

# Rikshem's Six-month report

January–June 2023

## The period in brief

- Rental income was MSEK 1,706 (1,571), up 8.6 percent on the same period in 2022.
- Rental income for the like-for-like portfolio rose MSEK 89 or 6.5 percent.
- Net operating income was MSEK 920 (867), up 6.2 percent on the same period in 2022.
- Income from property management fell to MSEK 561 (628).

- The change in value of investment properties was MSEK -2,087 (176), which is equivalent to a change in value of -3.5 percent (0.3).
- The change in value of financial derivative instruments and loans in foreign currency was MSEK -381 (963).
- Profit before tax for the period was MSEK -2,047 (1,870). Profit after tax was MSEK -1 664 (1,491).

- Property acquisitions during the period amounted to MSEK 27 (500). The amount relates essentially to the final payment for a new construction project.
- Property investment in the period totaled MSEK 1,052 (1,249).

## Events during the second quarter

- During the second quarter, four properties were sold for a total value of MSEK 102.

- In June the credit rating agency Moody's reaffirmed Rikshem's long-term credit rating of A3 with stable outlook in its annual credit rating of the company.

Rikshem in summary	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	Jul 2022– Jun 2023	2022 Jan-Dec
Rental income, MSEK	865	801	1,706	1,571	3,304	3,169
Net operating income, MSEK	500	482	920	867	1,813	1,760
Income from property management, MSEK	315	361	561	628	1,131	1,198
Profit for the period/year, MSEK	-812	756	-1,664	1,491	-2,927	228
Fair value of properties, MSEK	58,312	60,705	58,312	60,705	58,312	59,423
Lettable area, 1,000 sqm	2,258	2,234	2,258	2,234	2,258	2,240
Economic occupancy rate, percent	96.8	96.2	96.8	96.2	96.8	96.9
Loan-to-value ratio, percent	51	48	51	48	51	49
Interest-coverage ratio, multiple (R12)	2.9	3.7	2.9	3.7	2.9	3.5
Equity, MSEK	27,421	30,346	27,421	30,346	27,421	29,085
Total return incl. joint ventures, percent(R12)	-4.0	9.8	-4.0	9.8	-4.0	-0.4
Return on equity, percent (R12)	-10.1	18.1	-10.1	18.1	-10.1	0.8



# High demand in a challenging property market

Just before the closing of the books for Rikshem's first half of 2023, the news arrived that credit rating agency Moody's reaffirmed Rikshem's A3 credit rating with stable outlook in its annual credit rating. In a challenging time for the real estate sector, this is an important signal. The maintained rating is primarily based on our portfolio of properties in high-growth areas in Sweden, which carries low risk, the company's strong liquidity, and the support from strong owners. We have continued to have access to financing both in the capital market and through banks, and after the end of the period, we have entered into a new loan agreement of MSEK 650 million with a five-year tenor.

## Reduced vacancy levels

Rental income was up by just under nine percent, largely driven by the indexation of contracts for properties for public use, but also thanks to declining vacancy costs. We have a strong demand for our rental apartments and our properties for public use. There is high demand for older apartments with lower rent and for space-efficient apartments. There is also significant demand for newly constructed apartments with investment subsidies, and therefore lower rents, which is reflected in the fact that our new construction project of 252 apartments called Vedbo in Västerås was fully leased out within a short period of time. Residential vacancies continue to decline, but in Norrköping and Kalmar, the levels remain slightly high. Properties for public use still have a stable financial occupancy rate. Despite the fact that electricity prices have started to fall, our utility-related costs are significantly higher than during the first half of 2022. We have also allocated more resources to repairs and maintenance than in previous years. Overall, this means that our property expenses are increasing by just under twelve percent, and the increase in net operating income stands at approximately six percent. We are now working even harder to strengthen net operating income.

## Slowed investments

Financing costs are now rising faster than both revenues and other expenses, leading to a decrease in income from property management. However, our interest rate duration and debt duration remain reassuring, which means it will take time before higher interest rates fully take effect. Higher financing costs raises the bar for the expected returns on our investments. If there are no major changes in the near future, Rikshem will have difficulties initiating new construction projects for the foreseeable future. Building new developments is a time-consuming process, and numerous ongoing projects were started well before the current

**The interest rate situation has changed the playing field and we expect to have to contend with a property market that remains challenging.**

challenging market situation. Since construction cranes are still visible across towns and cities in Sweden, it can be difficult to see the extent and speed at which construction investments are declining and the absence of new projects to fill the void once the ongoing ones are completed. We are once again at risk of increasing housing shortages and losing a generation of construction workers, just as we did in the 1990s. The government's inquiry into how rents for newly constructed apartments can be modified is a good initiative, but it does not solve the problem of significantly reduced investments in the current climate. Reintroduction of investment subsidies or state support for the renovation of the Million Program are two proposals that can reverse the declining trend.

## New homes in Brunn

Together with Värmdö Municipality, Rikshem owns the publicly owned property company VärmdöBostäder. We aspire to be a reliable, long-term partner for municipalities,

and the work involving VärmdöBostäder is a prime example of this commitment. In June, we joined the municipality in inaugurating 132 new homes in Brunn on Ingarö. Six four-story wooden buildings constructed with investment subsidy, and one lower building housing commercial and service premises. It is a pleasure to be involved in contributing to creating modern rental properties in a sought-after location.

## Divested smaller properties

Several transactions have taken place in the residential properties and properties for public use in recent months, but transaction market activity remains generally sluggish. We continuously review our portfolio in line with our strategy and during the last quarter we sold four smaller properties, all at their appraised values. These measures, combined with reduced investments, should strengthen our key figures over time.

## Long-term property management

The interest rate situation has changed the playing field and we expect to see a property market that will remain challenging. Rikshem is a stable and long-term company with stable and long-term owners. Although we are currently reducing our focus on new construction projects, we will of course continue to take care of and manage the properties we own in the long term. By adapting, we will continue to create good living environments and make everyday life easier for our customers in accordance with our vision.

**Anette Frumerie, CEO**





# One of Sweden's largest private property companies

Rikshem owns, develops and manages residential properties and properties for public use – sustainably and for the long term. The properties are located in selected growth areas across Sweden. Rikshem's vision is to create good living environments and make everyday life easier for our customers.

The market value of the properties totals **MSEK 61,278** (including Rikshem's share of the property value in joint ventures).

## 30,000 Apartments

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

## 30% Properties for public use

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





**Uppsala/Knivsta**  
**26% of the portfolio**

Number of apartments: 6,890  
Proportion of properties for public use: 34%  
Total area (sqm): 445,314



**Greater Stockholm**  
**20% of the portfolio**

Number of apartments: 4,411  
Proportion of properties for public use: 49%  
Total area (sqm): 453,560



**Helsingborg**  
**10% of the portfolio**

Number of apartments: 3,544  
Proportion of properties for public use: 4%  
Total area (sqm): 254,140



**Norrköping**  
**9% of the portfolio**

Number of apartments: 3,497  
Proportion of properties for public use: 6%  
Total area (sqm): 240,205

## Our biggest area in terms of property management

(share of property value)



**Västerås**  
**6% of the portfolio**

Number of apartments: 1,933  
Share of properties for public use: 35%  
Total area (sqm): 137,713



**Halmstad & Ale**  
**5% of the portfolio**

Number of apartments: 1,428  
Share of properties for public use: 83%  
Total area (sqm): 108,274



**Kalmar**  
**5% of the portfolio**

Number of apartments: 1,665  
Proportion of properties for public use: 46%  
Total area (sqm): 150,797



**Luleå**  
**5% of the portfolio**

Number of apartments: 1,908  
Proportion of properties for public use: 15%  
Total area (sqm): 157,041

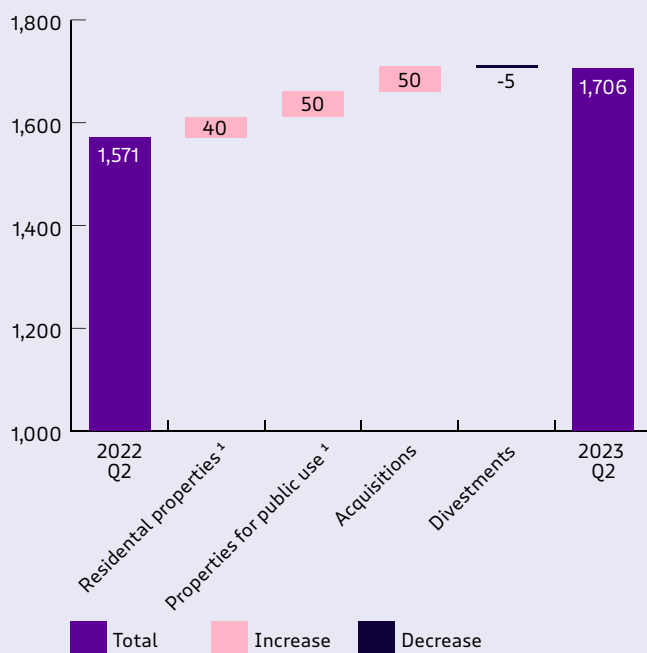
We are also in the following locations: Malmö, Nyköping, Umeå and Östersund.

# Income, costs and profit

## Rental income

Rental income increased by MSEK 135 or 8.6 percent compared with the same period of 2022 to MSEK 1,706 (1,571). The increase is related mainly to the annual rent adjustment, completed projects and fewer vacancies. Rental income for the like-to-like portfolio rose MSEK 89 or 6.5 percent.

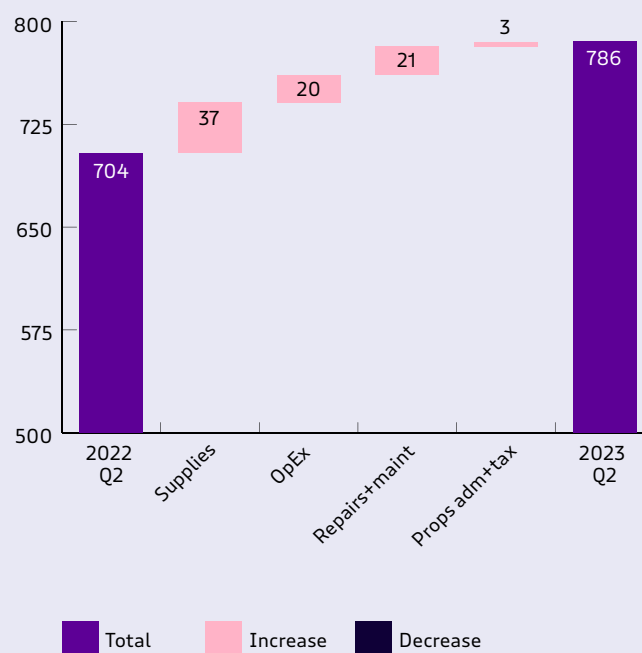
### Rental income (MSEK)



## Property expenses

Property expenses for the period increased by MSEK 81 or 11.5 percent to MSEK 786 (704). Expenses for the like-for-like portfolio were up MSEK 65 or 10.9 percent. The increase relates mainly to higher heating costs, electricity prices and maintenance costs.

### Property expenses (MSEK)



## Net operating income

All in all, total net operating income increased by MSEK 54, or 6.2 percent year-on-year, and amounted to MSEK 920 (867). Net operating income for the like-for-like portfolio increased by SEK 24 million or 3.1 percent.

Condensed income statement, MSEK	2023 Jan–Jun	2022 Jan–Jun
Rental income	1,706	1,571
Property expenses	-786	-704
<b>Net operating income</b>	<b>920</b>	<b>867</b>
Central administration	-78	-64
Earnings from joint ventures	-127	123
<b>Operating profit/loss</b>	<b>715</b>	<b>926</b>
Financial income and expense	-294	-195
<b>Profit after financial items</b>	<b>421</b>	<b>731</b>
of which income from property management	561	628
Change in value of properties	-2,087	176
Change in value of derivatives and foreign exchange fluctuation on loans	-381	963
<b>Profit before tax</b>	<b>-2,047</b>	<b>1,870</b>
Tax	383	-379
<b>Profit for the period</b>	<b>-1,664</b>	<b>1,491</b>

<sup>1</sup> Like-for-like portfolio



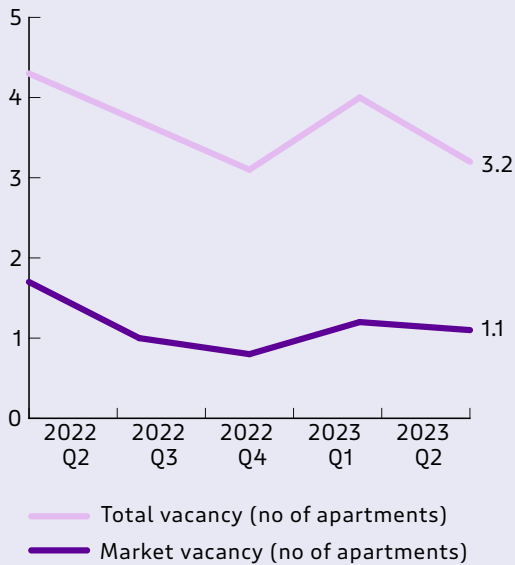
Vacancies

The vacancy rate for residential properties was 3.2 percent (4.3). Adjusted for apartments that have been vacated for renovation, the market vacancy rate was 1.1 percent (1.7). The economic occupancy rate for properties for public use was 98.5 percent (98.0). The occupancy rate for the portfolio as a whole was 96.8 percent (96.2).

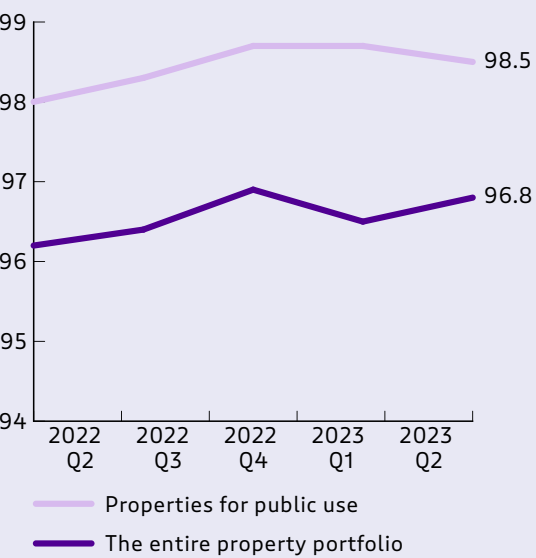
Lease duration

The average remaining lease term for properties for public use was 7.6 years (8.0). A high proportion of the leases were signed for 15–20 years in conjunction with acquisitions. When leases are renewed, it is normally for shorter periods.

Vacancy rate, residential properties (percent)



Economic occupancy rate (percent)



### Central administration

The costs for central administration amounted to MSEK -78 (-64). The increase can be attributed partly to higher personnel- and office expenses. Central administration includes group-wide costs.

### Financial income and expense

Net financial income and expense consists primarily of the Company's external interest expense and totaled MSEK -294 (-195). The increase in expense was mainly due to the rise in market interest rates and credit margins. These have a gradual impact since a large part of the loan portfolio has long-term interest rate duration and debt duration. The average interest rate for interest-bearing liabilities was 2.4 percent (1.5) at the end of the period. Capitalized interest for the period amounted to MSEK 30 (7). Read more about Rikshem's financing on pages 13-14.

### Earnings from joint ventures

Earnings from joint ventures amounted to MSEK -127 (123); see the section on joint ventures on page 12 for more information.

### Change in value of properties

The change in value of the investment properties amounted to MSEK -2,087 (176) during the period, which equates to a change in value of -3.5 percent (0.3). The average yield requirement increased in value by 0.21 percentage points to 4.15 percent relative to the value at year-end 2022. More information about property valuations can be found on page 10.

### Change in value of financial derivative instruments and loans in foreign currency

The Company's financial derivative instruments are interest-rate swaps, which extend interest rate duration, and combined currency and interest rate swaps, which have been included in order to eliminate currency risk on interest payments and repayments of loans raised in foreign currencies. Short-term interest rates rose during the period while long-term interest rates fell, causing a negative impact on the change in value of interest-rate derivatives in SEK, which amounted to MSEK -107 (1,522). The change in value of combined currency and interest-rate derivative instruments amounted to MSEK -295 (-349). This is caused by interest rate changes and exchange rate fluctuations between the Swedish krona and NOK, EUR and AUD. Exchange rate fluctuations also affect exchange rate changes for loans in foreign currency, which totaled MSEK 21 (-210). If loans and derivative instruments are held to term, previously reported earnings impacts are neutralized.

### Tax

Tax reported for the period totaled MSEK 383 (-379), MSEK -51 (-46) of which was current tax and MSEK 434 (-333) deferred tax. Deferred tax is mainly affected by the change in temporary differences between the carrying amount and tax base of investment properties and the change in value of financial items, while current tax is mostly affected by non-deductible interest and tax depreciation. The effective tax rate for the period was 18.7 percent (20.3). The deviation in relation to Swedish corporation tax of 20.6 percent is primarily explained by non-deductible interest costs and profit shares from joint ventures. The deferred tax asset has been offset against the deferred tax liability in the statement of financial position.

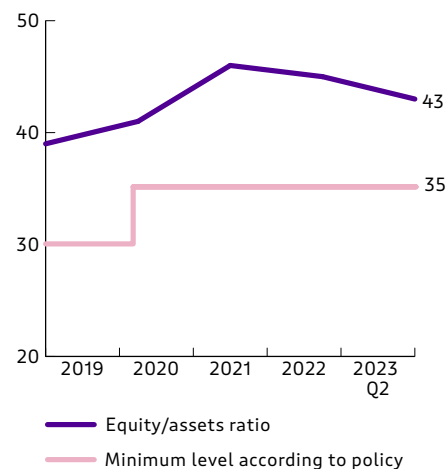
### Profit for the period

Profit for the period totaled MSEK -1,664 (1,491).

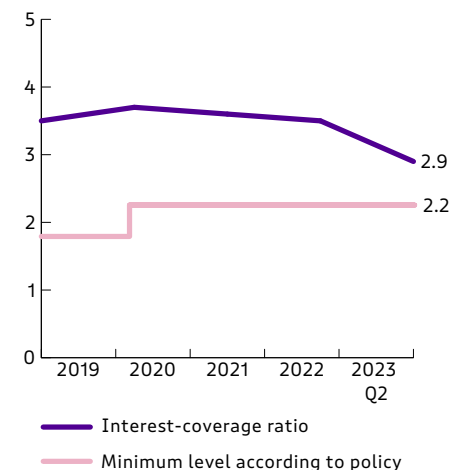


## Rikshem's key financial indicators

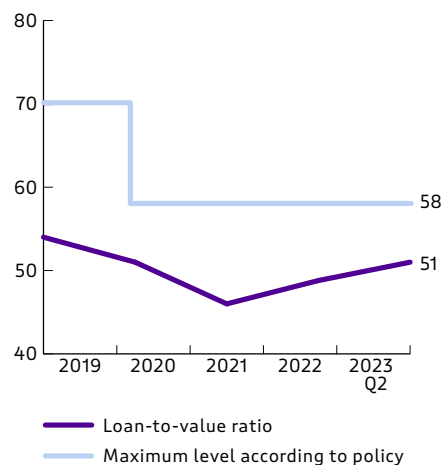
### Equity/assets ratio (percent)



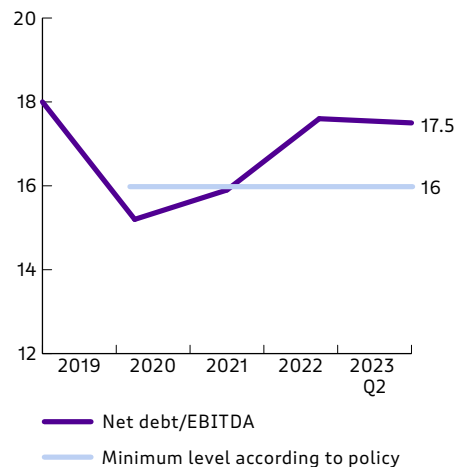
### Interest-coverage ratio (multiple)



### Loan-to-value ratio (percent)



### Net debt/EBITDA (multiple)



Rikshem's key figures for equity ratio, loan-to-value ratio and interest coverage ratio are significantly better than the Company's policy levels. However, these key figures have weakened somewhat due to the decline in the value of property and higher financing costs. The target is for net debt/EBITDA to be below 16x long term. This level has been exceeded primarily as a result of increased project volume and the weakening of the Swedish krona, both of which result in an increase in net debt. The key indicator can be restored to levels below 16x by continued focus on portfolio optimization and net operating income.



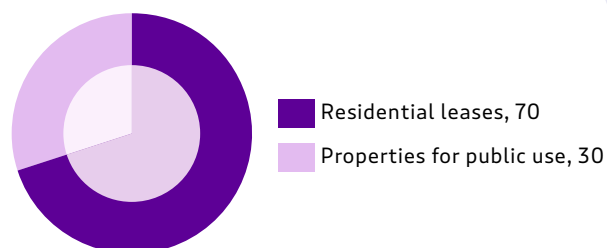
# Property portfolio

Rikshem's property holdings at the end of the second quarter comprised 515 properties (519). The fair value of the properties was MSEK 58,312 (59,423).

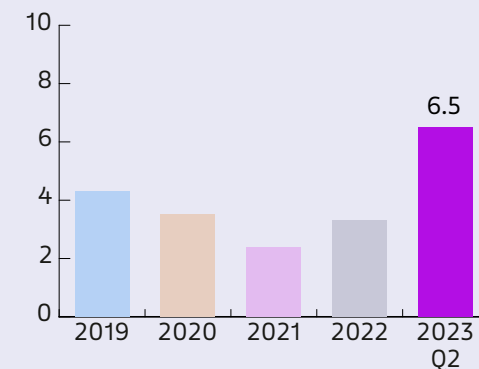
MSEK 40,052 of the fair value pertained to residential properties, MSEK 14,305 to nursing homes, MSEK 3,142 to schools and MSEK 814 to commercial properties.

The property portfolio includes development rights valued at MSEK 810. Properties representing 46 percent of fair value are located along the Greater Stockholm–Uppsala axis.

**Breakdown of fair value of investment properties (percent)**



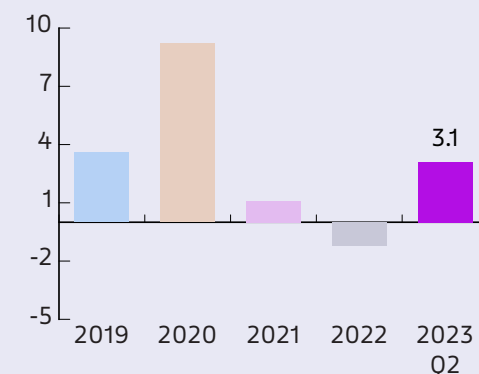
**Change in rental income in the like-for-like portfolio (percent)**



**Rikshem's property portfolio as at 30 June 2023**

TYPE	VALUE, MSEK	PERCENTAGE	AREA, 1,000 SQM	MARKET VALUE, SEK/SQM	ANNUAL RENT, MSEK	ANNUAL RENT BROKEN DOWN BY TYPE OF TENANT, (PERCENT)			
Residential properties segment						Residential leases	Public sector	Private sector	Total
- Residential properties	40,052	69	1,600	25,029					
- Commercial*	611	1	35	17,293					
- Schools	53	0	2	27,418					
Residential properties	40,716	70	1,637	24,865	2,357	90	2	8	100
Properties for public use segment									
- Nursing homes	14,305	25	481	29,726					
- Schools	3,089	5	120	25,785					
- Commercial*	203	0	20	10,366					
Properties for public use	17,597	30	621	28,355	1,044	7	81	12	100
Total	58,312	100	2,258	25,824	3,401	64	27	9	100

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



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

# Property valuation and segment reporting

Rikshem reports investment properties at fair value in accordance with IAS 40. External property valuations of the whole property portfolio are carried out on a quarterly basis. In addition to this, internal valuation is carried out mainly on properties with major ongoing or upcoming projects. The valuation conforms to level 3 in the IFRS 13 fair value hierarchy.

Unrealized change in value amounted in the period to MSEK -2,087 and is primarily driven by the market's increased yield requirement. The average yield requirement increased by 0.21 percentage points to 4.15 percent relative to the value at year-end 2022.

## Yield requirement and rent/sqm by property type

Property type*	INCOME (SEK/SQM)			YIELD REQUIREMENT (PERCENT)		
	min.	average	max.	min.	average	max.
Residential properties	931	1,488	3,532	2.70	3.97	5.35
Properties for public use:					4.39	
Nursing homes	878	1,761	3,447	3.39	4.34	6.05
Schools	959	1,707	2,736	4.15	4.58	5.70
Commercial	914	1,406	2,049	5.50	6.26	6.93
<b>Average</b>		<b>1,568</b>			<b>4.15</b>	

Property type*, percent	Jun 30, 2023	Dec 31, 2022	Change
Residential properties	3.97	3.77	0.21
Properties for public use:			
Nursing homes	4.34	4.15	0.19
Schools	4.58	4.43	0.15
Commercial	6.26	5.71	0.55
<b>Total</b>	<b>4.15</b>	<b>3.94</b>	<b>0.21</b>

\* From 2023, the average yield requirement will be calculated based on a like-for-like portfolio. The previous calculation method, based on the total portfolio, produced a result of 3.90 percent as at December 31, 2022 whilst the result was 3.94 percent using the updated calculation method.

## Segment reporting

Property type	RESIDENTIAL PROPERTIES		PROPERTIES FOR PUBLIC USE		TOTAL	
	2023 Jan–Jun	2022 Jan–Jun	2023 Jan–Jun	2022 Jan–Jun	2023 Jan–Jun	2022 Jan–Jun
Rental income	1,176	1,078	530	493	1,706	1,571
Property expenses	-606	-532	-180	-172	-786	-704
Net operating income	570	546	350	321	920	867
Change in value of properties	-1,592	-331	-495	507	-2,087	176
Total return	-1,022	215	-145	828	-1,167	1,043
Fair value of properties	40,716	42,931	17,597	17,774	58,312	60,705
Total return excl. joint ventures, percent (R12)	-4.7	7.9	-1.8	14.3	-3.9	9.7
Percentage share	70	71	30	29	100	100
Area, 1,000 sqm	1,637	1,636	621	598	2,258	2,234
Fair value, SEK/sqm	24,865	26,240	28,355	29,741	25,824	27,176
Investments	938	1,171	114	78	1,052	1,249

## Fair value of investment properties

Amounts in MSEK	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Fair value at the beginning of the period	59,423	58,780	58,780
Change in value	-2,087	176	-1,935
Investments	1,052	1,249	2,460
Acquisitions	27	500	500
Divestments	-102	-	-382
Fair value at the end of the period	58,312	60,705	59,423
<b>Fair value incl. Rikshem's share of properties in joint ventures</b>	<b>61,278</b>	<b>64,119</b>	<b>62,532</b>

# Transactions and investments

## Transactions

Acquisitions amounted to MSEK 27 during the period which related to the final payment for previous transactions.

During the second quarter, four properties were sold for a total value of MSEK 102. Of these, three were residential properties, two in Kalmar and one in Malmö, and the last one was a smaller property for public use in Uppsala.

## Investments and projects

Investments during the period amounted to MSEK 1,052 (1,249), MSEK 572 (562) of which pertained to the redevelopment and renovation of residential properties, MSEK 366 (609) to new construction projects involving residential properties and MSEK 114 (78) to investments in properties for public use.

Construction of 1,106 new apartments is under way. Occupancy is estimated to take place between the third quarter of 2023 and the fourth quarter of 2025. Repair, renovation and conversion projects are ongoing in five properties and include 1,094 apartments where occupancy takes place continuously. During the period, 824 newly constructed and newly renovated apartments have been completed.



## Major projects in progress

Property/ project	Municipality	Project category	Number of apartments before	Number of apartments after	Investment amount, MSEK	Remaining investment amount, MSEK	Estimated completion date
Eriksborg	Västerås	New construction (residential properties)		252	350	47	Q3 2023
Kronan	Luleå	New construction (residential properties)		92	169	35	Q3 2023
Stopet	Norrköping	Repair, renovation and conversion	275	275	101	19	Q3 2023
Kantorn	Uppsala	Repair, renovation and conversion	160	231	269	66	Q1 2024
Brönnestad	Malmö	New construction (residential properties)		260	414	119	Q2 2024
Grafikern	Uppsala	New construction (residential properties)		162	313	117	Q2 2024
Repet	Södertälje	New construction (residential properties)		60	124	92	Q2 2024
Topasen	Norrköping	New construction (residential properties)		141	260	83	Q4 2024
Kantorn	Uppsala	New construction (residential properties)		139	316	187	Q2 2025
Porsön	Luleå	Repair, renovation and conversion	426	426	331	148	Q2 2025

## 188 apartments have undergone a complete renovation and overhaul in Umeå

In Mariehem in Umeå, 188 apartments have recently undergone a complete renovation and overhaul and been made energy efficient. The project, which has been ongoing since the summer of 2020, has included a plumbing overhaul and bathroom renovation as well as a thorough renovation of the apartments. In June 2023, the last tenants moved back into a newly renovated home.

Picture: Mariehemsvägen 35, Umeå





# Joint ventures

## Stakes in joint ventures

JV partnerships allow Rikshem to operate in new markets, develop new and existing neighborhoods and share and replenish skills.

Rikshem owns shares in joint ventures with a total value of MSEK 1,961 (2,088). The largest joint venture holding of MSEK 1,166 pertains to 49 percent of VärmdöBostäder (the remainder is owned by Värmdö Municipality). The second-largest holding of MSEK 607 relates to Farsta Stadsutveckling (Telestaden), with Rikshem and Ikano Bostad each owning 50 percent. Other participations in associated companies totaling MSEK 188 concern development projects owned and operated together with Nordr, P&E Fastighetspartner and Huseriet. The value of Rikshem's share of the property holdings in these joint ventures, which are consolidated according to the equity method, is SEK 3.0 billion.

The joint ventures involve some development of condominiums. As of June 30, 2023, 134 apartments were under construction, 78 of which had been sold. Rikshem's share of unsold apartments was 28.

## Earnings from joint ventures

Rikshem's share of profit after tax amounted to MSEK -127 (123) primarily driven by the change in value of properties.

## Rikshem's joint ventures

VärmdöBostäder AB  
Farsta Stadsutveckling AB  
Boostad Bostad Sverige AB  
Bergagårdshöjden JV AB  
Huseriet Riks AB

## Earnings from joint ventures

Amounts in MSEK	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	Jul 2022– June 2023	2022 Jan–Dec
Income from property management	10	11	13	17	32	39
Change in value of properties	-166	128	-164	132	-451	-159
Change in value of derivatives	1	1	0	4	2	6
Tax	24	-27	24	-30	76	23
<b>Total</b>	<b>-131</b>	<b>113</b>	<b>-127</b>	<b>123</b>	<b>-341</b>	<b>-91</b>
<b>Carrying amount in joint ventures, shares</b>	<b>1,961</b>	<b>2,302</b>	<b>1,961</b>	<b>2,302</b>	<b>1,961</b>	<b>2,088</b>



# Financing

Over the past twelve months, the Riksbank has raised the policy rate in installments, from 0.25 percent to 3.75 percent. The rise in interest rates has had a major impact on financing costs of property companies. The Swedish property companies usually have significantly shorter interest rate duration and a higher loan-to-value ratio than foreign companies, which means that the rise in interest rates has hit many Swedish companies hard. The uncertainty surrounding the Swedish property market has meant reduced demand for bonds issued by Swedish property companies. During the second quarter, the credit margins for property companies increased slightly from already relatively high levels.

The bond market generally worked well during the second quarter, but for property companies it was tougher, especially for companies with a lower credit rating.

Rikshem issued four bonds totaling MSEK 1,500 with tenors between 2.75 and 5 years during the second quarter. Commercial paper is issued on an ongoing basis with funding through commercial paper decreasing by MSEK 370 during the quarter.

## Cash and cash equivalents

Cash and cash equivalents amounted to MSEK 592 (783). On the closing date, assets pledged under Credit Support Annexes (CSAs) for combined interest-rate and currency swaps amounted to MSEK 368. Assets of this type are settled on a monthly basis.

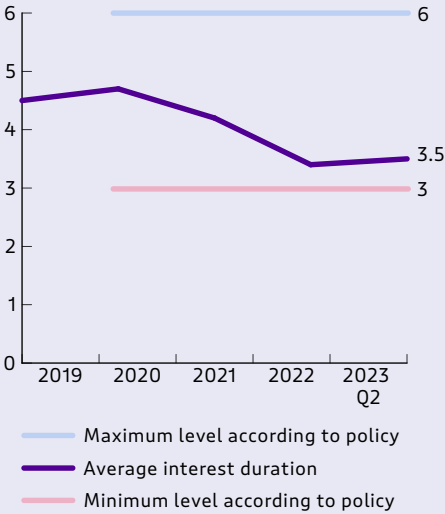
## Financial derivative instruments

The Company's interest-rate duration is managed on an ongoing basis mainly through the extension and new subscription of interest-rate swaps. At June 30, 2023, the portfolio of interest-rate derivatives amounted to SEK 16.8 billion net. The Company also has combined interest-rate and currency swaps to hedge loans raised in other currencies. The net fair value of the derivative portfolio was MSEK 1,309 (1,710), of which positive value amounted to 2,146 (2,142) and negative value to -837 (-432).

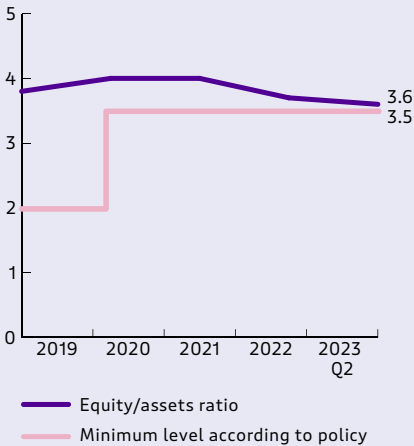
## Interest-bearing liabilities

At June 30, 2023, interest-bearing liabilities amounted to MSEK 29,702 (29,021). The current portion of this totaled MSEK 7,644 (6,435). Secured financing accounted for 8 percent (8) of the fair value of investment properties. The average interest rate has increased in the last year due to rising market interest rates and higher credit margins. At June 30, 2023, the average interest rate was 2.4 percent, which was 0.4 percentage points higher than at year-end, and 0.9 percentage points higher than in the equivalent quarter in 2022. Fees for unutilized backup facilities are included in the average interest rate. The average debt duration was 3.6 years (3.7) and the average interest-rate duration was 3.5 years (3.4).

## Average interest duration (years)



## Average debt duration (years)



### Green financing

Rikshem's framework for green bonds is updated regularly, most recently in February 2022. A total of MSEK 500 in green bonds has been issued during the period. At June 30, 2023, outstanding green bonds totaled approx. SEK 8.4 billion. Loans from the European Investment Bank (EIB) for energy efficiency initiatives amounted to MSEK 999. In total, green financing represented approximately 32 percent of interest-bearing liabilities at year-end.

### Backup facilities

The refinancing and liquidity risk inherent in the maturity structure is managed in part by using backup facilities with Rikshem's owners (SEK 10 billion) and Swedish banks (SEK 3 billion). There is also an overdraft facility of MSEK 500. The backup facilities cover refinancing of loan maturities of more than two years.

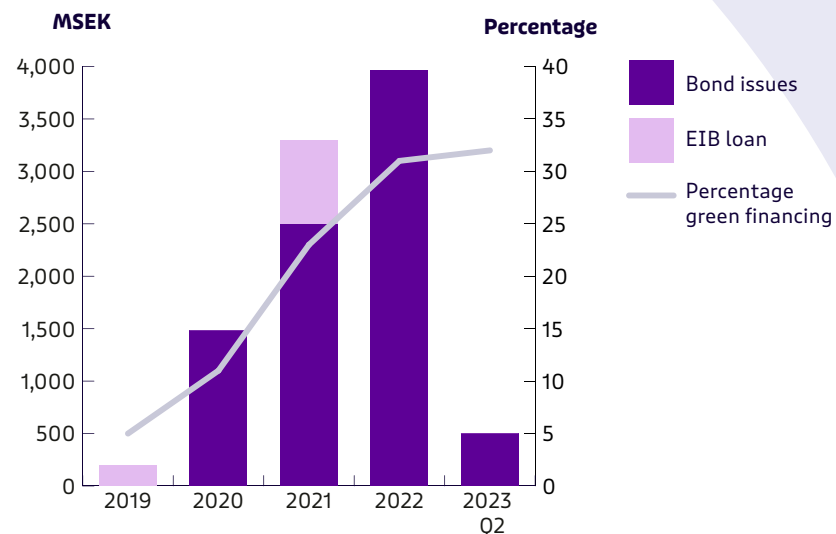
### Rating

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

### Interest-bearing external liabilities

Maturity Year	INTEREST RATE DURATION		DEBT DURATION	
	Amount (MSEK)	Percentage	Amount (MSEK)	Percentage
2023	4,754	16	4,993	17
2024	3,807	13	4,500	15
2025	4,493	15	4,854	16
2026	4,199	14	3,898	13
2027	2,949	10	3,166	11
2028	3,000	10	1,505	5
2029	1,500	5	1,392	5
2030	2,400	8	1,759	6
2031	900	3	800	3
2032	1,700	6	2,835	9
<b>Total</b>	<b>29,702</b>	<b>100</b>	<b>29,702</b>	<b>100</b>

### Green financing



### Interest-bearing liabilities by type of financing

Financing type	Outstanding amount (MSEK)	Percentage of interest-bearing liabilities
Commercial papers, SEK	3,194	11
Secured bank loans, SEK	4,528	15
Unsecured loans, SEK	1,144	4
Bonds, SEK	12,009	40
Bonds, NOK	4,787	16
Bonds, EUR	3,467	12
Bonds, AUD	573	2
<b>Total</b>	<b>29,702</b>	<b>100</b>



## Consolidated statement of comprehensive income

Amounts in MSEK	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	Jul 2022 Jun 2023	2022 Jan–Dec
<b>Rental income</b>	<b>865</b>	<b>801</b>	<b>1,706</b>	<b>1,571</b>	<b>3,304</b>	<b>3,169</b>
Operating expenses	-222	-185	-499	-442	-930	-873
Repairs and maintenance	-71	-64	-146	-125	-287	-266
Property administration	-60	-59	-118	-114	-226	-222
Property tax	-12	-11	-23	-23	-48	-48
<b>Total property expenses</b>	<b>-365</b>	<b>-319</b>	<b>-786</b>	<b>-704</b>	<b>-1,491</b>	<b>-1,409</b>
<b>Net operating income</b>	<b>500</b>	<b>482</b>	<b>920</b>	<b>867</b>	<b>1,813</b>	<b>1,760</b>
Central administration	-41	-33	-78	-64	-170	-156
Earnings from joint ventures	-131	113	-127	123	-341	-91
<b>Operating profit</b>	<b>328</b>	<b>562</b>	<b>715</b>	<b>926</b>	<b>1,302</b>	<b>1,513</b>
Financial income	8	0	11	1	15	5
Financial expenses	-162	-102	-305	-196	-559	-450
<b>Profit after financial items</b>	<b>174</b>	<b>460</b>	<b>421</b>	<b>731</b>	<b>758</b>	<b>1,068</b>
of which income from property management	315	361	561	628	1,131	1,198
Change in value of investment properties	-1,084	52	-2,087	176	-4,198	-1,935
Change in value of interest-rate derivatives	146	627	-107	1,522	151	1,780
Change in value of foreign exchange derivatives	34	-292	-295	-349	-75	-129
Foreign exchange effect on financial liabilities	-242	99	21	-210	-234	-465
<b>Profit before tax</b>	<b>-972</b>	<b>946</b>	<b>-2,047</b>	<b>1,870</b>	<b>-3,598</b>	<b>319</b>
Tax	160	-190	383	-379	671	-91
<b>Profit for the period/year</b>	<b>-812</b>	<b>756</b>	<b>-1,664</b>	<b>1,491</b>	<b>-2,927</b>	<b>228</b>
Other comprehensive income that is not to be reclassified to the income statement in subsequent periods						
Revaluation of pensions	-	-	-	-	3	3
Tax, pensions	-	-	-	-	-1	-1
<b>Other comprehensive income for the period, net after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>Total comprehensive income for the period</b>	<b>-812</b>	<b>756</b>	<b>-1,664</b>	<b>1,491</b>	<b>-2,925</b>	<b>230</b>

## Consolidated statement of financial position

Amounts in MSEK	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Capitalized development expenditure	19	9	15
<b>Total intangible fixed assets</b>	<b>19</b>	<b>9</b>	<b>15</b>
<b>Property, plant and equipment</b>			
Investment properties	58,312	60,705	59,423
Leaseholds and other right-of-use assets	182	149	177
Fixtures and fittings	6	2	6
<b>Total property, plant and equipment</b>	<b>58,500</b>	<b>60,856</b>	<b>59,606</b>
<b>Financial assets</b>			
Stakes in joint ventures	1,961	2,302	2,088
Financial derivative instruments	1,823	1,787	2,142
Non-current receivables	61	64	62
<b>Total financial assets</b>	<b>3,845</b>	<b>4,153</b>	<b>4,292</b>
<b>Total fixed assets</b>	<b>62,364</b>	<b>65,018</b>	<b>63,913</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable	35	22	28
Financial derivative instruments	323	-	-
Other receivables	516	300	116
Prepaid expenses and accrued income	91	84	82
<b>Total current receivables</b>	<b>965</b>	<b>406</b>	<b>226</b>
Cash and cash equivalents	592	1,284	783
<b>Total current assets</b>	<b>1,557</b>	<b>1,690</b>	<b>1,009</b>
<b>TOTAL ASSETS</b>	<b>63,921</b>	<b>66,708</b>	<b>64,922</b>

Amounts in MSEK	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	100	100	100
Other paid-in capital	4,874	4,874	4,874
Retained earnings	22,447	25,372	24,111
<b>Total equity</b>	<b>27,421</b>	<b>30,346</b>	<b>29,085</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	4,755	5,506	5,189
Interest-bearing liabilities	21,913	21,530	22,441
Liabilities to Parent Company	145	175	145
Financial derivative instruments	810	554	432
Non-current liabilities, finance leases	156	131	151
Other provisions for pensions and similar obligations	2	5	1
<b>Total non-current liabilities</b>	<b>27,781</b>	<b>27,901</b>	<b>28,359</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	7,644	7,507	6,435
Accounts payable	145	107	122
Tax liabilities	137	76	57
Current liabilities, finance leases	20	15	22
Financial derivative instruments	27	-	-
Other current liabilities	56	270	65
Accrued expenses and deferred income	690	486	777
<b>Total current liabilities</b>	<b>8,719</b>	<b>8,461</b>	<b>7,478</b>
<b>Total liabilities</b>	<b>36,500</b>	<b>36,362</b>	<b>35,837</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>63,921</b>	<b>66,708</b>	<b>64,922</b>

## Consolidated statement of changes in equity

Amounts in MSEK	Share capital	Other paid-in capital	Retained earnings incl. profit for the year	Total equity
<b>Opening balance, Jan 1, 2022</b>	<b>100</b>	<b>4,874</b>	<b>23,881</b>	<b>28,855</b>
Profit for the period, Jan–Jun			1,491	1,491
Other comprehensive income, Jan–Jun			-	-
<b>Closing balance, Jun 30, 2022</b>	<b>100</b>	<b>4,874</b>	<b>25,372</b>	<b>30,346</b>
Profit for the period, Jul–Dec			-1,263	-1,263
Other comprehensive income, Jul–Dec			2	2
<b>Closing balance, Dec 31, 2022</b>	<b>100</b>	<b>4,874</b>	<b>24,111</b>	<b>29,085</b>
<b>Opening balance, Jan 1, 2023</b>	<b>100</b>	<b>4,874</b>	<b>24,111</b>	<b>29,085</b>
Profit for the period, Jan–Jun			-1,664	-1,664
Other comprehensive income, Jan–Jun			-	-
<b>Closing balance, Jun 30, 2023</b>	<b>100</b>	<b>4,874</b>	<b>22,447</b>	<b>27,421</b>

## Consolidated statement of cash flows

Amounts in MSEK	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	Jul 2022 Jun 2023	2022 Jan–Dec
<b>Operating activities</b>						
Profit after financial items	174	460	421	731	758	1,068
Adjustment for non-cash items	132	-113	128	-122	345	95
Reversal of net interest income	154	102	294	195	544	445
Interest paid	-149	-96	-286	-197	-502	-413
Interest received	9	0	11	1	15	5
Tax paid	16	-23	29	-85	-44	-158
<b>Cash flow from operating activities before changes in working capital</b>	<b>336</b>	<b>330</b>	<b>597</b>	<b>523</b>	<b>1,116</b>	<b>1,042</b>
Decrease (+)/increase (-) in operating receivables	16	-153	12	-184	178	-18
Decrease (-)/increase (+) in operating liabilities	-4	120	-114	23	-12	125
<b>Cash flow from operating activities</b>	<b>348</b>	<b>297</b>	<b>495</b>	<b>362</b>	<b>1,282</b>	<b>1,149</b>
<b>Investing activities</b>						
Investment in investment properties	-576	-809	-1,052	-1,249	-2,263	-2,460
Acquisition of investment properties	-2	-162	-27	-500	-27	-500
Divestment of investment properties	99	0	102	0	484	382
Investment in other fixed assets	-4	-2	-7	-3	-18	-14
Investment in financial assets	-35	36	-35	164	-200	-1
Divestment of financial assets	0	12	0	12	167	179
<b>Cash flow from investing activities</b>	<b>-518</b>	<b>-925</b>	<b>-1,019</b>	<b>-1,576</b>	<b>-1,857</b>	<b>-2,414</b>
<b>Financing activities</b>						
Loans raised	4,895	6,437	8,556	10,852	15,293	17,589
Repayment of loans	-4,618	-4,675	-7,855	-8,770	-15,041	-15,956
Change in collateral	48	-351	-366	-50	-367	-51
Redemption of financial instruments	0	-1	0	-1	1	-
Repayment of finance leases	-3	-1	-2	-1	-3	-2
<b>Cash flow from financing activities</b>	<b>322</b>	<b>1,409</b>	<b>333</b>	<b>2,030</b>	<b>-117</b>	<b>1,580</b>
Cash flow for the period/year	152	781	-191	816	-692	315
Cash and cash equivalents at the beginning of the period/year	440	503	783	468	1,284	468
<b>Cash and cash equivalents at the end of the period/year</b>	<b>592</b>	<b>1,248</b>	<b>592</b>	<b>1,248</b>	<b>592</b>	<b>783</b>



## Parent Company income statement

Amounts in MSEK	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	Jul 2022 Jun 2023	2022 Jan–Dec
<b>Income</b>	<b>81</b>	<b>68</b>	<b>157</b>	<b>138</b>	<b>309</b>	<b>300</b>
Other operating expenses	-46	-39	-82	-72	-193	-193
Personnel expenses	-69	-54	-141	-115	-260	-234
Depreciation	0	-1	-1	-1	-2	-2
<b>Operating profit</b>	<b>-34</b>	<b>-26</b>	<b>-67</b>	<b>-50</b>	<b>-146</b>	<b>-129</b>
Earnings from Group companies	-1	16	-24	35	156	215
Financial income	271	198	519	393	946	820
Financial expenses	-156	-115	-299	-222	-566	-489
Change in value of interest-rate derivatives	146	627	-107	1,522	151	1,780
Change in value of combined interest rate and currency derivatives	34	-291	-295	-349	-75	-129
Foreign exchange effect on financial liabilities	-241	99	22	-210	-234	-466
<b>Profit after financial items</b>	<b>19</b>	<b>508</b>	<b>-251</b>	<b>1,119</b>	<b>232</b>	<b>1,602</b>
Appropriations, Group contribution	-	-	-	-	-21	-21
Appropriations, profit to principal	18	157	16	222	-142	64
Tax	-17	-124	46	-247	-29	-322
<b>Profit for the period/year <sup>1)</sup></b>	<b>20</b>	<b>541</b>	<b>-189</b>	<b>1,094</b>	<b>40</b>	<b>1,323</b>

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

### Parent Company

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

## Parent Company balance sheet

Amounts in MSEK	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Capitalized development expenditure	19	9	15
<b>Total intangible fixed assets</b>	<b>19</b>	<b>9</b>	<b>15</b>
<b>Property, plant and equipment</b>			
Fixtures and fittings	6	2	5
<b>Total property, plant and equipment</b>	<b>6</b>	<b>2</b>	<b>5</b>
<b>Financial assets</b>			
Participations in subsidiaries	2,690	2,724	2,690
Receivables from Group companies	32,943	32,773	32,607
Financial derivative instruments	1,823	1,787	2,142
Non-current receivables	17	17	18
<b>Total financial assets</b>	<b>37,473</b>	<b>37,301</b>	<b>37,457</b>
<b>Total fixed assets</b>	<b>37,498</b>	<b>37,312</b>	<b>37,477</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable	1	0	1
Other receivables	759	260	17
Prepaid expenses and accrued income	10	41	42
<b>Total current receivables</b>	<b>770</b>	<b>301</b>	<b>60</b>
Cash and cash equivalents	592	1,282	783
<b>Total current assets</b>	<b>1,362</b>	<b>1,583</b>	<b>843</b>
<b>TOTAL ASSETS</b>	<b>38,860</b>	<b>38,895</b>	<b>38,320</b>

Amounts in MSEK	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	100	100	100
Revaluation reserve	143	143	143
	<b>243</b>	<b>243</b>	<b>243</b>
<b>Non-restricted equity</b>			
Retained earnings	8,324	7,001	7,001
Share premium reserve	841	841	841
Profit for the year	-189	1,094	1,323
	<b>8,976</b>	<b>8,936</b>	<b>9,165</b>
<b>Total equity</b>	<b>9,219</b>	<b>9,179</b>	<b>9,408</b>
<b>Provisions</b>			
Deferred tax liability	395	444	492
Other provisions for pensions and similar obligations	1	1	1
<b>Total provisions</b>	<b>396</b>	<b>445</b>	<b>493</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing liabilities	18,419	19,273	18,945
Liabilities to Parent Company	145	175	145
Financial derivative instruments	810	554	432
<b>Total non-current liabilities</b>	<b>19,374</b>	<b>20,002</b>	<b>19,522</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	7,644	6,993	6,435
Accounts payable	8	8	13
Liabilities to Group companies	1,926	2,086	2,232
Tax liability	116	39	64
Financial derivative instruments	27	-	-
Other liabilities	10	34	22
Accrued expenses and deferred income	140	108	131
<b>Total current liabilities</b>	<b>9,871</b>	<b>9,269</b>	<b>8,897</b>
<b>Total liabilities</b>	<b>29,641</b>	<b>29,716</b>	<b>28,912</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>38,860</b>	<b>38,895</b>	<b>38,320</b>

**Board of Directors**

At the Annual General Meeting on March 21, 2023, Kerstin Lindberg Göransson was elected as a member and Chair of the Board of Directors. Former Chair of the Board of Directors Per Uhlén and Board member Liselotte Hjorth had declined re-election. The remaining members were re-elected.

**Employees**

The number of employees in the Rikshem Group at the end of the period was 328 (316): 164 men and 164 women.

**Risks**

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

**Accounting policies**

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

The Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups have also been applied. This interim report has been prepared according to IAS 34 Interim Financial Reports and the Annual Accounts Act. The Parent Company’s accounting policies comply with the Annual Accounts Act and RFR 2. The accounting policies, valuation principles and calculation methods applied are consistent with the most recent annual report.

**New standards and interpretations**

The change to IAS 12 with regard to deferred tax on leases became effective on January 1, 2023 and means that companies applying IFRS in their consolidated financial statements must report deferred tax on all temporary differences. The change has a marginal impact on the financial statements. Other new and amended standards and interpretation statements approved by the EU are currently not considered to have a material impact on Rikshem’s earnings or financial position.

**Related-party transactions**

Rikshem’s related parties are presented in Note 22 of the Annual and Sustainability Report 2022. There were no material related-party transactions during the period apart from customary salaries and remuneration to the Board of Directors, CEO and other senior executives.

**Affirmation of the Board of Directors and the CEO**

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

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

**Stockholm, July 14, 2023**

Kerstin Lindberg Göransson  
Chair of the Board Of  
Directors

Pernilla Arnrud Melin  
Board member

Andreas Jensen  
Board member

Siv Malmgren  
Board member

Zdravko Markovski  
Board member

Per-Gunnar Persson  
Board member

Peter Strand  
Board member

Anette Frumerie  
CEO

## Quarterly data

Amounts in MSEK	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
<b>Income statement</b>						
Rental income	865	841	803	795	801	770
Property expenses	-365	-421	-424	-281	-319	-385
Net operating income	500	420	379	514	482	385
Central administration	-41	-37	-58	-34	-33	-31
Earnings from joint ventures	-131	4	-223	9	113	10
Net financial income and expenses	-154	-140	-131	-119	-102	-93
Profit after financial items	174	247	-33	370	460	271
of which income from property management	315	246	201	369	361	268
Change in value of investment properties	-1,084	-1,003	-2,113	2	52	124
Change in value and exchange rate effects on financial instruments	-62	-319	125	98	434	529
Profit before tax	-972	-1,075	-2,021	470	946	924
Tax and other comprehensive income	160	223	375	-85	-190	-189
Comprehensive income for the quarter	-812	-852	-1,646	385	756	735
<b>Statement of financial position</b>						
Investment properties	58,312	58,918	59,423	61,238	60,705	59,683
Stakes in joint ventures	1,961	2,092	2,088	2,312	2,302	2,201
Other assets	3,056	2,772	2,628	2,737	2,417	1,727
Cash and cash equivalents	592	440	783	645	1,284	503
Total assets	63,921	64,222	64,922	66,932	66,708	64,114
Equity	27,421	28,233	29,085	30,731	30,346	29,591
Deferred tax	4,755	4,944	5,189	5,558	5,506	5,348
Interest-bearing liabilities	29,702	29,181	29,021	28,872	29,212	27,553
Other liabilities	2,043	1,864	1,627	1,771	1,644	1,623
Total equity and liabilities	63,921	64,222	64,922	66,932	66,708	64,114
<b>Key figures</b>						
Loan-to-value ratio, percent	51	50	49	47	48	46
Equity/assets ratio, percent	43	44	45	46	45	46
Interest-coverage ratio, multiple (R12)	2.9	3.2	3.5	3.6	3.7	3.6
Return on equity, percent (R12)	-10.1	-4.7	0.8	17.5	18.1	24.0
Property yield, percent (R12)	3.1	3.0	3.0	3.1	3.1	3.1
Surplus ratio, percent	58	50	47	65	60	50





## Key figures

Amounts in MSEK	2023 Q2	2022	2021	2020	2019
<b>Income statement</b>					
Rental income	865	3,169	3,062	3,032	2,916
Net operating income	500	1,760	1,768	1,760	1,586
Profit after financial items	-154	1,068	1,526	1,279	1,286
of which income from property management	315	1,198	1,230	1,245	1,048
Change in value of properties	-1,084	-1,935	5,509	1,825	1,538
Profit for the period	-812	228	5,931	2,481	2,244
<b>Statement of financial position</b>					
Equity	27,421	29,085	28,855	22,921	20,441
External liabilities	29,702	29,021	26,922	26,315	26,838
Fair value of properties	58,312	59,423	58,780	51,750	49,307
Total assets	63,921	64,922	62,411	55,271	52,612
<b>Financial key figures</b>					
Equity/assets ratio, percent	43	45	46	41	39
Loan-to-value ratio, percent	51	49	46	51	54
Interest-coverage ratio, multiple (R12)	2.9	3.5	3.6	3.7	3.5
Net debt/EBITDA, multiple	17.5	17.6	15.9	15.2	18.0
Loan-to-value ratio, secured loans, percent	8	8	6	9	9
Average interest rate, percent	2.4	2.0	1.5	1.7	1.6
Interest rate duration, years	3.5	3.4	4.2	4.7	4.5
Debt duration, years	3.6	3.7	4.0	4.0	3.8
Return on equity, percent (R12)	-10.1	0.8	22.9	11.4	11.6
Property yield, percent (R12)	3.1	3.0	3.2	3.5	3.3
Total return excl. joint ventures, percent (R12)	-3.9	-0.3	13.9	7.2	6.7
Total return incl. joint ventures, percent (R12)	-4.0	-0.4	13.9	7.0	7.2

Amounts in MSEK	2023 Q2	2022	2021	2020	2019
<b>Property-related key indicators</b>					
Number of properties	515	519	514	540	560
Lettable area, 1,000 sqm	2,258	2,240	2,216	2,232	2,292
Number of apartments	29,638	29,230	28,514	28,730	29,214
Share of properties for public use (fair value), percent	30	30	29	30	30
Vacancy rate, residential properties, percent	3.2	3.1	5.1	4.0	3.5
Market vacancy rate, residential properties, percent	1.1	0.8	1.5	1.4	0.8
Remaining lease term for properties for public use, years	7.6	7.6	8.3	8.8	9.0
Fair value, SEK/sqm	25,824	26,525	26,522	23,181	21,512
Growth in revenue Like-for-like portfolio, percent	6.5	3.3	2.4	3.5	4.3
Growth in net operating income Like-for-like portfolio, percent	3.1	-1.2	1.1	9.2	3.6
Surplus ratio, percent	58	56	58	58	54
<b>Employees</b>					
Number of employees	328	316	286	271	259

## Key indicators – calculations

Both interim and annual reports refer to a number of financial metrics that are not defined by IFRS. Rikshem believes that these metrics help both investors and management to analyze the Company's results and financial position. Not all companies calculate financial metrics in the same way, so the metrics are not always comparable with those used by other companies. Amounts in MSEK unless stated otherwise.

Amounts in MSEK	Jul 2022– Jun 2023	2022 Jan–Dec	Jul 2021– Jun 2022	2021 Jan–Dec
<b>Return on equity</b>				
Profit for the year	-2,927	228	5,036	5,931
Average equity	28,884	28,970	27,827	25,888
<b>Return on equity, percent</b>	<b>-10.1</b>	<b>0.8</b>	<b>18.1</b>	<b>22.9</b>
<b>Net operating income</b>				
Rental income	3,304	3,169	3,111	3,062
Property expenses	-1,491	-1,409	-1,343	-1,294
<b>Net operating income</b>	<b>1,813</b>	<b>1,760</b>	<b>1,768</b>	<b>1,768</b>
<b>Surplus ratio</b>				
Net operating income	1,813	1,760	1,768	1,768
Rental income	3,304	3,169	3,111	3,062
<b>Surplus ratio, percent</b>	<b>55</b>	<b>56</b>	<b>57</b>	<b>58</b>
<b>Property yield</b>				
Net operating income	1,813	1,760	1,768	1,768
Opening property value	60,705	58,780	54,370	51,750
Closing property value	58,312	59,423	60,705	58,780
Adjusted average property value	59,509	59,102	57,537	55,265
<b>Property yield, percent</b>	<b>3.1</b>	<b>3.0</b>	<b>3.1</b>	<b>3.2</b>
<b>Total return</b>				
Net operating income	1,813	1,760	1,768	1,768
Change in value of properties	-4,198	-1,935	3,656	5,509
<b>Total</b>	<b>-2,385</b>	<b>-175</b>	<b>5,424</b>	<b>7,278</b>
Opening property value	60,705	58,780	54,370	51,750
Closing property value	58,312	59,423	60,705	58,780
Minus unrealized change in value	4,198	1,935	-3,656	-5,509
<b>Adjusted average property value</b>	<b>61,608</b>	<b>60,069</b>	<b>55,710</b>	<b>52,510</b>
<b>Total return, percent</b>	<b>-3.9</b>	<b>-0.3</b>	<b>9.7</b>	<b>13.9</b>

Amounts in MSEK	Jul 2022– Jun 2023	2022 Jan–Dec	Jul 2021– Jun 2022	2021 Jan–Dec
<b>Interest-coverage ratio</b>				
Profit before tax	-3,598	319	6,270	7,347
Reversal				
Change in value of properties	4,198	1,935	-3,656	-5,509
Change in value of financial derivative instruments and loans	158	-1,186	-1,153	-311
Earnings from joint ventures	341	91	-268	-330
Financial expenses	559	450	457	480
<b>Total</b>	<b>1,658</b>	<b>1,609</b>	<b>1,651</b>	<b>1,676</b>
External interest	-580	-456	-448	-467
<b>Interest-coverage ratio, multiple</b>	<b>2.9</b>	<b>3.5</b>	<b>3.7</b>	<b>3.6</b>
<b>Loan-to-value ratio</b>				
External interest-bearing liabilities	29,702	29,021	29,212	26,922
Fair value of investment properties	58,312	59,423	60,705	58,780
<b>Loan-to-value ratio, percent</b>	<b>51</b>	<b>49</b>	<b>48</b>	<b>46</b>
<b>Loan-to-value ratio, secured loans</b>				
Outstanding secured debt	4,528	4,530	3,812	3,306
Fair value of investment properties	58,312	59,423	60,705	58,780
<b>Loan-to-value ratio, secured loans, percent</b>	<b>8</b>	<b>8</b>	<b>6</b>	<b>6</b>
<b>Net debt/EBITDA</b>				
External interest-bearing liabilities	29,702	29,021	29,212	26,922
Cash and cash equivalents	-592	-783	-1,284	-468
Collateral relating to CSA agreements	-368	-2	-140	48
<b>Net debt</b>	<b>28,742</b>	<b>28,236</b>	<b>27,788</b>	<b>26,503</b>
Net operating income	1,813	1,760	1,768	1,768
Central administration	-170	-156	-122	-100
Depreciation	2	2	2	2
<b>EBITDA</b>	<b>1,645</b>	<b>1,606</b>	<b>1,648</b>	<b>1,670</b>
<b>Net debt/EBITDA, multiple</b>	<b>17.5</b>	<b>17.6</b>	<b>16.9</b>	<b>15.9</b>

# Definitions

<b>Amounts within parentheses</b>	For income statement items, amounts in parentheses show figures for the corresponding period of the prior year. For balance sheet items, amounts in parentheses refer to the result at the end of the preceding year.
<b>Average interest rate</b>	Average interest rate for interest-bearing liabilities including expenses for backup facilities in relation to current loans on the closing date.
<b>Debt duration</b>	The weighted remaining maturity of interest-bearing liabilities on the closing date.
<b>Economic occupancy rate</b>	Contracted rents in relation to total rental value on the closing date less rent related to areas that are unrented due to renovation.
<b>Equity/assets ratio</b>	Equity in relation to total assets.
<b>Income from property management</b>	Net operating income less administrative costs and net financial income and expenses plus income from property management from participations in joint ventures.
<b>Interest-coverage ratio</b>	Profit before tax after reversal of earnings from joint ventures, interest expense, change in value of assets and liabilities, and other financial expenses in relation to interest expense for external borrowings.
<b>Interest rate duration</b>	The weighted remaining fixed interest period for interest-bearing liabilities and financial derivative instruments on the closing date.
<b>Lease duration, properties for public use</b>	The remaining lease term weighted in rental value in the properties for public use segment on the closing date, excluding garages/parking and residential properties let to private individuals.
<b>Like-for-like portfolio</b>	Properties owned for the whole period and the whole of the comparative period and which have not been classified as development properties during these periods.
<b>Loan-to-value ratio</b>	External interest-bearing liabilities in relation to the fair value of properties.
<b>Loan-to-value ratio, secured loans</b>	Secured interest-bearing liabilities in relation to the fair value of properties.
<b>Market vacancy rate, residential properties</b>	The number of unrented apartments less apartments decommissioned due to renovation, for example, in relation to the total number of apartments on the closing date.
<b>Net debt/EBITDA</b>	External interest-bearing liabilities minus cash and cash equivalents, adjusted for collateral relating to CSA agreements, in relation to EBITDA. EBITDA is calculated as net operating income excluding central administration plus reversal of depreciation included in central administration.

<b>Net operating income</b>	Rental income less property expenses.
<b>Property expenses</b>	Costs for heating, electricity, water, operation, maintenance, property tax, rent losses and property administration.
<b>Property yield</b>	Annualized net operating income in relation to the average fair value of properties.
<b>Rental income</b>	Rental value less vacancies and rent discounts.
<b>Return on equity</b>	Profit for the year in relation to average equity.
<b>Secured loans</b>	Loans raised against liens on properties.
<b>Surplus ratio</b>	Net operating income in relation to rental income.
<b>Total return</b>	Net operating income plus change in value in relation to the average fair value of properties, less rolling four-quarter changes in value.
<b>Vacancy rate, residential properties</b>	The number of unrented apartments in relation to the total number of apartments on the closing date.

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

## Financial calendar

Interim report	
January – September 2023	October 27, 2023
Year-end report	
January–December 2023	February 9, 2024

## Rikshem

Rikshem is one of Sweden's largest private property companies. We own, develop and manage residential properties and properties for public use in selected municipalities in Sweden, offering safe, pleasant and flexible housing in attractive locations. Rikshem is owned by the Fourth Swedish National Pension Fund (AP4) and AMF Tjänstepension AB. Read more at [rikshem.se](https://rikshem.se)

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