



Three month report

January–March 2018



Three month report

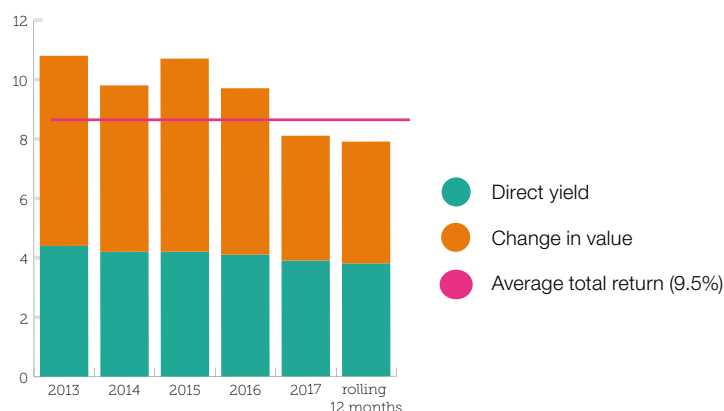
- Rental income increased to MSEK 680 (665) during the period.
- In comparable portfolios, rental income increased by 4.0 percent, while expenses increased by 8.5 percent, mainly due to the cold, snowy winter.
- Net operating income declined to MSEK 350 (352).
- Income from property management operations declined to MSEK 219 (257), primarily due to higher interest expenses. The average interest rate increased from 1.5 percent to 1.9 percent compared with March 31, 2017 as a result of longer fixed-interest term and average loan maturity.
- The fair value of investment properties rose to MSEK 42,199 (41,039) following a value increase of MSEK 269, investments of MSEK 339 and net acquisitions of MSEK 552.

Rikshem in summary

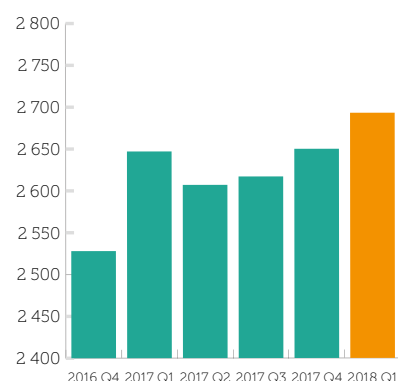
| | Jan-Mar 2018 | Jan-Mar 2017 | Apr 2017-Mar 2018 | Jan-Dec 2017 |
|--|--------------|--------------|-------------------|--------------|
| Rental income, MSEK | 680 | 665 | 2,680 | 2,665 |
| Net operating income, MSEK | 350 | 352 | 1,553 | 1,555 |
| Income from property management operations, MSEK | 219 | 257 | 1,112 | 1,150 |
| Profit after tax, MSEK | 329 | 385 | 2,374 | 2,430 |
| Fair value of properties, MSEK | 42,199 | 39,729 | 42,199 | 41,039 |
| Number of apartments | 28,196 | 28,273 | 28,196 | 27,924 |
| Lettable area, 1,000 sqm | 2,241 | 2,256 | 2,241 | 2,219 |
| Market vacancy residential properties, % | 0.3 | 0.5 | 0.3 | 0.3 |
| Average lease length, years** | 10 | 10 | 10 | 10 |
| Loan-to-value ratio, % | 59 | 63 | 59 | 59 |
| Interest-coverage ratio, multiple*** | 3.3 | 3.9 | 3.3 | 3.5 |
| Equity, MSEK | 16,039 | 13,666 | 16,039 | 15,710 |
| Total return, %*** | 7.9 | 9.1 | 7.9 | 8.1 |
| Return on equity, %*** | 16.0 | 20.7 | 16.0 | 16.8 |

* Pertains to market vacancy for residential properties. ** Pertains to properties for public use. ***Pertains to rolling 12 months.

Total return (%)



Annual rent as of the closing date (MSEK)



Message from the CEO

Continued strong demand for rental apartments, successful projects and an increased focus on property management. But Rikshem's earnings for the first quarter were also impacted by a cold, snowy winter with higher property expenses as well as a slowdown in the construction and residential property market. The year got off to an intensive start, and given the prevailing market uncertainty and the fact that Sweden is facing an election year, we have an interesting time ahead of us, full of possibilities.

During the period, we focused on the customer experience, with our new values – Active, Present, Responsible – playing a central role. Our ambition to engage in model sustainability activities stands firm, and our focus on Rikshem's shared working method continued in a bid to improve efficiency and quality. We are also actively working to adapt our operations before the new General Data Protection Regulation (GDPR) takes effect in May.

In financial terms, the start of the year was weaker than expected due to the cold, snowy winter. In Luleå, where we own 1,600 apartments, this winter was one of the snowiest on record. The large quantity of snow and increased heating costs resulted in higher property expenses and slightly lower net operating income, despite increased rental income. At the same time, we had higher financial expenses than in the past with a longer fixed-interest term, which reduced our financial risk.

In Umeå, move-in began at northern Sweden's tallest timber-framed building during the quarter. In only 15 months, Rikshem has built 110 new apartments as part of the Flyttfågeln project. Demand for rental apartments is strong, and the apartments in the Klintbacken new production project in Luleå, which will soon be completed, have attracted numerous prospective tenants. MSCI's annual analysis of the Swedish property market revealed that our projects deliver a higher yield than the industry average. In addition to new construction, the portfolio was also expanded during the period through occupancies in Helsingborg and Västerås. Kalmar's most modern nursing home, Vänskapens väg, was also opened.

We have worked for some time now to increase the focus on property management in the organization to ensure that our portfolio consistently performs at a level that reflects the company we want to be, and a level our customers should be able to expect as residents in our areas. This is important work that is taking time and will continue to do so in future. We are now establishing long-term plans for our areas based on a security perspective and have also

started performing security rounds. As part of this work, we conducted a pilot project in Fredriksdal, Helsingborg, together with our partner Tryggare Sverige, to evaluate how we can create more secure and thus more attractive areas in conjunction with renovations.

With only a few months left until the election in Sweden, it is unfortunate – but not surprising – to see that the housing issue is not a higher priority. Having a home of one's own gives people a chance to make a good life for themselves in an area close to their work, school and family. To enable regions to be competitive, the development of residential properties and properties for public use must meet the needs of the residents and businesses in the area. Nevertheless, our politicians are not making the decisions that need to be made. The rapid construction rate in recent years has been driven by the market, not by political decisions. Construction has focused on groups with ample purchasing power, while efforts to deal with the shortage of housing for households with lower incomes have been limited. This unbalanced supply of housing has resulted in an oversupply in certain segments, and combined with various regulations that are now putting a damper on residential property production, it is likely that we could find ourselves in a situation of simultaneously facing an excess of supply of housing and a housing shortage. Housing policies need to be reformed. Supply and mobility in the residential property market are crucial to growth and we believe that rental apartments can play an important role in this regard. With 28,000 rental apartments in selected growth areas in Sweden, Rikshem wants to help create the conditions for Sweden to thrive.

Sophia Mattsson-Linnala
Chief Executive Officer



Rikshem in brief

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

By investing wisely in growth areas and new production of residential properties and properties for public use, the company will continue to grow. Rikshem's vision is to make a difference in the development of the good community. By combining professionalism with community involvement, Rikshem aims to promote long-term, sustainable community development from a social, environmental and financial perspective.

One of Sweden's largest private property companies



28,196

Rikshem provides Sweden with 28,196 residential apartments across the country.



SEK 42 billion

The market value of the properties totaled MSEK 42,199.



Long-term owner

Rikshem AB (publ) is 100 percent owned by Rikshem Intressenter AB, in which AMF Pensionsförsäkring AB (pension company) and Fjärde AP-fonden (The Fourth Swedish National Pension Fund, AP4) own 50 percent each.



Rikshem's credit rating

from S&P Global is A- with a stable outlook.

Comments on Group earnings

Net operating income

The Group's rental income for the period increased by MSEK 15 to MSEK 680 (665). Rental income for existing properties rose by MSEK 25 or 4.0 percent (5.2).

The rent increase for existing properties mainly derived from annual rent increases and investments that enable rents to be raised in the properties.

Property expenses for the period increased by MSEK 17 to MSEK 330 (313). Of the property expenses, MSEK 51 (51) pertained to maintenance expenses. Costs for existing properties rose by MSEK 25 or 8.5 percent. The increase in expenses is mainly due to the cold, snowy winter.

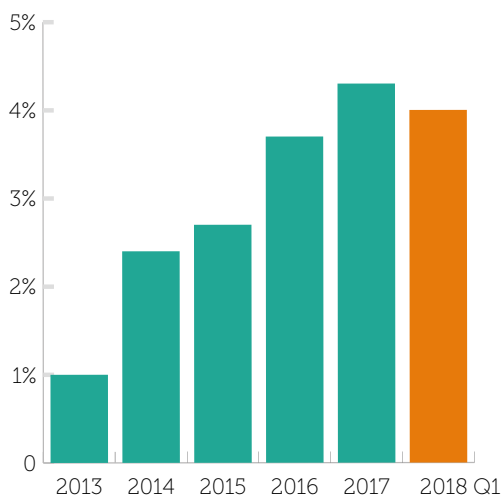
Changes in the property portfolio reduced rental income by MSEK 10 and property expenses by MSEK 8 compared with the year-earlier period.

Total net operating income declined slightly year-on-year and amounted to MSEK 350 (352). Net operating income for existing properties was unchanged compared with the year-earlier period.

The surplus ratio for the total property holding was 51 percent (53).

At the end of the period, the vacancy rate for residential properties was 2.4 percent. Adjusted for apartments that have been vacated prior to renovation, the market vacancy rate was 0.3 percent (0.3).

Change in rental income in existing properties



Statement of income

Jan–Mar, 2018

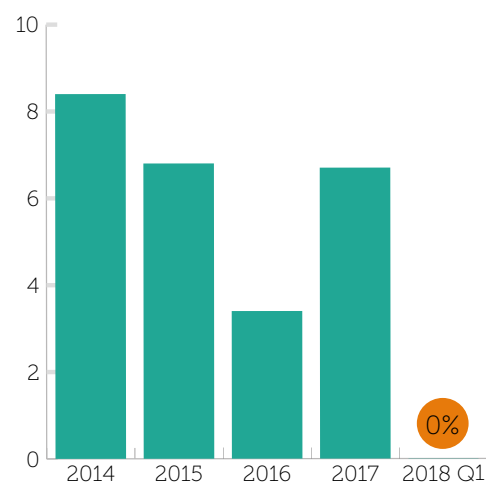
| | MSEK |
|--|------------|
| Rental income | 680 |
| Expenses | -330 |
| Net operating income | 350 |
| Central administration | -14 |
| Net financial items | -116 |
| Participations in joint ventures | -1 |
| Income from property management operations | 219 |
| Change in value of properties | 269 |
| Change in value of derivatives and changes in exchange rates for loans | -62 |
| Profit before tax | 426 |
| Tax | -97 |
| Profit for the period | 329 |

The average remaining lease term for properties for public use was 9.5 years (9.8).

Central administration

Costs for the period for central administration amounted to MSEK 14 (17).

Change net operating income in existing properties



Net financial items

Costs for central administration in the period amounted to MSEK 116 (89). Net financial items mainly comprise the company's external interest expenses, which rose by MSEK 26 year-on-year. The increase in external interest expenses was largely due to the company having increased its fixed-rate and loan maturity period, which resulted in a higher average interest rate. At the end of the period, the average interest rate was 1.9 percent (2.0), compared with an average interest rate of 1.5 percent on March 31, 2017.

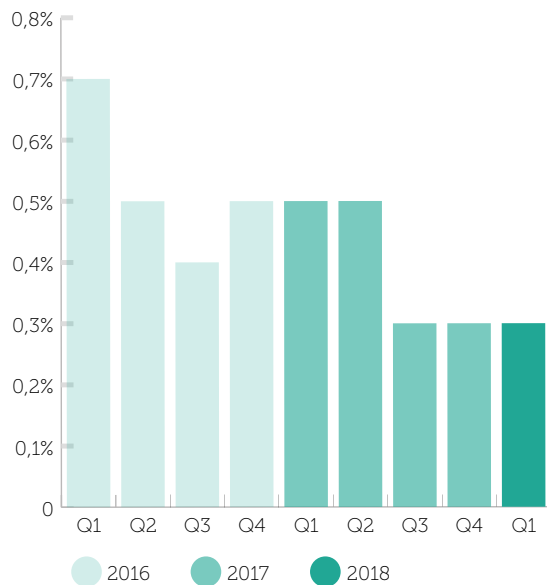
Participations in joint ventures

The Group posted a loss from participations in joint ventures of MSEK -1 (11) for the period. This loss includes a negative result from property management operations of MSEK -3 and a positive change in value of MSEK 2.

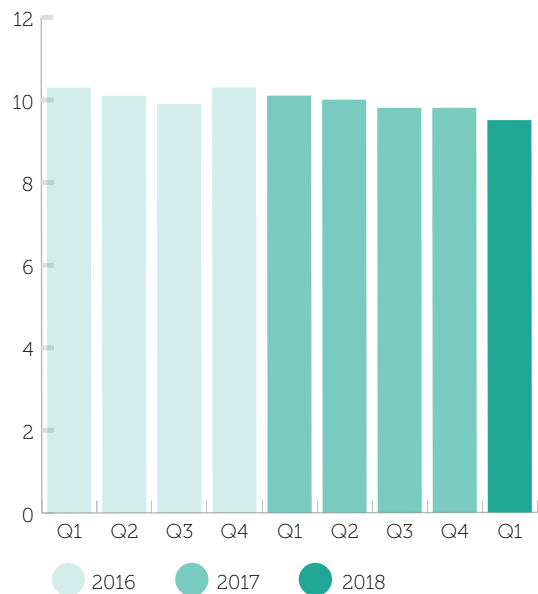
Change in value of derivative instruments

The change in value of financial derivative instruments amounted to MSEK 247 (-11). Market interest rates rose during the period, which increased the value of most of the company's financial derivative instruments. The derivative instruments are interest-rate swaps and combined currency and interest-rate swaps, which were entered into to eliminate all foreign-exchange risk for interest payments and repayments of loans raised in EUR and NOK. The change in exchange rates for EUR and NOK loans amounted to MSEK -309 (39) and was attributable to the weakening of the SEK against these currencies during the period.

Market vacancy rate, residential properties



Average lease length, properties for public use (years)



Change in value of properties

The change in value for investment properties for the first three months was MSEK 269 (218), equal to growth of 0.7 percent (0.6). Residential properties increased in value by MSEK 84, or 0.3 percent, and properties for public use by MSEK 185, or 1.6 percent. The change in value is considered to be mainly attributable to the increase in net operating income during the period. The average yield was unchanged at 4.31 percent.

The most significant increases in value occurred in Västerås (2.7 percent) and Södertälje (2.0 percent). These changes in value were largely due to newly signed rental agreements with the City of Västerås and Södertälje Municipality.

Profit for the period

Profit for the period was charged with tax costs of MSEK 97 (118), primarily pertaining to deferred tax. Profit for the period declined by MSEK 56 to MSEK 329 (385).

Yield and rent/sqm per property type

| Property type | Rent/sqm | | | Capitalization yield | | |
|----------------------------|----------|--------------|-------|----------------------|--------------|-------|
| | min | average | max | min | average | max |
| Residential properties | 699 | 1,180 | 2,739 | 2.50% | 3.99% | 5.65% |
| Properties for public use: | | | | | | |
| Nursing homes | 550 | 1,392 | 2,608 | 4.05% | 4.95% | 7.50% |
| Schools | 769 | 1,441 | 2,103 | 5.10% | 5.49% | 6.75% |
| Commercial | 654 | 1,147 | 4,108 | 3.97% | 5.37% | 7.50% |
| Average | | 1,234 | | | 4.31% | |

Change in yield per property type

| Property type | Value in MSEK | Beginning of period | End of period | Change |
|----------------------------|---------------|---------------------|---------------|--------------|
| Residential properties | 30,005 | 3.98% | 3.99% | 0.01% |
| Properties for public use: | | | | |
| Nursing homes | 8,923 | 4.97% | 4.95% | -0.02% |
| Schools | 2,546 | 5.49% | 5.49% | 0.00% |
| Commercial | 725 | 5.38% | 5.37% | -0.01% |
| Total | 42,199 | 4.31% | 4.31% | 0.00% |

Transactions and investments

Rikshem continues to grow through acquisitions and through investments in existing portfolios and new production. The company takes an active approach to managing its property portfolio and divests properties that are deemed to be unsuitable for the target portfolio.

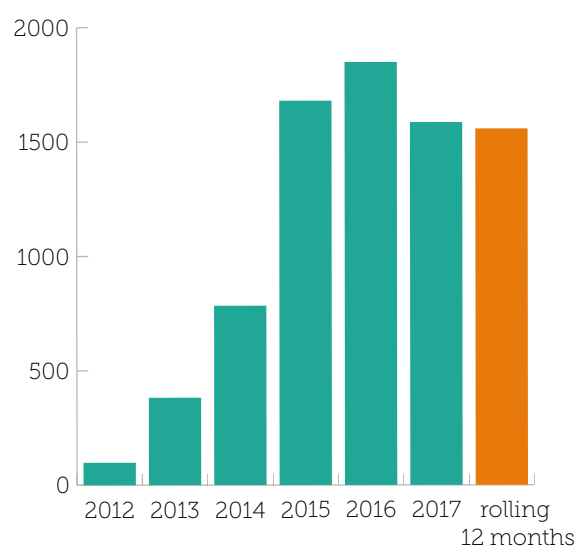
During the period, properties were acquired in Västerås and Helsingborg for a total of MSEK 803 (1,282). The acquisitions added four residential properties with a total of 341 apartments and 24,000 square meters of lettable area to the property portfolio.

Properties were sold for a total of MSEK 251 (16). Most of these sales pertained to 13 minor properties for public use in Greater Stockholm. The selling price for the properties exceeded their fair value at the beginning of the period, plus investments during the period, by 1.1 percent.

Investments in existing properties during the period amounted to MSEK 339 (367), of which MSEK 189 (258) pertained to redevelopment and renovation of residential properties, MSEK 79 (44) to new production of residential properties and MSEK 71 (65) to investments in properties for public use.

As of the closing date, Rikshem had 32 (56) ownership apartments in production, of which three were unsold. Rikshem's joint ventures had 80 (80) ownership apartments in production, of which 43 were unsold.

Investments (MSEK)



Fair value of investment properties

| Amounts in MSEK | Jan-Mar, 2018 | Jan-Mar, 2017 | Jan-Dec, 2017 |
|--|---------------|---------------|---------------|
| Fair value at the beginning of the period | 41,039 | 37,878 | 37,878 |
| Change in value | 269 | 218 | 1,647 |
| Investment | 339 | 367 | 1,586 |
| Acquisitions | 803 | 1,282 | 1,603 |
| Sales | -251 | -16 | -1,675 |
| Fair value at the end of the period | 42,199 | 39,729 | 41,039 |



Rikshem is building two modern residential buildings with timber frames at Klintbacken in Luleå. The seven-story buildings will comprise 94 well-planned apartments with two to three rooms and a kitchen. Move-in is scheduled for June 2018.



Ongoing repairs, maintenance and upgrades (RM&U) to five buildings along Hagebygatan in Norrköping. A great deal of work is being carried out in the buildings, including the installation of new security doors, new electrical wiring, new kitchens and new bathrooms in all apartments.



Rikshem has acquired two project properties, Vård Södra and Vård Norra, which together will form the Nordic region's largest nursing home, with a total of 201 apartments. The properties will be built in Kapellgårdet in Central Uppsala.

Comments on the balance sheet

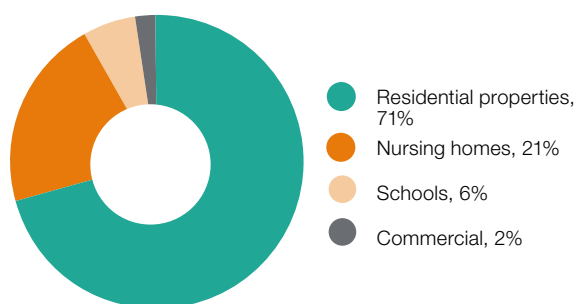
At the end of the period, Rikshem's property portfolio consisted of 552 properties (586) with a fair value of MSEK 42,199 (41,039). Of the properties' fair value, MSEK 30,005 pertained to residential properties, MSEK 8,923 to nursing homes, MSEK 2,546 to schools and MSEK 725 to commercial premises. The property portfolio includes development rights with a fair value of MSEK 719 (738).

Properties corresponding to 48 percent of the market value are located along the Stockholm–Uppsala axis. The property portfolio comprises a total of 28,196 apartments (27,924) and 2,241,000 square meters (2,219,000) of lettable area.

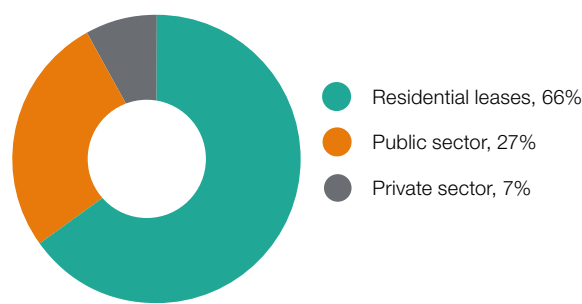
Rikshem's property portfolio, March 31, 2018

| Type | Value, MSEK | Proportion, % | Area, 1,000 sqm | Value, SEK/ sqm | Annual rent, MSEK | Annual rent broken down by type of tenant | | | |
|-----------------------------------|-------------|---------------|-----------------|-----------------|-------------------|---|----------------|-----------------|----------|
| | | | | | | Residential leases, % | Public sector, | Private sector, | Total, % |
| Residential properties | | | | | | | | | |
| - Residential properties | 30,005 | 71 | 1,653 | 18,156 | | | | | |
| - Commercial* | 386 | 1 | 15 | 25,976 | | | | | |
| Residential properties | 30,391 | 72 | 1,668 | 18,225 | 1,956 | 88% | 4% | 8% | 100% |
| Properties for public use segment | | | | | | | | | |
| - Nursing homes | 8,923 | 21 | 408 | 21,882 | | | | | |
| - Schools | 2,546 | 6 | 127 | 19,986 | | | | | |
| - Commercial* | 339 | 1 | 38 | 8,880 | | | | | |
| Properties for public | 11,808 | 28 | 573 | 20,595 | 737 | 5% | 88% | 7% | 100% |
| Total | 42,199 | 100 | 2,241 | 18,832 | 2,693 | 66% | 27% | 7% | 100% |

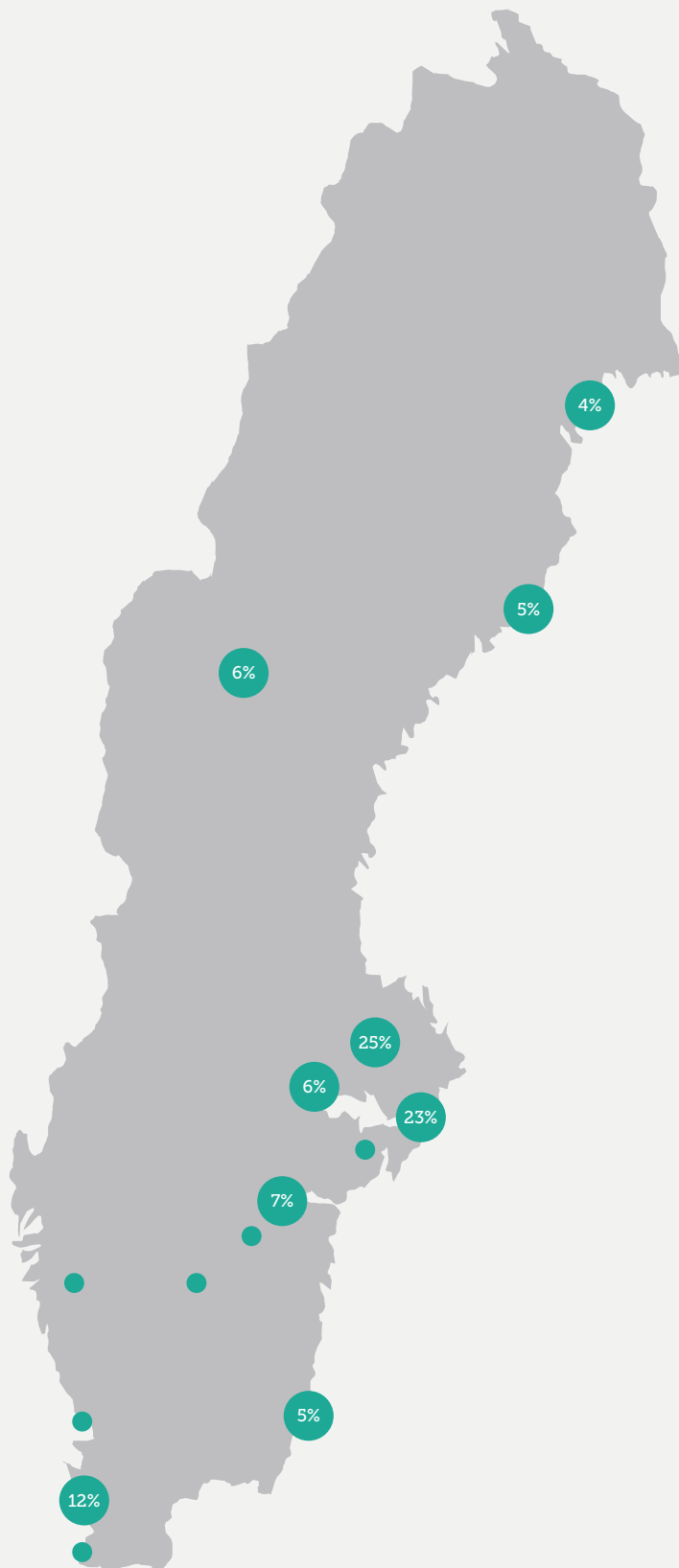
Breakdown of fair value of investment properties, %



Breakdown of rental income, %



Our largest cities



Uppsala 25%
Stockholm 23%
Helsingborg 12%
Norrköping 7%
Östersund 6%
Västerås 6%

We are also active in:

Umeå 5%
Kalmar 5%
Luleå 4%
Halmstad <3%
Malmö <3%
Jönköping <1%
Linköping <1%
Nyköping <1%
Åre <1%

Participations in joint ventures

Rikshem owns participations in joint ventures with a total value of MSEK 1,354 (1,356). The largest holding of MSEK 879 pertains to 49 percent of VärmdöBostäder. The remaining part of VärmdöBostäder is owned by Värmdö Municipality. The second largest holding of MSEK 391 pertains to Farsta Stadsutveckling, where Rikshem and Ikano Bostad each hold 50 percent. Farsta Stadsutveckling owns the Burmanstorp 1 property in Farsta. This is where the development of the new city area Telestaden is under way, with 3,000 residential properties and premises for offices and neighborhood services. Other participations in associated companies totaling MSEK 84 pertain to development projects owned and operated together with Veidekke Bostad, P&E Fastighetspartner and Glommen & Lindberg.

Receivables

Non-current receivables amounted to MSEK 253 (227) and mainly comprised loans to joint ventures. Current receivables totaled MSEK 471 (455), of which 144 MSEK (117) pertained to prepaid expenses and accrued income and MSEK 194 (200) pertained to loans to joint ventures. Accounts receivable amounted to MSEK 16 (16).

Cash and bank balances

Cash and cash equivalents totaled MSEK 536 million (386).

Derivatives

At the end of the period, the company had an interest-rate derivative portfolio that hedged SEK 17.8 billion as of the closing date, in which the company pays a fixed interest rate and receives variable interest. The company also has combined interest-rate and currency swaps to hedge loans raised in other currencies. The total market value of the company's interest-rate derivatives with a positive market value amounted to MSEK 228 (32), while the market value for interest-rate derivatives with a negative market value amounted to MSEK -491 (-542). The net market value of the derivative portfolio totaled MSEK -263 (-510).

Interest-rate derivative portfolio

| Maturity date | Nominal amount (end of the year), SEK billion | Average interest rate (end of the year) |
|---------------|---|---|
| 2018 | 17.8 | 1.0% |
| 2019 | 17.8 | 1.0% |
| 2020 | 17.3 | 1.1% |
| 2021 | 15.0 | 1.0% |
| 2022 | 10.0 | 0.9% |
| 2023 | 5.0 | 1.0% |
| 2024 | 3.5 | 1.1% |
| 2025 | 1.0 | 1.2% |
| 2026 | 0.0 | - |

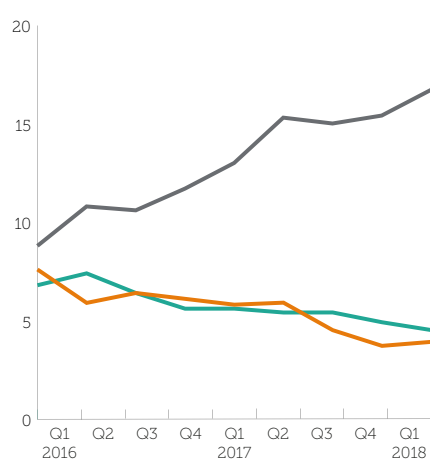
Interest-bearing liabilities

At the end of the period, interest-bearing liabilities amounted to MSEK 25,334 (24,290). Of these interest-bearing liabilities, MSEK 4,536 (4,944) pertained to liabilities to credit institutions, MSEK 3,870 (3,715) to borrowings through commercial papers and MSEK 16,665 (15,363) to bond loans. In addition, the company had MSEK 263 (268) in interest-bearing liabilities to related parties. The fair value of the interest-bearing liabilities essentially matches the carrying amount.

All liabilities to credit institutions are secured by collateral in properties. In total, secured financing accounted for 11 percent (12) of the fair value of investment properties. Of Rikshem's outstanding bonds, bonds corresponding to SEK 3.8 billion are issued in EUR and bonds corresponding to 2.4 billion are issued in NOK.

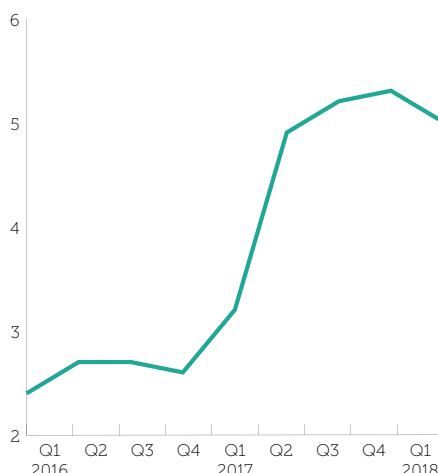
The average fixed-interest term decreased from 5.3 years to 4.9 years during the period, while the average loan maturity increased from 3.0 to 3.2 years.

Financing sources (SEK billion)



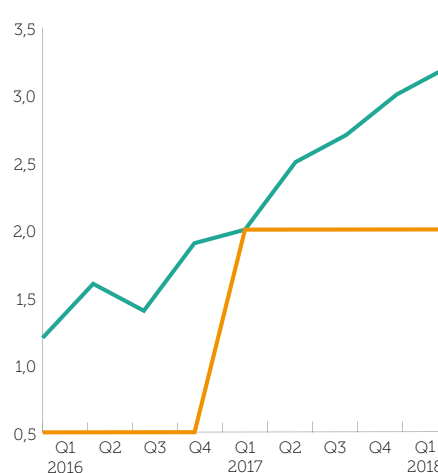
Bank loans
Commercial papers
Bonds

Average fixed-interest term (years)



Average fixed-interest term

Average loan maturity (years)



Loan maturity period (year)
Minimum level (year)

Interest-bearing external liabilities

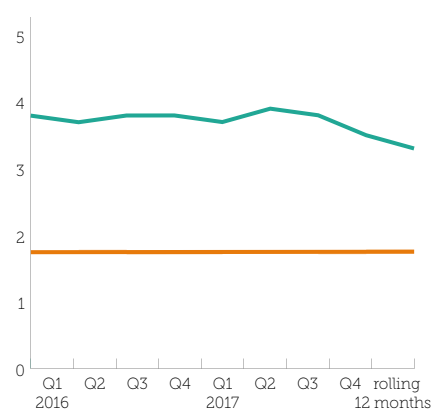
| Maturity | | Fixed-interest term | | Loan maturity | |
|--------------|---------------|---------------------|---------------|---------------|--|
| Years | Amount (MSEK) | Proportion | Amount (MSEK) | Proportion | |
| 0-1 | 750 | 3.0% | 7,194 | 28.7% | |
| 1-2 | 350 | 1.4% | 3,699 | 14.7% | |
| 2-3 | 2,880 | 11.5% | 3,715 | 14.8% | |
| 3-4 | 3,305 | 13.2% | 3,650 | 14.6% | |
| 4-5 | 4,449 | 17.7% | 949 | 3.8% | |
| 5-6 | 5,400 | 21.5% | 424 | 1.7% | |
| 6-7 | 4,938 | 19.7% | 3,076 | 12.3% | |
| 7-8 | 2,000 | 8.0% | | | |
| 8-9 | 1,000 | 4.0% | 1,251 | 5.0% | |
| 9- | | | 1,114 | 4.4% | |
| Total | 25,072 | 100% | 25,072 | 100% | |

Financial key figures

Rikshem's interest-coverage ratio for external financing for the 12-month period ending March 31, 2018 was 3.3 (3.9).

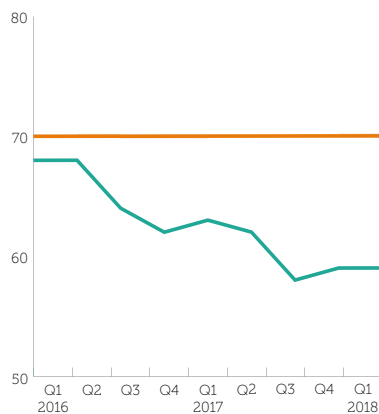
The loan-to-value ratio and equity/assets ratio were unchanged at 59 percent (59) and 36 percent (36), respectively.

Interest-coverage ratio (multiple)



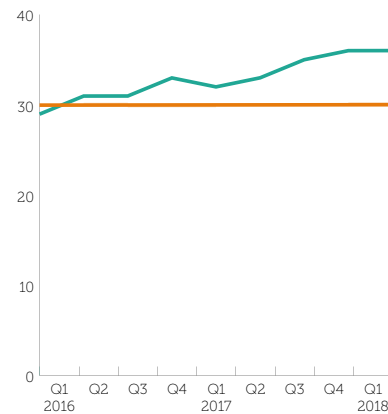
— Interest coverage ratio
— Minimum level according to the company finance policy

Loan-to-value ratio (%)



— Loan-to-value ratio
— Maximum level according to the company finance policy

Equity/assets ratio (%)



— Soliditet
— Minimum level according to the company finance policy

Segment reporting

| Amounts in MSEK | Residential properties | | Properties for public use | | Total | |
|-------------------------------|------------------------|--------------|---------------------------|--------------|--------------|--------------|
| | Jan-Mar 2018 | Jan-Mar 2017 | Jan-Mar 2018 | Jan-Mar 2017 | Jan-Mar 2018 | Jan-Mar 2017 |
| Rental income | 488 | 476 | 192 | 189 | 680 | 665 |
| Property expenses | -258 | -241 | -72 | -72 | -330 | -313 |
| Net operating income | 230 | 235 | 120 | 117 | 350 | 352 |
| Change in value of properties | 84 | 220 | 185 | -2 | 269 | 218 |
| Total return | 314 | 455 | 305 | 115 | 619 | 570 |
| Total return, % | 4.3 | 6.7 | 10.8 | 4.2 | 6.1 | 6.0 |
| Fair value of properties | 30,391 | 28,576 | 11,808 | 11,153 | 42,199 | 39,729 |
| Proportion, % | 72 | 72 | 28 | 28 | 100 | 100 |
| Area, 1,000 sqm | 1,668 | 1,694 | 573 | 562 | 2,241 | 2,256 |
| Fair value, SEK per sqm | 18,225 | 16,866 | 20,595 | 19,840 | 18,832 | 17,607 |
| Investments | 268 | 302 | 71 | 65 | 339 | 367 |

Group – Condensed statement of comprehensive income

| Amounts in MSEK | Jan–Mar 2018 | Jan–Mar 2017 | Apr 2017–Mar 2018 | Jan–Dec 2017 |
|--|--------------|--------------|-------------------|---------------|
| Rental income | 680 | 665 | 2,680 | 2,665 |
| Operating expenses | -231 | -217 | -716 | -702 |
| Repairs and maintenance | -51 | -51 | -216 | -216 |
| Property administration | -39 | -36 | -159 | -156 |
| Property tax | -9 | -9 | -36 | -36 |
| Total property expenses | -330 | -313 | -1,127 | -1,110 |
| Net operating income | 350 | 352 | 1,553 | 1,555 |
| Central administration | -14 | -17 | -59 | -62 |
| Net financial items | -116 | -89 | -460 | -433 |
| Profit from participations in joint ventures | -1 | 11 | 78 | 90 |
| of which, income from property management operations | -3 | 9 | -3 | 9 |
| of which, change in fair value of properties | 2 | 0 | 109 | 107 |
| of which, change in fair value of derivative instruments | -1 | -6 | 2 | -3 |
| of which, tax | 1 | 8 | -30 | -23 |
| Income from property management operations | 219 | 257 | 1,112 | 1,150 |
| Change in fair value of investment properties | 269 | 218 | 1,698 | 1,647 |
| Change in fair value of financial instruments | 247 | -11 | 294 | 36 |
| Changes in exchange rates for loans | -309 | 39 | -233 | 115 |
| Profit before tax | 426 | 503 | 2,871 | 2,948 |
| Tax | -97 | -118 | -497 | -518 |
| Profit after tax for the period/year | 329 | 385 | 2,374 | 2,430 |
| Other comprehensive income | | | | |
| Revaluation of pensions | - | - | -1 | -1 |
| Tax, pensions | - | - | 0 | 0 |
| Other comprehensive income for the period/year, net after tax | - | - | -1 | -1 |
| Total comprehensive income for the period/year | 329 | 385 | 2,373 | 2,429 |

Group – Condensed statement of financial position

| Amounts in MSEK | Mar 31, 2018 | Mar 31, 2017 | Dec 31, 2017 |
|--------------------------------------|---------------|---------------|---------------|
| ASSETS | | | |
| Investment properties | 42,199 | 39,729 | 41,039 |
| Participations in joint ventures | 1,354 | 1,264 | 1,356 |
| Tangible non-current assets | 6 | 7 | 6 |
| Derivative instruments | 228 | - | 32 |
| Non-current receivables | 253 | 251 | 227 |
| Total non-current assets | 44,040 | 41,251 | 42,660 |
| Current receivables | 471 | 306 | 455 |
| Cash and cash equivalents | 536 | 565 | 386 |
| Total current assets | 1,007 | 871 | 841 |
| TOTAL ASSETS | 45,047 | 42,122 | 43,501 |
| EQUITY AND LIABILITIES | | | |
| Equity | 16,039 | 13,666 | 15,710 |
| Deferred tax | 2,463 | 2,006 | 2,365 |
| Interest-bearing liabilities | 17,878 | 13,514 | 16,525 |
| Derivative instruments | 491 | 593 | 542 |
| Non-interest-bearing liabilities | 3 | 1 | 3 |
| Total non-current liabilities | 20,835 | 16,114 | 19,435 |
| Interest-bearing liabilities | 7,456 | 11,389 | 7,765 |
| Non-interest-bearing liabilities | 717 | 953 | 591 |
| Total current liabilities | 8,173 | 12,342 | 8,356 |
| TOTAL EQUITY AND LIABILITIES | 45,047 | 42,122 | 43,501 |

Consolidated statement of changes in equity

| Amounts in MSEK | Share capital | Other contributed capital | Retained earnings including profit | Total equity |
|--------------------------------------|---------------|---------------------------|------------------------------------|---------------|
| Opening balance, Jan 1, 2017 | 100 | 4,874 | 8,307 | 13,281 |
| Profit for the period, Jan–Mar | | | 385 | 385 |
| Closing balance, Mar 31, 2017 | 100 | 4,874 | 8,692 | 13,666 |
| Profit for the period, Apr–Dec | | | 2,045 | 2,045 |
| Other comprehensive income | | | -1 | -1 |
| Closing balance, Dec 31, 2017 | 100 | 4,874 | 10,736 | 15,710 |
| Opening balance, Jan 1, 2018 | 100 | 4,874 | 10,736 | 15,710 |
| Profit for the period | | | 329 | 329 |
| Closing balance, Mar 31, 2018 | 100 | 4,874 | 11,065 | 16,039 |

Consolidated statement of cash flows

| Amounts in MSEK | Jan–Mar 2018 | Jan–Mar 2017 | Apr 2017– Mar 2018 | Jan–Dec 2017 |
|--|-----------------|-----------------|-----------------------|-----------------|
| Cash flow from operating activities | 336 | 335 | 1,497 | 1,496 |
| Interest paid | -115 | -83 | -457 | -425 |
| Tax paid | -12 | -5 | -15 | -8 |
| Change in working capital | 119 | 130 | -40 | -29 |
| Cash flow from operating activities | 328 | 377 | 985 | 1,034 |
| Investment in investment properties | -339 | -367 | -1,558 | -1,586 |
| Acquisition of investment properties | -803 | -1,282 | -1,124 | -1,603 |
| Divestment of investment properties | 251 | 16 | 1,910 | 1,675 |
| Investment in tangible non-current assets | 0 | 0 | -1 | -1 |
| Investment in non-current receivables | -25 | -20 | -298 | -293 |
| Divestment of non-current receivables | - | - | 79 | 79 |
| Cash flow from investing activities | -916 | -1,653 | -992 | -1,729 |
| Loans raised | 4,667 | 7,803 | 10,006 | 13,142 |
| Repayment of loans | -3,929 | -6,282 | -10,028 | -12,381 |
| Cash flow from financing activities | 738 | 1,521 | -22 | 761 |
| Cash flow for the period/year | 150 | 245 | -29 | 66 |
| Cash and cash equivalents at the beginning of the period/year | 386 | 320 | 565 | 320 |
| Cash and cash equivalents at the end of the period/year | 536 | 565 | 536 | 386 |



Wood facade at the Flyttfrågeln property in Umeå

MSEK 339

Investments in existing properties
during the period

Of this amount, redevelopment and renovation
of residential properties accounted for MSEK 189.
New production for MSEK 79 and investments in
properties for public use for MSEK 71.



Parent Company – Condensed statement of income

| Amounts in MSEK | Jan–Mar, 2018 | Jan–Mar, 2017 | Apr 2017–Mar 2018 | Jan–Dec, 2017 |
|---|---------------|---------------|-------------------|---------------|
| Revenue | 44 | 40 | 181 | 177 |
| Other operating expenses | -20 | -24 | -92 | -96 |
| Personnel expenses | -38 | -31 | -151 | -144 |
| Depreciation | -1 | -1 | -3 | -3 |
| Operating profit | -15 | -16 | -65 | -66 |
| Profit from participations in Group companies | 22 | 14 | 82 | 74 |
| Net interest income | 7 | 31 | 28 | 52 |
| Change in value of financial instruments | 247 | -11 | 293 | 35 |
| Foreign exchange effects on financial liabilities | -309 | 39 | -233 | 115 |
| Profit after financial items | -48 | 57 | 105 | 210 |
| Provision to tax allocation reserve | - | - | -24 | -24 |
| Tax | 11 | -14 | -19 | -44 |
| Profit after tax for the period/year | -37 | 43 | 62 | 142 |

Parent Company – Condensed balance sheet

| Amounts in MSEK | Mar 31, 2018 | Mar 31, 2017 | Dec 31, 2017 |
|--|---------------|---------------|---------------|
| ASSETS | | | |
| Equipment | 5 | 7 | 6 |
| Shares and participations in Group companies | 1,967 | 1,890 | 1,967 |
| Receivables from Group companies | 28,505 | 27,442 | 27,964 |
| Derivative instruments | 228 | - | 32 |
| Non-current receivables | 54 | 187 | 54 |
| Total non-current assets | 30,759 | 29,526 | 30,023 |
| Current assets | 254 | 60 | 275 |
| Cash and cash equivalents | 533 | 558 | 386 |
| Total current assets | 787 | 618 | 661 |
| TOTAL ASSETS | 31,546 | 30,144 | 30,684 |
| EQUITY AND LIABILITIES | | | |
| Equity | 6,698 | 6,636 | 6,735 |
| Untaxed reserves | 24 | - | 24 |
| Deferred tax | 112 | 109 | 124 |
| Derivative instruments | 491 | 593 | 542 |
| Interest-bearing liabilities | 22,811 | 21,122 | 21,353 |
| Liabilities to Group companies | 1,207 | 1,511 | 1,763 |
| Non-interest-bearing liabilities | 203 | 173 | 143 |
| Total liabilities | 24,848 | 23,508 | 23,949 |
| TOTAL EQUITY AND LIABILITIES | 31,546 | 30,144 | 30,684 |

Parent Company, Board of Directors and organization

Parent Company

The operations of the Parent Company Rikshem AB (publ) comprise Group-wide functions as well as the organization for managing properties owned by the subsidiaries. No properties are owned directly by the Parent Company.

Board of Directors and organization

The composition of the Board of Directors of Rikshem AB (publ) changed during the period, with Pernilla Arrrud Melin elected as a Board member at the annual general meeting and Ebba Hammarström stepping down from the Board.

The number of employees in the Rikshem Group at the end of the period was 210 (206), of whom 86 were women.

Risks

Risks associated with income and assets

The property sector is impacted by macroeconomic factors such as general economic development, the growth rate, employment, the level of production of new properties, infrastructure changes, population growth, inflation and interest rates. In a weaker macroeconomic situation, the value of properties could decline. The value of properties could also decline if access to funds and/or to equity declines in the property sector.

The company's revenue consists of rent for leased residential properties and premises. Should the number of rented residential properties and leased premises decline, the company's revenue will decrease. Revenue could also decline if the payment capacity of the company's tenants is reduced and they therefore fail to pay their rent. The company's costs for managing the property portfolio, and for operation and maintenance, are dependent on the general cost trend in Sweden. This applies particularly to electricity and heating costs.

Financial risks

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

Rikshem's tax charges could change due to amended tax legislation.

For additional information regarding risks, refer to Rikshem's annual report for 2017.

Accounting policies

The consolidated financial statements for the Rikshem Group have been prepared in compliance with International Financial Reporting Standards (IFRS) and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (EU). The Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups have also been applied.

This interim report has been prepared according to IAS 34 Interim Financial Reports.

IFRS 15 Revenue from Contracts with Customers took effect on January 1, 2018. According to Rikshem's assessment, the company's revenue comprises rental income and is encompassed by IAS 17 Leasing, which means that IFRS 15 has not had any impact on Rikshem's income statement and balance sheet.

IFRS 9 Financial Instruments also took effect on January 1, 2018. This standard entails changes to the way financial assets are classified and measured, a new model for credit reserves and changes to the principles for hedge accounting. As of the closing date, the new standard had not had any impact on Rikshem's income statement and balance sheet. In all other respects, the accounting policies and measurement methods for the Group are the same as those applied in the 2017 Annual Report.

The Parent Company's accounting policies comply with the Annual Accounts Act and RFR 2. From January 1, 2018, the Group will apply IFRS 9 without exception in the Parent Company, which means that all derivative instruments will be recognized at fair value. The Parent Company previously applied the cost method in accordance with the Swedish Annual Accounts Act for the recognition of interest-rate derivatives and combined interest-rate and currency derivatives, pursuant to the exemption rule in the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities. The change in the accounting policies applied means that the comparative periods for the Parent Company have been restated.

Related-party transactions

During the period, fees were paid to the Fourth Swedish National Pension Fund (AP4) for a subscription undertaking and to AMF Pensionsförsäkring AB for a loan commitment.

Interest was charged on receivables and liabilities between Group companies and on receivables and liabilities to

joint ventures. The Parent Company leased a number of premises from subsidiaries and paid market rent for these premises. The Parent Company and a subsidiary invoiced the subsidiaries for administrative and property-related services.

Significant events after the end of the period

No significant events occurred after the end of the period.

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



Financial calendar

Six month report Jan-Jun 2018
August 30, 2018

Nine month report Jan-Sep 2018
November 12, 2018



rikshem.se

Visit Rikshem's website
to download and subscribe
to press releases and reports.

Key performance data

| Amounts in MSEK | Mar 31, 2018 | Dec 31, 2017 | Dec 31, 2016 | Dec 31, 2015 | Dec 31, 2014 | Dec 31, 2013 | Dec 31, 2012 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Risk capital | | | | | | | |
| Equity | 16,039 | 15,710 | 13,281 | 10,360 | 4,850 | 3,705 | 2,247 |
| Shareholder loans | - | - | - | - | 3,007 | 2,881 | 2,881 |
| Risk-bearing capital | 16,039 | 15,710 | 13,281 | 10,360 | 7,857 | 6,586 | 5,128 |
| Total assets | 45,047 | 43,501 | 40,114 | 34,053 | 26,036 | 20,210 | 16,302 |
| Equity/assets ratio, % | 36 | 36 | 33 | 30 | 19 | 18 | 14 |
| Share of risk-bearing capital, % | 36 | 36 | 33 | 30 | 30 | 33 | 31 |
| Return on equity, %* | 16.0 | 16.8 | 20.6 | 25.8 | 23.6 | 48.9 | 15.8 |

Financial key figures

| | | | | | | | |
|---------------------------------------|-----|-----|-----|-----|-----|-----|-----|
| Loan-to-value ratio, secured loans, % | 11 | 12 | 15 | 21 | 23 | 32 | 50 |
| Loan-to-value ratio, % | 59 | 59 | 62 | 66 | 65 | 63 | 63 |
| Average interest rate, % | 1.9 | 2.0 | 1.5 | 1.6 | 1.8 | 3.1 | 3.5 |
| Interest-coverage ratio | 3.3 | 3.5 | 3.8 | 3.6 | 2.9 | 2.2 | 2.0 |
| Fixed-interest term, years | 4.9 | 5.3 | 2.6 | 2.4 | 3.4 | 3.2 | 3.9 |
| Loan maturity, years | 3.2 | 3.0 | 1.9 | 1.4 | 1.1 | - | - |

Property-related key figures

| | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|
| Number of properties | 552 | 586 | 574 | 533 | 496 | 366 | 304 |
| Lettable area, 1,000 sqm | 2,241 | 2,219 | 2,182 | 1,975 | 1,708 | 1,506 | 1,340 |
| Proportion of properties for public use, % | 28.0 | 29.0 | 29.0 | 38.0 | 42.0 | 36.0 | - |
| Number of apartments | 28,196 | 27,924 | 27,224 | 24,203 | 20,844 | 19,541 | 17,617 |
| Vacancy rate, residential properties | 2.4 | 2.7 | 3.6 | 2.6 | 1.8 | 2.0 | 1.1 |
| Market vacancy rate, residential properties, % | 0.3 | 0.3 | 0.5 | 0.4 | - | - | - |
| Remaining lease term for properties for public use, years | 10 | 10 | 10 | 10 | 11 | 12 | 13 |
| Investment in properties | 339 | 1,586 | 1,849 | 1,680 | 784 | 382 | 98 |
| Fair value, MSEK | 42,199 | 41,039 | 37,878 | 32,009 | 25,160 | 20,009 | 16,153 |
| Fair value, SEK/sqm | 18,832 | 18,494 | 17,362 | 16,205 | 14,727 | 13,286 | 12,054 |
| Total return, %* | 7.9 | 8.1 | 9.7 | 10.7 | 9.8 | 10.8 | 7.1 |

*Rolling 12 months

Key performance data

| Amounts in MSEK | Mar 31, 2018 | Dec 31, 2017 | Dec 31, 2016 | Dec 31, 2015 | Dec 31, 2014 | Dec 31, 2013 | Dec 31, 2012 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Performance-related key figures | | | | | | | |
| Rental income | 680 | 2,665 | 2,484 | 2,040 | 1,691 | 1,485 | 1,277 |
| Growth in revenue for existing properties, % | 4.0 | 4.3 | 3.7 | 2.7 | 2.4 | 1.0 | - |
| Net operating income | 350 | 1,555 | 1,420 | 1,192 | 954 | 796 | 695 |
| Growth in net operating income for existing properties, % | 0.0 | 6.7 | 3.4 | 6.8 | 8.4 | - | - |
| Surplus ratio, % | 51 | 58 | 57 | 58 | 56 | 54 | 54 |
| Income from property management operations | 219 | 1,150 | 1,208 | 576 | 380 | 203 | 137 |
| Profit for the period | 329 | 2,430 | 2,433 | 1,964 | 1,010 | 1,455 | 316 |
| Employees | | | | | | | |
| Number of employees | 210 | 206 | 192 | 173 | 134 | 107 | 85 |
| women | 86 | 90 | 81 | 70 | 48 | - | - |
| men | 124 | 116 | 111 | 103 | 86 | - | - |

Definitions

| | |
|--|---|
| Amounts within parentheses | For income statement items, amounts within parentheses refer to the outcome for the corresponding year-earlier period and for balance sheet items, amounts within parentheses refer to the outcome at the end of the preceding year. |
| Direct yield | Annualized net operating income in relation to the average fair value of properties. This is stated to illuminate the property investments' ability to generate a return. |
| Equity/assets ratio | Equity in relation to total assets. This is stated to illuminate the company's financial stability. |
| Fixed-interest term, years | The weighted remaining fixed-interest term for interest-bearing liabilities and derivative instruments on the closing date. This is stated to illuminate the company's financial risk. |
| Income from property management operations | Net operating income less administrative costs and net financial items plus profit from participations in joint ventures. This is stated to illuminate the continuous earnings capacity of the business. |
| Interest-coverage ratio | Profit before tax following a reversal of profit from participations in joint ventures, interest expenses, change in the value of assets and liabilities and other financial expenses in relation to interest expenses for external borrowings. This is stated to illuminate the company's sensitivity to interest rate fluctuations. |
| Loan maturity, years | The weighted remaining maturity of interest-bearing liabilities on the closing date. This is stated to illuminate the company's financial risk. |
| Loan-to-value ratio | Interest-bearing liabilities in relation to the fair value of properties. This is stated to illuminate the company's financial risk. |
| Loan-to-value ratio, secured loans | Secured interest-bearing liabilities in relation to the fair value of properties. This is stated to illuminate the company's financial risk. |
| Market vacancy rate, residential properties | As per the closing date, the number of apartments less apartments unrented due to renovation in relation to the total number of apartments in the residential properties segment. |
| Net financial items | Net of interest income, interest expenses and similar revenue and costs. |
| Net operating income | Rental income less property expenses. |
| Property expenses | Costs for heat, electricity, water, operation, maintenance, property tax, leasehold fees, rent losses and property administration. |
| 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, rent discounts and rent losses. |
| Return on equity | Profit for the year in relation to average equity. This is stated to illuminate the company's ability to generate a return on the capital invested by the shareholders. |
| Risk-bearing capital | Equity plus an increment for shareholder loans. |
| Secured loans | Loans raised against liens on properties. |
| Share of risk-bearing capital | Risk-bearing capital in relation to total assets. This is stated to illuminate the company's financial stability. |
| Surplus ratio | Net operating income in relation to rental income. This is stated to illuminate the property investments' continuous earnings capacity. |
| Total return | Net operating income plus change in value in relation to the average fair value of properties. This is stated to illuminate the property investments' ability to generate a return. |
| Vacancy rate, residential properties | As per the closing date, the number of unrented apartments in relation to the total number of apartments in the residential properties segment. |

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



For additional information
see the Annual Report for
2017 which can be found
on rikshem.se

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

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