

Interim report Q1

January–March 2021

Events during the period

- Rental income decreased by MSEK 1 or 0.1 percent compared to the same period last year to MSEK 760 (761). This can mainly be explained by property sales in 2020.
- Net operating income decreased by MSEK 13 or 3.1 percent to MSEK 400 (413), mainly as a result of higher costs for heating and snow clearance compared with Q1 2020.
- Income from property management fell by MSEK 7 or 2.5 percent to MSEK 275 (282).

- The change in value for investment properties was MSEK 95 (129).
- Profit before tax for the period increased by MSEK 45 or 11.6 percent to MSEK 433 (388). Profit after tax increased by MSEK 20 or 6.3 percent to MSEK 336 (316).
- Three development properties in Västerås were acquired for MSEK 19 (0).
- Investments for the period totaled MSEK 304 (300).

Events after the end of the period

- At the extraordinary general meeting on April 20, 2021, ordinary board member Per Uhlén was elected as the new Chairman of the Board following Bo Magnusson's announcement that he wished to step down as a member and Chairman of the Board. At the same time Peter Strand was elected as a new ordinary board member.

Rental income

MSEK 760

Net operating income

MSEK 400

Profit after tax

MSEK 336

Rikshem in summary

	Jan–Mar 2021	Jan–Mar 2020	Apr 2020–Mar 2021	Jan–Dec 2020
Rental income, MSEK	760	761	3,031	3,032
Net operating income, MSEK	400	413	1,747	1,760
Income from property management, MSEK	275	282	1,272	1,279
Profit, MSEK	336	316	2,501	2,481
Fair value of properties, MSEK	52,167	49,718	52,167	51,750
Number of apartments	28,996	29,401	28,996	28,730
Lettable area, 1,000 sqm	2,247	2,301	2,247	2,232
Economic occupancy rate, %	96.0	96.4	96.0	96.4
Average lease term, years*	8.8	9.0	8.8	8.8
Loan-to-value ratio, %	53	54	53	51
Interest-coverage ratio, multiple**	3.7	3.7	3.6	3.7
Equity, MSEK	23,257	20,757	23,257	22,921
Total return excl. joint ventures, %**	7.1	6.7	7.1	7.2
Total return incl. joint ventures, %**	6.9	7.0	6.9	7.0
Return on equity, %**	11.4	11.6	11.5	11.4

* Pertains to properties for public use. ** Pertains to rolling 12 months
See page 21 for definitions of key performance indicators

Stable revenues and strong market segments



Anette Frumerie, CEO

“ Things are going well for Rikshem. We continue to develop the Company incrementally by combining professionalism and community engagement. This will enable us to achieve our long-term targets.

The coronavirus pandemic continues to pervade society. The Swedish government has launched substantial support packages to stimulate the economy, which benefits assets such as property, and interest in property investments remains high. In the 'new normal', we continue the work to deliver more project start-ups, develop profitable local plans within our own portfolio, implement our new rental policy and create a road map for climate-neutral property management in 2030.

Property value over SEK 55 billion

Rental income for the like-for-like portfolio increased slightly during the first quarter. Property expenses were up, mainly as a result of a colder winter leading to higher costs for heating and snow clearance, for example. Rental income for the portfolio as a whole was down 0.1 percent. In Q3 2020, we divested a significant portfolio in Östersund, which means a smaller revenue base this year. Investments increased slightly during the period and Rikshem's properties, including joint ventures, now have a fair value of over SEK 55 billion.

Properties in stable segments

MSCI's 2020 Property Index confirms that we operate in stable segments. Our total return calculated by MSCI was 7.2 percent (7.2), whereas the benchmark for the property market as a whole fell from 10.5 percent to 5.7 percent. The decrease stems primarily from the retail and hotel segments, which have declined as a result of the coronavirus pandemic. The trend for residential properties and properties for public use has been much more stable, and remains largely at the pre-pandemic level. The fact that we're climbing in the overall ranking demonstrates the strength of the segments in which we operate.

Coronavirus – one year into the pandemic

There is a lot happening in the Company and employee commitment is high but, at the same time, a whole year of the coronavirus pandemic is starting to take its toll. While some people can see the benefits of homeworking, others want to get back to the workplace. Employees working on site in our properties face a different challenge in the form of working in a Covid-safe way when many tenants are home for a large part of the day. We're still experiencing only a minor economic impact on revenues. Few commercial tenants have requested rent discounts within the framework of the part-government-financed rent support scheme. The long leases for properties for public use have not been affected, and the market remains stable. Neither are we seeing any change in terms of rental payments on the residential side, although we have noted fewer expressions of interest in vacant apartments. This may be a sign that people are considering more carefully whether to change their housing situation during the pandemic, when they may be more uncertain of their income going forward. On the property development side, in some cases it is taking longer to get new construction projects started because the municipalities have longer turnaround times. Starting up renovations is also taking longer in order to make the work Covid-safe.

Initiative for new rentals

The increase in market vacancies continues. This can be attributed to the portfolio in southern Sweden and particularly to Norrköping and Kalmar, where the majority of our new construction projects and renovations are located. In parallel with this, other market participants have

significant new construction projects in progress, which means it takes longer to get the apartments on to the market than previously. This is an important focus area for us, and I'm positive about the way we're handling new rentals, showing great initiative and embracing new ways of working.

New construction through densification

We currently have 655 apartments in production and are ready to start the first new construction projects within our framework agreements. This involves densifying our existing neighborhoods in Blombacka in Södertälje and at Mariehem in Umeå, two neighborhoods where demand for apartments is good. Around 130 apartments are being built in Blombacka, and the project is to be financed by green bonds. The project in Umeå comprises just over 100 apartments in two buildings. It has taken longer than expected to be able to start projects, but this time has been put to good use finding ways to structure the collaboration going forward. We have also signed a lease with Coop for a new-build grocery store at Kalkällan in Luleå. Offering neighborhood services that makes life easier is one way of creating more attractive living environments, for our tenants.

Still good for Rikshem

Things are going well for Rikshem. We continue to develop the Company incrementally by combining professionalism and community engagement. This will enable us to achieve our long-term targets.

Anette Frumerie, CEO

One of Sweden's largest private property companies

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

Fair value

SEK 55 billion

The fair value of the properties totals MSEK 55,007 (including Rikshem's share of the property value in joint ventures).

Apartments

29,000

Rikshem has 29,000 apartments: a mix of rental apartments, senior accommodation, student accommodation and youth apartments.

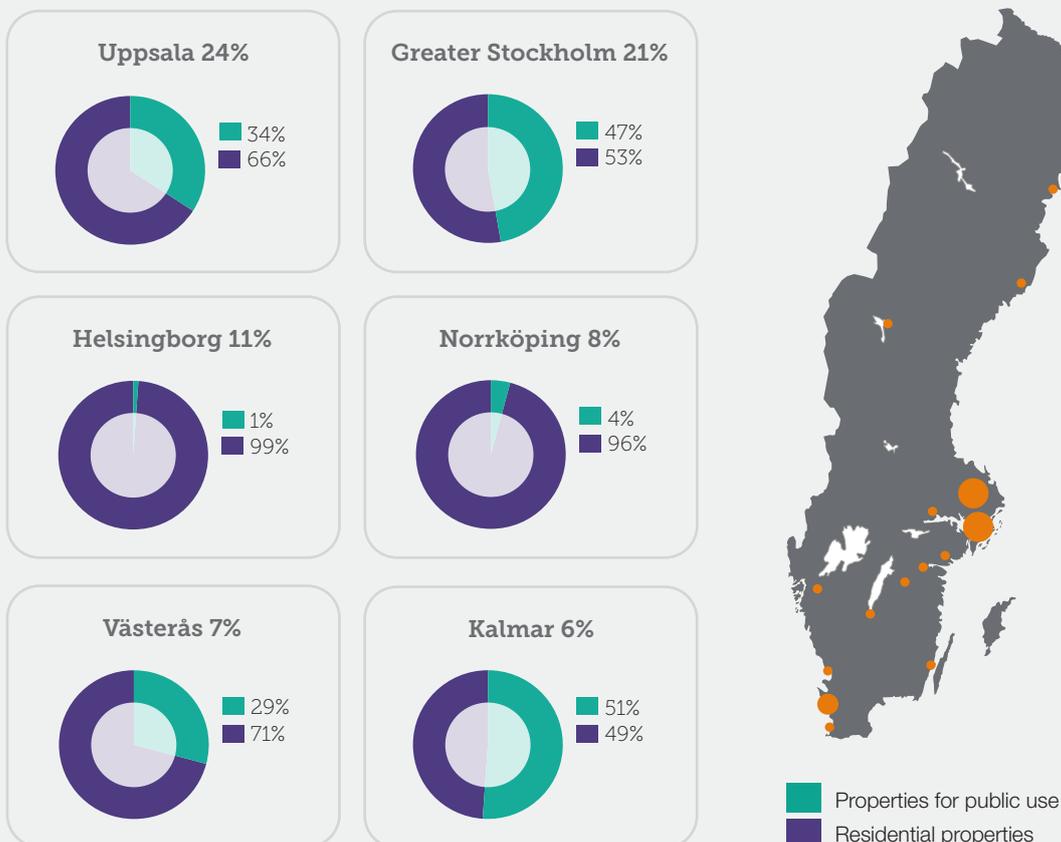
Properties for public use

30%

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

Our largest locations

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



Rikshem's targets

Rikshem has five long-term targets that guide the focus of our operations. The business is run according to a number of strategies intended to contribute to achieving the targets.

Target area	Good total return			Customer satisfaction			Employee satisfaction			Climate-neutral operations			Safe and attractive neighborhoods		
Long-term target	Deliver a total return of minimum 5% in real terms on the property capital in the long term.			Achieve a score of 62 (index 100) on the Customer Satisfaction Index (CSI) for housing in 2022.			Achieve a score of 82 (index 100) on the Employee Satisfaction Index (ESI) in 2022. ESI (index 100).			Reduce energy use by 2.5% per year and CO ₂ emissions by 2.0 kg/m ² per year.			Achieve a score of 85 for perceived safety (index 100) among tenants in 2022.		
Strategies	Dedicated property management organization • Diverse offer of housing and properties for public use for all life stages Active portfolio development • Professionalism and community engagement in combination • Long-term neighborhood development • Energy optimization and efficiency measures • Inclusive and positive employeeship														
Result	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
	6,7%	5,5%	5,8%	58,7%	56,6%	54,0%	71	70	71	-8,0%	+0,7%	-3,5%	76,8	77,2	75,6
										-0,7 kg/sqm yearly	-1,7 kg/sqm yearly	+0,9 kg/kvm yearly			

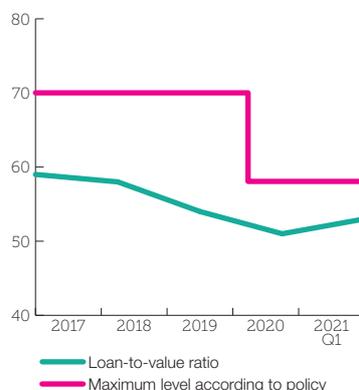
Rikshem's key financial indicators

Equity/assets ratio (%)



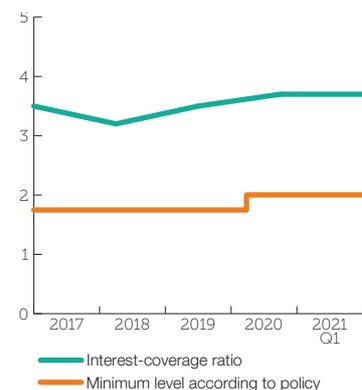
41%

Loan-to-value ratio (%)



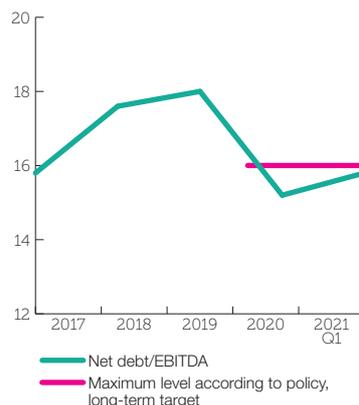
53%

Interest-coverage ratio (multiple)



3.7

Net debt/EBITDA (multiple)



15.8

Income, costs and profit

Net operating income

The Group's rental income decreased by MSEK 1 or 0.1 percent on the same period last year to MSEK 760 (761). Divestments during 2020 are the main reason for the decrease. Rental income for the like-for-like portfolio increased by MSEK 7 or 0.9 percent.

MSEK 760
(761)

Property expenses for the period increased by MSEK 12 or 3.4 percent to MSEK 360 (348). Expenses for the like-for-like portfolio increased by MSEK 21 or 6.3 percent. Operating expenses increased by MSEK 24, mainly because costs for heating and snow clearance were higher than in Q1 2020. Expenses for repairs and maintenance were MSEK 13 lower than the same period last year.

Altogether, total net operating income decreased by MSEK 13 year-on-year to MSEK 400 (413). Net operating income for the like-for-like portfolio decreased by MSEK 14 or 3.5 percent compared with Q1 2020.

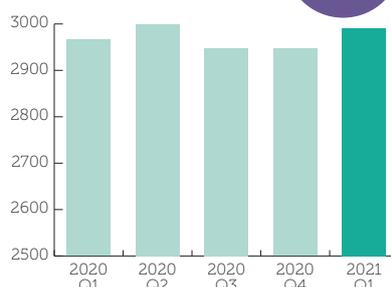
The surplus ratio for the total property portfolio for the period was 53 percent (54).

At the end of the period, the vacancy rate for residential properties was 4.6 percent. Adjusted for apartments that have been vacated for renovation, the market vacancy rate was 2.0 percent (1.0). This increase can mainly be attributed to new-build and newly renovated apartments in Norrköping and Kalmar that are in the process of being rented. Measures have been taken to reduce vacancies, including organizational changes and the adoption of a new rental policy. The economic occupancy rate for properties for public use was 97.9 percent. The economic occupancy rate for the portfolio as a whole was 96.0 percent. The average remaining lease term for properties for public use was 8.8 years (9.0).

Income statement MSEK	Jan-Mar 2021	Jan-Mar 2020
Rental income	760	761
Property expenses	-360	-348
Net operating income	400	413
Central administration	-18	-22
Net financial items	-109	-112
Earnings from joint ventures	2	3
Income from property management	275	282
Change in value of properties	95	129
Change in value of financial derivative instruments and foreign exchange effects on financial liabilities	63	-23
Profit before tax	433	388
Tax	-97	-72
Profit for the period	336	316

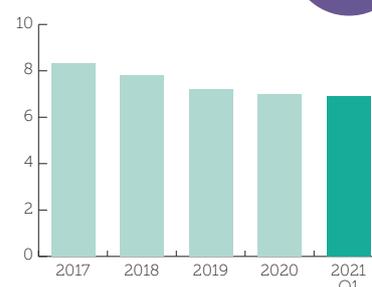
Annual rent as of the closing date (MSEK)

MSEK 2,991



Total return incl. joint ventures (%)

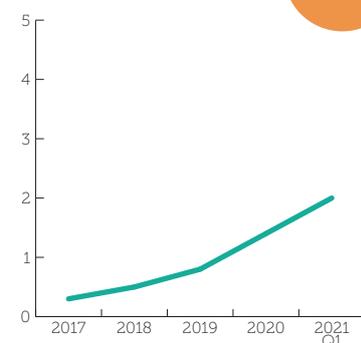
6.9%



The diagram shows the total return without any adjustment for inflation.

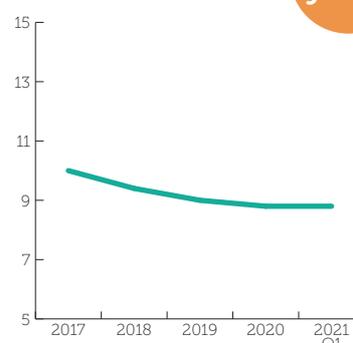
Market vacancy rate, residential properties (%)

2.0%



Average lease term, properties for public use (years)

8.8 years



For income statement items, amounts in parentheses show figures for the corresponding period of the prior year. For balance sheet items, amounts in parentheses show figures at the most recent year-end. Amounts in the interim report have been rounded to the nearest SEK 1 million, which means that figures in tables and those mentioned in the text do not always match.

Central administration

Costs for central administration amounted to MSEK -18 (-22). Central administration includes group-wide costs. Costs for travel and central property development operations were the main items that were lower than in Q1 2020.

MSEK -18
(-22)

Net financial items

Net financial items totaled MSEK -109 (-112). Net financial items mainly comprise the Company's external interest expense. The average interest rate on interest-bearing liabilities was 1.6 percent (1.6).

MSEK -109
(-112)

Earnings from joint ventures

Earnings from joint ventures amounted to MSEK 2 (3). See the section on Joint ventures on page 10 for further information.

Change in value of properties

The change in value of investment properties in the period was MSEK 95 (129), equivalent to an increase in value of 0.2 percent (0.3). More information on the valuation of properties can be found on page 8.

MSEK 95
(129)

Change in value of financial derivative instruments

The company's financial derivative instruments are interest rate swaps, which extend interest duration, and combined currency and interest rate swaps, which have been entered into to eliminate currency risk on interest payments and repayments of loans raised in EUR, NOK and AUD. There has been a rise in Sweden's long-term interest rates during the period, which has a positive impact on the change in value of interest rate derivative instruments. The change in value during the period was MSEK 302 (-214). The change in value of foreign exchange derivatives amounted to MSEK 252 (-29). The foreign exchange effects on financial liabilities in EUR, NOK and AUD totaled MSEK -491 (220) and were attributable to the weakening of the Swedish krona against NOK and AUD during the period.

MSEK 304
(-214)

Tax

Tax reported for the period amounted to MSEK -97 (-72), MSEK -24 (-65) of which was current tax and MSEK -73 (-7) 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 22.3 percent (18.8). The variance from the Swedish corporate tax rate of 20.6 percent is mainly explained by non-deductible interest as an effect of current rules limiting interest deduction. The deferred tax asset has been offset against the deferred tax liability in the statement of financial position.

MSEK -97
(-72)

Profit for the period

Profit for the period totaled MSEK 336 (316).

MSEK 336
(316)

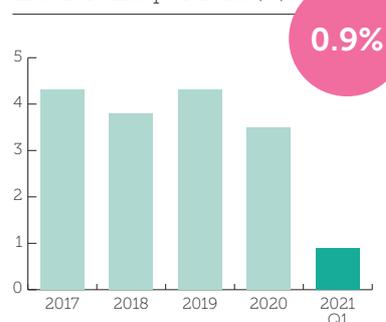
Effects of the coronavirus pandemic

With a property portfolio mainly comprising rental apartments and properties for public use, exposure to the sectors that have been most vulnerable to the pandemic is extremely low. Rikshem's profit has been only marginally impacted by the effects of the pandemic.

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



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



Property portfolio

At March 31, 2021, Rikshem's property portfolio comprised 545 properties (540 with a fair value of MSEK 52,167 (51,750). MSEK 36,061 of this pertained to residential properties, MSEK 12,564 to nursing homes, MSEK 2,671 to schools and

MSEK 871 to commercial properties. The property portfolio includes development rights valued at MSEK 602. Properties representing 46 percent of the fair value are located along the Greater Stockholm-Uppsala axis.

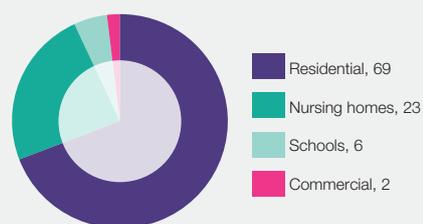
Altogether, the property portfolio comprises 28,996 apartments (28,730) and lettable area of approximately 2,247,000 sqm (2,232,000).

Rikshem's property portfolio, March 31, 2021

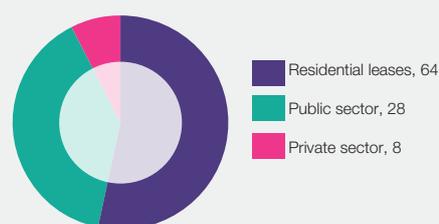
Type	Value, MSEK	Percentage share	Area, 1,000 sqm	Fair value, SEK/sqm	Annual rent, MSEK	Annual rent broken down by type of tenant, %			
						Residential leases	Public sector	Private sector	Total
Residential properties segment									
- Residential	36,061	69	1,606	22,457					
- Commercial*	546	1	13	43,186					
Residential properties	36,607	70	1,618	22,619	2,098	89	4	7	100
Properties for public use segment									
- Nursing homes	12,564	24	475	26,456					
- Schools	2,671	5	117	22,922					
- Commercial*	325	1	37	8,859					
Properties for public use	15,561	30	628	24,773	893	5	82	13	100
Total	52,167	100	2,247	23,221	2,991	64	27	9	100



Breakdown of fair value of investment properties (%)



Breakdown of rental income (%)



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

Yield requirement and rent/sqm per property type

Property type	Rent/sqm			Yield requirement		
	min.	average	max.	min.	average	max.
Residential	729	1,301	2,534	2.39%	3.78%	5.50%
Properties for public use:					4.51%	
Nursing homes	582	1,478	2,826	3.19%	4.45%	7.50%
Schools	639	1,507	2,356	4.74%	4.79%	6.55%
Commercial	752	1,326	5,838	3.67%	4.94%	7.45%
Average		1,349			4.01%	

Change in yield requirement per property type

Property type	Value in MSEK	Dec 31, 2020	Mar 31, 2021	Change
Residential	36,061	3.77%	3.78%	0.01%
Properties for public use:				
Nursing homes	12,564	4.45%	4.45%	0.00%
Schools	2,671	4.79%	4.79%	0.00%
Commercial	871	4.91%	4.94%	0.03%
Total	52,167	4.00%	4.01%	0.01%

Fair value of investment properties

Amounts in MSEK	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Fair value at the beginning of the period	51,750	49,307	49,307
Change in value	95	129	1,825
Investments	304	300	1,592
Acquisitions	19	-	285
Divestments	-	-18	-1,259
Fair value at the end of the period	52,167	49,718	51,750
Fair value incl. Rikshem's share of properties in joint ventures	55,007	52,317	54,485

Segment reporting

Amounts in MSEK	Residential		Properties for public use		Total	
	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020
Rental income	533	527	227	234	760	761
Property expenses	-274	-265	-86	-83	-360	-348
Net operating income	259	262	141	151	400	413
Change in value of properties	75	23	21	105	95	129
Total return	333	286	162	256	495	541
Total return excl. joint ventures, % (R12)	7.2	5.7	6.8	8.8	7.1	6.7
Fair value of properties	36,607	34,612	15,561	15,106	52,167	49,718
Percentage share	70%	70%	30%	30%	100	100
Area, 1,000 sqm	1,618	1,667	628	634	2,247	2,301
Fair value, SEK/sqm	22,619	20,756	24,773	23,840	23,221	21,605
Investments	273	234	31	66	304	300

Investments and projects

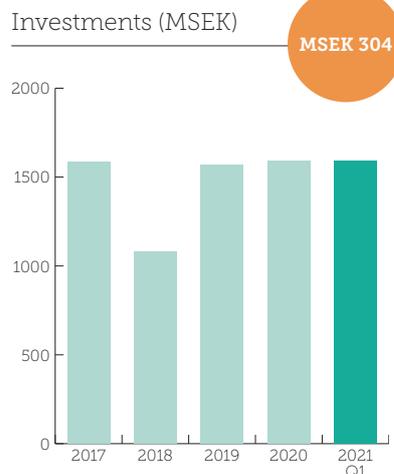
Rikshem has several projects in progress: new construction of residential properties and properties for public use as well as several renovations.

Transactions and investments

During the period, Rikshem acquired three development properties in Dingtuna, Västerås for MSEK 19. Two of the properties will be developed to provide apartments and one as a preschool. There were no divestments during the period.

Investments in existing properties during the period amounted to MSEK 304 (300), MSEK 205 (168) of which pertained to redevelopment and renovation of residential properties, MSEK 66 (66) to new construction of residential properties and MSEK 33 (66) to investments in properties for public use.

Construction of 655 new apartments is under way, with residents expected to move in in 2021 and 2022. RM&U renovation projects are in progress in 1,625 apartments across seven properties, with tenants moving in on an ongoing basis. Year to date, residents have moved in to 74 apartments that have undergone RM&U renovation, 49 apartments that have been renovated after the previous tenant moved out, and 257 new-build apartments.



Major projects in progress

Property/project	Municipality	Project category	Number of apartments before	Number of apartments after	Investment amount, MSEK	Estimated completion
Porsön	Luleå	RM&U renovation	426	426	317	Q3 2024
Kantorn	Uppsala	RM&U renovation	160	231	208	Q2 2022
Planen	Norrköping	RM&U renovation	167	227	181	Q1 2022
Flyttfågeln	Umeå	RM&U renovation	188	188	204	Q4 2022
Bonden	Halmstad	New construction (apartments)		178	355	Q4 2022
Enheten	Halmstad	New construction (apartments)		137	143	Q2 2023
Orrspelet	Umeå	New construction (apartments)		103	173	Q4 2022
Planen	Norrköping	New construction (apartments)		99	179	Q1 2021
Nåden	Halmstad	New construction (apartments)		92	116	Q2 2022



Illustration of new construction project at Repet 4 in Blombacka, Södertälje

Repet 4, Blombacka, Södertälje

The local plan for Blombacka in Södertälje gained legal force in the summer of 2020. The new construction covers a gross area of 30,000 sqm close to Rikshem's existing properties. The project entails building 130 apartments in prefabricated concrete, one ground-floor premises of approximately 300 sqm and 14 parking places at ground level. Analysis of the neighborhood points to demand for larger apartments, which this project meets. The buildings will be among the green bond projects. Tenants are expected to move in in Q3 2022.

Joint ventures

Stakes in joint ventures

Rikshem owns stakes in joint ventures with a total value of MSEK 1,771 (1,768). The value of Rikshem's share of the property holdings in these joint ventures, which are consolidated according to the equity method, is SEK 2.8 billion. The largest joint venture holding of MSEK 1,027 pertains to 49 percent of VärmdöBostäder; the remainder is owned by Värmdö Municipality. The second-largest holding of MSEK 630 pertains to Farsta Stadsutveckling (Telestaden), with Rikshem and Icano Bostad each owning 50 percent.

MSEK 1,771
(1,768)

Other participations in associated companies totaling MSEK 114 pertain to development projects owned and operated together with Nordr (formerly Veidekke Eiendom), P&E Fastighetspartner and Glommen & Lindberg.

The joint ventures involve some development of condominiums. At March 31, 2021, there were 111 apartments in production, 94 of which had been sold. Rikshem's share of the unsold apartments is eight.

Earnings from joint ventures

Earnings from joint ventures amounted to MSEK 2 (3).

MSEK 2
(3)



Rikshem's joint ventures

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



Illustration: Telestaden in Farsta

Financing

Rikshem has continued its green financing journey during the past quarter. New green bonds have been issued for MSEK 700, and MSEK 200 has been borrowed from the European Investment Bank for investments in energy efficiency measures.

The interest rate market experienced a significant rise in long-term interest rates in the quarter in the wake of forecasts of higher inflation and the positivity surrounding the vaccination rollout and, with it, optimism about the global recovery. Rising long-term interest rates have had a marginal effect on Rikshem's interest expense, as interest duration has previously been managed using interest rate swaps and fixed-rate bonds. However, the interest rate rise has had a significant impact on the value of the Company's financial derivative instruments. Access to capital has been good during the quarter, and credit margins have remained low.

Three bond issues totaling MSEK 1200 were executed and short-term bonds were repurchased. Commercial paper is issued on an ongoing basis, with borrowing against commercial paper increasing by MSEK 216 during the quarter. Bank loans of around MSEK 480 were repaid

and a further MSEK 200 was drawn on the credit facility with the European Investment Bank (EIB).

Cash and cash equivalents

Cash and cash equivalents amounted to MSEK 1,072 (830).

Financial derivative instruments

At March 31, 2021, the Company had an interest rate derivative portfolio that hedged SEK 16.8 billion, with the Company paying a fixed rate and receiving floating interest. The Company also has combined interest rate and currency swaps to hedge loans raised in other currencies. The total fair value of the Company's financial derivative instruments with a positive fair value amounted to MSEK 429 (281), while the fair value of financial derivative instruments with a negative fair value was MSEK -560 (-968). The net fair value of the derivative portfolio was MSEK -131 (-687).

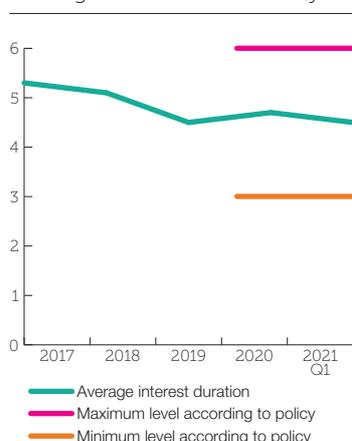
Interest-bearing liabilities

At March 31, 2021, interest-bearing liabilities amounted to MSEK 27,505 (26,315). Of these, MSEK 4,333 (4,814) pertained to secured bank loans, MSEK 399 (199) to liabilities to the European Investment Bank, MSEK 2,355 (2,139) to funding through commercial paper and MSEK 20,243 (18,988) to bond loans. In addition, the Company had MSEK 175 (175) in interest-bearing liabilities to related parties. All bank loans are secured by collateral in properties. In total, secured financing accounted for 8 percent (9) of the fair value of the investment properties.

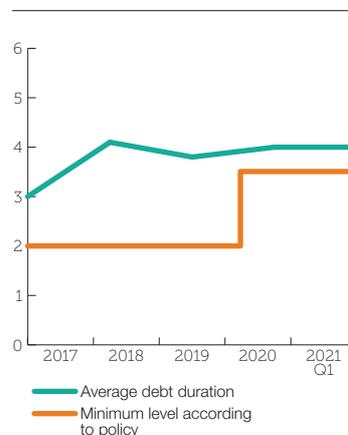
Of Rikshem's outstanding bonds, bonds corresponding to SEK 4.1 billion have been issued in EUR, SEK 5.9 billion in NOK and SEK 0.3 billion in AUD. The remaining bonds have been issued in SEK. The carrying amount of

MSEK
27,505
(26,315)

Average interest duration (years)



Average debt duration (years)



foreign-currency bonds on the closing date was SEK 4.2 billion (EUR), SEK 5.8 billion (NOK) and SEK 0.3 billion (AUD). At the end of the period, the average interest rate was 1.6 percent, which is the same as on the same date in 2020 and down 0.1 percentage point from the end of the previous quarter. Fees for unutilized backup facilities are included in the average interest rate.

The average debt duration is 4.0 years (4.0), and the average interest duration is 4.5 years (4.7).

Green financing

A total of SEK 700 billion in green bonds has been issued year to date. At March 31, 2021, outstanding green bonds totaled SEK 3.4 billion. Loans from the European Investment Bank for energy efficiency initiatives amounted to MSEK 399.

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). In addition,

MSEK 600 of the credit facility with the European Investment Bank is unutilized and there is an overdraft facility of MSEK 500. The credit facility with the European Investment Bank can only be used to finance investments in energy efficiency initiatives.

Rating

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

Interest-bearing external liabilities

Maturity date	Interest duration		Debt duration	
	Amount (MSEK)	Percentage	Amount (MSEK)	Percentage
2021	4,318	15.7%	5,382	19.6%
2022	1,726	6.3%	4,101	14.9%
2023	1,500	5.4%	3,293	12.0%
2024	3,976	14.5%	4,225	15.3%
2025	3,885	14.1%	2,459	8.9%
2026	3,300	12.0%	1,925	7.0%
2027	2,000	7.3%	511	1.9%
2028	2,500	9.1%	1,018	3.7%
2029	2,400	8.7%	873	3.2%
2030-	1,900	6.9%	3,718	13.5%
Total	27,505	100%	27,505	100%

Interest rate derivative portfolio

Maturity date	Nominal amount (year-end), SEK billion	Average interest rate (year-end)
2021	16.8	0.8%
2022	16.3	0.8%
2023	14.8	0.8%
2024	14.3	0.8%
2025	11.8	0.8%
2026	8.8	0.8%
2027	6.8	0.8%
2028	4.3	0.7%
2029	1.9	0.9%
2030	0	

Group – Condensed statement of comprehensive income

Amounts in MSEK	Jan–Mar 2021	Jan–Mar 2020	Apr 2020–Mar 2021	Jan–Dec 2020
Rental income	760	761	3,031	3,032
Operating expenses	-245	-221	-760	-736
Repairs and maintenance	-51	-64	-265	-278
Property administration	-54	-52	-218	-216
Property tax	-10	-11	-41	-42
Total property expenses	-360	-348	-1,284	-1,272
Net operating income	400	413	1,747	1,760
Central administration	-18	-22	-74	-78
Net financial items	-109	-112	-460	-463
Earnings from joint ventures	2	3	59	60
<i>of which income from property management</i>	3	3	27	26
<i>of which change in value of properties</i>	1	0	53	52
<i>of which change in value of financial derivative instruments</i>	0	-	-1	-1
<i>of which tax</i>	-2	0	-19	-17
Income from property management	275	282	1,272	1,279
Change in value of investment properties	95	129	1,791	1,825
Change in value of interest rate derivatives	302	-214	284	-232
Change in value of foreign exchange derivatives	252	-29	-254	-535
Foreign exchange effects on financial liabilities	-491	220	-41	670
Profit before tax	433	388	3,052	3,007
Tax	-97	-72	-551	-526
Profit for the period/year	336	316	2,501	2,481
Other comprehensive income				
Revaluation of pensions	-	-	-1	-1
Tax, pensions	-	-	-	-
Other comprehensive income for the period/year, net after tax	-	-	-1	-1
Total comprehensive income for the period/year	336	316	2,500	2,480

Group – Condensed statement of financial position

Amounts in MSEK	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
ASSETS			
Capitalized development expenditure	9	–	7
Investment properties	52,167	49,718	51,750
Stakes in joint ventures	1,771	1,662	1,768
Equipment	3	5	3
Leaseholds and other right-of-use assets	135	135	137
Financial derivative instruments	429	689	281
Non-current receivables	311	179	281
Total non-current assets	54,825	52,388	54,227
Current receivables	297	308	214
Cash and cash equivalents	1,072	858	830
Total current assets	1,369	1,166	1,044
TOTAL ASSETS	56,194	53,554	55,271
EQUITY AND LIABILITIES			
Equity	23,257	20,757	22,921
Deferred tax	3,924	3,399	3,852
Interest-bearing liabilities	20,536	20,603	20,061
Financial derivative instruments	560	851	968
Non-current liabilities, leases	118	121	121
Non-interest-bearing liabilities	9	6	9
Total non-current liabilities	25,147	24,980	25,011
Interest-bearing liabilities	6,969	6,360	6,254
Current liabilities, leases	15	13	14
Non-interest-bearing liabilities	806	1,444	1,071
Total current liabilities	7,790	7,817	7,339
TOTAL EQUITY AND LIABILITIES	56,194	53,554	55,271

Consolidated statement of changes in equity

Amounts in MSEK	Share capital	Other paid-in capital	Retained earnings including profit for the year	Total equity
Opening balance, Jan 1, 2020	100	4,874	15,467	20,441
Profit for the period, Jan–Mar			316	316
Other comprehensive income, Jan–Mar			-	-
Closing balance, Mar 31, 2020	100	4,874	15,783	20,757
Profit for the period, Apr–Dec			2,165	2,165
Other comprehensive income, Apr–Dec			-1	-1
Closing balance, Dec 31, 2020	100	4,874	17,947	22,921
Opening balance, Jan 1, 2021	100	4,874	17,947	22,921
Profit for the period, Jan–Mar			336	336
Other comprehensive income, Jan–Mar			-	-
Closing balance, Mar 31, 2021	100	4,874	18,283	23,257

Consolidated statement of cash flows

Amounts in MSEK	Jan–Mar 2021	Jan–Mar 2020	Apr 2020–Mar 2021	Jan–Dec 2020
Cash generated from operations	382	391	1,678	1,686
Interest paid	-124	-105	-477	-458
Tax paid	-5	-1	-6	-2
Change in working capital	-126	-165	10	-28
Cash flow from operating activities	127	120	1,205	1,198
Investment in investment properties	-304	-300	-1,595	-1,592
Acquisition of investment properties	-19	-	-263	-243
Divestment of investment properties	0	18	1,209	1,227
Change in intangible assets and equipment	-1	-1	-8	-8
Investment in financial assets	-30	-	-200	-170
Divestment of financial assets	-	-	50	50
Cash flow from investing activities	-354	-283	-807	-736
Loans raised	3,355	3,451	13,622	13,718
Repayment of loans	-2,657	-3,133	-13,120	-13,597
Change in collateral	-226	140	-682	-316
Redemption of financial instruments	-3	-4	-3	-4
Repayment of finance leases	0	-1	0	-1
Cash flow from financing activities	469	453	-183	-200
Cash flow for the period/year	242	290	215	262
Cash and cash equivalents at the beginning of the period/year	830	568	857	568
Cash and cash equivalents at the end of the period/year	1,072	858	1,072	830

Parent Company – Condensed income statement

Amounts in MSEK	Jan–Mar 2021	Jan–Mar 2020	Apr 2020–Mar 2021	Jan–Dec 2020
Income	61	59	245	243
Other operating expenses	-25	-29	-124	-128
Personnel expenses	-58	-51	-211	-204
Depreciation	0	0	-2	-2
Operating profit/loss	-22	-21	-91	-91
Earnings from Group companies	19	22	105	108
Net interest income	70	74	264	268
Change in value of interest rate derivatives	302	-214	283	-232
Change in value of foreign exchange derivatives	252	-29	-254	-535
Foreign exchange effects on financial liabilities	-491	220	-41	670
Profit after financial items	130	52	266	188
Tax	-29	28	-28	29
Profit for the period/year	101	80	238	217

Parent Company – Condensed balance sheet

Amounts in MSEK	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
ASSETS			
Capitalized development expenditure	8	–	7
Equipment	3	4	3
Shares and participations in Group companies	2,117	1,945	2,117
Receivables from Group companies	31,394	31,115	30,963
Financial derivative instruments	429	689	281
Non-current receivables	109	29	79
Total non-current assets	34,060	33,782	33,450
Current assets	150	67	100
Cash and cash equivalents	1,057	855	826
Total current assets	1,207	922	926
TOTAL ASSETS	35,267	34,704	34,376
EQUITY AND LIABILITIES			
Equity	7,763	7,525	7,662
Provisions	2	–	2
Deferred tax	192	189	175
Financial derivative instruments	560	851	968
Interest-bearing liabilities	25,054	24,705	23,384
Liabilities to Group companies	1,527	658	1,821
Non-interest-bearing liabilities	169	776	364
Total liabilities	27,504	27,179	26,714
TOTAL EQUITY AND LIABILITIES	35,267	34,704	34,376

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 higher personnel expenses relate to a year-on-year increase in the number of

employees. The increase in profit after financial items compared with Q1 2020 is explained by lower undervalues in financial derivative instruments.

Board of Directors

The composition of the Board of Directors of Rikshem AB (publ) has changed since the end of the period under review. Per Uhlén has been appointed Chairman of the Board and Peter Strand has been appointed ordinary board member. Bo Magnusson has stepped down from his position as a member and Chairman of the Board.

Employees

The number of employees in the Rikshem Group at the end of the period was 275 (259): 144 men and 131 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 54 of the Annual and Sustainability Report 2020. The spread of Covid-19 and the measures this has necessitated have had a significant impact on society and the global economy. Rikshem's assessment is that residential properties and properties for public use have been less affected than other segments of the property market.

Accounting policies

The consolidated financial statements are prepared in accordance with International

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

New standards and interpretations that come into force from 2021 onward

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 21 of the Annual and Sustainability Report 2020. Rikshem AB has a loan amounting to MSEK 175 from the Parent Company Rikshem Intressenter AB. There were no other material related-party transactions during the period apart from

customary salaries and remuneration to the Board of Directors, CEO and other senior executives.

Significant events after the end of the period

At the extraordinary general meeting on April 20, 2021, ordinary board member Per Uhlén was elected as the new Chairman of the Board following Bo Magnusson's announcement that he wished to step down as a member and Chairman of the Board. Peter Strand was elected as a new ordinary board member at the same time.

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.

Stockholm, May 7, 2021

Chairman of the Board

Pernilla Arrrud Melin
Board member

Liselotte Hjorth
Board member

Andreas Jensen
Board member

Ulrica Messing
Board member

Per-Gunnar Persson
Board member

Peter Strand
Board member

Anette Frumerie
CEO

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

Quarterly data

Amounts in MSEK	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Income statement						
Rental income	760	756	755	760	761	729
Property expenses	-360	-342	-270	-312	-348	-364
Net operating income	400	414	485	448	413	365
Central administration	-18	-20	-13	-23	-22	-39
Net financial items	-109	-116	-119	-116	-112	-107
Earnings from joint ventures	2	59	6	-8	3	152
Income from property management	275	337	359	301	282	371
Change in value of investment properties	95	803	163	730	129	226
Change in value of and foreign exchange effects on financial instruments	63	-105	-29	60	-23	310
Profit before tax	433	1,035	493	1,091	388	907
Tax and other comprehensive income	-97	-150	-76	-228	-72	-229
Comprehensive income for the period	336	855	417	863	316	678
Statement of financial position						
Investment properties	52,167	51,750	50,761	50,989	49,718	49,307
Stakes in joint ventures	1,771	1,768	1,710	1,679	1,662	1,658
Other assets	1,184	923	1,099	1,154	1,316	1,079
Cash and cash equivalents	1,072	830	1,532	1,554	858	568
Total assets	56,194	55,271	55,102	55,376	53,554	52,612
Equity	23,257	22,921	22,037	21,620	20,757	20,441
Deferred tax	3,924	3,852	3,568	3,548	3,399	3,392
Interest-bearing liabilities	27,505	26,315	27,124	27,837	26,963	26,868
Other liabilities	1,508	2,183	2,373	2,371	2,435	1,911
Total equity and liabilities	56,194	55,271	55,102	55,376	53,554	52,612
Key performance indicators						
Loan-to-value ratio, %	53	51	53	55	54	54
Equity/assets ratio, %	41	41	40	39	39	39
Interest-coverage ratio, multiple*	3.7	3.7	3.6	3.7	3.6	3.5
Return on equity, %*	11.4	11.4	10.9	11.2	11.5	11.6
Property yield, %*	3.4	3.5	3.5	3.5	3.5	3.3
Surplus ratio, %	53	58	64	59	54	50

* Rolling 12 months

Key performance indicators

Amounts in MSEK	Q1 2021	2020	2019	2018	2017	2016
Income statement						
Rental income	760	3,032	2,916	2,792	2,665	2,484
Net operating income	400	1,760	1,586	1,524	1,555	1,420
Income from property management	275	1,279	1,286	1,008	1,150	1,208
Change in value of properties	95	1,825	1,538	2,107	1,647	1,962
Profit for the period	336	2,481	2,244	2,489	2,430	2,433
Statement of financial position						
Equity	23,257	22,921	20,441	18,199	15,710	13,281
External liabilities	27,505	26,315	26,838	26,493	24,022	23,422
Fair value of properties	52,167	51,750	49,307	45,687	41,039	37,878
Total assets	56,194	55,271	52,612	48,734	43,501	40,114
Financial indicators						
Equity/assets ratio, %	41	41	39	37	36	33
Loan-to-value ratio, %	53	51	54	58	59	62
Interest-coverage ratio, multiple*	3.7	3.7	3.5	3.2	3.5	3.8
Net debt/EBITDA, multiple	15.8	15.2	18.0	17.6	15.8	17.2
Loan-to-value ratio, secured loans, %	8	9	9	10	12	15
Average interest rate, %	1.6	1.7	1.6	1.7	2.0	1.5
Interest duration, years	4.5	4.7	4.5	5.1	5.3	2.6
Debt duration, years	4.0	4.0	3.8	4.1	3.0	1.9
Return on equity, %*	11.4	11.4	11.6	14.7	16.8	20.6
Property yield, %*	3.4	3.5	3.3	3.5	3.9	4.1
Total return excl. joint ventures, %*	7.1	7.2	6.7	8.6	8.3	10.0
Total return incl. joint ventures, %*	6.9	7.0	7.2	7.8	8.3	10.3
Property-related indicators						
Number of properties	545	540	560	555	586	574
Lettable area, 1,000 sqm	2,247	2,232	2,292	2,274	2,219	2,182
Number of apartments	28,996	28,730	29,214	28,840	27,924	27,224
Share of properties for public use, %	30	30	30	29	29	29
Vacancy rate, residential properties, %	4.6	4.0	3.5	3.2	2.7	3.6
Market vacancy rate, residential properties, %	2.0	1.4	0.8	0.5	0.3	0.5
Remaining lease term for properties for public use, years	8.8	8.8	9.0	9.4	9.8	10.3
Fair value, SEK/sqm	23,221	23,181	21,512	20,090	18,494	17,362
Growth in income for the like-for-like portfolio, %	0.9	3.5	4.3	3.8	4.3	3.7
Growth in net operating income for the like-for-like portfolio, %	-3.5	9.2	3.6	-3.9	6.7	3.4
Surplus ratio, %*	58	58	54	55	58	57
Employees						
Number of employees	275	271	259	242	206	192

* Rolling 12 months

Key performance indicators – calculations

Both interim and annual reports refer to a number of financial metrics that are not defined by IFRS. Rikshem believes that these metrics help both investors and 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.

	Apr 2020– Mar 2021	Jan– Dec 2020	Apr 2019– Mar 2020	Jan– Dec 2019
Return on equity				
Profit for the period	2,500	2,480	2,266	2,242
Average equity	22,007	21,681	19,624	19,320
Return on equity	11.4%	11.4%	11.5%	11.6%
Net operating income				
Rental income	3,031	3,032	2,959	2,916
Property expenses	-1,284	-1,272	-1,299	-1,330
Net operating income	1,747	1,760	1,660	1,586
Surplus ratio				
Net operating income	1,747	1,760	1,660	1,586
Rental income	3,031	3,032	2,959	2,916
Surplus ratio	58%	58%	56%	54%
Property yield				
Net operating income	1,747	1,760	1,660	1,586
Opening property value	49,718	49,307	46,461	45,687
Closing property value	52,167	51,750	49,718	49,307
Adjusted average property value	50,943	50,529	48,090	47,497
Property yield	3.4%	3.5%	3.5%	3.3%
Total return				
Net operating income	1,747	1,760	1,660	1,586
Change in value of properties	1,791	1,825	1,494	1,538
Total	3,538	3,585	3,154	3,124
Opening property value	49,718	49,307	46,461	45,687
Closing property value	52,167	51,750	49,718	49,307
Minus unrealized change in value	-1,791	-1,825	-1,494	-1,538
Adjusted average property value	50,047	49,616	47,342	46,728
Total return	7.1%	7.2%	6.7%	6.7%
Interest-coverage ratio				
Profit before tax	3,052	3,007	2,847	2,844
Reversal				
<i>Change in value of properties</i>	-1,791	-1,825	-1,494	-1,538
<i>Change in value of financial derivative instruments and loans</i>	12	97	3	-20
<i>Earnings from joint ventures</i>	-59	-60	-239	-244
<i>Other financial expenses</i>	29	29	29	29
<i>Interest expense</i>	437	439	418	421
Operating profit/loss	1,679	1,708	1,564	1,500
External interest	-458	-460	-429	-429
Interest-coverage ratio, multiple	3.7	3.7	3.6	3.5

	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020	Dec 31, 2019
Loan-to-value ratio				
External interest-bearing liabilities	27,504	26,315	26,963	26,838
Fair value of investment properties	52,167	51,750	49,718	49,307
Loan-to-value ratio	53%	51%	54%	54%
Loan-to-value ratio, secured loans				
Outstanding secured debt	4,333	4,814	4,317	4,317
Fair value of investment properties	52,167	51,750	49,718	49,307
Loan-to-value ratio, secured loans	8%	9%	9%	9%
Net debt/EBITDA				
External interest-bearing liabilities	27,504	26,315	26,963	26,838
Cash and cash equivalents	-1,072	-830	-858	-568
Collateral relating to CSA agreements	-34	192	647	507
Net debt	26,398	25,677	26,752	26,777
Net operating income	1,747	1,760	1,660	1,586
Central administration	-74	-78	-101	-100
Depreciation	1	2	2	2
EBITDA	1,674	1,684	1,561	1,488
Net debt/EBITDA, multiple	15.8	15.2	17.1	18.0

Definitions

Amounts within parentheses	For income statement items, amounts in parentheses show figures for the corresponding period of the prior year. For balance sheet items, amounts in parentheses refer to the result at the end of the preceding year.
Average interest rate	Average interest rate for interest-bearing liabilities including expenses for backup facilities in relation to current loans on the closing date.
Debt duration	The weighted remaining maturity of interest-bearing liabilities on the closing date.
Economic occupancy rate	Contract rent in relation to total rental value on the closing date less rent related to vacancies due to renovation.
Equity/assets ratio	Equity in relation to total assets.
Income from property management	Net operating income less administrative costs and net financial items plus earnings from joint ventures.
Interest-coverage ratio	Profit before tax after reversal of earnings from joint ventures, interest expense, change in value of assets and liabilities, and other financial expenses in relation to interest expense for external borrowings.
Interest duration	The weighted remaining interest duration for interest-bearing liabilities and financial derivative instruments on the closing date.
Loan-to-value ratio	External interest-bearing liabilities in relation to the fair value of properties.
Loan-to-value ratio, secured loans	Secured interest-bearing liabilities in relation to the fair value of properties.
Market vacancy rate, residential properties	The number of unrented apartments less apartments unrented due to renovation in relation to the total number of apartments in the residential properties segment on the closing date.
Net debt/EBITDA	External interest-bearing liabilities minus cash and cash equivalents, adjusted for collateral relating to CSA agreements, in relation to EBITDA. EBITDA is calculated as net operating income excluding central administration plus reversal of depreciation included in central administration.
Net financial items	Net amount of interest income, interest expense, similar revenue and costs, and leasehold fees.
Net operating income	Rental income less property expenses.
Property expenses	Costs for heating, electricity, water, operation, maintenance, property tax, rent losses and property administration.
Property yield	Annualized net operating income in relation to the average fair value of properties.
Remaining lease term, properties for public use	The weighted remaining lease term in the rental value on the closing date in the properties for public use segment.
Rental income	Rental value less vacancies and rent discounts.
Return on equity	Profit for the year in relation to average equity.
Secured loans	Loans raised against liens on properties.
Surplus ratio	Net operating income in relation to rental income.
Total return	Net operating income plus change in value in relation to the average fair value of properties, less unrealized change in value. This definition has been changed since last year, and comparative figures have been restated.
Vacancy rate, residential properties	The number of unrented apartments in relation to the total number of apartments in the residential properties segment on the closing date.

Rikshem is one of Sweden's largest private property companies. We own, develop and manage residential properties and properties for public use in selected municipalities in Sweden, where we offer safe, pleasant and flexible housing in attractive locations. Rikshem is owned by the Fourth Swedish National Pension Fund and AMF Pensionsförsäkring AB.

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Read more at rikshem.se

Financial calendar



Reports

Interim report Q2, Jan–June 2021 August 25, 2021

Interim report Q3, Jan–Sep 2021 October 29, 2021