

# Annual Report 2019

with Sustainability Report



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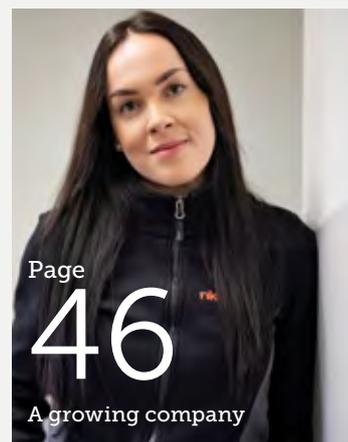
Properties across Sweden



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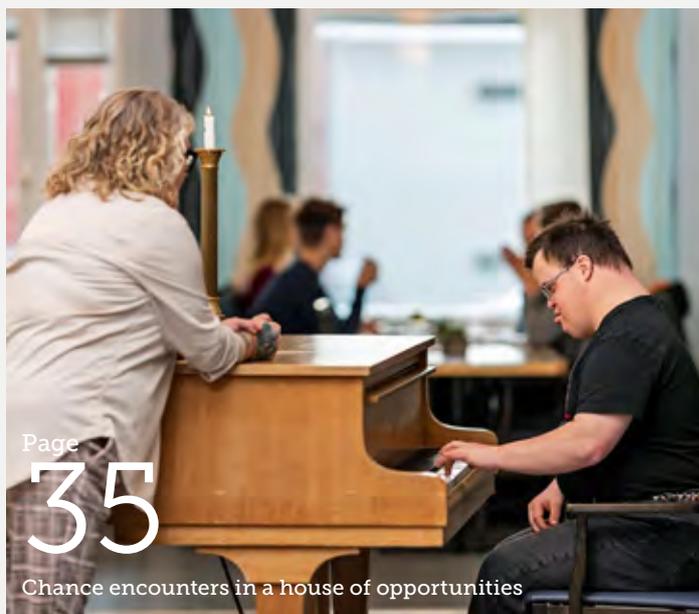
Sustainability efforts in brief



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A growing company



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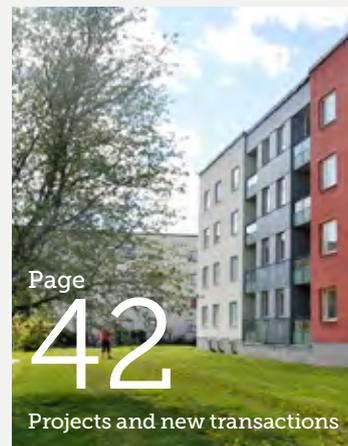
Chance encounters in a house of opportunities



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Developing vibrant neighborhoods



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Projects and new transactions

# One of Sweden's largest private property companies

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



## Long-term ownership

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



## Fair value

The total fair value of the properties was SEK 49,3 billion, comprising residential properties at SEK 34,3 billion and properties for public use at SEK 15,0 billion. Including joint ventures, the fair value was SEK 51,9 billion.



## Properties for public use based on need

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



## Homes for all stages of life

70% of the portfolio is residential properties: student accommodation, youth apartments, rental apartments and senior accommodation. The number of homes totals around 30,000.



## Professional community engagement

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



## Sustainable property management

At the heart of Rikshem's business is a dedicated property management organization, with local offices from Luleå in the north to Malmö in the south. This facilitates control of the portfolio as well as proximity to tenants.

# A packed 2019 with a strategic course

## Nursing home and preschool in Upplands-Bro

In line with the plan to meet the need for social infrastructure, Rikshem took possession of a nursing home and a preschool in Upplands-Bro during the year. The property developer Odalen fastigheter has developed the properties to enable different generations to come together. Humana and Upplands-Bro Municipality are tenants in the properties.

## 340 student apartments

In connection with a plumbing overhaul, 340 student rooms in Uppsala were converted into small apartments, each with their own kitchen. Design work is also in progress for three buildings in the area, where student corridors are to provide an additional 230 apartments.

In May, Rikshem signed a loan agreement with EIB for **energy efficiency initiatives**. The 1 billion loan will be used to renovate residential properties built in the 1960s and -70s.

JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE

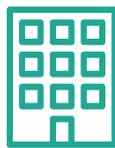
## New tools for neighborhood development

A common toolbox for developing Rikshem's neighborhoods has been produced during the year. A new outdoor environment handbook includes a new playground concept with the emphasis on using sustainable materials. The playgrounds shall be inclusive and accessible to all, irrespective of gender and physical disabilities.



## During the spring, Rikshem started construction of 97 new-build apartments at Sandbacka in Umeå,

where the company already has more than 200 residential apartments. Two new residential properties will be built, alongside development of the existing residential area.



## New financial targets and dividend policy

Given that Rikshem has consistently improved its financial key figures for many years, the owners updated the company's financial targets after year-end. The equity/assets ratio must not fall below 35% (previously 30%), the loan-to-value ratio must not exceed 58% (previously 70%) and the interest coverage ratio must not fall below 2.2x (previously 1.75x). The new target for net debt/EBITDA stipulates that this must not exceed 16x in the long term. At the same time, the owners also established a dividend policy.



## Rental income for the year

Rental income increased to MSEK 2,916.

## Key figures All key figures can be found on page 124.

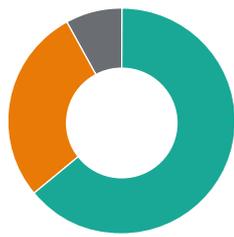
### Property-related key figures

MSEK	2019	2018	2017	2016
Fair value of the properties	49,307	45,687	41,039	37,878
Rental income	2,916	2,792	2,665	2,484
Net operating income	1,586	1,524	1,555	1,420
Number of properties	560	555	586	574
Property yield, %	3.3	3.5	3.9	4.1

### Financial key figures

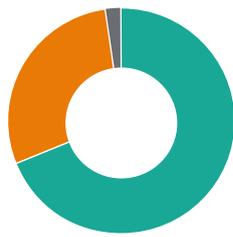
	2019	2018	2017	2016
Equity/assets ratio, %	39	37	36	33
Loan-to-value ratio, %	54	58	59	62
Interest coverage ratio, x	3.5	3.2	3.5	3.8
Net debt/EBITDA, x	18.0	17.6	15.8	17.2
Loan-to-value ratio, secured loans, %	9	10	12	15

Breakdown of rental income



- Residential leases, 64%
- Public sector, 28%
- Private sector, 8%

Breakdown of fair value of the properties



- Residential properties, 69%
- Properties for public use, 29%
  - Nursing homes, 23%
  - Schools, 6%
- Commercial, 2%

**Customer Satisfaction Index (CSI)** The CSI for residential apartments increased by 2.6 points and the CSI for properties for public use increased by 7.8 points during 2019.



**Challenging the building sector**

During the fall, Rikshem signed a ten-year framework agreement with apartment building manufacturer Sizes and building company JSB, both of which use an industrial production process. Long-term collaborations with selected partners allow Rikshem to challenge traditional building processes. The aim is to reduce production time, climate impact and risks, while at the same time increasing the rate at which new rental apartments are built. Read more on page 44.

**School in Västerås**

Rikshem acquired a school and preschool property in Västerås's Skälby neighborhood. The school property is being leased by Skälbyskolan and has space for 525 pupils: 85 preschoolers and 440 in the nine-year compulsory school. The acquisition is Rikshem's first school property in the municipality.

**Hageby's first new construction in 50 years**

Norrköping's Hageby district saw its first new construction project in 50 years. Rikshem's properties in Hageby comprise around 1,000 apartments built in the 1960s. Four new apartment buildings have gone up, and Rikshem can now offer 132 new apartments in the neighborhood. Residents moved in during March, July and November.

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

**New homes in Halmstad**

Rikshem acquired a property in development comprising 189 rental apartments in central Halmstad. The building is scheduled for completion in 2021. Rikshem is an established property owner in Halmstad, thanks to its existing portfolio of properties for public use, and is now adding residential apartments in the city. Building work will start early in 2020.

During the year, Rikshem built **74 new rental apartments in the Hyacinten block of central Östersund**. The two new properties have been built with a timber frame and timber facade, solar panels on the roof and a carpool for residents, and will be ready to move into in February 2020. Read more on page 45.

**New CEO**

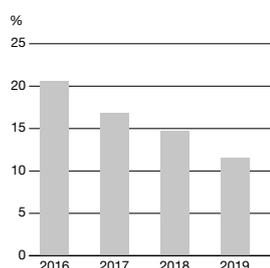
On October 31, Sophia Mattsson-Linnala stepped down as CEO of Rikshem after three years in the position. Board member Per Uhlén was appointed Acting CEO and, at the start of December, Anette Frumerie was recruited as Rikshem's new CEO. Anette Frumerie, formerly CEO of real estate company Besqab, will take up her position no later than June 2020.

**Connecting properties**

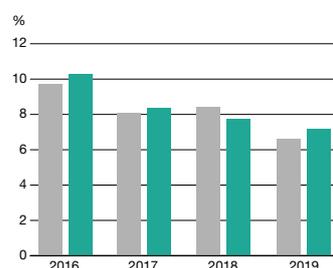
In December, Rikshem signed a long-term agreement with Telia on introducing an open network plus property IT and an IoT platform. This gives customers greater freedom of choice and lets them choose their own broadband, IPTV and telephony providers. In the long term, connecting the entire property portfolio will streamline property management, control and day-to-day operations and enable energy optimization.

**Return for the year**

Return on equity



Total return



■ Total return based on internal calculation excl. Rikshem's share of joint ventures.  
 ■ Total return calculated in accordance with MSCI, incl. Rikshem's share of joint ventures.



**Good total return**

The total return for the year was 7.2% as calculated by MSCI.

# Rikshem wants to make a difference

2019 was a stable year with increasing rental income and net operating income. The level of property development activity has grown, and we have signed strategically important agreements for new construction projects and digitization. There is strong demand for both residential and properties for public use, and customer satisfaction has increased.

The year has been marked by investments in improved property management processes, increased customer satisfaction and neighborhood development. At the same time, there has been strong growth in the level of property development activity, while acquisitions have fallen. We will continue our clear strategy of developing existing properties and land holdings rather than making major property acquisitions. Rental incomes have increased by 4.4% and net operating income by 4.1% during the year, which is a strong result in light of higher costs for emergency maintenance than we expected. The property value has continued to increase, partly as a result of successful investments in our properties, which have generated higher net operating income, and partly as a result of annual rent increases and lower yield requirements.

## Higher customer satisfaction

For several years, Rikshem pursued an offensive acquisition strategy. Our property management did not always achieve the level of service we would wish, a situation that we are now consciously working to change. We are also consistently getting better at looking after our buildings and our tenants, and it is gratifying to see that these efforts have already produced good results. This year's customer survey revealed an extremely gratifying increase of 2.6 points in customer satisfaction for residential tenants and 7.8 points for properties for public use. However, there are still opportunities to improve and to find economies of scale by working in a more uniform manner around the country, which will both benefit our tenants and be economically advantageous for us as a company.

## Neighborhood development

Neighborhood development is an important priority for us in order to make

our neighborhoods safe and attractive. During 2019, we ran four pilot projects, which included using safety analyses to derive a current status as a basis for a neighborhood development plan. Through this work, we are also creating a common model for how Rikshem will work on neighborhood development in the future. We are looking at everything from densifications, value-adding renovations and safe outdoor environments to bring businesses into areas that mainly comprise residential properties. The aim is increased customer satisfaction, safer neighborhoods and higher property values.



We are increasing our investments in new building and started construction of more than 500 apartments in 2019.

## Digitization for the future

We have entered into a long-term agreement with Telia, covering an open network, property IT and an IoT platform, in order to take a holistic approach to digitization of our properties. This enables us to offer our tenants next-generation broadband services and will also contribute to more efficient and more sustainable property management. Among other things, we will be able to control the properties in real time and reduce energy use. We will work with Telia to connect 15,000 apartments by the end of 2021.

## Good homes for more people

We are increasing our investments in new building and started construction of more than 500 apartments in 2019. Our goal is to further increase the number of

both residential and properties for public use. We also welcome the return of the Swedish government's investment support scheme, enabling us also to build in places where it is otherwise hard to make the sums add up. At the same time as investing more, it is important to carry out a thorough analysis of both location and product when we see a certain increase in vacancies for parts of the new construction projects. In order to cut building costs and production time, we have signed ten-year agreements with apartment building manufacturers that use an industrialized building process.

This is a way of helping to change traditional building processes to bring about efficient housing construction.

## A better Sweden

Rikshem wants to make a difference in developing the good community. We believe that residential properties and properties for public use must be developed in line with the needs of citizens and the economy, and we play our part by developing our properties and building new ones. New building is one of the most important contributions Rikshem can make, because when residential apartments and social infrastructure are in place, people have the opportunity to make a good life in the place where they work, study and their family live. Unfortunately, the Swedish housing market shows signs of increased polarization. For those with the means to do so, buying a home is now often cheaper per month than renting a rental apartment. New-build rental apartments are generally too expensive for lower-income housing consumers, while there are often long waiting lists for older properties, which is problematic for young people and new entrants to the Swedish housing market. This means that housing is now most expensive for those with



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We will continue our clear strategy of developing existing properties and land holdings rather than making major property acquisitions.

the lowest incomes. The current situation on the housing market contributes to segregation, which has a negative impact on both neighborhoods and the community. Rigorous measures are needed to break the current negative trend. We are committed to contributing to a positive development, but this is not enough. Society and all its participants must do significantly more so that, together, we achieve a better-functioning and less segregated housing market in Sweden.

#### Moving forward

There are many reasons to take a positive view of Rikshem's future. Interest rates are expected to stay low for a long time to come, and demand for both rental apartments and properties for various types of public services is high. For 2020, we expect to see continued improvement in net operating income and increased in-

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For 2020, we expect to see continued improvement in net operating income and increased investments in our properties.

vestments in our properties. We have a sound basis with which we shall continue to work assiduously, which will mean continued good yields, even when yield requirements are no longer falling. Our position of owning properties in selected growth areas, in the stable segments of residential properties and properties for public use, in a Sweden with a growing population and large groups of both older and younger people means that our revenues are secure moving forward. In addition, we have both skilled and committed employees – a vital fac-

tor for success. The challenges we face lie, among other things, in covering the costs of the renovations that large parts of our portfolio need and the low rent increases – often below inflation – resulting from the annual rent negotiations.

After year-end, Rikshem's owners updated the company's financial targets. This included increasing the target for the equity/assets ratio, lowering the target for the loan-to-value ratio and establishing a dividend policy. In light of Rikshem's development and the consistent improvements in the financial key figures, this feels like an affirmation of our positive development.

We can look back on a stable year and look forward to using our know-how and capital to play our part in developing Sweden.

Stockholm, February 2020

\* Internet of Things, which enables sensors to be used to exchange data over the internet, for example to control buildings and installations.

# Business concept, vision and mission



## Our business concept

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

## Our vision

We make a difference in developing the good community.

## Our mission

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

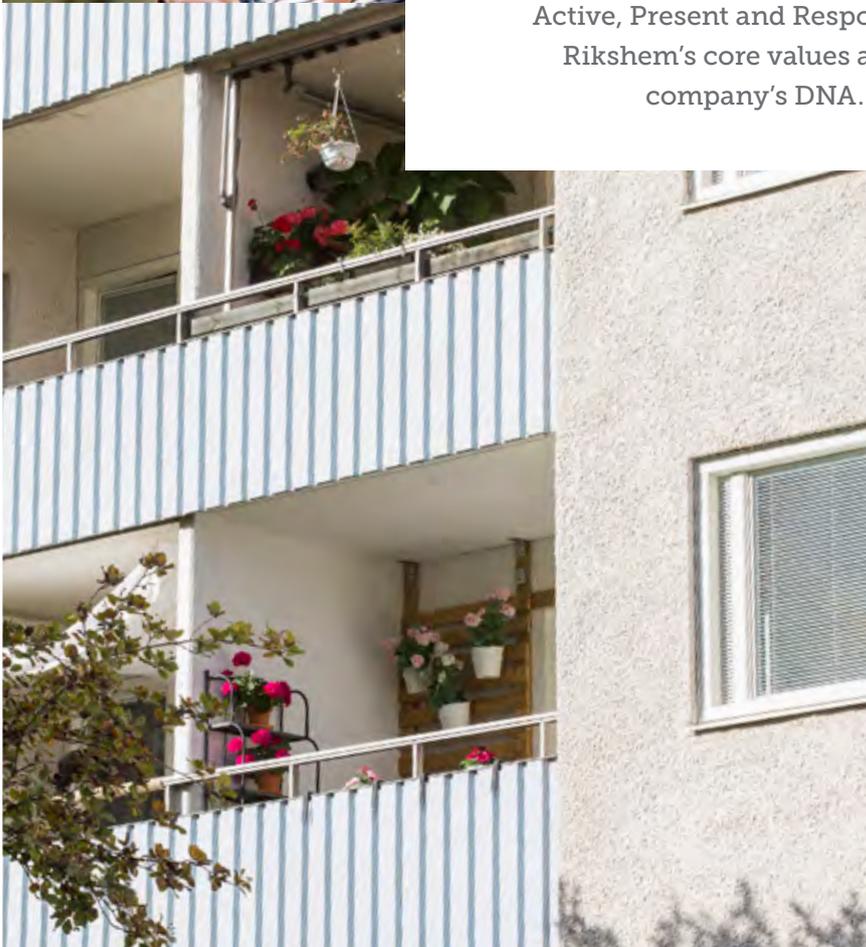
# Long-term targets

Rikshem works towards several long-term targets. To achieve these, the company needs to consistently improve its results year on year.

Long-term target	Strategy	Result
<b>Financial</b>  <p>To deliver a total return of 5% in real terms on the property capital in the long term.</p>	<p>Rikshem creates value growth by being an attractive partner for municipalities, and working actively to manage and develop the portfolio, sustainably and for the long term. The company combines professionalism with community engagement – for Rikshem, sustainability is a prerequisite for long-term profitability. Although the property yield is falling, Rikshem is maintaining a good total return. Lower yield requirements and improved cash flows have both contributed to value creation.</p> <p>Total return is calculated by MSCI, including Rikshem's share of joint ventures, which allows industry benchmarking. In previous annual reports, total return has been reported based on internal calculations, excluding share in joint ventures. The figures have subsequently been adjusted for inflation.</p>	<p><b>5.5%</b> 2019</p> <p>2018 <b>5.8%</b></p> <p>2017 <b>6.9%</b></p>
<b>Customer satisfaction</b>  <p>Achieve a score of 62 (out of 100) on the Customer Satisfaction Index (CSI) for residential apartments.</p>	<p>Having its own property management organization lets Rikshem work close to its customers and be responsive to their needs and expectations. Rikshem strives to make being a customer of the company straightforward and secure. Rikshem's varied offer of residential apartments and properties for public use enables customers to live in a Rikshem property throughout their lives. Rikshem is well on the way to achieving the long-term target, which is an average for all Sweden's housing companies and above the average for the private housing companies.</p> <p>Customer satisfaction is reported according to the Customer Satisfaction Index (CSI). This is based on three standard questions, so allows benchmarking. In previous annual reports, customer satisfaction has been reported using the Swedish Bo-Index, which aggregates responses to 45 questions.</p>	<p><b>56.6</b> 2019</p> <p>2018 <b>54.0</b></p> <p>2017 <b>53.2</b></p>
<b>Employees</b>  <p>Achieve a score of 82 (out of 100) on the Employee Satisfaction Index (ESI).</p>	<p>In order to reach a high level of employee satisfaction, Rikshem strives to create a working environment where employees can thrive and develop. This is done by working to be inclusive, and offering interesting work tasks, skills development and internal career progression. This year's ESI remains at roughly the same level as 2018. However, willingness to recommend others to apply to work at Rikshem has increased by three points (31), and employees continue to rate their managers highly (77). There are challenges relating to working conditions, primarily in terms of internal work routines (68).</p>	<p><b>70</b> 2019</p> <p>2018 <b>71</b></p> <p>2017 <b>66</b></p>
<b>Environment</b>  <p>Rikshem's environmental target is to reduce energy use in the properties by at least 2.5% a year.</p>	<p>In order to reduce energy use in its properties, Rikshem is working on energy optimization as part of its day-to-day property management and on energy efficiency projects in older properties. More extensive energy initiatives can also be carried out in connection with renovations. The target was not achieved in 2019, partly due to improved and expanded calculation methods and partly because new energy-saving projects have not yet started to have an impact. To shift the work up a gear, Rikshem has boosted its in-house energy expertise with new hires both centrally and regionally.</p>	<p><b>-1.0%</b> 2019</p> <p>2018 <b>-2,6%</b></p> <p>2017 <b>-1,6%</b></p>
<b>Social sustainability</b>  <p>Rikshem's long-term target for perceived safety is 85 (out of 100).</p>	<p>Segregation and the feeling of not being safe are challenges for the community as a whole. Rikshem works strategically to move development in the right direction in the neighborhoods where the company is active, for example by carrying out safety analyses with follow-up measures, developing outdoor environments and working actively on neighborhood development. Vigorous efforts to tackle illegal subletting and local cooperation with other players are further examples of measures being taken to help people feel safer.</p>	<p><b>77.2</b> 2019</p> <p>2018 <b>75,6</b></p> <p>2017 <b>76,4</b></p>



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

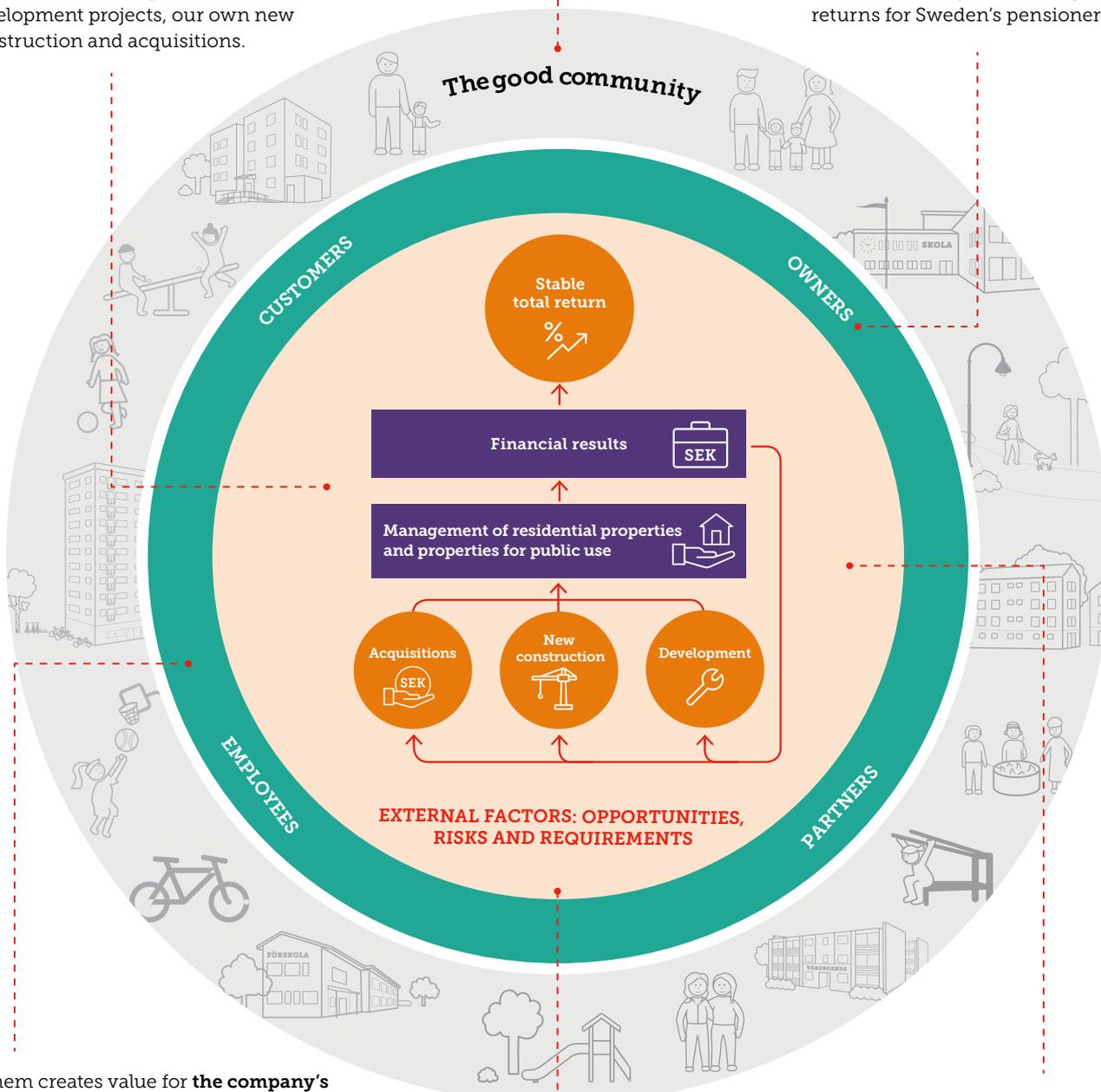


# Business model

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

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

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



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

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

**The sustainability perspective** is central to Rikshem's value creation. The business is run with a long-term perspective. Negative impacts are minimized wherever possible, while a large number of initiatives are taken to consciously increase the company's positive impacts.

# Rikshuset – a strategic view

The Rikshuset concept is a strategic model showing how, and to what end, Rikshem works to attain both public and commercial benefits. Working on the basis of this concept guides the company and employees both in long-term decisions and in the day-to-day property management work.

In contrast to Rikshem's business model, which illustrates the systematic work to create value in relation to stakeholders, the Rikshuset concept provides a more concrete and detailed picture of what happens within the framework of Rikshem's strategy in the day-to-day operations.

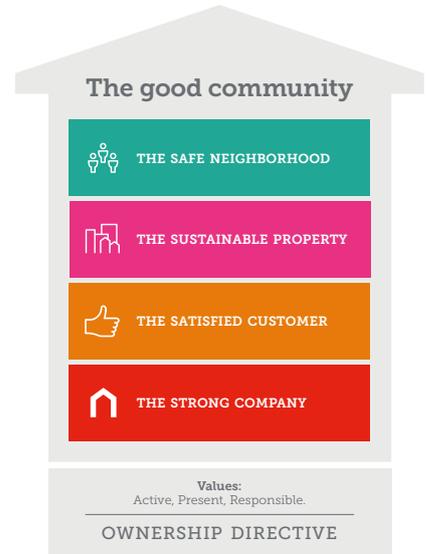
### Four important floors

The ownership directive forms the foundation of the house, providing a clear work description for Rikshem. The company's values are also included as building blocks in the foundations. Rikshem's

vision of making a difference in developing the good community is reflected at the top of the house. In between are four floors that summarize the key priorities for Rikshem's operations as it strives to achieve this vision.

### Global perspective

Rikshuset and its floors are also used to clarify how Rikshem's operations relate to the UN Sustainable Development Goals, and to place the company and its sustainability work in a bigger context. Read more on page 17.



## The good community



### The safe neighborhood

Rikshem's neighborhood development work shall create safe and attractive residential areas. This is achieved through extensive work on everything from promoting education and employment in the company's neighborhoods to local cooperation, safety analyses and design of the physical space. Active collaboration with municipalities and local communities is vital. Rikshem works with the police, social services, municipalities, schools and other property owners to make a positive impact on local communities.



### The sustainable property

Rikshem's residential properties shall be developed to meet the requirements set in order for rental apartments to remain an attractive housing choice. The properties for public use shall meet the requirements of both residents and staff. Rikshem develops existing properties through renovations and builds more new residential properties and properties for public use by means of new construction projects. Issues such as energy use and choosing sustainable materials are important in connection with renovation and new construction as well as property management. When building new residential properties Rikshem mainly uses industrial manufacturing processes, which offer both environmental and economic advantages.



### The satisfied customer

The company strives to be an attractive landlord that offers good customer service and close dialogue with its customers. Proximity to customers is boosted by in-house financial and technical property management services and local presence. Being a customer of Rikshem shall be straightforward, whether as a residential tenant, municipality, or a private school or care provider. Rikshem works actively to raise customer satisfaction, including by using digital solutions to improve and streamline property management and make it easier for customers to live and work sustainably.

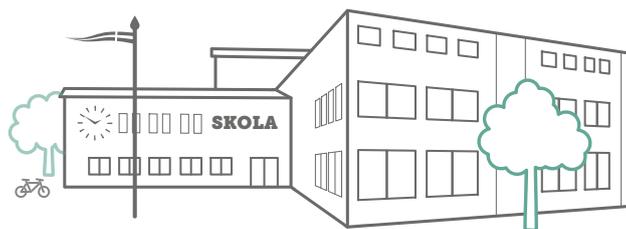


### The strong company

For Rikshem, being a strong company means being financially stable, profitable and having a long-term perspective. The company shall own and manage large holdings of residential properties and properties for public use in selected locations in Sweden, be an attractive partner for municipalities and work actively to develop the property portfolio. Being a strong company also means taking an active approach to business ethics, human rights, working conditions and sustainability requirements in connection with purchasing decisions. Rikshem is a values-driven company and offers its employees competitive employment terms, job security and development opportunities. Its values-based work also promotes diversity and equality.

# Towards the good community

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

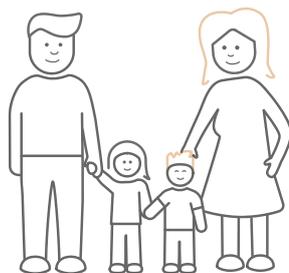
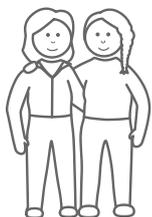


## PRESCHOOLS AND SCHOOLS

**Preschools and schools enable residents to stay in a neighborhood as their family grows.** Developing school environments gives more students the chance to succeed at school. Through the **Läxhjälp** foundation, Rikshem supports students who need extra help with homework.

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

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



## RENTAL APARTMENTS

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

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

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

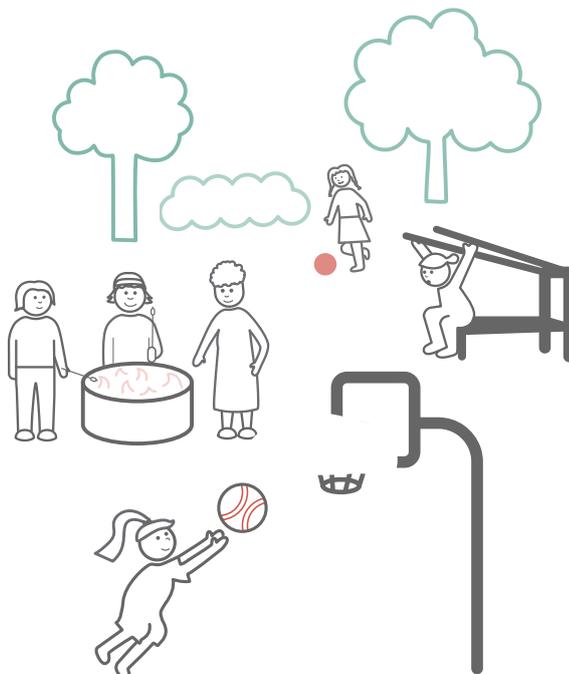
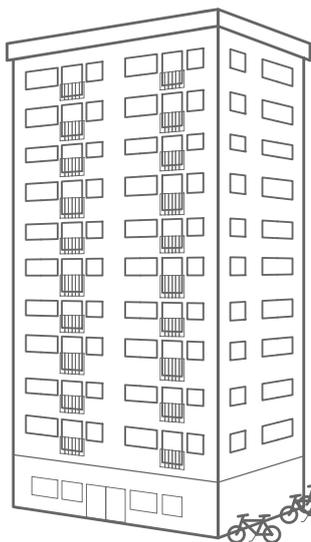


By offering **residential apartments and living environments in the long term** for households in **different economic and social circumstances**, Rikshem contributes to positive community development.





Having both residential properties and properties for public use in the portfolio generates **long-term economic stability for Rikshem.**



**OUTDOOR ENVIRONMENT & SOCIAL MEETING PLACES**

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

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

**NURSING HOMES**

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



**SPECIAL NEEDS ACCOMMODATION**

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

**STUDENT ACCOMMODATION**

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



**SENIOR AND SHELTERED ACCOMMODATION**

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



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



# Navigating by material sustainability issues

At the end of 2019, extensive work was carried out to develop Rikshem's sustainability efforts and new material sustainability issues were addressed. The sustainability issues are prioritized based on where the company has the greatest impact on society and the environment. A sustainability compass has been developed to integrate these issues in the company's day-to-day operations.

At the end of 2019, Rikshem implemented a major update of its materiality analysis with a view to further ramping up its sustainability efforts in light of the global challenges the world is facing. The analysis helps Rikshem to navigate its stakeholders' requirements and expectations.

### Prioritization for sustainable development

Rikshem's eight most material issues and a further four issues considered important were identified based on a new stakeholder dialogue. Prioritization of the material sustainability issues is based on where the company's operations have the greatest positive or negative impact on the environment and society. In order to understand Rikshem's impact and the stakeholders' expectations, the prioritization

process was preceded by a dialogue on sustainability with the company's key stakeholders. These included customers, owners, employees, suppliers, municipalities (which are also customers in certain cases) and the Swedish Union of Tenants. The dialogue took the form of in-depth interviews and conversations in Rikshem's neighborhoods.

### The compass shows the way

During 2019, Rikshem stepped up oversight of how its material sustainability issues are integrated in the company. The new sustainability compass is intended to help employees integrate sustainability issues in their work in a concrete way. The UN Sustainable Development Goals (SDGs) are used as a basis for sustainability governance to ensure that Rikshem's work embraces all

aspects of sustainability. All 17 goals have been mapped against the floor in the Rikshuset model where there is the greatest potential for impact. In the inner core are Rikshem's 12 sustainability issues, eight of which constitute the most material issues. These, too, have been mapped against the relevant floor in Rikshuset. The eight most material issues will be included in the GRI reporting from 2020 and reported fully in next year's Annual Report and Sustainability Report.

### Concrete measures

For each of the organization's processes, steps have been taken to identify what needs to be done – based on each material sustainability issue – for Rikshem to contribute to achieving the SDGs.

## Material sustainability issues up to and including 2019

This year's Annual Report and Sustainability Report show results and governance measures for the material issues in 2019, which are presented below. See the governance table on page 63 for a summary of activities and results.



### The safe neighborhood

**Contribute to** sustainable urban development/living environments, including neighborhood integration and tenants' safety, security and health



### The sustainable property

**Choice of materials**  
•  
**Energy use**



### The satisfied customer

**Make it easy** for customers to live and work sustainably

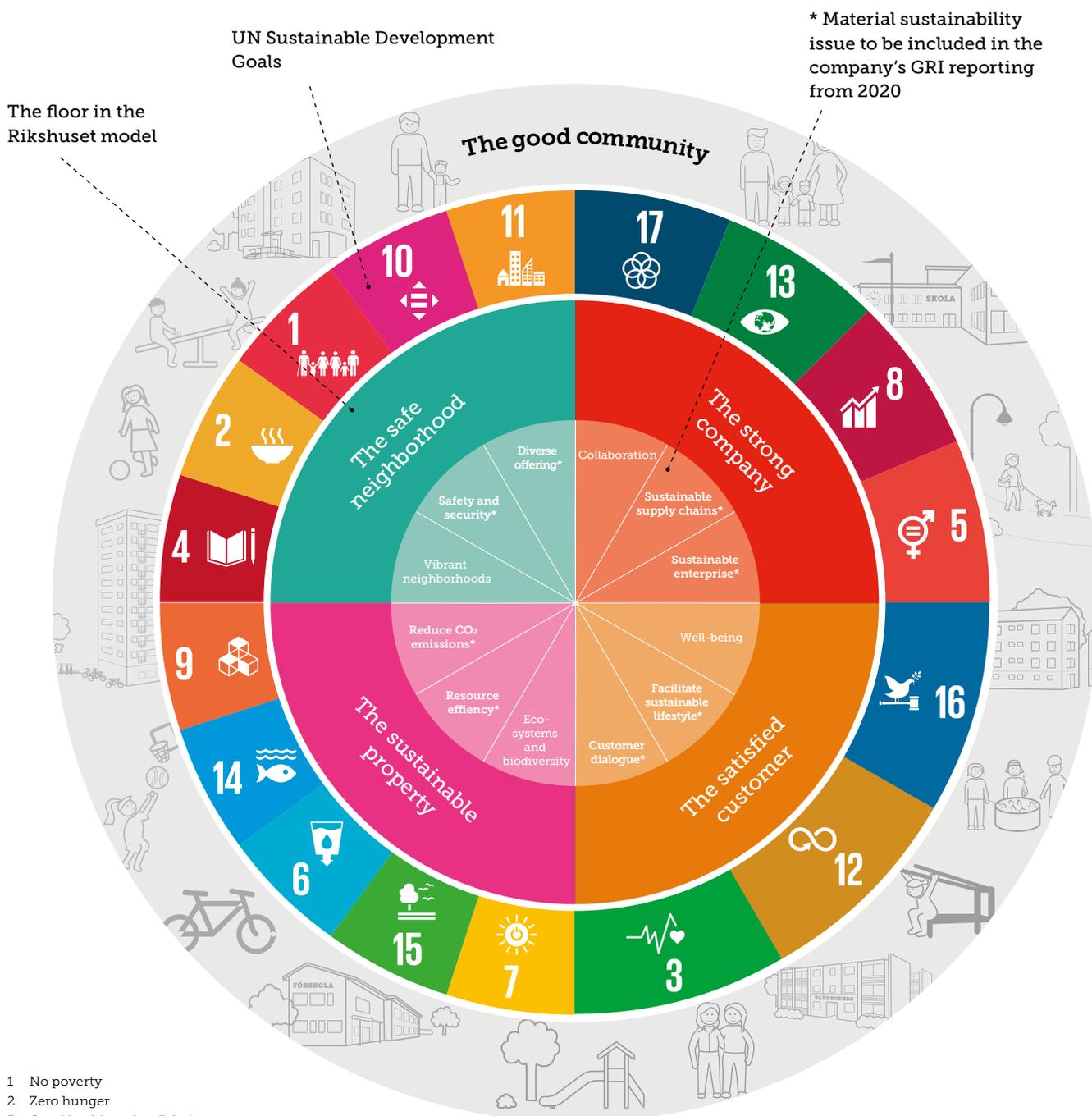


### The strong company

**Requirements** for and **follow-up** of suppliers  
•  
**Health and safety** at work  
•  
**Diversity and equality** in the workplace  
•  
**Active efforts** to tackle corruption

# Rikshem's sustainability compass

The sustainability compass is intended to help employees integrate sustainability issues in their work in a concrete way. On the outside is Rikshem's vision of making a difference in developing the good community together with the UN Sustainable Development Goals. The goals are linked to the respective floor in the company's strategic model Rikshuset (page 12-13), which also links the goals to the material sustainability issues. The eight most material issues are marked with an asterisk\* in the sustainability compass.



UN Sustainable Development Goals

\* Material sustainability issue to be included in the company's GRI reporting from 2020

The floor in the Rikshuset model

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

# A changing world

The world around us is changing at an ever-faster pace, and companies need to respond to the global trends that can change and affect both the global economy and entire industries. Climate change is a key external factor that affects us all, while urbanization, demographic changes and digitization are other megatrends that Rikshem is both affected by and needs to adjust to.

## Global megatrends

**The reality of climate change** is impacting both society at large and the property sector here and now. The global mean temperature is rising steadily as a result of increased greenhouse gas emissions in the atmosphere. The building and property sector is material-intensive, and Swedish buildings account for slightly over one-fifth of the country's greenhouse gas emissions from a lifecycle perspective. It is therefore very important that the industry focuses on reducing energy use and transitions to only using renewable energy. The commercial reasons for a green shift are also becoming more compelling, with more and more consumers, companies and authorities demanding environmental certifications and sustainable construction.



**Climate change**

**Urbanization** and demographic changes such as an aging population bring big challenges. Ever more people are choosing to live in towns, and the trend continues to gather pace. Half of Sweden's 290 municipalities are occupied by just 14% of the country's total population, leading to enormous pressure on living environments close to towns. The working-age percentage is falling, while the total population is growing and becoming ever older. The number of 80-year-olds is forecast to rise by 50% in just under ten years. The demographic development is driving the need for new forms of housing, infrastructure solutions and services.



**Demographics & Urbanization**

**Digitization** affects not only the property sector but society as a whole. This is a megatrend that is overturning existing business models, and changing processes, behaviors and working methods at all levels in society. Technological breakthroughs such as artificial intelligence and robotization can streamline internal processes and simultaneously revolutionize customer utility. The winners of the future will be those able to implement technologies in the best way and adapt to society's ever-increasing demands for connected and automated operations.



**Digitization**

## Trends on the property market

Sweden's property market is characterized by a continued housing shortage and a reduced construction rate coupled with high demand for properties for public use.

Residential construction fell significantly in 2018 and the decrease continued in 2019, although the rate has now stabilized. Residential construction was down 9% in 2019, and the Swedish National Board of Housing, Building and Planning estimates the decrease in 2020 will be marginal. The demand for residential apartments remains high. Sweden's population has grown steadily in recent years as a result of a high birth rate and immigration, and the population is cur-

rently just over ten million. Based on statistics from the National Board of Housing, Building and Planning, it is estimated that Sweden needs to build approx. 640,000 new apartments in the ten-year period 2018–2027, i.e., an average of approx. 64,000 new residential apartments a year. The shortage of residential apartments particularly affects young people, students, newly arrived immigrants and older people. The current housing market fails to meet the needs of lower-income households, and greater knowledge of the current housing market combined with cost-efficiency and increased industrial residential construction are needed to match supply and demand.

Where properties for public use are concerned, a growing and aging population means an increasing demand for preschools, schools, nursing homes and care facilities.

### Fewer new co-ops

New construction of co-ops has fallen by 20% in 2019, which means the construction rate for co-ops has halved compared with 2017, when the downward trend began. The decrease can be explained by excess supply in the more expensive segments coupled with restrictions on borrowing and tougher amortization requirements reducing demand. However, house prices have now stabilized after the dramatic fall at the end of 2017. One factor that may explain this recovery is that interest rate forecasts have been revised downwards.

### Rental apartments in demand

Rental apartments account for an ever-greater share of residential construction, with half of all residential construction projects started in 2019 being rental apartments. The increased costs of owning one's own home have made renting

a more attractive option. In addition, the urbanization trend continues in tandem with low unemployment. This is why demand for residential apartments in metropolitan areas remains high, including for new or renovated apartments, both of which have higher rent levels. In smaller places, the demand for new construction is more limited.

**Rent levels for residential apartments**

Rents for residential apartments in Sweden are regulated and determined based on the utility value system after negotiation with the Swedish tenants' association. The 1.9% average rent increase in 2019 was the highest for residential apartments in six years. The primary reason for this is that the annual inflation figure was expected to be higher than previously.

**Increased need for properties for public use**

An aging population has led to high demand for properties for public use. During 2019, 125 of Sweden's 290 municipalities reported a shortage of nursing homes. The number of children in preschool, nine-year compulsory school and upper-secondary school is also expected to increase until 2026, because those born in the baby-boom years of the 1990s are now of child-bearing age, leading to increased demand for preschools and schools.



**Rent levels for properties for public use**

The rental market for properties for public use is stable and shows no significant movements, upwards or downwards, in rent levels or vacancies. Rents vary greatly, largely depending on the age of the properties, investments made and tenant modifications.

**Transaction volume 2019**

The volume of transactions on the Swedish property market in 2019 was SEK 218

billion up 42.5% on 2018. Based on MSCI (All Country World Index, ACWI), the total return for the Swedish Property Index was approx. 10.3% in 2019, compared with 10.6% in 2018. The total return for the Swedish Residential Index was 7.7% 2019, in 2018 it was 7.2%.

Sources: the Swedish National Board of Housing, Building and Planning, Hem & Hyra, Statistics Sweden, MSCI, Dagens Nyheter, BlackRock, the Swedish Environmental Protection Agency

**Rikshem in the market**

With its focus on rental apartments, developing its existing neighborhoods and increasing the share of properties for public use in its portfolio, Rikshem is well equipped for the prevailing market situation. The company's prioritization is wholly in line with current and future needs for nursing homes, care facilities, preschools and schools. Rikshem also has good access to financing, partly thanks to strong ownership.

**Attractive growth municipalities**

As the property holdings are in selected growth municipalities, the demand for residential apartments and properties for public use is secure over time. Most of the places where Rikshem has properties have waiting times of seven to ten years or more for an older rental apartment. Rikshem assesses the likelihood of a decline in the rental market to be low.

Rikshem's properties are in selected growth municipalities, which secures the demand for residential and properties for public use over time.

**Meeting demand for properties for public use**

An aging population combined with an increased proportion of children of both preschool and school age mean that Rikshem also considers the market for properties for public use to be heading upward. As the property holdings are in growth municipalities, even deteriorating market outlooks are expected to have little impact. The pressure to make substantial investments in both new and old properties means that many municipalities are considering the possibility of selling properties that require investment to property owners that invest in properties for public use in the location in question. Several market participants, often with institutional investors as

owners, have established themselves and are investing long term in the property for public use segment, which means that yield requirements have fallen significantly in recent years.

**Developing for the future**

Rikshem takes responsibility and works at multiple levels to reduce its carbon footprint so that the company can meet the market's demands for more sustainable operations.

The work on digitization has been stepped up, involving, among other things, connecting Rikshem's entire property portfolio with a view to increased automation of monitoring and control of the properties and their energy systems. Rikshem has also equipped itself to meet ever-increasing housing needs by boosting the rate at which it is building new rental apartments. Long-term framework agreements have also been signed with selected market participants that work in accordance with an industrial production process.



The fair value of  
the properties was

MSEK

**49,307**

Rental incomes  
totalled

MSEK **2,049**

for residential  
apartments

Rental incomes  
totalled

MSEK **867**

properties  
for public use

# Nation-wide portfolio

At year-end, Rikshem's properties had a total fair value of SEK 49 billion making it one of Sweden's largest private property companies.

The fair value of the portfolio increased by SEK 3,6 billion during 2019. Rikshem's portfolio strategy is based on a mix of residential apartments and properties for public use for stable returns in the long term. The portfolio comprises 560 properties with a total lettable area of approx. 2,292,000 sqm. The properties are in selected growth areas, with the majority in Uppsala, Greater Stockholm, Helsingborg and Norrköping. There are also significant property holdings in Västerås, Kalmar, Umeå, Luleå and Östersund; the properties in the last three are 90% residential.

### Homes for all stages of life

The residential property segment, which represents 70% of Rikshem's property value, comprises rental apartments, student accommodation, youth apartments, senior and sheltered accommodation. The tenant turnover rate for residential apartments is around 14%, which is line with the industry average. Large parts of Rikshem's portfolio were built in the 1960s and -70s, so development is often required and provides opportunities.

### Properties for public use for care and education

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

Lettable area  
**2,292,000**  
sqm

Rikshem is active in  
**15** cities  
around Sweden

**30%**  
of the portfolio is properties for public use  
**70%**  
of the portfolio is residential properties

To the left in the picture is Dörren 16, the first new construction in Norrköping's Hageby district in 50 years.

## PORTFOLIO

### Expanding in existing areas

Rikshem wants to grow responsibly and shall expand sustainably by developing existing neighborhoods. The mix in the portfolio enables Rikshem to develop both the public functions and the type of residential apartments that are needed in a neighborhood in order to boost its attractiveness.

Rikshem wants to promote variation in residential apartments. This could mean,

for example, having both rental apartments and co-ops as well as different types of buildings and sizes of apartments within the same neighborhood. Properties for public use also increase the services available to Rikshem's customers.

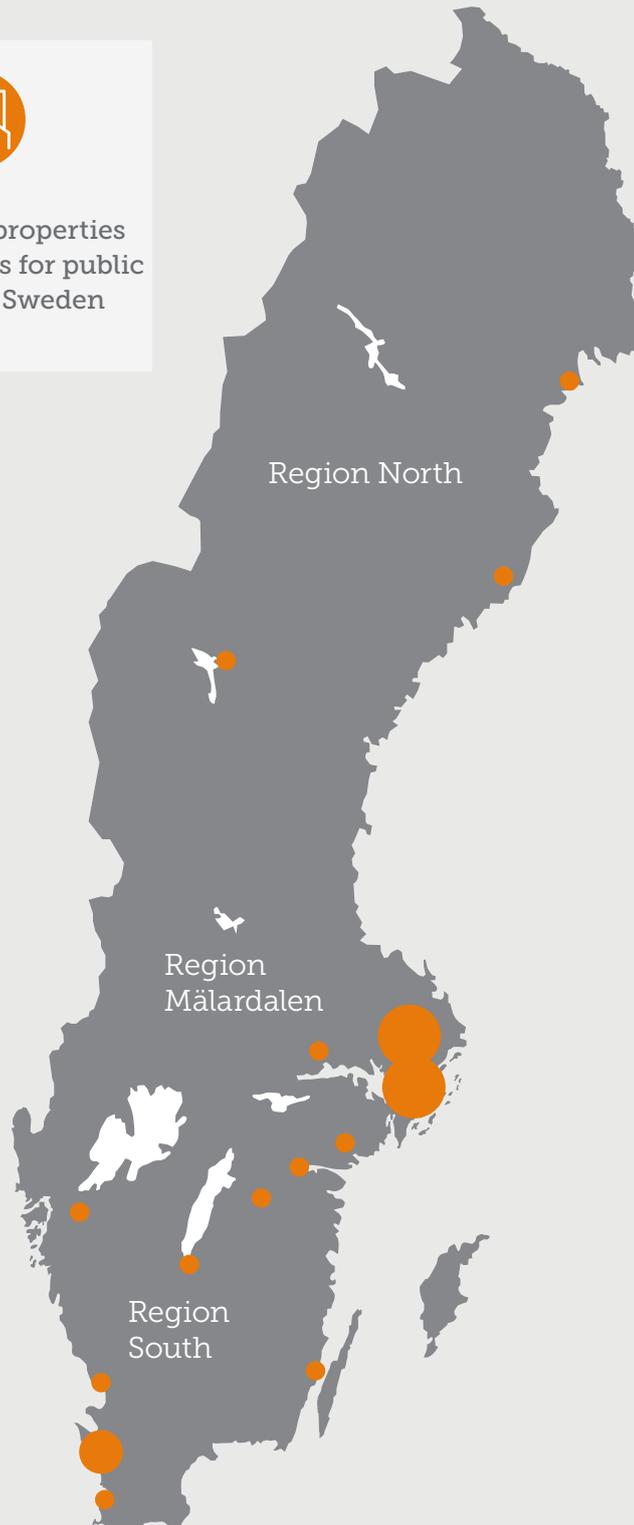
### Transactions

During the past year, Rikshem has acquired eight properties and signed

an agreement concerning a further acquisition. These acquisitions expand the portfolio within both public and residential apartments. The disposals primarily comprised a property of 12,700 sqm in Uppsala. A table of transactions in 2019 can be found on the next page.



Residential properties  
and properties for public  
use across Sweden



## Rikshem's locations

### Largest share of the portfolio

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

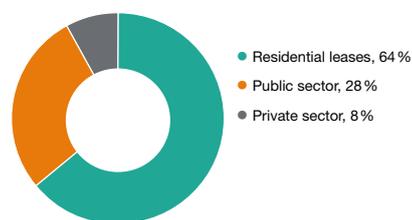
### We are also active in:

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

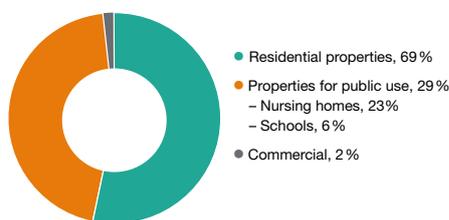
Share of fair value

# The portfolio in figures

Breakdown of rental income



Breakdown of fair value



## Rikshem's property portfolio

	2019	2018
Number of properties	560	555
Number of apartments	29,214	28,840
Vacancy rate, residential properties, %	0.8	0.5
Economic letting rate, properties for public use, %	97	98
Lettable area, residential properties, 1000 sqm	1,664	1,661
Lettable area, properties for public use, 1000 sqm	628	613
Average lease term, properties for public use, years	9.0	9.4

## Property-related key figures

MSEK	2019	2018
Rental income	2,916	2,792
Property-related costs	-1,330	-1,268
Net operating income	1,586	1,524
Income from property management	1,286	1,008
Fair value	49,307	45,687

## Change in the property portfolio

MSEK	2019	2018
Fair value at January 1	45,687	41,039
Investments	1,568	1,083
Acquisitions	879	1,786
Disposals	-365	-328
Change in value	1,538	2,107
<b>Fair value at December 31</b>	<b>49,307</b>	<b>45,687</b>

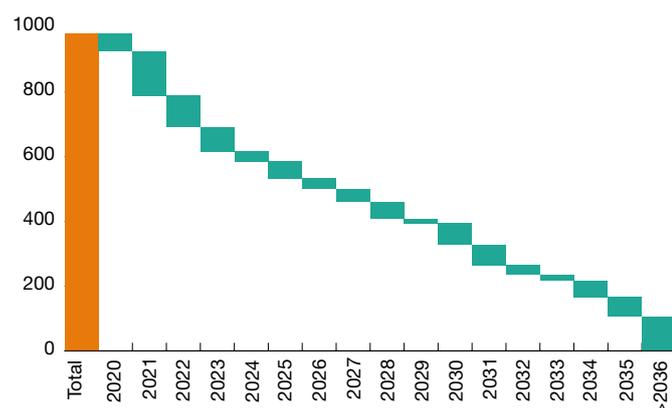
## Acquisitions 2019

Municipality	Number of properties	sqm	Property type
Halmstad	1	9,400	Property in development (residential)
Kalmar	1	7,380	Residential property
Uppsala	1	n/a	Development rights
Upplands-Bro	2	6,558	Property for public use (nursing home and preschool)
Staffanstorps	1	5,032	Property for public use (nursing home)
Västerås	1	3,580	Property in development (residential property)
Västerås	1	4,470	Property for public use (school)

## Change in yield requirements by property type

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

## Lease maturity for properties for public use, annual rent in MSEK



## Agreements on future acquisitions

Municipality	Number of properties	sqm	Property type
Kalmar	1	4,200	Property for public use (nursing home)
Norrköping	1	10,760	Residential property and property for public use (nursing home)
Upplands Väsby	1	4,200	Residential property

## Disposals 2019

Municipality	Number of properties	sqm	Property type
Uppsala	1	n/a	Development rights
Uppsala	1	12,700	Residential property/commercial

# Valuing the portfolio

Each quarter, Rikshem values the property portfolio using an internal valuation method. The method builds on external analyses that take external factors and the market situation into account. The valuations are supplemented and quality-assured at each year-end by means of an external valuation.

The fair value of Rikshem's properties at year-end 2019 was MSEK 49,307 (45,687), equivalent to SEK 21,512 per sqm (20,090). Of the total value, MSEK 808 relates to development rights (795), valued at an average of SEK 2,022 per sqm (2,160). The average yield requirement was 4.12%, down 0.08 percentage points on the average yield requirement at the start of the year. The fair value of the portfolio has increased by MSEK 3,620 or 8% since year-end 2018. The unrealized change in value was MSEK 1,538 (2,107). The increase is mainly a result of im-

proved cash flows and lower yield requirements. During the year, properties have been acquired at a value of MSEK 879 (1,786). Properties with a total value of MSEK 365 (328) have been disposed of.

### Valuation method

Rikshem's properties are classified as investment properties and carried at fair value. The fair value of each individual property is calculated by means of internal valuations on a quarterly basis. The valuation method is based on analysis of the respective property's earnings poten-

tial and other factors that influence value, such as market rents and the market's yield requirements, which are derived externally using comparative market analysis. Rikshem's internal valuation model simulates cash flow and future net operating income for the respective valuation units, which are mainly individual properties. Future net operating income and the residual value at the end of the forecast period are discounted to present value and reduced by estimated outstanding investments. For residential apartments, the estimate is based on a

### Valuation assumptions

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	747	1,253	5,070	3.80%	5.05%	7.45%
<b>Average</b>		<b>1,289</b>			<b>4.12%</b>	

### Sensitivity analysis

Change in MSEK	Yield requirement		Rent		Net op. income
	+0.25%	-0.25%	+/- 1.0%	+/- SEK 50/sqm	+/- 5.0%
<b>Property type</b>					
Residential properties	-2,060	2,346	538	2,164	1,592
Properties for public use					
Nursing homes	-598	667	142	514	530
Schools	-142	156	38	130	135
Commercial	-40	44	11	51	33
<b>Total</b>	<b>-2,840</b>	<b>3,213</b>	<b>729</b>	<b>2,859</b>	<b>2,290</b>

## Mature development of the portfolio

During 2019, Rikshem has moved into a more mature phase with greater focus on investments in the existing portfolio. Jacob Bruzelius, Rikshem's Head of analysis and portfolio strategy, explains more about the company's business development.

### What does moving into the next development phase mean for Rikshem?

This is a natural development for a relatively young company like Rikshem. For several years, our focus has been on growth, and now we're moving into a more strategic phase with greater emphasis on managing the existing portfolio. But it's also a necessary prioritiza-

tion, as many of our properties were built in the 1960s and -70s and require renovation. The investments we're making both this year and in the next few years will enable us to carry out the necessary renovations and develop our neighborhoods, which both raises the value of the portfolio and improves the housing quality for our customers.

### What can you tell us about future priorities in the portfolio?

There is still a significant need for new residential apartments in the growth areas where we have our properties, so this will be a natural focus in developing our neighborhoods. In addition, we're seeing high demand for properties for public use, which will also continue, both in terms of nursing homes for the elderly and facilities for children and

young people. We're concentrating on expanding our portfolio within properties for public use, partly through our own development projects and partly via acquisitions.



Jacob Bruzelius, Head of analysis and portfolio strategy



**448** apartments built in the 1970s are being renovated at Porsön in Luleå.

## Renovation with heart

Porsön outside Luleå is home to a mixture of pensioners, students, singles and families with children. Renovation of the properties in the neighborhood began last year.

“They’ll be like new, yet I think Rikshem is doing it within reasonable boundaries – I’m really impressed,” says tenant Anna Hedman.

**“This is something that the public housing companies should emulate”**

forecast period of ten years and for properties for public use, the forecast period is equal to the lease term or a minimum of ten years.

### Valuation in accordance with IFRS 13 level 3

The rental income follows existing leases and rent levels. The valuations take into account agreed contractual changes in lease terms and rent levels. Property-related costs for the respective property are based on estimated costs. Assumptions relating to cost of capital and yield requirements are agreed with external valuers. Using this methodology, fair value has been estimated in accordance with the accounting rules set out in IFRS 13 level 3. An equivalent valuation is used for renovation projects and new builds, extensions and refurbishments, but with a deduction for outstanding investments. The value of development rights is based on future usability, taking into account the property’s current stage in the local planning process as well as comparative market analysis.

### External valuation

In order to quality-assure the internal valuations, external valuations of the property portfolio are carried out at each year-end; these are performed by Cushman & Wakefield and Newsec. Properties representing 99.8% of the total property portfolio by value have been externally valued in 2019. Rikshem’s valuation of these properties was MSEK 49,225 and the external valuation MSEK 49,373, a variance of MSEK 148 or 0.3%. The variance between the values estimated internally and externally falls within the uncertainty interval +/-5%.

Rikshem also submits valuation data to MSCI every year.

A few years ago, Rikshem contacted the tenants’ association in Luleå to discuss developing Porsön. Next, a consultation group was formed, with eight representatives from among the tenants themselves. Several meetings and information sessions have been held, and the group produced a questionnaire to send to all tenants.

“It was important to us to ask our technical questions but also to include questions from the tenants’ own perspectives. Their contribution and commitment have been invaluable for us,” says Ulf Ohlsson, property manager at Rikshem in Luleå.

He is also grateful for the fruitful dialogue with the tenants’ association, who are pleased with the excellent collaboration:

“It’s gratifying that Rikshem took the initiative to invite the tenants to take part in the process surrounding the renovation of Porsön. This is something that the public housing companies should emulate,” says Sören Lejon, chair of Luleå tenants’ association.

The tenants asked for a larger recreation area instead of many small playgrounds. The result is a multipurpose

arena for sports including soccer (football), floorball, hockey and basketball. One of the tenants at Porsön is Anna Hedman, who has lived in a three-room apartment here since 2005.

“We feel that Rikshem genuinely thinks it’s important that we tenants are happy with the end result. They’ve come up with a wide range of renovations and shown a lot of consideration by giving us a chance to participate,” she says.

To make things as easy as possible, Rikshem is temporarily rehousing tenants. ‘Evacuation apartments’ have been created within the neighborhood so that no one needs to move too far while the work is carried out.

“Many people live hectic lives, and a major renovation could have been a pain, but it’s absolutely fantastic how Rikshem has managed to organize everything so well,” she says.



Tenant Anna Hedman is looking forward to her apartment being renovated.

# Geared for sustainable development

## Focus on neighborhood development and new materiality analysis

Rikshem's sustainability setup has been strengthened in 2019. The sustainability department has a broad profile, bringing together specialist knowledge within climate, energy, social aspects and analysis. Malin Bosaeus, Rikshem's Head of sustainability, explains more.



Malin Bosaeus, Head of sustainability

### What has distinguished Rikshem's sustainability efforts in 2019?

Rikshem has had a sustainability mindset from the start, and an expanded sustainability department provides increased focus and a more unified way of working. One of the focus areas for the company as a whole in 2019 was neighborhood development, and we've approached this from a social perspective to bring about an upward spiral for our neighborhoods and tenants. During the past year, we've created a process model for neighborhood development and a sustainability compass as a basis for the long-term neighborhood plans being drawn up. Apart from that, a lot of work has gone into creating new routines and ways of working. Among other things, we've established an energy council and identified new material sus-

tainability questions based on a new materiality analysis.

### Tell us more about that

In order to review our most material sustainability issues, we've undertaken a comprehensive process involving representatives from all parts of the company. We've conducted a stakeholder dialogue with our owners, partners and customers so as to include their perspectives. This culminated in Rikshem's new material sustainability issues. As part of our work to implement them in our business, we've devised the sustainability compass, which links the material issues to the Rikshuset strategic concept and how we need to work in operational terms to achieve the UN Sustainable Development Goals. The sustainability compass was implemented in the process for neighbor-

### Sustainable governance

Rikshem manages its sustainability work as an integrated part of its overall corporate governance. The environment, employees and social sustainability are three of Rikshem's five cross-company goals. Ultimate responsibility for the sustainability issues rests with Rikshem's CEO.

Read more about sustainability governance on page 62.

hood development in 2019, and in 2020 we'll continue to the property development process.

### What are Rikshem's biggest sustainability challenges going forward?

During 2020, we'll produce a road map setting out how we will become climate-neutral by 2030. We'll continue working to implement neighborhood development and our new tools. We didn't achieve the targets for 2019 but we laid good foundations during the year with more staff, improved calculation methods and new ways of working. We look forward to seeing the results of our efforts going forward. Sustainability issues are high on the agenda, and Rikshem has highly driven employees, so it will be fun to continue working on this!

## Safer neighborhoods

The issue of safety is central to **neighborhood development**. Several initiatives are under way to help residents feel safer in Rikshem's neighborhoods. A **new toolbox** has been produced during the year for various measures to increase safety and boost neighborhood attractiveness. Another example is the **Trygghetskollen project**, in which 1,200 tenants and residents at selected locations were equipped with a GPS button to mark unsafe places and, in this way, help Rikshem to plan the right measures for the right place.

In order to identify and prioritize measures for increased safety in the neighborhoods, eight **safety surveys** have also been carried out in residential areas in 2019: six safety analyses and two safety

inspections. A **safety analysis** maps the neighborhood with a focus on the external physical environment and, based on this, an **action plan** is drawn up. The resulting measures can be anything from improving lighting and cutting down shrubs that impede visibility to longer-term plans for bringing the ground floors of the properties to life. A **safety inspection** also covers common areas in the properties, and an example of a measure could be sectioning of basement passages so that only authorized persons can get in.

Read more about neighborhood development and safety on page 33.



## Shifting climate efforts up a gear

### New energy council

A **new internal energy council** was set up during the year, responsible for coordinating Rikshem's energy and climate efforts. With representatives from different parts of the company such as property management, property development, digitization and sustainability, the energy council has good oversight and can focus on the right issues for the company.

### New building processes

During the year, Rikshem signed ten-year framework agreements with apartment building manufacturer Sizes and building company JSB, both of which use an industrial production process. This is an **important step in Rikshem's innovative efforts to reduce its climate impact** by using new efficient building processes.

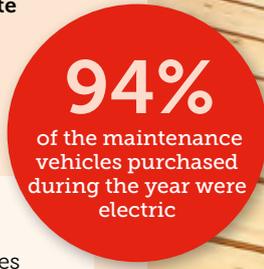
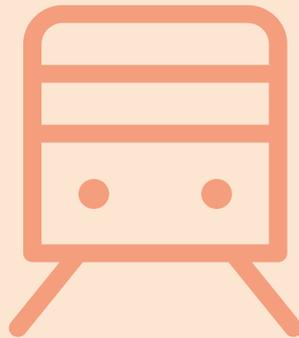
Read more on page 44.

### CO<sub>2</sub>-neutral electricity

During the year, Rikshem has consolidated all its electricity purchases with two major providers that supply fossil-free property electricity.

### Car-free living

Rikshem will manage around 70 rental apartments currently being built close to the commuter train station in Upplands Väsby. The building will have only a small number of parking places for carpool vehicles. At the same time, amenities and services are being made available that reduce the need for car journeys. The local plan is the first in the Stockholm County that totally **challenges traditional parking standards** in order to promote car-free living.



### Climate-smart timber construction

When building new residential properties, Rikshem makes extensive use of **industrial timber construction, which reduces CO<sub>2</sub> emissions**. As well as timber being a renewable material and binding CO<sub>2</sub> throughout its service life, industrial construction can reduce waste and the need for transport.

Read more on pages 40 and 44.



## Support for children and young people

Rikshem works with municipalities and voluntary organizations to create meaningful study time, leisure time and living environments for children and young people. All such initiatives are carried out with a view to **minimizing social exclusion, increasing employment and creating safer neighborhoods**. Read more on pages 34–35.



**270 students received free homework assistance** in the 2018/2019 academic year in three different cities where Rikshem supports the Låxhjälp foundation.



**1,000 summer jobs** in Rikshem's neighborhoods have been given to young people since 2012.



**5,000 children in Luleå** took part in free leisure activities during 2019 thanks to the nonprofit organization VildaKidz, which Rikshem supports.



The 2019  
Customer Satisfaction  
Index was up  
**2.6** points  
for residential  
tenants

The  
2019 Customer  
Satisfaction Index was up  
**7.8** points  
properties for  
public use

**530**  
social-housing contracts  
with municipalities

### **New agreement**

for an open network,  
property IT and IoT  
platform to connect  
the properties

## Sustainable living environments

As a long-term property owner, Rikshem is able to make investments in property management that generate higher property values and increased customer satisfaction in a longer-term perspective. Based on a raised level of ambition, the property management part of the business has been developed with additional focus on both customer and neighborhood.

Rikshem handles the financial and technical aspects of property management through its own property management organization, allowing control of the portfolio as well as being present to tenants in both residential properties and properties for public use. Rikshem's property management shall be sustainable in the long term for the company, customers and community. During 2019, work continued to refine Rikshem's property management model.

#### **Higher customer satisfaction**

Each year, Rikshem carries out a customer survey to measure customer perceptions of areas such as the environment, maintenance, and safety. Questionnaires are sent out to both tenants in residential apartments and properties for public use. Based on the responses in the customer survey, Rikshem's real estate managers, leasing agents and property technicians jointly draw up action plans for future property management work.

A total of 4,480 tenants in residential apartments and 145 tenants in properties for public use completed the 2019 survey. The results show that customer satisfaction has gone up several points since 2018. One thing that is particularly clear is that customer satisfaction has increased within the areas given extra priority over the past year, such as information for new residents, safety efforts and refurbishment of outdoor environments.

#### **Meaningful customer dialogue**

Through Boskolan – the Tenant School – residential tenants new to Rikshem are given an informative introduction to living in a rental apartment in the form of both

**Rikshem's Boskola – the Tenant School – is an important part of the rental process.**

films and face-to-face meetings with Rikshem's employees.

There were 4,837 moves into Rikshem's apartments in 2019, and the Tenant School is an important part of the rental process. It is one of several aspects of the work to build a strong customer relationship and to make it easy for customers to live sustainably. The Tenant School covers everything from routines for payment of rent to how residents can reduce their climate impact, for example by sorting their waste correctly in Rikshem's waste and recycling rooms.

In the case of major refurbishments or development of outdoor environments, Rikshem works with local tenant associations to arrange residents' meetings to increase customer dialogue.

**Socially important properties**

The customers for properties for public use comprise both municipalities and private-sector operators. Managing prop-

erties for public use differs slightly from managing residential ones, as Rikshem is generally responsible solely for the property itself, while the tenant is responsible for internal maintenance. Ongoing dialogue enables Rikshem's property management organization to be responsive to the customers' needs for modifications and development.

**New toolbox**

Common guidelines for everyone working in Rikshem's property management organization cover everything from fault reporting and service to signage and communication. During the year, work began on producing a toolbox containing standard tools for developing Rikshem's neighborhoods, always with customers, quality and sustainability in focus. An outdoor environment handbook has been produced as part of this work. This provides guidance in developing Rikshem's outdoor environments with a view to creating attractive areas and infusing life among the buildings, with the starting point simultaneously being that everything must be easy to manage from a maintenance point of view.

**Analyze first, then act**

One of the innovations in the outdoor environment handbook is a new playground concept with the emphasis on inclusion and using sustainable materials. There are also guidelines for signage and lighting of outdoor environments, based on customer dialogue and empirical data from safety analyses.



Rikshem's property Beckasinen 34 in Kalmar.

**Connected properties**

Living in a Rikshem property shall be straightforward. Customers can use Mina Sidor – my pages – on rikshem.se to report faults and to track their case. In many properties, tenants can also book the laundry room and other services on-line. Digitization efforts have been stepped up during 2019, and Rikshem has adopted a holistic approach to digitization of its properties. Thanks to a new long-term agreement with Telia, Rikshem will have both an open network for tenants as well as property IT and an IoT platform. This will let customers choose their own broadband, IPTV and telephony providers. In the long term, the solution will also enable the entire property portfolio to be controlled remotely.

**Becoming climate-neutral**

Swedish buildings account for around 40% of the country's energy use, for electricity and heating. Buildings account for slightly over one-fifth of Sweden's greenhouse gas emissions from a lifecycle perspective<sup>1</sup>. This makes energy consumption the climate issue where Rikshem has the greatest potential to make a difference, directly and indirectly,

in both property management and new construction. Efforts are being made within the company's own operations, with contractors and suppliers, and with tenants.

**Following up energy targets**

Energy use refers primarily to the energy that is used in the properties in the form of heating and property electricity. Heating use represents the greater share, at around 85%, with the remainder being fossil-free property electricity. Tenants' electricity consumption is not reported.

Rikshem's target is to reduce energy use by an average of 2.5% year on year in the like-for-like portfolio<sup>2</sup> and, in 2019, energy use was down 1%. In order to achieve the annual target, Rikshem has expanded its organization for energy efforts and stepped up coordination functions internally. Energy-saving projects in areas such as lighting, day-to-day running and ventilation systems have been initiated but have not yet started to make an impact.

CO<sub>2</sub> emissions from heating and property electricity in 2019 were 11.3 kg/m<sup>2</sup> in the properties Rikshem owned for the full calendar year, 0.1 kg/m<sup>2</sup> of which from

electricity. This is a decrease of 0.1 kg/m<sup>2</sup> compared with 2018. CO<sub>2</sub> emissions are measured each year with a target of reducing emissions by an average of one kilo per square meter per year. The low figures for 2019 can partly be attributed to improved and expanded calculation methods, and partly to increased emissions values for the district-heating companies from which Rikshem sources its energy. Rikshem mostly uses district heating to heat its properties.

**More CO<sub>2</sub>-neutral**

Another aspect of the energy issue is increasing the share of CO<sub>2</sub>-neutral energy. During the year, Rikshem has consolidated all its electricity purchases with two major providers that supply fossil-free property electricity.

Rikshem is gradually replacing its maintenance vehicles with electric ones. Exceptions are made to take account of range and cold weather. A total of 32 new maintenance vehicles were procured during the year, 30 of them electric. In accordance with Rikshem's company car policy, current company cars that are not electric, plug-in hybrid or hybrid cars shall also be phased out.

Annual reported total energy, normal year-adjusted

kWh/m <sup>2</sup> (Atemp)	2019	2018	2017	Variance, %
Energy use	138.8	140.2	143.9	-1.0

Annual reported total energy (CO<sub>2</sub>)<sup>3</sup> kg/m<sup>2</sup>, normal year-adjusted

kg CO <sub>2</sub> /m <sup>2</sup> (Atemp)	2019	2018	2017	Variance, kg/m <sup>2</sup>
Emissions	11.3	11.4	11.7	-0.1

Annual reported total energy

kWh/m <sup>2</sup> (Atemp)	2019	2018	2017	Variance, %
Energy use	132.7	137.2	139.3	-3.3

Annual reported total energy (CO<sub>2</sub>)<sup>3</sup> kg/m<sup>2</sup>

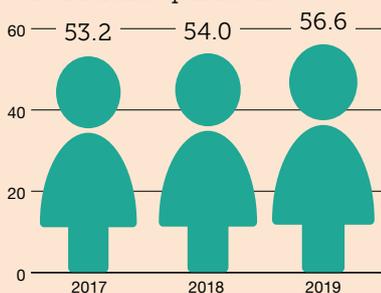
kg CO <sub>2</sub> /m <sup>2</sup> (Atemp)	2019	2018	2017	Variance, kg/m <sup>2</sup>
Emissions	10.7	11.1	11.2	-0.4

1) Source: The Swedish Environmental Protection Agency

2) Like-for-like portfolio refers to the part of the portfolio that Rikshem owned for a full calendar year and that has comparable figures, i.e., properties where the company can monitor the same type of energy use (heating of buildings and water, and property electricity) year on year.

3) Calculated using the previous year's emission factors for district heating. The emission factors for the current year are obtained from the suppliers no earlier than the second quarter of each year.

**Customer Satisfaction Index**  
– residential apartments



One thing that is particularly clear is that customer satisfaction has **increased for the issues given extra priority** over the past year, such as information for new residents, safety efforts and refurbishment of outdoor environments.



**Customer Satisfaction Index**  
– properties for public use



# Vibrant neighborhoods

Diversed housing in different sizes and well integrated public services including schools helps to develop vibrant, attractive and safe neighborhoods. Sustainable neighborhoods with satisfied customers who are happy and want to stay there bring opportunities for both public and business benefits.



As one of Sweden's largest private property companies, Rikshem is part of the community and works to create safe neighborhoods, both by improving existing environments and planning and designing new ones. At the same time, segregation and social exclusion are increasing, and Rikshem is dependent on community development to make progress on safety-related issues.

### Model for effective development

During the year, a process model for neighborhood development has been created with a view to upping the pace of and streamlining the work on neighborhood development. The process model has been produced based on learning from pilot projects in Luleå, Helsingborg, Södertälje and Uppsala. In 2020, the neighborhood development model will be implemented and further developed in three new neighborhoods.

### Homes for all stages of life

Rikshem's ambition is to develop attractive and sustainable neighborhoods that tenants do not simply find themselves in but actively choose to move to, and where there are opportunities to remain through all stages of life. One key factor in this is creating neighborhoods with a diverse offering of housing and access to public services. Rental apartments play an important role, but a mixture of rental options is needed together with different sizes and standards of apartments. The outdoor environments are important too. An environment that has been designed to encourage activities and bring people of different ages together means that both residents and visitors enjoy spending time in a neighborhood – something that increases both well-being and the feeling of safety.

### Part of the community

Successful neighborhood development brings many benefits: increased safety, reduced criminality, fewer cases of vandalism, fewer moves and improved school results. More businesses in a neighborhood also create new jobs and, as a result, increased flow of people. Schools and preschools enable families with children to stay in a neighborhood for longer.

### The role of the school

The school has an incredibly important role to play in the community, and doing well at school can make a decisive difference to a person's future. Rikshem works closely with the municipalities to meet future needs and to develop school environments. Collaborations with the Läxhjälp foundation (page 35), for example, also create opportunities for more students to succeed.

## Press for safety



In October, Rikshem launched **Trygghetskollen**, a project in which around 1,200 tenants and residents in selected cities were equipped with a GPS button to click in places where they feel unsafe. Each click was plotted on a map, which Rikshem used to compile a report with a view to working both independently and in tandem with other local players to help people feel safer.

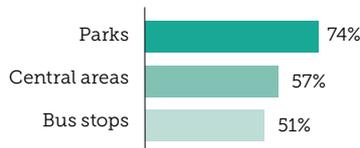
### Better lighting

Places perceived as the most unsafe were parks, central areas and bus stops. The main reasons for the participants mark-

ing the places as unsafe were because it was dark, deserted or they were alone at the time. 25% of those asked said they feel unsafe in the neighborhood where they live. The project reveals that the most requested safety improvements are better lighting and the presence of security staff and the police.

Based on the results, Rikshem is exploring opportunities for various measures, which may include better lighting and clearing shrubs, for example. The findings will also be used as a basis for safety discussions with municipalities and local players on further-reaching measures.

Places perceived as the most unsafe



” The primary aim of the Trygghetskollen project has been to gather our tenants’ views on how we can help them feel safer in their local areas, and we’re extremely happy with the high level of engagement they have shown. We can identify a number of improvement areas for review. At the same time, there are many things over which we have no control ourselves. This is why we compile local reports that we can discuss with other property owners and municipalities, so that together we can resolve the perceived problems and help residents feel safer.

Petter Jurdell, Head of business and sustainability development

### Neighborhood development in focus in 2019

- New process model for effective and long-term neighborhood development.
- Measures arising from safety analyses and surveys on how residents perceive safety in their neighborhood.
- Vigorous efforts to tackle illegal subletting in order to increase the feeling of safety and stability in Rikshem’s neighborhoods.
- Active local cooperation involving, in several areas, Rikshem working with other property owners and local players to achieve common goals based on the neighborhood’s needs.

There is active local cooperation in several places, including Helsingborg:

” Rikshem has a genuine interest in succeeding in Helsingborg. By working together, we can draw up joint labor-market initiatives that help more residents to find work, generating many positive effects for the neighborhoods. The collaboration with Rikshem is one of the strong pillars on which our neighborhood development in Helsingborg is based.

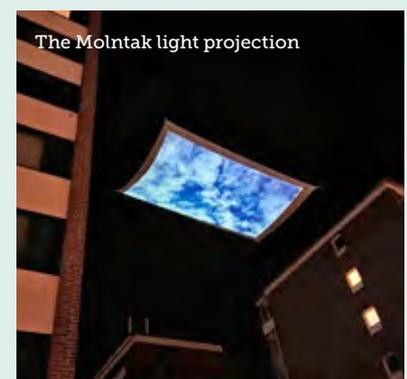
Maria Norrby, Head of employment-services, Helsingborg Municipality

### Safer neighborhood with light art

The Molntak art project was officially opened in November 2019. It aims to make the outdoor environment in Helsingborg’s Planteringen neighborhood safer and more equal. The project has been run as a collaboration between the nonprofit contemporary art organization Svensk Samtidskonst, Rikshem and Helsingborg Municipality since 2016.

The Molntak light projection is one of the 35 artworks and comprises a large canvas between two buildings. In the evenings, a window opens to reveal a blue sky with clouds. The idea came about when a drawing by a local child was held up to the sky.

The residents’ ideas and views have been taken into account by means of citizen dialogues and workshops, and a total of 317 interviews have been conducted with residents. The annual police safety surveys reveal Planteringen to be one of the Helsingborg neighborhoods where most people report feeling unsafe. The 35 light installations are intended to light up the neighborhood to mitigate this feeling.



# Homes for all

Around one-third of Sweden’s residential apartments are rental apartments. The rental apartment increases people’s options and creates dynamism in the housing market. It is suitable for everyone, offering flexible accommodation not associated with financial risk.

Rental apartments allow people to access the housing market quickly and without a capital commitment. As well as standard rental apartments, Rikshem has apartments that are let specifically to students, young people and seniors. Rikshem’s residential apartments are allocated according to a points-based queue system, enabling people to apply for homes on equal terms without risk of discrimination.

### Meeting housing needs

During the year, Rikshem has stepped up its efforts to tackle illegal subletting. This is considered an important issue for customers, neighborhoods and the wider community. Ensuring that the person registered at an apartment is the person actually living there increases stability, safety and neighborliness in the area.

Rikshem works closely with the municipalities to help more people to get a home. Among other things, the municipalities can lease residential apartments from Rikshem, through what are known as social-housing contracts. This then gives people who are not considered able to rent an apartment independently the chance to access housing via the municipality. The municipality is the contracting party and responsible for the rent being paid.

### Work for social stability

Rikshem currently has 530 social-housing contracts in place. The number has fallen somewhat since 2018, above all in Mälardalen, because several of the contracts transitioned to standard permanent rental contracts, which is the aim of social-housing contracts. (After 18

months, tenants have the opportunity to convert their social-housing contract into a standard lease.)

Another important element of Rikshem’s work for social stability is the collaboration with social services, the Swedish Enforcement Authority, budget and debt counsellors, and other agencies to ensure that tenants will be able to pay their rent and thus stay in their home.

Social-housing contracts, number of apartments

	2019	2018	2017
Mälardalen	166	235	208
Southern Sweden	230	221	227
Northern Sweden	134	142	143
<b>Total</b>	<b>530</b>	<b>598</b>	<b>578</b>

### Inclusive engagement

Rikshem has a commitment to children and young people living in the company’s neighborhoods. Through its own projects and collaborations with municipalities and nonprofits, Rikshem works to minimize social exclusion, increase employment and create safer neighborhoods. One example is the summer jobs initiative.

In total, **more than 1,000 young people have had summer jobs with Rikshem** since the scheme started in 2012.

### 151 summer jobs

Each year, Rikshem offers summer jobs to young people aged 16 to 19, partly to help them into the labor market and partly to increase their sense of pride and engagement in their own neighborhoods. In 2019, 151 young people had summer jobs in Umeå, Luleå, Östersund, Norrköping, Nyköping, Helsingborg, Västerås, Uppsala, Södertälje and Greater Stockholm (the figures for 2018 and 2017 were 153 and 158, respectively). For the first time, applications were also open to young people who do not live in Rikshem’s neighborhoods, enabling young people from different neighborhoods to meet and forge new contacts.



### Showing up to tackle vandalism

For a week in September, Rikshem’s Uppsala office gathered all its employees for a concerted effort in the Gränby district.

The neighborhood has experienced problems with vandalism and residents reporting not feeling safe, and Rikshem considered it important, as the property owner, to show up and take action.

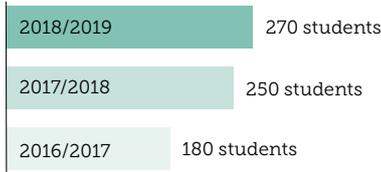
All the employees helped by dealing with everything from graffiti and broken rubbish bins to missing signs and rubbish that had ended up in the wrong place. There were a lot of smiles that day: both among employees who accomplished something with colleagues whom they would not otherwise work so closely with, and among the community, with many tenants surprised to be visited by 40 people from Rikshem at once!



88%

of the students getting homework assistance nationally see their grades improve.

**The Läxhjälp foundation is active at 10 cities in Sweden.** Rikshem supports Läxhjälp's activities in Norrköping, Södertälje and Västerås. Umeå has also been included during the last year. The aim is to extend the scheme to further locations. In Norrköping, Västerås and Södertälje, the Läxhjälp foundation has been able to provide homework assistance to 270 students over the last academic year.



Results in 2018/2019 for Norrköping, Västerås and Södertälje:

**63%** have gained entry to an upper-secondary school

**93%** have boosted their self-confidence

**91%** want to go on to upper-secondary school

#### LÄXHJÄLPEN

- A nonprofit foundation that helps seventh- to ninth-graders who are at risk of not making the grade to gain entry to an upper-secondary school.
- The homework assistants are paid university and college students.
- Läxhjälp is free of charge to the students getting help.
- Started in 2007; Rikshem has supported the foundation's activities since 2015, and its current agreement runs through June 2021.

"In the last academic year, 17,699 ninth-graders missed out on getting into upper-secondary school in Sweden. The long-term collaboration between Rikshem and the Läxhjälp foundation has been invaluable for hundreds of students, who have been given the opportunity to make the grade and tools to shape their own future."

Henrik Szabo  
Secretary General of Läxhjälp

## Speaking the same language

It is unacceptable that students' school results should be determined by where they live, the school they attend and their parents' educational background. This was the philosophy behind the creation of the Läxhjälp foundation, which ensures that more than 1,000 students across Sweden get free homework assistance every year to improve their grades. Rikshem supports this activity, and Maya Chehadé is one of 320 homework assistants.

For 20-year-old Maya Chehadé in Västerås, being a homework assistant is the perfect extra job alongside her pilot training.

"Help with homework is exactly what I needed when I was at school, so when I saw an ad on social media, I knew right away it was something I wanted to do. It's a job where I can tell I'm making a difference. It's also helping me develop a lot as a person and teaching me humility, patience and how to deal with people of different ages and with different mentalities."

Every Tuesday and Thursday, Maya and two colleagues help a group of 15 students in grades 7–9 with their homework. Initially, she felt that some of the students were pretty much there because they had to be, but now there is a sense of camaraderie in the group, and no one wants to leave a minute before the session is over.

"It wasn't so long ago that I was at school myself, so I understand what it's like to fall behind or feel you've been unfairly treated by a teacher. Some of the students might also have a tough time at home and, in that case, it can be good to come to a safe place and be able to work in peace."

One of the first students Maya helped was a boy in eighth grade. He really struggled with math, including calculating speeds.

"I know what I'm like myself: I can read something ten times without understanding it, but I can grasp the content if it's presented visually. So, I went and got the clock from the wall. It turned out he couldn't tell the time, but he hadn't dared tell his teacher. I'll never forget his smile when he understood how it all came together."



Homework assistant Maya Chehadé thinks she is developing a lot as a person by helping others.

# A house of opportunities

A nursing home, a night shelter for the homeless, respite accommodation for young people and a restaurant with live music evenings. These are some of the functions of Sundsgården in Luleå, where barriers are torn down and chance meetings take place.

Rikshem acquired the Sundsgården property five years ago, with Luleå Municipality as tenant.

“We discussed moving, and the whole building was in decline, but then we started discussing with Rikshem how we could adapt the property for more people. Today, every single nook and cranny is used,” says Ewa Andersson, one of the social services managers working in the house.

” This has proved to work really well. Often, it’s just a question of fear of the unknown.

Ulf Palm, real estate manager at Rikshem in Luleå

As her department has offices in the building, she meets the people she supports in her job on a daily basis. Everyone gets along well together. Ljusglimten, the restaurant that serves as the heart of the building, provides work for adults with learning difficulties. Together with their support assistants, they run the restaurant and host conferences and events. The basement houses a day care facility where adults with acquired brain injuries, such as after a stroke or car accident, can come to paint, bake and socialize with others. There are also facilities for young people with substance-abuse issues.

“Society is so segregated today that it is only when you bring people together and let them meet spontaneously that things start to happen,” says Ewa.

” Society is so segregated today that it is only when you bring people together and let them meet spontaneously that things start to happen.

Ewa Andersson, Care and support section manager at Luleå’s social services department

Respite accommodation for young people is one of the house’s latest additions. This gives young people with learning difficulties the chance to practice living independently for short periods, while providing their parents with some respite at home.



“There’s a pensioner who comes nearly every day to play billiards with the young people at the respite facility. It means a lot to the young people, and there are huge community benefits when we build bridges between generations.”

Sundsgården has become such a vibrant place to be that it even attracts visits from outsiders.

“We often have performers at the restaurant, and every Friday there’s live music and dancing. It’s become a meeting point for older people from all over the municipality, and several of the residents come down to join in.”

At the end of 2018, Luleå Municipality asked for help to make further adaptations to the building and create space for a night shelter. The result was ten rooms that are run by a nonprofit organization

funded by the social services department. Sandwiches and food left over from the restaurant are routinely placed in the shelter’s fridge and freezer instead of being thrown away.

Ulf Palm, real estate manager at Rikshem, explains that certain adaptations have been made so that all the tenants feel safe:

“We always carry out risk assessments and listen to any concerns. The adaptations included fitting locks to all doors and introducing an access system that uses a tag with different authorizations. This has proved to work really well. Often it’s just a question of fear of the unknown.”



Ewa Andersson, section manager at Luleå social services, and Ulf Palm, real estate manager at Rikshem in Luleå, work closely together to facilitate the various activities in Sundsgården.



### Sundsgården

- Social services offices
- Nursing home, 42 apartments
- Respite accommodation for young people, six rooms
- Night shelter for homeless people, ten rooms
- Ljusglimten restaurant plus day care services
- Anhörigcafé carers’ café
- Slussen day care services
- Nighttime patrol
- Fitness studio and common room
- Library
- Chiropodist
- Hair salon



**240**

apartments  
completed in renovated  
properties

**378**

apartments  
renovated on change  
of tenant

**266**

finished apartments  
in new builds  
during the year



Development rights for approx.

**125,000**

sqm gross area

**30**

ongoing local planning projects

# Properties for the future

The rate of property development has picked up during the year, and Rikshem plans to build thousands of new apartments over the next few years. It is estimated that, by 2022, the planning process will create approx. 400,000 sqm gross area buildable land in current and scheduled local-planning projects.

Rikshem's property portfolio holds enormous development potential. By renovating its properties, the company can offer an up-to-date standard of accommodation at the same time as extending the buildings' service lives and increasing property values. New construction projects and creating more apartments in existing properties and buildings are ways of expanding the residential areas with more residential apartments and public services such as schools, nursing homes and local amenities, making the neighborhoods more attractive.

Rikshem's new builds comprise both its own construction projects and acquisitions of properties in development – residential properties and properties for public use – in selected growth areas. For an overview of Rikshem's projects, see pages 42–43.

## Developing for variation

When Rikshem builds new residential properties adjacent to an existing residential area, the work is always demand-driven and aims to offer a varied range of housing by providing the type and size of apartments that are lacking. Another important element is providing properties for facilities such as preschools, nursing homes and sports halls. Dialogue with municipalities, other building contractors, and private-sector school and care providers is key to identifying current needs.

In aggregate, Rikshem owns large areas in established residential areas, making it possible both to construct more buildings and to develop spaces for activities and social interaction so as to increase well-being.

**New local plans, new opportunities**

Over the past year, Rikshem has developed local plans for residential properties and properties for public use in the places where it is already active and wants to grow. These projects vary in volume and character, encompassing everything from small-scale densifications to larger urban development projects. In all, 30 local planning projects and local plans for development rights covering a total of 43,600 sqm gross area gained legal force in 2019. Rikshem works continuously to identify potential new development rights and opportunities within existing properties. The company also seeks developable land via municipal land allocation agreements and private sales of land. It is estimated that, by 2022, the planning process will create approx. 400,000 sqm gross area buildable land in

400,000

sqm gross area of development rights, primarily for residential and properties for public use

current and scheduled local-planning projects, primarily for residential properties and properties for public use.

**Acquisitions of development projects**

As well as its own new builds, Rikshem also acquires and takes possession of new construction projects at an early stage before the buildings have been constructed. The counterpart undertakes to complete the project by an agreed date, and Rikshem makes payments on account for the ongoing contract.

**Lower emissions with wood**

When building new residential apartments, Rikshem mainly uses industrial timber construction, but some concrete is also used – depending on which material is most beneficial for the property in question. Wood is a renewable material that, compared with other construction materials, releases less carbon dioxide during the construction phase, stores carbon dioxide throughout its service life and allows fast construction with less disturbance in the local area. During 2019, Rikshem has negotiated framework agreements for industrial timber construction that will cut production times and reduce climate impacts. Cross-lami-

Apartments built using cross-laminated timber create a stable construction.

nated timber (CLT) is used in the construction process, providing stability. Read more about this on pages 44–45.

**Renovating for the future**

Large parts of Rikshem’s portfolio were built in the 1960s and -70s, which means that many properties are in need of renovation. During 2019, a total of 240 apartments were finished in properties that have undergone renovations covering, for example, roofs, facades, installations and plumbing. The apartment interiors are refurbished, and entrances, laundry rooms and exterior environments modernized at the same time. Rikshem strives to carry out renovations that match the customers’ wishes and requirements as closely as possible. If possible, tenants are able to choose the level and scope of the renovation work.

Renovations are not only positive for the properties in question but also for the neighborhood as a whole, as vandalism,

Rikshem has joined forces with Ikano Bostad to **create 2,000 new residential apartments and premises for offices and local services in Telestaden, one of southern Stockholm’s largest housing projects.** Here, in premises previously occupied by Televerket, a new neighborhood is being developed at the heart of the new Farsta district. The Farsta local police will relocate to Telestaden, and care provider Attendo will open a nursing home with around 110 apartments in the spring of 2021.





“Joint projects could include painting outdoors or celebrating festivals together.”

graffiti and criminality tend to fall. As well as major renovations of entire properties, individual apartments are also renovated when a tenant moves out. During 2019, a total of 378 apartments were renovated in these circumstances.

### Reduced energy use

Renovations also make the properties more efficient to run, reduce energy use and raise their environmental performance.

Rikshem builds and renovates people's homes, one of the most valuable and private things we have. This is why Rikshem takes steps to uphold a good, healthy environment for all in connection with both new construction and renovation projects. Choice of materials is one of Rikshem's most material sustainability issues. The 2018 mapping by the nonprofit organization Byggvarubedömningen highlighted a number of improvement measures and, in 2019, a routine template has been drawn up for the process of linking projects to the organization's system. The aim is to avoid use of substances harmful to health and the environment, and to ensure that choice of materials is registered in Byggvarubedömningen's system to provide a future reference for the materials used in the property.

In 2019, the goal has been to implement a process for working with Byggvarubedömningen to start registering all new construction and renovation projects. This goal has partly been achieved, in that routines have been developed and tested, but the process is still under development with the company's long-term partners.

### Rikshem's joint ventures

- Farsta Stadsutveckling
- Boostad Bostad AB
- Folkhem Trä AB
- VärmdöBostäder AB
- Tidmätaren Fastighets AB
- Bergagårdshöjden JV AB

Rikshem owns stakes in joint ventures with a total value of MSEK 1,658. The biggest stake in a joint venture (MSEK 978) concerns 49% of VärmdöBostäder, the remainder of which is owned by Värmdö Municipality. The second-biggest stake (MSEK 571) relates to Farsta Stadsutveckling, in which Rikshem and Ikano Bostad have equal stakes and are working together to develop Telestaden.

## When generations come together

There is a valuable exchange in encounters between children and older people. Rikshem's acquisitions of the Kristallen preschool and Lillsjö Badväg nursing home in Upplands-Bro provide an example of properties that facilitate meetings between generations.

Rikshem took possession of the Lillsjö Badväg nursing home and the Kristallen preschool, two neighboring properties in Upplands-Bro, on completion at the end of 2019. Rikshem had been actively involved at the construction stage and is now the property manager for both the nursing home and the preschool, which are run by care provider Humana Care and Upplands-Bro Municipality, respectively.

“This development – building properties for public use with different purposes next to each other – is a positive one. By working together, they can bring generations together in a way that benefits both children and older people. The collaboration between Rikshem, the preschool and nursing home, and municipal representatives has been excellent in the start-up phase, and we are positive about the future,” says Alexander Karlsson, real estate manager at Rikshem.

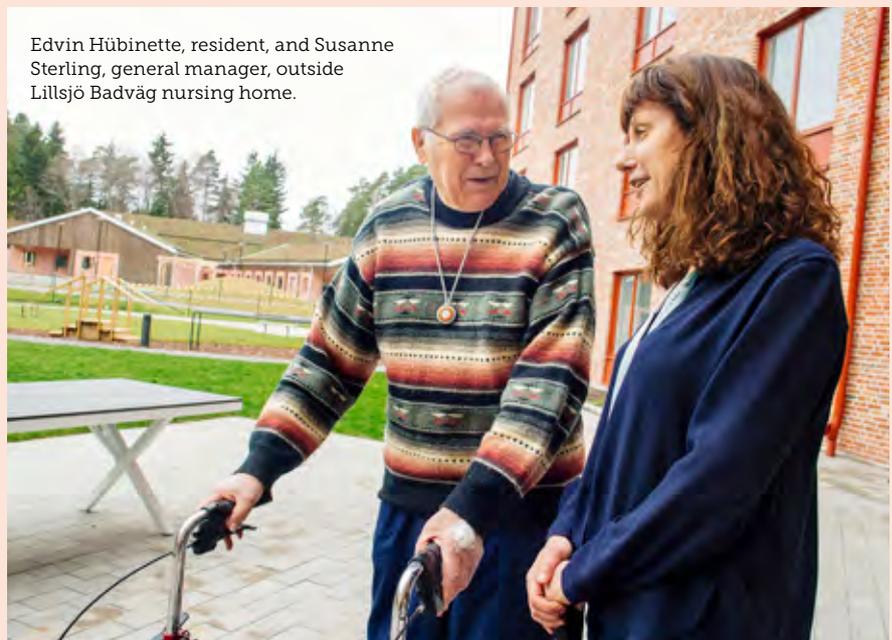
Representatives of the preschool and nursing home also see advantages in the scope to work together.

“Children and older people can learn

a lot from one another. We want to develop and run joint projects, for example painting outdoors and celebrating festivals together. But just such a simple thing as our residents' windows and balconies facing on to the preschool's yard is an advantage. Our residents can sit on their balconies and hear and see the children playing, and even this can energize them,” says Susanna Sterling, general manager of Lillsjö Badväg.

Maria Vikmång, head of the Kristallen preschool, agrees.

“The preschool teachers and I would like to look on the preschool as a place for different generations to come together. There are many opportunities for joint projects, for example the children can film their discoveries in the forest and show them to the elderly residents. The residents in turn can tell the children how you tend a garden, for example. Just finding a shared interest to talk about can be enough. We need intergenerational meetings in a society that is largely segregated by age, and simply having these two facilities close to each other will be an asset in this.”



Edvin Hübinette, resident, and Susanne Sterling, general manager, outside Lillsjö Badväg nursing home.

# Project overview

Neighborhoods have been developed and the property portfolio enhanced by means of renovations, new construction, refurbishments and extensions, and acquisitions of properties for public use and residential properties. During 2019, a total of 266 new rental apartments were completed and residents moved into 240 apartments in properties that have been renovated. A further 378 apartments have undergone succession renovation after a tenant moved out. Preliminary studies for a further 30 or so project opportunities were also started during the year.

## Projects in progress

Rikshem has a number of ongoing new construction and major renovation projects, mostly involving residential but also some properties for public use. Many of the renovation projects also involve creating additional apartments. Here are some examples of projects in progress.

### Niten, Norrköping

The property, comprising 160 apartments, is undergoing renovation including replacement windows, ventilation, balconies, lifts, laundry room, facades, and installation of air heat pumps. All the apartments are also getting a new kitchen and bathroom/WC. Living rooms, bedrooms, clothes cupboards and halls are being repainted and re-floored. The outdoor environment, entrance areas and garages are also being reviewed as part of the renovation. The project will be completed in four different stages.

### Scandinavia's largest nursing home, Uppsala

Scandinavia's largest private nursing home, covering an area of 17,400 sqm, is under construction in two projects in Uppsala. The first project, comprising 105 care apartments and premises, will be ready for residents to move in in March–April 2020, while a further 96 care apartments and a preschool are scheduled to be ready for spring 2021. Attendo Sverige AB has signed a 15-year lease for both the properties in development.

### Sandtaget, Umeå

A total of 97 new apartments with a total living area of 3,843 sqm are being constructed among Rikshem's existing buildings in the Sandbacka neighborhood.

Residents will move in between December 2020 and February 2021. Based on requests from existing tenants, Rikshem is also renovating adjacent facades and carrying out refurbishments to the outdoor environment in existing spaces in the neighborhood, such as improvements to asphalt, lighting and communal areas.

### Hyacinten, Östersund

74 rental apartments with a total living area of 3,044 sqm are being built over a garage in Östersund's Hyacinten block. The spaces have previously been perceived as dark and unsafe. The new residential apartments will infuse more life and increase the flow of people in the neighborhood. In dialogues with local residents, existing tenants asked for these spaces to be developed and requested recreational areas, barbecues and green spaces, which are now under development. Read more on page 45.



Sandtaget 2, Umeå



Niten 1, Norrköping



Hyacinten, Östersund

### More projects in progress

Municipality	Property/project	Project category	Number of apartments	Estimated completion date
Halmstad	Bonden 7	New construction (residential)	189	Q4 2021
Helsingborg	Brigaden 1	RM&U renovation (residential)	72	Q4 2020
Kalmar	Bärnstenen 1	Renovation (public use)	78	Q4 2020
Norrköping	Planen 4	New construction (residential)	99	Q4 2020
Norrköping	Planen 4	RM&U renovation (residential)	200	Q1 2022
Norrköping	Kardusen 7	Renovation (residential)	138	Q4 2022
Södertälje	Repet 4	RM&U renovation (residential)	397	Q4 2020
Västerås	Smugglaren 1	New construction (residential, garage)	74	Q4 2020

## Completed projects

Several major renovation and new construction projects for residential properties have been completed over the last year – here is a selection. Rikshem has also taken possession of three new properties for public use completed in 2019, increasing the portfolio of new-build properties for public use.

### Måbäret, Kalmar

New construction of 134 apartments with a total living area of 7,517 sqm; residents moved in in October 2019. The residential apartments have been built in the new Snurrom neighborhood, which is being developed in an expansive area close to nature. Some of the three-roomed apartments in Måbäret are what are known as 'flexible accommodation', where tenants can use a flexwall to create an extra room.

### Kantorn, Uppsala

In conjunction with the plumbing being overhauled and wall, ceiling and floor surfaces updated, 340 student rooms have been converted into small apartments, each with their own kitchen.

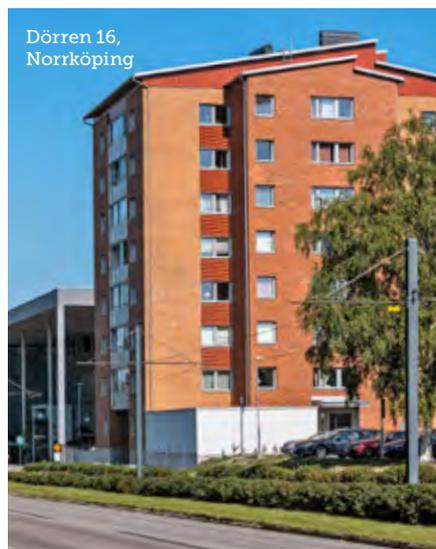
The project comprises two buildings that were ready to move into during the first quarter. Planning work is also under way for a further three buildings in the neighborhood, where refurbishments and extensions to student rooms will create an additional 230 apartments.

### The Dörren block, Norrköping

Norrköping's Hageby district saw its first new construction in 50 years. Four new buildings comprising 132 modern apartments with a total living area of around 7,000 sqm have been completed. Rikshem already owns approx. 1,000 apartments in Hageby built in the 1960s. The new apartments, which were ready in March, July and November, complement the older properties.



Måbäret 1, Kalmar



Dörren 16, Norrköping



Kvarngärdet 4:3 Kantorn, Uppsala

## Planned projects

Below are some examples of ongoing local planning processes that are in the closing phase and are expected to generate completed development rights in the next few years.

### Kronan, Luleå

Around 350 residential apartments of total 27,000 sqm are planned within an existing area of offices and schools in Luleå's Kronan district. The local plan was approved in December 2019.

### Orminge Centrum, Nacka

Local planning work is under way to draw up development rights for residential apartments, a preschool and nursing home close to the existing local center. The plan is expected to be approved during 2020.

### Blombacka, Södertälje

Construction of new apartment buildings and terraced housing, comprising around 250 residential apartments, is planned in Rikshem's existing residential area. The local plan is expected to be approved during 2020.

### Pettersberg, Västerås

The project provides for one 22-story and two eight-story apartment buildings – with a total of around 150–200 new apartments – next to an existing residential area. The local plan has been approved but an appeal is pending. A decision on leave to appeal is expected during spring 2020.

### Elineberg, Helsingborg

The project provides for two apartment buildings of eight and nine floors, respectively, with around 150 new apartments, next to an existing residential area. The local plan is expected to be approved early in 2021.



Urberget 1 (Pettersberg), Västerås

## Increasing the rate of production and challenging the market

Rikshem will build thousands of new apartments in the next few years. It is estimated that 400,000 sqm gross area of buildable land will be developed by 2022 as a result of planning work in existing residential areas. In order to make it possible to build efficiently and for more people, Rikshem is challenging the building sector and its traditional processes by entering into long-term industrial collaborations.

Rikshem's ambition is to provide the market with 500–1,000 new apartments a year, primarily rental apartments in growth areas. To make this possible, Rikshem is challenging the market by signing long-term framework agreements with suppliers that use industrial building processes. The aim is to reduce the projects' construction times, climate impact and risks. As building principal, Rikshem will promote suppliers with a business model that increases efficiency in the building sector.

### Incentive for efficiency

Traditional building processes largely lack built-in incentives for high-quality

# 500–1,000

new rental apartments a year

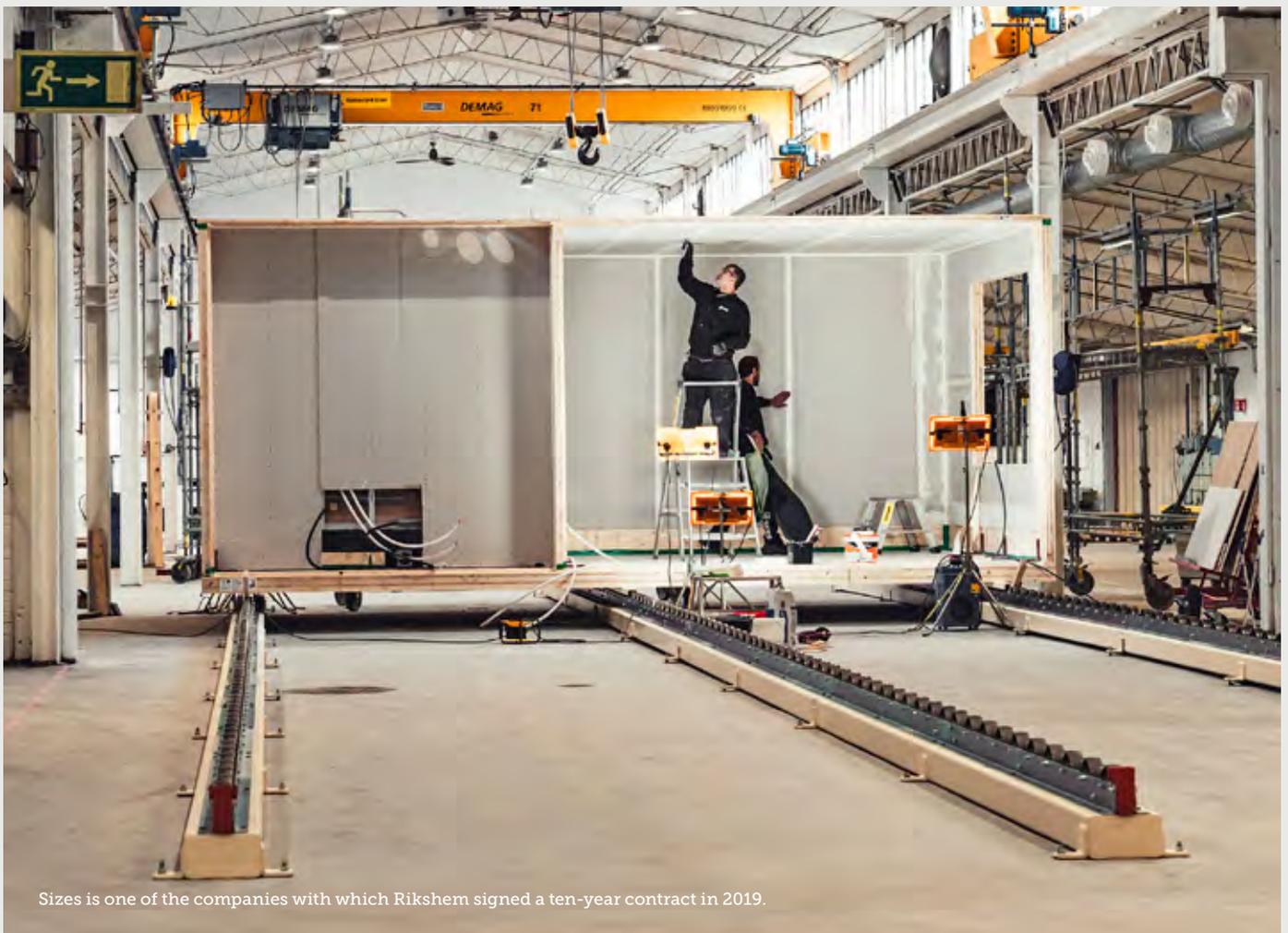
and efficient construction, a situation that Rikshem wants to counteract. Long-term collaborations where the manufacturing process can be developed on an ongoing basis shall be promoted by means of ten-year agreements. Two such agreements were signed at the end of 2019 with apartment building manufacturer Sizes and building company JSB.

"We need to build for more people, but

the building processes that currently dominate the market run counter to efficient housing production. When every project has to be opened up to competition, the continuity between projects is lost, resulting in an industry with dramatically rising prices and a fall in product quality. We want to change this by giving market participants with new business models the best opportunities to develop," says Elin Sjöstrand, Head of projects at Rikshem.

### Industrial manufacturers

Sizes manufactures apartment buildings using an industrial process that minimizes rubbish, waste and transport, and



Sizes is one of the companies with which Rikshem signed a ten-year contract in 2019.



# 74

new apartments have been built in Östersund's Hyacinten block.

## Moving into a brand-new home

Östersund is a fast-growing area with increasing housing needs. Rikshem is creating more residential apartments by constructing new properties in existing neighborhoods. One of these is the Hyacinten block, and Rikshem resident Sanna Nordborg is one of the people choosing to move into a new build.

simultaneously reduces the total production time. The time needed for construction on site is halved, which also reduces the period of disturbance to residents in existing residential areas. The apartments are manufactured using cross-laminated timber (CLT) to create a stable construction.

The agreement with JSB concerns construction of standardized apartment buildings and also includes joint development work to streamline and find synergies in the building process.

"SIZES and JSB are two industrial manufacturers with which we are now entering into long-term partnerships. The ambition is to grow and develop together," says Elin Sjöstrand.



**” We need to build for more people, but the building processes that currently dominate the market run counter to efficient housing production. When every project has to be opened up to competition, the continuity between projects is lost, resulting in an industry with dramatically rising prices and a fall in product quality.**

Elin Sjöstrand,  
Head of projects at Rikshem

Sanna Nordborg has been a Rikshem tenant in central Östersund for a few years. When she and her partner Kristoffer Jönsson heard about the new construction project in Hyacinten, they immediately applied for a two-room apartment there.

"We thought it would be great to move a little way out of the city, although it's still only ten minutes from the center. It's a quiet, green area, and I have several friends who live there," she says.

It means downsizing, but Sanna and her partner think there are plenty of compensations. Among other things, they consider that new constructions tend to be space efficient and well planned. Moreover, they will be living in a state-of-the-art building with a timber frame, timber facade, solar panels on the roof, and a carpool with electric-car charging points nearby.

"Not least for your own conscience, it feels great to be living in a building that doesn't use as much electricity – somewhere you know you're making a difference," Sanna says.

The 74 new apartments are divided between two five-story apartment buildings, one of which has been built above a garage. The tenants of Rikshem's 300 existing apartments in the Hyacinten block have been involved in developing the neighborhood through resident dialogues. They have had the opportunity to submit proposals for how the area should be developed, which has led to several improvement measures.

"Examples of suggestions from our tenants included more flowerboxes, new benches and barbecues, to make the courtyard areas cozy," says André Norberg, property manager at Rikshem in Östersund.

Sanna and Kristoffer are looking forward to stepping over the threshold to their new home for the first time, in February 2020.

"It's going to be so exciting. We don't know exactly how it looks yet but, from the pictures, it looks amazing! Just having our own brand-new washing machine in the apartment will be great," Sanna finishes.



Sanna Nordborg and her partner Kristoffer Jönsson outside their new home, which will soon be ready for them to move into.

# A growing company

Satisfied employees, highly rated managers and a culture characterized by engagement, development and the opportunity to make a difference in the community. The 2019 employee survey shows that Rikshem's employer brand has been strengthened during the year, meaning that more people are recommending Rikshem as an employer.

Rikshem's engaged and driven employees are a key strength. All employees, whatever their position, play a part in influencing how the business develops.

### Capitalizing on ideas

Rikshem has developed rapidly since it was founded in 2010 and is now one of Sweden's largest private property companies. Within the company, we are keen to capitalize on the skills and potential of all our employees, who are encouraged to come forward with initiatives and ideas for development. According to the 2019 survey, employees feel they are involved in operational planning and are likely to recommend others to apply to work at Rikshem<sup>1</sup>.

### Values-based recruitment

Working to make a difference and create good communities, for example by counteracting segregation and developing neighborhoods, is an important motivating factor for Rikshem's employees. The recruitment process attaches great importance to attracting people who are committed to Rikshem as a builder of community. The Rikshuset strategic concept and Rikshem's vision and values are useful tools for explaining the business. A welcome day is held twice a year to give new employees a deeper understanding of our operations.

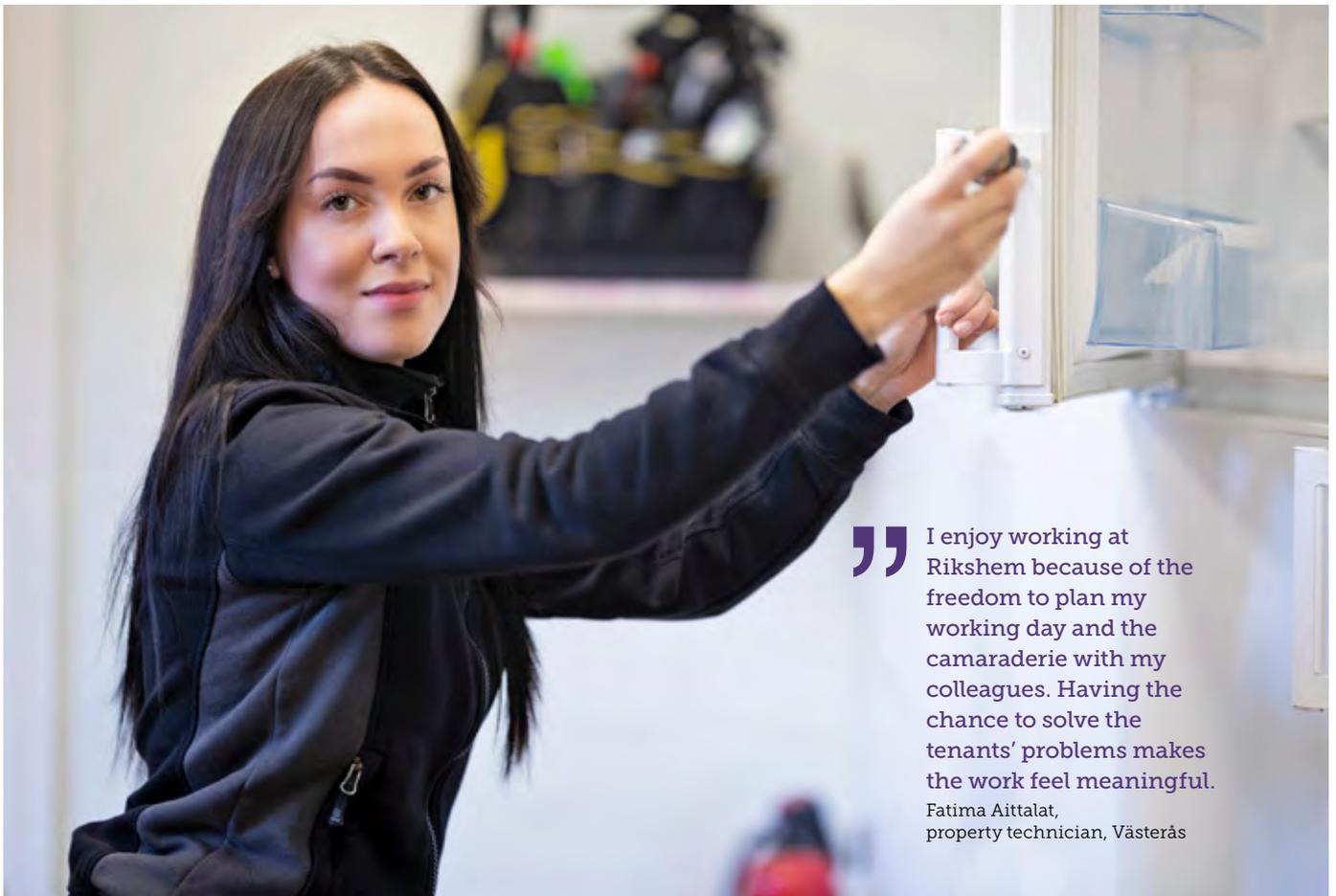
### Internal career paths

Rikshem offers a workplace where employees can grow, both through new roles and moving to another region. Annual appraisals are held to discuss training and plans, and employees are encouraged to come forward with their own suggestions. Rikshem also offers a wide range of e-training.

### Highly rated managers

The company's employees are more satisfied with their line manager than at comparable companies, with Rikshem scoring 77 out of 100 compared with the industry benchmark<sup>2</sup> of 74. Rikshem

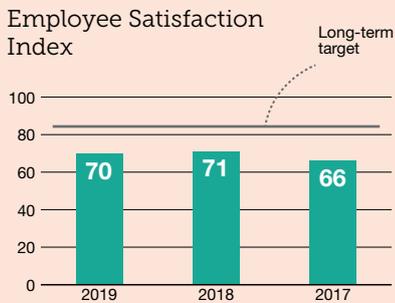
1) During 2019, willingness to recommend others to apply for a job at Rikshem has increased by three points.  
2) The benchmark refers to GELx Sweden (small companies).



” I enjoy working at Rikshem because of the freedom to plan my working day and the camaraderie with my colleagues. Having the chance to solve the tenants' problems makes the work feel meaningful.  
Fatima Aittalat,  
property technician, Västerås

**Employee survey**

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



works continuously to support and develop the company's leaders, including by means of recurring 'leader days'. Forums of this kind enable managers at various levels to support one another and share experiences.

**Lifting the industry**

Over the past year, the company has recruited more female property technicians, something that is generally a challenge in the industry. The recruitment process is key to achieving diversity and equality in the workplace, and the company always strives to include candidates of different genders and backgrounds in its selection processes.

**Strategic recruitment**

The organization has grown in 2019 and appointed a total of 66 new employees, as well as three trainees. With a view to the increased focus on property management and customer satisfaction, areas including the property management organization, digitization department and sustainability team have been strengthened. Rikshem has also achieved its goal of recruiting more employees with solid industry experience in order to boost the level of expertise in the company.

**'One Rikshem'**

'Rikshem days' are a recurring initiative with the aim of unifying the company and building the company culture. The theme last year was 'One Rikshem', and the two inspiration days took place in November. Expertise and inspiration were shared, and examples of good practice highlighted from different parts of the organization.

Over the last two-year period, Rikshem has also devised an internal quality management system – Riksvägen – which aims to anchor routines and policies and to create a more uniform way of working in the company. The employee survey showed that employees can see development potential in the internal processes, which is why Rikshem has stepped up the work on the Riksvägen quality management system during the year, including organizing several internal training sessions.



Petter Degerberg, Project manager, aftermarket operations.

Total number of employees

2019 **259** 2018 **241**

of which in 2019

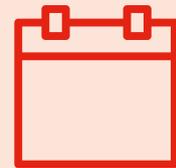


**54%** men **46%** women



**70/100**

Rikshem's Employee Satisfaction Index 2019



2019 **1,689** 2018 **1,300**

Number of days' extra parental allowance, men and women



Sickness absence as a percentage of total time worked, men and women



Number of occupational injuries reported during the year

**12**

## A safe and secure working life

Rikshem shall offer all employees a safe, secure and inclusive work-place. Systematic work grounded in a number of policies and steering documents is carried out to ensure a good working environment. Initiatives to promote health, safety and equal treatment are implemented at multiple levels in the company, both internally and with the help of external working-environment experts. The work is assessed and followed up each year.

### A safe workplace

In order to systematically ensure that it maintains a high standard with regard to the working environment, Rikshem works in accordance with a working-environment policy and ensuing routine descriptions. These describe routines for safety at work and establish working methods that minimize accident risks and routines for dealing with threatening situations. Working-environment inspections are conducted once a year at the respective workplace using general or customized checklists. Annual evacuation drills are also held.

Employees working within property management receive a lot of feedback from tenants, and Rikshem therefore provides support on how to deal with any complaints. Portable personal alarms linked to a security company are also available for employees who find themselves in situations they perceive as threatening. During the year, the property management organization has also undergone training in areas such as dealing with threats and violence. In order to ensure the safety of customers and contractors, regular inspections are made of Rikshem's buildings with a view to both working-environment and property-owner responsibilities. Rikshem works systematically on risk assessments in areas such as organizational change, leadership issues and property management-related areas, and draws up action plans.

### Health at the workplace

Rikshem strives to offer all employees a healthy work-life balance. All employees are offered wellness grants, regular health checks and reimbursement of healthcare costs. To encourage a healthy lifestyle, an 'employee health week' was arranged during the year, focusing on healthy food and activities such as yoga and step-counter challenges.

### Working environment

In its working-environment efforts, Rikshem calls on occupational healthservices and other working-environment experts.

The company has a Working-environment committee, which, among other things, follows up the functioning of the systematic working-environment efforts on an annual basis.

Rikshem's managers coordinate and drive forward the ongoing working-environment efforts, and relevant issues are included in annual appraisals, but employees are also expected to contribute to a good working environment and flag any shortcomings or risks.

Rikshem's working-environment efforts are evaluated based on the results of the employee survey, sickness absence as well as occupational injuries and near-accidents.

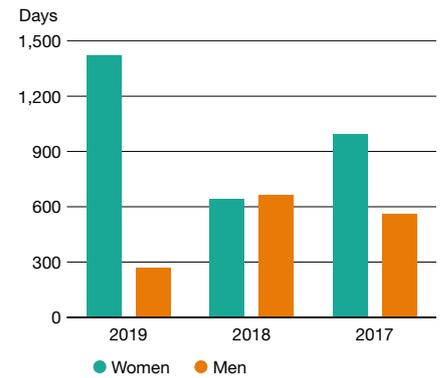
### An inclusive workplace

For Rikshem, an inclusive workplace means taking care of one another and standing up for and emphasizing that there is zero tolerance of offensive behavior and harassment. Among other things, managers are supported in group development in order to achieve well-functioning teams. There is also a whistleblower function that enables employees to report irregularities or unsatisfactory conditions at the workplace anonymously.

### Equality for all

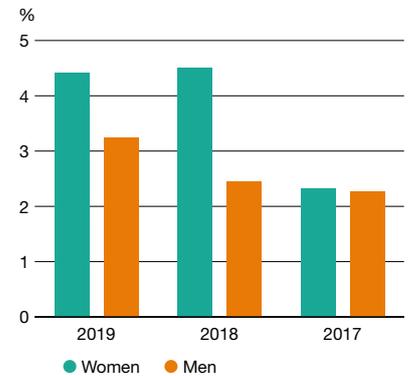
All Rikshem's employees shall have the same rights, obligations and opportunities in all aspects relating to the workplace irrespective of gender, transgender identity or expression, ethnic background, religion, disability, age or sexual orientation. The parameters governing the work on equality are set out in Rikshem's Equality and diversity policy and the Equality plan. Rikshem also follows up awareness of its equality work in the employee survey.

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



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

### Sickness absence as a percentage of total time worked



### Gender distribution, %

Percentage	2019		2018		2017	
	F	M	F	M	F	M
All employees	46	54	43	57	43	57
Management	33	67	44	56	44	56
Board of Directors	50	50	50	50	50	50
Managers	40	60	43	57	40	60

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

	2019			2018		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
All employees	41	151	60	30	144	60
Management	-	4	5	-	4	5
Board of Directors	-	3	3	-	2	4

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

### Health and safety, number

	2019	2018	2017
Reported occupational injuries	12	8	9
Reported near-accidents	16	9	4
Cases of perceived harassment or discrimination <sup>1)</sup>	5	5	12

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

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

# Stable and long-term financing

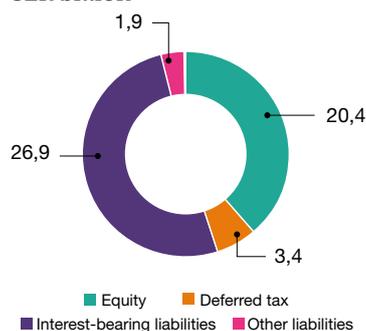
During 2019, Rikshem has expanded its sources of financing by signing a loan agreement with the European Investment Bank (EIB). The SEK 1 billion loan is to be used for energy-efficiency investments connected to renovations of residential properties.

MSEK 200 of the loan has been disbursed down so far, with the remaining MSEK 800 is planned to be disbursed over the next 2.5 years. The loan can be used for up to 15 years and provides Rikshem with sustainable, flexible and competitive financing. The loan is unsecured.

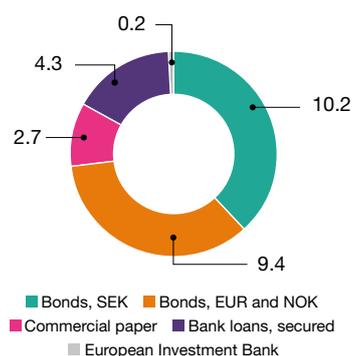
## Financing strategy

Rikshem's financing strategy is to ensure access to financing in both the short and long term. To achieve this, Rikshem shall be a borrower of good repute in the Nordic banking system, on the Swedish commercial paper market, and on the Swedish, Norwegian and European bond markets. Rikshem shall utilize the funding sources that are most advantageous at the time, reduce the interest-rate risk through interest-rate hedging, and ensure access to capital, by long-term debt durations.

## Capital structure at 12.31.2019 SEK billion



## External loans at 12.31.2019 SEK billion



## Financial position

Rikshem's equity/assets ratio had improved to 39% at year-end, and the loan-to-value ratio had decreased to 54%. Interest-bearing liabilities were MSEK 26,868 at year-end (26,550). Rikshem's interest-bearing liabilities have been relatively stable during 2019, as the acquisition rate has been lower than in previous years.

Bonds represent Rikshem's primary source of funding, with bond loans totaling MSEK 19,582 at year-end. Bank loans secured on properties amounted to MSEK 4,317. Unsecured loans from the European Investment Bank totaled MSEK 199. Borrowing through commercial paper was MSEK 2,740. In addition, the company has MSEK 30 (57) in short-term liabilities to related parties.

A total of 11 bond issues were carried out during 2019: one on the Norwegian market, two on the Euro market and eight on the Swedish market. A total amount equivalent to SEK 3 billion has been issued in SEK, NOK and EUR. Secured bank loans have decreased from SEK 4,5 billion to SEK 4,3 billion during the year, while borrowing through commercial paper has increased from SEK 2,1 billion to SEK 2,7 billion.

## Funding programs

Rikshem's commercial paper program enables the company to issue commercial papers with a tenor of up to 12 months within a SEK 10 billion framework. Rikshem has an EMTN program listed on the Irish Stock Exchange for issuing bonds. The program is subject to a framework amount of EUR 2 billion and allows borrowing in several different currencies. Up to and including fall 2019, Rikshem had issued bonds under an MTN program but only the EMTN program has been used since then. Bonds that have been issued under the MTN program will mature on unchanged terms. The commercial papers and bonds are unsecured. At year-end, Rikshem had bonds outstanding in

Euros and Norwegian kronor with a total value of SEK 9,4 billion. The remaining bonds are denominated in Swedish kronor.

At year-end, the average interest rate was 1.6% (1.7). In total, the secured financing amounted to 9% (10) of the fair value of the company's investment properties.

## Backup facilities

The refinancing and liquidity risk inherent in the maturity structure is managed by means of a backup facility and a subscription undertaking for commercial paper from Rikshem's owners, as well as backup facilities with Swedish banks. In addition, there is a SEK 1 billion credit facility with the European Investment Bank, MSEK 800 of which is unutilized. However, use of this facility is tied to investments in energy efficiency. There is also a MSEK 500 short-term committed overdraft facility, which is renewed on an annual basis. Liquid assets totaled MSEK 568 (1,015) at year-end.

## Committed credit facilities, MSEK

with remaining commitment >12 months

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

## Interest duration

During 2019, Rikshem has largely retained the long interest duration built up in 2017. Approx. 70% of the funding is at floating interest rates based on STIBOR 3M. Interest-rate derivatives are used to reduce the interest-rate risk resulting from the short interest duration. Hedging is carried out to limit the company's interest-rate risk in the medium term, which gives Rikshem time to adjust to interest-rate fluctuations. The Financial policy contains a number of limits that restrict the interest-rate exposure; see page 51.

## FINANCING

### Debt duration

The debt duration has increased in recent years, and the Financial policy has also raised the minimum average duration. The funding requirement has been limited during 2019, leading at times to a decreased debt duration. At year-end, the average debt duration was slightly shorter than at the start of the year at 3.8 years (4.1).

### Currency exposure

All borrowing in foreign currencies must be hedged in accordance with the Financial policy; see page 51. Foreign-exchange-rate hedging uses derivative instruments to eliminate currency risks throughout the loan term. Derivative instruments are reported at fair value in the statement of financial position, while changes in value are reported in the income statement. At the same time, loans in foreign currencies are revaluated, which gives the opposite change in the value in the statement of financial position and the change in value in the income statement. The changes in value are unrealized. If loans and derivative

instruments are held to maturity, previously reported earnings impacts are neutralized.

### Derivative instruments

At year-end, interest-rate derivatives had a nominal value of MSEK 17,800 (17,800) and a fair value of MSEK -387 (-116). The company has combined interest-rate and currency swaps with a fair value of MSEK 463 (-42). The total fair value of the derivative instruments at year-end was MSEK 77 (-158).

### Green bonds

In 2014, Rikshem was among the first companies in the world to issue green bonds to fund sustainable renovations of residential properties. Green bonds with a total value of MSEK 2,200 have been issued up to and including 2019. Rikshem's framework for green bonds has been updated at the start of 2020 and now covers buildings in certified timber, investments in energy efficiency initiatives, residential properties with energy consumption at least 15% lower than specified by the Swedish National Board

of Housing, Building and Planning, and investments in renewable energy such as solar energy. The complete framework and more information on green bonds issued can be found on rikshem.se.

### Rating

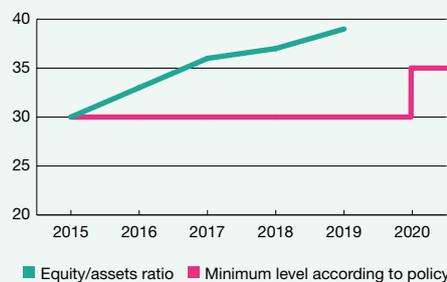
Rikshem has an A- rating from S&P Global. This credit rating gives Rikshem good access to capital on the financial markets and is also important for keeping financing costs down. Rikshem has had an A- rating since 2013. Since then, the company has been continuously strengthened financially, at the same time as internal processes and regulations have been improved on an ongoing basis. In March 2020, S&P Global placed Rikshem on Credit Watch Negative further to the company's updated ownership directive, which established a dividend policy and tightened up the financial targets.

## The owners' targets for Rikshem's overall financial key figures

2019 result

### Equity/assets ratio

The equity/assets ratio shall not fall below 30%. In February 2020, Rikshem's owners updated the target for the equity/assets ratio such that it shall not fall below 35%.



39%

### Loan-to-value ratio

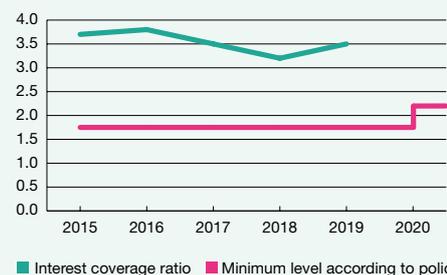
The total loan-to-value ratio shall not exceed 70% of the fair value of the properties. The loan-to-value ratio is permitted to vary between properties and subportfolios, provided the total loan-to-value ratio is not exceeded. In February 2020, Rikshem's owners updated the target for the loan-to-value ratio such that it shall not exceed 58%.



54%

### Interest coverage ratio

The interest coverage ratio shall be at least 1.75x based on profit before tax plus addback of profit from shares in joint ventures, interest expense, change in value of assets and liabilities, and other financial expenses in relation to interest expense for external loans. In February 2020, Rikshem's owners updated the target for the interest coverage ratio such that it shall be at least 2.2x.



3.5

## Financial policy

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

### Risk management

#### Financing and liquidity risk

Rikshem limits its financing and liquidity risk by spreading the maturity structure of its liabilities and by means of unutilized credit limits. This includes a minimum 2-year average capital tie-up period. There are also limits for share of short-term net liabilities and for backup-facilities relative to short-term liabilities.

### Policy compliance

#### Debt duration, years



3.8 years

All the criteria have been met.

#### Interest-rate risk

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

#### Interest rate duration, years



4.5 years

All the criteria have been met.

#### Credit and counterparty risk

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

All the criteria have been met.

#### Currency risk

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

No currency exposure.

# Risks and opportunities

Managed correctly, external factors such as risks can be turned into opportunities, while a mismanaged risk can have significant negative consequences. Risk management is a priority for Rikshem, and in the long term helps the company to succeed in its mission.

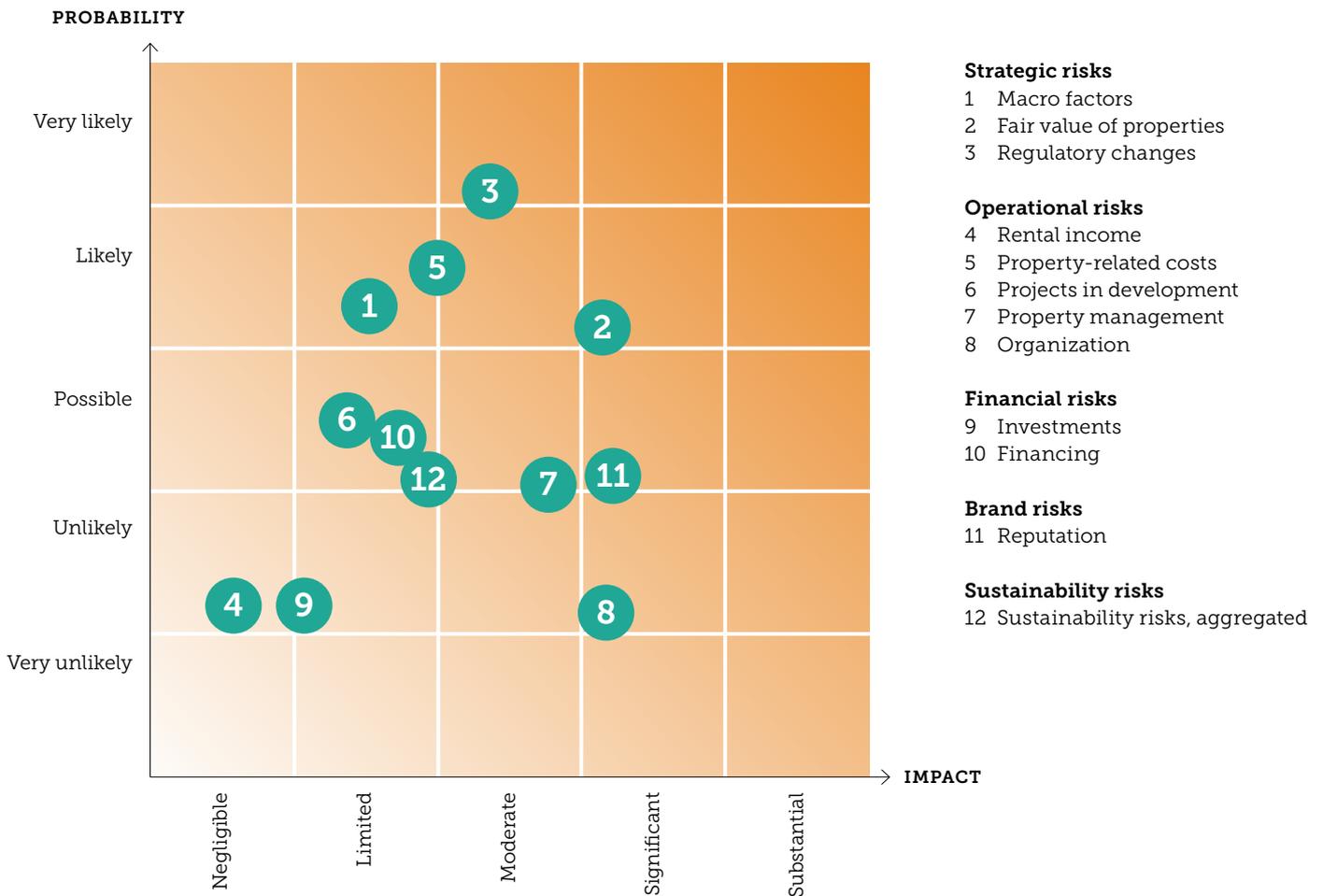
## Identifying material risks

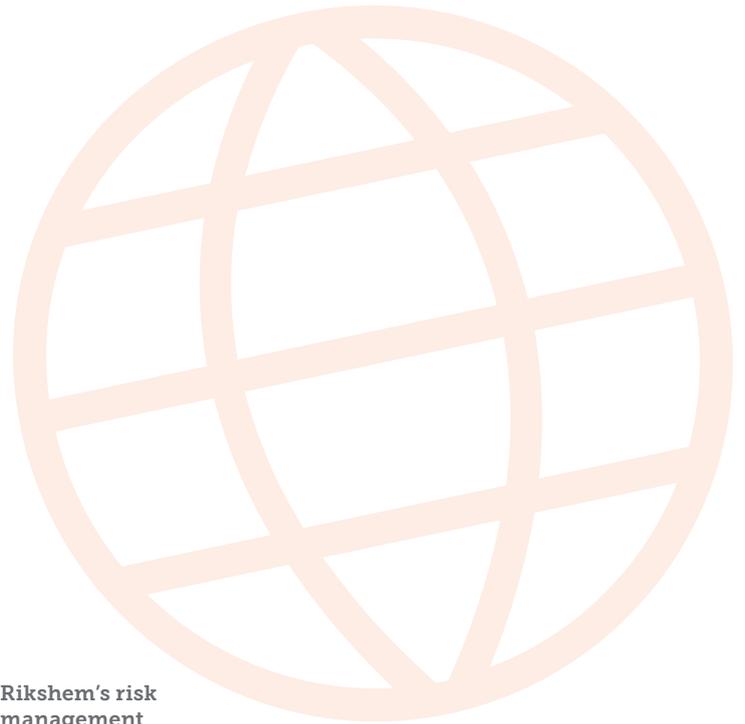
For optimum achievement of its business objectives and creation of long-term value, Rikshem needs to define, understand and manage external factors

that can represent both risks and opportunities. Ultimate responsibility for managing the company's risks rests with the Board of Directors, while the CEO has overall operational responsibility.

Rikshem divides its identified risks into five areas: strategic, operational and financial risks, plus brand risks and sustainability risks. Each risk area is ana-

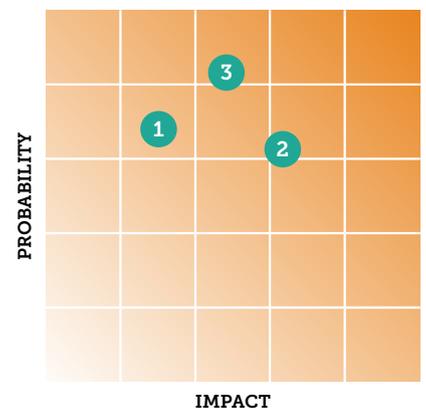
lyzed on an ongoing basis. All defined risks have been graded. The grading partly indicates probability on a five-point scale as well as assessing the possible impact, for the business and, in some cases, also for the wider community. The following pages describe the risks and how they are managed.



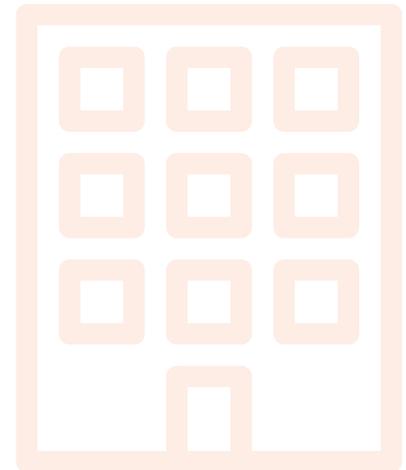


## Strategic risks

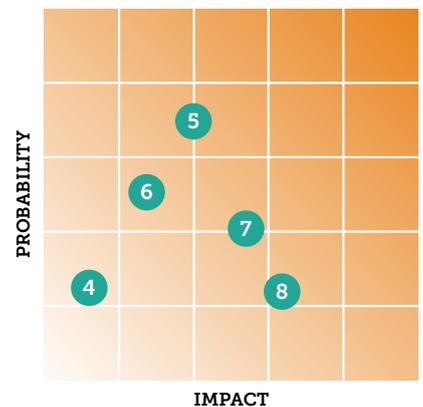
	Description of risk	Opportunities	Rikshem's risk management
<b>1</b> Macro factors	The property sector is impacted by macro factors such as general economic developments, employment trends, and changes in society and the requirements for housing, enterprise, and medical and care services. It is important to understand the driving forces behind both national and regional growth.	Economic development and growth lead to new job opportunities and demand for labor. Demographic changes such as an increasing and aging population and continuing urbanization drive additional demand for residential and properties for public use.	Rikshem has a balanced portfolio of residential properties and properties for public use concentrated in selected growth areas, which limits the risks. Over time, the company can adjust the portfolio, for example to benefit from favorable conditions within a geographical submarket or a market segment.
<b>2</b> Fair value of properties	The fair value of the properties is based mainly on net operating income and the market's yield requirements. Net operating income is affected by factors such as rent level, vacancy rate, and operation and maintenance costs. The market's yield requirements are impacted by factors such as interest-rate levels and location-specific circumstances. Changes in net operating income or yield requirements may cause a fall in property values. Values may also fall if there is a decrease in the property sector's access to financing.	Being active in different segments with partly different driving forces and different yield requirements means changes in requirements can be balanced to some extent. By working actively on measures to increase value in the property portfolio and making investments that increase net operating income, Rikshem can impact value positively.	In order to safeguard and develop values in the property portfolio, Rikshem works continuously to develop its property management, improve operational economy and maintain its properties on an ongoing basis. Rikshem can, to some degree, limit the risks of changed yield requirements, among other things by concentrating its activities in locations with good growth and good liquidity on the transaction market.
<b>3</b> Regulatory changes	Changes in tax or property legislation, for example, can have a significant impact on opportunities in the sector and the company's results.	Residential and properties for public use are of great importance to the community and citizens. Policy and regulatory changes that promote opportunities in these areas are good news for Rikshem and the wider community.	In consultation with external experts, the company monitors changes in industry practice and regulatory developments. Rikshem is also active in industry associations to bring influence to bear on issues of interest to the company.



# Operational risks

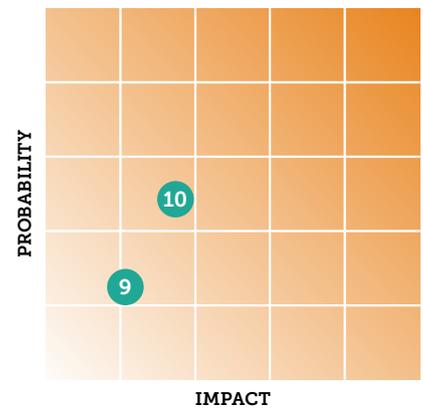


	Description of risk	Opportunities	Rikshem's risk management
<b>4</b> <b>Rental income</b>	Rikshem's revenues comprise rental income for the residential apartments and other premises it rents. If vacancies increase or tenants fail to pay their rent, revenues fall. This can also have a negative impact on the value of the properties. Another risk is the outcome of the annual rent negotiations for residential apartments not following the general cost development.	The rental value increases when properties undergo renovations that change the utility value. Rikshem works actively on neighborhood development with a view to increasing the attractiveness of its residential areas and, by that means, encouraging people to stay in the same neighborhood as their housing needs change.	Demand for residential apartments is high in many of Rikshem's submarkets. The tenant's economic circumstances are assessed when entering into a lease. The large number of leases are a form of security in themselves. Long leases with stable, long-term tenants are entered into for properties for public use.
<b>5</b> <b>Property-related costs</b>	The costs of managing the property portfolio depend partly on the general development in costs. Staff costs are affected to a certain degree by how Rikshem organizes. From time to time, the company can be affected by higher maintenance costs, for example fire or water damage. Increased costs in the long term can have a negative impact on property values.	Sustained efforts to optimize operations, for example, can reduce costs or keep them stable. Neighborhood development initiatives, which aim to increase attractiveness, can reduce vandalism and costs for external care and maintenance.	Rikshem works on energy efficiency on an ongoing basis for both cost and sustainability reasons, and has long-term maintenance plans to ensure efficient operations. The company assesses its organization on an ongoing basis. The company takes out insurance for damage caused by fire or water, for example.
<b>6</b> <b>Projects in development</b>	Choosing the wrong contractors or other partners for new construction or renovation projects can have major consequences in the form of cost increases, quality defects and delays. Unforeseen events can delay projects or make them more expensive. Projects can also be associated with environmental and working-environment risks.	Ongoing project monitoring and control enable potential rationalizations and cost savings in current projects to be identified and implemented.	The company uses templates for contractor agreements and project management. The suppliers and contractors that Rikshem uses must comply with Rikshem's Supplier code of conduct. Working-environment risks can be reduced by means of active planning and preventive measures.
<b>7</b> <b>Property management</b>	For Rikshem as a property owner, it is important that the value of the investment properties is maintained or increased by means of property management and that the risks of damage to property and personal injury are minimized. Shortfalls in regulatory compliance can arise if there is a lack of competence or the regulations are unclear.	Professional and customer-focused property management can help Rikshem to increase customer satisfaction and deliver good returns.	The company has a sophisticated property management model with defined levels of care and maintenance. The property management organization works in accordance with property-specific maintenance plans, and there is ongoing training in property-owner responsibilities.
<b>8</b> <b>Organization</b>	Rikshem depends on professional and skilled employees with relevant experience. A higher staff turnover brings risks. Perceived shortcomings in the company's values or management and governance can also make recruitment more difficult.	By striving for constant improvements, professionalism and a values-driven approach in all parts of the company, Rikshem can attract and retain the right staff.	Rikshem strives to be a values-based company that attracts the best employees. The company's values and management system are natural components of skills development for staff. Working methods, guidelines and routines are developed continuously.



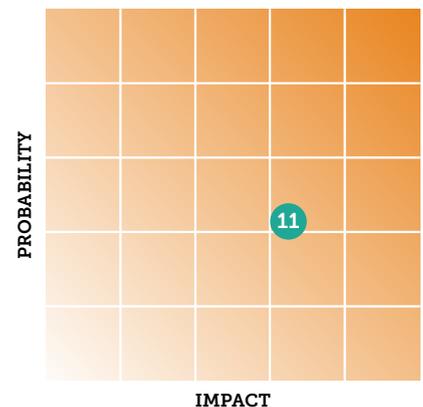
# Financial risks

	Description of risk	Opportunities	Rikshem's risk management
<b>Investments</b>	<p><b>9</b> Rikshem makes ongoing investments, for example in the form of acquisitions, renovations and tenant modifications. If the investments do not correspond to the yield requirements set, there is a risk of the value of the properties being eroded.</p>	<p>By balancing different types of investments, the company can achieve good yields at the same time as keeping the properties in good condition.</p>	<p>In order to contribute to continued value growth, the investments need to achieve or exceed the yield requirements set, which vary for different types of investments. Certain investments may need to be made without yield requirements and are then subject to special scrutiny. Acquisitions are only made in selected locations.</p>
<b>Financing</b>	<p><b>10</b> Rikshem is partly funded by borrowed capital, mainly comprising bond loans, commercial paper and bank loans. These give rise to liquidity, refinancing and interest-rate risks as well as currency risks. If these risks are not managed correctly, this can lead to negative consequences for the company's financial position and results.</p>	<p>By working with different types of financing sources, interest-rate and foreign-currency hedging instruments, the company can ensure good liquidity and, at the same time, work actively to minimize its financing costs.</p>	<p>Rikshem has a well-developed Financial policy, which, among other things, regulates how the financial risks are to be managed. For example, the liquidity risks are managed using updated cash flow forecasts and access to adequate backup facilities. The refinancing risk is limited primarily by using different sources of financing and a long debt duration with a spread of maturities on loans. The interest-rate risks are also limited by using interest-rate derivatives and the currency risks by using currency derivatives.</p>



# Brand risks

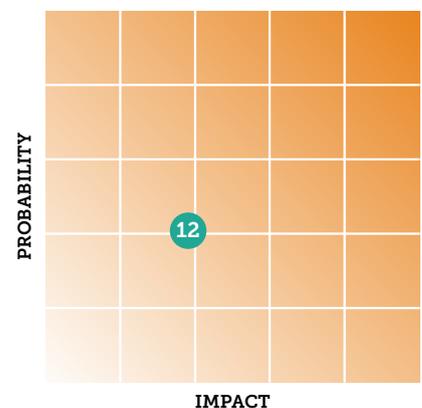
	Description of risk	Opportunities	Rikshem's risk management
<b>Reputation</b>	<p><b>11</b> How Rikshem runs its business can have a long-term impact on the company's reputation. If the work is carried out in line with relevant requirements, internal rules and society's expectations, the company's reputation is maintained or enhanced. On the other hand, if mistakes are made as a result of incompetence or ignorance of relevant rules, this can have a negative impact on reputation.</p>	<p>By adopting a consistent values-based approach and further developing its working methods, Rikshem can strengthen its brand.</p>	<p>Rikshem strives to comply with rules set and society's expectations. The company has adopted reporting routines and a comprehensive set of steering documents that are communicated to all employees on an ongoing basis. The documents are updated regularly. In addition, the Riksvägen quality system includes descriptions of routines for the various parts of the organization. The company has a whistleblower function that can be used to report more serious irregularities.</p>



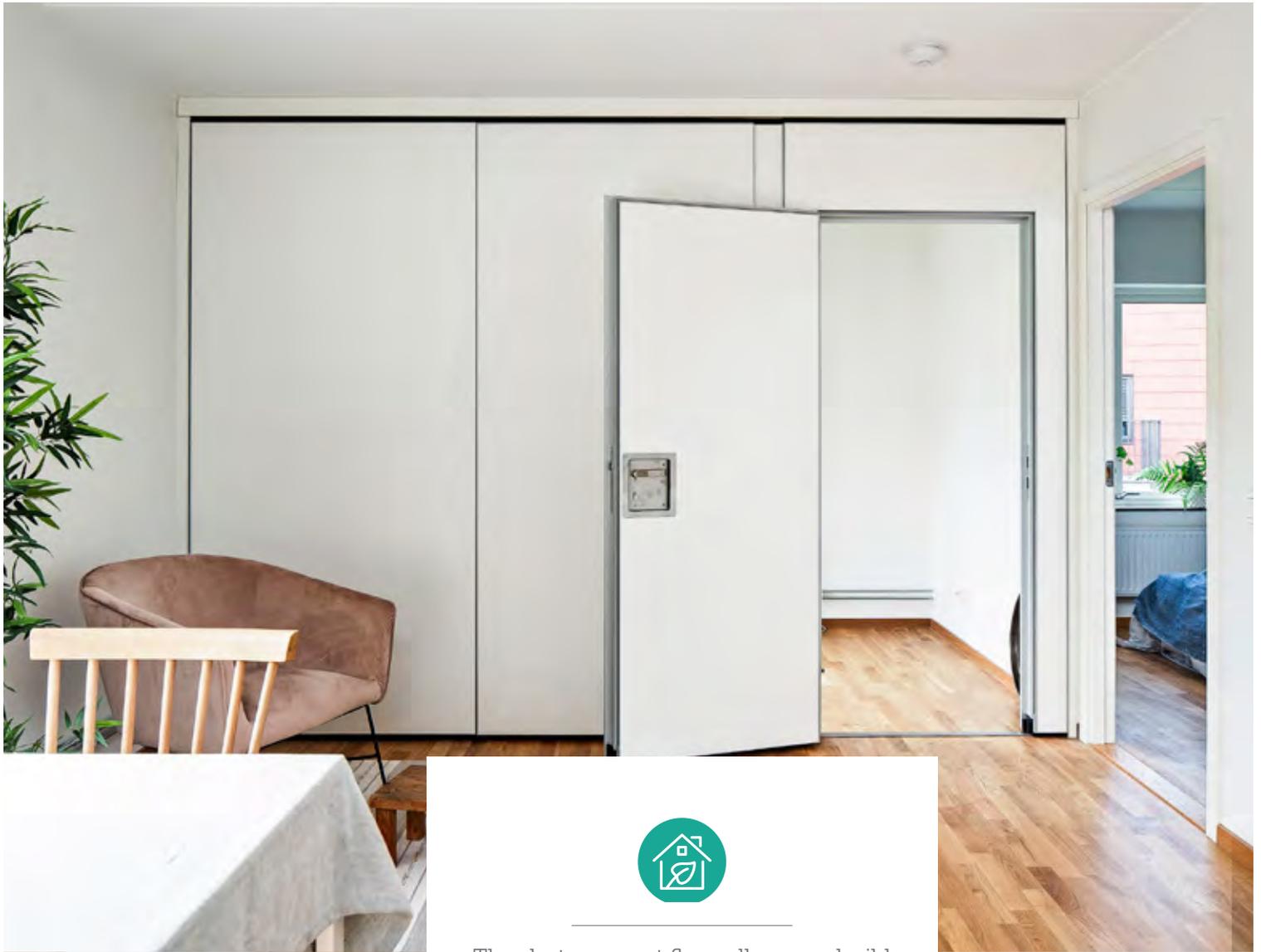
# Sustainability risks

12	Description of risk	Risk management
Emissions to air	Emissions of carbon dioxide to air – including from energy use, heating and business travel, transport of goods and new construction projects – have a negative impact on the climate.	Rikshem's goal is to reduce emissions from heating and property electricity by 1 kg/m <sup>2</sup> per year. The electricity purchasing strategy together with the energy guidelines stipulate that greater use shall be made of environmentally-friendly energy sources. The majority of Rikshem's new properties are constructed in wood, an organic material that, compared with other building materials, releases less carbon dioxide during the construction phase and stores carbon dioxide throughout its service life.
Use of chemicals	Use and emission of chemicals anywhere in the value chain can be harmful to health and the environment.	Rikshem's sustainability policy states that Rikshem shall work in accordance with applicable environmental legislation, including the precautionary principle, as well as other rules and requirements. The long-term goal is for all material in new construction and refurbishment projects to be assessed by the nonprofit organization Byggvarubedömningen. The cyclical principle and a lifecycle philosophy are applied.
Residential areas contribute to increased social exclusion	Risk of certain residential areas where Rikshem has properties becoming segregated and higher-income households moving away. This can lead to the area becoming less attractive and residents feeling socially excluded, which can have multiple negative consequences.	Rikshem works to increase the attractiveness of rental apartments in socially vulnerable areas and to raise the neighborhood's competitiveness by working with municipalities, offering a mixture of sizes and letting forms, and guaranteeing no discrimination in the waiting list. To make it easier for tenants to be part of the community, Rikshem engages in several projects targeting integration and increased employment, both independently and in tandem with municipalities and nonprofits.
Social exclusion in residential areas can increase the risk of feeling unsafe	Increased segregation in Rikshem's neighborhoods can lead to tenants feeling less safe and deciding to move as a result, which presents an economic risk for Rikshem.	Safety issues are assessed in Rikshem's annual customer survey. Ensuring a feeling of safety and security for residents is an important issue in the planning phase of new construction and refurbishment projects. The risks are also managed using the BoTryggt2030 concept, safety analyses and collaborations with municipalities and local tenants' associations.
Work-related injuries and accidents	Employees may be exposed to the risk of workplace accidents and threatening situations.	Rikshem's Working-environment policy, working-environment committee, routines for Rikshem's systematic working-environment efforts and working-environment inspections, as well as training, wellness grants and employee surveys.
Discrimination or other offensive treatment of employees	Employees risk being exposed to discriminatory or offensive treatment.	Rikshem's Equality and diversity policy has been drawn up in collaboration with the unions and is based on national legislation to tackle discrimination. Monitoring is by means of the annual employee survey. The risk is also managed using Rikshem's equality plan, whistleblower function and e-training.
Human rights violations	Individuals risk being exposed to violations in connection with suppliers' and subsuppliers' operations. Risk of reputational damage for Rikshem.	All Rikshem's suppliers must sign Rikshem's Supplier code of conduct. This contains formulations to convey Rikshem's requirements regarding employment rights and decent working conditions to third-party suppliers. Rikshem monitors compliance with the requirements set out in the code of conduct by means of supplier meetings and self-evaluations.
Cases of bribery and/or corruption	Risk of individuals being exposed to undue influence and risk of negative impact on the community.	Rikshem has a Code of conduct applicable to employees and business partners. The Code serves as guidance on business ethics issues. Employees and business partners are able to report breaches of the Code of conduct anonymously via Rikshem's whistleblower function, and Rikshem has action plans for handling these matters.

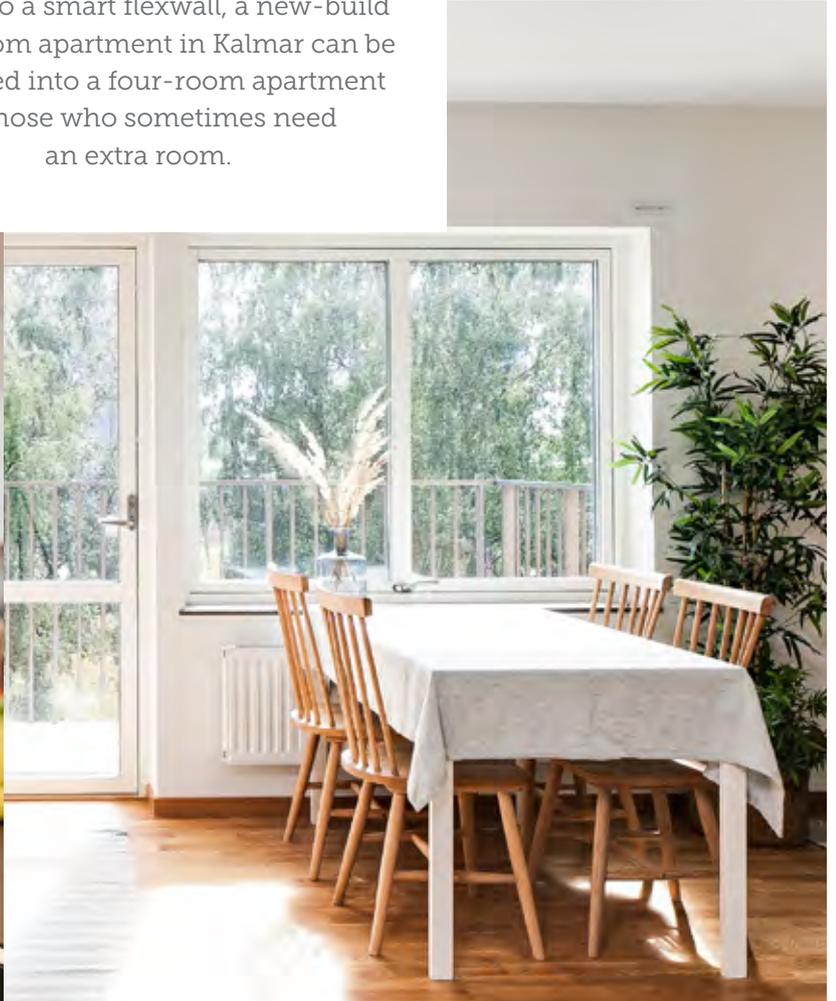
Sustainability risks, aggregated<sup>1</sup>



1) As several of the sustainability risks partly overlap other risks, the company's sustainability risks have been aggregated by assessing probability and impact in the diagram.



Thanks to a smart flexwall, a new-build three-room apartment in Kalmar can be converted into a four-room apartment for those who sometimes need an extra room.



# Board of Directors



**Bo Magnusson**  
(1962)

Chairman of the Board  
Chairman of the remuneration committee, member of the audit committee

**Elected to the Board:** 2016

**Other positions:** Chairman of the Board of Rikshem Intressenter, Vice Chairman of Swedbank 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.



**Pernilla Arnrud Melin**  
(1975)

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

**Elected to the Board:** 2018

**Other positions:** Head of Property Investments at AMF Pensionsförsäkring, Chairman of Mercada, and board member of Oslo Areal, Antilooppi Management and Antilooppi GP.

**Education:** Master's degree in Engineering

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



**Lena Boberg**  
(1970)

Board member

**Elected to the Board:** 2016

**Other positions:** CEO of ICA Fastigheter Holding and board member of Ancore Fastigheter.

**Education:** Master's degree in Business & Economics

**Previous experience:** Positions including board member of Corem Property Group and Chairman of Secore Fastigheter.



**Liselotte Hjorth**  
(1957)

Board member  
Chairman of the audit committee

**Elected to the Board:** 2016

**Other positions:** Chairman of White Intressenter and Eastnine. Board member of Hoist Finance, Ativo Finans, Fastighetsbolaget Emilshus, BNP Paribas Real Estate Investment Management Germany and Brunswick Real Estate Capital Advisory.

**Education:** Bachelor's degree in Economics

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



**Andreas Jensen**  
(1981)

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

**Elected to the Board:** 2019

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

**Education:** Master's degree in Engineering

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



**Per-Gunnar Persson**  
(1965)

Board member  
Chairman of the investment committee, member of the remuneration committee

**Elected to the Board:** 2016

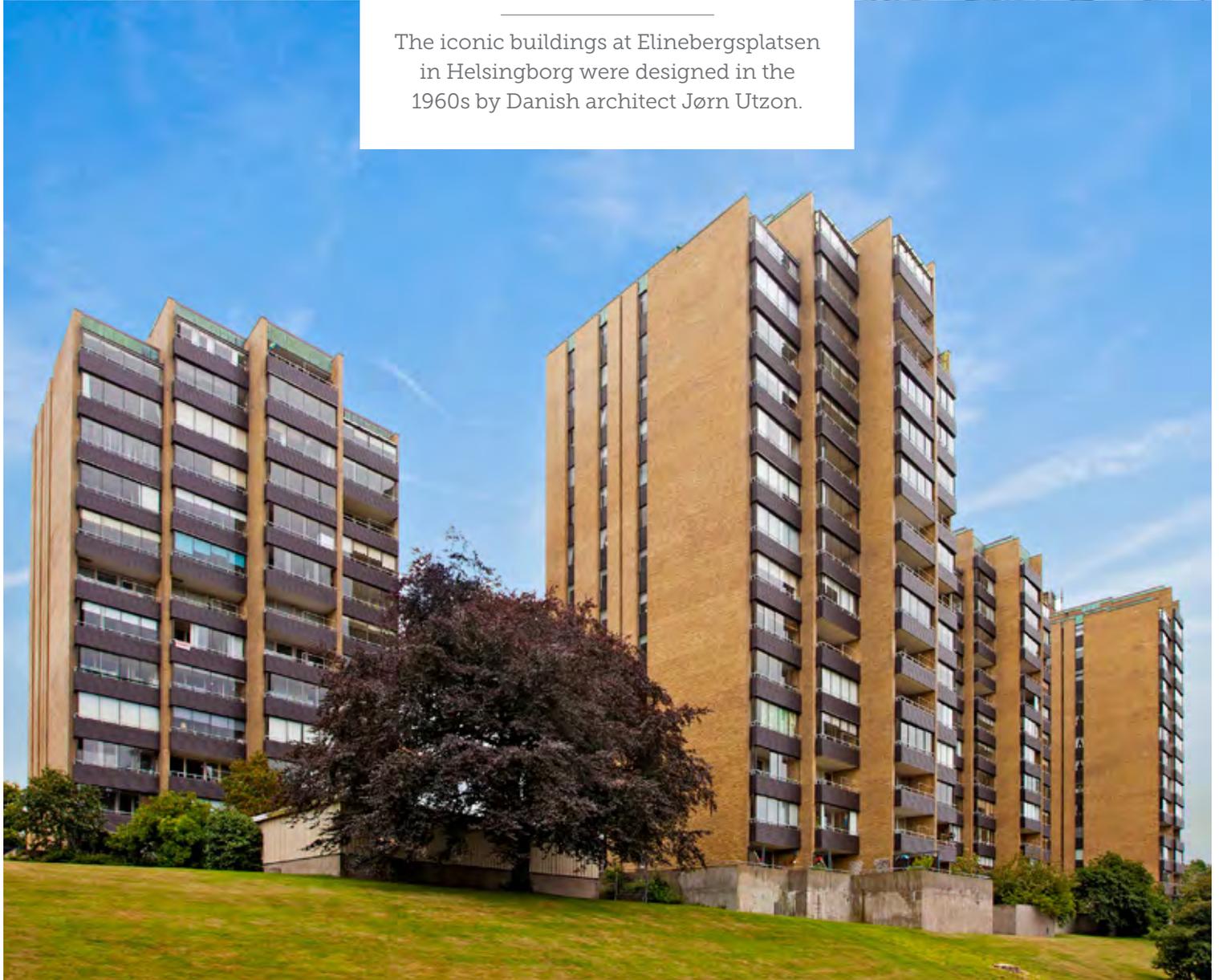
**Other positions:** CEO of Platzer Fastigheter Holding), board member of Provibus Invest and deputy member of the board of Chalmers Studentbostäder.

**Education:** Master's degree in Engineering

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



The iconic buildings at Elinebergsplassen  
in Helsingborg were designed in the  
1960s by Danish architect Jørn Utzon.



# Management

The Board of Directors has appointed Anette Frumerie as the new CEO. She will take up her post no later than June 4, 2020.



**Per Uhlén**  
(1948)

Acting CEO,  
from November 2019

**Employed since:** 2019

**Member of management team since:** 2019

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

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

**Previous experience:** Positions including CEO of Diligentia, Deputy CEO of Skanska Sverige, and former board member of companies including Vasakronan AB and Rikshem AB (publ).



**Carl Conradi**  
(1968)

General Counsel

**Employed since:** 2010

**Member of management team since:** 2016

**Other positions:** –

**Education:** Bachelor of Laws

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



**Fredrik Edlund**  
(1975)

Head of Region, Mälardalen

**Employed since:** 2015

**Member of management team since:** 2017

**Other positions:** –

**Education:** Master's degree in Engineering

**Previous experience:** Rental properties in Norrköping, Grontmij/Carl Bro, Sweco.



**Anna-Karin Eriksson**  
(1963)

Head of Region, Northern Sweden

**Employed since:** 2016

**Member of management team since:** 2017

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

**Education:** Executive MBA, 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 positions:** –

**Education:** KTH Royal Institute of Technology, Swedish Institute of Management (IFL)

**Previous experience:** SABO, NCC.



**Catharina Kandel**  
(1965)

Head of HR

**Employed since:** 2017

**Member of management team since:** 2017

**Other positions:** –

**Education:** Bachelor's degree in Behavioral Science

**Previous experience:** Skandia, SBAB Bank.



**Anders Lilja**  
(1967)

CFO

**Employed since:** 2018

**Member of management team since:** 2018

**Other positions:** –

**Education:** Master's degree in Engineering; MBA

**Previous experience:** Skanska.



**Jennie Wolmestad**  
(1979)

Head of communication

**Employed since:** 2015

**Member of management team since:** 2015

**Other positions:** –

**Education:** Bachelor's degree in Media and Communications Science

**Previous experience:** Com Hem, Vasakronan, communications agencies.

# Sustainability governance

## Code of conduct & business ethics

Professionalism combined with exemplary sustainability efforts underpin Rikshem's long-term value creation. The company's policies and guidelines promote responsible business and steer operations based on Rikshem's values.

Rikshem's Code of conduct has been laid down by the Board of Directors and is based on the Ten Principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption. All employees must familiarize themselves with the Code of conduct when joining the company. Rikshem has a zero-tolerance approach to bribery, kickbacks and other unlawful benefits, and works actively to create an environment where openness and dialogue lay the foundations for preventing violations. For employees, there are a large number of steering documents setting out how to act in various situations. Rikshem's policy for countering conflicts of interest stipulates how employees must act in situations where there is a risk of personal interests becoming mixed with Rikshem's business activities, and that employees must not be involved in dealing with issues where there is a potential conflict of interest. The policy for business travel and expenses for representation provides employees with guidelines on how to behave with regard to travel and representation, while the whistleblowing policy describes the opportunities available to employees for reporting irregularities, what can be reported, to whom and how Rikshem's whistleblower function handles cases. Notifications may be made anonymously. No confirmed cases have been recorded in 2019.

## Supplier monitoring

Rikshem has a Supplier code of conduct in order to increase clarity regarding the company's expectations. The goal is for all Rikshem's major suppliers to have approved this code. The code of conduct entails the supplier endorsing the principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption, and forms part of Rikshem's corporate governance in order to minimize the risk of negative impacts on the environment and people at any point in the value chain.

Rikshem's purchasing primarily takes place within construction, consulting within construction and property management services, and within energy, heating, IT (services, operation and consultants) and telephony services.

The goal is for Rikshem's purchasing to meet high quality

and sustainability requirements, taking into account total cost considerations. It is of great importance that Rikshem retain public trust, and Rikshem shall set an example with regard to sustainability: environmental, social and economic. This is why the company scrutinizes suppliers using available external information at the qualification stage of tender procedures. Suitability tests are carried out focusing on creditworthiness, employer taxes paid, any observations on board members, income tax liabilities and risk classification.

During 2019, a self-evaluation questionnaire was sent to ten major suppliers to follow up the requirements in the Supplier code of conduct.

The level of acceptance of the code of conduct was also followed up. Of the 413 (271) biggest suppliers, which together represent 79% (89) of Rikshem's total purchasing, 161 (168) have actively approved the code of conduct.

## Materiality analysis

During 2019, Rikshem implemented a major update of its materiality analysis with a view to further ramping up its sustainability efforts in light of the global challenges the world is facing. This resulted in eight new material issues emerging from the new stakeholder dialogue.

The sustainability compass is Rikshem's framework for sustainability, and also serves to prioritize the company's most material sustainability issues. The overall goal of the sustainability efforts is to contribute to the good community.

Prioritization of the material issues is based on where the company's operations have the greatest positive or negative impact on the environment and society.

## Stakeholder dialogue

Rikshem engages in ongoing dialogue with our stakeholders on sustainability. Our key stakeholders are the people or operations who are impacted by or impact our business.

During 2019, targeted dialogue on sustainability issues was conducted with key stakeholders within the framework of the materiality analysis. These included customers, owners, employees, suppliers, municipalities (which are also customers in certain cases) and the Swedish tenants' association. The dialogue took the form of in-depth interviews and conversations with residents in Rikshem's neighborhoods. The results of the stakeholder dialogue were used to prioritize sustainability issues within the materiality analysis.

### Robust governance for a high standard of business ethics

A high standard of business ethics is of the utmost importance to Rikshem and is a material part of responsible enterprise. Rikshem has formulated its way of working in policies, guidelines and other steering documents that set out the route for the business and limit the risks of corruption. Here are some of them.

- Code of conduct
- Sustainability policy
- Supplier code of conduct
- Policy for whistleblowing
- Policy for tackling conflicts of interest
- Policy for business travel and expenses for representation
- Decision-making and authorization arrangement
- 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
- Working-environment policy
- Staff handbook

### Governance, targets and results for material issues (DMA)

Material issue	Governance/document	Responsibility	Follow-up/activities
<b>Contribute to sustainable urban development/living environments, including integration in the neighborhood, and tenants' safety, security and health</b>	<ul style="list-style-type: none"> <li>• Sustainability strategy (CEO)</li> <li>• Property management strategy (CEO)</li> <li>• Neighborhood development model (Head of sustainability)</li> <li>• Rental policy (CEO)</li> <li>• Outdoor environment handbook (Head of sustainability)</li> </ul>	Head of sustainability and CEO	<p>Achieve a score of 80 (out of 100) for customers' perceived safety in Rikshem's neighborhoods; the long-term target is 85.</p> <p>2019 result: 77 (out of 100).</p>
<b>Choice of materials</b>	<ul style="list-style-type: none"> <li>• Supplier code of conduct (Head of purchasing)</li> <li>• Routine for assessing construction materials (Head of sustainability)</li> </ul>	Head of sustainability and Head of purchasing	<p>The work on making sustainable material choices has been improved during the year thanks to new routines for Byggvarubedömningen. The Byggvarubedömningen scheme is used to document which materials are incorporated in buildings in order to avoid substances harmful to health and the environment, and to facilitate future handling of materials in connection with demolitions and refurbishments. The goal for 2019 has been to find the right governance structure.</p> <p>Framework agreement for sustainable material choices for playground equipment.</p> <p>A ten-year framework agreement with the apartment building manufacturer Sizes, which works in accordance with an industrial production process for timber construction, which is documented to have a lower climate impact than traditional building processes. 473 new residential apartments with timber frames under construction in 2019.</p>
<b>Energy use</b>	<ul style="list-style-type: none"> <li>• The business plan (CEO)</li> <li>• The energy council (Head of sustainability)</li> </ul>	Head of sustainability and CEO	<p>Reduce energy use in the properties by a minimum of 2.5% a year.</p> <p>2019 result: -1%</p>
<b>Make it easy for our customers to live and work sustainably</b>	<ul style="list-style-type: none"> <li>• Boskolan, the Tenant School (Head of communication)</li> <li>• Property management strategy (CEO)</li> </ul>	Head of communication and CEO	<p>Number of new tenants provided with sustainability information. 2019 result: on signing their lease, 4,837 tenants were given the chance to participate in Boskolan – the Tenant School – which, among other things, explains how tenants can reduce their climate impact by sorting rubbish.</p> <p>Climate-smart living. During 2019, Rikshem has acquired a property for development, which will eventually comprise around 70 rental apartments. The focus has been on tenants being able to live climate-smart without cars. As well as a location close to the commuter train station, the building shall also provide cold storage areas for food deliveries, extra-large mailboxes for deliveries direct to the door and sustainable transport solutions, such as bike and carpools.</p>
<b>Requirements for and follow-up of suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier code of conduct (Head of purchasing)</li> <li>• Policy for whistleblowing (CEO)</li> <li>• Policy for tackling conflicts of interest (CEO)</li> <li>• Policy for business travel and expenses for representation (CEO)</li> <li>• Decision-making and authorization arrangement</li> </ul>	CEO and Head of purchasing	<p>2019 result: ten supplier follow-ups carried out by means of self-evaluation questionnaires.</p> <p>2019 result: Of the 413 (271) biggest suppliers, which together represent 79% (89) of Rikshem's total purchasing, 161 (168) have actively approved the code of conduct.</p>
<b>Health and safety at work</b>	<ul style="list-style-type: none"> <li>• Supplier code of conduct (Head of purchasing)</li> <li>• Staff handbook (Head of HR)</li> <li>• Working-environment policy (CEO)</li> </ul>	Head of HR and safety representative	<p>Achieve a score of 72 (out of 100) on the Employee Satisfaction Index.</p> <p>2019 result: 70.</p>
<b>Diversity and equality in the workplace</b>	<ul style="list-style-type: none"> <li>• Equality and diversity policy (CEO)</li> <li>• Staff handbook (Head of HR)</li> </ul>	Head of HR	<p>2019 result: Total number of employees: 54% men and 46% women.</p>
<b>Active efforts to tackle corruption</b>	<ul style="list-style-type: none"> <li>• Policy for whistleblowing (CEO)</li> <li>• Policy for tackling conflicts of interest (CEO)</li> </ul>	CEO	<p>Zero tolerance for corruption</p> <p>2019 result: no confirmed incidents</p>

## About the Sustainability Report

Since 2017, Rikshem has compiled a Sustainability Report in accordance with the Global Reporting Initiative's GRI Standards (2016): Core option. The Sustainability Report, which covers Rikshem AB and wholly-owned subsidiaries, is compiled annually; this is Rikshem's third Sustainability Report. The Sustainability Report is an integrated part of the Annual Report, and the information in the Sustainability Report shall thus not be seen as a standalone section but read in conjunction with the full Annual Report. All the information in the present Sustainability Report relates to the fiscal year January 1 – December 31, 2019 unless stated otherwise. The Sustainability Report has been externally reviewed by Ernst & Young.

Rikshem's goal is for the Sustainability Report to be made as transparent as possible. Clarifications concerning key figures and calculation methods can be found in the GRI index.

## Index to the statutory Sustainability Report

### Index to content constituting the statutory Sustainability Report

	Page
Rikshem's business model	11
Risks and risk management	56
<b>Governance, monitoring, results and key figures</b>	
Environment	27, 30–31, 40, 63
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Staff	46–47
Anti-corruption	33, 62
Social circumstances (sustainable urban development)	14–15, 26, 29–36

## Signatories to the Sustainability Report

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

Stockholm, March 24, 2020

Bo Magnusson  
Chairman of the Board

Pernilla Arrrud Melin

Lena Boberg

Liselotte Hjorth

Andreas Jensen

Per-Gunnar Persson

Per Uhlén  
CEO

# Auditor's report on the Sustainability Report

Auditor's Limited Assurance Report on Rikshem AB (publ)'s Sustainability Report and the Auditor's Report on the Statutory Sustainability Report.

This is the translation of the auditor's report in Swedish.

To Rikshem AB (publ), corporate,  
identity number 5567099667

We have been engaged by the Board of Directors of Rikshem AB (publ) to undertake a limited assurance engagement of Rikshem's Sustainability Report for the year 2019. The company has defined the Sustainability Report for 2019 on page 66 in this document, that also includes the statutory sustainability report on page 64.

## Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report and the Statutory Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the statutory sustainability report in accordance with the applicable criteria and the Swedish Annual Accounts Act respectively. The applicable Criteria are explained on the page 66, and are the parts of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

## Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and provide an opinion on the statutory sustainability report. Our engagement is limited to the information in this document and the historical information presented and thus does not include future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information, with the application of RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's report on the statutory sustainability report. The procedures performed in a limited assurance engagement and in accordance with FAR's auditing standard

RevR 12 vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Rikshem AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. Consequently, the procedures performed and our examination in accordance with RevR12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures performed in the limited assurance engagement are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions below.

## Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A statutory sustainability report has been prepared.

Stockholm, 24 March 2020

Ernst & Young AB

Mikael Ikonen  
Authorised Public Accountant

Marianne Förander  
Expert Member of FAR

# GRI index

The Sustainability Report summarizes Rikshem's sustainability efforts during 2019 and is the third prepared in accordance with the Global Reporting Initiative (GRI). Reporting shall be made on an annual basis. This report has been prepared in accordance with the GRI Standards: Core option and has been externally assured by Ernst & Young.

GRI Standards	Indicator	Page	Comments/omissions
<b>General disclosures</b>			
<b>Organizational profile</b>			
<b>GRI 102: General disclosures</b>	102-1: Name of the organization	69	
	102-2: Activities, brands, products and services	3	
	102-3: Location of headquarters	GRI index	Stockholm, Sweden.
	102-4: Location of operations	GRI index	Active in Sweden.
	102-5: Ownership and legal form	3	
	102-6: Markets served	24-25, 42-43	
	102-7: Scale of the organization	24	
	102-8: Information on employees and other workers	47-48, GRI index	Active in Sweden.
	102-9: Supply chain	16, 17, 62	
	102-10: Significant changes to the organization and its supply chain	GRI index	No significant changes
	102-11: Precautionary principle or approach	GRI index	Rikshem applies the precautionary principle in accordance with Swedish environmental legislation
	102-12: External initiatives	GRI index	Principles of the UN Global Compact, GRI
	102-13: Membership of associations	GRI index	Fastighetsägarna, Sweden Green Building Council, Byggarubedömningen.
<b>Strategy</b>			
	102-14: Statement from senior decision-maker	7	
<b>Ethics and integrity</b>			
	102-16: Values, principles, standards, and norms of behavior	10, 62	
<b>Governance</b>			
	102-18: Governance structure	74-76	
<b>Stakeholder engagement</b>			
	102-40: List of stakeholder groups	14-17	
	102-41: Collective bargaining agreements	GRI index	All employees except CEO.
	102-42: Identifying and selecting stakeholders	14-17, 62	
	102-43: Approach to stakeholder engagement	14-17, 62	
	102-44: Key topics and concerns raised	18-19, 62	
<b>Reporting practice</b>			
	102-45: Entities included in the consolidated financial statements	103	The Sustainability Report covers Rikshem AB and wholly-owned subsidiaries. Joint ventures are not included.
	102-46: Defining report content and topic boundaries	16-17	
	102-47: List of material topics	16-17	

GRI Standards	Indicator	Page	Comments/omissions
	102-48: Restatement of information	GRI index	Metrics for two previously reported topic-specific standards have been improved during the year. These metrics relate to the material issues <i>Make it easy for customers to live and work sustainably and Sustainable materials</i> . This is because there has been an adjustment to the work on these issues, and the new metrics better illustrate the effect of Rikshem's initiatives in the area.
	102-49: Changes in reporting	GRI index	
	102-50: Reporting period	GRI index	
	102-51: Date of most recent report	GRI index	
	102-52: Reporting cycle	GRI index	
	102-53: Contact point for questions regarding the report	GRI index	
	102-54: Claims of reporting in accordance with the GRI Standards		
	102-55: GRI Index	66-68	
	102-56: External assurance	65	
			The reporting relates to the 2019 fiscal year.
			March 28, 2019.
			Annual
			Malin Bosaeus, malin.bosaeus@rikshem.se
			This report has been prepared in accordance with the GRI Standards: Core option.
			The GRI reporting has been externally reviewed.

## Material sustainability areas

### The strong company

#### Health and safety at work

GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	47-48, 63	
	103-2: The management approach and its components	47-48, 56, 63	
	103-3: Evaluation of the management approach	47-48, 56, 63	
GRI 403: Occupational health and safety (2016)	403:2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	48	

#### Diversity and equal opportunities

GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	48	
	103-2: The management approach and its components	48, 56	
	103-3: Evaluation of the management approach	48, 56	
GRI 405: Diversity and equal opportunities	405-1: Diversity of governance bodies and employees	48	

#### Requirements for suppliers

GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	62	
	103-2: The management approach and its components	56, 62, 63	
	103-3: Evaluation of the management approach	56, 62, 63	
GRI 308: Supplier environmental assessment	308-1: New suppliers that were screened using environmental criteria	62	Rikshem monitors acceptance of the Code of conduct with suppliers. The Code contains requirements pertaining to social responsibility and environment. Of the 413 (271) biggest suppliers, which together represent 79% (89) of Rikshem's total purchasing, 161 (168) have actively approved the code of conduct.
GRI 414: Supplier social assessment	414-1: New suppliers that were screened using social criteria	62, 63	See GRI 308

#### Active efforts to tackle corruption

GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	62	
	103-2: The management approach and its components	56, 62, 63	
	103-3: Evaluation of the management approach	56, 62, 63	
GRI 205: Anti-corruption	205-3: Confirmed incidents of corruption and action taken	33, 56	No confirmed incidents

GRI Standards	Indicator	Page	Comments/omissions
<b>The satisfied customer</b>			
<b>TOPIC-SPECIFIC STANDARD</b>			
<b>Make it easy for customers to live and work sustainably</b>			
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	18-19, 30-31	
	103-2: The management approach and its components	18-19, 30-31	
	103-3: Evaluation of the management approach	18-19, 30-31	
Company-specific metrics	Advice to customers on sustainability	30	
	Number of tenants provided with advice via Boskolan, the Tenant School		

### The sustainable property

<b>TOPIC-SPECIFIC STANDARD</b>			
<b>Sustainable material choices</b>			
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	16-17	
	103-2: The management approach and its components	16-17, 56	
	103-3: Evaluation of the management approach	56, 63	
Company-specific metrics	Number of residential apartments built in timber of total new construction	26, 27, 63	473 new apartments with timber frames under construction in 2019.
	Proportion of materials used in projects that have been assessed by Byggarubedömningen.	63	The goal for 2019 has been to find the right governance structure in order to be able to impose requirements for classification of materials in accordance with the Byggarubedömningen scheme. The metric will be removed in the next Annual Report because it does not describe the impact of the issue in a clear way.

### Energy use

GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	30-31	Rikshem reports carbon dioxide emissions from heating and property electricity – the part that probably has the greatest impact. The calculations do not include the tenants' electricity consumption. Emission factors for district heating.
	103-2: The management approach and its components	30-31, 56	
	103-3: Evaluation of the management approach	30-31, 56	
GRI 302: Energy	302-3: Energy intensity	30-31	
	302-4: Reduction of energy consumption	30-31	

### The safe neighborhood

<b>TOPIC-SPECIFIC STANDARD</b>			
<b>Contribute to sustainable urban development (safety, neighborhood development)</b>			
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	32-34	
	103-2: The management approach and its components	32-34, 56	
	103-3: Evaluation of the management approach	32-34, 56	
Company-specific metrics	Customer Satisfaction Index (CSI): The tenants' perceived safety and security	5, 31-34	

# Directors' report

The Board of Directors and CEO of Rikshem AB (publ), corporate registration number 556709–9667, hereby submit the annual report and consolidated accounts for the 2019 fiscal year.

## Operations

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

Rikshem's business concept is to own, develop and manage residential properties and properties for public use on a sustainable and long-term basis. This is done by combining professionalism and community engagement. Rikshem's vision is to make a difference in terms of developing the community.

Rikshem AB (publ) is the Parent Company of the Rikshem Group, hereinafter referred to as Rikshem. The Company manages all of the companies in the owned 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. The Board of Directors is based in Stockholm.

## Financial objectives

The Group aims to ensure that the Company is financially strong, i.e., financially stable and profitable in the long-term. A financially strong Rikshem enables the Company to make a difference in terms of contributing to society and creating conditions for developing healthy communities. The measurable financial key performance indicators for Rikshem in 2019 were:

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

In 2019, Rikshem reported a real total return (which the Company has adjusted for inflation) of 5.5 percent compared to 5.8 percent the previous year. This is based on the MSCI index. Rikshem has actively worked to improve the key performance indicators and created a strong financial position during the year. The loan-to-value ratio decreased to 54 percent (58) and the equity/assets ratio increased to 39 percent (37). Rikshem's interest coverage ratio for external financing amounts to 3.5 times (3.2), the debt duration is 3.8 years (4.1) and the average interest rate duration is 4.5 years (5.1).

## Organization and employees

The business is run almost exclusively with its own staff. At year-end, December 31, 2019, the number of employees at Rikshem was 259 (241). In 2019, the business was organized in three regions: Region Northern Sweden, Region Mälardalen, Region Southern Sweden. The headquarters is in Stockholm. The number of employees has increased during the year in order to strengthen the organization and to enable the Company

## Significant events during the fiscal year

- Q1:**
- Rikshem acquired a newly built property for public use in Staffanstorp and a property in development for residential apartments in Kalmar.
  - Rikshem started neighborhood development pilot projects in Helsingborg, Luleå, Södertälje and Uppsala.
  - Rikshem retained the credit rating of A- from S&P Global.
  - Rikshem decided to start two major renovation projects in Norrköping where 99 new apartments will be built in the area.

- Q3:**
- An agreement was signed for the sale of building rights in Orminge Centrum, Nacka municipality.
  - Sophia Mattsson-Linnala resigned as CEO and Per Uhlén was appointed Acting CEO.
  - The property in development Bonden 7 in Halmstad was acquired, which will add 189 apartments to the portfolio and is expected to be completed in 2021.
  - Rikshem's so-called "Safety College" was set up with a view to carrying out a safety survey. Tenants, housing applicants and the general public use a button to pinpoint any place they perceive to be unsafe.

- Q2:**
- Sivia Torg, a property in development with approximately 13,000 sqm in central Uppsala is being withdrawn.
  - A new loan facility has been signed with the European Investment Bank. The loan will be used for investments in energy efficiency. MSEK 199 has been borrowed from the arrangement.
  - Earnings performance has been positive, but major damage from fire and water has affected net operating income.

- Q4:**
- Rikshem acquired a school in Kungsängen as well as a school and preschool with site leasehold right in Västerås.
  - Anette Frumerie was appointed as the new CEO and will take up the post no later than June 4, 2020.
  - Agreements with Telia were signed to digitize all properties in the portfolio. The agreement includes both an open network for Rikshem's tenants as well as IT framework and an IOT platform.
  - Rikshem signed two agreements with construction companies to build thousands of sustainable residential apartments around the country.

to manage the change it is currently undergoing. Further information relating to employees can be found on pages 46-48 of this document.

#### Other significant events during the fiscal year

The composition of the Board of Directors of Rikshem AB (publ) changed when Andreas Jensen was elected as an ordinary Board member at the Annual General Meeting and the number of ordinary Board members was increased to seven. On November 1, 2019, former Board member Per Uhlén took over as Acting CEO and resigned from the Board of Directors. This means that Rikshem's board now consists of six ordinary Board members again.

### Comments on the Group's performance

#### Net operating income

The Group's rental income for the year increased by MSEK 124 (127) to MSEK 2,916 (2,792). Rental income for existing properties increased by MSEK 118 (101) or 4.3 percent (3.9). The rent increase for existing properties is mainly due to annual rent increases and the effects of investments that enable rents to be increased in the properties, but also by full-year effects of new construction and acquisitions in the previous year. At year-end, the vacancy rate for residential apartments was 3.5 percent (3.2). 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).

Property expenses for the year increased by MSEK 62 to MSEK 1,330 (1,268). Expenses for existing properties increased by MSEK 64 or 5.1 percent as a result of increased operating and maintenance expenses as well as increased costs for administration. The increase in operating and maintenance costs is partly due to more active management in line with long-term planning and

partly to increased water and fire damage with subsequent emergency maintenance. The administration organization was strengthened according to plan during the year, resulting in a cost increase of MSEK 29. Overall, total net operating income increased year-on-year and amounted to MSEK 1,586 (1,524). Net operating income for existing properties increased by 3.6 percent compared with the preceding year.

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

#### Central administration

The year's costs for central administration amounted to MSEK 100 (65). Central administration includes Group-wide costs. During the fourth quarter, non-recurring costs have affected central administration by MSEK 11. The cost increase was mainly due to a strategic strengthening of the organization and investment in digitization and sustainability.

#### Net financial items

Net financial items for the year totaled MSEK -444 (-458). Net financial items mainly comprise the Company's external interest costs. The decrease in interest costs is mainly due to the fact that the average interest rate for liabilities has fallen somewhat. At year-end, the average interest rate was 1.6 percent (1.7). Fees for unused backup-facilities are included in the average interest rate.

#### Earnings from joint ventures

Earnings from joint ventures amounted to MSEK 244 (7) for the 2019 fiscal year. The improvement in earnings is mainly explained by an increase in value in the property portfolio, and partly as a result of larger rental agreements that have been signed.

#### Income from management operations

Compared with the preceding year, income from management operations increased by MSEK 278 to MSEK 1,286 (1,008), which is mainly due to positive changes in the joint ventures' property portfolio.

#### Change in value of investment properties

The change in value of investment properties was MSEK 1,538 (2,107), corresponding to a yield of 3.2 percent (4.9). The unrealized change in value is explained by changed net operating income and the market's reduced yield requirements.

#### Change in value of financial derivative instruments

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. Long-term interest rates in SEK fell during the first eight months of the year and then rose. However, the interest rate level was lower at the end of the year than at the start of the year, which has had a negative impact on interest rate derivatives. The change in value of interest rate derivative instruments was MSEK -270 (-145). The change in value of currency derivative instruments was MSEK 505 (43). The exchange rate change for loans in EUR and NOK amounted to MSEK -215 (-91) and is mainly due to the Swedish krona weakening against these currencies during the year.

#### Profit for the year and tax

Profit for the year was MSEK 2,244 (2,489). Profit for the year was charged with a tax expense of MSEK 600 (433). 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 therefore been restated based on a tax rate of 20.6 percent in fiscal year

2018. This resulted in a positive earnings effect of MSEK 149.

## Financial position

### Investment properties

At year-end, Rikshem's property portfolio comprised 560 properties (555) with a fair value of MSEK 49,307 (45,687). The property value is broken down into MSEK 33,812 in residential apartments, MSEK 11,636 in nursing homes, MSEK 3,012 in schools and MSEK 847 in commercial properties. The property portfolio includes building rights valued at MSEK 808. Properties corresponding to 47 percent of the fair value are located along the Stockholm–Uppsala axis. Overall, the property portfolio comprises 29,214 apartments (28,840) and approximately 2,292,000 sqm (2,274,000) of rentable space.

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 properties in development for residential apartments and four properties for public use with a total of 286 apartments and approximately 23,524 sqm of rentable space. An agreement has also been signed for the acquisition of a property in development in Upplands Väsby, where approximately 70 rental apartments and approximately 350 sqm of office space will be built. Sales of two properties have been completed for MSEK 365 (328). The largest sale was the property in development 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 apartments, MSEK 507 (179) to new construction of residential apartments and MSEK 354 (244) to investments in properties for public use. During the year, new construction was begun in Halmstad, Norrköping and Umeå, among other places. In total, construction began on approximately

520 apartments during the year. Furthermore, two major renovation projects have started in Norrköping.

### Participations in joint ventures

Rikshem owns participations in joint ventures with a total value of MSEK 1,658 (1,353). The largest holding of MSEK 978 pertains to 49 percent of Värmdö-Bostäder AB. The remaining part of VärmdöBostäder AB is owned by Värmdö Municipality. The second largest holding of MSEK 571 pertains to Farsta Stadsutveckling AB, where Rikshem and Ikano Bostad each hold 50 percent. Farsta Stadsutveckling AB owns the Burmanstorp 1 property in Farsta. This is where the development of the new city area Telestaden is under way, which will comprise approximately 2,000 residential apartments and premises for offices and local services. Other participations in joint ventures totaling MSEK 109 pertain to development projects owned and operated jointly with Veidekke Bostad, P&E Fastighetspartner and Glommen & Lindberg.

### Receivables

Non-current receivables amounted to MSEK 179 (276) and mainly consisted of loans to joint ventures. Current receivables amounted to MSEK 255 (245), of which MSEK 126 (97) relates to prepaid costs and accrued income and MSEK 0 (17) to lending to joint ventures. Accounts receivable amounted to MSEK 22 (18).

### Cash and bank balances

Cash and cash equivalents amounted to MSEK 568 (1,015). At year-end, collateral received regarding CSA agreements for combined interest and currency swaps amounted to MSEK 507. This collateral is settled on a monthly basis.

### Derivatives

At the end of the year, the Company had an interest rate derivative portfolio that hedged SEK 17.8 billion and in which the Company pays fixed interest and re-

ceives variable interest. The Company also has combined interest rate and currency swaps to hedge currency loans denominated in foreign currency. In total, the fair value of the Company's derivatives with a positive fair value was MSEK 509 (153) and the fair value of derivatives with a negative fair value amounted to MSEK -432 (-311). The net fair value of the derivative portfolio was MSEK 77 (-158).

### Interest-bearing liabilities

At year-end, interest-bearing liabilities amounted to MSEK 26,868 (26,550). Of the interest-bearing liabilities, MSEK 4,317 (4,535) related to secured liabilities to credit institutions, MSEK 199 (-) pertained to liabilities to the European Investment Bank, MSEK 2,740 (2,060) pertained to funding through commercial papers and MSEK 19,582 (19,898) pertained to fixed rate bond liabilities. The Company also has MSEK 30 (57) in interest-bearing liabilities to related parties. The fair value of the liabilities does not differ materially from the carrying amount. All liabilities to credit institutions are entered against collateral in properties.

In total, the secured financing amounted to 9 percent (10) of fair value for 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 amounted SEK 4.3 billion and SEK 5.1 billion, respectively.

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

### Equity

During the year, the Group's equity increased by MSEK 2,242 to MSEK 20,441 (18,199). The profit for the year in combination with the lower rate of acquisition has led to an increase in equity/assets ratio to 39 percent (37).

### 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 235 (205) and profit after financial items to MSEK 522 (278). The Parent Company's equity amounted to MSEK 7,445 (6,983) at year-end.

### Sustainability

Rikshem's operations must be sustainable from an environmental, social and economic perspective. For Rikshem, sustainability is the basis for long-term profitability. During 2019, the Company strengthened its control on how key sustainability issues are integrated into projects and neighborhood development. A materiality analysis was carried out and the Company's key issues were reviewed. The work has been embedded in Rikshem's new sustainability compass. The sustainability compass will help employees to integrate sustainability issues in a tangible way in any decision-making relating to projects and neighborhood development. The aim is to create the greatest possible benefit for Rikshem's customers and help the Company in its mission to improve social infrastructure and the social fabric. Rikshem contributes to community development in the areas where it operates, while working to ensure a minimal impact on the environment.

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

### Sustainability report

In accordance with Chapter 6, Section 11 of the 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 64 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 long-term, stable and attractive real return. In the course of its operations, Rikshem is exposed to various types of risks. Minimizing risks and optimizing opportunities are integral parts of Rikshem's business plan. Rikshem has defined risks and uncertainties in the areas of strategic, operational, financial, brand and sustainability risks.

#### Strategic risks

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

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

#### Operational risks

The Company's revenue consists of rent for leased residential apartments and premises. Should the number of rented apartments 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 apartments. An assessment of the individual tenant's ability to pay is made when 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 is working on an ongoing basis to enhance its energy efficiency not only to lower its costs but also because reducing energy consumption is important in terms of the environment and sustainability. The Company also has long-term maintenance plans to ensure efficient operation.

#### Financial risks

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

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

Rikshem has a well-developed finance policy that, for example, regulates how financial risks are to be managed. Liquidity risks are managed, for example, with updated cash flow forecasts, and access to adequate backup facilities. Refinancing risk is primarily restricted through various source of financing and a long-term debt duration with a distribution of loan maturities. Interest rate risks are also restricted by using interest rate derivatives and currency risks with currency derivatives.

Rikshem makes ongoing investments in the form of, for example, acquisitions, renovations and adaptations for tenants. If the investments do not meet the required return requirements, there is a risk that the value of the properties will be eroded. Investments need to meet or exceed set return requirements, that vary for different types of investments, in order to contribute to continued value growth. Certain investments may need to be made without yield requirements. Such investments are reviewed separately. Acquisitions are made only in selected locations.

#### Brand risks

The way in which Rikshem conducts its operations can have a long-term impact on the Company's reputation. 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 outside world. The Company has adopted reporting procedures and a comprehensive set of control documents that are continuously communicated to all employees.

#### Sustainability risks

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

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

Further risks that Rikshem is affected

by and the Company's risk management are described in the sustainability report, see page 52 in this document.

#### Expected future development

Operations will be conducted in 2020 with the same focus as last year and Rikshem's continued strategy is to develop the property portfolio in a sustainable way. Demand for rental apartments is expected to remain good and the market for properties for public use stable even at times when the outside world is changing at an ever faster rate.

Sweden's property market is characterized by continued housing shortages and reduced construction rates, but also high demand for properties for public use due to an aging population. In 2018, we saw that house building declined for the first time in several years, and this trend continued throughout 2019. However, the need for residential apartments has not diminished as the population in Sweden continues to increase. The shortage of residential apartments is particularly evident for young people, students, newly arrived immigrants and the elderly. The housing market is also affected by continued urbanization, which means that demand for residential apartments in the urban areas is high. However, new repayment requirements and an expected interest rate hike affect the housing market as both banks and households are more cautious, which in turn leads to increased attractiveness of rental arrangements as a form of tenure.

The ability to continue to build rental apartments requires good market knowledge combined with cost-effective solutions and an increase in industrial residential housing construction.

Demand for properties for public use is largely driven by demographic factors. Urbanization and a growing and aging population are leading to an increased need for municipalities and county councils to expand social services. The rental market for properties for public use is stable and shows no significant upturns or downturns for rent levels or

vacancies.

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

#### Events after the closing date

For events after the end of the fiscal year, see Note 34.

#### Proposed allocation of profit

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

Share premium reserve, SEK	840,772,100
Retained earnings, SEK	5,899,350,104
Profit for the year, SEK	462,148,110
Total, SEK	7,202,270,314

The Board of Directors proposes that SEK 7,202,270,314 will 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 2019

**Rikshem AB (publ)** ("Rikshem" or "the Company") is a Swedish limited company. The Company has bonds issued under its MTN program, which are listed on Nasdaq OMX Stockholm (Stockholm Stock Exchange), as well as bonds issued under its Euro Medium Term Note (EMTN) program, which are listed on Euronext Dublin (Irish Stock Exchange). The company therefore complies with these trading venues' regulations for issuers.

Rikshem's corporate governance report was prepared in accordance with the Annual Accounts Act for the 2019 fiscal year. The report is included as part of Rikshem's annual report and sustainability report for 2019.

## **The Swedish Corporate Governance Code. etc.**

The Corporate Governance Code, etc. According to Rikshem's ownership directive, the Swedish Code of Corporate Governance (the "Code") serves as a guide for corporate governance. The Company therefore mainly applies the Code but deviates from certain provisions as a result of the Company's ownership structure and the fact that the Company's shares are not listed. Rikshem is not formally covered by the Code (or any other corporate governance code) as a result of the Company not having shares admitted to trading on a regulated market in Sweden, but follows the rules of corporate governance laid down by Swedish law or other regulations.

## **Shareholders**

As of December 31, 2019, 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 of Directors is to comprise no less than three and no more than ten members with zero to ten deputy members.

## **General meetings of shareholders**

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

Rikshem held its AGM on March 28, 2019 in Stockholm. All shares were jointly represented at the AGM by Katarina Romberg, AMF Pensionsförsäkring AB, and Olof Nyström, the Fourth Swedish National Pension Fund. All members of the Board, the CEO and the Company's chief auditor attended the meeting.

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

The AGM also resolved to re-elect Pernilla Arnrud Melin, Lena Boberg, Liselotte Hjorth, Bo Magnusson, Per-Gunnar Persson and Per Uhlén to the Board of Directors. Andreas Jensen was elected as a new ordinary Board member which means that the number of Board members increased by one and therefore amounted to seven. Bo Magnusson was elected Chairman of the Board. The resolution on the appointment of Board members was preceded by work by a Nomination Committee comprising Anders Oscarsson appointed by AMF Pensionsförsäkring AB and by Olof

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

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

The AGM also resolved that the Company is to have a Nomination Committee 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.

During the year, the Company held extraordinary general meetings on two occasions. The Extraordinary General Meeting held on August 15, 2019 resolved to adopt revised ownership directives following an annual review. At the Extraordinary General Meeting held in connection with the appointment of the former Board member Per Uhlén as Acting CEO on October 31, 2019, it was de-

cided to relieve Per Uhlén from his duties on the Board of Directors and that the number of Board members would therefore decrease from seven to six.

### Board of directors

Board members provide expertise in both property and finance. The company's CEO is not a member of the Board of Directors. As of the Annual General Meeting, there were seven members elected by the Annual General Meeting, but this number was reduced by one member during the year as a result of Per Uhlén taking over as Acting CEO and therefore stepping down from 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 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 of Directors has adopted an annual plan for its work, with meetings scheduled at set times that take into consideration the fact that the Board must publish financial reports at certain times.

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

The 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 covers everyone who works at the Company, including employees, consultants and temporary employees, and also includes Board members acting on behalf of Rikshem. Work related to equality and diversity issues should result in individuals developing and a work environment marked 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. At the end of 2019, the Board of Directors com-

prised three women and three men.

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

### Board committees

The ownership directive states that a committee is to be established to address issues related to risk management, internal control and financial reporting. Beyond this, the Board of Directors 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 of Directors has adopted rules of procedure for each committee. The CEO is a regular reporter in the committees.

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

### Board committees

	Elected	Total annual fees <sup>1</sup>	Attendance at meetings			
			Board meetings <sup>2</sup>	Remuneration Committee	Audit Committee	Investment Committee
Bo Magnusson, Chairman of the Board	2016	611	13 (14)	4 (4)	7 (7)	–
Pernilla Arnrud Melin <sup>3</sup>	2018	No remuneration	14 (14)	–	7 (7)	6 (6)
Lena Boberg <sup>4</sup>	2016	204	14 (14)	–	–	3 (3)
Liselotte Hjorth <sup>5</sup>	2016	271	12 (14)	–	7 (7)	3 (3)
Andreas Jensen <sup>6</sup>	2019	No remuneration	11 (11)	2 (2)	–	6 (6)
Per-Gunnar Persson	2016	274	14 (14)	4 (4)	–	9 (9)
Per Uhlén <sup>7</sup>	2017	165	11 (11)	2 (2)	–	–

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

2) Including minuted decisions by correspondence.

3) Joined the Investment Committee in March 2019

4) Stepped down from the Investment Committee in March 2019

5) Stepped down from the Investment Committee in March 2019

6) Elected in March 2019. Joined the Remuneration Committee and the Investment Committee at the same time

7) Left the Board of Directors in November 2019 and was appointed as Acting CEO at the same time. Stepped down from the Remuneration Committee in March 2019. The remuneration pertains only to fees for the Board of Directors and committees.

to the Company's financial structure. The Audit Committee comprised committee chairman Liselotte Hjorth, Bo Magnusson and Pernilla Arnrud Melin.

In accordance with its rules of procedure, the Investment Committee shall, for example, decide on acquisitions, sales and investments that fall within the committee's mandate. It shall also be a preparatory body for decisions by the Board of Directors on matters concerning acquisitions, sales and investments that go beyond the mandate and shall prepare governing documents that fall within the committee's remit. The Investment Committee initially comprised committee chairman Per-Gunnar Persson, Lena Boberg and Liselotte Hjorth. At the 2019 Annual General Meeting, committee members Lena Boberg and Liselotte Hjorth were replaced by Pernilla Arnrud Melin and Andreas Jensen.

The Remuneration Committee shall, among other things, prepare, propose and evaluate targets for the CEO, prepare proposals for and evaluate principles for remuneration and other terms of employment for the CEO and other senior executives (remuneration policy), prepare questions regarding variable salary schemes, monitor remuneration structures and remuneration levels in the Company, and prepare governing documents that fall within the committee's remit. The Remuneration Committee initially comprised chairman Bo Magnusson, Per-Gunnar Persson and Per Uhlén. At the 2019 Annual General Meeting, committee member Per Uhlén was replaced by Andreas Jensen.

#### **CEO and management group, etc.**

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

During the year Sophia Mattsson-Linnala was replaced by Per Uhlén, who took over as Acting CEO on November 1, 2019. On December 3, 2019, the Board of Directors decided to appoint Anette Frumerie as new CEO. She will take up her position no later than June 4, 2020.

The CEO has established a management group, which reports directly to the CEO. The management group holds regular meetings to address Group-wide and

strategic issues. Rikshem's management group initially comprised Sophia Mattsson-Linnala (CEO), Anders Lilja (CFO), Carl Conradi (General Counsel), Jennie Wolmestad (Head of Communications), Petter Jurdell (Head of Business and Sustainability Development), and Catharina Kandel (Head of HR) and regional managers Fredrik Edlund, Anna-Karin Eriksson and Christofer Bernebring. During the year, Sophia Mattsson-Linnala stepped down as CEO. The head of the Southern Sweden region, Christofer Bernebring, has also left the Company. When Per Uhlén took over as Acting CEO, he replaced Sophia Mattsson-Linnala in the management group.

#### **Auditor**

At the AGM on March 28, 2019, Ernst & Young AB was elected as auditor for the period until the end of the next AGM. Authorized public accountant Mikael Ikonen is the charge auditor. The auditor reviews, among other things, the Company's annual report, consolidated financial statements and accounting records as well as of the administration of the Board of Directors and the CEO, and submits an auditor's report. The audit is conducted in accordance with the Swedish Companies Act, international auditing standards and generally accepted auditing standards in Sweden. The auditor expresses an opinion on the corporate governance report and the Company's sustainability report. The auditor in charge attended three Board meetings and four Audit Committee meetings in 2019.

#### **Internal control of financial reporting**

Under the Swedish Companies Act, the Board of Directors is responsible for internal control. Internal control is based on documented policies, guidelines, instructions, the allocation of responsibilities and duties such as the Board's rules of procedure, committee rules of procedure, the CEO's instructions, decision-making and authorization procedures, the financial policy and other documents, all of which seek to ensure a clear allocation of responsibilities for the effective management of the operation's risks and high-quality financial reporting. A review of the governing documents is carried out annually. Compliance with the Company's governing documents is monitored and evaluated continuously. 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. 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 income statement and balance sheet, where items are evaluated based on risk and materiality. In financial reporting, control activities are based on risk assessments and are integrated into the Company's processes, which are evaluated on an ongoing basis. The process in which estimates and assumptions have a major impact on the carrying amounts of assets and liabilities is the process for the valuation of investment properties. Accordingly, special attention is paid to ensuring that financial reporting in this regard does not contain material errors. To quality-assure the internal valuations and internal valuation process, all properties are valued at year-end by external authorized property appraisers with relevant and recognized qualifications. A minimum of two independent valuation institutions are engaged to establish the fair value of the properties. However, individual properties are only valued by one valuation institution. At mid-year, the assumptions regarding cost of capital and yield requirement for investment properties are checked with external appraisers. The property valuation is carried out in accordance with the Company's policy for valuation of investment properties.

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

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. Internal control is continuously being improved with respect to implementation and is considered suitable for the Company's purposes.

## Consolidated statement of comprehensive income

Amounts in MSEK	Note	2019	2018
<b>Rental income</b>	5	<b>2,916</b>	<b>2,792</b>
Operating expenses		-771	-740
Maintenance		-306	-306
Administration		-211	-182
Property tax		-42	-40
<b>Total property expenses</b>		<b>-1,330</b>	<b>-1,268</b>
<b>Net operating income</b>	6	<b>1,586</b>	<b>1,524</b>
Central administration	7, 8	-100	-65
Earnings from joint ventures		244	7
Interest income	10	6	9
Interest expense	9, 11	-450	-467
<b>Income from management operations</b>		<b>1,286</b>	<b>1,008</b>
Change in value of investment properties	14	1,538	2,107
Change in value of interest-rate derivatives	12	-270	-145
Change in value of foreign exchange derivatives	12	505	43
Foreign exchange effects on financial liabilities		-215	-91
<b>Profit before tax</b>		<b>2,844</b>	<b>2,922</b>
Tax	13	-600	-433
<b>Profit for the year</b>		<b>2,244</b>	<b>2,489</b>
<b>Other comprehensive income not for reclassification</b>			
Revaluation of pensions	27	-3	0
Tax, pensions	13	1	0
<b>Other comprehensive income for the year, net after tax</b>		<b>-2</b>	<b>0</b>
<b>Total comprehensive income for the year</b>		<b>2,242</b>	<b>2,489</b>

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

## Consolidated statement of financial position

Amounts in MSEK	Note	Dec 31, 2019	Dec 31, 2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investment properties	14	49,307	45,687
Site leasehold rights and other right-of-use-assets	15	131	–
Equipment	16	5	5
Participations in joint ventures	18	1,658	1,353
Financial derivative instruments	19	509	153
Non-current receivables	20	179	276
<b>Total fixed assets</b>		<b>51,789</b>	<b>47,474</b>
<b>CURRENT ASSETS</b>			
<b>Current receivables</b>			
Trade receivables	22	22	18
Receivables from the Parent Company		–	0
Other receivables	23	107	130
Prepaid expenses and accrued income	24	126	97
<b>Total current receivables</b>		<b>255</b>	<b>245</b>
<b>Cash and cash equivalents</b>		<b>568</b>	<b>1,015</b>
<b>Total current receivables</b>		<b>823</b>	<b>1,260</b>
<b>TOTAL ASSETS</b>		<b>52,612</b>	<b>48,734</b>
<b>LIABILITIES AND EQUITY</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		100	100
Other paid-in capital		4,874	4,874
Retained earnings		15,467	13,225
<b>Total equity</b>		<b>20,441</b>	<b>18,199</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	25	3,392	2,797
Interest-bearing liabilities	26	19,699	21,467
Financial derivative instruments	19	432	311
Non-current liabilities, finance leases		117	–
Provision for pensions	27	6	3
<b>Total non-current liabilities</b>		<b>23,646</b>	<b>24,578</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	26	7,169	5,083
Trade accounts payable		68	73
Tax liabilities		6	26
Current liabilities, finance leases		14	–
Other current liabilities		560	278
Accrued expenses and deferred income	28	708	497
<b>Total current liabilities</b>		<b>8,525</b>	<b>5,957</b>
<b>Total liabilities</b>		<b>32,171</b>	<b>30,535</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>52,612</b>	<b>48,734</b>

## Consolidated statement of changes in equity

Amounts in MSEK	Share capital	Other paid-in capital	Retained earnings including profit for the year	Total equity
<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>
<b>Opening balance, Jan 1, 2019</b>	<b>100</b>	<b>4,874</b>	<b>13,225</b>	<b>18,199</b>
Profit for the year			2,244	2,244
Other comprehensive income			-2	-2
<b>Total comprehensive income</b>			<b>2,242</b>	<b>2,242</b>
<b>Closing balance, Dec 31, 2019</b>	<b>100</b>	<b>4,874</b>	<b>15,467</b>	<b>20,441</b>

### Classification of equity

#### Share capital

The item share capital includes the registered share capital for the Parent Company.

As of December 31, 2019, the number of shares amounted to 997,279 (997,279). The par value is SEK 100 per share.

#### Other paid-in capital

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

#### Retained earnings

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

## Consolidated statement of cash flows

Amounts in MSEK	Note	2019	2018
<b>Operating activities</b>			
Income from management operations		1,286	1,008
Adjustment for non-cash items	30	-239	-4
Reversal of net interest income		444	458
Interest paid		-451	-508
Interest received		6	10
Tax paid		-24	-23
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,022</b>	<b>941</b>
Decrease (+)/increase (-) in operating receivables		-55	-13
Decrease (-)/increase (+) in operating liabilities		197	109
<b>Cash flow from operating activities</b>		<b>1,164</b>	<b>1,037</b>
<b>Investing activities</b>			
Investment in investment properties		-1,568	-1,083
Acquisition of investment properties		-851	-1,759
Divestment of investment properties		365	328
Investment in other fixed assets		-2	-1
Investment in financial fixed assets		-76	-93
Dividend from financial fixed assets		1	10
Divestment of financial fixed assets		127	204
<b>Cash flow from investing activities</b>		<b>-2,004</b>	<b>-2,394</b>
<b>Financing activities</b>			
	31		
Loans raised		10,698	8,094
Repayment of loans		-10,592	-5,908
Change in collateral		287	255
Redemption of financial instruments		-	-455
Repayment of finance leases		0	-
<b>Cash flow from financing activities</b>		<b>393</b>	<b>1,986</b>
<b>Cash flow for the year</b>		<b>-447</b>	<b>629</b>
Cash and cash equivalents at the start of the year		1,015	386
<b>Cash and cash equivalents at the end of the year</b>		<b>568</b>	<b>1,015</b>

## Parent Company income statement

Amounts in MSEK	Note	2019	2018
<b>Operating income</b>	4	<b>235</b>	<b>205</b>
Other operating expenses	4, 7, 9	-136	-106
Personnel expenses	8	-207	-171
Depreciation		-2	-2
<b>Operating profit</b>		<b>-110</b>	<b>-74</b>
Earnings from subsidiaries		584	489
Interest income	10	479	537
Interest expense	11	-451	-482
Change in value of interest-rate derivatives	12	-270	-145
Change in value of foreign exchange derivatives	12	505	43
Foreign exchange effects on financial liabilities		215	-90
<b>Profit after financial items</b>		<b>522</b>	<b>278</b>
Appropriations		-	24
Tax	13	-60	-54
<b>Profit for the year <sup>1)</sup></b>		<b>462</b>	<b>248</b>

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

## Parent Company balance sheet

Amounts in MSEK	Note	Dec 31, 2019	Dec 31, 2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
Equipment	16	4	4
Participations in subsidiaries	17	1,945	1,967
Receivables from Group companies	21	30,887	29,418
Financial derivative instruments	19	509	153
Non-current receivables	20	29	58
<b>Total fixed assets</b>		<b>33,374</b>	<b>31,600</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable	22	2	0
Other receivables	23	20	20
Prepaid expenses and accrued income	24	43	41
<b>Total current receivables</b>		<b>65</b>	<b>61</b>
<b>Cash and cash equivalents</b>		<b>561</b>	<b>1,015</b>
<b>Total current assets</b>		<b>626</b>	<b>1,076</b>
<b>TOTAL ASSETS</b>		<b>34,000</b>	<b>32,676</b>

## Parent Company balance sheet, cont.

Amounts in MSEK		Dec 31, 2019	Dec 31, 2018
<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		5,899	5,651
Share premium reserve		841	841
Profit for the year		462	248
		<b>7,202</b>	<b>6,740</b>
<b>Total equity</b>		<b>7,445</b>	<b>6,983</b>
<b>Untaxed reserves</b>			
<b>Provisions</b>			
Deferred tax liability	25	238	178
<b>Total provisions</b>		<b>238</b>	<b>178</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	26	18,980	19,207
Financial derivative instruments	19	432	311
<b>Total non-current liabilities</b>		<b>19,412</b>	<b>19,518</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	26	5,599	5,026
Trade accounts payable		4	7
Liabilities to Group companies	21	678	623
Tax liability		–	5
Other liabilities		524	241
Accrued expenses and deferred income	28	100	95
<b>Total current liabilities</b>		<b>6,905</b>	<b>5,997</b>
<b>Total liabilities</b>		<b>26,555</b>	<b>25,693</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>34,000</b>	<b>32,676</b>

## Parent Company statement of changes in equity

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

## Parent Company statement of cash flows

Amounts in MSEK	Note	2019	2018
<b>Operating activities</b>			
Operating profit		-110	-74
Adjustment for items not included in cash flow	30	4	3
Interest paid		-450	-519
Interest received		479	537
Tax paid		-5	-1
<b>Cash flow from operating activities before changes in working capital</b>		<b>82</b>	<b>-54</b>
Increase (+)/decrease (-) in operating receivables		-3	163
Increase (+)/decrease (-) in operating liabilities		-5	7
<b>Cash flow from operating activities</b>		<b>90</b>	<b>116</b>
<b>Investing activities</b>			
Shareholders' contributions paid		0	-
Divestment of subsidiaries		213	-
Investment in tangible fixed assets		-1	-1
Investment in receivables from Group companies		-1,415	-2,594
Investment in non-current receivables		-	0
Divestment of non-current receivables		26	12
<b>Cash flow from investing activities</b>		<b>-1,177</b>	<b>-2,583</b>
<b>Financing activities</b>			
	31		
Loans raised		10,698	8,094
Repayment of loans		-10,565	-5,288
Change in collateral		287	255
Redemption of financial instruments		-	-455
Earnings from partnerships and limited partnerships		86	62
Group contributions received		307	428
<b>Cash flow from financing activities</b>		<b>813</b>	<b>3,096</b>
<b>Cash flow for the year</b>		<b>-454</b>	<b>629</b>
Cash and cash equivalents at the start of the year		1,015	386
<b>Cash and cash equivalents at the end of the year</b>		<b>561</b>	<b>1,015</b>

# 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 owned office in Stockholm, Sweden. The head office is located at Vasagatan 52 in Stockholm. The shares of Rikshem AB (publ) are owned 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 Pensionsforsakring 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 24, 2020.

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 principles

#### 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.

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

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

The preparation of financial statements in accordance with IFRS requires management to make several estimates. 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 principles

Significant accounting policies are summarized in Note 2.3 below. The accounting policies applied include new and revised standards issued by the IASB and interpretations of existing standards that entered into force and are mandatory for application in the EU as of January 1, 2019.

#### New standards, amendments and interpretations of existing standards applied for the first time in the 2019 financial year

On January 1, 2019, IFRS 16 Leases came into force replacing IAS 17 Leases with associated interpretative statements. Under the new standard, a lessee must 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 applied the recommendation from the said date, and no retroactive application has therefore been made. The transition to IFRS 16 has had no material impact on the Group's earnings and financial position and cash flow statement. As a lessee, Rikshem has made a detailed review and analysis of the Group's leases. Rikshem has identified site leasehold agreements, 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

Application of IFRS 16 means 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 leasehold agreements amounting to MSEK 97. Site leasehold agreements 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.

In the income statement, leasing fees for other leasing assets are reported as depreciation and interest expense, while ground rents are reported in their entirety as interest expense. Interest expense and ground rent have been reclassified from property expense to net financial items. This had a positive impact on net operating income of approximately MSEK 3. Income from management operations has not been impacted.

Furthermore, a review has been undertaken on how the Group's applied principles as lessor are affected by IFRS 16. Rikshem found that IFRS 16 does not have a material effect on the Group's reported rental income.

Otherwise, accounting principles and calculation methods have remained unchanged compared with the annual report last year.

#### New standards and interpretations that come into force from 2020 onwards.

As of 2020, the IASB has adopted a change in IFRS 3 that addresses the boundary between business and asset acquisitions by incorporating a new definition of business. In practice, the new definition means that if the share purchase price in a company acquisition is essentially

## Note 2.2

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attributable to the market value of acquired properties, the acquisition constitutes a so-called asset acquisition. This is in line with Rikshem's current management of acquisitions and is not deemed to have any significant effects on Rikshem's earnings or financial position.

Other new and amended standards adopted by the EU, as well as an interpretation statement from the IFRS Interpretations Committee, are currently not considered to have a significant impact on Rikshem's earnings or financial position.

### Changes in Swedish regulations

Changes in 2019 did not have any significant impact on Rikshem's accounts, but mainly led to an increased information requirement.

## Note 2.3

### Summary of important accounting principles

#### Consolidated financial statements

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 required 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 acquisition or an asset acquisition. Note 2.4 describes the criteria that Rikshem applies when assessing an acquisition.

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

#### Joint ventures

The term "Joint ventures" refers to companies in which Rikshem, through collaboration agreements with one or more partners, has a joint controlling influence over the operations. Holdings in joint ventures are recognized using the equity method. The equity method requires 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 the income statement 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.

#### 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 are regarded as investment properties. Investment properties are recognized at cost on the acquisition date, including expenses directly attributable to the acquisition. After the acquisition date, investment properties are 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 start 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 expenses in the periods in which they are incurred. Repairs and maintenance activities are expensed at the time when the expenditure is incurred. In major projects, interest expense is capitalized during production. Investment properties include buildings, land, ground installations, permanent equipment, service facilities, etc., in buildings, and work in progress.

#### Leases

Leases where the lessor essentially retains all the risks and rewards of ownership are classified as operating leases. From an accounting perspective, all current leases relating to Rikshem's investment properties are to be regarded as leases. The accounting for these agreements is stated in the principle of revenue.

There are also a number of leases where Rikshem is a lessee, such as site leasehold agreements, rent for premises and company cars and service cars. These leases are reported as assets and liabilities in the balance sheet, with the exception of agreements that are shorter than twelve months and/or pertain to smaller amounts. When a lease is signed, a liability is reported where the fixed payments are discounted with the implied interest rate of the agreement or with Rikshem's marginal loan interest rate if there is no implicit interest rate. An equivalent right-of-use-asset is reported. Depreciation of the right-of-use-asset is recognized in property costs, while interest is recognized in net financial items. Since the site leasehold agreements are treated as perpetual, no depreciation is reported for these.

**Note 2.3**

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**Equipment**

Equipment comprises physical assets that are used in the Group's operations and have an expected useful life exceeding one year. This mainly concerns cars and office equipment. Equipment is recognized at cost less accumulated depreciation and any impairment. Depreciation is carried out on a straight-line basis over 5 years and commences when the asset is put into operation. Residual value is not taken into account as this is considered negligible.

**Financial instruments**

Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial liability in another company. Financial instruments reported in the balance sheet on the asset 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 reported in the balance sheet when an invoice has been sent and Rikshem has performed as agreed. A liability is reported when the counterparty has performed and there is a contractual obligation for the Company to pay, even if the invoice has not yet been received. Trade accounts payable are reported when the invoice has been received. A financial asset and financial liability are offset and recorded in a net amount in the balance sheet only when there is a legal right to offset the amounts and there is an intention to settle the items on a net basis, or to simultaneously realize the asset and settle the liability. A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire or when the Company loses control of them. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the contractual obligation is met or otherwise extinguished. The same applies to portions of a financial liability. On each reporting date, the Company evaluates whether there is objective evidence that a financial asset or group of financial assets is impaired.

Gains and losses upon removal from the balance sheet and modification are recorded in profit or loss.

**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 recorded at their invoiced value. After initial recording, 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 covered by a loss allowance for expected credit losses.

Rikshem is not covered 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 com-

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

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

The measurement of expected credit losses is based on different methods for different credit risk exposures. The 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 impaired 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 accrued cost, which is the net of gross amount and the loss allowance. Changes in the loss reserve are reported in the income statement.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash and immediately available balances with banks and similar institutions, as well as short-term liquid investments with a maturity of less than three months from the date of acquisition. Cash and cash equivalents are covered 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 accrued cost. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### Note 2.3

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

#### 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 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 expense 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 severance in exchange for such benefits. The Group recognizes severance pay when an obligation arises.

#### Income 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. Current tax reported in the income statement corresponds to the tax the Company is liable to pay based on the taxable profit for the year, adjusted for any current income tax relating to previous periods. Taxable profit refers to recognized profit adjusted for non-taxable revenue and non-deductible expenses.

Tax assets and tax liabilities for the current and previous years are set at the amount expected to be recovered from or paid to the Swedish Tax Agency. The tax rates and tax laws used to calculate the amount are those in force or announced as of the closing date. For 2018, the tax rate was 22 percent, while the tax rate for 2019 was 21.4 percent. Furthermore, management regularly evaluates any claims made in tax returns relating to situations where applicable tax rules are subject to interpretation.

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

#### Deferred tax

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

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

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

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

Deferred tax assets and deferred tax liabilities are recorded net.

#### Share capital

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

**Note 2.3**

- continued

**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 reported 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 principles****Rules and regulations applied**

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

Deviations between the policies used by the Parent Company and the Group are due to restrictions on fully applying IFRS in the Parent Company due to the 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.

**Participations in Group companies**

Shares in subsidiaries are recognized using the amortized 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 the income statement. Group contributions paid to subsidiaries are recognized as an increase in participations in Group companies.

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

**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 set out 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 (property yield requirement and cost of capital). In order to reflect the uncertainty inherent in assumptions and assessments made in a property valuation, a "valuation range" of +/- 5 percent is usually specified. Note 14 presents information about this and the assumptions and assessments made.

**Classification of acquisitions**

An assessment must be made as to whether an acquisition is a business acquisition 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 fulfilment of these criteria results in classification of the acquisition as a business acquisition and low fulfilment 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 acquisition 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 acquisition, this would have meant that the initial recognized property value would have been higher as would deferred tax liabilities and probably also goodwill.

Deferred tax liability According to the accounting rules, deferred tax must be recognized nominally without discounting, calculated according to the applicable tax rate corresponding to 21.4 percent for 2019 and 2020 and 20.6 percent for 2021 and onwards. The real tax rate is significantly lower due to the ability to sell the properties in a tax-efficient manner and the time factor.

### Note 3 Financial instruments and risk management

The Group's financial liabilities are bank and capital market loans, liabilities to related parties, interest and currency derivatives and certain operating liabilities such as trade accounts payable. The Group's financial assets are cash and cash equivalents, interest rate and currency derivatives, accounts receivable, accrued rental income and long-term and 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, thereby causing 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 expense.

#### Financial key performance indicators

	Dec 31, 2019	Dec 31 2018
Equity/assets ratio, %	39	37
Loan-to-value ratio, %	54	58
Loan-to-value ratio, secured loans, %	9	10
Share of short-term net debt, %	25	15
Interest coverage ratio, multiple	3.5	3.2
Interest rate duration, years	4.5	5.1
Debt duration, years	3.8	4.1
Average interest rate at the end of the year, %	1.6	1.7

#### Maturity analysis, interest-rate derivatives

Year	Amortized cost	Nominal amount	Future interest payments under current contracts at closing date	Of which payments on interest-rate derivatives
2020	7,139	7,138	383	110
2021	4,451	4,408	343	100
2022	3,404	3,403	278	80
2023	2,819	2,820	234	53
2024	3,547	3,365	178	36
2025	–	–	135	19
2026	719	708	128	9
2027	528	536	101	2
2028	1,052	1,060	89	–2
2029	576	581	69	–2
2030	791	811	52	–
2031	–	–	43	–
2032	292	270	44	–
2033	1,416	1,417	27	–
2034 –	104	103	6	–
<b>Total</b>	<b>26,838</b>	<b>26,620</b>	<b>2,110</b>	<b>405</b>

#### 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 179, of which 98 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 22. The credit quality of accounts receivable that are not due is deemed to be good. As of the closing date, Rikshem also had interest-rate and foreign exchange derivatives with a positive value of MSEK 509. 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 four Nordic banks. Of these bank loans, 89 percent have 3-month STIBOR as their interest rate base and 11 percent have a fixed interest rate. During the year, a credit facility was signed with the European Investment Bank, the EIB. The facility may be used to finance energy-efficient investments. During the year, MSEK 200 was raised from the facility. In addition, the Company has raised capital market loans by issuing commercial paper and bonds. The commercial papers have a maturity of less than 1 year and the bonds have a maturity of more than 1 year. The interest rate for the commercial papers is determined on the issue date. The interest rate for 64 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 unused portion of overdraft facilities totaling SEK 3.5 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.

## NOTES

### Note 3

- continued

#### Maturity analysis, interest-rate derivatives

Year	Interest payable	Interest receivable
2020	136	26
2021	141	41
2022	133	53
2023	123	70
2024	114	78
2025	99	80
2026	72	63
2027	43	41
2028	18	20
2029	4	6
	<b>883</b>	<b>478</b>

#### Currency risk

While Rikshem mainly issues bonds in SEK, the loan portfolio also includes bonds issued in NOK and EUR. For funding 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 period

Remaining interest-rate period	Amortized cost	Nominal amount
0-6 months	19,618	19,582
6-12 months	1,595	1,597
over 12 months	5,625	5,441
<b>Total</b>	<b>26,838</b>	<b>26,620</b>

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. 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 fulfil its obligations. Interest rate risk is managed, for example, by the Company aiming for the interest coverage ratio to always be 1.75 times higher and by keeping the average interest rate duration within the 3-6 year period.

#### Interest-rate derivatives, December 31,2019

Year	Nominal amount, MSEK End of the year	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

The interest rate period in the liability portfolio combined with the above derivative portfolio gives the following structure for total interest rate period:

#### Interest-bearing liabilities

Year	Interest rate duration		Debt duration	
	MSEK	share, %	MSEK	participation
0-1	3,412	13	7,139	27
1-2	2,153	8	4,451	17
2-3	3,226	12	3,404	13
3-4	2,000	7	2,819	10
4-5	4,047	15	3,547	13
5-	12,000	45	5,478	20
<b>Total</b>	<b>26,838</b>	<b>100</b>	<b>26,838</b>	<b>100</b>

#### Sensitivity analysis

If the average interest rate were to change by +/- 1 percent, interest expense would change by +/- MSEK 268.

**Note 3**

- continued

**Classification of financial instruments**

<b>The Group</b>	Financial assets/ liabilities recorded at amortized cost	Financial assets/ liabilities recorded at fair value through profit or loss	Financial assets/ liabilities recorded at fair value through other comprehensive income	Total carrying amount	Fair value
December 31, 2019					
<b>Assets</b>					
Accounts receivable	22			22	22
Receivables from joint ventures	176			176	176
Other receivables	57			57	57
Financial derivative instruments		509		509	509
Non-current receivables	3			3	3
Prepaid expenses and accrued income	115			115	115
Cash and cash equivalents	568			568	568
<b>Total assets</b>	<b>941</b>	<b>509</b>	<b>–</b>	<b>1,450</b>	<b>1,450</b>
<b>Liabilities</b>					
Bank loans	4,516			4,516	4,541
Bonds	19,582			19,582	20,313
Commercial papers	2,740			2,740	2,740
Liabilities to joint ventures	30			30	30
Financial derivative instruments		432		432	432
Trade accounts payable	68			68	68
Other current liabilities	540			540	540
Accrued expenses and deferred income	368			368	368
<b>Total liabilities</b>	<b>27,844</b>	<b>432</b>	<b>–</b>	<b>28,276</b>	<b>29,032</b>
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>–</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>–</b>	<b>27,366</b>	<b>27,599</b>

## NOTES

### Note 3

- continued

Parent Company	Financial assets/liabilities reported at acquired acquisition cost	Financial assets/liabilities recorded at fair value through profit or loss	Financial assets/liabilities recorded at fair value through other comprehensive income	Total carrying amount	Fair value
December 31, 2019					
<b>Assets</b>					
Accounts receivable	2			2	2
Receivables from Group companies	30,887			30,887	30,887
Receivables from joint ventures	29			29	29
Other receivables	1			1	1
Financial derivative instruments		509		509	509
Non-current receivables	–			–	–
Prepaid expenses and accrued income	40			40	40
Cash and cash equivalents	561			561	561
<b>Total assets</b>	<b>31,520</b>	<b>509</b>	<b>–</b>	<b>32,029</b>	<b>32,029</b>
<b>Liabilities</b>					
Bank loans	2,257			2,257	2,271
Bonds	19,582			19,582	20,313
Commercial papers	2,740			2,740	2,740
Financial derivative instruments		432		432	432
Liabilities to Group companies	678			678	678
Trade accounts payable	4			4	4
Other current liabilities	510			510	510
Accrued expenses and deferred income	93			93	93
<b>Total liabilities</b>	<b>25,864</b>	<b>432</b>	<b>–</b>	<b>26,296</b>	<b>27,041</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>Financial assets recorded at amortized cost</b>	<b>30,537</b>	<b>153</b>	<b>–</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>Financial liabilities recorded at accrued amortized cost</b>	<b>25,177</b>	<b>311</b>	<b>–</b>	<b>25,488</b>	<b>25,636</b>

**Note 3**

- continued

**Financial receivables**

Financial receivables primarily pertain to non-current receivables to external counterparties and joint ventures. A provision has been made for expected credit losses using a rating-based model. The rating is based on the creditor's cash liquidity, 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 reported at their invoiced value.

The assets are covered by a provision for expected credit losses. The provision 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 232 (204) 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 (10) pertains to purchases from subsidiaries, corresponding to 7 percent (9) of total purchases

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

All leases 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	2019	2018
Maturing within 1–5 years	381	369
Maturing within 6–10 years	240	195
Maturing within 11–15 years	216	190
Maturing within 16–20 years	134	178
Maturing within 21–25 years	33	33
Maturity later than 26 years	0	0
	<b>1,004</b>	<b>965</b>

The average term of the rental agreements in the table above was 8.0 years for 2019 and 9.0 years for 2018. The average term of equivalent rental agreements exclusively in properties for public use was 9.4 years for 2019 and 10.1 years for 2018.

## Note 6

### Segment reporting

#### The 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 therefore not distributed.

	Residential		Properties for public use		Total	
	2019	2018	2019	2018	2019	2018
<b>Rental income</b>	<b>2,049</b>	<b>1,966</b>	<b>867</b>	<b>826</b>	<b>2,916</b>	<b>2,792</b>
Operating expenses	-588	-567	-183	-173	-771	-740
Maintenance	-236	-228	-70	-78	-306	-306
Administration	-160	-137	-51	-45	-211	-182
Property tax	-39	-37	-3	-3	-42	-40
<b>Total property expenses</b>	<b>-1,023</b>	<b>-969</b>	<b>-307</b>	<b>-299</b>	<b>-1,330</b>	<b>-1,268</b>
<b>Net operating income</b>	<b>1,026</b>	<b>997</b>	<b>560</b>	<b>527</b>	<b>1,586</b>	<b>1,524</b>
Change in value of investment properties	803	1,462	735	645	1,538	2,107
<b>Total return</b>	<b>1,829</b>	<b>2,459</b>	<b>1,295</b>	<b>1,172</b>	<b>3,124</b>	<b>3,631</b>

All revenue relates to Sweden. No single tenant accounted for 10 percent of revenue or more during 2018 and 2019.

Income statement	By segment		Unallocated items		Total	
	2019	2018	2019	2018	2019	2018
Net operating income	1,586	1,524	-	-	1,586	1,524
Central administration	-	-	-100	-65	-100	-65
Interest income	-	-	6	9	6	9
Interest expense	-	-	-450	-467	-450	-467
Earnings from joint ventures	-	-	244	7	244	7
Change in value of properties	1,538	2,107	-	-	1,538	2,107
Change in value of derivatives	-	-	235	-102	235	-102
Foreign exchange effects on financial liabilities	-	-	-215	-91	-215	-91
<b>Profit before tax</b>	<b>3,124</b>	<b>3,631</b>	<b>-280</b>	<b>-709</b>	<b>2,844</b>	<b>2,922</b>

Balance sheet	Residential		Properties for public use		Total	
	2019	2018	2019	2018	2019	2018
Investment properties	34,313	32,411	14,994	13,276	49,307	45,687
1) of which investments for the year	1,214	839	354	244	1,568	1,083

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

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

SEK thousand	The Group		Parent Company	
	2019	2018	2019	2018
<b>Ernst &amp; Young AB</b>				
Audit assignment	3,109	2,843	3,109	2,843
Audit activities other than the audit assignment	761	632	761	632
Tax advice	47	84	47	84
Other services	–	–	–	–
<b>Total</b>	<b>3,917</b>	<b>3,559</b>	<b>3,917</b>	<b>3,559</b>

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

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

	The Group		Parent Company	
	2019	2018	2019	2018
<b>Average number of employees</b>				
Women	110	91	105	87
Men	136	122	124	113
<b>Total</b>	<b>246</b>	<b>213</b>	<b>229</b>	<b>200</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	3	4	3	4
Men	6	5	6	5
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>

	The Group		Parent Company	
	2019	2018	2019	2018
<b>Salaries, other remuneration and social security expenses</b>				
SEK thousand				
Chairman of the Board, Bo Magnusson	611	564	611	564
Board member, Lena Boberg	204	211	204	211
Board member, Liselotte Hjorth	271	269	271	269
Board member, Per-Gunnar Persson	274	250	274	250
Board member, Per Uhlén (until November 2019)	165	193	165	193
Board member, Pernilla Arnrud Melin (from April 2018)	–	–	–	–
Board member, Ebba Hammarström (from March 2018)	–	–	–	–
Board member, Andreas Jensen (from March 2019)	–	–	–	–
<b>CEO</b>				
Basic salary and severance pay	8,613	3,830	8,613	3,830
Benefits	48	58	48	58
<b>Other senior executives</b>				
Basic salary	11,499	11,571	11,499	11,571
Benefits	228	216	228	216
Performance pay	2,351	1,549	2,351	1,549
<b>Other employees</b>				
Basic salary	111,556	87,728	99,651	80,259
Benefits	1,010	887	551	506
Performance pay	11,763	11,544	10,293	10,978
Social security expenses	46,882	37,578	42,389	34,843
<b>Total</b>	<b>195,475</b>	<b>156,448</b>	<b>177,148</b>	<b>145,297</b>
<b>Pension costs</b>				
CEO	1,653	1,244	1,653	1,244
Other senior executives	3,944	3,452	3,944	3,452
Other employees	17,246	13,516	14,770	12,348
<b>Total</b>	<b>22,843</b>	<b>18,212</b>	<b>20,367</b>	<b>17,044</b>
<b>Total</b>	<b>218,318</b>	<b>174,660</b>	<b>197,515</b>	<b>162,341</b>

**Note 8**

- continued

**Board of directors**

According to an AGM resolution, an annual fee in the amount of SEK 575 thousand is to be paid to the Chairman of the Board and SEK 200 thousand to each Board member as of March 29, 2019. An annual fee of SEK 70 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 2019, fees totaling SEK 611 thousand were paid to the Chairman of the Board and a total of SEK 914 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. No variable remuneration was paid in 2019. Benefits refer chiefly to company vehicles. The CEO resigned her employment as of October 31, 2019 and was replaced by the Acting CEO until the CEO's appointment in the spring of 2020. The Acting CEO receives remuneration in accordance with a consulting agreement.

**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 will be made in respect of other income. No severance pay will be paid in the case of termination by the employee.

**Pension**

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

**Other senior executives**

Other senior executives include the following eight (eight) 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. Head of Region Southern Sweden receives remuneration in accordance with consulting agreements from September 2019 until the regular Head of Region Southern Sweden takes up the appointment in 2020. Remuneration and benefits to Group management are prepared by the Remuneration Committee and decided by the Board.

Remuneration to other senior executives consists partly of a basic salary and partly of variable remuneration based on performance-based remuneration described below. There is one senior executive who is exempt from variable remuneration. The variable remuneration can amount to a maximum of four monthly salaries. The variable remuneration is based on the outcome for the year in terms of real total return and total return compared to a benchmark and annually adjusted income from management operations, as well as the annual "Satisfied Customer Index". The four target areas for each group in the table can lead to separate outcomes. The variable remuneration is pensionable. Benefits mainly pertain to car benefits and health care benefits.

**Pension**

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

**Agreement on severance pay**

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

**Other employees**

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

For other employees, the earnings-based remuneration is based on the properties' real total return, total return compared to the benchmark and annual "Satisfied Customer Index". Part of the earnings-based remuneration differs between management and other employees, in terms of management receiving remuneration based on the annual "Satisfied Customer Index" regionally, and other employees receiving remuneration based on annually adjusted income from management operations.

Performance-based remuneration may amount to a maximum of two months' salary. The four target areas for each group in the table can lead to separate outcomes. The variable remuneration is pensionable. Benefits mainly pertain to car benefits and health care benefits.

For 2019, the concept of key personnel has been removed. For those employees who in 2016, 2017 and 2018 were named as key personnel and were still employees, the earnings-based compensation deferred for 2016, 2017 and for 2018 was paid out in 2019.

## Note 9

### Ground rents and other leasing costs

	The Group		Parent Company	
	2019	2018	2019	2018
Maturity within 1 year	13	12	10	8
Maturity within 2 – 5 years	35	35	23	23
Maturity later than 5 years	123	122	0	1
	<b>171</b>	<b>169</b>	<b>32</b>	<b>32</b>

Future leasing fees refer to signed agreements regarding ground rents, cars, office machines and rental agreements with external landlords.

In the income statement, leasing fees are recognized as impairment and interest expense, while ground rents as a whole are recognized as interest expense. Interest expense and ground rent have been reclassified to net financial items. This has had a positive impact on net operating income of MSEK 3. Income from management operations has not been affected.

Below are the effects of the transition from IAS 17 Leases to IFRS 16 Leases, based on future rental fees as of December 31, 2018. See also Note 15 Site leasehold rights and other right-of-use-assets below.

#### Effect of transition from IAS 17 Rental Agreements to IFRS 16 Rental Agreements

The Group	
Future fees for operating rental agreement as of December 31, 2018	169
With deduction for agreements classified as:	
Short-term leases that are expensed on a straight-line basis	0
Leases for which the underlying asset is of low value	0
Service agreements not covered by IFRS 16	-2
Discount with the Group's marginal loan interest rate of 1.5%	-58
Financial leasing liabilities as per December 31, 2018 in accordance with IAS 17	-
Adjustments due to other management of options to extend/terminate agreements	-
Currency conversion	-
Adjustments due to index or price changes attributable to variable fees	0
<b>Financial leasing liability recognized at January 1, 2019</b>	<b>109</b>

## Note 10

### Interest income

	The Group		Parent Company	
	2019	2018	2019	2018
Interest income	3	4	1	1
Interest income, Group companies	-	-	477	533
Interest income, joint ventures/subsidiaries' joint venture holdings	3	5	1	3
Other financial income	0	0	-	-
	<b>6</b>	<b>9</b>	<b>479</b>	<b>537</b>

## Note 11

### Interest expense

	The Group		Parent Company	
	2019	2018	2019	2018
Interest expense	-428	-451	-421	-450
Interest expense, Group companies	-	-1	-13	-20
Interest costs, joint ventures	-1	-2	-	-
Ground rents	3	-	-	-
Other financial expenses	-18	-13	-17	-12
	<b>-450</b>	<b>-467</b>	<b>-451</b>	<b>-482</b>

In the case of major new builds, extensions and redevelopments, interest on the investment is capitalized during the production period. In 2019, MSEK 9 (7) was capitalized and calculated based on the average interest rate on the loan portfolio during the period.

## Note 12

### Change in value of financial instruments

	The Group		Parent Company	
	2019	2018	2019	2018
Premature interest rate derivatives	-	-455	-	-455
Change in value of interest-rate derivatives	-270	310	-270	310
Change in value of foreign exchange derivatives	505	43	505	43
	<b>235</b>	<b>-102</b>	<b>235</b>	<b>-102</b>

**Note 13****Tax**

	<b>The Group</b>		<b>Parent Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current tax	-5	-1	-	0
Deferred tax	-594	-432	-60	-54
	<b>-599</b>	<b>-433</b>	<b>-60</b>	<b>-54</b>
<b>Reconciliation of effective tax</b>				
Recognized profit before tax	2,844	2,922	522	302
Tax according to current tax rate, 21.4% (22.0%)	-609	-643	-112	-66
Recalculation of opening deferred tax according to new tax rate, 20.6%	-	149	-	8
Recalculation of change in deferred tax for the period according to new tax rate, 20.6%	23	42	0	4
Loss carryforwards	32	12	10	-
Change in value of properties	-20	4	-	-
Earnings from holdings according to the equity method	52	2	-	-
Divestment of properties	0	1	-	-
Untaxed reserves	-52	-	-	-
Non-taxable revenue/non-deductible expenses	-27	0	42	0
Tax attributable to earlier fiscal years	0	0	-	-
Other adjustments	1	0	-	0
<b>Recognized effective tax</b>	<b>-599</b>	<b>-433</b>	<b>-60</b>	<b>-54</b>
Effective tax rate	21.1%	14.8%	11.5%	17.9%
<b>Deferred tax in statement of comprehensive income</b>				
Investment properties / Investment properties in limited partnerships	-456	-387	-2	15
Interest-rate and foreign exchange derivatives	-48	-80	-48	-79
Untaxed reserves	-50	18	-	-
Loss carryforwards	-41	17	-10	10
Other	1	0	0	0
<b>Recognized deferred tax</b>	<b>-594</b>	<b>-432</b>	<b>-60</b>	<b>-54</b>

## Note 14

### Fair value of investment properties

#### The Group

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

The fair value of investment properties increased to MSEK 49,307 (45,687) during the year, corresponding to SEK 21,512 (20,090) per square meter. The increase in value relates to investments in existing properties and value increases. The total increase in value amounted to MSEK 1,538 (2,107), corresponding to growth of 3.2 percent (4.9). The increase in value reflects the change in the properties' cash flows and in the property yield requirement.

Investments in existing properties during the year amounted to MSEK 1,568 (1,083), of which MSEK 707 (660) pertained to redevelopment and renovation of residential apartments, MSEK 507 (179) to new construction of residential apartments and MSEK 354 (244) to investments in properties for public use. 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 properties in development for residential apartments and four properties for public use to the project portfolio with a total of 286 apartments and 23,524 sqm of rentable space. An agreement has also been signed for the acquisition of a property in development in Upplands Väsby, where approximately 70 rental apartments and approximately 350 sqm of office space will be built. Two properties were sold during the year for a total of MSEK 365 (328). The largest sale was the property in development Sivia Torg in Uppsala.

	Dec 31, 2019	Dec 31, 2018
<b>The Group</b>		
Fair value at the start of the year	45,687	41,039
Investments	1,568	1,083
Acquisitions	879	1,786
Change in value	1,538	2,107
Divestments	-365	-328
<b>Fair value at the end of the year</b>	<b>49,307</b>	<b>45,687</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 construction and renovations.

	Dec 31, 2019	Dec 31, 2018
<b>The Group</b>		
Acquisitions	830	1,329
New construction	916	403
Redevelopment	216	200
	<b>1,962</b>	<b>1,932</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 public use rented to municipalities on long-term rental agreements, the analysis period corresponds to the remaining contract term. Rental income is based on the existing rental agreements 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 property yield requirement are checked in yearly and half-yearly valuations by external appraisers. Fair value has therefore been assessed according to IFRS 13 level 3.

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

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

#### Rent in SEK/sqm

Property type	min	average	max
Residential properties	710	1,224	2,789
Properties for public use – nursing homes	550	1,460	2,776
Properties for public use – schools	781	1,511	2,324
Commercial properties	747	1,253	5,070
<b>Average</b>		<b>1,289</b>	

#### Property yield requirement

Property type	min	average	max
Residential properties	2.44%	3.85%	5.63%
Properties for public use – nursing homes	3.65%	4.61%	7.50%
Properties for public use – schools	4.70%	5.07%	6.65%
Commercial properties	3.80%	5.05%	7.45%
<b>Average</b>		<b>4.12%</b>	

Of the assessed fair value of MSEK 49,307 (45,687), MSEK 808 pertains to development rights which, on average, have been valued at SEK 2,022 per square meter. The average property yield requirement is 4.12 percent, a reduction of 0.08 percentage points compared with the average property yield requirement at the beginning of the year.

Fair value per property type	Dec 31, 2019	Dec 31, 2018
Residential properties	33,812	31,990
Properties for public use – nursing homes	11,636	10,279
Properties for public use – schools	3,012	2,652
Commercial properties <sup>1)</sup>	847	766
<b>Total</b>	<b>49,307</b>	<b>45,687</b>

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

#### Sensitivity analysis

Property valuations are based, for example, on assumptions about future use, earning capacity and market return requirements. The valuation range of +/- 5 percent specified for property valuation reflects the uncertainty inherent in assumptions and estimations made. In the case of Rikshem, this uncertainty range of +/- 5 percent is equivalent to a value range of +/- MSEK 2,465.

A change of +/-0.25 percentage points in the average property yield requirement of 4.12 percent would entail a change in value of MSEK -2,840 or MSEK +3,213, respectively. If the average net operating income of SEK 811 per square meter were to change by +/-5 percent, fair value would change by +/- MSEK 2,290.

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.

## NOTES

### Note 14

- continued

<b>Changed property yield requirement</b>	<b>+0.25</b>	<b>-0.25</b>
Residential properties	-2,060	2,346
Properties for public use – nursing homes	-598	667
Properties for public use – schools	-142	156
Commercial properties	-40	44
<b>Total</b>	<b>-2,840</b>	<b>3,213</b>

<b>Change in net operating income</b>	<b>+5.0%</b>	<b>-5.0%</b>
Residential properties	1,592	-1,592
Properties for public use – nursing homes	530	-530
Properties for public use – schools	135	-135
Commercial properties	33	-33
<b>Total</b>	<b>2,290</b>	<b>-2,290</b>

<b>Change in rental income</b>	<b>+1.0%</b>	<b>-1.0%</b>
Residential properties	538	-538
Properties for public use – nursing homes	142	-142
Properties for public use – schools	38	-38
Commercial properties	11	-11
<b>Total</b>	<b>729</b>	<b>-729</b>

#### External valuation

To ensure accurate valuations, Newsec and Cushman & Wakefield have together valued properties equivalent to 99.8 percent of the property portfolio in terms of value. Rikshem's valuation of these properties amounted to MSEK 49,225, while the external valuations together totaled MSEK 49,373 which corresponds to a deviation of MSEK 148 or 0.3 percent. The deviation between the internal and external assessed values is well within the uncertainty range of +/- 5 percent.

### Note 15

#### Site leasehold rights and other right-of-use-assets

<b>The Group, assets</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<i>Site lease-</i>	<i>Other</i>	
<i>Accumulated costs</i>	<i>hold rights</i>	<i>agreements</i>	<i>Total</i>
At the start of the year/ introduction of IFRS 16	97	12	109
Newly signed agreements and renewed agreements	4	25	29
Indexation	–	0	0
Depreciation	–	-8	-8
Other items	0	1	1
<b>Carrying amount at year-end</b>	<b>101</b>	<b>30</b>	<b>131</b>

#### The Group, liabilities

	<i>Site lease-</i>	<i>Other agree-</i>	
<i>Accumulated costs</i>	<i>hold rights</i>	<i>ments</i>	<i>Total</i>
Non-current liability	98	19	117
Current liability	3	11	14
<b>Carrying amount at year-end</b>	<b>101</b>	<b>30</b>	<b>131</b>

### Note 16

#### Equipment

	<b>The Group</b>		<b>Parent Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Amortized cost</b>				
At the start of the year	22	21	19	18
Acquisitions and new purchases	2	1	2	1
Divestments and disposals	-4	0	-4	–
<b>Closing amortized cost</b>	<b>20</b>	<b>22</b>	<b>17</b>	<b>19</b>
<b>Depreciation</b>				
At the start of the year	-17	-15	-15	-12
Divestments and disposals	4	0	4	–
Depreciation for the year according to plan	-2	-3	-2	-3
<b>Closing depreciation</b>	<b>-15</b>	<b>-17</b>	<b>-13</b>	<b>-15</b>
<b>Carrying amount at year-end</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>

## Note 17

### Participations in subsidiaries

Parent Company	Dec 31, 2019	Dec 31, 2018
<b>Amortized cost</b>		
At the start of the year	1,967	1,967
Divestments	-22	-
Shareholder contributions	0	-
Impairment of shares in subsidiaries	0	-
Share of profit in limited partnerships	86	62
Withdrawal of share of profit in limited partnerships	-86	-62
<b>Carrying amount at year-end</b>	<b>1,945</b>	<b>1,967</b>

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

Subsidiaries	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 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

**1,945**

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

## Note 18

### Participations in joint ventures

The Group	Dec 31, 2019	Dec 31, 2018
At the start of the year	1,353	1,356
Contribution	62	-
Share of profit	244	7
Capital withdrawal	-1	-10
<b>Carrying amount at year-end</b>	<b>1,658</b>	<b>1,353</b>

Company	2019		2018	
	Profit for the year	Rikshem's share	Profit for the year	Rikshem's share
Farsta Stadsutveckling KB	0	0	-	-
Farsta Intressenter AB	-	-	-	-
Farsta Fastighetsintressenter AB	396	198	-40	-20
Boostad Bostad Sverige AB	-36	-18	-21	-11
VärmdöBostäder AB	130	64	72	35
Bergagårdshöjdens JV AB	-	-	-	-
Bergagårdshöjdens BR JV AB	0	0	4	2
JV Tidmätaren AB	0	0	1	1
<b>Profit for the year</b>	<b>490</b>	<b>244</b>	<b>16</b>	<b>7</b>
<b>Comprehensive profit for the year</b>	<b>490</b>	<b>244</b>	<b>16</b>	<b>7</b>

## NOTES

### Note 18

- continued

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

Joint ventures	Corp. reg. no.	Domicile	Partner	Share of capital, %	Number of participations	Carrying amount
Farsta Stadsutveckling KB	969622-6399	Stockholm	Ikano Bostad	50	500	5
Farsta Intressenter AB	559015-9108	Stockholm	Ikano Bostad	50	25,000	–
Farsta Fastighetsintressenter AB	559039-2246	Stockholm	Ikano Bostad	50	25,000	566
Boostad Bostad Sverige AB	559021-1313	Stockholm	Veidekke Bostad	50	250	88
VärmdöBostäder AB	556476-2176	Stockholm	Värmdö kommun	49	12,250	978
Bergagårdshöjdens JV AB	559006-0967	Kalmar	P&E Fastighetspartner	50	500	10
Bergagårdshöjdens BR JV AB	559079-9077	Kalmar	P&E Fastighetspartner	50	500	0
JV Tidmätaren AB	559098-6088	Stockholm	Glommen & Lindberg	50	250	11
						<b>1,658</b>

#### 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.

	Farsta Fastighetsintressenter AB		Värmdö-Bostäder AB	
	2019	2018	2019	2018
Revenue	17	11	190	170
Income from management operations	2	–10	41	39
Change in value of properties	501	–38	117	56
Change in value of derivatives	–	–	2	3
Net financial items	–4	–4	–7	–7
Tax	–103	12	–23	–19
<b>Profit for the year</b>	<b>396</b>	<b>–40</b>	<b>130</b>	<b>72</b>
<b>Comprehensive profit for the year</b>	<b>396</b>	<b>–40</b>	<b>130</b>	<b>72</b>
	<b>Dec 31, 2019</b>	<b>Dec 31, 2018</b>	<b>Dec 31, 2019</b>	<b>Dec 31, 2018</b>
Fixed assets	1,740	1,190	2,951	2,688
Current assets	77	140	6	10
Cash and cash equivalents	32	19	36	116
<b>Assets</b>	<b>1,849</b>	<b>1,349</b>	<b>2,993</b>	<b>2,814</b>
Equity	1,133	737	1,997	1,867
Non-current financial liabilities	580	580	814	774
Other non-current liabilities	117	11	144	122
Current financial liabilities	–	–	2	4
Other current liabilities	19	21	36	47
<b>Equity and liabilities</b>	<b>1,849</b>	<b>1,349</b>	<b>2,993</b>	<b>2,814</b>

**Note 19****Financial derivative instruments**

	The Group		Parent Company	
	2019	2018	2019	2018
<b>Recognized as financial assets</b>				
Interest-rate swaps	1	0	1	0
Currency swaps	508	153	508	153
	<b>509</b>	<b>153</b>	<b>509</b>	<b>153</b>
<b>Recognized as financial liabilities</b>				
Interest-rate swaps	-388	-117	-388	-117
Currency swaps	-44	-194	-44	-194
	<b>-432</b>	<b>-311</b>	<b>-432</b>	<b>-311</b>

**Note 20****Non-current receivables**

	The Group		Parent Company	
	2019	2018	2019	2018
Opening book value	276	227	58	54
Additional receivables	15	82	-	21
Deductible receivables	-109	-33	-26	-17
Impairment	-3	-	-3	-
Provision for expected losses according to IFRS 9	0	0	0	0
<b>Closing book value</b>	<b>179</b>	<b>276</b>	<b>29</b>	<b>58</b>

Of the Group's receivables, MSEK 176 (245) relates to receivables from joint ventures. Of the Parent Company's receivables, MSEK 29 (55) relates to receivables from subsidiaries' joint venture holdings.

**Note 21****Receivables from and liabilities to Group companies**

	The Group		Parent Company	
	2019	2018	2019	2018
Opening book value	-	-	29,418	27,964
Additional receivables	-	-	2,305	2,336
Deductible receivables	-	-	-836	-882
<b>Closing book value</b>	<b>-</b>	<b>-</b>	<b>30,887</b>	<b>29,418</b>
Opening book value	-	-	623	1,763
Additional liabilities	-	-	87	237
Outgoing liabilities	-	-	-32	-1,377
<b>Closing book value</b>	<b>-</b>	<b>-</b>	<b>678</b>	<b>623</b>

**Note 22****Accounts receivable**

	The Group		Parent Company	
	2019	2018	2019	2018
Tenant receivables	24	20	-	-
Other accounts receivable	-	-	2	0
Provision for expected credit losses	-2	-2	-	-
	<b>22</b>	<b>18</b>	<b>2</b>	<b>0</b>

Provisions for expected credit losses are based on past statistics and a risk assessment of accounts receivable and rent receivables, taking into account economic cycles and credit risk.

**Aging, accounts receivable**

	The Group		Parent Company	
	2019	2018	2019	2018
Non-overdue accounts receivable	10	7	2	0
Past due <30 days	1	2	-	-
Past due 31> days	11	9	-	-
<b>Total accounts receivable</b>	<b>22</b>	<b>18</b>	<b>2</b>	<b>0</b>

**Note 23****Other receivables**

	The Group		Parent Company	
	2019	2018	2019	2018
Receivables from joint ventures	-	17	-	-
Tax receivables	-	-	14	-
Other receivables	107	113	6	20
	<b>107</b>	<b>130</b>	<b>20</b>	<b>20</b>

**Note 24****Prepaid expenses and accrued income**

	The Group		Parent Company	
	2019	2018	2019	2018
Accrued income	114	85	40	40
Prepaid insurance premiums	9	5	-	0
Prepaid operating expenses	1	2	-	-
Other prepaid expenses and accrued income	2	5	3	1
	<b>126</b>	<b>97</b>	<b>43</b>	<b>41</b>

## Note 25

### Deferred tax

	The Group		Parent Company	
	2019	2018	2019	2018
Deferred tax attributable to loss carryforwards	0	-41	-	-10
Deferred tax attributable to properties	3,327	2,871	223	221
Deferred tax attributable to financial instruments	15	-33	15	-33
Deferred tax attributable to other items	50	-	0	0
	<b>3,392</b>	<b>2,797</b>	<b>238</b>	<b>178</b>

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

In a direct sale of the Group's properties, the tax-related outcome in the Group is estimated at MSEK 29,717 (27,239) by offsetting the carrying amount of MSEK 49,307 (45,687) for properties recognized by the Group against the total taxable residual value in legal entities of MSEK 19,590 (18,447). Accordingly, the calculated taxable net profit exceeds the temporary difference for properties which form the basis for recognizing a deferred tax liability for Group properties in the amount of MSEK 13,565 (13,301).

According to Rikshem's assessment, the Company's deferred tax liability will, in all material respects, be realized after 2020 and deferred tax has therefore been calculated based on the tax rate that will apply as of 2021, which is 20.6 percent. The income tax realized in a property sale is often significantly lower since it is possible to sell properties through company sales, thereby avoiding full tax liability and also because of the time factor. With regard to accounting rules, deferred tax is reported at nominal value without discounting. Rikshem recalculated the opening balance of the deferred tax as of January 1, 2018 at the new corporate tax rate with regard to the above.

The company has loss carryforwards measured at a total of MSEK 3, of which MSEK 2 is blocked until the end of 2024.

## Note 26

### Interest-bearing liabilities

	The Group		Parent Company	
	2019	2018	2019	2018
Bonds	19,582	19,898	19,582	19,898
Bank loans	4,516	4,535	2,257	2,275
Commercial papers	2,740	2,060	2,740	2,060
Liabilities to joint ventures	30	57	-	-
	<b>26,868</b>	<b>26,550</b>	<b>24,579</b>	<b>24,233</b>

Interest-bearing liabilities with a maturity of more than 5 years amounted to MSEK 5,477 in the Group and MSEK 4,759 in the Parent Company. Remaining liabilities fall due within 5 years of the closing date. For further information, see Note 3 Financial instruments and risk management.

## Note 27

### Provision for pensions

#### The 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 to 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.

#### Pension costs in the income statement

Pension costs, SEK thousand	Note	Dec 31, 2019	Dec 31, 2018
<b>Pension costs in the income statement</b>			
Service costs for the current year		–	–19
Interest expense, net		54	–90
<b>Total defined-benefit costs</b>		<b>54</b>	<b>–109</b>
Cost for special payroll tax paid		–	–12
Defined contribution costs		–18,489	–14,797
Cost for special payroll tax paid		–4,485	–3,590
<b>Total pension costs</b>		<b>–18,435</b>	<b>–14,906</b>
<b>Total pension costs, including the cost for special payroll tax paid</b>		<b>–22,920</b>	<b>–18,508</b>
<b>Pension costs in other comprehensive income</b>			
Actuarial gain (+)/loss (–) on the commitment's present value, experience gains/losses <sup>1)</sup>	1)	471	419
Actuarial gain (+)/loss (–) on the commitment's present value, financial assumptions <sup>2)</sup>	2)	–4,253	–543
Return on plan assets		950	–405
<b>Total pension costs in other comprehensive income</b>		<b>–2,832</b>	<b>–529</b>

#### Net liability, defined-pension benefits

SEK thousand	Note	Dec 31, 2019	Dec 31, 2018
<b>Change in pension obligations</b>			
Present value of defined-benefit pension obligations, opening balance	3)	19,083	18,696
Service costs for the current year		–	19
Interest expense on pension commitments		423	465
Disbursement of benefits directly from plan assets		–218	–221
Actuarial gains (–) / losses (+) on pension commitments		3,782	124
<b>Present value of pension obligations, closing balance</b>	3)	<b>23,070</b>	<b>19,083</b>
<b>Change in plan assets, fair value</b>			
Fair value of plan assets, opening balance		15,827	16,042
Interest income		369	375
Premium payments from employer		–	36
Disbursement of benefits		–218	–221
Return on plan assets	4)	950	–405
<b>Fair value of plan assets, closing balance</b>		<b>16,928</b>	<b>15,827</b>
<b>Net obligations in the balance sheet</b>		<b>6,142</b>	<b>3,256</b>

3) The present value of pension obligations includes the special payroll tax, estimated as the present value of special payroll taxes calculated on the annual difference between the pension obligation measured according to PUCM and the accrued pension obligation with SPP's actuarial assumptions.

	Dec 31, 2019	Dec 31, 2018
4) <b>Return on plan assets</b>		
Real return on plan assets	1,319	–30
Interest income on plan assets	–369	–375
	<b>950</b>	<b>–405</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, 2019	Dec 31, 2018
Shares	11	9
Interest-bearing investments	64	79
Properties	12	–
Alternative investments	13	12
<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.

## NOTES

### Note 27

- continued

#### 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, 2019	Dec 31, 2018
Discount rate, %	1.3	2.4
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	0.0
Expected weighted average duration for present value of the obligation, years	19.6	19.3

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. DUS14 has not yet been set up in an FFFS.

BTP2 includes an option 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 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 commitments are secured through occupational pension policies. As of 2019, no premium payments will be made for defined-benefit pension commitments.

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 20 years.

### Note 28

#### Accrued expenses and deferred income

	The Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Prepaid rental income	326	304	-	-
Accrued operating expenses	64	68	-	-
Accrued interest expenses	51	48	50	48
Accrued personnel expenses	50	42	40	37
Accrued project expenses	206	23	-	-
Other items	11	12	10	10
	<b>708</b>	<b>497</b>	<b>100</b>	<b>95</b>

### Note 29

#### 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 17.
Joint ventures	Presented in Note 18

### Note 30

#### Adjustment for items not included in cash flow

	The Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Share of profit in joint ventures	-244	-7	-	-
Depreciation	2	3	2	3
Capital gain/loss on sale of equipment	-1	0	-1	-
Pension costs	-	0	-	-
Other	4	0	3	0
	<b>239</b>	<b>4</b>	<b>4</b>	<b>3</b>

**Note 31****Summary of liabilities attributable to financing activities**

	The Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
<b>Interest-bearing liabilities</b>				
Opening carrying amount	26,550	24,290	24,233	21,353
Changes affecting cash flow	106	2,186	133	2,806
<b>Changes not affecting cash flow</b>				
Currency fluctuations	215	91	215	90
Accrual of borrowing costs and issue at premium/discount rate	-3	-17	-2	-16
<b>Closing carrying amount</b>	<b>26,868</b>	<b>26,550</b>	<b>24,579</b>	<b>24,233</b>

**Note 32****Pledged assets**

	The Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Mortgages	5,434	5,572	-	-
Shares in subsidiaries	167	142	-	-
<b>Total</b>	<b>5,601</b>	<b>5,714</b>	<b>-</b>	<b>-</b>

**Note 33****Contingent liabilities**

	The Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Guarantees on behalf of Group companies	-	-	3,459	3,754
Guarantees on behalf of joint ventures/joint ventures owned by subsidiaries	932	1,011	808	888
Responsibility for limited partnership liabilities	-	-	391	379
<b>Total</b>	<b>932</b>	<b>1,011</b>	<b>4,658</b>	<b>5,021</b>

Obligations leading to expenses for restoring contaminated land or other environmental commitments for owned properties may be updated in the future.

Expenses can occur, for example, in the form of extra costs in connection with new constructions or extensions or a price reduction when selling a property.

An assessment of any future amounts cannot be carried out at this stage. Rikshem is involved in a number of minor disputes with tenants, mainly concerning ongoing management issues, which may result in future obligations. For example, expenses can be incurred in the form of consulting costs associated with negotiations. An assessment of any future amounts relating to these disputes cannot presently be carried out.

**Note 34****Events after the closing date**

In January, Rikshem issued MSEK 800 in green bonds with a maturity of 5 years. The bond has been issued under Rikshem's EMTN program and will be listed on Euronext Dublin.

In February 2020, Rikshem's owners updated the financial targets for Rikshem and also established a dividend policy.

The policy states "Provided that the company's key performance indicators are met, the owners can choose to pay an annual dividend amounting to a maximum of 50 percent of the previous financial year's cash flow from the Company's operating activities".

In March 2020, S&P Global placed Rikshem on Credit Watch Negative due to Rikshem's updated ownership directives.

Rikshem is monitoring developments following the outbreak of the coronavirus (COVID-19).

Rikshem currently takes the view that the measures taken to stop the spread of the virus will only have a limited effect on the Company.

Rikshem has long-term secured financing and a large number of tenants where no individual tenant accounts for a large part of the revenue.

The Company historically has very low loss of customers. However, the company sees a possible risk in terms of project operations being affected by certain delays.

**Note 35****Proposed allocation of profit**

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

Share premium reserve, SEK	840,772,100
Retained earnings, SEK	5,899,350,104
Profit for the year, SEK	462,148,110
<b>Total, SEK</b>	<b>7,202,270,314</b>

The Board of Directors proposes that SEK 7,202,270,314 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 principles. The annual report provides a true and fair view of the Company's financial position and earnings, and the Directors' report provides a true overview of the operations, financial position and earnings of the Company and describes the significant risks to which the Company is exposed. The consolidated financial statements were prepared in accordance with international accounting standards referred to in regulation EC No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The consolidated financial statements provide a true and fair view of the Group's financial position and earnings, and the Directors' report provides a true overview of the operations, financial position and earnings of the company and describes the significant risks to which the Company is exposed.

Stockholm, March 24, 2020

Bo Magnusson  
Chairman of the Board

Pernilla Arrrud Melin

Lena Boberg

Liselotte Hjorth

Andreas Jensen

Per-Gunnar Persson

Per Uhlén  
CEO

Our auditor's report was submitted on March 24, 2020.

Ernst & Young AB

Mikael Ikonen  
Authorized Public Accountant

# Auditor's report

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

**This is a translation from the swedish original.**

## 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 2019 with exception of the corporate governance report on pages 74-76. The annual accounts and consolidated accounts of the company are included on pages 69-110 in this document.

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

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent com-

pany 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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### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

## Valuation of investment properties

### Description

The fair value of investment properties in the Group as at 31 December 2019 was 49 307 MSEK. The Group has a policy of valuing the properties internally.

As of the closing day 31 December 2019, 99.5 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 87, note 2.4 Significant accounting assessments and judgments page 90 and note 14 Fair value investment properties page 101-102.

### How our audit addressed this key audit matter

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

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

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

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

We have discussed significant assessments and assumptions made by the personnel responsible for the valuation in the Group. 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 1-60 and 115-126. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Insurance Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the

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 scepticism 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 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Insurance Business Act, the Annual Accounts Act for Insurance Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

#### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 74-76 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Box 7850 103 99 Stockholm, was appointed auditor of Rikshem AB (publ) by the general meeting of the shareholders on the 28 March 2018 and has been the company's auditor since 2011. Rikshem has been a public interest entity since 2014.

Stockholm 24 March 2020

Ernst & Young AB

Mikael Ikonen

Authorized Public Accountant

# List of properties

## Region Mälardalen

Property/(valuation unit)	Municipality	Address	Purpose
Tullinge 16:121	Botkyrka	Ulvbergsv. 7-9, Solv. 3A	Nursing home
Beckasinen 9	Huddinge	Sjöst. 14-16	Seniors' residence
Strandpiparen 1	Huddinge	Tranv. 42	Seniors' residence
Gredelby 7:91	Knivsta	Sågverkstorget 4-12, Staffansv. 7, Disponentg. 3	Residential, Nursing homes
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	Skymningsv 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. 53-59	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 12	Nursing home
Fiskgjusen 1	Sigtuna	Ormbergsv. 28-34	Residential
Havsörnen 2	Sigtuna	Ormbergsv. 17-23	Residential
Humlegården 17	Sigtuna	Stora g. 64-66, Prästg. 21	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. 34	Nursing home
Ragvaldsbo 1:186	Sigtuna	Hagtornsv. 12	Nursing home
Ragvaldsbo 1:189	Sigtuna	Ragvaldsbo gårdsv. 14A-B	Residential
Rävsta 5:386	Sigtuna	Solursg 3 A-D, Solursst 4 A-G, Spaljeväg 23A	Residential

## LIST OF PROPERTIES

### Region Mälardalen

Property/(valuation unit)	Municipality	Address	Purpose
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	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. 7, 9	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. 90-92	Nursing home
Jordbruksministern 3	Stockholm	Byälsv. 35B	Nursing home
Lagern 6	Stockholm	Vasag. 52	Office
Daldockan 1	Södertälje	Ågårdev. 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	Rönsv. 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	Upplands Väsby	Lilla Hagv. 2	Student residence
Skälby 1:14	Upplands Väsby	Maria Krantzonsv. 1-28	Residential
Skälby 1:312	Upplands Väsby	Lindhemsv. 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
Kungsängens-Tibble 1:653	Upplands-Bro	Lillsjö Badväg 10	Nursing home
Kungsängens-Tibble 1:654	Upplands-Bro	Lillsjö Badväg 8	Preschool
Almunge Prästgård 1:59	Uppsala	Lillsjöv. 14D	Nursing home
Berthåga 38:5	Uppsala	Sandstensv. 20	Assisted living
Berthåga 43:1	Uppsala	Stenkolsv. 5	Assisted living
Berthåga 48:6	Uppsala	Stenhuggarv. 12	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
Bältinge-Ekeby 12:1	Uppsala	Lundgårdsv. 2	Nursing home
Bältinge-Ekeby 14:1	Uppsala	Kyrkv. 2	Assisted living
Dalby 11:1	Uppsala	Dalby 17	Nursing home
Ellsta 2:72	Uppsala	Knutbyv. 4	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

## Region Mälardalen

Property/(valuation unit)	Municipality	Address	Purpose
Flogsta 34:3	Uppsala	Helsingforsg. 159	Assisted living
Fålhagen 6:3	Uppsala	Vaksalag. 35-39	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	Topelliusg. 21	Assisted living
Gamla Uppsala 97:3	Uppsala	Huges v. 7	Assisted living
Gottsunda 32:6	Uppsala	Djurgårdsv. 7	Assisted living
Gottsunda 34:3	Uppsala	Bröderna Berwalds v. 1	Residential
Gottsunda 48:2	Uppsala	Granelidsv. 1C	Assisted living
Gottsunda 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 5:5	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	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
Norrvissjö 1:22	Uppsala	Norrvissjö 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	Bordtennisv. 2	Assisted living
Sunnersta 155:7	Uppsala	Sunnerstav. 28B	Assisted living
Sunnersta 193:1	Uppsala	Morkullev. 76	Assisted living
Sunnersta 67:35	Uppsala	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
Svartbäcken 36:45	Uppsala	Svartbäcksg. 52-54A-D, 56-58, 60A-C, Hagbardsg.	Nursing home, Seniors' residence
Sävja 111:1	Uppsala	Stenbrohultsv. 91-93	Nursing home
Sävja 59:1	Uppsala	Carl Von Linnés v. 4	Assisted living
Sävja 64:2	Uppsala	Linv. 46-56	Assisted living

## LIST OF PROPERTIES

### Region Mälardalen

Property/(valuation unit)	Municipality	Address	Purpose
<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	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. 9-11	Nursing home
<b>Vattholma 5:330</b>	Uppsala	Järnmalmsv. 1	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	Assisted living
<b>Årsta 93:1</b>	Uppsala	Hjortrong. 5	Assisted living
<b>Årsta 96:1</b>	Uppsala	Fyrislundsg. 62-66	Nursing home, Sheltered housing
<b>Gränby 7:4</b>	Uppsala	Bruno Liljeforsg. 52-58, Råbyv. 61A-C	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	Fatburgsg. 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>Gulmårn 2</b>	Västerås	Prästkrageg. 3-5	Nursing home
<b>Gunnar 18</b>	Västerås	Karlsg. 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	Flottiljg. 2-34	Student residence
<b>Karlavagnen 1</b>	Västerås	Karlavagnsg. 8-10	Residential
<b>Kronhjorten 5</b>	Västerås	Karlfeldtsg. 20-22	Nursing home
<b>Krutbacken 1</b>	Västerås	Norellig. 10	Assisted living
<b>Läkaren 125</b>	Västerås	Hyvlarg. 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	Talltorpsg. 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>Smugglaren 1</b>	Västerås		Residential - under construction
<b>Sveten 1</b>	Västerås	Hagabergsg. 10	Assisted living
<b>Svärdsliljan 5</b>	Västerås	Svärdsliljeg. 1-3, Gulsporreg. 3-13, 2-4	Residential
<b>Tvättstugan 2</b>	Västerås	Håkantorpsg. 158	School, Preschool
<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	Klintv. 81-83	Residential
Kalkällan 4	Luleå	Lingonst. 147-233	Residential
Kalkällan 9	Luleå	Lingonst. 33, 36, 36A	Preschool, Retail
Kristallen 12	Luleå	Tunast. 1-91	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 3-21	Residential, Nursing home
Mjölkudden 3:54	Luleå	Mjölkuddsv. 79A-C	Nursing home
Porsön 1:240	Luleå	Assistentv. 8-370, Docentv. 1-555	Residential
Porsön 1:406	Luleå	Kårhusgr. 1-9, 3A	Student residence
Sundsgården 4	Luleå	Lulsundsg. 40-44A-B, 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-K	Residential
Orrspelet 1, 2	Umeå	Morkullev. 16A-H, 18 A-M	Residential
Reparatören 3	Umeå	Odlarv. 6A-X, Yrkesv. 6A-K	Residential
Rubinen 2	Umeå	Kungsg. 23, Skolg. 22A-B	Residential
Sandtaget 2	Umeå	Sandbackav. 34A-M	Residential
Släggskaftet 11	Umeå	Markv. 3A-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	Vitterv. 172-290, 182B	Residential
Abc-Boken 10	Östersund	Rådhusg. 31, Thoméegr. 22A-B	Residential
Bakplåten 1	Östersund	Timmerv. 1-77	Residential
Batteriet 1-4, Våghyveln 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

## LIST OF PROPERTIES

### 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, Thoméeegr. 26, 28A-B, Tullg. 25A-B, 27	Residential
Handlanden 3	Östersund	Bergsg. 17A-C, Rådmansg. 6	Residential
Harren 2	Östersund	Brunflovs. 22	Residential
Hyacinten 10, 12, 13, 15, 16	Östersund	Ängg. 1, 1A-B, 3A-B, 5A-D, 7-11A-B, Brunflovs. 9A-B, Grundläggargr. 2-48	Residential
Härbärgets 3	Östersund	Storg. 58A-K	Residential
Kålhagen 6	Östersund	Kyrkg. 37-39, Residensgr. 18, 20A-B, Rådhusg. 38, Samuel Permans g. 11	Residential
Lussekatten 1	Östersund	Blåhammarv. 2-160	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. 41A-D	Residential
Pastorn 12	Östersund	Brogr. 14-16A-B, Färjemang. 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. 40A-B, Postgr. 4	Residential
Stadspredikanten 2	Östersund	Artillerig. 7, Pastorsg. 4A-B	Residential
Symaskinen 1	Östersund	Jägmästarv. 1-23, Skogvaktarv. 2-28	Residential
Sädesskäppan 3	Östersund	Pastorsg. 3, 3A-B, Regementsg. 32, 32A	Residential
Trasmattan 1	Östersund	Skogsbruksv. 1-71, 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	Ängg. 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	Ledev. 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
Starrkärr 4:10	Ale	Garverigränd 2, Garverivägen 3	Nursing home
Utby 3:63	Ale	Ängg. 4	Nursing home
Blåregnet 9	Halmstad	Barnhemsg. 30, Skeppareg. 21, Skåneg. 9-11	Nursing home
Bonden 7	Halmstad	Boreliusgatan 2, and others	Residential - under construction
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

## Region Southern Sweden

Property/(valuation unit)	Municipality	Address	Purpose
Amerika Norra 50	Helsingborg	Hantverkarg. 24-26	Residential
Amerika Södra 21	Helsingborg	Furutorpsg. 34, Söderg. 95	Residential
Ask 1	Helsingborg	Kuring. 51-59, Kullav.	Residential
Balgripen 1	Helsingborg	Spannmålsq. 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
Böhmen 19	Helsingborg	Hantverkareg. 11, 17	Residential
Carnot 8	Helsingborg	Öresundsg. 25	Residential
Elineberg 5	Helsingborg	Elinebergsplatsen 3, 5, 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
Frigg 1	Helsingborg	Kullavägen 57-69, Majorsgatan 4-16	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	Sheltered housing
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 Möllvångsg. 9A-C	Residential
Kaplanen 10	Helsingborg	Krabbeg. 3A-C	Residential
Karl XI Norra 19	Helsingborg	Karlsq. 9	Residential
Karl XI Södra 20	Helsingborg	Karlsq. 12, Södra Storg. 16	Residential
Karl XI Södra 4	Helsingborg	Karlsq. 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. 56-58, Nedre Holländareg. 8	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	Sämskmakareg. 2A-B, Visitörsg. 7	Residential
Nyckelpigan 2	Helsingborg	Bjäreg. 15, Sadelmakareg. 2A-B	Residential
Nyckelpigan 2	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

## LIST OF PROPERTIES

### Region Southern Sweden

Property/(valuation unit)	Municipality	Address	Purpose
Ollonborren 9	Helsingborg	Bjäreg. 14	Residential
Pinjen 5	Helsingborg	Fredsg. 2, 4, Planteringsv. 42	Residential
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
Sköldenberg 12	Helsingborg	Hebsackersg. 14	Residential
Sköldenberg 16	Helsingborg	Hebsackersg. 16-18	Residential
Sköldenberg 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
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, 18A-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 vägen 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	Nygatan 36	Office
Kroppkakan 2	Kalmar	Förlösav. 7-135, Kastrullv., Lassev.	Residential
Ljungby 16:126	Kalmar	Backsippv. 13	Nursing home
Måbäret 1	Kalmar	Malörtsvägen 7 A-B, Värnsnävägen 15 A-B	Residential
Rapsen 10	Kalmar	Bergagårdsvägen 6	Residential
Rapsen 11	Kalmar	Bergagårdsvägen 8	Residential
Rapsen 14	Kalmar	Bergagårdsv. 12	Residential
Rapsen 15	Kalmar	Bergagårdsv. 10	Residential
Rapsen 9	Kalmar	Bergagårdsvägen 4	Residential
Rodret 4	Kalmar	Sparreg. 34	Residential
Rönnbäret 1	Kalmar	Malörtsvägen 1,3 Skvatramsvägen 35	Residential
Smedbacken 1	Kalmar	Ingelstorpsv. 1	Nursing home
Smedhagen 1	Kalmar	Klapperv. 1-35	Residential
Stenmuren 1	Kalmar	Stenmursv., Smedhagsv.	Residential
Vallmon 19	Kalmar	Sjöbringv. 4, Ståthållaregatan 50A-B	School, Nursing home, Office
Videt 13	Kalmar	Gasverksg. 4-6A-B	Residential
Idrottsplatsen 1	Linköping	Korpralsg. 6, 8A-B, 10	Nursing home
Brönnestad 1	Malmö	Industrigatan, Nobelvägen	Residential - under construction
Brönnestad 2	Malmö	Industrigatan, Nobelvägen	Land
Cellon 2	Malmö	Mellanhedsg. 26A-C	Residential
Handskfacket 3	Malmö	Sommarvagnsg. 22	Nursing home
Insjön 3	Malmö	Amiralsg. 58 A-D, Karlskronaplan 4 A-B	Residential

## Region Southern Sweden

Property/(valuation unit)	Municipality	Address	Purpose
Jagten 7	Malmö	Ystadsg. 8A-D	Residential
Kungsfågeln 5	Malmö	Älgg. 29, 29A	Residential
Månstrålen 6	Malmö	Råkrateg. 10	Nursing home
Protokollet 1	Malmö	Industrig. Nobelv.	Land
Puffen 1	Malmö	Alex Danielssons v. 117	Nursing home
Rönnen 2	Malmö	Nobelv. 137, Rönneholmsg. 2A-B	Student residence
Skansen 1	Malmö	Lilla Varvsg. 4-10, Kompassg. 40-42	Student residence
Tavlan 5	Malmö	Amiralsg. 54, Skanörsq. 2	Residential
Tuppen 15	Malmö	Hyllie Kyrkov. 56-58, Idrottsg. 47, Apoteksg. 19	Residential, Nursing home
Undret 1	Malmö	Lantmannag. 46 A-D, Lindg. 2 A-D	Residential
Värmereglaget 1	Malmö	Landålettg. 42	Nursing home
Åkermyntan 3	Malmö	Norra Bulltoftav. 8	Nursing home
Bärnstenen 1	Norrköping	Kalkstensg. 5	Nursing home
Djäkneberget 10	Norrköping	Skeppareg. 33, Skolg. 31	Residential
Dörren 16	Norrköping	Armeraregatan 1-11	Residential
Fönstret 7	Norrköping	Hagebyg. 180	School, Commercial
Godvän 16	Norrköping	Källvindsg. 16, St Persg. 38-40	Residential
Godvän 21	Norrköping	St Persg. 34-36	Residential
Godvän 28	Norrköping	Nyg. 19, Korsg. 19	Residential
Hålet 1	Norrköping	Dragareg. 1	Parking
Karbinen 9	Norrköping	Bråddg. 57A-C	Residential
Kardusen 7	Norrköping	Dagsbergsv. 136-140	Residential
Kolonien 11, 12	Norrköping	Lagergrensg. 7, 11-13, Dagsbergsg. 4, 4A	Residential
Kopparkypen 30	Norrköping	S:t Petersg. 43A-G	Residential
Krukan 16	Norrköping	Garvareg. 15	Residential
Krusmyntan 4	Norrköping	Stensg. 1-3, Hagag. 29	Residential
Lejongapet 10	Norrköping	Norrallundsg. 23A-C	Residential
Linjen 2	Norrköping	Idrottsg. 32-74	Residential
Niten 1	Norrköping	Hagebyg. 160-174, Hyvlareg.17-21, Murareg.107-129, Mamreg 2-12	Residential
Planen 4	Norrköping	Ektorpsq. 30-46	Residential
Pokalen 21	Norrköping	Bråddg. 47-49, Luntg. 23-25, Smedjeg. 40	Residential
Pokalen 27	Norrköping	Luntg. 19-21, Smedjeg. 36, Vatteng. 30-32	Residential
Pokalen 29	Norrköping	Smedjeg. 38A-B	Residential
Spärren 2	Norrköping	Limmareg. 2-21, Snickareg.3-21, Svarvareg. 2-23, Formareg. 2-23, Hyvlareg. 2-20	Residential
Stadsvakten 2	Norrköping	Olai Kyrkog. 6, Torgg. 7-9, Trädgårdsg. 15-17	Residential
Stopet 11	Norrköping	St. Persg. 125-131, Hantverkareg. 48-50	Residential
Strömbacken 4	Norrköping	Linköpingsv. 12	Residential
Topasen 1, 2	Norrköping	Urbergsg. 11-97	Residential
Tornet 11	Norrköping	Styrmansg. 21-25, Östra Promenaden 18	Residential
Tornet 8	Norrköping	Hospitalsg. 58, Östra Promenaden 14	Residential
Tornet 9	Norrköping	Östra Promenaden 16	Residential
Tuvan 1	Norrköping	Ångsvaktareg. 27, De Geersg. 57-63	Residential
Vattnet 7	Norrköping	Trädgårdsg. 27-29	Residential
Vesslan 5	Norrköping	Norra Promenaden 110, Åbyg. 1	Residential
Vesslan 6	Norrköping	Norra Promenaden 112 A-B	Residential
Vesslan 7	Norrköping	Tjustg. 2A-B, Norra Promenaden 114	Residential
Brandstoden 7	Nyköping	Järnvägsgatan 26-28A-C	Residential
Brudslöjan 3	Nyköping	Hemgårdsvägen 18A-22B	Residential
Garvaren 1	Nyköping	Östra Kvarngatan 11-17	Residential
Kaveldunet 2	Nyköping	Skolörtsgången 1-87	Residential
Brågarp 6:879	Staffanstorps	Amarantgatan 12	Nursing home

# Key performance indicators

## Key performance indicators

Amounts in MSEK	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
<b>Risk capital</b>						
Equity	20,441	18,199	15,710	13,281	10,360	4,850
Shareholder loans	-	-	-	-	-	3,007
Risk-bearing capital	20,441	18,199	15,710	13,281	10,360	7,857
Total assets	52,612	48,734	43,501	40,114	34,053	26,036
Equity/assets ratio, %	39	37	36	33	30	19
Share of risk-bearing capital, %	39	37	36	33	30	30
Return on equity, %	11.6	14.7	16.8	20.6	25.8	23.6
<b>Financial key performance indicators</b>						
Loan-to-value ratio, secured loans, %	9	10	12	15	21	23
Loan-to-value ratio, %	54	58	59	62	66	65
Average interest rate, %	1.6	1.7	2.0	1.5	1.6	1.8
Interest coverage ratio	3.5	3.2	3.5	3.8	3.6	2.9
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
<b>Property-related key performance indicators</b>						
Number of properties	560	555	586	574	533	496
Rentable area, 1,000 sqm	2,292	2,274	2,219	2,182	1,975	1,708
Proportion of properties for public use, %	30	29	29	29	38	42
Number of apartments	29,214	28,840	27,924	27,224	24,203	20,844
Vacancy rate, residential	3.5	3.2	2.7	3.6	2.6	1.8
Market vacancy rate, residential, %	0.8	0.5	0.3	0.5	0.4	-
Remaining lease term for properties for public use, years	9.0	9.4	10	10	10	11
Investment in properties	1,568	1,083	1,586	1,849	1,680	784
Fair value, MSEK	49,307	45,687	41,039	37,878	32,009	25,160
Fair value, SEK/sqm	21,512	20,090	18,494	17,362	16,205	14,727
Total return, %	6.6	8.4	8.1	9.7	10.7	9.8
Total return MSCI, percent	7.2	7.8	8.6	10.3	11.4	9.9
<b>Performance-related key performance indicators</b>						
Rental income	2,916	2,792	2,665	2,484	2,040	1,691
Growth in revenue for existing properties, %	4.3%	3.9	4.3	3.7	2.7	2.4
Net operating income	1,586	1,524	1,555	1,420	1,192	954
Growth in net operating income for existing properties, %	3.6%	3.9	6.7	3.4	6.8	8.4
Surplus ratio, %	54%	55	58	57	58	56
Income from management operations	1,286	1,008	1,150	1,208	579	380
Profit for the year	2,244	2,489	2,430	2,433	1,964	1,010
<b>Employees</b>						
Number of employees	259	242	206	192	173	134
of whom, women	119	106	90	81	70	48

# Key performance indicators – calculations

Both interim reports and annual reports refer to a number of financial metrics that are not defined by IFRS. Rikshem believes that these metrics help both investors and the company's management to analyze the Company's results and financial position. Not all companies calculate financial metrics in the same way, so the metrics are not always comparable to metrics used by other companies and research firms such as MSCI.

## Key performance indicators – calculations

Amounts in MSEK	Jan-Dec 2019	Jan-Dec 2018
<b>Return on equity</b>		
Profit for the year	2,244	2,489
Average equity	19,320	16,954
<b>Return on equity, %</b>	<b>11.6</b>	<b>14.7</b>
<b>Net operating income</b>		
Rental income	2,916	2,792
Property expenses	-1,330	-1,268
<b>Net operating income</b>	<b>1,586</b>	<b>1,524</b>
<b>Surplus ratio</b>		
Net operating income	1,586	1,524
Rental income	2,916	2,792
<b>Surplus ratio, %</b>	<b>54</b>	<b>55</b>
<b>Property yield</b>		
Net operating income	1,586	1,524
Opening property value	45,687	41,039
Closing property value	49,307	45,687
<b>Average property value</b>	<b>47,497</b>	<b>43,363</b>
<b>Property yield</b>	<b>3.3%</b>	<b>3.5%</b>
<b>Total return</b>		
Net operating income	1,586	1,524
Change in value of properties	1,538	2,107
<b>Total</b>	<b>3,124</b>	<b>3,631</b>
<b>Average property value</b>	<b>47,497</b>	<b>43,363</b>
<b>Total return, %</b>	<b>6.6</b>	<b>8.4</b>
<b>Interest coverage ratio</b>		
Profit before tax	2,844	2,922
<i>Reversal</i>		
Change in value of properties	-1,538	-2,107
Change in value of derivative instruments and loans	-20	193
Earnings from joint ventures	-244	-7
Other financial expenses	29	13
Interest expenses	429	458
<b>Operating profit</b>	<b>1,500</b>	<b>1,472</b>
External interest	-429	-458
<b>Interest coverage ratio, multiple</b>	<b>3.5</b>	<b>3.2</b>

Amounts in MSEK	Jan-Dec 2019	Jan-Dec 2018
<b>Loan-to-value ratio, multiple</b>		
External interest-bearing liabilities	26,838	26,493
Fair value of investment properties	49,307	45,687
<b>Loan-to-value ratio, %</b>	<b>54</b>	<b>58</b>
<b>Loan-to-value ratio, secured loan</b>		
Outstanding secured loans	4,317	4,535
Fair value of investment properties	49,307	45,687
<b>Loan-to-value ratio, %</b>	<b>9</b>	<b>10</b>
<b>Net debt/EBITDA</b>		
External interest-bearing liabilities	26,838	26,493
Cash and cash equivalents	-568	-1,015
Collateral relating to CSA agreements	507	220
<b>Net debt</b>	<b>26,777</b>	<b>25,698</b>
Net operating income	1,586	1,524
Central administration	-100	-65
Depreciation	2	3
<b>EBITDA</b>	<b>1,488</b>	<b>1,462</b>
<b>Net debt/EBITDA, multiple</b>	<b>18.0</b>	<b>17.6</b>

# Definitions

**Amounts in parentheses** For income statement items, amounts in parentheses refer to the result for the corresponding period of the previous year and for balance sheet items, amounts in parentheses refer to the balance at the end of the previous year.

**Average interest rate** Average interest rate for interest-bearing liabilities including expenses for backup facilities in relation to current loans on the closing date.

**Debt duration, years** The weighted remaining maturity of interest-bearing liabilities on the closing date. This is stated to highlight the Company's financial risk.

**Economic occupancy rate** Contract rent in relation to total rental value less rent related to vacancies due to renovation on the closing date.

**Equity/assets ratio** Equity in relation to total assets. This is stated to highlight the Company's financial stability.

**Income from management operations** Net operating income less administrative costs and net financial items plus earnings from joint ventures. This is stated to highlight the continuous earnings capacity of the business.

**Interest coverage ratio** Profit before tax following a reversal of earnings from joint ventures, interest expense, change in value of assets and liabilities and other financial expenses in relation to interest expense for external borrowings. This is stated to highlight the Company's financial risk.

**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 highlight the Company's financial risk.

**Loan-to-value ratio** External interest-bearing liabilities in relation to the fair value of properties. This is stated to highlight 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 highlight the Company's financial risk.

**Market vacancy rate, residential apartments.** 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 expense, ground rents and similar revenue and costs.

**Net operating income** Rental income less property expenses.

**Property expenses** Costs for heating, electricity, water, operation, maintenance, property tax, rent losses and administration.

**Property yield** Annualized net operating income in relation to the average fair value of properties. This is indicated to highlight 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.

**Risk-bearing capital** Equity plus an increment for shareholder loans.

**Return on equity** Profit for the year in relation to average equity. This is indicated to show the Company's ability to generate a return on the capital invested by shareholders.

**Secured loans** loans raised against liens on properties.

**Share of risk-bearing capital** Risk-bearing capital in relation to total assets. This is stated to highlight the Company's financial stability.

**Surplus ratio** Net operating income in relation to rental income. This is stated to highlight 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 highlight the property investments' ability to generate a return.

**Vacancy rate, residential apartments** As per the closing date, the number of unrented apartments in relation to the total number of apartments in the residential properties segment.



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