Nursing home
<b>Sävja 59:1</b>	Uppsala	Carl Von Linnés v. 4	Assisted living
<b>Sävja 64:2</b>	Uppsala	Lin. 46-56	Assisted living
<b>Trollbo 5:3</b>	Uppsala	Konstnärsv. 14	Assisted living
<b>Tuna Backar 33:1</b>	Uppsala	Tunag. 31-33A-B, 35A-C, 37A-D, Fjärdhundrag. 8	Seniors' residence
<b>Vaksala-Lunda 4:14</b>	Uppsala	Vaksala-Lunda 200-202	Assisted living
<b>Valsätra 54:6</b>	Uppsala	Rosendalsv. 3	Assisted living
<b>Vattholma 5:320</b>	Uppsala	Malmvågsv. 9	Nursing home
<b>Vattholma 5:330</b>	Uppsala	Järnmalmsv. 1-3	Assisted living
<b>Vänge-Täby 1:137</b>	Uppsala	Täbyv. 2	Assisted living
<b>Vänge-Täby 1:138</b>	Uppsala	Arkitektv. 33B	Assisted living
<b>Vänge-Täby 1:2</b>	Uppsala	Arkitektv. 1	Nursing home
<b>Årsta 106:3</b>	Uppsala	Mariedalsg. 1A-C, 3A-D, 5	Assisted living
<b>Årsta 93:1</b>	Uppsala	Hjortrong. 5	Assisted living
<b>Årsta 96:1</b>	Uppsala	Fyrilundsg. 62-66, Fålhagsleden 100	Nursing home, Sheltered housing
<b>Gränby 7:4</b>	Uppsala	Skulptören	Residential
<b>Adrian 11</b>	Västerås	Arosv. 31, Lundag. 1	Assisted living
<b>Barkaröby 15:298</b>	Västerås	Ruag. 2	Assisted living
<b>Bommen 1</b>	Västerås	Genuag. Mälarparksv. Ö Mälärstrands Allé	Residential
<b>Enkelstugan 25</b>	Västerås	Vallbygr. 36	Assisted living
<b>Fatburen 3</b>	Västerås	Fatbursg. 17	Nursing home
<b>Fredriksberg 7</b>	Västerås	Lövsångarg. 74-78	Nursing home
<b>Fyrtornet 1</b>	Västerås	Fyrtornsg. 6, Kummelg. 5, Verksg. 9-13	Residential
<b>Gippen 1</b>	Västerås	Ankarg. 37	Nursing home
<b>Gulmåran 2</b>	Västerås	Prästkrageg. 3-5	Nursing home
<b>Gunnar 18</b>	Västerås	Karls. 17B, Knutsg. 2B-D	Nursing home
<b>Hubbo-Kvistberga 1:23</b>	Västerås	Rallarv. 5	Assisted living
<b>Hubbo-Sörby 15:9</b>	Västerås	Kvistbergav. 10C	Nursing home
<b>Härjedalen 3</b>	Västerås	Gåstrikev. 2-6	Assisted living
<b>Hässlö 5:6</b>	Västerås	Flottlilj. 2-34	Student residence
<b>Karlavagnen 1</b>	Västerås	Karlavagnsg. 8-10	Residential
<b>Kronhjorten 5</b>	Västerås	Karfheldts. 20-22	Nursing home
<b>Krutbacken 1</b>	Västerås	Norellig. 10	Assisted living
<b>Läkaren 125</b>	Västerås	Hylvarg. 9, Plåtslagarg. 1, 2	Assisted living
<b>Nadden 1</b>	Västerås	Naddenv. 1	Assisted living
<b>Nybygget 8</b>	Västerås	Traktorg. 5	Assisted living
<b>Ollonborren 32</b>	Västerås	Jonasborgsv. 6-8, Stockholmsv. 115-117	Assisted living
<b>Pinjen 2</b>	Västerås	Cederg. 11	Nursing home
<b>Resmilan 1</b>	Västerås	Odensviplatsen 1, 2	Nursing home
<b>Rimfrosten 1</b>	Västerås	Talltopsg. 1	Assisted living
<b>Rädisan 1</b>	Västerås	Hammarbacksv. 5, Narvav. 24	Nursing home
<b>Sjömärket 2</b>	Västerås	Fyrtornsg. 7 A-B, Sjömärkesg. 8 A-B	Residential
<b>Skogsduvan 3</b>	Västerås	Skogsduvev. 1	Nursing home
<b>Sveten 1</b>	Västerås	Hagabergsg. 10	Assisted living
<b>Svärdsliljan 5</b>	Västerås	Svärdsliljeg. 1-3, Gulsparreg. 3-13, 2-4	Residential
<b>Urberget 1</b>	Västerås	Jakobsg. 47-99	Residential
<b>Vaktchefen 2</b>	Västerås	Kaserng. 30A-C	Nursing home
<b>Vaktposten 2</b>	Västerås	Kaserng. 24	Nursing home
<b>Vetterstorp 3</b>	Västerås	Narvav. 58-74	Residential
<b>Vintergatan 1</b>	Västerås	Karlavagnsg. 4-6	Residential

## Region Northern Sweden

Property/ (valuation unit)	Municipality	Address	Purpose
Balder 1	Luleå	Baldersv. 2A-B, Furomov. 5	Residential, Nursing home
Bergviken 5:40	Luleå	Torpslingan	Residential
Kallkällan 4	Luleå	Lingonst. 147-233	Residential
Kallkällan 9	Luleå	Lingonst. 36, 36A/Lingonst. 33	Preschool, Retail
Kristallen 12	Luleå	Tunast. 1, 3A-B, 5-61, 73-77, 87-91, 2-52	Residential, Nursing home
Kronan 1:1	Luleå	Kronan A1-A8, H1-H8	Office
Maskinisten 2	Luleå	Storst. 20-28	Nursing home
Midskogen 13	Luleå	Gymnasiev. 6, 8	Nursing home
Mjölkudden 3:51	Luleå	Radiomasten 3-7, 7A, 9A-F, 19-21, 4-12, 4B, 12B, 16	Residential, Nursing home
Mjölkudden 3:54	Luleå	Mjölkuddsv. 79	Nursing home
Porsön 1:240	Luleå	Assistentv. 8-370	Residential
Porsön 1:406	Luleå	Kårhusgr. 1-9, 3A	Student residence
Sundsgården 4	Luleå	Sundsbacken 9	Nursing home
Båtsmannen 1	Umeå	Bankg. 16 A-B, Västra Esplanaden 15	Residential
Duvhöken 2, 3	Umeå	Länsmansv. 4, 6A-B	Residential
Fjällämmeln 23	Umeå	Målargr. 11	Nursing home
Flyttfågeln 1	Umeå	Mariehemsv. 39 A-K, 43 A-D	Residential
Flyttfågeln 11	Umeå	Mariehemsv. 41A-H, J-P, R-V, X-Ö	Residential
Flyttfågeln 2	Umeå	Mariehemsv. 35-37A-H	Residential
Gärdet 16	Umeå	Norra Ersmarksg. 51	Residential
Gärdet 18	Umeå	Hagmarksv. 26	Residential
Handlaren 20	Umeå	Bölev. 9A-B, 11A-C, 13A-B	Residential
Hygget 1	Umeå	Sandbackav. 22A-H, 22J-L, 24A-H, 24J-L	Residential
Hygget 75	Umeå	Sandbackav. 22M-N	Residential
Ingenjören 6	Umeå	Svedjebacken 4A-H, 6A-B	Residential
Jungmannen 1	Umeå	Centralg. 25A-B	Residential
Jägaren 4	Umeå	Skolg. 40A-B	Residential
Jägaren 5	Umeå	Kungsg. 41A-B, 43A-C	Residential
Järven 18	Umeå	Häradshövdingeg. 6, Storg. 72-74, Östra Strandg. 19	Residential
Järven 19	Umeå	Storg. 76-78	Residential
Krukan 15	Umeå	Mjölkv. 10-22, 10A-E, 12A-E	Residential
Laxen 23	Umeå	Storg. 98	Residential
Leoparden 2	Umeå	Hovrättsg. 5, Kungsg. 39	Residential
Leoparden 4	Umeå	Skolg. 36A-B, Slöjdg. 8	Residential
Lövsågen 16	Umeå	Lagmansg. 48A-B	Residential
Lövsågen 37	Umeå	Lagmansg. 44	Residential
Matrosen 4	Umeå	Nyg. 2A-B	Residential
Matrosen 7	Umeå	Bankg. 11, Nyg. 4A-B	Residential
Nämndemannen 1	Umeå	Svedjebacken 5A-H, 5J-K	Residential
Orrspelet 1, 2	Umeå	Morkullev. 16A-H, 18 A-M	Residential
Reparatören 3	Umeå	Odlarv. 6A-H, J-P, R-T, V, X-Y, Yrkesv. 6A-H, J-K	Residential
Rubinen 2	Umeå	Kungsg. 23, Skolg. 22A-B	Residential
Sandtaget 2	Umeå	Sandbackav. 34A-H, 34J-M	Residential
Släggskäftet 11	Umeå	Markv. 3A-H, 3J-M	Residential
Sofiehem 2:156	Umeå	Ålidbacken 23	School
Stora Björnen 11	Umeå	Häradshövdingeg. 8, 10A-C	Residential
Storjägaren 7	Umeå	Borgv. 22A-B	Residential
Svalan 6	Umeå	Holmsundsv. 77A-B	Residential
Tranan 2, 3	Umeå	Skolg. 95-97, Fabriksg. 9	Residential
Täfteå 10:202	Umeå	Mastv. 2-8A-F	Residential
Uven 11	Umeå	Träsnidarg. 4A-B	Residential
Vaktposten 3	Umeå	Slöjdg. 7A-B	Residential
Vallen 4	Umeå	Grisbackav. 3A-D, 5A-F, Hartvigsg. 14A-H, J-K, Lagmansg. 7-9A-D, 11A-B	Residential
Vittran 1	Umeå	Vittrerv. 172-290, 182B	Residential
Abc-Boken 10	Östersund	Rådhusg. 31, Thoméeegr. 22A-B	Residential
Bakplåten 1	Östersund	Timmerv. 1-77	Residential
Batteriet 1-4, Väghyveln 5-6, Trossen 1	Östersund	Stabsgr. 2-20, Divisionsgr. 1-19, 2-20, Batterigr. 1-19, 2-20, Trossgr. 1-19, 2-20.	Residential
Bönboken 4	Östersund	Thoméegr. 19, Artillerigr. 4B-C	Residential
Degskrapan 2	Östersund	Stubbv. 1-5	Residential
Elritsan 4	Östersund	Rådhusg. 85, 87, 89, 91	Residential

## Region Northern Sweden

Property/ (valuation unit)	Municipality	Address	Purpose
Flossamattan 1	Östersund	Skogsbruksv. 85A-127D	Residential
Frigg 10	Östersund	Repslagarst. 23, Skolg. 76A-D	Residential
Färgaren 2	Östersund	Biblioteksg. 4A-B, Köpmang. 34, 36A-C	Residential
Förskinnets 8	Östersund	Regementsg. 38A-B, 40, 42A-C, Södra Gröng. 37, 41A-C, Thoméegr. 26, 28A-B, Tullg. 25A-B, 27	Residential
Handlanden 3	Östersund	Bergsg. 17A-C, Rådmansg. 6	Residential
Harren 2	Östersund	Brunflöv. 22	Residential
Hyacinten 10, 12, 13, 15, 16	Östersund	Ängeg. 1, 1A-B, 3A-B, 5A-D, 7-11A-B, Brunflöv. 9A-B, Grundläggargr. 2-48	Residential
Härbärgets 3	Östersund	Storg. 58A-I, 58K	Residential
Kålhagen 6	Östersund	Kyrkg. 37-39, Residensgr. 18, 20A-B, Rådhusg. 38, Samuel Permans g. 11	Residential
Lussekatten 1	Östersund	Blåhammarv. 78-160	Residential
Majsen 11	Östersund	Ringv. 26-28, 30A-B	Residential
Mangården 1	Östersund	Hemv. 27-57	Residential
Medeltiden 1	Östersund	Järnåldersv. 1-15	Residential
Motboken 7	Östersund	Rådhusg. 41, 41A-D	Residential
Pastorn 12	Östersund	Brogr. 14-16A-B, Färjemansg. 13-15, 13-15A-B, Kyrkg. 24A-B, 26, 28, Prästg. 5A-C, 7A-B, 9	Residential
Pionen 13	Östersund	Stuguv. 20, Övre Hantverksg. 23A-B, 25A-I	Residential
Rektorn 9	Östersund	Köpmang. 33-37, Biblioteksg. 5, Storg. 26, Törnstens gr. 6-8	Residential
Räntmästaren 2	Östersund	Köpmang. 40, 40A-B, Postgr. 4	Residential
Stadspredikanten 2	Östersund	Regementsg. 34, Artillerig. 7, Pastorsg. 4A-B	Residential
Symaskinen 1	Östersund	Jägmästarv. 1-23A-D, Skogvaktarv. 10-18A-D, 20A-B, 22, 24A-B, 26A-D	Residential
Sädesskäppan 3	Östersund	Pastorsg. 3, 3A-B, Regementsg. 32, 32A	Residential
Trasmattan 1	Östersund	Skogsbruksv. 1-17, Stöttingv. 2-26	Residential
Tröskan 11	Östersund	Odenskogsv. 102-106, 112-114, Slåtterv. 5, 7A-C, 9, 11A-B, 13-29	Residential
Vallmon 1	Östersund	Ängeg. 10	Residential
Yllemattan 1	Östersund	Stöttingv. 1-29	Residential
Åkaren 1	Östersund	Bergsg. 23, 23A-B, Kaptensg. 5	Residential

## Region Southern Sweden

Property/ (valuation unit)	Municipality	Address	Purpose
Häljered 2:75	Ale	Vallmov. 3	Nursing home
Ledet 1:4	Ale	Ledetv. 9A-B	Nursing home
Nödinge 2:45	Ale	Fyrklöverg. 26	Nursing home
Nödinge 38:50	Ale	Södra klöverst. 31, 32	Nursing home
Skepplanda 3:62	Ale	Odalv. 2	Nursing home
Skårdal 1:68	Ale	Göteborgsv. 217	Residential
Utby 3:63	Ale	Ängg. 4	Nursing home
Starrkärr 4:10	Ale	Garverigränd 2, Garverivägen 3	Nursing home
Blåregnet 9	Halmstad	Barnhemsg. 30, Skeppareg. 21, Skåneg. 9-11	Nursing home
Eketånga 6:658	Halmstad	Soldalsv. 14	Nursing home
Eldsberga 6:13	Halmstad	Eldsbergav. 52	Nursing home
Enheten 1	Halmstad	Flottiljv. 1-24	Residential
Getinge 5:26	Halmstad	Göteborgsv. 74	Nursing home
Krusbäret 19	Halmstad	Snöstorpsv. 54	Nursing home
Lyngåkra 3:22	Halmstad	Pålsgårdsv. 8	Nursing home
Talet 1	Halmstad	Pålsbov. 18	Service premises
Termometern 1	Halmstad	Bäckagårdsv. 47	Nursing home
Vivan 1	Halmstad	Parkv. 4	Nursing home
Vokalen 3	Halmstad	Ålderst. 4	Nursing home
Volontären 4	Halmstad	Ålderst. 1-5	Nursing home
Åsen 15	Halmstad	Odeng. 34	Nursing home
Amerika Norra 50	Helsingborg	Hantverkarg. 24-26	Residential

## Region Southern Sweden

Property/ (valuation unit)	Municipality	Address	Purpose
Amerika Södra 21	Helsingborg	Furutorpsg. 34, Söderg. 95	Residential
Ask 1	Helsingborg	Kuring. 51-61, Kullav. 17-27	Residential
Balgripen 1	Helsingborg	Spannmålsg. 6-8	Residential
Batteriet 1, 8, 9, Barrikaden 2	Helsingborg	Fyrverkareg. 2-10, Minörg. 3-5	Residential
Batteriet 3, Värnet 2, 3	Helsingborg	Minörg. 7-17	Residential
Bollbro 19	Helsingborg	Söderg. 20	Residential
Brigaden 1	Helsingborg	Revärg. 1-6, Trängsg. 1-6	Residential
Böhmén 19	Helsingborg	Hantverkareg. 11, 17	Residential
Carnot 8	Helsingborg	Öresundsg. 25	Residential
Elineberg 5	Helsingborg	Elinebergsplatsen 1-7, 12	Retail
Elineberg 7	Helsingborg	Elinebergsplatsen 2-10	Residential
Eneborg 10	Helsingborg	Övre Eneborgsv. 24	Residential
Eneborg 11	Helsingborg	Övre Eneborgsv. 26	Residential
Eneborg 7	Helsingborg	Bjäreg. 8-10, Övre Eneborgsv. 28, Övre Holländareg. 35	Residential
Filen 8	Helsingborg	Hälsov. 25, 27, Kopparmölleg. 22	Residential
Fjärilen 12	Helsingborg	Södra Stenbocksg. 100	Residential
Fjärilen 13	Helsingborg	Södra Stenbocksg. 102	Residential
Fjärilen 14	Helsingborg	Södra Stenbocksg. 104A-B	Residential
Fjärilen 16	Helsingborg	Visitörsg. 3	Residential
Fjärilen 17	Helsingborg	Wieselgrensg. 20	Residential
Fjärilen 19	Helsingborg	Wieselgrensg. 22, 24	Residential
Fjärilen 9	Helsingborg	Wieselgrensg. 26	Residential
Getingen 6, 19	Helsingborg	Siöcronaplatsen 4-10	Residential
Guldsmeden 15	Helsingborg	Gullandersg. 4, O D Krooks g. 39	Residential
Gärdet 1	Helsingborg	Plutog. 9-11	Residential
Hammaren 23	Helsingborg	Stampg. 15	Residential
Hantverkaren 13	Helsingborg	O D Krooks g. 38	Residential
Herden 16	Helsingborg		Parking
Huslyckan 6	Helsingborg	Elinebergsv. 18A-D, 20A-B, Häradsg. 1, 3A-C, 5, 7A-C, 9, 11A-C	Residential
Kapellet 17	Helsingborg	Hälsov. 26-30, Kopparmölleg. 20	Residential
Kapellet 18	Helsingborg	Hälsov. 32-36, 38A-C	Residential
Kapellet 21	Helsingborg	Lilla Möllevångsg. 9A-C	Residential
Kaplanen 10	Helsingborg	Krabbeg. 3A-C	Residential
Karl XI Norra 19	Helsingborg	Karlsg. 9	Residential
Karl XI Södra 20	Helsingborg	Karlsg. 12, Södra Storg. 16	Residential
Karl XI Södra 4	Helsingborg	Karlsg. 10	Residential
Köpingelyckan 5	Helsingborg	Elinebergsv. 10A-B, 12A-B, Lugguddeg. 1, 3A-C, 5, 7A-C, 9, 11A-C	Residential
Köpingelyckan 6	Helsingborg	Elinebergsv. 14A-B, 16A-C, Häradsg. 2A-D, 4A-B, 6A-D, 8A-C	Residential
Ljuset 5	Helsingborg	Norrehedsg. 9-17, Rusthållsg. 10-18	Residential
Malen 41	Helsingborg	Sadelmakareg. 7A-B, Övre Eneborgsv. 36A-B	Residential
Maria 1	Helsingborg	Traktörsg. 42-52	Residential
Myran 8	Helsingborg	Gasverksg. 48, Magisterg. 1	Residential
Norge 10	Helsingborg	Nedre Holländareg. 4, 6	Residential
Norge 2, 9	Helsingborg	Söderg. 58, Nedre Holländareg. 8, Söderg. 56	Residential
Nunnan 1	Helsingborg	Södra Stenbocksg. 106	Residential
Nunnan 2	Helsingborg	Södra Stenbocksg. 108	Residential
Nunnan 3	Helsingborg	Södra Stenbocksg. 110	Residential
Nunnan 5	Helsingborg	Visitörsg. 13	Residential
Nunnan 6	Helsingborg	Visitörsg. 11	Residential
Nunnan 7	Helsingborg	Visitörsg. 9	Residential
Nunnan 8	Helsingborg	Sämsmakareg. 2A-B, Visitörsg. 7	Residential
Nyckelpigan 2	Helsingborg	Bjäreg. 15, Sadelmakareg. 2A-B	Residential
Nyckelpigan 26	Helsingborg	Sadelmakareg. 4-14	Residential
Nässlan 12	Helsingborg	Industrig. 22-24, Wienerg. 17	Residential
Nässlan 13	Helsingborg	Norra Ljungg. 13	Residential
Nässlan 4	Helsingborg	Industrig. 28	Residential
Ollonborren 11	Helsingborg	Siöcronag. 5	Residential
Ollonborren 14	Helsingborg	Övre Holländareg. 34A-B	Residential
Ollonborren 9	Helsingborg	Bjäreg. 14	Residential
Pinjen 5	Helsingborg	Fredsg. 2, 4, Planteringsv. 42	Residential

## Region Southern Sweden

Property/ (valuation unit)	Municipality	Address	Purpose
Pinjen 8	Helsingborg	Östra Fridhemsg. 3	Residential
Rovan 13	Helsingborg	Södra Stenbocksg. 83	Residential
Rovan 14	Helsingborg	Munkav. 14-28, Skåneg. 13	Residential
Ruuth 17	Helsingborg	Trädgårdsg. 15	Residential
Samson 7	Helsingborg	Erik Dahlbergs g. 57, Helmfeltsg. 13	Residential
Samson 8	Helsingborg	Helmfeltsg. 11	Residential
Skepparlyckan 3	Helsingborg	Elinebergsv. 4A-B, 6A-C, 8, Lugguddeg. 2-6A-C	Residential
Sköldenborg 12	Helsingborg	Hebsackersg. 14	Residential
Sköldenborg 16	Helsingborg	Hebsackersg. 16-18	Residential
Sköldenborg 18	Helsingborg	Hebsackersg. 24	Nursing home
Spindeln 5, 6	Helsingborg	Södra Stenbocksg. 119-121, Eneborgsplatsen 2	Residential
Spindeln 7	Helsingborg	Apotekareg. 16-22, Eneborgsplatsen 4,6	Residential
Stiftelsen Norra 2-5, 7-8	Helsingborg	O D Krooks g. 19-23, Norra Stenbocksg. 10-16, Grubbag. 2	Residential
Städet 15	Helsingborg	Föreningsg. 37	Residential
Städet 17	Helsingborg	Stampg. 17-19	Residential
Städet 9	Helsingborg	Föreningsg. 35	Residential
Träsket 8	Helsingborg	Flog. 12	Sheltered housing
Ugglan 15	Helsingborg	Fredriksdalsplatsen 1, Lilla Möllevångsg. 2	Residential
Ugglan 4	Helsingborg	Mellersta Stenbocksg. 41	Residential
Ugglan 9	Helsingborg	Lilla Möllevångsg. 4	Residential
Uven 5	Helsingborg	Lilla Möllevångsg. 6A-B	Residential
Valhall 17	Helsingborg	Fredsg. 1, Planteringsv. 48-50	Residential
Valhall 18	Helsingborg	Fredsg. 3, Tryckerig. 25-27	Residential
Württemberg 7-9, 13	Helsingborg	Carl Krooks g. 49-55, Gustav Adolfs torg 2, Furutorpsg. 25	Residential
Frigg 1	Helsingborg	Kullavägen 57-69, Majorsgatan 4-16	Residential
Lärlingen 9	Jönköping	Västerliden 16-18, Wilhelm thams v. 71-73	Nursing home
Apotekaren 22	Kalmar	Kaggensg. 16-18, Storg. 16	Office, Retail
Beckasinen 34	Kalmar	Tullslätten 17-31, Unionsg. 16, 18 A-B	Residential
Beckasinen 43	Kalmar	Unionsg. 10-14	Residential
Braxen 15	Kalmar	Esplanaden 26-28, Postg. 5	Residential
Bärnstenen 1	Kalmar	S:t Kristoffers v. 3	Nursing home
Duvan 22	Kalmar	Norra v. 37	Office
Flintan 2	Kalmar	Två systrars v. 2A-D, 4A-C	Residential
Gnejsen 1	Kalmar	Två systrars v. 1-3A-D, 5-7A-C, 9-11A-D, 13A-C, 15A-D, 17A-B, 19A-D, 21A-C	Residential
Hagby 12:42	Kalmar	Möregårdsv. 10	Nursing home
Kalkstenen 1	Kalmar	Vänskapens v. 4	Nursing home
Kalkstenen 22	Kalmar	Björkenäsv. 4 A-C, 6-20 A-B	Nursing home
Karlslunda-Fagerhult 1:25	Kalmar	Bäverdalsv. 13	Nursing home
Korpen 16	Kalmar	Nyg. 36	Office
Kroppkakan 2	Kalmar	Förlösav. 7-135, Kastrullv., Lassev.	Residential
Ljungby 16:126	Kalmar	Backsippev. 13	Nursing home
Rapsen 14	Kalmar	Bergagårdsv. 12	Residential
Rapsen 15	Kalmar	Bergagårdsv. 10	Residential
Rodret 4	Kalmar	Sparreg. 34	Residential
Smedbacken 1	Kalmar	Ingelstorpsv. 1	Nursing home
Smedhagen 1	Kalmar	Klapperv. 1-35	Residential
Stenmuren 1	Kalmar	Stenmursv., Smedhagsv.	Residential
Vallmon 19	Kalmar	Sjöbrings v. 4	School, Nursing home, Office
Videt 13	Kalmar	Gasverksg. 4-6A-B	Residential
Rönnbäret 1	Kalmar	Malörtsvägen 1,3 Skvatramsvägen 35	Residential
Rapsen 11	Kalmar	Bergagårdsvägen 8	Residential
Rapsen 10	Kalmar	Bergagårdsvägen 6	Residential
Rapsen 9	Kalmar	Bergagårdsvägen 4	Residential
Idrottsplatsen 1	Linköping	Korpralsg. 6, 8A-B, 10	Nursing home
Cellon 2	Malmö	Mellanhedsg. 26A-D	Residential
Handskfacket 3	Malmö	Sommarvagng. 22	Nursing home
Insjön 3	Malmö	Amiralsg. 58 A-D, Karlskronaplan 4 A-B	Residential
Jagten 7	Malmö	Ystadsg. 8A-D	Residential
Kungsfågeln 5	Malmö	Älgg. 29, 29A	Residential

## Region Southern Sweden

Property/ (valuation unit)	Municipality	Address	Purpose
<b>Månstrålen 6</b>	Malmö	Råkringsg. 10	Nursing home
<b>Puffen 1</b>	Malmö	Alex Danielssons v. 117	Nursing home
<b>Rönnen 2</b>	Malmö	Nobelv. 137, Rönneholmsg. 2A-B	Student residence
<b>Skansen 1</b>	Malmö	Lilla Varvsg. 4-10, Kompassg. 40-42	Student residence
<b>Tavlan 5</b>	Malmö	Amiralsg. 54, Skanörsgr. 2	Residential
<b>Tuppen 15</b>	Malmö	Hyllie Kyrkov. 56-58, Idrottsg. 47, Apoteksg. 19	Residential, Nursing home
<b>Undret 1</b>	Malmö	Lantmannag. 46 A-D, Lindg. 2 A-D	Residential
<b>Värmerelaget 1</b>	Malmö	Landålettg. 42	Nursing home
<b>Åkermyntan 3</b>	Malmö	Norra Bulltoftav. 8	Nursing home
<b>Brännaren 19</b>	Malmö		Residential
<b>Bärnstenen 1</b>	Norrköping	Kalkstensg. 5	Nursing home
<b>Djäkneberget 10</b>	Norrköping	Skeppareg. 33, Skolg. 31	Residential
<b>Dörren 16</b>	Norrköping	Armeraregatan	Land
<b>Fönstret 7</b>	Norrköping	Hagebyg. 180	School, Commercial
<b>Godvän 16</b>	Norrköping	Källvindsg. 16, St Persg. 38-40	Residential
<b>Godvän 21</b>	Norrköping	St Persg. 34-36	Residential
<b>Godvän 28</b>	Norrköping	Nyg. 19, Korsg. 19	Residential
<b>Hålet 1</b>	Norrköping	Dragareg. 1	Parking
<b>Karbinen 9</b>	Norrköping	Bråddg. 57A-C	Residential
<b>Kardusen 7</b>	Norrköping	Dagsbergsv. 136-140	Residential
<b>Kolonien 11, 12</b>	Norrköping	Lagergrensg. 7, 11-13, Dagsbergsg. 4, 4A	Residential
<b>Kopparkypen 30</b>	Norrköping	S:t Petersg. 43A-F	Residential
<b>Krukan 16</b>	Norrköping	Garvareg. 15	Residential
<b>Krusmyntan 4</b>	Norrköping	Stensg. 1-3, Hagag. 29	Residential
<b>Lejongapet 10</b>	Norrköping	Norrallundsg. 23A-C	Residential
<b>Linjen 2</b>	Norrköping	Idrottsg. 32-74	Residential
<b>Niten 1</b>	Norrköping	Hagebyg. 160-174, Hyvlareg.17-21, Murareg.107-129, Mamreg 2-12	Residential
<b>Planen 4</b>	Norrköping	Ektorpsg. 30-46	Residential
<b>Pokalen 21</b>	Norrköping	Bråddg. 47-49, Luntg. 23-25, Smedjeg. 40	Residential
<b>Pokalen 27</b>	Norrköping	Luntg. 19-21, Smedjeg. 36, Vatteng. 30-32	Residential
<b>Pokalen 29</b>	Norrköping	Smedjeg. 38A-B	Residential
<b>Spärren 2</b>	Norrköping	Limmareg. 2-21, Snickareg.3-21, Svarvareg. 2-23, Formareg. 2-23, Hyvlareg. 2-20	Residential
<b>Stadsvakten 2</b>	Norrköping	Olai Kyrkog. 6, Torgg. 7-9, Trädgårdsg. 15-17	Residential
<b>Stopet 11</b>	Norrköping	S:t Persg. 125-131, Hantverkareg. 48-50	Residential
<b>Strömbacken 4</b>	Norrköping	Linköpingsv. 12	Residential
<b>Topasen 1, 2</b>	Norrköping	Urbergsg. 11-97	Residential
<b>Tornet 11</b>	Norrköping	Styrmanng. 21-25, Östra Promenaden 18	Residential
<b>Tornet 8</b>	Norrköping	Hospitalsg. 58, Östra Promenaden 14	Residential
<b>Tornet 9</b>	Norrköping	Östra Promenaden 16	Residential
<b>Tuvan 1</b>	Norrköping	Ångsvaktareg. 27, De Geersg. 57-63	Residential
<b>Vattnet 7</b>	Norrköping	Trädgårdsg. 27-29	Residential
<b>Vesslan 5</b>	Norrköping	Norra Promenaden 110, Åbyg. 1	Residential
<b>Vesslan 6</b>	Norrköping	Norra Promenaden 112 A-B	Residential
<b>Vesslan 7</b>	Norrköping	Tjustg. 2 A-B, Norra Promenaden 114	Residential
<b>Kaveldunet 2</b>	Nyköping	Skolortsgången 1-87	Residential
<b>Garvaren 1</b>	Nyköping	Östra Kvarngatan 11-17	Residential
<b>Brudslöjan 3</b>	Nyköping	Hemgårdsvägen 18A-22B	Residential
<b>Brandstoden 7</b>	Nyköping	Järnvägsgatan 26-28A-C	Residential

# Key performance data

## Key performance data

Amounts in MSEK	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
<b>Risk capital</b>						
Equity	18,199	15,710	13,281	10,360	4,850	3,705
Shareholder loans	–	–	–	–	3,007	2,881
Risk-bearing capital	18,199	15,710	13,281	10,360	7,857	6,586
Total assets	48,734	43,501	40,114	34,053	26,036	20,208
Equity/assets ratio, %	37	36	33	30	19	18
Share of risk-bearing capital, %	37	36	33	30	30	33
Return on equity, %	14.7	16.8	20.6	25.8	23.6	48.9
<b>Financial key figures</b>						
Loan-to-value ratio, secured loans, %	10	12	15	21	23	32
Loan-to-value ratio, %	58	59	62	66	65	63
Average interest rate, %	1.7	2.0	1.5	1.6	1.8	3.1
Interest-coverage ratio	3.2	3.5	3.8	3.6	2.9	2.2
Interest-rate duration, years	5.1	5.3	2.6	2.4	3.4	3.2
Debt duration, years	4.1	3.0	1.9	1.4	1.1	–
<b>Property-related key figures</b>						
Number of properties	555	586	574	533	496	366
Lettable area, 1,000 sqm	2,274	2,219	2,182	1,975	1,708	1,506
Proportion of properties for public use, %	29	29	29	38	42	36
Number of apartments	28,840	27,924	27,224	24,203	20,844	19,541
Vacancy rate, residential properties	3.2	2.7	3.6	2.6	1.8	2.0
Market vacancy rate, residential properties, %	0.5	0.3	0.5	0.4	–	–
Remaining lease term for properties for public use, years	10	10	10	10	11	12
Investment in properties	1,083	1,586	1,849	1,680	784	382
Fair value, MSEK	45,687	41,039	37,878	32,009	25,160	19,982
Fair value, SEK/sqm	20,090	18,494	17,362	16,205	14,727	13,286
Total return, %	8.4	8.1	9.7	10.7	9.8	10.7
<b>Key performance data</b>						
<b>Performance-related key figures</b>						
Rental income	2,792	2,665	2,484	2,040	1,691	1,433
Growth in revenue for existing properties, %	3.9	4.3	3.7	2.7	2.4	1.0
Net operating income	1,524	1,555	1,420	1,192	954	770
Growth in net operating income for existing properties, %	-3.9	6.7	3.4	6.8	8.4	–
Surplus ratio, %	55	58	57	58	56	54
Income from management operations	1,008	1,150	1,208	579	380	348
Profit for the year	2,489	2,430	2,433	1,964	1,010	1,455
<b>Employees</b>						
Number of employees	241	206	192	173	134	107
of whom, women	106	90	81	70	48	–

# Definitions

**Share of risk-bearing capital** Risk-bearing capital in relation to total assets. This is stated to illuminate the company's financial stability.

**Return on equity** Profit for the year in relation to average equity. This is stated to illuminate the company's ability to generate a return on the capital invested by the shareholders.

**Amounts within parentheses** For income statement items, amounts within parentheses refer to the outcome for the corresponding year-earlier period and for balance sheet items, amounts within parentheses refer to the outcome at the end of the preceding year.

**Loan-to-value ratio** External interest-bearing liabilities in relation to the fair value of properties. This is stated to illuminate the company's financial risk.

**Loan-to-value ratio, secured loans** Secured external interest-bearing liabilities in relation to the fair value of properties. This is stated to illuminate the company's financial risk.

**Property yield** Annualized net operating income in relation to the average fair value of properties. This is stated to illuminate the property investments' ability to generate a return.

**Net operating income** Rental income less property expenses.

**Property expenses** Costs for heat, electricity, water, operation, maintenance, property tax, leasehold fees, rent losses and administration.

**Economic occupancy rate** Contract rent in relation to total rental value less rent related to vacancies due to renovation on the closing date.

**Net financial items** Net of interest income, interest expenses and similar revenue and costs.

**Income from management operations** Net operating income less administrative costs and net financial items plus earnings from joint ventures. This is stated to illuminate the continuous earnings capacity of the business.

**Rental income** Rental value less vacancies and rent discounts.

**Surplus ratio** Net operating income divided by rental income. This is stated to illuminate the continuous earnings capacity of the property investments.

**Debt duration, years** The weighted remaining maturity of interest-bearing liabilities on the closing date. This is stated to illuminate the company's financial risk.

**Market vacancy rate, residential properties** As per the closing date, the number of apartments less apartments unrented due to renovation in relation to the total number of apartments in the residential properties segment.

**Average interest rate** Average interest rate for interest-bearing liabilities including expenses for backup facilities in relation to current loans on the closing date.

**Risk-bearing capital** Equity plus an increment for shareholder loans.

**Interest-rate duration, years** The weighted remaining interest-rate duration for interest-bearing liabilities and financial derivative instruments on the closing date. This is stated to illuminate the company's financial risk.

**Interest-coverage ratio** Profit before tax following a 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. This is stated to illuminate the company's sensitivity to interest-rate fluctuations.

**Equity/assets ratio** Equity in relation to total assets. This is stated to illuminate the company's financial stability.

**Secured loans** Loans raised against liens on properties.

**Total return** Net operating income plus change in value in relation to the average fair value of properties. This is stated to illuminate the property investments' ability to generate a return.

**Vacancy rate, residential properties** As per the closing date, the number of unrented apartments in relation to the total number of apartments in the residential properties segment.

**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.

**Surplus ratio** Net operating income in relation to rental income. This is stated to illuminate the property investments' continuous earnings capacity.



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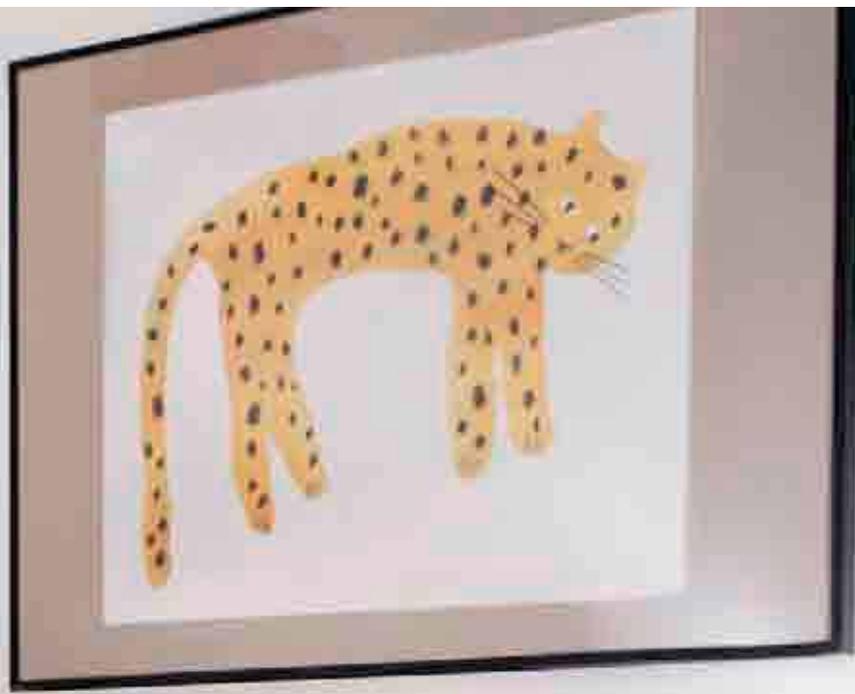
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