



Year-end report

January–December 2019



Year-end report 2019

Events during the year

- Rental income increased MSEK 124 or 4.4 percent during the period to MSEK 2,916 (2,792).
- Net operating income rose MSEK 62 or 4.1 percent to MSEK 1,586 (1,524).
- Income from property management increased MSEK 278 or 27.6 percent to MSEK 1,286 (1,008). Changes in value in joint ventures accounted for the majority of the increase.
- During the year, properties were acquired for MSEK 879 (1,786). Sale of properties totaled MSEK 365 (328).
- The change in value of investment properties was MSEK 1,538 (2,107), corresponding to a percentage increase in average fair value of 3.2 percent (4.9).

- Profit before tax for the period decreased by MSEK 78 or 2.7 percent to MSEK 2,844 (2,922), primarily due to a lower change in value of the properties compared with the year-earlier period.

Events during the fourth quarter

- In the fourth quarter, rental income increased MSEK 8 or 1.1 percent to MSEK 729, compared with MSEK 721 in the corresponding quarter in the prior year.
- Net operating income rose MSEK 24 or 7.0 percent to MSEK 365 (341) and income from property management increased MSEK 150 or 67.9 percent to MSEK 371 (221).

- Anette Frumerie was appointed as the new CEO and will take office no later than June 4, 2020. Per Uhlén was appointed as acting CEO after Sophia Mattson-Linnala stepped down as CEO on October 31, 2019.
- The company took possession of a property in development in central Halmstad in October, which is expected to be finished in 2021 and house 189 apartments. Rikshem also took possession of a school in Kungsängen and a school and preschool on a leasehold in Västerås.

Rikshem in summary

	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Rental income, MSEK	2,916	2,792	729	721
Net operating income, MSEK	1,586	1,524	365	341
Income from property management, MSEK	1,286	1,008	371	221
Profit after tax, MSEK	2,244	2,489	680	839
Fair value of properties, MSEK	49,307	45,687	49,307	45,687
Number of apartments	29,214	28,840	29,214	28,840
Lettable area, 1,000 sqm	2,292	2,274	2,292	2,274
Vacancy rate, residential properties, %*	0.8	0.5	0.8	0.5
Average lease length, years**	9.0	9.4	9.0	9.4
Loan-to-value ratio, %	54	58	54	58
Interest-coverage ratio, multiple***	3.5	3.2	3.5	3.2
Equity, MSEK	20,441	18,199	20,441	18,199
Total return, %***	6.6	8.4	6.6	8.4
Return on equity, %***	11.6	14.7	11.6	14.7

* Pertains to market vacancy rate. ** Pertains to properties for public use. *** Pertains to rolling 12 months. Definitions of key figures are presented on page 27

Statement from the CEO

For Rikshem, the end of 2019 was characterized by a higher customer satisfaction index (CSI), increased net operating income, new framework agreements for new construction projects and a long-term agreement to digitize our properties.

During 2019, Rikshem worked according to its long-term plan to strengthen the property management. This resulted in a significantly higher CSI for the year when it comes to both residential properties and premises. We increased our rental income by 4.4 percent during the year. Net operating income rose 4.1 percent, which we are very pleased with since our costs for emergency maintenance were higher than we expect to see moving forward.

The property market remained strong during the year. There is significant interest in residential properties as well as properties for public use, not least because of today's low interest rates, which more and more experts expect to remain unchanged for some time to come. Rikshem's own acquisition rate during the year was lower than in previous years, and we focused more on refining our existing portfolio.

Good property management is essential for a property company, and Rikshem established a new, higher level of property management during the year. Rikshem will also build thousands of apartments over the course of the next ten years. But to do that, we need to challenge and streamline our construction. To be able to build the apartments that society needs, the construction process, which is currently characterized by high costs, needs to change. Rikshem aims to promote collaboration between a number of

operators that are streamlining the construction process and have an established industrial process. It is therefore gratifying to report that we were able to sign ten-year collaboration agreements during the year with two manufacturers specializing in multifamily residential buildings with whom we can grow and develop.

To succeed, however, it is important that the housing market, like all markets, is secure and that the rules are predictable. When the Svea Court of Appeal upheld the regional rent tribunal's decision to lower privately set rent for new construction of public housing in Uppsala, it had the opposite effect. Uncertainty among property companies over the rules that apply for a major investment such as a new construction project does not encourage the construction of more rental apartments. And this at a time when there is a serious need for new apartments. There is a risk that the verdict could cause a decline in the construction of new rental apartments, and companies that still have the option to change their plans could instead choose to build condominiums. Meanwhile, one of the points in the January Agreement (a joint agreement that determines what the Swedish government will look like for the foreseeable future) addresses the ability of property managers to set rent for new construction projects, with legislation expected to enter force in 2021. To encourage construction, the rules of the game need to be clarified.

We concluded the 2010s by signing an agreement that will take us into the future. Through a long-term partnership with Telia regarding the digitization of Rikshem's properties, we will be able to streamline our operations, reduce the energy consumption of our properties and, in the long run, create new possibilities for our tenants through different services for the home. The agreement includes property IT, the IOT platform and open internet for our tenants. As a first step, we plan to connect 15,000 apartments by the end of 2021.

Rikshem now has a solid foundation, with the right conditions for continued successful development.



Per Uhlén
acting CEO

Rikshem in brief

Rikshem is one of Sweden's largest private property companies. The company owns, develops and manages residential properties and properties for public use – sustainably and for the long term.

Rikshem's vision is to make a difference in the development of the good community. By combining professionalism with community involvement, Rikshem aims to promote long-term, sustainable community development from a social, environmental and financial perspective.



One of Sweden's largest
private property companies



30,000

Rikshem provides Sweden with 30,257 residential properties across the country (including Rikshem's share of properties in joint ventures).



SEK 52 billion

The fair value of the properties totaled MSEK 51,871 (including Rikshem's share of the property value in joint ventures).



Long-term owner

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.



Credit rating

Rikshem's credit rating from S&P Global is A- with a stable outlook.

Comments on Group earnings

Net operating income

The Group's rental income for the year increased MSEK 124 or 4.4 percent to MSEK 2,916 (2,792). In addition to the effects of annual rent increases and investments that enable raised rents, the full-year effects of new construction and acquisitions in the prior year contributed to this increase in rental income. Rental income for the like-for-like portfolio rose MSEK 118 or 4.3 percent (3.9).

Property expenses for the period increased MSEK 62 or 4.9 percent to MSEK 1,330 (1,268). Expenses for the like-for-like portfolio rose MSEK 64 or 5.1 percent. Operating expenses increased due to a more proactive approach to property management in line with the long-term plan. Property administration has been continuously strengthened during the year and costs have therefore increased to MSEK 211 (182). Earnings were also adversely impacted by the high level of damage during the year.

Altogether, total net operating income increased MSEK 62 compared with the prior year and amounted to MSEK 1,586 (1,524).

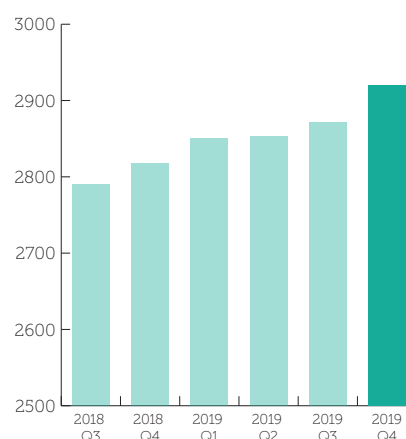
Net operating income for the like-for-like portfolio increased 3.6 percent compared with the prior year.

The surplus ratio for the total property portfolio was 54 percent (55).

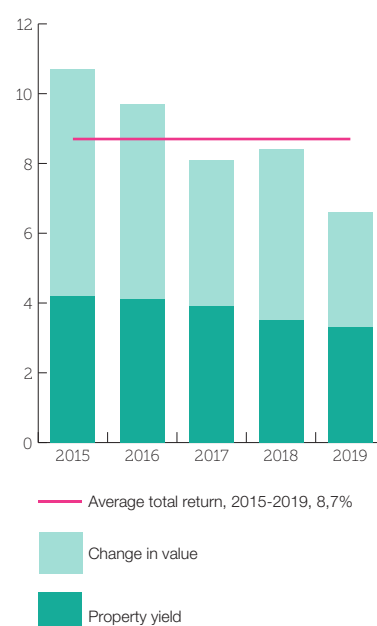
At year-end, the vacancy rate for residential properties was 3.5 percent. Adjusted for apartments that have been vacated in preparation for renovation, the market vacancy rate was 0.8 percent (0.5).

The average remaining lease term for properties for public use was 9.0 years (9.4). The economic occupancy rate for properties for public use was 97.2 percent. The economic occupancy rate for the total portfolio was 96.4 percent.

Annual rent as of the closing date (MSEK)



Total return (%)



Statement of income MSEK

	2019	2018
Rental income	2,916	2,792
Property expenses	-1,330	-1,268
Net operating income	1,586	1,524
Central administration	-100	-65
Net financial items	-444	-458
Earnings from joint ventures	244	7
Income from property management	1,286	1,008
Change in value of properties	1,538	2,107
Change in value of financial derivative instruments and foreign exchange effects on financial liabilities	20	-193
Profit before tax	2,844	2,922
Tax	-600	-433
Profit for the year	2,244	2,489

Central administration

Costs for central administration amounted to MSEK -100 (-65). Central administration includes Group-wide costs.

During the fourth quarter, non-recurring costs primarily related to the change of CEO had an impact of approximately MSEK -11 on central administration. Aside from this, the cost increase is in line with the long-term plan to increase the company's focus on property management and to invest in digitization and sustainability. Central administration for the year corresponded to 3.4 percent (2.3) of rental income.

Net financial items

Net financial items totaled MSEK -444 (-458). Net financial items mainly comprise the company's external interest expenses. The decline in interest expenses was mainly attributable to a slight decrease in the average interest rate on the company's debts. The average interest rate at year-end was 1.6 percent, compared with 1.7 percent on December 31, 2018. The average interest rate includes fees for unutilized back-up facilities.

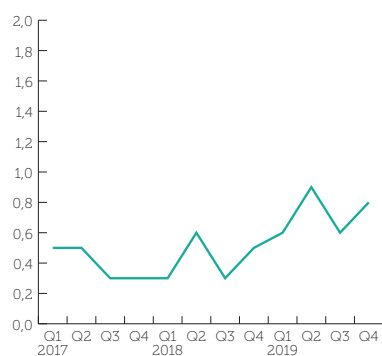
Earnings from joint ventures

Earnings from joint ventures amounted to MSEK 244 (7). The improvement in earnings is primarily a result of an increase in the value of the property portfolios of VärmdöBostäder and Farsta Stadsutveckling (Telestaden). The change in value is primarily related to increase in leasing. During the year, Farsta Stadsutveckling signed a major rental agreement with the Swedish Police Authority, among others.

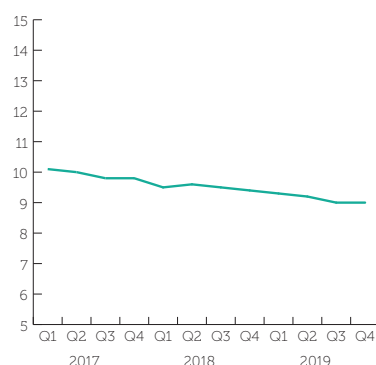
Change in value of financial derivative instruments

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 foreign-exchange risk for interest payments and repayments of loans raised in EUR and NOK.

Market vacancy rate, residential properties (%)

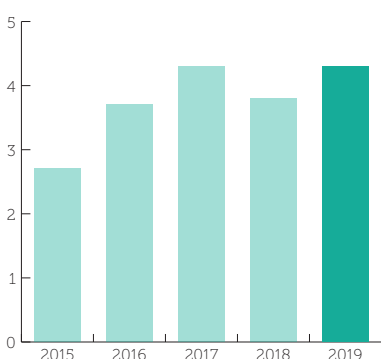


Average lease length, properties for public use (years)



Long-term SEK rates fell during the first eight months of the year, but have since increased. Nonetheless, interest-rate levels were lower at the end of the year than at the beginning, which negatively affected the change in value of interest-rate derivatives.

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



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



The change in value during the year amounted to MSEK -270 (-145). The change in value of foreign exchange derivatives amounted to MSEK 505 (43). The foreign exchange effects on financial liabilities in EUR and NOK amounted to MSEK -215 (-91) and were primarily attributable to the weakening of the SEK against these currencies during the year.

Change in value of properties

The change in value for investment properties during the year was MSEK 1,538 (2,107), up 3.2 percent (4.9).

The unrealized change in value is attributable to the change in net operating income and the market's lower yield requirement. The average yield requirement declined 0.08 of a percentage point to 4.12 percent compared with the year-earlier period.

Rikshem recognizes investment properties at fair value in accordance with IAS 40. To verify the internal valuation, an annual external valuation is

conducted of most of the property portfolio, corresponding to 99 percent. Deviations between the internal and external assessed values are well within the uncertainty range of +/- 5 percent.

Tax

Tax reported for the year amounted to MSEK -600 (-433), of which current tax accounted for MSEK -5 (-1) and deferred tax for MSEK -595 (-432), and was largely impacted by unrealized changes in the value of properties and financial derivative instruments.

The change in tax between the years is also a result of the corporate tax rate reduction to 21.4 percent, and the further reduction in 2021 to 20.6.

The restatement of deferred tax, which took place in 2018, resulted in a positive earnings effect of MSEK 149.

The company's deferred tax asset totaled MSEK 91 (107) at the end of the year. The deferred tax liability totaled MSEK 3,483 (2,904). The deferred tax asset was offset against the deferred tax liability in the balance sheet.

Profit for the year

Profit for the year totaled MSEK 2,244 (2,489).

Yield requirement and rent/sqm per property type

Property type	Rent/sqm			Yield requirement		
	min	average	max	min	average	max
Residential properties	710	1,224	2,789	2.44%	3.85%	5.63%
Properties for public use:					4.70%	
Nursing homes	550	1,460	2,776	3.65%	4.61%	7.50%
Schools	781	1,511	2,324	4.70%	5.07%	6.65%
Commercial properties	747	1,253	5,070	3.80%	5.05%	7.45%
Average		1,289			4.12%	

Change in yield requirement per property type

Property type	Value in MSEK	Dec 31, 2018	Dec 31, 2019	Change
Residential properties	33,812	3.89%	3.85%	-0.04%
Properties for public use:				
Nursing homes	11,636	4.78%	4.61%	-0.17%
Schools	3,012	5.42%	5.07%	-0.35%
Commercial properties	847	5.19%	5.05%	-0.14%
Total	49,307	4.20%	4.12%	-0.08%

Transactions and investments

Rikshem continues to improve its property portfolio through selective acquisitions and divestments of properties that will not be suitable for the target portfolio in the long term. Over the year, the company's focus on project development in existing properties has also intensified.

During the year, properties were acquired in Staffanstorps, Kalmar, Upplands-Bro, Uppsala, Västerås and Halmstad for a total of MSEK 879 (1,786). The acquisitions added three residential properties in development and four properties for public use with a total of 286 apartments and approximately 23,524 square meters of lettable area to the property portfolio. In addition, agreements were signed concerning the acquisition of a property in development in Upplands Väsby, where some 70 rental apartments and approximately 350 square meters of offices will be built.

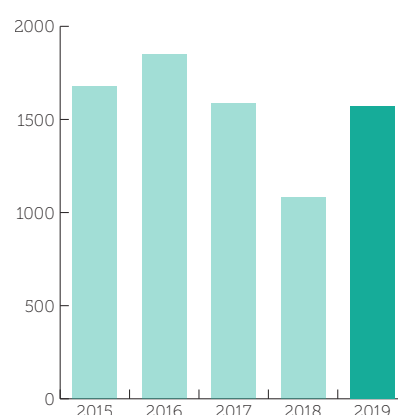
Two properties were sold. The largest sale was the development property Sivia Torg in Uppsala.

Investments in existing properties during the year amounted to MSEK 1,568 (1,083), of which MSEK 707 (660) pertained to redevelopment and renovation of residential properties, MSEK 507 (179) to new construction of residential properties and MSEK 354 (244) to investments in properties for public use.

During the year, new construction of properties commenced in Halmstad, Norrköping and Umeå. Construction started on about 520 apartments during the year.

Two major renovations also started in Norrköping.

Investments (MSEK)



Fair value of investment properties

Amounts in MSEK	2019	2018
Fair value at the beginning of the period	45,687	41,039
Change in value	1,538	2,107
Investment	1,568	1,083
Acquisitions	879	1,786
Divestments	-365	-328
Fair value at the end of the period	49,307	45,687
Fair value incl. Rikshem's share of properties in joint ventures	51,871	47,848

Larger projects in progress

Property/project	Location	Project category	No. of residences	Estimated completion
Repet	Södertälje	RM&U renovation	397	Q4 2020
Planen	Norrköping	RM&U renovation	200	Q1 2022
Bonden	Halmstad	New construction (residential)	189	Q4 2021
Niten	Norrköping	RM&U renovation	160	Q2 2020
Kvarngärdet 56:14	Uppsala	New construction (public use)	105	Q3 2020



During the fourth quarter, Rikshem acquired a school and preschool in the residential area of Skälby in Västerås. The school property is leased to Skälby School, with room for a total of 525 students: 85 preschool students and 440 compulsory school students. The acquisition is Rikshem's first school property in the municipality.



During the fourth quarter, Rikshem acquired Bonden 7, a property in development in central Halmstad, where 189 rental apartments are currently being built and are scheduled for completion in 2021.

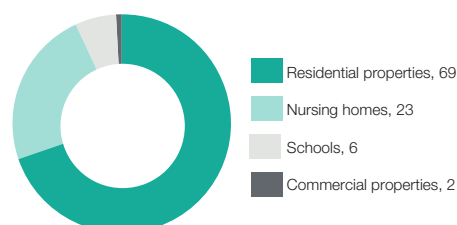


Comments on the balance sheet

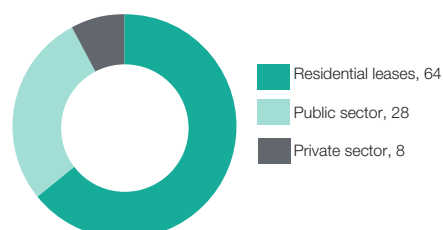
At year-end, Rikshem's property portfolio consisted of 560 properties (555) with a fair value of MSEK 49,307 (45,687). Of the properties' fair value, MSEK 33,812 pertained to residential properties, MSEK 11,636 to nursing homes, MSEK 3,012 to schools and MSEK 847 to commercial leases. The property portfolio includes develop-

ment rights of MSEK 808. Properties corresponding to 47 percent of the fair value are located along the Greater Stockholm-Uppsala axis. The property portfolio comprises a total of 29,214 apartments (28,840) and approximately 2,292,000 square meters (2,274,000) of lettable area.

Breakdown of fair value of investment properties, %



Breakdown of rental income, %



Rikshem's property portfolio, December 31, 2019

Type	Value, MSEK	Proportion, %	Area, 1,000 sqm	Value, SEK/sqm	Annual rent, MSEK	Annual rent broken down by type of tenant, %			
Residential properties segment						Residential leases	Public sector	Private sector	Total
- Residential	33,812	69	1,651	20,477					
- Commercial*	500	1	13	39,595					
Residential properties	34,312	70	1,664	20,622	2,044	89	4	7	100
Properties for public use segment									
- Nursing homes	11,636	23	456	25,483					
- Schools	3,012	6	133	22,707					
- Commercial*	347	1	39	8,903					
Properties for public use	14,995	30	628	23,868	876	6	85	9	100
Total	49,307	100	2,292	21,512	2,920	64	28	8	100

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

Our largest cities



Uppsala 25%
Greater Stockholm 22%
Helsingborg 11%
Norrköping 7%
Västerås 7%
Kalmar 6%

We are also active in:

Östersund 5%
Umeå 5%
Luleå 4%
Halmstad 3%
Malmö 3%
Åle 1%
Nyköping 1%
Jönköping <1%
Linköping <1%

Share of fair value



SEK 52 billion

The value of Rikshem's properties is SEK 49.3 bn and the value of Rikshem's share of properties in joint ventures is SEK 2.6 bn.

Skansen 1, Malmö

Participations in joint ventures

Rikshem holds participations in joint ventures with a total value of MSEK 1,658 (1,353). The value of Rikshem's share of the property holdings in these joint ventures, which

is consolidated according to the equity method, amounts to approximately SEK 2.6 billion. The largest joint venture holding of MSEK 978 pertains to 49 percent of VärmdöBostäder (the remaining part is owned by Värmdö Municipality).

The second largest holding of MSEK 571 pertains to Farsta Stadsutveckling, where Rikshem and Ikano Bostad each hold 50 percent. Farsta Stadsutveckling owns the Burmanstorp 1 property in Farsta. This is where the new city area Telestaden is under

Segment reporting

Amounts in MSEK	Residential properties		Properties for public use		Total	
	2019	2018	2019	2018	2019	2018
Rental income	2,049	1,966	867	826	2,916	2,792
Property expenses	-1,023	-969	-307	-299	-1,330	-1,268
Net operating income	1,026	997	560	527	1,586	1,524
Change in value of properties	803	1,462	735	645	1,538	2,107
Total return	1,829	2,459	1,295	1,172	3,124	3,631
Total return, % (R12)	5.5	8.0	9.2	9.2	6.6	8.4
Fair value of properties	34,313	32,411	14,994	13,276	49,307	45,687
Proportion, %	70	71	30	29	100	100
Area, 1,000 sqm	1,664	1,661	628	613	2,292	2,274
Fair value, SEK/sqm	20,622	19,511	23,868	21,661	21,512	20,090
Investments	1,214	839	354	244	1,568	1,083

development, with residential properties and premises for offices and neighborhood services.

Other participations in associated companies totaling MSEK 109 pertain to development projects owned and operated together with Veidekke Eiendom, P&E Fastighetspartner and Glommen & Lindberg.

At the end of the year, the joint ventures held eight completed, unsold condominiums. Rikshem's share totals four condominiums.

Receivables

Non-current receivables amounted to MSEK 179 (276) and mainly comprised loans to joint ventures. Current receivables totaled MSEK 255 (245), of which MSEK 126 (97) pertained to prepaid expenses and accrued income and MSEK 0 (17) pertained to loans to joint ventures.

Accounts receivable amounted to MSEK 22 (18).

Cash and bank balances

Cash and cash equivalents totaled MSEK 568 (1,015). On the closing

date, pledged assets received under Credit Support Annexes (CSAs) for combined interest-rate and currency swaps amounted to MSEK 507. These pledged assets are settled on a monthly basis.

Financial derivative instruments

At the end of the year, the company had an interest-rate derivative portfolio that hedged SEK 17.8 billion, 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 foreign currencies. The total fair value of the company's financial derivative instruments with a positive fair value amounted to MSEK 509 (153), while the fair value of financial derivative instruments with a negative fair value amounted to MSEK -432 (-311). The net fair value of the derivative portfolio totaled MSEK 77 (-158).

Interest-bearing liabilities

At year-end, interest-bearing liabilities amounted to MSEK 26,868 (26,550). Of these interest-bearing liabilities, MSEK 4,317 (4,535) pertained to

secured bank loans, MSEK 199 (0) to liabilities to the European Investment Bank, MSEK 2,740 (2,060) to borrowings through commercial paper and MSEK 19,582 (19,898) to bonds. In addition, the company had MSEK 30 (57) in interest-bearing liabilities to related parties. The fair value for long-term liabilities is MSEK 20,435 compared with reported MSEK 19,699. The fair value for other financial assets and liabilities does not deviate in any material respects from the carrying amount. All bank loans are secured by collateral in properties.

In total, secured financing accounted for 9 percent (10) of the fair value of investment properties.

Of Rikshem's outstanding bonds, bonds corresponding to SEK 4.1 billion are issued in EUR and bonds corresponding to SEK 5.1 billion are issued in NOK.

The carrying amount of these bonds on the closing date amounted to SEK 4.3 billion and SEK 5.1 billion, respectively.

The average debt duration is 3.8 years (4.1) and the average interest-rate duration is 4.5 years (5.1).

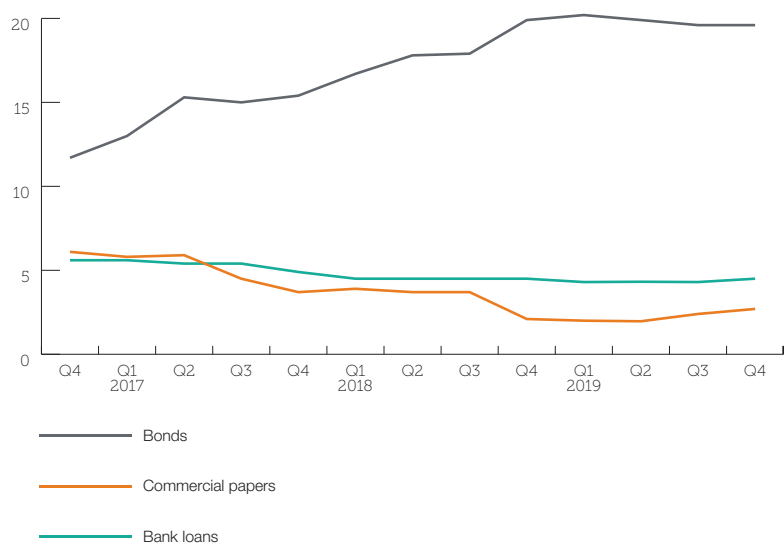
Interest-rate derivative portfolio

Maturity date	Nominal amount (end of the year), SEK billion	Average interest rate (end of the year)
2020	17.8	0.8%
2021	16.5	0.8%
2022	14.5	0.9%
2023	12.5	0.9%
2024	12.0	0.9%
2025	7.5	1.0%
2026	4.5	1.1%
2027	2.0	0.9%
2028	0.5	0.8%

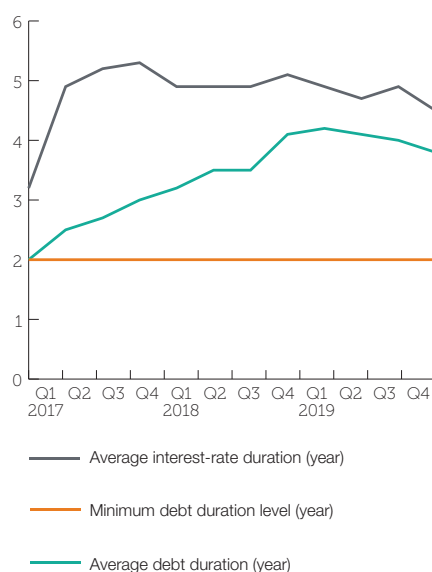
Interest-bearing external liabilities

Maturity Years	Interest-rate duration		Debt duration	
	Amount (MSEK)	Proportion	Amount (MSEK)	Proportion
<1 year	3,412	12.7%	7,139	26.6%
1-2 years	2,153	8.0%	4,451	16.6%
2-3 years	3,226	12.0%	3,404	12.7%
3-4 years	2,000	7.4%	2,819	10.5%
4-5 years	4,047	15.1%	3,547	13.2%
5-6 years	4,500	16.8%	—	—
6-7 years	3,000	11.2%	719	2.7%
7-8 years	2,500	9.3%	528	2.0%
8-9 years	1,500	5.6%	1,052	3.9%
>9 years	500	1.9%	3,179	11.8%
Total	26,838	100%	26,838	100%

Financing sources (SEK billion)



Average interest-rate duration (years)
Average debt duration (years)



SEK 26.8 billion

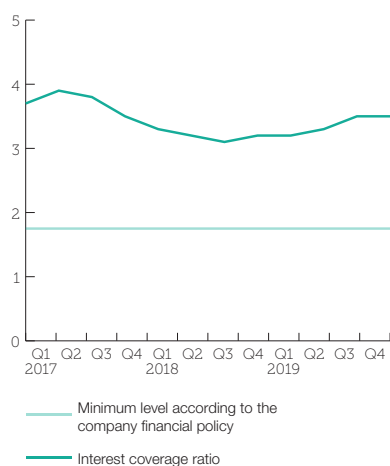
Rikshem's external loans on the closing date amounted to MSEK 26,838 divided between bonds, commercial paper and bank loans.

Financial key figures

Rikshem's interest-coverage ratio for external financing was a multiple of 3.5 (3.2).

The loan-to-value ratio declined to 54 percent (58) and the equity/assets ratio increased to 39 percent (37).

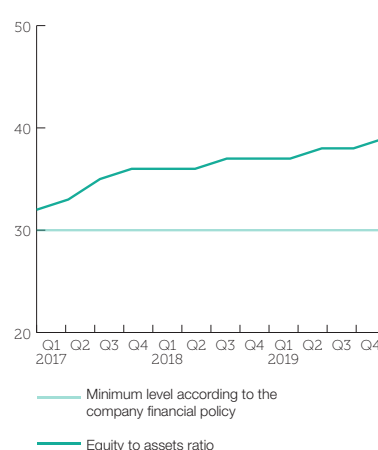
Interest-coverage ratio (multiple)



Loan-to-value ratio (%)



Equity/assets ratio (%)



Group – Condensed statement of comprehensive income

Amounts in MSEK	Oct–Dec 2019	Oct–Dec 2019	Jan–Dec 2019	Jan–Dec 2018
Rental income	729	721	2,916	2,792
Operating expenses	-212	-199	-771	-740
Maintenance	-83	-115	-306	-306
Administration	-57	-56	-211	-182
Property tax	-12	-10	-42	-40
Total property expenses	-364	-380	-1,330	-1,268
Net operating income	365	341	1,586	1,524
Central administration	-39	-21	-100	-65
Net financial items	-107	-111	-444	-458
Earnings from joint ventures	152	12	244	7
<i>of which, income from property management</i>	<i>-5</i>	<i>2</i>	<i>6</i>	<i>7</i>
<i>of which, change in value of properties</i>	<i>198</i>	<i>13</i>	<i>300</i>	<i>2</i>
<i>of which, change in value of financial derivative instruments</i>	<i>1</i>	<i>2</i>	<i>1</i>	<i>1</i>
<i>of which, tax</i>	<i>-42</i>	<i>-5</i>	<i>-63</i>	<i>-3</i>
Income from property management	371	221	1,286	1,008
Change in value of investment properties	226	981	1,538	2,107
Change in value of interest-rate derivatives	440	-186	-270	-145
Change in value of foreign exchange derivatives	-358	-274	505	43
Foreign exchange effects on financial liabilities	228	307	-215	-91
Profit before tax	907	1,049	2,844	2,922
Tax	-227	-210	-600	-433
Profit for the period/year	680	839	2,244	2,489
Other comprehensive income				
Revaluation of pensions	-3	0	-3	0
Tax, pensions	1	0	1	0
Other comprehensive income for the period/year, net after tax	-2	0	-2	0
Total comprehensive income for the period/year	678	839	2,242	2,489

Group – Condensed statement of financial position

Amounts in MSEK	Dec 31, 2019	Dec 31, 2018
ASSETS		
Investment properties	49,307	45,687
Participations in joint ventures	1,658	1,353
Equipment	5	5
Leaseholds and other right-of-use assets	131	–
Financial derivative instruments	509	153
Non-current receivables	179	276
Total non-current assets	51,789	47,474
Current receivables	255	245
Cash and cash equivalents	568	1,015
Total current assets	823	1,260
TOTAL ASSETS	52,612	48,734
EQUITY AND LIABILITIES		
Equity	20,441	18,199
Deferred tax	3,392	2,797
Interest-bearing liabilities	19,699	21,467
Financial derivative instruments	432	311
Non-current liabilities, finance leases	117	–
Non-interest-bearing liabilities	6	3
Total non-current liabilities	23,646	24,578
Interest-bearing liabilities	7,169	5,083
Current liabilities, finance leases	14	–
Non-interest-bearing liabilities	1,342	874
Total current liabilities	8,525	5,957
TOTAL EQUITY AND LIABILITIES	52,612	48,734

Consolidated statement of changes in equity

Amounts in MSEK	Share capital	Other contributed capital	Retained earnings including profit for the year	Total equity
Opening balance, Jan 1, 2018	100	4,874	10,736	15,710
Profit for the year			2,489	2,489
Other comprehensive income			0	0
Comprehensive income for the year			2,489	2,489
Group contributions received			0	0
Closing balance, Dec 31, 2018	100	4,874	13,225	18,199
Opening balance, Jan 1, 2019	100	4,874	13,225	18,199
Profit for the year			2,244	2,244
Other comprehensive income			-2	-2
Comprehensive income for the year			2,242	2,242
Closing balance, Dec 31, 2019	100	4,874	15,467	20,441

Consolidated statement of cash flows

Amounts in MSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Cash flow from operating activities	326	321	1,491	1,462
Interest paid	-115	-139	-445	-498
Tax paid	0	-10	-24	-23
Change in working capital	345	124	142	96
Cash flow from operating activities	556	296	1,164	1,037
Investment in investment properties	-615	-269	-1,568	-1,083
Acquisition of investment properties	-240	-203	-851	-1,759
Divestment of investment properties	–	75	365	328
Change in equipment	0	0	-2	-1
Investment in financial assets	-32	-2	-76	-93
Divestment of financial assets	14	-2	127	204
Dividend from financial assets	–	0	1	10
Cash flow from investing activities	-873	-402	-2,004	-2,394
Loans raised	2,525	1,261	10,698	8,094
Repayment of loans	-1,722	-254	-10,592	-5,908
Change in collateral	-527	-226	287	255
Redemption of financial instruments	–	-455	–	-455
Repayment of finance leases	2	–	0	–
Cash flow from financing activities	278	326	393	1,986
Cash flow for the period/year	-39	220	-447	629
Cash and cash equivalents at the beginning of the period/year	607	795	1,015	386
Cash and cash equivalents at the end of the period/year	568	1,015	568	1,015



MSEK 1,568

Investments in existing properties during the year.

Of this amount, redevelopment and renovation of residential properties accounted for MSEK 707, new construction for MSEK 507 and investments in properties for public use for MSEK 354.

Krusmyntan 4, Norrköping

Parent Company – Condensed statement of comprehensive income

Amounts in MSEK	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Revenue	65	61	235	205
Other operating expenses	-50	-34	-136	-106
Personnel expenses	-62	-50	-207	-171
Depreciation	-1	0	-2	-2
Operating loss	-48	-23	-110	-74
Earnings from Group companies	327	442	584	489
Net interest income	14	21	28	55
Change in value of interest-rate derivatives	440	-186	-270	-145
Change in value of foreign exchange derivatives	-358	-274	505	43
Foreign exchange effects on financial liabilities	228	308	-215	-90
Profit after financial items	603	288	522	278
Appropriations	–	24	–	24
Tax	-18	-64	-60	-54
Profit for the period/year	585	248	462	248

Parent Company

The operations of the Parent Company Rikshem AB (publ) primarily comprise managing the Group's properties through the ownership of shares and participations in the property holdings of its subsidiaries. No properties are owned directly by the Parent Company. The Parent Company's revenue for the year amounted to MSEK 235 (205) and mainly comprised fees for services to the subsidiaries.

Administrative costs increased to MSEK -343 (-277). Financial items totaled MSEK 632 (352). In addition to net interest income, financial items included earnings from participations in Group companies of MSEK 584 (489) and unrealized changes in value concerning financial instruments corresponding to MSEK 20 (-192).

Profit for the year rose to MSEK 462 (248).

The Parent Company's assets at December 31, 2019 amounted to MSEK 34,000 (32,676) and primarily comprised shares and participations in and receivables from Group companies. At the end of the period, cash and cash equivalents amounted to MSEK 561 (1,015). The Parent Company's liabilities totaled MSEK 26,555 (25,693) and primarily comprised bonds, commercial paper and bank loans.

Equity totaled MSEK 7,445 (6,983) on the closing date.

Parent Company

– Condensed balance

Amounts in MSEK	Dec 31, 2019	Dec 31, 2018
ASSETS		
Equipment	4	4
Shares and participations in Group companies	1,945	1,967
Receivables from Group companies	30,887	29,418
Financial derivative instruments	509	153
Non-current receivables	29	58
Total non-current assets	33,374	31,600
Current assets	65	61
Cash and cash equivalents	561	1,015
Total current assets	626	1,076
TOTAL ASSETS	34,000	32,676
EQUITY AND LIABILITIES		
Equity	7,445	6,983
Deferred tax	238	178
Financial derivative instruments	432	311
Interest-bearing liabilities	24,579	24,233
Liabilities to Group companies	678	623
Non-interest-bearing liabilities	628	348
Total liabilities	26,555	25,693
TOTAL EQUITY AND LIABILITIES	34,000	32,676

Other information

Board of Directors

The composition of the Board of Directors of Rikshem AB (publ) changed during the year, with Andreas Jensen elected as a Board member at the annual general meeting (AGM), and the Board was expanded to seven regular Board members.

Per Uhlén, at his own request, stepped down from his appointment as a Board member for Rikshem in consideration of his appointment as acting CEO on November 1, 2019. Accordingly, the Board now comprises six regular Board members.

CEO

Anette Frumerie was appointed as the new CEO and will take office no later than June 4, 2020. Per Uhlén was appointed as acting CEO after Sophia Mattson-Linnala stepped down as CEO on October 31, 2019.

Employees

The number of employees in the Rikshem Group at the end of the year was 259 (242), of whom 140 were men and 119 were women.

Risks

The Board of Directors and management continuously work to manage the risks to which the operations are exposed. No material changes in the risk profile have occurred during the period. Rikshem's risks and uncertainties are described on page 61 of the annual report for 2018.

Accounting policies

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (EU). The Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups have also been applied. This interim report has been prepared according to IAS 34 Interim Financial Reports and the Annual Accounts Act.

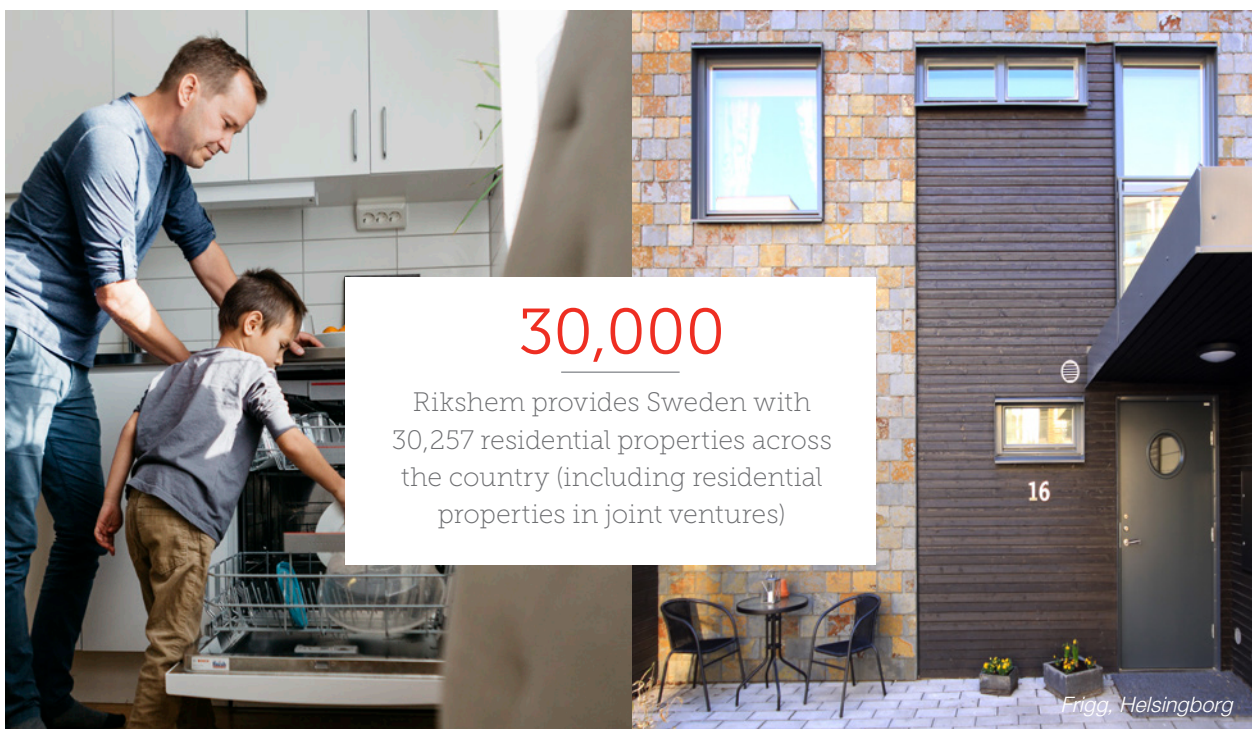
The Parent Company's accounting policies comply with the Annual Accounts Act and RFR 2. No changes in accounting policies, valuation

principles and calculation methods have been applied compared to the annual report for 2018, with the exception of the information stated below concerning IFRS 16.

New standards and policies

IFRS 16 Leases is applied as of January 1, 2019 and replaces IAS 17 Leases. According to this 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.

Rikshem has not applied the standard retrospectively, but rather 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 leasing liability. Rikshem has chosen to apply the same principle for all right-of-use assets and recognize assets at the value of the liabilities, which is why no deferred tax has arisen and there will be no impact on the Group's equity. As of January 1 2019,



30,000

Rikshem provides Sweden with 30,257 residential properties across the country (including residential properties in joint ventures)

Frigg, Helsingborg

the Group's right-of-use assets and lease liabilities amounted to MSEK 109, of which leaseholds account for MSEK 97. In the balance sheet at December 31, 2019, right-of-use assets are recognized as "Leaseholds and other right-of-use assets" and a non-current and a current lease liability are recognized on the liability side. As of December 31, 2019, the Group's right-of-use assets amounted to MSEK 131, of which leaseholds accounted for MSEK 101.

In the statement of income, lease payments for other right-of-use assets are recognized as depreciation and an interest expense, while leasehold fees are recognized in their entirety as an interest expense.

Interest expenses and leasehold fees have been reclassified from property expenses to net financial items, which had a positive impact of approximately MSEK 3 on net operating income. Income from property management has not been impacted.

New and amended standards and interpretations that have not yet come into force

No new or amended standards or interpretations from IASB that have not yet come into force are expected to impact the interim report or the accounting policies that have been applied and are described in Note 1 of Rikshem's annual report for 2018.

Regulatory changes in the field of taxation

A decision by the Swedish Parliament (Riksdag) to introduce changes to the Income Tax Act regarding corporate taxation came into effect on January 1, 2019. The change entails a cap on deductions for negative net interest income at 30 percent of taxable EBITDA. Considering the current economic circumstances, some of Rikshem's interest will not be tax deductible but the impact on current tax will be limited through existing loss carryforwards.

Related-party transactions

Rikshem's related parties are presented in Note 28 of Rikshem's annual report for 2018. No material related-party transactions took place during the period.

Significant events after the end of the period

No significant events occurred after the end of the period.

Affirmation of the Board of Directors and the CEO

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

Stockholm, February 7, 2020

Bo Magnusson
Chairman of the Board

Pernilla Arnrud Melin
Board member

Lena Boberg
Board member

Liselotte Hjorth
Board member

Andreas Jensen
Board member

Per-Gunnar Persson
Board member

Per Uhlén
Acting CEO

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

Quarterly data

Amounts in MSEK	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Statement of income						
Rental income	729	745	724	718	721	697
Property expenses	-364	-264	-323	-379	-380	-262
Net operating income	365	481	401	339	341	435
Central administration	-39	-20	-20	-21	-21	-18
Net financial items	-107	-109	-114	-114	-111	-112
Earnings from joint ventures	152	1	83	8	12	1
Income from property management	371	353	350	212	221	306
Change in value of investment properties	226	282	857	173	981	193
Change in value and foreign exchange effects of	310	-72	-218	0	-153	137
Profit before tax	907	563	989	385	1,049	636
Tax and other comprehensive income	-229	-125	-155	-93	-210	-130
Comprehensive income for the period	678	438	834	292	839	506
Balance sheet						
Investment properties	49,307	48,198	47,392	46,461	45,687	44,282
Participations in joint ventures	1,658	1,475	1,474	1,391	1,353	1,341
Other assets	1,079	1,509	1,339	1,100	679	851
Cash and cash equivalents	568	607	482	680	1,015	795
Total assets	52,612	51,789	50,687	49,632	48,734	47,269
Equity	20,441	19,763	19,325	18,491	18,199	17,360
Deferred tax	3,392	3,171	3,045	2,891	2,797	2,588
Interest-bearing liabilities	26,868	26,295	26,233	26,613	26,550	25,854
Other liabilities	1,911	2,560	2,084	1,637	1,188	1,467
Total equity and liabilities	52,612	51,789	50,687	49,632	48,734	47,269
Key performance data						
Loan-to-value ratio, %	54	54	55	57	58	58
Equity/assets ratio, %	39	38	38	37	37	37
Interest-coverage ratio, multiple*	3.5	3.5	3.3	3.2	3.2	3.1
Return on equity, %*	11.6	12.9	13.7	14.2	14.7	11.2
Property yield, %*	3.3	3.4	3.3	3.4	3.5	3.6
Total return, %*	6.6	8.3	8.2	8.0	8.4	6.6
Surplus ratio, %	54	56	55	47	47	62

*Rolling 12 months

Key performance data

Amounts in MSEK	2019	2018	2017	2016	2015	2014
Statement of income						
Rental income	2,916	2,792	2,665	2,484	2,040	1,691
Net operating income	1,586	1,524	1,555	1,420	1,192	954
Income from property management	1,286	1,008	1,150	1,208	579	380
Change in value of properties, MSEK	1,538	2,107	1,647	1,962	1,856	1,262
Profit for the period	2,244	2,489	2,430	2,433	1,964	1,010
Balance sheet						
Equity	20,441	18,199	15,710	13,281	10,360	4,850
External interest-bearing liabilities	26,838	26,493	24,022	23,422	21,074	16,248
Fair value of properties	49,307	45,687	41,039	37,878	32,009	25,160
Total assets	52,612	48,734	43,501	40,114	34,053	26,036
Financial key figures						
Equity/assets ratio, %	39	37	36	33	30	19
Loan-to-value ratio, %	54	58	59	62	66	65
Interest-coverage ratio	3.5	3.2	3.5	3.8	3.6	2.9
Loan-to-value ratio, secured loans, %	9	10	12	15	21	23
Average interest rate, %	1.6	1.7	2.0	1.5	1.6	1.8
Interest-rate duration, years	4.5	5.1	5.3	2.6	2.4	3.4
Debt duration, years	3.8	4.1	3.0	1.9	1.4	1.1
Return on equity, %	11.6	14.7	16.8	20.6	25.8	23.6
Property yield, %	3.3	3.5	3.9	4.1	4.2	4.2
Total return, %	6.6	8.4	8.1	9.7	10.7	9.8
Property-related key figures						
Number of properties	560	555	586	574	533	496
Lettable area, 1,000 sqm	2,292	2,274	2,219	2,182	1,975	1,708
Number of apartments	29,214	28,840	27,924	27,224	24,203	20,844
Proportion of properties for public use, %	30	29	29	29	38	42
Vacancy rate, residential properties	3.5	3.2	2.7	3.6	2.6	1.8
Market vacancy rate, residential properties, %	0.8	0.5	0.3	0.5	0.4	–
Remaining lease term for properties for public use, years	9.0	9.4	9.8	10.3	10.5	11.4
Fair value, SEK/sqm	21,512	20,090	18,494	17,362	16,205	14,727
Growth in revenue for the like-for-like portfolio, %	4.3	3.8	4.3	3.7	2.7	2.4
Growth in net operating income for the like-for-like	3.6	-3.9	6.7	3.4	6.8	8.4
Surplus ratio, %	54	55	58	57	58	56
Employees						
Number of employees	259	242	206	192	173	134



Financial calendar

Annual Report 2019
Interim report Jan–Mar 2020
Interim report Jan–Jun 2020
Interim report Jan–Sep 2020

March 25, 2020
May 5, 2020
August 28, 2020
November 4, 2020

Definitions

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.
Average interest rate	Average interest rate for interest-bearing liabilities including expenses for back-up facilities in relation to current loans on the closing date.
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.
Economic occupancy rate	Contract rent in relation to total rental value less rent related to vacancies due to renovation.
Equity/assets ratio	Equity in relation to total assets. This is stated to illuminate the company's financial stability.
Income from property management	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.
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.
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.
Loan-to-value ratio	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 interest-bearing liabilities in relation to the fair value of properties. 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.
Net financial items	Net of interest income, interest expenses and similar revenue and costs.
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.
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.
Remaining lease term, properties for public use	The weighted remaining lease term in the rental value on the closing date in the properties for public use segment.
Rental income	Rental value less vacancies and rent discounts.
Return on equity	Profit for the year in relation to average equity. This is stated to illuminate the company's ability to generate a return on the capital invested by the shareholders.
Secured loans	Loans raised against liens on properties.
Surplus ratio	Net operating income in relation to rental income. This is stated to illuminate the property investments' continuous earnings capacity.
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.

The calculation of alternative performance measures is available on Rikshem's website: www.rikshem.se.

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

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