



Annual Report 2017

with Sustainability Report



Combining professionalism with community involvement

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

28,000

Rikshem provides Sweden with
27,924 residential properties across
the country.



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.



A strong 2017

Favorable market, efficient property management, stable revenue increase and successful new production were a few of the factors underlying this year's positive earnings.



Rikshem's credit rating

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

SEK 41 billion

The market value of the properties
totaled MSEK 41,039.



The year in brief

- Completed acquisition of 802 apartments in Umeå
- Began production of northern Sweden's tallest residential building in wood, Flyttfågeln, in Umeå
- Nominated as Community Developer of the Year alongside Lindbäcks bygg for industrial construction in wood
- Changed the organization to increase focus on property management and sustainability
- Issued the first euro bond under the EMTN program
- Employed 158 young people for summer jobs in Rikshem's residential areas
- Divested the BoViva properties, a concept residence for seniors
- Nominated for the Halmstad Building Committee Architecture Prize, for nursing home in Harplinge
- Awarded with the Kalmar Urban Design Prize in the Preservation category for the renovation of the Apotekaren 1 property
- Acquired two project properties in Uppsala, which together will become the Nordic region's largest nursing home
- Divested the Haparanda property portfolio
- Signed acquisition agreements for 84 apartments from Helsingborgshem, with completion in 2018
- Nominated for the 2018 Construction Project of the Year Award for creative construction of 60 new one-room apartments in existing buildings in Norrbacka, Märsta
- Signed acquisition agreements for 257 apartments in Västerås, with completion in 2018
- Started production of 462 apartments in wood
- Energy savings of 1.6 percent in comparable portfolios

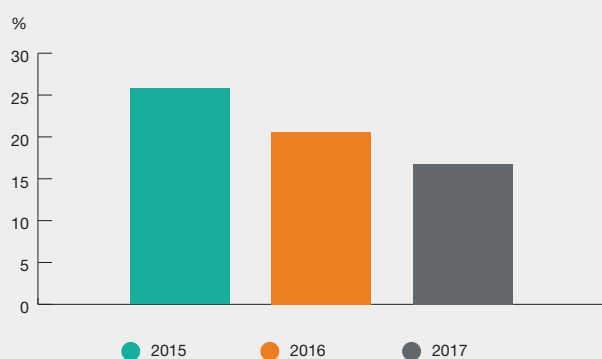
Key performance data

MSEK	2017	2016
Market value of properties	41,039	37,878
Rental income	2,665	2,484
Net operating income	1,555	1,420
No. of properties	586	574
Return on equity, %	16.8	20.6
Annualized total return, %	8.1	9.7
Loan-to-value ratio, %	59	62

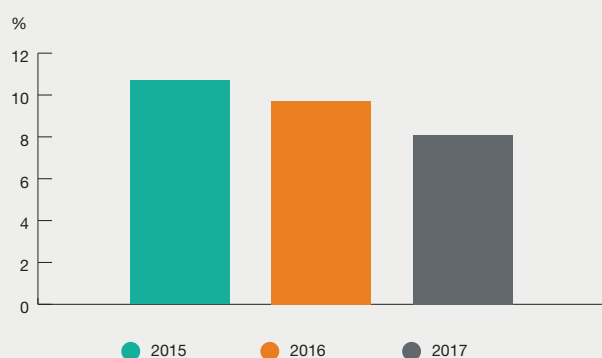
Healthy total return

The total return for the year (the sum of capitalization and changes in value of property portfolio) amounted to 8.1 percent.

Return on equity



Total return



Our largest cities

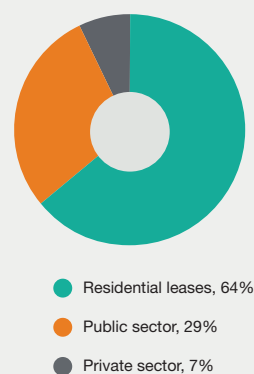
Uppsala 25 percent
Greater Stockholm 24 percent
Helsingborg 11 percent
Norrköping 7 percent
Östersund 6 percent
Umeå 5 percent
Västerås 5 percent
Luleå 5 percent
Kalmar 5 percent

We are also active in

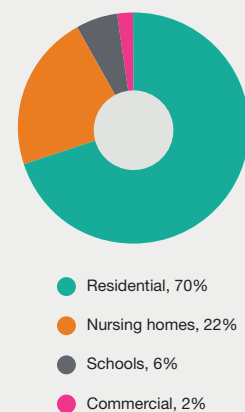
Halmstad 3 percent
Malmö 3 percent
Jönköping <1 percent
Linköping <1 percent
Nyköping <1 percent
Åre <1 percent

The property portfolio

Breakdown of rental income



Breakdown of the properties' market value





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Cover image: The Flyttfågeln property in Umeå, under construction. Rikshem is constructing three buildings with a total of 110 rental apartments and 32 ownership apartments. The building on the right is northern Sweden's tallest residential building in wood.



2017

A year defined by change
and a great ambition



Message from the CEO

Working at Rikshem is a way of contributing to positive community development. We combine professionalism with community involvement, and through our work we affect the daily lives of numerous people and sometimes the development of an entire residential area. At the same time, we contribute to the return on pension capital for Sweden's retirees.

At Rikshem, 2017 was defined by change and a spirit of enterprise. New ownership directives clarified the expectations for the company regarding the importance of long-term thinking, the continued ambition for growth without endangering the level of return and the expectations that we are to set an example with our sustainability efforts. Changes to our organization were implemented in order to meet the strict requirements imposed during the year. The aim was to increase regional presence, focus on property management and elucidate the role of sustainability as an important value-creating element of our business by linking together business development and sustainability in the same department. This is also reflected in the new composition of the management team, which now includes the regional managers and the new Head of Business and Sustainability Development. On the financial side, work was carried out to secure long-term financing on favorable terms by extending our loan maturity and fixed-interest periods. As part of this work, Rikshem's first euro bond was also issued under the company's EMTN program. The year also included several new production projects, renovations that created value and the important daily work involved in managing the company's 28,000 apartments.

Rikshem has ambitious objectives for its sustainability efforts. This work is important and has been given priority, but it will require a great deal of the organization if we are to achieve the outstanding sustainability work we are striving for. Our review of our strategies and policies continued in 2017. At the end of the year, the Board of Directors decided on a business plan that focuses on developing long-term sustainable operations.

” The company will use its know-how and commitment to create the conditions to promote the good community

In order to promote the good community, Rikshem needs to be a strong company. And I am pleased to note that this is exactly what Rikshem is. The company's figures for 2017 are excellent. Despite higher financial expenses and a smaller increase in value than in the past, the company posted earnings of MSEK 2,430, which is on par with 2016.

The property market remained strong during the year, and yields remained low. The company's focus during the year was on divesting properties it did not intend to retain over the long term. The divestments, carried out for the purpose of continuing to focus on selected growth municipalities and regions, generated a healthy gain.

Social sustainability plays an important role for Rikshem. In the areas where we operate, we strive to help create solutions. We take responsibility for improving residential areas and residential properties so that they are attractive. We also become involved with the people who live and work in our areas. For example, Rikshem is active in the Låxhjälp Foundation, Tjejers rätt i samhället (TRIS) and Café Välkommen. We also offer young people summer jobs in our areas. With the knowledge and experience we possess, we can work alongside other property owners, municipalities and organizations to help meet the social challenges found in many residential areas around Sweden so that they remain safe and secure. Positive community development in our areas is also deemed to positively impact property values.

Safe areas with modern apartments that meet today's expectations for housing are some of the things Rikshem seeks to offer its customers. Property management is an important part of the company's customer offering, as is customer dialogue in connection with renovation and collaboration with local tenant associations. Rikshem needs to continue developing its customer relations and maintain a customer-oriented approach in which customers always come first. The company has committed and highly ambitious employees, and one of the aims of their ongoing efforts related to Rikshem's new values, introduced in 2017, is to improve the customer experience.

The market for ownership apartments was characterized by uncertainty towards the end of the year. Rikshem acted with foresight and had hardly any exposure to the ownership apartment market by year-end. As a consequence of the new repayment requirement, a number of households that have good income but lack capital will be forced to turn to the rental market. This will likely result in continued high demand for rental apartments, which has an important role to play in the positive community Rikshem wants to work toward. In a society where sharing, renting, and borrowing are increasingly becoming the norm, Rikshem sees a bright future for rental apartments. Macroeconomic factors, such as population growth and urbanization, point in the same direction.

I am pleased to say that Rikshem commands a stable position for the future, and I look forward to using the company's know-how and commitment together with our employees to create the conditions to promote the good community.

Stockholm, February 2018

Sophia Mattsson-Linnala,
CEO Rikshem



Business concept, vision and mission

In 2017, the company began work on its strategy and vision in order to clarify Rikshem's orientation. This entailed measures such as revising the business concept, vision and mission in order to emphasize entrepreneurship, development and community involvement.



Our owners

Rikshem AB (publ) is 100 percent owned by Rikshem Intressenter AB, in which AMF Pensionsförsäkring AB and AP4 own 50% each.

Our vision

We make a difference in the development of the good community.

Our business concept

We aim to be a long-term and sustainable owner, and to develop and manage our residential properties and properties for public use.

Our mission

We develop safe, secure and sustainable neighbourhoods for those who live and work in our areas. We do this by combining professionalism with community involvement.

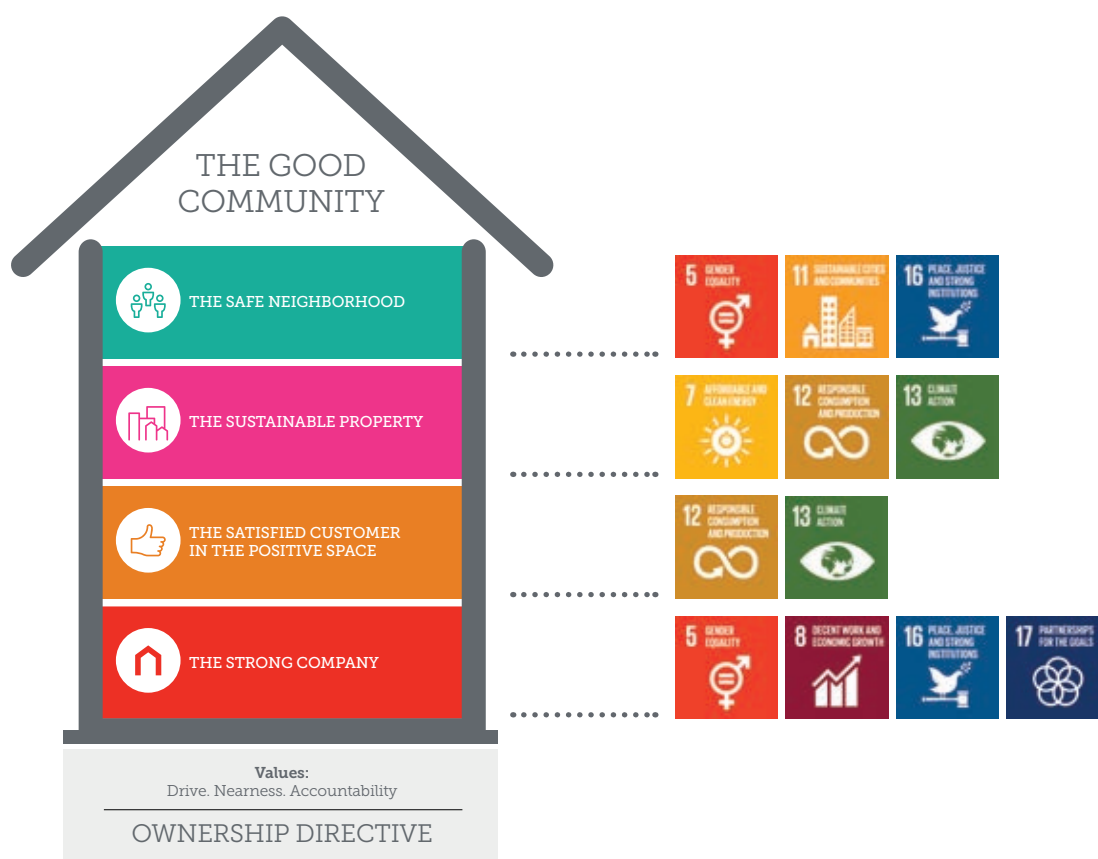
Objectives

Rikshem's overall objectives are ambitious and include financial objectives, sustainability objectives and objectives for customer and employee satisfaction.

Objectives for 2017	Comments	Outcome										
Delivering a real total return of 5 percent on property capital over the long term.	Rikshem is financially stable and has continually delivered a healthy return, so 2017 was also a successful year from a profitability perspective.	<table><tr><th>Year</th><th>Return (%)</th></tr><tr><td>2015</td><td>10.7</td></tr><tr><td>2016</td><td>8.7</td></tr><tr><td>2017</td><td>6.4</td></tr><tr><td>Target</td><td>5%</td></tr></table>	Year	Return (%)	2015	10.7	2016	8.7	2017	6.4	Target	5%
Year	Return (%)											
2015	10.7											
2016	8.7											
2017	6.4											
Target	5%											
Reaching 73 in the Customer Satisfaction Index.	During the year, Rikshem chose to change its selection method for its Customer Satisfaction Index (CSI), and the results for the year are thus not comparable with previous years. The CSI for the year was measured at 70. Rikshem has identified customer satisfaction as a priority issue for the coming years. The company's long-term objective is a CSI of 80.	<table><tr><th>Year</th><th>CSI</th></tr><tr><td>2015</td><td>74</td></tr><tr><td>2016</td><td>72</td></tr><tr><td>2017</td><td>70</td></tr><tr><td>Target</td><td>73%</td></tr></table>	Year	CSI	2015	74	2016	72	2017	70	Target	73%
Year	CSI											
2015	74											
2016	72											
2017	70											
Target	73%											
Reaching 75 in the Employee Satisfaction Index.	The Employee Satisfaction Index (ESI) is measured once per year. The results for the year showed an index of 66, which is significantly lower than the objective; this was partly due to the change process currently under way in the company. Based on the results, regional and department-specific action plans are being drawn up for implementation in 2018. Rikshem's long-term objective is an ESI of 82.	<table><tr><th>Year</th><th>ESI</th></tr><tr><td>2015</td><td>79</td></tr><tr><td>2016</td><td>71</td></tr><tr><td>2017</td><td>66</td></tr><tr><td>Target</td><td>75%</td></tr></table>	Year	ESI	2015	79	2016	71	2017	66	Target	75%
Year	ESI											
2015	79											
2016	71											
2017	66											
Target	75%											
Reducing energy consumption in the company's properties by at least 2.5% (avg/yr for the period from 2013 to 2023).	Rikshem aims to contribute to a reduction in the use of shared resources. Energy consumption for 2017 decreased by 1.6 percent. The total reduction since 2013 amounts to 17.3 percent and the long-term objective is a saving of 25 percent by 2023. Energy savings are often greater at the start of the savings period, as it is initially easier to find successful, cost-efficient opportunities to enhance the efficiency of the properties.	<table><tr><th>Year</th><th>Reduction of energy use (%)</th></tr><tr><td>2015</td><td>4.0</td></tr><tr><td>2016</td><td>3.7</td></tr><tr><td>2017</td><td>1.6</td></tr><tr><td>Target per year</td><td>2.5%</td></tr></table>	Year	Reduction of energy use (%)	2015	4.0	2016	3.7	2017	1.6	Target per year	2.5%
Year	Reduction of energy use (%)											
2015	4.0											
2016	3.7											
2017	1.6											
Target per year	2.5%											
Offering summer jobs to 170 young people in Rikshem's areas.	Rikshem's focus is on community involvement that uses long-term social initiatives to support positive community development and impacts the company's balance sheet in the form of increased property values. 158 young people were given summer jobs in 2017. Over the long term, Rikshem's aim is for the number of summer jobs to match the number of employees in the company.	<table><tr><th>Year</th><th>Number of jobs</th></tr><tr><td>2015</td><td>152</td></tr><tr><td>2016</td><td>157</td></tr><tr><td>2017</td><td>158</td></tr><tr><td>Target</td><td>170 jobs</td></tr></table>	Year	Number of jobs	2015	152	2016	157	2017	158	Target	170 jobs
Year	Number of jobs											
2015	152											
2016	157											
2017	158											
Target	170 jobs											

Sustainable value creation

Through its operations, Rikshem helps to create the conditions to develop Sweden. The company's sustainability efforts run through all its operations, are firmly linked to its core operations and are an important factor in its strategic initiatives.



The good community

Rikshem's vision is to make a difference in the development of the good community. A safe, stable community where people respect each other and there is room for differences. With social commitment and environmental initiatives, Rikshem aims to support positive community development and impact the company's balance sheet in the form of increased property values.

Access to work, residential properties and education are crucial for creating growth in Sweden. With a growing population, the need for residential properties and properties for public use is also increasing. To ensure the competitiveness of the nation's regions, improvement of residential properties and properties for public use must keep pace with the needs of citizens and the business community. By owning, developing and managing residential properties and properties for public use, Rikshem helps to create the conditions to develop Sweden.

Rikshuset – a strategic property

Rikshem's business model shows how the company works systematically to create value – not only financially, but also environmentally and socially. Over the years, Rikshuset has been developed as an extension of that business model. This is a strategic property that shows how, and towards what end, Rikshem works in its daily operations.

Rikshuset elucidates Rikshem's objectives, strategies, and ambitions. At its foundation lies the company's ownership directive and values, which are based on the general areas of "A strong company", "Satisfied customers in positive spaces", "Sustainable properties" and "Safe neighborhoods".

Working in accordance with Rikshuset will make a difference in the company's daily interactions with customers and ultimately make Rikshem a profitable company. Rikshuset also helps Rikshem to manage its operations according to various objectives that are in line with the UN Sustainable Development Objectives, thus placing its sustainability efforts and its ambition of promoting the good community in a larger context.

The strong company

For Rikshem, being a strong company means being financially stable and adopting a long-term approach – fundamental conditions for being able to pursue operations in a proper fashion. The company's strategy is to own and manage large portfolios of residential properties and properties for public use in selected growth areas in Sweden, to be an attractive partner for the municipalities in which it conducts operations and to work actively on developing its portfolio. Through professionalism and community involvement, the company aims to promote the development of the good community. Rikshem strives to offer good terms and development opportunities in order to have satisfied employees. The company aims to be values-driven.

The satisfied customer in the positive space

Rikshem has a strategy of engaging in its own property management. Proximity to its customers facilitates positive property management. The company aims to be an attractive landlord offering positive customer service. Being a customer of Rikshem should be easy and safe, regardless of whether that customer is a residential property tenant, or a municipality renting preschools and nursing homes. For Rikshem, the equal value of all people is of the greatest importance. That is why the company's residential properties are allocated in order of wait time among those who have submitted an application and meet the criteria of the rental policy. Rikshem has its own property housing queue, but also make use of municipal residential housing queues in certain locations. Rikshem's customer work also includes making it easier for customers to live and work sustainably. Rikshem is working to increase the focus on customers in its organization.

The sustainable property

Property management must be long-term and sustainable. A property management strategy with long-term property management plans creates the conditions for quality-assured property management. As a responsible property owner, Rikshem plans for the improvement of its existing properties through plans for repairs, maintenance and upgrades (RM&U), succession renovations, and plans for new production primarily on its own land. In new residential property production, Rikshem prefers industrial construction in wood, which is advantageous both environmentally and financially. The residential properties in the company's portfolio will be improved to meet the requirements currently set to ensure that rental apartments remain attractive as a form of housing. Properties for public use must fulfill the requirements of both residents and personnel. Using environmentally certified electricity, which is largely carbon neutral, residential properties with smaller carbon footprints can be created.

The safe neighborhood

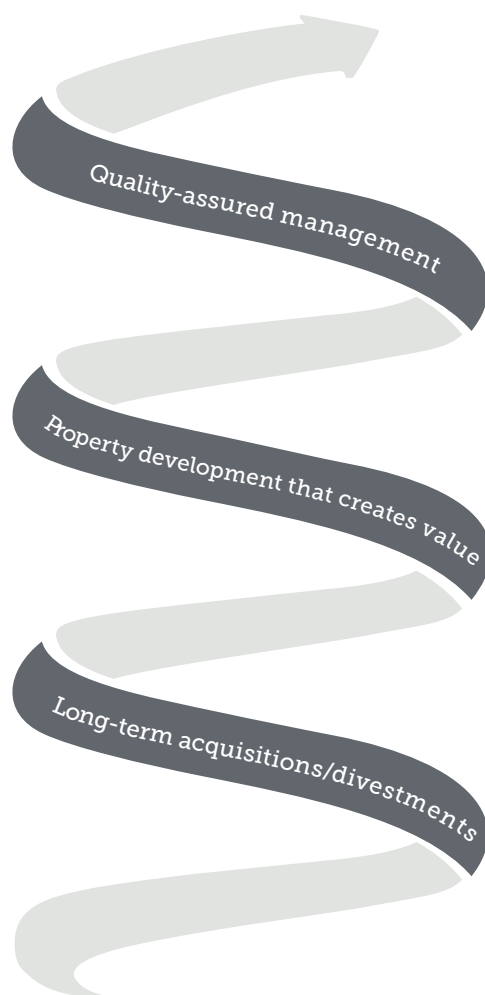
Through active partnership with municipalities and local communities, Rikshem works to create safe, attractive residential areas and sustainable living environments. By supporting education and employment, Rikshem aims to help create a belief in the future, a sense of inclusion, and meaningful leisure. At the same time, Rikshem depends on community development to achieve success in these issues. To set an example in sustainability efforts, Rikshem's work in this area needs to intensify. Part of Rikshem's efforts to create safe neighborhoods involves increasing stability and safety in its areas through measures such as creating mixed forms of tenure. This is why the company's strategy includes building a small proportion of ownership apartments in areas where there are already numerous rental apartments. Another part of the strategy involves working on social-housing contracts, in which apartments are rented to the municipality for allocation to people who would otherwise be shut out of the residential property market.

Business model



Return on capital
the good community
Improved portfolio
Satisfied customers
Residential property supply
Supply of properties for public use
Proud employees

Output



Input

Capital/financing
Community development
Customer expectations
Municipal needs
Employees
Legal requirements

A responsible company

Rikshem is one of Sweden's largest private property companies. The company owns, develops and manages residential properties and properties for public use. By combining professionalism with community involvement, Rikshem can help to make a difference in society.

Long-term work for healthy returns

Since its beginning in 2010, Rikshem has enjoyed rapid growth. Today, its property portfolio contains approximately 28,000 apartments at a market value of just over SEK 41 billion. The company is financially stable and has continually delivered a healthy return. Through wise investments and new production of residential properties and properties for public use, Rikshem will continue to grow and generate healthy returns for Sweden's retirees.

But with great size comes great responsibility. Rikshem intends to be a responsible company, which means working from a long-term perspective and in an environmentally, socially, and financially sustainable manner. A financially strong company is a fundamental condition for being able to pursue operations in a proper fashion. For Rikshem, financially sustainable property management and project operations mean focusing on long-term relationships and stakeholders, making long-term decisions and taking low risks.

Model sustainability efforts

Through its operations, Rikshem has an impact on people, society, and the environment. Conducting sustainable operations over the long term means taking a responsible and innovative approach to creating long-term values from a financial, environmental, and

social perspective as well as safeguarding and refining these values in the daily operations. Rikshem's ownership directive stipulates that the company is to have model sustainability efforts. Sustainability initiatives also lead to better property management, increased attraction among stakeholders, and good control of the properties. This, in turn, creates greater customer satisfaction, committed employees, and increased profitability.

Sound ethics in all operations

Rikshem's values are composed of the keywords Drivande (Active) Närvarande (Present) and Ansvarstagande (Responsible). The company must act in a responsible manner, and all its relationships should be defined by dignity, respect, and sound ethics. The equal value of all people and the freedom of the individual are central for Rikshem, and this is reflected in the company's operations. For example, Rikshem allocates its apartments based on a queue time. Rikshem's business culture is built on every employee seeing the importance of their role, taking responsibility for their work and being provided with opportunities for professional development. Rikshem's Code of Conduct was established by the Board of Directors, and all employees and external partners are expected to read it when employment or collaboration begins.

Robust governance for a high level of business ethics

Sound business ethics are of the utmost importance for Rikshem and are an important part of being a responsible company. Rikshem has documented its working method in policies, guidelines and other governing documents in order to govern its operations and limit the risks of corruption.

Code of Conduct

Covers requirements and expectations for all employees.

Code of Conduct for suppliers

Corresponds to Rikshem's Code of Conduct; describes the requirements Rikshem places on suppliers.

Policy for rental and allocation of apartments

Regulates the requirements for being permitted to rent an apartment from Rikshem, and how apartments are allocated.

Whistle-blowing policy

Describes what is to be reported and to whom as well as how cases of whistle-blowing are handled.

Policy for counteracting conflicts of interest

Describes what constitutes a conflict of interest and sideline occupations, and how the company is to handle these.

Policy for business travel, expenses for representation and conferences

Governs how Rikshem and its employees should act when traveling and entertaining.

Decision-making and authorization procedure

Governs who may take which decisions, which limits apply to decisions, and how invoices are to be authorized.

Finance policy

Defines objectives and stipulates guidelines and risk limits for financial operations as well as describing who may take decisions on various issues.

CEO instructions

Govern which decisions may be taken by the CEO, and the relationship between the CEO and the Board of Directors.

Rules of procedure for Board committees

Within the Board of Directors, an audit committee, a remuneration committee and an investment committee have been established. The rules of procedure describe the tasks and working forms of the committees.

Rules of procedure for the Board of Directors

Describe the working forms of the Board.

Insider policy

Aims to reduce the risks of insider trading and ensure that Rikshem follows applicable rules.

Rikshem will only engage in business operations that are in compliance with national laws, any agreements entered into, and Rikshem's Code of Conduct.

The company has a zero-tolerance policy towards all forms of bribery and corruption, hidden provisions and other unlawful benefits. Competitive advantages should only be sought through lawful means, and Rikshem's actions should not be perceived as restricting competition.

Openness and dialogue within the company are the primary means for preventing or stopping violations. Rikshem works actively to create and maintain an open, trusting internal environment.

Suspensions of violations or breaches of the Code of Conduct must be reported immediately to an immediate superior, their superior, or some other executive the employee trusts. Rikshem has initiated a whistle-blower function with the possibility of anonymously reporting suspected violations of the company's rules to the company's Senior Legal Advisor. The whistle-blower function can be used if the report concerns a person who holds a key or leading position in Rikshem. Violations or breaches of the Code of Conduct can lead to legal action and termination of the employment or collaboration agreement.

Sound ethics in the supply chain

Rikshem is a major purchaser with numerous suppliers, contractors and partners. The company's 271 largest suppliers represent 94 percent of Rikshem's total purchase volume. Contractors for residential buildings and other buildings form the largest share, followed by suppliers of goods and services. Most purchases are made from Swedish suppliers, with subcontractors primarily in Sweden and Europe. Rikshem also purchases from wholesalers and contractors whose goods and components may have been manufactured outside Europe.

	Example
Contractors	Contractors for residential buildings and other buildings, trade contractors, etc.
Services and consulting services	Telephone service companies, property managers, technical consultants, cleaning, etc.
Goods	Construction material, joinery work, office materials, etc.



Rikshem's values – its DNA – are composed of the keywords Drivande (Active), Närvande (Present) and Ansvarstagande (Responsible)

Rikshem has an indirect social, economic and environmental impact on the supply chain for the goods and services purchased. To ensure that purchases of goods and services take place in a responsible manner, Rikshem has a Code of Conduct for suppliers.

The Code of Conduct for suppliers reflects Rikshem's values. The products or services that suppliers provide are expected to be produced under conditions that are consistent with the principles indicated in the UN Global Compact regarding human rights, working conditions, the environment and anti-corruption. By accepting the contents of the Code of Conduct for suppliers, collaborating partners and suppliers commit to complying with the requirements.

The Code of Conduct for suppliers must be included in all new agreements with suppliers. Under certain circumstances, Rikshem can approve the supplier's own code of conduct as an alternative. The objective is for all suppliers to follow Rikshem's Code of Conduct for suppliers. A review of the agreements with the 271 largest suppliers was carried out in 2017. By the end of the year, 202 suppliers representing approximately 80 percent of the total purchase volume had accepted the Code of Conduct for suppliers. Of those, 39 were new suppliers.

Failure to comply with the Code of Conduct for suppliers could lead to risks for the environment, people and society. Compliance with the Code of Conduct for suppliers is ensured by Rikshem securing the right to request documentation and/or conduct audits. No audits were conducted in 2017. Deviation from the Code could lead to Rikshem terminating relationships with suppliers. The objective during 2018 is to further develop the processes for monitoring suppliers. A newly initiated Purchasing Forum, which includes the regional managers, the Head of Business and Sustainability Development and the purchasing function, is intended to increase cooperation around these issues.



A more effective, more customer-oriented working method



Riksvägen to a uniform, efficient Rikshem

Rapid, powerful growth has characterized Rikshem since it was founded. In the company's journey of expansion from two operating areas in 2010 to approximately 20 locations across three regions in 2017, the need for a shared working method has grown.

Riksvägen ("The Road") is a quality assurance system that aims to ensure a uniform and efficient working method as well as to facilitate continual improvements. During the year, a large number of employees from different functions worked together to produce governing documents, procedures and templates that will form a company-wide "backbone". Riksvägen will be an important part of Rikshem's infrastructure and will be implemented beginning in 2018.

After an initial process mapping, a transfer of experience in the form of best practices was used to establish a shared working method. One example of this is the successful succession renovations that Rikshem's Northern Sweden and Southern Sweden regions carried out, which will form the model for the future. The Mälardalen region also shared its experiences of extensive RM&U renovations.

Through an exchange of experiences, coordination and shared procedures, employees can work more easily across department borders to ensure greater customer satisfaction, a more efficient

” A company-wide “backbone” of governing documents, procedures and templates

working method and better results. One important element in Riksvägen and the ongoing improvement efforts is continued digitization – both for the company's employees, who can work more efficiently, and for customers, who can more easily report problems, book the laundry room or contact Rikshem with just a couple of clicks. In parallel with the implementation of Riksvägen, Rikshem is also working to ensure that its systems and working methods are designed in a way that will meet the future requirements of the new General Data Protection Regulation (GDPR).

Strong demand for rental apartments

Production of residential properties in Sweden was high in 2017, as were transaction volumes for properties. Demand for rental apartments remains healthy, while there is uncertainty regarding the market conditions for newly produced ownership apartments.

Construction rate decreasing

Residential property construction has increased dramatically over the last five years. A much larger number of residential properties came into the market in 2017, and this will continue into 2018. However, residential property construction decreased more rapidly than predicted towards the end of 2017 as signals indicated difficulties finding buyers for new builds. The assessment by the Swedish National Board of Housing, Building and Planning during the autumn was that this development concerned a limited number of markets. Otherwise, demand for new production remained positive. Far-sighted residential property developers changed direction in order to meet the demand for smaller, simpler apartments. Certain projects were also converted to rental apartments. Demand for rental apartments remains strong, but could be negatively affected if a considerable excess supply of unsold ownership apartments arises. However, smaller, lower-priced rental apartments are expected to remain in short supply going forward.

Weaker market for ownership apartments

A high rate of new production of ownership apartments, the banks' stricter repayment requirements and that purchasers need to sell before they are granted new loans had a dampening effect on prices last autumn. The Government's approval of new repayment requirements from the Swedish Financial Supervisory Authority is also expected to push residential property prices downward.

Increased costs for owning a residential property are creating the conditions for increased demand for rental apartments.

More industrial construction needed

The demand for cost-efficient rental apartments is substantial, and is expected to remain so in future, despite an increased risk of vacancies in the higher price segment. The shortage of residential properties applies in particular to young people, students, newly arrived immigrants and the elderly. Being able to continue building rental apartments requires increased focus on market knowledge in combination with cost-efficiency and an increase in industrial residential property construction. The market is dependent on interest rate trends, and while the general assessment is that interest rates will rise, there is uncertainty over when this will occur.

Increasing need for properties for public use

Demand for properties for public use is largely governed by demographic factors. As a result of urbanization and a growing and aging population, the need for expanded social services among municipalities and county councils is increasing. Over the next 20 years, Sweden's older population is expected to increase, which will lead to a greater need for nursing homes and other care facilities. At the same time, the number of schoolchildren is also expected to increase.

Stable rent levels

The rental market for properties for public use is stable, and shows no signs of significant upturns or downturns in rent levels or vacancies. Rents vary considerably, and are largely dependent on the age of the properties, investments made and adaptations for tenants. For residential properties in Sweden, the rents are regulated and determined based on the utility-value system (bruksvärdessystemet) according to negotiations with the Swedish Union of Tenants. The average raise in rents for 2017 was 0.71 percent, the second-lowest level in ten years. In pace with the expected speed-up of inflation, rent levels are expected to follow.

Transactions for SEK 142 billion

The total transaction volume in Sweden for 2017 ended up at SEK 142 billion. The transaction volume for the first half of the year amounted to SEK 78 billion, only to decrease to SEK 64 billion during the second half. The year was impacted by uncertainty concerning future interest deduction rights, an ongoing tax investigation regarding packaging of properties in companies and the withdrawal of transfer duties, for example, in connection with property reallocation. There is also uncertainty as to what the final proposals will look like, and when new rules could go into effect. It is unclear whether, and if so how, yields will change, but one probable impact is that the rate will increase somewhat if the proposals go through. Properties remain a good investment compared with the alternatives, given the higher risk involved in shares and the significantly lower return on bonds. Major deals in the residential property segment show that the market remains healthy and that there are financially strong investors prepared to acquire existing residential property portfolios in growth municipalities at a low yield. The transaction volume in the properties for public use segment was lower than for residential properties, but the transactions completed also indicated a strong market for this type of property going forward. Several operators have established themselves and are making long-term investments in properties for public use, which has significantly lowered the yield over the past few years. Institutional investors – often the major owners of these operators – continued to show a strong interest in property investments in the segment.

Private, public and municipal operators

Rikshem operates in a market with several private, public and municipal operators. The primary competitors operating in Rikshem's segments are private property companies, such as Wilhelm, Hemsö, D. Carnegie and Heimstaden. Municipal residential property companies in Rikshem's locations are also competitors, to a certain extent.

Sources: The Swedish National Board of Housing, Building and Planning, NAI Svefa, Hem & Hyra, Catella

Properties for residential and public use

Rikshem intends to grow in selected growth areas with long-term development potential. The company's offering largely matches market demand with respect to both rental apartments and important properties for public use, such as preschools, schools and nursing homes.

Focus on growth areas

The market for residential properties and properties for public use remained strong in 2017. By and large, all the variables – both demographic and economic – combined to create favorable conditions for Rikshem's operations. The general trend in community development – with urbanization, high employment levels, raised real income, low interest rates, high birth rates, continued immigration and an aging population – was a strong driving force.

Demand for Rikshem's properties remained healthy, and the market for cost-efficient rental properties in growth municipalities is expected to be strong going forward. Moreover, the influx of residents to these areas will ensure a need for schools, healthcare and nursing care.

Rikshem has a presence in selected growth municipalities across all of Sweden. Nine of the approximately 20 municipalities where Rikshem has significant holdings are among the country's 20 largest municipalities from a population perspective.

Metropolitan areas in particular are suffering from a residential property shortage, as are the other municipalities where Rikshem conducts operations. The wait time for an older rental apartment is often seven to ten years or more.

Work close to the municipalities

Rikshem monitors community development and collaborates with the municipalities in order to meet the need for residential properties and suitable properties for public use. Many municipalities are seeking areas with more mixed housing forms and a larger offering of rental apartments. This fits well with Rikshem's efforts to achieve sustainable urban development. By constructing both ownership apartments and rental apartments, the stability and purchasing power of the residential area is strengthened. During the year, Rikshem also received confirmation that its focus on sustainability through the construction of wooden buildings and improvements to existing areas is in line with what many municipalities want.

Strong market presence

Rikshem is performing well, even in less advantageous markets, thanks to favorable opportunities for financing, a limited exposure to the market for ownership apartments and its portfolios in strategic growth areas. The company is also well positioned financially for more normal interest rate levels.

Newly constructed rental apartments on Kantorsgatan in Uppsala, divided into 12 tower blocks of four and six stories, respectively.



Rikshem's property portfolio

Rikshem is one of Sweden's largest private property companies, with a market value of SEK 41 billion. There are property portfolios in selected growth municipalities across all of Sweden, covering both residential properties and properties for public use.

The portfolio in figures

Lettable area at year-end totaled approximately 1.6 million square meters in residential properties and approximately 0.6 million square meters in properties for public use with nursing home and school premises.

Rikshem's residential property operations represent 70 percent of the market value of the properties. Rental income for residential properties in 2017 totaled MSEK 1,907 (1,740). Rent levels, which vary depending on area, location and standard, are within a range of SEK 700 to SEK 2,700 per square meter, with a mean of SEK 1,163 per square meter. At year-end 2017, the vacancy rate for residential properties was 2.7 percent (3.6). Adjusted for apartments that have been vacated prior to renovation, the market vacancy rate was 0.3 percent (0.5).

The largest growth areas

The largest residential property holdings are in Uppsala, Greater Stockholm, Helsingborg and Norrköping. Since 2015, Rikshem has also had significant portfolios in Umeå, Luleå and Östersund. In January 2017, Rikshem completed acquisition of an additional acquisition in Umeå with around 800 apartments. Rikshem also has property portfolios in Västerås and Kalmar. The entire property holding in Haparanda was sold during the year as part of the strategy of operating in selected growth areas.

Favorable demand for rental apartments

Several of Rikshem's markets have had a long period of high population growth and low residential property construction, particularly in terms of space-efficient rental apartments.

The strong demand for rental apartments is reflected in long residential housing queue time. Wait times are longest in the Mälardalen region and in Uppsala, where one and two-room

apartments in central locations have a wait time of up to 18 years. In Umeå, Luleå, Östersund and Norrköping, the average wait time is up to three years for central locations and two years for the outlying areas. In Helsingborg, the wait time is around two years. In general, wait times are longer for smaller, cheaper and older apartments.

In several areas, Rikshem has its own residential queue list, but in Malmö, Helsingborg, Greater Stockholm and Uppsala, the company uses the municipal housing authority. In Uppsala, around 40,000 applicants were transferred to the municipal housing queue during the year, and the company also has similar plans for Luleå. This enables Rikshem to reach more people, and it becomes easier for applicants to find a residential property when several property owners are gathered in the same housing queue.

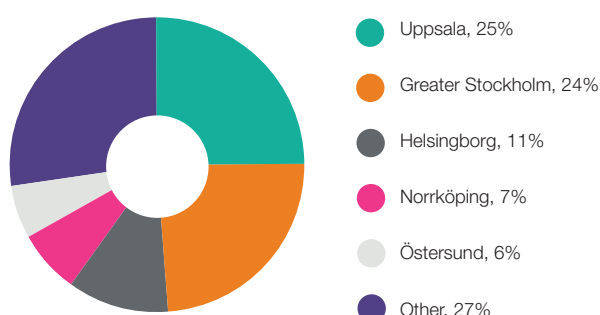
New rental apartments to meet shortage

The demand for rental apartments, in particular space-efficient apartments in good locations, is great in all the areas where Rikshem operates.

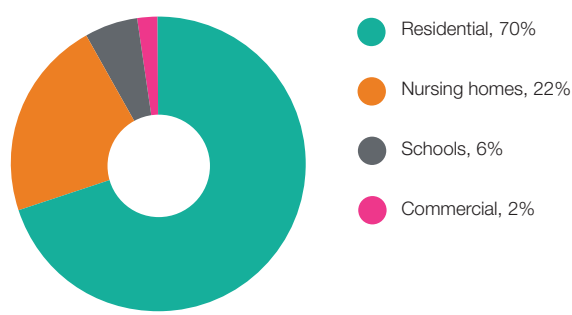
Rikshem therefore attaches considerable importance to creating new rental apartments with smart planning. This includes the construction of Flyttfågeln in Umeå now in progress, where one of the three buildings will be eight stories high and thus the tallest wooden residential building in northern Sweden. The Green Building certification process for one of the properties has begun. Production of 94 apartments in Klintbacken has also begun in Rikshem's first project in Luleå. The project will be completed in 2018.

In addition to constructing new buildings, Rikshem is reviewing opportunities to create new residential properties in existing buildings. Projects of this kind are in progress in areas such as Uppsala and Södertälje.

Largest areas, percent of property value



Allocation of the properties' market value, percent





The Oskarström retirement home was awarded the Halmstad Building Committee's 2016 Architecture Prize.

Mixed forms of tenure

The company's strategy includes developing a smaller portion of ownership apartments which, after completion and sale, will not form part of Rikshem's property management portfolio. As a rule, ownership apartments and rental apartments are created on Rikshem's own land as part of its existing portfolio.

Production of two ownership apartment projects – one in Umeå and one in Uppsala, comprising a total of 56 ownership apartments with move-in scheduled for 2018 – began during the year. The project in Umeå, Flyttfågeln, is an example of Rikshem's ambition to mix forms of tenure – with 32 ownership apartments being constructed alongside 110 rental apartments.

Another example of this kind of project is Gränby in Uppsala, where Rikshem currently has 1,400 rental apartments. Approximately 1,000 new apartments, many of which are ownership apartments, are now being built for the purpose of creating an area with mixed forms of tenure. Rikshem is responsible for 171 of these apartments, of which 101 are ownership apartments in the Konstnären property and 70 are rental apartments in Skulptören, a property combining apartments with a parking garage. In total, Rikshem completed 112 ownership apartments during the year, of which 110 were sold before completion.

Properties for public use for an aging population

Rikshem's properties for public use consist primarily of operations for healthcare, nursing care and schools. Properties for public use constitute approximately 29 percent of the company's portfolio. Rental income from properties for public use in 2017 totaled MSEK 758 (744). Rent levels, which vary depending on area, location and standard, are within a range of SEK 550 to SEK 2,600 per square meter, with a mean of SEK 1,362 to SEK 1,410

per square meter. Over 90 percent of Rikshem's properties for public use are rented by municipalities and county councils. The average contract period remaining for the company's properties for public use is ten years.

Holdings of and improvements to properties for public use are part of Rikshem's long-term strategy. Market demand is extremely healthy and growing as a consequence of the increase in the country's aging population.

In addition, a large portion of the country's existing nursing care properties do not meet the current requirements of the residents or personnel, which opens up opportunities for investments and improvement initiatives to increase value.

The Nordic region's largest nursing home

A number of properties for public use were acquired during the year. After completion, the Vård Norra and Vård Södra project properties in Uppsala will form the Nordic region's largest nursing home, with a total of approximately 17,400 square meters and 201 nursing care apartments. Attendo Sverige AB has signed a 15-year rental agreement for both properties, which will be given environmental certification. The nursing home will be completed in 2019-2020.

In Umeå, a nursing home with a total area of approximately 3,500 square meters was acquired.

Rikshem also divested a portfolio of smaller properties for public use in the Stockholm area as part of its efforts to enhance the efficiency of its property management and focus on larger properties for public use.

Major new production projects were also carried out at the nursing home Harplinge in Halmstad and Vänskapens väg in Kalmar.

Acquisitions and divestments

To strengthen Rikshem's presence in selected growth areas and refine its portfolio, a number of acquisitions and divestments were completed during the year. A refined portfolio yields economies of scale and more efficient, qualitative property management.

Acquisitions

Municipality	No. of properties	Sqm	Property type
Kalmar	1	1,800	Residential
Luleå	1	Prel. 3,800	Project/Residential
Norrköping	1	Prel. 6,950	Project/Residential
Norrtälje	3	4,700	Development
Södertälje	1	1,500	Public use
Umeå	23	63,400	Residential
Umeå	1	3,500	Public use
Uppsala	2	Prel. 17,400	Project/Public use

Divestments

Municipality	No. of properties	Sqm	Property type
Gothenburg	1	7,400	Residential
Halmstad	1	12,600	Residential
Helsingborg	2	4,500	Residential
Haparanda	7	8,200	Residential
Norrköping	2	6,500	Commercial
Sollentuna	2	5,800	Commercial
Stockholm	14	7,200	Public use
Stockholm	1	7,800	Residential

Property valuation

The market value of Rikshem's properties at year-end totaled MSEK 41,039 (37,878), corresponding to SEK 18,494 per square meter (17,362). Of the total value, MSEK 738 pertains to development rights which on average have been valued at SEK 2,050 per square meter. The average yield was 4.31 percent, which is a reduction of 0.22 percentage points compared with the average yield at the beginning of 2017. The market value of the property portfolio has increased MSEK 3,161 since year-end, corresponding to growth of 8 percent. The unrealized change in value totaled MSEK 1,647 (1,962). The increase is primarily a result of improved cash flow and a lower yield. During the year, properties valued at MSEK 1,603 (3,549) were acquired. Properties with a total value corresponding to MSEK 1,675 (1,491) were divested, of which MSEK 261 (473) pertained to sales of newly produced ownership apartments.

Valuation method

Rikshem's properties are classified as investment properties, and recognized at market value. The market values of the properties are established individually through internal valuations conducted quarterly. The valuation method is based on analysis of the earnings capacity of the respective properties and other factors impacting value, such as fair market rents and the market's yield, which are derived externally through local price analysis. Rikshem's internal valuation model simulates cash flow with future net operating income for the respective valuation units, which are

primarily composed of individual properties. Future net operating income and residual value at the end of the calculation period are discounted to the present value less the estimated remaining investments. For residential properties, a calculation period of ten years is applied, and for properties for public use, the calculation period amounts to the length of the contract or at least ten years. Rental income is based on the existing rental agreement and existing rent levels. Agreed future changes to the rental agreement term, rent levels, etc. are taken into account in the valuations.

Property expenses for the respective properties are based on estimated costs, and the assumptions regarding cost of capital and yield are checked by external appraisers. The market value of the properties has thus been assessed according to IFRS 13 level 3.

Renovation projects and new builds, extensions and alterations are valued in a corresponding manner less the remaining investments. The value of development rights is based on future application with regard to which stage of the zoning plan process the property is at and on a local price analysis.

External valuation

To ensure the quality of the internal valuations, an external valuation of the property portfolio is conducted annually at year-end. Rikshem also submits the valuation data to MSCI's IPD Sweden Annual Property Index every year.

During the year, properties equivalent to 99.6 percent of the property portfolio in terms of value were externally valued. Rikshem's valuation of these properties amounted to MSEK 40,875, while the external valuations together totaled MSEK 41,408, which corresponds to a deviation of MSEK 533 or 1.3 percent. The deviation between the internal and external assessed values is well within the uncertainty range of +/- 5 percent.

Valuation assumptions

Property type	Rent SEK/sqm			Exit yield, %		
	min	mean	max	min	mean	max
Residential,	693	1,163	2,698	2.60	3.98	5.65
Properties for public use						
Nursing homes and assisted living	550	1,362	2,564	4.05	4.97	7.50
Schools	761	1,410	2,071	5.10	5.49	6.75
Commercial	654	1,121	4,097	3.97	5.38	7.50
Mean		1,214			4.31	

Sensitivity analysis

Change in MSEK	Capitalization rate		Rent		Net op. income
	+0.25%	-0.25%	+/- 1.0%	+/- SEK 50 /sqm	+/- 5.0%
Property type					
Residential	-1,710	1,939	470	2,154	1,357
Properties for public use					
Nursing homes and assisted living	-424	469	109	438	394
Schools	-110	120	33	116	113
Commercial	-32	35	10	49	29
Total	-2,276	2,563	622	2,757	1,893

Project and property development

New production of residential properties and properties for public use as well as renovations, conversions and extensions drive the company's growth. There is extensive potential for development in the existing portfolio. During the year, production started on 462 apartments and 1,180 apartments were renovated.

Development potential in existing portfolio

Demand for residential properties and properties for public use affects Rikshem's rate of growth. Identifying development opportunities in the company's property portfolio is a crucial factor in continuing to grow.

By identifying and analyzing land improvement opportunities in the existing property portfolio and producing new zoning plans, Rikshem created development rights for approximately 500 apartments during the year. In 2017, zoning plans were adopted in Luleå, Umeå, Västerås and Uppsala. At the end of the year, development rights for 700,000 square meters of gross area were being created.

Through a comprehensive land inventory during the year, Rikshem identified properties with assets in the form of undeveloped land area (land resources) as well as properties with unutilized development rights (development rights resources) according to the zoning plans. In total, the company identified approximately 40 properties which it assessed as having land resources and about 150 properties which it assessed as having development rights resources.

New zoning plan processes are expected to be introduced in 2018 and several zoning plans currently in progress are expected to be adopted.

Growth through project development

Project development in the form of new production of residential properties and properties for public use as well as renovations, conversions and extensions of the existing portfolio drive Rikshem's growth. This process requires close collaboration with the municipalities, which are responsible for zoning plans and construction permits.

RM&U renovations involve replacing pipes and renovating facades, roofs, equipment installations, windows, entryways, laundry rooms and so on as needed. Inside the apartments, kitchens, bathrooms and surfaces are renovated. In 2017, some 1,180 apartments underwent RM&U renovations.

In Gränby, Uppsala, Rikshem completed its largest renovation project to date, with some 1,200 apartments renovated. The project – Rikshem's first RM&U project – started in 2013. Tenants in Gränby were the first to have the possibility of choosing the level of renovation – a choice that since then has frequently been offered to Rikshem's tenants in connection with RM&U work. Being able to choose between a normal or lower level means that the tenants themselves have the opportunity to influence their rent after renovation. The overwhelming majority chose a normal level – a more comprehensive renovation that, in addition to the lower level, also includes replacement of kitchens and renovation of surfaces.

Rikshem wants to contribute to a better environment, and aims to support positive, resource-efficient indoor environments in its properties. In 2018, Rikshem will review and refine its processes and procedures for sustainability initiatives in property development. With increased demand from municipalities, the industry and the general public, financial challenges arise as the company endeavors to meet its sustainability objectives in practice.



Innovative rearrangement of surface area yields numerous new apartments

462 residential properties in new buildings...

New production is often carried out in connection with Rikshem's existing properties on its own land. By building on land that has already been developed, natural areas can be preserved. At the same time, doing so is financially advantageous – especially since it is possible to use already existing infrastructure.

In 2017, production started on 462 new apartments. This includes the company's first new production project in Luleå, which encompasses 94 rental apartments to be completed in 2018. In Umeå, 142 apartments – both rental apartments and ownership apartments – are being built.

...and 60 new apartments in existing buildings

New apartments are also created through conversions of existing buildings. In Norrbacka, Märsta, storage spaces have been transformed into 60 new rental apartments. Another example is Kantorn in Uppsala, where traditional student housing is being converted into studio apartments with en suite kitchens and bathrooms. Common spaces are also being converted into new apartments, with a total 250 student apartments being created.

Modern properties for public use

A number of properties for public use were converted during the year based on general need, but also based on new demands or changed needs among Rikshem customers, who as a rule are municipalities.

In Halmstad, Rikshem has constructed a new nursing home. The Harplinge retirement home has replaced an outdated building with light, modern and functional premises for 60 residents and personnel. The production of a new nursing home in Kalmar – Vänskapens hus – is also under way, with inauguration scheduled in 2018.



In Gränby, Uppsala, around 1,200 apartments underwent RM&U renovations.

Awards and nominations

- Rikshem won the Kalmar Urban Design Prize in the Preservation category for renovation of Apotekaren 1, a landmark property in the city.
- Rikshem's project in Märsta, where 60 apartments were created from 350 storage spaces, was nominated for 2018 Construction Project of the Year Award.
- The Harplinge retirement home was nominated for the Halmstad Building Committee Architecture Prize.
- Rikshem was nominated as Community Developer of the Year alongside Lindbäck's bygg for its efforts in industrial construction in wood.

Major projects in progress during 2017

Municipality	Property/ project	Project category	No. of resi- dences	Estimated completion
Märsta	Sleipner	RM&U renovation	320	Q1 2018
Södertälje	Repet 4	RM&U renovation	397	Q4 2019
Uppsala	Vård Norra	New production (public use)	105	Q3 2019
Uppsala	Vård Södra	New production (public use)	96	Q3 2020
Uppsala	Lågberget	RM&U renovation	270	Q2 2018
Umeå	Flyttfågeln	New production (residential)	110	Q2 2018

Rikshem has a number of joint venture collaborations for purposes that include creating residential property zoning plans and developing new residential properties.

VärmdöBostäder AB – since 2015, Rikshem has owned 49 percent of VärmdöBostäder in Värmdö Municipality. The collaboration focuses on property management and new production in the jointly owned company.

Farsta Stadsutveckling AB – together with Ikano Bostad, Rikshem owns the former head office of Telia located in Farsta, under the Telestaden brand. A new zoning plan for the area is in development. The ambition is to build 3,000 new residences, commercial premises, schools, preschools and as nursing homes.

Boostad Bostad AB – Rikshem and Veidekke Bostad each own 50 percent of the company Boostad Bostad for the purpose of developing ownership apartments, primarily in the Mälardalen region.

Tidmätarna AB – this collaboration with residential property developer Glommen & Lindberg was initiated in spring 2017 for the development of zoning plans for future ownership apartments in Sollentuna Municipality.

Bergagårdshöjdens Fastighets AB – Rikshem has been collaborating with P&E Fastighetspartner in Kalmar since June 2015 on the development of ownership and rental apartments.



Nominated for the
2018 Construction Project
of the Year Award



How 60 new one-room apartments were created – without constructing new buildings

When there are many people wanting to rent but the offering is limited, creative thinking is required to build a way out of the housing shortage. In Märsta, 60 new one-room apartments were created in existing buildings, and the project has been nominated for the 2018 Construction Project of the Year Award by Byggindustrin and Svensk Byggtjänst.

In Norrbacka, Märsta, Rikshem has 30 two-story rental properties, consisting mostly of three-room apartments. Each building now has two new one-room apartments, which were created through the conversion of existing storage areas. It took Rikshem less than a year to go from the concept stage to the start of construction – a significantly faster development process than is normally seen in new production. The demand for smaller apartments is substantial, and the one-room apartments, which were rented out quickly, have benefited the area.

“Using sustainable and innovative solutions, we can create more residential properties. The need for newly produced, smaller apartments is significant, but the processes for new construction

are often lengthy. Now, by simply rearranging the floor area, we have succeeded in quickly increasing the number of attractive, efficient one-room apartments. We’ll take this experience with us to future projects,” says Fredrik Edlund, Rikshem’s Head of Region, Mälardalen.

The Norrbacka area was originally built in the 1970s, and the challenge lay in meeting today’s standard specifications and construction regulations. For example, despite the limited amount of surface area, the bathrooms could be made larger than in the old apartments.

But how was the tenants’ need for storage areas solved? Through new storage buildings in the yards, of course.

Easy and safe for customers

Over their lifetimes, people need many different types of housing, and Rikshem aims to offer safe, attractive housing for all stages of life. Being a Rikshem customer should be easy, regardless of whether they're renting an apartment, a preschool or a nursing home.

Closer to customers

Being a Rikshem customer should be easy and safe. By managing its own properties, Rikshem becomes closer to its customers and has a good understanding of their desires and expectations. Customer satisfaction is of the greatest importance, and Rikshem conducts an annual customer survey to learn about how customers perceive various aspects, such as safety in the residential areas and housing standards. The survey is also intended to identify opportunities for improvement that could increase customers' well-being. The survey was redesigned in 2017 to obtain a clearer picture of customers' opinions of Rikshem. Rikshem's targets for customer satisfaction are set very high. In order to reach these targets, the company has a great deal of work to do, including the important step of increasing its customer focus in its property management and project operations.

Provide residential properties with more possibilities

Rikshem has a large offering of both newly produced and older residential properties, which includes ordinary rental apartments, student housing, apartments for young people and senior residences. By allocating its residential properties according to a housing queue system, Rikshem provides people with the opportunity to search for residential properties on equal terms. Rikshem's own residential apartment housing queue is free, and open to everyone over the age of 18. In certain areas, the apartments are allocated through the municipal housing authority.



Governed by municipal needs

Rikshem works in close partnership with municipalities. Over 90 percent of Rikshem's properties for public use are leased to municipalities and county councils. The company's operations consist of nursing homes and other care facilities, preschools and schools. Rikshem's ambition is to offer properties that are attractive to residents and adapted to the needs of their operations.

The company also works with social-housing contracts. These apartments are assigned through the municipalities, and it is the needs of the community that determine how they are used. A continual dialogue is conducted with municipalities to identify new and changed community needs as well as needs for improvements to properties.

Number of social-housing contracts for the respective regions

Region	Number of apartments
Mälardalen	190
Southern Sweden	109
Northern Sweden	75
Total	374

Flexible housing

Rikshem endeavors to develop its areas with mixed forms of housing. By mixing rental apartments and ownership apartments as well as larger and smaller apartments, for example, Rikshem intends to make it easier for customers to move within an area and find a residential property that suits their household's needs and budget. A mixture of different residential properties, operations and neighborhood services creates a safe, lively environment.

Rikshem wants its tenants to be able to have an influence on their housing. That is why, in many cases, customers can choose options such as installing a dishwasher or changing cabinet doors and countertops. In connection with RM&U renovations, customers may also be offered a choice in the level of renovation, thereby giving them control over their future rent level.

Together with tenant associations

Local tenant associations are important partners. Together with them, residents' meetings are organized to promote greater customer dialogue as well as neighborhood days where tenants can meet and socialize.



Nominated for the
Halmstad Building Committee
Architecture Prize

Halmstad's most modern retirement home

Glass arcades, inner courtyards with cultivated areas, large gardens and individual patios make the Harplinge retirement home a dream for both residents and personnel. Halmstad Municipality, which leases the property from Rikshem, finds recruitment easy and the health figures for personnel are high.

The Harplinge retirement home – a concept residence with a garden and cultivation theme – was inaugurated during the year. The complex, which offers 60 places for residents, was developed in dialogue with Rikshem's customer, Halmstad Municipality. One important aspect was single-story construction and giving the residents, some of whom suffer from dementia, the opportunity to move about both freely and safely.

"The idea was to create a residence with as much of a home environment as possible," says Ann-Charlott Mankell, chairman of the Home Help Board, who is very satisfied with the results. "We were in close dialogue with Rikshem, and designed the residence based on the wishes of the Harplinge residents."



The retirement home consists of separate buildings, one for each unit. All the buildings have their own inner courtyards, which makes it possible for residents to walk around among the green areas full of herbs and plants. Large glass partitions give personnel a view of the residence, offering greater safety for the elderly residents. The buildings are also connected with glass arcades leading to a larger courtyard, a winter garden and a restaurant, which means that residents can walk around the property regardless of the weather. A large garden also surrounds the residence, and all the rooms have their own patios.

” A dream residence for both
personnel and the elderly

"The high standard makes it easy to recruit good employees. Both the residents and personnel think the Harplinge retirement home is fantastic," Ann-Charlott Mankell says. "The high health figures among the staff are one of many things that show they're doing well here."

Customer: Halmstad Municipality

Type of operations: Social care

Number of apartments: 60 apartments of 32.5 sqm each

Property management

Rikshem's success is largely dependent on the property management of the company's assets. The property management organization looks after both Rikshem's properties and its customers. During the year, the company's property management work was quality-assured through the development and coordination of procedures.

Nearness to tenants

Property management is about ensuring that the properties are sustainable over the long term, and includes maintenance as well as daily operations. Property management work is mainly carried out privately by the company, which creates greater control over the portfolio and ensures nearness to the tenants. This way, Rikshem can take its customers' needs into consideration and identify potential opportunities for improvement in its portfolio.

” Quality-assured property management key to profitability and satisfied customers

Property management of properties for public use differs from property management of residential properties. As a rule, Rikshem is responsible for the property itself, while the tenant – often the municipality – is responsible for internal maintenance. The difference in property management is reflected in the rent levels for properties for public use.

Quality-assured property management

Through its Riksvägen quality initiative, the property management organization has achieved a consensus concerning procedures that are to be implemented in 2018. Riksvägen allows Rikshem to benefit from its size and utilize economies of scale in order to enhance the efficiency of its property management and increase quality for its tenants.

During 2018, the company plans to carry out targeted efforts related to maintenance work in the portfolio. The focus will be on increased cost-efficiency – for example, through larger joint procurements of goods and services – and on increased quality through organizational learning and application of best practices – for example, in connection with renovations. In parallel, a sustainability strategy is also being developed for more systematic sustainability efforts throughout the company. This strategy will focus on how Rikshem can add value through sustainable urban development, energy-saving measures and social initiatives in the areas where it operates.

Making it easier for tenants to live sustainably

The environmental policy stipulates that Rikshem must increase its tenants' knowledge about the environment and encourage reduced resource consumption as well as positive environmental habits. If Rikshem's tenants do not take their own sustainability initiatives – saving energy, for example – this negatively impacts the shared environment and the climate. Rikshem has a direct influence, since the company can actively choose products, equipment and solutions that help residents live and work sustainably. At the same time, the company can also have an indirect influence by providing information and increasing knowledge concerning the possibilities of living sustainably.

Among other things, this means that when planning new projects, Rikshem ensures that good public transit and environmentally friendly transportation alternatives are available. During 2017, a study was initiated to examine the possibility of shared carpools in a few areas. Rikshem has set up a public charging station with charging spaces at Elinebergplatsen in Helsingborg. Use of the charging station will be evaluated before installing similar facilities in other areas. In 2018, Rikshem will review the possibility of creating charging infrastructure for electric vehicles in the company's areas in order to be prepared for future needs.

Rikshem engages in a close dialogue with other social operators – municipalities, for example – concerning infrastructure such as public transit, charging stations for electric cars, and so on, that could make things easier for Rikshem's tenants to live and work sustainably.

Waste property management was identified as a major area for improvement in 2017. If trash and waste are not managed correctly, the environment is negatively impacted and Rikshem's costs for cleaning and sanitation increase. In 2018, Rikshem will produce informational and educational material concerning issues such as sorting trash. This will be done as part of a future concept for “housing schools”.



Residential properties, shops,
activity areas and parking garages
in the same property



Development according to customers' needs

When it came time to renovate Rikshem's portfolio in Gränby, Uppsala, a close dialogue was held with the municipality concerning how safety in the area could be increased. The area is now being improved through the addition of 1,000 new rental and ownership apartments.

Rikshem's contribution to new production in the area consists of two properties: Konstnären, an ownership apartment property, and Skulptören, an innovative property that combines rental apartments and a parking garage.

Skulptören serves as a meeting place in the area. 70 tenants have moved into this modern, inclusive residence with an activity

area on the roof offering a fantastic view of Uppsala. The activity area was developed in dialogue with the residents, based on their wishes. An ICA Nära grocery store on the ground floor as well as a gym and restaurants in the area increase the area's attractiveness and provide new opportunities in a area that previously lacked neighborhood services. Skulptören also houses Uppsala's most modern parking garage, with digital solutions and charging spaces.

Mixing rental apartments with different forms of tenure means that people can keep living in an area regardless of whether they want to live in a rental apartment or an ownership apartment – something that can change over a lifetime. Rikshem intends to offer its customers that possibility.

One important aspect in improving the area was short construction times. This was achieved through close dialogue with the municipality and other building contractors in the area. Skulptören and Konstnären are both constructed with timber frameworks. Building with timber reduces carbon emissions throughout the life cycle and is also significantly quieter than building with other materials, which is an important aspect in new production in existing residential areas.



Efforts to reduce climate impact

The construction and property sector accounts for around one third of Sweden's energy use. With the bar set high for reducing energy consumption and emissions, Rikshem aims to limit its impact on the environment and the climate.

Responsibility for the environment in all operations

As a property company, Rikshem's operations have both a direct and an indirect impact on the environment – in its own operations, in the contractor and supplier chain, and among its tenants.

Rikshem assumes responsibility for the environment by taking environmental aspects into consideration in all parts of its operations; this entails measures such as using resources as efficiently as possible, and constructing new builds with high environmental standards. The basis of Rikshem's environmental policy is working in accordance with applicable environmental legislation – including the precautionary principle – as well as with other laws, regulations and requirements. The company applies a life cycle approach by managing and sorting waste, and reusing materials in an efficient manner. Tried and tested technology, and materials for construction and maintenance, should also be chosen. The company's environmental policy requires that quantifiable objectives for environmental initiatives be set and monitored.

Reduced energy use a priority

The construction and property sector accounts for roughly one third of Sweden's energy use. At Rikshem, this direct impact takes place primarily through heating and electricity consumption. The greatest impact, however, occurs indirectly through the heating consumed by the company's tenants. There is also an indirect impact through energy consumption in the supplier and contractor chain.

During the year, Rikshem developed energy guidelines that define the different components of the company's energy initiatives and form the governing document for its work. These guidelines include the previous long-term energy target, started in 2013, of reducing use per square meter by 25 percent by 2023. To achieve this, Rikshem is working on energy targets, action plans and timetables – both overall and broken down into component parts – that are being monitored. The target concerning reduced energy consumption is an ambitious one that requires efforts in both technology and skills training.

The energy use that is reported relates primarily to the energy used in the properties in the form of heating and electricity, but water is also measured and monitored. Heating consumption constitutes the largest portion – around 84 percent. The rest consists of electricity, primarily electricity for property services. This electricity is environmentally certified, and largely carbon-neutral. Rikshem almost exclusively uses environmentally friendly area heating to heat its properties. Normally, the tenants purchase their own electricity from their electricity provider. When Rikshem provides electricity, the tenant is charged based on actual consumption.

Part of the company's energy use takes place during the construction phase. A significant portion also comes from the materials

used in construction. The majority of Rikshem's new builds are constructed of wood, an organic material that compared with other construction materials releases less carbon dioxide during the construction phase and stores carbon dioxide throughout its life cycle.

As a result of its efforts to reduce its total energy consumption, Rikshem has cut its energy consumption per square meter in identical portfolios since 2013. Actual energy consumption decreased 3.0 percent in 2017. The normal year-corrected reduction was 1.6 percent. The total energy reduction for the period from 2013 to 2017 amounts to 17.3 percent.

In 2017, Rikshem worked to analyze its project portfolio in its property management operations. The most important and most profitable measures identified will be prioritized in its continuing work in 2018. However, the shortage of qualified labor in the market is a challenge that makes energy projects more difficult since Rikshem does not always receive tenders at the level needed to begin the projects.

The Riksvägen quality system describes how Rikshem is to work on energy savings. Processes, procedures and governing documents designed to improve energy efficiency will be in place during 2018.

In the property system, energy use in all properties is monitored through meters connected to the Internet. From this system, Rikshem obtains measurements for electricity for property services, heating and cold water as well as measurements from a number of sub-meters on a monthly basis.





The Niten property
in Hageby, Norrköping

Annual report, total energy, normal year-corrected¹⁾

kWh/m ² (ATemp)	2017	2016	Deviation, %
Energy use	143.0	145.3	-1.6

Annual report, total energy¹⁾

kWh/m ² (ATemp)	2017	2016	Deviation, %
Energy use	138.4	142.6	-3.0

Annual report, total energy (CO₂) kg/m²¹⁾

kg/m ² (ATemp)	2017	2016	Deviation, %
Emissions	11.3	10.9	3.8

Annual report, total energy (CO₂) kg/m²¹⁾ normal year-corrected¹⁾

kg/m ² (ATemp)	2017	2016	Deviation, %
Emissions	11.8	10.1	5.8

1) (ATemp) for Property – 1 – media follow-up. ATemp is the internal area for the apartment story, attic story and cellar story heated to more than 10 °C in the building. ATemp is the area according to which the specific energy use of the building is to be calculated.

Climate impact to decrease

Rikshem's direct and indirect climate impact is substantial. The company's environmental policy stipulates that Rikshem is to minimize emissions of carbon dioxide and other greenhouse gases. Rikshem's vision is to be 100 percent climate neutral in terms of carbon dioxide by 2030. Monitoring takes place on an annual basis, with the objective of lowering the average carbon dioxide emissions by 5 percent per square meter annually. This can be achieved by increasing the share of environmentally friendly energy in accordance with the company's electricity trading strategy, and by acquiring shares in climate compensation projects that work with certified climate compensation projects, primarily as part of the Clean Development Mechanism (CDM). Today, Rikshem has essentially achieved zero emissions for large parts of its portfolio, primarily as a result of deliberate purchases of carbon-neutral electricity. Rikshem applies climate compensation when other measures are not possible.

Of the total amount of carbon emissions, 0.6 percent comes from purchased electricity and the remainder comes from area heating. In total, carbon emissions amounted to 11.3 kg CO₂e/m² (2016: 10.9 kg CO₂e/m²). The 2017 environmental values from a number of energy suppliers have been calculated according to new provisions from the Swedish Heating Market Committee. These new provisions also mean that the calculations from previous years will not be recalculated according to the new method. In light of this, the figures for the different years are not comparable.

A good selection of materials

Rikshem is the housing company in Sweden that builds the most wood apartments. Industrial construction in wood in connection with new production limits carbon emissions and creates jobs in several parts of the country.

New properties in wood

The majority of Rikshem's new properties are constructed of wood, an organic material that releases less carbon dioxide during the construction phase and stores carbon dioxide throughout its life cycle. Rikshem has a framework agreement with Lindbäcks bygg, which has a plant in Piteå, regarding production of 3,000 apartments. The raw materials come from northern Sweden, which reduces the need for long-haul transports to the plant.

According to Bygghälsan, which looked at 800 new production projects with construction beginning in 2014, Rikshem is the housing company that builds the most wood apartments. In 2017, Rikshem and Lindbäcks bygg were jointly nominated as Community Developer of the Year by the Swedish newspaper Dagens Samhälle.

Industrial construction in wood is advantageous for several reasons. A rational construction process reduces loss and waste. Energy consumption is significantly lower in the production of buildings in wood compared with other construction materials, which in turn reduces carbon emissions. Indoor production also protects the materials from the weather, resulting in sounder construction. In addition, industrial construction creates jobs in locations other than the cities where construction jobs already exist.



Rikshem was nominated as
Community Developer of the Year

When constructing in wood, it is important to take the risk of fire into consideration. Today, buildings can be constructed from wood in a fireproof manner and are safe to live in. However, if a fire should nonetheless break out, there is a risk to the residual value of the property since wood is a biological material where large amounts of water or leaks over longer periods can cause problems. That is why Rikshem is working actively on the issue. For example, training will be carried out in the company to increase awareness, primarily among project managers.

Sweden Green Building Council member

Rikshem is a member of the Sweden Green Building Council, which is a non-profit association owned by its members that is open to all companies and organizations in the Swedish construction and property sector. The association is devoted to green construction and to developing and influencing environmental and sustainability activities in the industry. As a member, Rikshem has concentrated on certifying a couple of future construction projects as Green Buildings. This places requirements on Rikshem to use 25 percent less energy than it has in the past or compared with the new construction requirements in the construction regulations of the Swedish National Board of Housing, Building and Planning (BBR in Swedish).

Screened construction materials

Construction materials are of great importance because they impact the environment, the durability of properties, and the people who live and work in them.

To ensure a healthy, toxin-free indoor environment, Rikshem is a member of Bygghälsan (BVB), the construction industry database of environmental impact statements for construction materials. The organization regards environmental impact assessments as a way of taking responsibility for what is built into buildings and houses through measures such as assessing the product's chemical composition and environmental impact during its life cycle, and also, by extension, the product's social impact in the supplier chain.

Rikshem intends to ensure that the goods and materials used in its properties are environmentally compatible, and that reliable documentation is stored for the future. Use of materials relates to the materials purchased by Rikshem's suppliers for new construction and conversion projects. There is always a risk, however, that some material may be discovered to contain a risk to health or the environment that is unknown today.

The long-term objective is that 100 percent of all material used in new construction and conversion projects will be assessed and accepted by BVB. In 2018, Rikshem will begin this work in its projects and property management. A process for achieving this objective will be developed, as will descriptions of procedures and other guidance. Internal training will also be provided. Rikshem will begin monitoring and measuring the share of material assessed by BVB in new construction and conversion projects in 2018.

The ecocycle principle is important to Rikshem. The company is working to integrate life cycle thinking by including issues such as waste management, waste sorting and materials recycling into the planning phase in new construction and conversion projects.



Building the most
apartments in wood



Northern Sweden's tallest residential building in wood

At Mariehem in Umeå, Rikshem is building 142 apartments in three residential buildings, all with wood frames. The buildings are being constructed in cooperation with Lindbäck's bygg on the basis of Rikshem's design building concept. With eight stories, one of the buildings will be northern Sweden's tallest residential building in wood.

The light, space-efficient apartments are divided into 110 rental apartments and 32 ownership apartments. The majority of the apartments comprise two rooms and a kitchen, a type of apartment in great demand in the area. Mixing ownership apartments with rental apartments in the area is an important factor in developing a sustainable society. The first building, where Green Building certification is under way, was finished at the end of 2017. Move-in for the other two buildings is planned for April and autumn 2018.

To create a welcoming neighborhood that stands out from the current buildings in the area, the residential buildings are designed as three units with different proportions. A protected, green inner courtyard is created by the placement of the buildings, and large trees have been saved to provide a calm, beautiful oasis right from the time residents move in.

Rikshem's design building concept is an excellent example of industrial construction in wood, in which the interior of the apartments is the same but the exterior can vary endlessly. This allows Rikshem to build efficiently, beautifully and sustainably.

Some of the advantages of industrial construction in wood:

- Wood releases less carbon dioxide during the construction phase and stores carbon dioxide throughout its entire life cycle.
- Local raw materials reduce the need for long-haul transports.
- Industrial construction creates jobs in locations other than the cities where construction jobs already exist.
- A rational construction process reduces loss and waste.
- Energy consumption is significantly lower in the production of buildings in wood compared with other construction materials, which in turn reduces carbon emissions.
- Indoor production protects the material from the weather, resulting in a healthier building.
- Building with wood is significantly quieter than building with other materials – an important aspect in new production in existing residential areas.



Renovations that create value

In 2017, Rikshem invested MSEK 943 in renovations and conversions. In total, 1,180 apartments were modernized through RM&U renovations or renovations in connection with lease terminations to meet the requirements for contemporary housing.

RM&U renovations in 902 apartments in 2017

The company's portfolio is maintained on a continuous basis through daily operations and investments in renovations. Renovation efforts include both planned RM&U renovations of older properties emptied during the renovation and what are known as "succession renovations" carried out in connection with a tenant moving out. In 2017, 902 apartments underwent RM&U renovations and 278 apartments underwent succession renovations.

As a long-term, responsible property owner, it is important to maintain and renovate the company's portfolio in order to ensure the life cycle of the properties and to save energy so as to reduce both environmental impact and costs. Rikshem will continue to carry out strategic renovations that create value. RM&U projects covering 800 apartments are planned in 2018.

RM&U renovations raise the standard

RM&U can include ceilings, façades, windows, equipment and plumbing. Laundry rooms and apartment interiors are also improved with renovated countertops, kitchens and bathrooms. In addition, improvements to entryways and the external environment are often carried out, which increases comfort and well-being.

Beyond raising the standard for the tenants, these measures aim to enhance the efficiency of operations and necessary maintenance. Environmental performance is improved, for example,

through LED lighting, supplemental insulation, window replacements and installation of heat pumps. In general, apartments that undergo RM&U renovations reduce their energy consumption by 25-40 percent.

In connection with RM&U renovations, Rikshem's tenants are offered – where possible – the opportunity to choose the level of renovations. Normal levels include a new kitchen, bathroom and countertops in addition to the overall renovations such as plumbing replacement. The lower level comprises the overall renovations including bathrooms. The majority of tenants generally choose the normal level of renovations.

” Apartments that undergo RM&U renovations reduce their energy consumption by 25-40 percent

Prior to renovation, negotiations are conducted with the local tenant associations regarding matters such as rent levels.

The company's largest RM&U project, in Gränby, Uppsala, has been in progress since 2013 and will be completed during the year. Approximately 1,200 apartments in the area have been renovated.

Committed to sustainable urban development

Rikshem is a property company that takes a long-term approach. To create sustainable, safe living environments that work for people throughout their lives, Rikshem works in many ways to promote sustainable urban development in the areas where it operates.

For positive community development

Rikshem aims to actively promote positive community development in the areas where it conducts operations. These operations have both a direct and an indirect impact on the community, on the environment and on people. Above all, they impact the people who live and work in the properties, and also other stakeholders and community functions. By conducting operations with an involvement in the community and with model sustainability activities, Rikshem aims to be an active, priority partner for municipalities and other operators in their urban planning efforts. This is of great importance for Rikshem's owners, and has been set down in the ownership directive.

Rikshem endeavors to create a positive impact on the local community. In dialogue with local operators and government authorities, Rikshem endeavors to develop its social-housing operations in municipalities. Rikshem works for equal treatment in the allocation of residential properties, which are allocated according to a queue time system that aims at eliminating the risk of discrimination.

The company endeavors to design safe, pleasant and flexible housing that is physically accessible to everyone. It also works to create employment and development opportunities for young people in its residential areas.

Initiatives for sustainable urban development and integration as well as increased safety, health and security are priority areas for Rikshem. A sustainability policy will be developed during 2018 and will include sustainable urban development.

Urban development for diversity

The issue of sustainable development is becoming increasingly important in pace with increased urbanization and population growth in cities. Rikshem has a great deal of influence on the development of residential areas, and by planning the development of an area it can enable mixed forms of tenure, variation in apartment composition, safe meeting places and proximity to services and community functions.

A mixture of residential properties can lead to diversity. In terms of project development, the objective is to increase environmental, financial and social sustainability. To attain this objective, Rikshem takes the relevant sustainability parameters into consideration at an early stage in each individual project. This is done both internally in the organization and through continual dialogue with the respective municipalities. By ensuring flexibility in the zoning plan, for example, Rikshem can facilitate mixed construction with respect to the forms of tenure, allocation of apartments and necessary functions in addition to residential properties.

Promoting mixed forms of tenure

An important part of creating long-term, sustainable urban development is being able to offer apartments of various types and sizes in the same area. By providing good residential properties and living environments over the long term to households with different financial and social circumstances, Rikshem promotes positive community development. That is why Rikshem also builds ownership apartments in areas with many rental apartments and concentrates on smaller, space-efficient apartments in new production. This is a positive supplement to the often larger apartments built in the 1960s and 1970s. In a socially sustainable residential area, everyone is given an opportunity to live in comfort. More residential properties mean more residences in the area, which provides new possibilities for services in the immediate vicinity – something that will benefit all the residents.

Increasing security for tenants

Feelings of insecurity are increasing around the country. In 2017, the highest values of perceived insecurity in just over ten years were measured in Sweden. Rikshem's dialogue with its tenants also shows this to be an important issue. The issue ranked high in the stakeholder analysis the company conducted. As a major operator, Rikshem has a responsibility to take up the issue. Rikshem sees ensuring that tenants feeling secure in and around their residences as a part of its work related to fundamental human rights. Insecurity carries a risk of serious consequences for people whose lives are limited if they feel they cannot move freely. Rikshem's efforts can therefore have a major impact on tenants' lives and well-being. This is why it is important to include aspects of security in designing areas and buildings in connection with new construction and conversions. Rikshem also aims to involve those who live in the area, and works to include young people, for example, in different forms of development projects. For Rikshem, insecurity in residential areas also constitutes a financial risk, if tenants choose to move.

Security issues are measured and monitored in Rikshem's annual customer survey. The selection of questions in this year's survey has changed, making it a benchmark measurement. The result was 78 on a scale of 1 to 100, with higher values indicating a greater feeling of security. Rikshem will continue to measure and monitor developments. Ensuring a sustainable living environment for everyone living and working in the areas where Rikshem has residential properties is a central issue.



Rikshem's long-term objective is for there to be an equal number of summer workers as there are employees at Rikshem.

Integration in the residential area

Increased segregation in Sweden entails various risks. Tenants in some of Rikshem's residential areas may feel ostracized, which increases the risk of insecurity. This can also negatively impact the climate of cooperation in the area. If a residential area is defined by a negative image, this could mean that the people living there are lumped together unfairly, and the risk of feeling ostracized could increase further.

Sweden has been experiencing drastic population growth for some time now as a result of a high birth rate and immigration. Meeting the need for housing has been, and remains, a challenge for the country's municipalities. The new production that has taken place over the last few years has primarily met the ability of financially strong households to pay. This has led to increased overcrowding in socio-economically weaker residential areas and to strengthening the "happiness paradox" in which a more financially favored household moves from its rental apartment in these areas and is replaced by a financially weaker one.

Rikshem wants to help counteract segregation. The company looks after the interests of all its customers, and works actively so that they feel included and welcome in its residential areas. For Rikshem, integration means making it easier for tenants to become part of the community. The company works with municipalities and other operators to create employment and development opportunities. The focus is on young people in the areas where

Rikshem operates, and the opportunities the company offers include summer jobs. In 2017, some 158 young people in Rikshem's areas were offered summer jobs. The aim is to increase that number over the next few years. Together with non-profit organizations such as the Låxhjälpen Foundation, Tjeiers rätt i samhället (TRIS) and VildaKidz, meeting places and various forms of activities for young people were created in these residential areas.

Security programs

BoTryggt2030 is a national cooperation group in which Rikshem is one of the main partners. Together with researchers, architects, property and security companies, and several other operators, an effort to integrate security issues into planning processes early on in new construction and conversion projects was initiated in 2017. Rikshem will begin implementing models and approaches in the form of security analyses, security inspections, security certifications, security patrols and more in connection with new construction and conversions of residential areas, residential properties, public spaces, schools and nursing homes. In 2018, Rikshem will conduct security analyses to identify which residential areas will be prioritized when it comes to various types of efforts and measures.

Environmental responsibility right from the drawing board

Rikshem is continuously improving its work with integrating solutions that are favorable to the environment. Concentration of residential areas, for example, produces an expanded base for public transit that runs more frequently and a need for greater commercial services in the area. This can lead to decreased need for cars and fewer goods transports. New planning also provides opportunities to promote the use of environmentally friendly means of transportation. New buildings make new technology possible that could promote more energy-efficient solutions.

Rikshem endeavors to build up plots of land that have already been developed, as it is advantageous from an ecological point of view when buildings can be constructed without needing to requisition undisturbed natural land. A specific example is building up large parking areas, thereby transforming an unattractive and unsafe environment into an attractive site.

New planning also provides the opportunity to take into account ecological systems that have previously been ignored – surface water, for example. As part of its long-term environmental initiatives, Rikshem works with life cycle analyses and systematically takes ecosystem services into account.

New production is primarily carried out in wood. This yields environmental advantages for the entire community since wood is a renewable resource and entails fewer transports and fewer disruptions in the neighborhood during the construction period. At the same time, wood materials are easy to recycle at the end of their life cycle.

Together with Umeå Municipality and six other building contractors, Rikshem is taking part in the Tomtebostrand project. Tomtebostrand is a new area in Umeå with a strong focus on sustainability, and its ambition is to be a forerunner in sustainable urban development. In 2017, the project took part in CityLab, which was operated by the Sweden Green Building Council. CityLab is a working process for developing a sustainability program for the project as well as a forum for sharing knowledge in sustainable urban development over all of Sweden.

Planning for safe and attractive residential areas

Attractive residential areas increase the well-being of the tenants. This, in turn, yields increased property values. Examples of parameters taken into account during planning that increase attractiveness include functional public transit, proximity to services, recreation and nature, and safe areas and meeting places.

Rikshem is also continuing to fix any shortcomings and needs that arise in the company's residential areas. By working together with municipalities and the local community, Rikshem aims to increase customer satisfaction and the attractiveness of the company's residential properties and areas.

Involvement for tenants and residential areas

Läxhjälp

In collaboration with the Läxhjälp Foundation, Rikshem contributes to helping young people in elementary school qualify for high school. Through Läxhjälp, Rikshem can now offer free tutoring in Södertälje, Västerås, Norrköping and Helsingborg, with a total of 70 spots per academic year. The objective is to increase the number of spots in locations where there is a need, in pace with Rikshem's growth.

Summer jobs

Together with local partners, Rikshem offers summer jobs to young people living in the company's properties in most locations where Rikshem operates. The project of employing young people for summer jobs was initiated in 2011. The number of summer employees has increased rapidly from the start in 2012, when 36 young people worked for the summer, to 2017 when 158 summer employees were hired. Beyond young people gaining work experience, their involvement in their own residential areas increases when they themselves are part of taking care of it.

Many local initiatives

Apart from central projects, the company is also involved at the local level – for example, support for athletic associations, non-profit associations, local tenant associations and many other activities.

- In Uppsala, Rikshem is proud of its collaboration with the non-profit organization TRIS – Tjejers rätt i samhället. The organization works to prevent honor-related violence and oppression, including the Ronjabollen project. The purpose of Ronjabollen is to increase participation and freedom of action for girls who live far away from sports activities. Rikshem also collaborates with TRIS on Livs-cirkeln, an integration project for newly arrived female immigrants.
- Together with Norrköping Tenant Association, Rikshem organizes an annual trip to the Kolmården Zoo for families with children living in Rikshem's areas. Rikshem is pleased to be able to contribute to a fun and exciting day for children and their loved ones.
- In Helsingborg, Rikshem is involved in Café Välkommen, a meeting place for integration where women meet to socialize, take part in activities and listen to lectures.
- In Luleå, Rikshem supports the work of VildaKidz on creating meaningful leisure activities for children and young people, where the most vulnerable are prioritized.
- Rikshem also organizes tenant meetings in essentially all of its locations.



For girls far away from
sports activities



Ronjabollen – a kick for girls' rights

Using football as a goal – and as a means – Ronjabollen gets young girls in Uppsala out to play and train. Discussions and exercises about values and girls' rights are at least as important as tactics and training.

Ronjabollen is a football project that endeavors to give more girls the opportunity to be physically active and enjoy meaningful leisure time. It is aimed at girls aged eight to 15 from resource-poor areas in Uppsala. One of those areas is Gränby, where Rikshem has approximately 1,400 apartments.

Rikshem has an important role to play in the community, and shows this by being a responsible landlord and one of Ronjabollen's sponsors.

The person behind this initiative is Sevana Bergström, from Tjejers rätt i samhället. Sevana is pleased to have been able to bring in over 70 girls every six months since the beginning in 2014.

"Even the parents become interested when they see their daughters' happiness. They join in as organizers, giving rides and

” Preventive efforts against honor-related violence and oppression

baking for our matches and bazaars. Having only women organizers creates a sense of ease and comfort,” Sevana says.

Many girls go further, playing in tournaments and in different football clubs such as Ronja FK, which is engaged in issues of integration and equal opportunities for children and young people with activities like Ronjabollen as tools.



Meeting places that combine
work and integration

Café Välkommen

Café Välkommen is a new meeting place in the Fredriksdal area in Helsingborg. Integration efforts are carried out here so as to create a sense of community and break the sense of isolation, primarily for women in the area without an occupation.

The objective of Café Välkommen is to be a springboard for breaking the feeling of being outsiders, to give people employment and to be a point of activity for residents.

In the first year, some 15 people were given opportunities to work or study. The activities are held at Rikshem's offices on Minörgatan in collaboration with the City of Helsingborg and the local tenant association.

Café Välkommen is also in the process of developing a dress-maker's shop which, going forward, could serve as a business operation.

"Supporting residents in our areas in order to break the feeling of being outsiders is a part of our community involvement," says Christofer Bernebring, Rikshem's Head of Region, Southern Sweden.

"Café Välkommen is a project where we can go in and support operations that have turned out to yield excellent results for both individual people and an entire area."

” Supporting residents in Rikshem's areas in order to break the feeling of being outsiders is a part of the community involvement



Organized for customers and sustainability

During the year, Rikshem created the organizational conditions to integrate sustainability efforts into its operations. A new vision and new values have given Rikshem new DNA that clearly shows the company's path forward.

Organized for customers and sustainability

During the year, Rikshem began an initiative for change, for the purpose of increasing regional support, focusing on property management and more clearly integrating sustainability efforts into its operations. This initiative resulted in a reorganization in which six regions became three. The regions are represented in company management through the regional managers. The management team also includes the company's Head of Business and Sustainability Development, a new position introduced during the year to ensure a sustainability perspective in the business operations. Going into 2018, the company has shorter decision-making paths and a flexible organization in which employees have greater possibilities to influence, and are also expected to influence, the company's development.

Rikshem's DNA

As part of the company's development, efforts for change were initiated concerning the business culture and values. An evaluation initiative, which included a workshop in which the entire company participated, resulted in Rikshem's new values – the company's DNA: Drive, Nearness and Accountability. These values go hand in hand with the new vision. The work will continue in the future with a focus on achieving a consensus around the values and vision, and by strengthening the role of management as bearers of the culture. Development of existing skills and managers is an important part of the change initiatives currently in progress, as is attracting new employees who share Rikshem's values.

Management development

The company's managers play an important role in motivating, supporting and enabling employee development. Participation by managers is also an important condition for ensuring that the new vision and strategy gain support. A leadership program has been in place since 2014, and a new leadership program with a focus on values-governed leadership will be initiated in 2018.

A growing company

Since its beginning, Rikshem has enjoyed strong growth with a high level of profitability, and the company's approximately 200 employees are an important factor in this success. Rikshem's employees work primarily with service and maintenance in the company's properties as well as in project and property development, but also in leasing, accounting and business development. The number of staff has grown quickly through developments such as acquisitions, but also through recruitment to new positions. In total, 206 people were working at Rikshem on December 31, 2017, of whom 193 were permanently employed and 13 temporarily employed.

The property industry is facing a challenge when it comes to hiring new employees in areas such as operations and property management. During the year, Rikshem continued to offer internships and to participate in activities to attract young people to careers in the industry. Employee turnover during the year was high, partly as a consequence of previous changes in management but also due to a labor market with a high level of demand for competence in property management.

Rikshem is working to develop its employees through measures such as internal flexibility and mobility as well as creating a forum for exchanging experience. Through its trainee program, Rikshem brings skilled employees onto its staff in order to meet its future personnel needs and provides recent college graduates with a springboard into the job market and the company's operations. Three trainees were enrolled for 2017. During the year, the introduction process was improved so as to introduce new employees to the company more easily.

An inclusive workplace

Rikshem should be a workplace characterized by equality, with space for different people and thus diversity. Everyone should feel included and respected at their workplace.

Every employee is important for the whole

Through annual performance reviews, Rikshem's employees get an understanding of how they contribute to the whole and influence the results. Employees' individual objectives are linked to the business plan, and an individual performance plan is designed. Through Rikshem's regular employee surveys, the company identifies areas of improvement and produces action plans to create the best conditions for the employees and the workplace. The result of this year's Employee Satisfaction Index was 66, which is a decrease compared with previous years and below the objective the company set for itself. Evaluation work and property management development will be two important focus areas in 2018.

Positive models, regardless of gender

Among the 25 largest property companies, Rikshem was named one of eight companies in 2016 whose board and management is characterized by equality. In 2017, the gender distribution in the company's management and Board of Directors was further equalized with a 50/50 distribution on the Board and 44 percent women in the management team.

The objective is for executive positions with responsibility for personnel to be equally divided between men and women. In 2017, the total share of women among executives was 40 percent (44).

The employee survey shows that the employees feel there are positive models in the company, regardless of gender.

Equal opportunities for everyone

Equality and diversity are fundamental human rights and they enable improvements to the company's climate of collaboration, decision-making and profitability. The company's ability to interact with customers is also improved through a more broad-minded approach and improved learning. Rikshem uses the word "inclusive" to describe a broader perspective on equality and diversity.

At Rikshem, all employees are to have the same rights, obligations and opportunities in all aspects of the workplace, regardless of gender, gender identity or expression, ethnic affiliation, religion or other profession of faith, sexual orientation, disability or age. The frameworks that govern the work on equal treatment are described in Rikshem's diversity and equality policy as well as the equal opportunities plan. The policy was updated during the year, partly as a result of new legislation. The equal opportunities plan, which was developed in cooperation with trade-union representa-

tives, covers the period up to and including 2019 and is followed up on a yearly basis. For the property industry in general, gender distribution – with an over-representation of male employees – remains a challenge. Among all of Rikshem's employees, 43 percent are women (42) and 57 percent men (58). Among property technicians, the share of women remains low at only 5 percent (4).

When one gender is over-represented, there is a risk of unconscious discriminatory behavior. Rikshem aims to be an inclusive workplace with zero tolerance of bullying and harassment. Procedures have been established for reporting, investigating and taking action in connection with bullying. The company also has a whistle-blower function.

Rikshem monitors employees' knowledge of its equal treatment initiatives in its employee survey, with the objective of 90 percent of employees being aware of the equal treatment plan. The average result of this year's employee survey was 3.94 on a five-point scale (3.78). The employee survey also indicated 12 cases of perceived discrimination or harassment, which are being followed up and handled in accordance with the procedures in place. Online training in this area was also provided during the autumn.



A property company whose Board and management are characterized by equality

Recruiting for diversity and gender equality

Aspects of equality and diversity must always be taken into consideration when recruiting. Rikshem endeavors to have candidates of different genders and backgrounds in the selection process. There is a need to broaden the recruitment base, which is why Rikshem collaborates with a number of vocational colleges, participates in job market fairs and spreads knowledge of the industry and the company far and wide. The company is also looking for partners to work with in its active efforts to employ newly arrived immigrants. The summer jobs offered to young people living in Rikshem's areas also provide an opportunity to help people learn about the more practical tasks involved in the property industry. Since its beginning, Rikshem has had over 700 summer workers, with an even gender distribution.



Committed employees
building Rikshem

Gender distribution

Share, %	Dec 31, 2017		Dec 31, 2016	
	Women	Men	Women	Men
All employees	43	57	42	58
Management team	44	56	38	62
Board of Directors	50	50	66	33

Age distribution

	2017		
	<30 years	30–50 years	>50 years
All employees	42	122	42
Management team	–	5	5
Board of Directors	–	1	5

Employee safety

Systematic health and safety work is carried out to create a safe workplace that employees can draw energy from and where they feel comfortable. This work should be a natural part of the operations, and should be carried out both centrally and locally.

Systematic health and safety work

Rikshem's health and safety work is described in the document "Procedures for Rikshem's systematic health and safety work", in which Rikshem's values – Drive, Nearness, and Accountability – are also keywords when it comes to the efforts around a healthy work environment.

The work environment policy stipulates that Rikshem is to endeavor to attain a healthy workplace by having a suitable work environment from a physical, mental, social and organizational perspective. Legislation and labor market agreements are a minimum requirement. It is in Rikshem's interests to maintain a higher standard than these. Violence and threats are never acceptable, and there are procedures in place to ensure that all employees feel safe at work and know how they are to act if an incident should occur.

The Work Environment Committee, a central function with the status of a safety committee, meets once a year and as needed, and conducts an annual follow-up to determine the effectiveness of Rikshem's systematic health and safety work. The work environment policy is monitored and revised as needed as part of the Committee's annual follow-up.

The company's executives coordinate and conduct health and safety work on a continual basis. Work environment issues should be regularly addressed at department and monthly meetings. All employees also have their own responsibility for promoting a healthy work environment and notifying the company if there are deficiencies and risks in the workplace. Work environment issues – safety, fire prevention, ergonomics and chemical management, for example – should always be included when introducing new employees. Individual work environment aspects are included on the agenda for the performance reviews held between managers and employees every year. Beyond these formal conversations, daily dialogue is also an important instrument.

Rikshem evaluates and measures its health and safety work based on the results of the employee survey and key figures concerning sickness absence, workplace injuries and near-accidents, and ensures that all employees have their own performance plan that is drawn up in connection with the annual performance review.

Respect for work and leisure

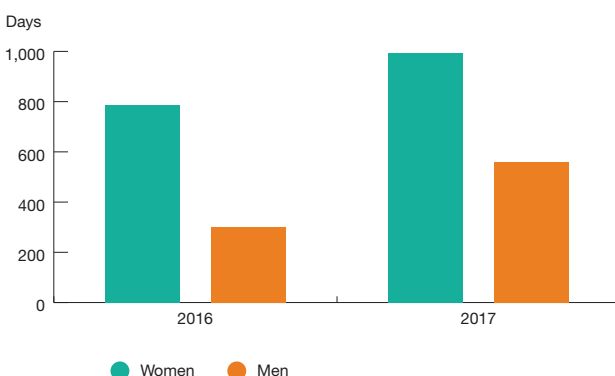
Rikshem is to have an open work climate, which means that each employee must be seen and encouraged, and feel a sense of participation and pride in their work. Rikshem's employees should be able to go home at the end of the day in a state of good mental and physical health, and with energy left over for their private life. The work climate is to be based on mutual respect, and stimulate positive development in the operations and the individual employees. Rikshem aims for all employees to have a healthy balance between their work and private lives. All employees are therefore offered physical activity subsidies, regular health checks and reimbursements for costs related to illness.

Safety at work

In accordance with its work environment policy, Rikshem works to maintain high standards regarding its work environment, which is why it has a number of procedures for safety at work. Important sections deal with, for example, the use of the correct equipment, establishing a working method that minimizes risks of accidents and procedures concerning threatening situations.

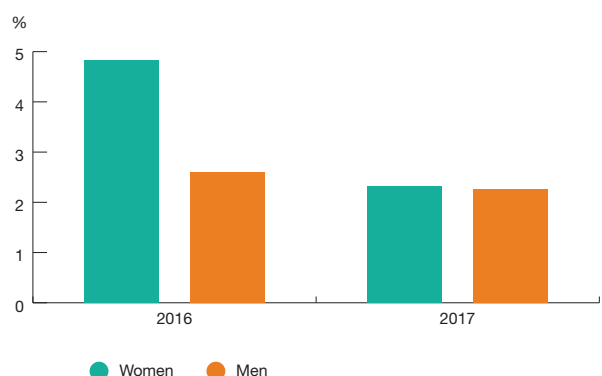
Procedures for handling workplace injuries and near-accidents have been drawn up and are available on the intranet. In 2017, nine workplace injuries and four near-accidents were reported. Rikshem cooperates with occupational health services and other work environment experts in its health and safety work.

Number of days with extra parental allowance ¹⁾



¹⁾ Rikshem tops up parental allowance for salaried workers for up to 180 days per child, taken when the child is under the age of two. Employees under collective agreements are also entitled to an extra parental allowance, but payment is made through AFA.

Sickness absence as a percentage of total time worked





158

young people held summer jobs
at Rikshem during the year



Increased borrowing abroad

In 2017, Rikshem continued its efforts to finance an increasing share of its external liabilities abroad. During the first quarter, the company carried out three bond issues in the Norwegian market totaling NOK 1.6 billion. In May, the EMTN program, Rikshem's new European bond program, was listed on the Irish Stock Exchange.

After a road show in northern Europe in June, Rikshem issued its first euro bond of MEUR 300. The advantages of being financed in the Norwegian and European bond markets are that Rikshem reaches new investors and that these markets – compared with the Swedish bond market – typically offer more advantageous pricing on non-current bonds even after adjustment for currency and interest-rate swaps.

Reduced current liabilities

In May 2017, Rikshem updated its finance policy. One addition in the new finance policy was the stipulation that current net debt is not to exceed 35 percent of the total interest-bearing liabilities. Historically, Rikshem has had a larger share of current liabilities than this. During the year, Rikshem's current liabilities thus decreased through a reduction of outstanding commercial papers – which, by their nature, are always current – and a reduction of current bank loans.

Longer fixed-interest and loan maturity periods

In 2017, Rikshem drastically increased its average fixed-interest period. The increase took place primarily through the signing of new interest rate hedges and, to a lesser extent, through the issuance of fixed-rate bonds. The purpose of the interest rate hedging is to lock in the current low interest rate and to limit the company's interest-rate risk over the medium term, which gives Rikshem time to reorganize in connection with interest-rate fluctuations. One of the objectives of Rikshem's new finance policy is to extend the company's loan maturity periods so that they always exceed two years. The fixed-interest period increased from 2.6 years at the end of 2016 to 5.3 at the end of last year. The loan maturity period increased from 1.9 years to 3.0 years.

Financing strategy

The primary objective of the financing strategy is to ensure good access to both short and long-term financing. To achieve this objective, Rikshem endeavors to be a borrower with a good reputation in the Nordic banking system, the Swedish commercial paper market, and the Swedish, Norwegian and European bond markets. In addition to its primary objective, Rikshem has interim objectives of utilizing the sources of financing that are most advantageous at the time, reducing its interest-rate risk through interest-rate hedging and extending its loan maturity over time. In order to benefit from the prevailing interest rate levels, Rikshem increased its issuance of bonds with a tenor of longer than five years in 2017.

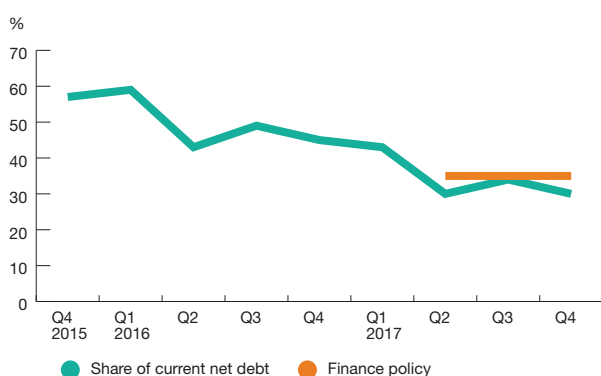
Financial position

At year-end, interest-bearing liabilities amounted to MSEK 24,290 (23,422). Of these interest-bearing liabilities, MSEK 4,944 (5,582) pertained to liabilities to credit institutions, MSEK 3,715 (6,090) to borrowings through commercial papers and MSEK 15,363 (11,708) to bonds. In addition, the company had MSEK 268 (0) in current liabilities to related parties. The fair value of the interest-bearing liabilities essentially matches the carrying amount. At year-end, the average interest rate was 2.0 percent (1.5).

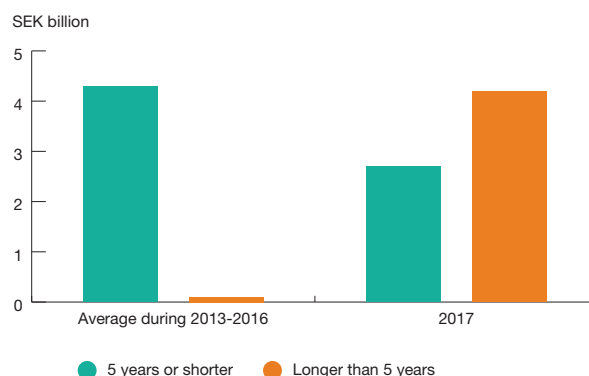
All liabilities to credit institutions are secured by collateral in properties. In total, secured financing accounted for 12 percent (15) of the fair value of investment properties.

Rikshem has a commercial paper program that represents an opportunity to issue commercial paper with maturities of up to 12 months subject to a limit of SEK 10 billion. Rikshem also has an MTN program listed on Nasdaq Stockholm and an EMTN program listed on the Irish Stock Exchange for the issuance of bonds. The MTN program has a limit of SEK 20 billion and the EMTN program

Share of current net debt



Tenor of bonds issued



a limit of EUR 2 billion. Neither the commercial paper nor the bonds are secured. Rikshem has issued four bonds in NOK and two bonds in EUR with a combined volume of SEK 5.4 billion. Other bonds are denominated in SEK.

The refinancing and liquidity risks resulting from the maturity structure are managed by means of a backup facility and a subscription undertaking for commercial papers from the owners in a combined amount of SEK 10 billion and through backup facilities and unutilized overdraft facilities with various banks in a combined amount of SEK 3.2 billion (3.9). Cash and cash equivalents totaled MSEK 386 (320) at the end of the year.

Most of the financing carries floating interest based on STIBOR 3 months. Interest-rate derivatives are used to reduce the interest-rate risk resulting from the short fixed-interest term. At year-end, the interest rate derivatives had a nominal value of MSEK 17,800 (14,800) and a fair value of MSEK -425 (-594). The company also has combined interest-rate and currency swaps with a fair value MSEK -85 (39). At year-end, the total fair value of derivative instruments was MSEK -510 (-581).

Interest-rate derivatives, December 31, 2017

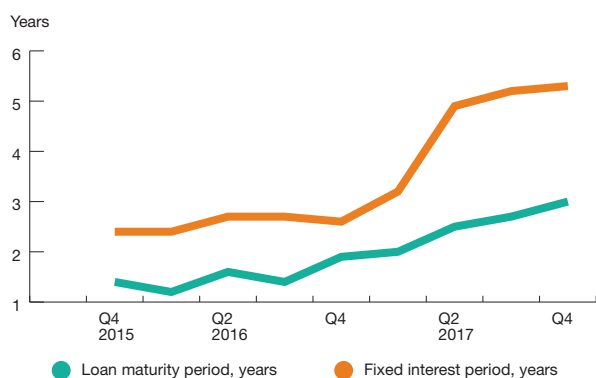
End of the year	Nominal amount, SEK billion	Average interest rate, % (end of the year)
2017	17.8	1.2
2018	17.8	1.0
2019	17.8	1.0
2020	16.3	1.1
2021	14.0	1.0
2022	10.0	0.9
2023	5.0	1.0
2024	2.0	1.1
2025	0	n/a

The interest coverage ratio for external financing during the year was 3.5 (3.8). Under the company's financial policy, the interest coverage ratio for the most recent 12-month period for external financing must amount to at least 1.75.

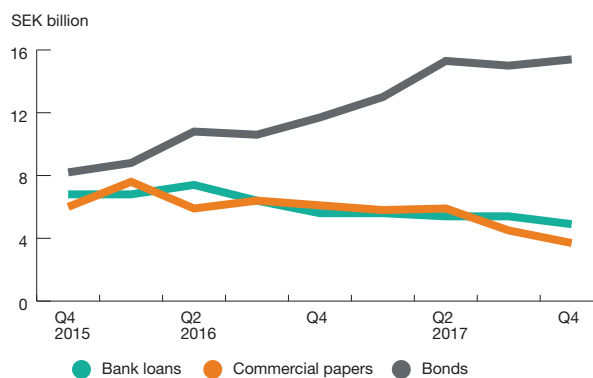
Green bonds

In 2014, Rikshem was the first in the world to issue green bonds to finance sustainable renovations of residential properties. In 2017, the company issued green bonds totaling MSEK 700, and at the end of the year outstanding green bonds totaled MSEK 1,902. During the year, Rikshem updated the green bond framework for the Swedish market. This update meant, for example, that reporting was expanded to include monitoring of water consumption and carbon emissions. Since 2015, the framework has included new production in wood.

Loan maturities and fixed-rate periods



Borrowings



Risks and risk management

External factors that could impact Rikshem's operations can be divided into external risks, operational risks, financial risks and HR risks. Sustainability risks describe how Rikshem's operations in turn impact people, the environment and society.

Risk	Description of risk	Risk management
External risks		
Macroeconomic	The property sector in general is impacted by a number of macroeconomic factors – for example, general economic trends, employment trends, and changes in society and the conditions for business, housing and health and medical.	External risks and other strategic risks are managed on an ongoing basis by the company's management and the Board of Directors. Rikshem's property portfolio is concentrated to selected growth areas, and the company's risks are therefore limited to some extent. By continually monitoring economic trends, the company can adjust its portfolio over time, for example, to benefit from favorable conditions in a geographic submarket or market segment.
Changes to the market's yield	The company's property portfolio is measured at fair value, which is based primarily on two main components: net operating income and the market's yield. Net operating income is impacted by a number of property-specific parameters, such as rent levels, vacancy rates and costs for operation and maintenance. The market's yield is impacted by factors such as interest rate levels and location-specific conditions. Changes in the market's yield could cause the market value to decrease. The value of properties could also decline if access to financing declines in the property sector.	To guarantee the value of its property portfolio, Rikshem works continually to develop its property management, improve its operating economy and maintain its properties on an ongoing basis. Rikshem can limit its yield risks to some extent by concentrating geographically on areas with favorable growth and healthy liquidity in the transaction market.
Tax	Changes in tax legislation regarding, for example, VAT, company tax or property tax could have a significant impact on the company's earnings.	These risks are primarily managed by carefully monitoring changes in practice and the development of new regulations, both using internal expertise and in consultation with external experts.
Operational risks		
Rental income	Rikshem's revenue consists of rental income for leased residential properties and premises. If vacancies in the holdings increase, rental income 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. Vacancies and unpaid rental income could also negatively impact the value of the properties.	Revenue risk is primarily managed through the large number of rental agreements for residential properties. An assessment of the individual tenant's ability to pay is made in connection with signing a rental agreement. For properties for public use, long-term rental agreements are signed with stable, long-term tenants.
Property expenses	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. At one time or another, the company may also be affected by unplanned yet necessary maintenance costs. Costs that increase over the long term can negatively impact the value of the properties.	Rikshem works on an ongoing basis to enhance its energy efficiency not only to lower its costs but also because reducing energy consumption is important from an environmental and sustainability perspective. The company also works with long-term maintenance plans to ensure efficient operation.

Risk	Description of risk	Risk management
Financial risks		
Investments	Rikshem invests on a continual basis, for example, in the form of renovations and adaptations for tenants. If these investments do not lead to increases in revenue or savings, there is a risk that the value of the properties will fall.	To promote continued growth in value, investments need to attain the yield set for them. These vary depending on product group and investment type.
Financing	Rikshem is financed with a mix of equity and borrowed capital. Borrowed capital consists primarily of bonds, commercial papers and bank loans. These interest-bearing liabilities give rise to liquidity, refinancing and interest-rate risks. Liquidity and refinancing risk is defined as the risk that funding cannot be raised or can only be obtained at significantly higher costs, and that payment obligations cannot be met due to insufficient liquidity. 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.	Liquidity risks are minimized through measures such as preparing updated cash flow forecasts and having access to overdraft facilities with significant unutilized scope. Refinancing risks are limited primarily through continual dialogue with existing creditors in order to ensure that any negative changes are identified as early as possible. The risk can also be limited through access to other sources of financing apart from the Swedish banking system – for example, foreign banks and the capital market. Interest-rate risks are limited through continual access to several sources of financing, and thereby the possibility of selecting the source of financing that offers the most advantageous credit margin. The risk of changes in market interest rates is limited mainly through interest-rate derivatives – interest-rate swaps, for example.
HR risks		
Employee turnover	Employee turnover in the property sector is high, and the supply of competent labor is limited, which can make it more difficult to recruit for the long term.	Rikshem invests in the development of its employees, and works to promote internal flexibility through individually tailored career paths and forums for exchanging experiences. Through its trainee program, Rikshem brings skilled employees onto its staff in order to meet its future personnel needs and provides recent college graduates with a springboard into the job market and the company's operations.

Risk	Description of risk	Risk management
Sustainability risks		
Emissions into the air	Emissions of carbon dioxide into the air have a negative impact on the climate.	An electricity trading strategy stipulating that environmentally friendly sources of energy must be used to a greater extent, energy guidelines and a target to reduce emissions by 5 percent by 2030. The majority of Rikshem's new properties are constructed of wood, an organic material. The costs of carbon emissions could also increase in the future.
Use of chemicals	Use and discharge of chemicals along the entire value chain can damage the environment and human health.	Materials in new production and conversion projects are to be assessed by BVB. The majority of Rikshem's new properties are constructed of wood, an organic material. The ecocycle principle and life cycle principle are applied. The costs of renovation and replacement of materials can impact Rikshem's profitability.
Residential areas promoting increased alienation	The risk that certain residential areas where Rikshem has properties could become segregated and that economically stronger households could move. This could lead to the area becoming less attractive and cause residents to experience a sense of alienation that could have several negative consequences.	Rikshem is working to increase the attractiveness of its rental apartments in socially vulnerable areas and to increase the competitiveness of the residential area through collaboration with municipalities, offering a mix of sizes and forms of tenure and guaranteeing a straightforward, non-discriminatory housing queue. As part of its efforts to make it easier for tenants to become part of the community, Rikshem is involved in several projects together with municipalities and non-profit organizations in order to create employment and development opportunities. Attractive areas are important to Rikshem's profitability.
Work-related injuries and accidents	Employees are exposed to a risk of workplace accidents, which can be serious.	A health and safety policy, a Health and Safety Committee, procedures for Rikshem's systematic health and safety work, health and safety inspection rounds, physical activity subsidies and employee surveys.
Discrimination or other abusive treatment of employees	Employees risk being exposed to discriminatory or abusive treatment.	Rikshem's diversity and equal opportunity policy. The policy was developed in cooperation with trade union representatives and is based on national legislation against discrimination. Monitoring occurs through the annual employee survey. Rikshem also has a whistleblower function that provides a possibility to anonymously report suspected violations.
Violations of human rights	The risk of individuals being exposed to abuse in connection with the operations of suppliers and subcontractors. Risk of a damaged reputation for Rikshem.	The Code of Conduct for suppliers must be accepted and Rikshem must have the right to request additional documentation and/or conduct audits.
Cases of bribes and/or corruption	The risk of individuals being exposed to undue influence and the risk of negative impact on society.	Rikshem's Code of Conduct for employees and business partners. The Code of Conduct for suppliers must be accepted and Rikshem must have the right to request additional documentation and/or audits.

On the Sustainability Report

The report on Rikshem's sustainability efforts summarizes the work during the 2017 financial year and constitutes the statutory sustainability report. The report, which is Rikshem's first sustainability report, has been prepared in accordance with the GRI Standards: Core option.

The sustainability report covers all operations in Rikshem. The impact via the customer chain, from transportation and energy use in the supplier and contractor chain, is not reported since correct information in these areas is not available.

Eight prioritized issues

In spring 2017, Rikshem carried out an initiative to identify and establish its material sustainability issues. The areas in which the company's operations have a significant impact have been identified.

The materiality analysis was conducted in accordance with the Global Reporting Initiative guidelines for sustainability reporting (GRI Standards) and includes the identification and prioritization of material sustainability issues as well as validation of the process and of the results.

The identification of sustainability issues that can reasonably be considered as material for Rikshem was based on the actual impact that the company's operations has on the environment, people, society and the economy as well as needs and desires that Rikshem's stakeholders have regarding information from Rikshem. Identification was conducted based on the following documentation:

- Relevant sustainability issues in the GRI Standards.
- Topics in the GRI G4 sector protocol for the construction and property sector (no equivalent protocol for GRI Standards).
- Comparisons and benchmarking with other organizations in the property sector.

A gross list was prepared with sustainability issues in the areas of the environment, social responsibility, human rights and personnel as well as financial and business ethical responsibilities including anti-corruption.

Stakeholders' points of view are central to Rikshem. During the spring, different stakeholder groups were contacted who are in various ways part of Rikshem's operations or are impacted by them, so as to include their needs, desires and expectations for the company's sustainability efforts. The dialogue with owners, financiers, government authorities, decision-makers, municipalities, tenants, contractors and suppliers was conducted through individual interviews – in most cases, by telephone. The stakeholders were presented open questions, in which they asked to describe Rikshem's sustainability efforts and what they wish and expect from Rikshem as a company. In addition, they were asked to rank a list of sustainability issues that emerged during the identification process.

With documentation in the form of stakeholders' expectations and their ranking of which questions are the most material, the internal working group for sustainability efforts at Rikshem prepared a new prioritization of issues.

The results of the prioritization were presented to Rikshem's management team. The management team and CEO were also the ones who validated the results. During the year, the CEO and management further clarified the results.

The materiality analysis and stakeholder dialogues that were conducted resulted in eight material sustainability issues:

1.

Promote sustainable urban development/living environments, including integration in residential areas and tenants' safety, security and health

2.

Requirements on and monitoring of suppliers

3.

Choice of materials

4.

Energy use

5.

Make it easier for Rikshem's customers to live and work sustainably

6.

Occupational health and safety

7.

Diversity and equal opportunities at work

8.

Active work against corruption

These are included as important parts of Rikshem's strategy, and can be found in all sections: "Safe neighborhoods", "Sustainable properties", "Satisfied customers in positive spaces" and "A strong company". In 2018, Rikshem will continue its sustainability efforts in accordance with this, and develop the company's policy and strategy for sustainability.

Index of the statutory sustainability report

Index on the contents of the statutory sustainability report

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Policies, due diligence, outcome, and key performance indicators	
Environmental matters	23-26, 30
Respect for human rights	8-9, 28-32, 34-36
Employee matters	33-36
Anti-corruption and bribery matters	8-9
Social matters (sustainable urban development)	14, 16-17, 28-32

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Rikshem AB (publ),
corporate identity number 556709-9667

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement that is defined above and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Stockholm, March 28, 2018

Ernst & Young AB

Magnus Fredmer
Authorized Public Accountant

GRI content index

This sustainability report summarizes Rikshem's sustainability efforts during 2017, and is the first reported in accordance with the Global Reporting Initiative (GRI). Reporting will occur on an annual basis. This report was prepared in accordance with the GRI Standards: Core option.

GRI Standards	Indicator	Page	Comments/ omissions
General disclosures			
GRI 102: General disclosures	Organizational profile		
	102-1 Name of the organization	B	
	102-2 Activities, brands, products and services	C, 13	
	102-3 Location of headquarters	45	Stockholm, Sweden
	102-4 Location of operations	45	Active in Sweden
	102-5 Ownership and legal form	B	
	102-6 Markets served	C, 13	
	102-7 Scale of the organization	B, C, 33	
	102-8 Information on employees and other workers	33-35, 45	Active in Sweden
	102-9 Supply chain	9	
	102-10 Significant changes to the organization and its supply chain	10, 13, 15	
	102-11 Precautionary principle or approach	23	
	102-12 External initiatives	6, 9, 23	
	102-13 Membership of associations	25	
	Strategy		
	102-14 Statement from senior decision-maker	3	
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behavior	8-9	
	Governance		
	102-18 Governance structure	57-59	
	Stakeholder engagement		
	102-40 List of stakeholder groups	43	
	102-41 Collective bargaining agreements	45	All employees excluding CEO
	102-42 Identifying and selecting stakeholders	43	
	102-43 Approach to stakeholder engagement	43	
	102-44 Key topics and concerns raised	43	
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	43	
	102-46 Defining report content and topic Boundaries	43	
	102-47 List of material topics	43	
	102-48 Restatements of information	45	This is Rikshem's first sustainability report
	102-49 Changes in reporting	45	This is Rikshem's first sustainability report
	102-50 Reporting period	43, 45	Reporting pertains to the 2017 financial year
	102-51 Date of most recent report	45	This is Rikshem's first sustainability report
	102-52 Reporting cycle	45	Annually
	102-53 Contact point for questions regarding the report	46	Reza Yazdi, reza.yazdi@rikshem.se
	102-54 Claims of reporting in accordance with the GRI Standards	43	This report was prepared in accordance with the GRI Standards: Core option
	102-55 GRI content index	45-47	
	102-56 External assurance	45	GRI report not externally assured.

GRI Standards	Indicator	Page	Comments/omissions
Material sustainability areas			
A strong company			
Occupational health and safety			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	36	Covers Rikshem's own employees.
	103-2 The management approach and its components	36	
	103-3 Evaluation of the management approach	36	
GRI 403: Occupational health and safety	403-1 Workers representation in formal joint management worker health and safety committees	36, 46	
Diversity and equal opportunity			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	34-35	
	103-2 The management approach and its components	34-35	
	103-3 Evaluation of the management approach	34-35	
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	34-35	
Requirements for suppliers			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	9	
	103-2 The management approach and its components	9	
	103-3 Evaluation of the management approach	9	
GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	9	
GRI 414: Supplier social assessment	414-1 New suppliers that were screened using social criteria	9	
Active work against corruption			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	9	No confirmed incidents.
	103-2 The management approach and its components	9	
	103-3 Evaluation of the management approach	9	
GRI 205: Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	46	
Satisfied customers in positive spaces			
Making it easier for customers to live and work sustainably			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	21, 28	In 2017, a plan was prepared that included quarterly newsletters for tenants with information on how to live and work sustainably. These will begin distribution during the first quarter of 2018. During 2018, Rikshem will also produce a "housing school" in film format for new and existing tenants that will contain sections on living sustainably. Rikshem is of the opinion that the GRI standard performance indicators do not properly capture Rikshem's sustainability issues; Rikshem has therefore chosen to report under company-specific topics.
	103-2 The management approach and its components	21, 28	
	103-3 Evaluation of the management approach	47	
Company-specific topics	A number of newsletters for tenants that included information to make it easier to live and work sustainably.	47	

GRI Standards	Indicator	Page	Comments/omissions
Material sustainability areas			
Sustainable properties			
Sustainable choice of materials			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	25-26	GRI content index
	103-2 The management approach and its components	25-26	
	103-3 Evaluation of the management approach	46	
Company-specific topics	Proportion of materials in projects assessed by Byggarubedömningen (BVB).	25, 47	Rikshem is of the opinion that the GRI standard performance indicators do not properly capture Rikshem's sustainability issues; Rikshem has therefore chosen to report under company-specific topics. The issue was defined as material in 2017, and beginning in 2018 Rikshem will monitor and report on the issue.
Energy use			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	23-24	
	103-2 The management approach and its components	23-24	
	103-3 Evaluation of the management approach	23-24	
GRI 302: Energy	302-3 Energy intensity	23-24	
	302-4 Reduction of energy consumption	23-24	

Safe neighborhoods

Sustainable urban planning			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	28-32	
	103-2 The management approach and its components	28-32	
	103-3 Evaluation of the management approach	28-32	
Company-specific topics	Customer satisfaction index (CSI): Tenants' perceived safety and security	28, 47	Rikshem is of the opinion that the GRI standard performance indicators do not properly capture Rikshem's sustainability issues; Rikshem has therefore chosen to report under company-specific topics.



100%

Rikshem's vision is to be 100 percent climate neutral in terms of carbon dioxide by 2030.



Board of Directors



Bo Magnusson
(1962)

Chairman of the Board
Chairman of the remuneration committee
Member of the audit committee

Elected to the Board of Directors in: 2016

Other assignments: Chairman of SBAB Bank AB (publ), AB Sveriges säkerställda obligationer, Carnegie Holding AB, Carnegie Investmentbank AB and Rikshem Intressenter AB, and Board member of KBC Bank N.V.

Education: Advanced bank training (SEB)

Previous experience: Positions including Deputy CEO of SEB and Chairman of Norrporten



Lena Boberg
(1970)

Board member
Member of the investment committee

Elected to the Board of Directors in: 2016

Other assignments: CEO of ICA Fastigheter Holding AB, Chairman of Secore Fastigheter AB and Board member of Ancore Fastigheter AB

Education: Master of Science in Business and Economics

Previous experience: Positions including Board member of Corem Property Group AB



Ebba Hammarström
(1961)

Board member
Member of the audit committee

Elected to the Board of Directors in: 2015

Other assignments: Director of Investment Control, AMF Kapitalförvaltning

Education: Master of Science in Business and Economics

Previous experience: Authorized Public Accountant at Ernst&Young



Liselotte Hjorth
(1957)

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

Elected to the Board of Directors in: 2016

Other assignments: Chairman of White Arkitekter AB and Board member of Kungsleden AB (publ), Hoist Finance AB (publ), Eastnine AB (publ) and Ativo Finance

Education: B.Sc. in Economics

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



Per-Gunnar Persson
(1965)

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

Elected to the Board of Directors in: 2016

Other assignments: CEO of Platzer Fastigheter Holding AB (publ), Chairman of Svensk Tennis Gothenburg, Board member of Provibus Invest AB and deputy Board member of Chalmers Studentbostäder

Education: Master of Science in Civil Engineering

Previous experience: Board member of Norrporten



Per Uhlén
(1948)

Board member
Member of the remuneration committee

Elected to the Board of Directors in: 2017

Other assignments: CEO of Aktinova Företagsutveckling AB

Education: Master's in engineering and Master of Science in Business and Economics

Previous experience: Positions including CEO of Diligentia, Deputy CEO of Skanska Sverige and Board member of companies including Vasakronan AB and Bonnier Fastigheter AB

Management



Sophia Mattsson-Linnala
(1966)
CEO

Employed since: 2016

Member of management team since: 2016

Other assignments: –

Education: Master of Science in Business and Economics

Previous experience: Huga Fastigheter, Botkyrkabyggen, Sollentunahem, SABO and Svenska bostäder



Christofer Bernebring
(1984)
Head of Region, Southern Sweden

Employed since: 2012

Member of management team since: 2017

Other assignments: Board member of Fastighetsägarna Helsingborg

Education: B.A. in Property Management

Previous experience: Uppsalahem



Carl Conradi
(1968)
General Counsel

Employed since: 2010

Member of management team since: 2016

Other assignments: –

Education: Master of Laws

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



Fredrik Edlund
(1975)
Head of Region, Mälardalen

Employed since: 2015

Member of management team since: 2017

Other assignments: –

Education: Master's degree in engineering

Previous experience: Hyresbostäder i Norrköping, Grontmij/Carl Bro and Sweco



Anna-Karin Eriksson
(1963)
Head of Region, Northern Sweden

Employed since: 2016

Member of management team since: 2017

Other assignments: Board member of Fastighetsägarna in Umeå

Education: Executive MBA, StyrelseAkademien Board member training, university degree in media and communications science

Previous experience: Övikshem, Bostaden i Umeå and SABO CEO Council



Petter Jurdell
(1971)
Head of Business and Sustainability Development

Employed since: 2017

Member of management team since: 2017

Other assignments: HBV, Allmännyttans inköpscentral and Svensk Byggtjänst

Education: The Royal Institute of Technology in Stockholm and SSE Executive Education at the Stockholm School of Economics

Previous experience: SABO, NCC



Catharina Kandel
(1965)
Head of HR

Employed since: 2017

Member of management team since: 2017

Other assignments: –

Education: B.Sc. in behavioral sciences

Previous experience: Skandia, SBAB Bank



Anders Lilja
(1967)
CFO

Employed since: 2018

Member of management team since: 2018

Other assignments: Board member of Implenia Sverige AB

Education: Master of Science in Civil Engineering, MBA

Previous experience: Skanska



Jennie Wolmestad
(1979)
Head of Communication

Employed since: 2015

Member of management team since: 2015

Other assignments: –

Education: B.Sc. in media and communications science

Previous experience: Com Hem, Vasakronan,
communications bureaus

Report of the Directors

The Board of Directors and CEO of Rikshem AB (publ), corporate registration number 556709-9667, hereby submit the annual report for the 2017 financial year. The registered office of the Board of Directors is located in Stockholm.

Rikshem AB (publ) is the Parent Company in the Rikshem Group, hereinafter referred to as Rikshem. The company manages all of the companies in the Group. All shares in Rikshem AB (publ) are held by Rikshem Intressenter AB, corporate registration number 556806-2466, which is jointly owned by the Fourth Swedish National Pension Fund (AP4) and pension company AMF Pensionsförsäkring AB (AMF), each of which owns 50 percent.

Mission, business concept and vision

Rikshem is one of Sweden's largest private property companies. The company develops safe and sustainable homes for those who live and work in its areas. This is achieved by combining professionalism with community involvement. Rikshem's business concept is to be a long-term and sustainable owner, and to develop and manage its residential properties and properties for public use. Rikshem's vision is to make a difference in the development of the good community.

Business model

Long-term acquisitions/divestments

Since it was founded, Rikshem has primarily grown through acquisitions enabled by returns on its operating activities and capital contributions from Rikshem's owners AP4 and AMF. Rikshem is a long-term, sustainable and responsible property owner and promotes the development of the good community through professionalism and community involvement. The company is also an attractive and natural partner for municipalities.

Renovations that create value

Through the creation of development rights, zoning plans, residential properties and properties for public use as well as RM&U projects in existing properties, Rikshem increases the value of its portfolio and reduces its operating expenses. An important aspect of this work involves sustainable urban development in partnership with municipalities and other players by developing residential properties with various forms of tenure in the same area in order to achieve greater variation and diversity. Industrial construction in wood is preferred for new builds since it reduces the property's environmental impact as well as offering financial benefits. Another success factor is the company's ability to create additional residential properties by rearranging existing surface areas.

Quality-assured management

Rikshem's management approach focuses on long-term planning, sustainability and economies of scale. A management strategy based on long-term property management plans creates conditions for efficient operation. Rikshem has its own property management organization. Proximity to customers enables high-quality management and having regional managers in the management group allows for efficient decision-making. Corporate social responsibility activities, such as measures designed to create a sense of security and environmental initiatives, improve the company and community in the long term and contribute to the vision of making a difference in the development of the good community.

Property portfolio

Rikshem owns properties in Greater Stockholm, Malmö, Uppsala, Linköping, Västerås, Norrköping, Helsingborg, Jönköping, Halmstad, Luleå, Umeå, Östersund, Kalmar, Nyköping and Åle.

The property portfolio can be mainly divided into residential properties and properties for public use. Properties for public use are defined as properties for primarily nursing homes and schools, where the operations are funded by the public sector. An important prerequisite for future new production by Rikshem is being able to create development rights through the development of zoning plans. In addition to new production, the company also engages in property development including extensions and upgrades of existing properties. Property management also entails identifying development opportunities in the portfolio aimed at creating sustainable living environments and a range of suitable premises for good neighborhood services.

At year-end, Rikshem's property portfolio consisted of 586 properties (574) with a fair value of MSEK 41,039 (37,878). The property value is broken down into MSEK 28,942 of residential properties, MSEK 8,854 of nursing homes, MSEK 2,518 of schools and MSEK 725 of commercial premises. The property portfolio includes development rights of MSEK 738. Properties corresponding to MSEK 20,201, or 49 percent, are located along the Greater Stockholm–Uppsala axis. The property portfolio comprises 27,924 apartments (27,224) and 2,219,000 square meters (2,182,000) of lettable area.

Sustainability

Rikshem wants its operations to be sustainable from a long-term environmental, social and financial perspective. The company combines professionalism with community involvement since it regards sustainability as a prerequisite for long-term profitability. Rikshem contributes to community development in the areas it serves, while working to ensure a minimal impact on the environment.

Sustainability activities are a natural component of the company's overall operations. This continuously ongoing work includes:

Newproduction

Rikshem is the housing company in Sweden that builds most wood apartments. Wood is better for the environment compared with other common building materials. The company started construction on 94 apartments made from wood in Luleå during the year. Energy consumption in Rikshem's new builds is 25 percent lower than what is stipulated in the Swedish Board of Housing Building and Planning's building regulations.

Renovation

Rikshem's RM&U renovations reduce the energy consumption of the properties by 25-40 percent. At the same time, tenants are given the option to choose the level of renovation to be able to influence their rent.

Community involvement

Rikshem provides young people in its areas with work experience through its summer jobs program. In 2017, Rikshem hired 158 young people in the program to work on property upkeep.

The Lärhjälpen Foundation provides support for young people to help them achieve better school results. Rikshem's partnership with the foundation was expanded during the year to create 20 new homework assistance spots in Norrköping.

In cooperation with the municipalities that the company serves, Rikshem offers social-housing leases to people who find it difficult to get a normal rental agreement.

During the year, Rikshem also joined BoTryggt2030 which, on the basis of current research and tried-and-tested experiences, intends to disseminate knowledge about how to prevent crimes and increase safety/security through the design of physical space. The Café Välkommen integration project in Helsingborg was extended, and a collaboration project known as Business Improvement Area was initiated between public and private sector operators in Valsta, Sigtuna with the aim of developing and strengthening the area.

Energy and environment

The energy consumption of Rikshem's properties declined by 1.6 percent in 2017, adjusted for a normal year, compared with an identical portfolio in the preceding year. Annual emissions were reduced by 18,500 tons of carbon dioxide through reductions in energy consumption and eco-friendly energy sources. In addition, environmental certification of two housing projects by the Sweden Green Building Council is under way.

Green bonds are issued to finance energy efficiency measures in RM&U projects and wood new builds.

Sustainability report

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Rikshem has chosen to prepare its statutory sustainability report separately from the annual report. The sustainability report was submitted to the auditor at the same time as the annual report. A sustainability index is available on page 44 with page references to each sustainability disclosure in accordance with Chapter 6, Section 12 of the Annual Accounts Act.

Significant risks and uncertainties

Asset, revenue and expense risks

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 in the property sector were to decline. To guarantee the values in its property portfolio, Rikshem works continually on developing its property management, improving its operating economy and maintaining its properties on an ongoing basis.

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. Revenue risk is primarily managed through the large number of rental agreements for residential properties. An assessment of the individual tenant's ability to pay is made in connection with signing a rental agreement. For properties for public use, long-term rental agreements are signed with stable, long-term tenants.

The company's costs for managing the property portfolio, and for operation and maintenance, are dependent on the general cost trend in Sweden. This applies particularly to electricity and heating costs. Rikshem works on an ongoing basis on enhancing energy efficiency both to lower costs and from the standpoint that reducing energy consumption is important from an environmental and sustainability perspective. The company also works with long-term maintenance plans to ensure efficient operation.

Financial risks

Rikshem's interest-bearing liabilities result in liquidity, refinancing, currency and interest-rate risk. Liquidity and refinancing risk is defined as the risk that when loans mature funding cannot be raised or can only be raised at significantly higher costs, and that payment obligations cannot be met due to insufficient liquidity.

Currency risk refers to the risk that changes in exchange rates may have a negative impact on financial liabilities. Interest-rate risk is the risk that increased market interest rates could lead to higher interest expenses. This could have adverse consequences on the company's operations, financial position and earnings.

The refinancing and liquidity risks resulting from the maturity structure are managed by means of a backup facility and a subscription undertaking for commercial papers from the owners in a combined amount of SEK 10 billion and through backup facilities and unutilized overdraft facilities with various banks in a combined amount of SEK 3.2 billion (3.9). The company also manages its refinancing and liquidity risk by limiting its short-term net debt to a maximum of 35 percent of the total debt and by always having an average loan maturity of more than two years.

For borrowings in foreign currency, Rikshem uses currency swaps whereby the exchange rate on interest payments and repayments is hedged.

Most of the financing carries floating interest based on STI-BOR 3 months. Interest-rate derivatives are used to reduce the interest-rate risk resulting from the short fixed-interest term. The portfolio of interest-rate derivatives is extended on a continuous basis with maturities of up to ten years in order to create a well-diversified interest-rate risk.

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

Comments on the Group's performance

Net operating income

The Group's rental income for the year increased by MSEK 181 to MSEK 2,665 (2,484), of which MSEK 87 derived from increased property holdings. Rental income for existing properties rose by MSEK 94 or 4.3 percent (3.7). The rent increase for existing properties mainly derived from investments that enable rents to be raised in the properties. At year-end, the vacancy rate for residential properties was 2.7 percent (3.6). Adjusted for apartments that have been vacated prior to renovation, the market vacancy rate was 0.3 percent (0.5). The average remaining lease term for properties for public use was 9.8 years (10.3).

Property expenses for the period increased by MSEK 46 to MSEK 1,110 (1,064), of which MSEK 35 derived from increased property holdings. Costs for existing properties rose by MSEK 11 or 1.2 percent. Of the property expenses, MSEK 216 pertained to maintenance expenses, corresponding to SEK 97 per square meter per year. Total net operating income increased 10 percent year-on-year to MSEK 1,555 (1,420). Net operating income for existing properties rose by 6.7 percent (3.4). The increase in net operating

income is a consequence of rental income increasing more than costs – 4.3 percent compared with 1.2 percent. The surplus ratio for the total property holding was 58 percent (57).

Central administration

The year's costs for central administration amounted to MSEK 62 (76).

Net financial items

Net financial items for the year amounted to MSEK –433 (–341). Compared with the preceding year, interest expenses for external funding increased by MSEK 81. The increase was due in part to higher interest-bearing liabilities due to the expanded property holding and in part to the company having increased its fixed-rate and loan maturity period, which resulted in a higher average interest rate.

Profit from participations in joint ventures

Profit from participations in joint ventures declined MSEK 115 to MSEK 90 (205). This decrease was attributable to a reduction in income from management operations of MSEK 9 (117) and lower changes in the value of investment properties of MSEK 107 (158). Earnings were also charged with changes in the value of derivatives of MSEK –3 (0) and tax of MSEK –23 (–70). The decline in income from management operations was mainly due to the fact that the entire Burmanstorp 1 property in Farsta was leased to Telia in the preceding year. In 2017, the property was leased to a lesser extent.

Income from management operations

Compared with the preceding year, income from management operations declined by MSEK 58 to MSEK 1,150 (1,208). This decline in earnings was mainly due to weaker net financial items and lower profit from participations in joint ventures.

Change in value of investment properties

The change in value of investment properties was MSEK 1,647 (1,962), equal to growth of 4.3 percent (6.1). The change in value primarily derived from a decrease in the average yield during the year by 0.22 percentage points to 4.31 percent. Residential properties increased in value by MSEK 1,475, or 5.5 percent, and properties for public use by MSEK 172, or 1.6 percent.

Geographically, most of the total change in value occurred in Uppsala, where the value rose by close to 10 percent. The increase in value in Uppsala was primarily due to the fact that Uppsala accounts for one fourth of the company's value-enhancing investments.

Change in value of financial derivative instruments

The change in value of financial derivative instruments amounted to MSEK 36 (–76). The derivative instruments were mainly interest-rate swaps and combined currency and interest-rate swaps, which were entered into to eliminate the exchange rate impact of loans raised in EUR and NOK. The change in exchange rates for EUR and NOK loans amounted to MSEK 115 (–39).

Profit for the year

Profit for the year has been charged with tax costs of MSEK 518 (622), primarily pertaining to deferred tax. Profit for the year amounted to MSEK 2,430 (2,433).

Comments on the financial position

Investment properties

The fair value of investment properties increased during the year to MSEK 41,039 (37,878), which corresponds to SEK 18,494 per square meter (17,362). The increased value resulted from investments in existing properties and value increases. The change in value was MSEK 1,647 (1,962), equal to growth of 4.3 percent (6.1). The change in value reflects the change in the properties' cash flows and in the yield.

During the year, properties were acquired for MSEK 1,603 (3,549). The acquisition rate declined year-on-year because of increasingly higher prices in the property market. The acquisitions mainly occurred in Umeå and added 880 apartments and 75,000 square meters of lettable area to the property portfolio.

In total, properties were sold for MSEK 1,675 (1,491), which exceeded their fair value at the start of the year and investments during the year by 3.0 percent. All of the sales were of the type of properties that Rikshem does not intend to retain in the long term, when the company streamlines the holding and clarifies the focus on owning, managing and developing residential properties and large properties for public use in selected growth areas.

Investments in existing properties during the year amounted to MSEK 1,586 (1,849), of which MSEK 943 (985) pertained to redevelopment and renovation of residential properties, MSEK 426 (528) to new builds of residential properties and MSEK 217 (336) to investments in properties for public use.

On the closing date, Rikshem had 56 (112) ownership apartments in production, of which five were unsold.

Participations in joint ventures

Rikshem owns participations in joint ventures with a total value of MSEK 1,356 (1,292). The largest holding of MSEK 880 pertains to 49 percent of VärmdöBostäder AB. The remaining part of VärmdöBostäder AB is owned by the Municipality of Värmdö.

The second largest holding of MSEK 393 pertains to Farsta Stadsutveckling AB, where Rikshem and Ikano Bostad each hold 50 percent. Farsta Stadsutveckling AB owns the Burmanstorp 1 property in Farsta. This is where the development of the new city area Telestaden is under way, which will comprise 3,000 residential properties and premises for offices and neighborhood services. Other participations in joint ventures totaling MSEK 83 pertain to development projects owned and operated together with Veidekke Bostad, P&E Fastighetspartner and Glommen & Lindberg.

The holdings of these joint ventures on the closing date included 80 (190) ownership apartments in production, of which 44 were unsold. Rikshem's interests in these holdings amounted to 50 percent.

Interest-bearing liabilities

At year-end, interest-bearing liabilities amounted to MSEK 24,290 (23,422). Of these interest-bearing liabilities, MSEK 4,944 (5,582) pertained to liabilities to credit institutions, MSEK 3,715 (6,090) to borrowings through commercial papers and MSEK 15,363 (11,708) to bonds. In addition, the company had MSEK 268 (0) in current interest-bearing liabilities to related parties. The fair value of the interest-bearing liabilities essentially matches the carrying amount. At year-end, the average interest rate was 2.0 percent (1.5). The fixed-interest term increased from 2.6 years at the beginning of the year to 5.3 years at year-end. The loan maturity period increased from 1.9 years to 3.0 years.

All liabilities to credit institutions are secured by collateral in properties. In total, secured financing accounted for 12 percent (15) of the fair value of investment properties.

Rikshem has a commercial paper program that represents an opportunity to issue commercial papers with maturities of up to 12 months subject to a limit of SEK 10 billion. Rikshem also has an MTN program listed on Nasdaq Stockholm and an EMTN program listed on the Irish Stock Exchange for the issuance of bonds. The MTN program has a limit of SEK 20 billion and the EMTN program a limit of EUR 2 billion. Neither the commercial papers nor the bonds are secured. Rikshem has issued four bonds in NOK and two bonds in EUR with a combined volume of SEK 5.4 billion. All other bonds are denominated in SEK.

Cash and cash equivalents totaled MSEK 386 (320) at the end of the year. The loan-to-value ratio declined to 59 percent (62).

At the end of the period, the interest-rate derivatives had a nominal value of MSEK 17,800 (14,800) and a fair value of MSEK –425 (–594). The company also has combined interest-rate and currency swaps with a fair value MSEK –85 (39). At year-end, the total fair value of derivative instruments was MSEK –510 (–581).

The interest coverage ratio for external funding during the year was 3.5 (3.8).

Rikshem has a credit rating of A- with a stable outlook from S&P Global.

Equity

Comprehensive income totaling MSEK 2,429 increased the Group's equity to MSEK 15,710 (13,281). Profit for the year in combination with the lower acquisition rate led to an increase in the equity/assets ratio to 36 percent (33).

Parent Company

The operations of the Parent Company Rikshem AB (publ) comprise Group-wide functions as well as the organization for managing properties owned by the subsidiaries. No properties are owned directly by the Parent Company. Revenue for the year amounted to MSEK 177 (160) and profit after financial items totaled MSEK 165 (283). The Parent Company's equity amounted to MSEK 7,133 (7,026) at year-end.

Other significant events during the financial year

The composition of the Board of Directors of Rikshem AB (publ) was changed at the Annual General Meeting when Per Uhlén was elected as a Member of the Board, replacing Ulrika Malmberg Livijn.

In May 2017, Rikshem's Parent Company, Rikshem Intressenter AB, acquired the convertible held by the former CEO. The convertible program was concluded in December 2017. Rikshem Intressenter AB held all of the convertibles at the time.

Outlook

Although the rate of production for residential properties was high in 2017, uncertainty regarding the market situation spread towards the end of the year due to difficulties in securing sales of certain new builds in the ownership apartment segment. However, demand for rental apartments remains strong, particularly for cost-efficient apartments. As a result of a sharp increase in residential property construction over the past five years, a much larger number of residential properties than usual came into the market in 2017, and this will continue into 2018. However, residential property construction decreased more rapidly than

predicted towards the end of 2017 as an increasing number of signals indicated difficulties in finding buyers, mainly for new production of ownership apartments. Demand for rental apartments remains strong, but could be negatively affected if a considerable excess supply of unsold ownership apartments arises. However, smaller, lower-priced rental apartments are expected to remain in short supply going forward. The shortage of residential properties applies in particular to young people, students, new arrivals and the elderly. Being able to continue building rental apartments requires increased focus on market knowledge in combination with cost-efficiency and an increase in industrial residential property construction. The market is dependent on interest rate trends, and while the general assessment is that interest rates will rise, there is uncertainty over when this will occur.

Demand for properties for public use is largely governed by demographic factors. As a result of urbanization and a growing and aging population, the need for expanded social services among municipalities and county councils is increasing. Over the next 20 years, Sweden's population over the age of 65 is expected to increase by around 35 percent, which will lead to an increased need for nursing homes and other care facilities. At the same time, the number of children in preschool, elementary school and high school is expected to increase by approximately 230,000 by 2020.

Proposed allocation of profits

The following earnings in the Parent Company are at the disposal of the Annual General Meeting:

Share premium reserve, SEK	840,772,100
Retained earnings, SEK	5,942,448,053
Profit for the year, SEK	106,991,922
Total, SEK	6,890,212,075

The Board proposes that SEK 6,890,212,075 be retained in the company. For information on the company's financial performance and position in general, refer to the following financial statements and associated notes.

Corporate governance report 2017

Rikshem AB (publ)

Rikshem AB (publ) (hereinafter referred to as Rikshem or the company) is a Swedish limited liability company. The Swedish Corporate Governance Code does not comprise Rikshem and Rikshem does not apply the code, or any other corporate governance code and thus follows the rules of corporate governance provided by law or other statute. The company has bonds issued under its MTN program (Medium Term Note), which are listed on Nasdaq OMX Stockholm, as well as bonds issued under its EMTN program (Euro Medium Term Note), which are listed on the Irish Stock Exchange. Accordingly, the company follows the rules for issuers for each marketplace respectively.

Rikshem's corporate governance report was prepared in accordance with the Annual Accounts Act for the 2017 financial year. The report is included as part of Rikshem's Annual Report for 2017.

Shareholders

As of December 31, 2017, Rikshem's share capital amounted to SEK 99,727,900, distributed over 997,279 shares with one vote each. All of Rikshem's shares are owned by Rikshem Intressenter AB, corporate registration number 556806-2466. Rikshem Intressenter AB is owned by the Fourth Swedish National Pension Fund (AP4) and AMF Pensionsförsäkring AB (AMF), each of which owns 50 percent.

Articles of Association

In addition to legislation, the Articles of Association also constitute a key document in respect of the governance of the company. Rikshem's Articles of Association state the name of the company to be Rikshem AB (publ) and that the company is publicly traded and has its head office in Stockholm. The aim of the company's business operations is to directly or indirectly, through wholly or jointly owned companies or via purchased services, own, develop and manage real estate and pursue related activities, including the provision of property-related services. The Board is to be constituted by at least three and no more than ten members with zero to ten alternates.

General meetings of shareholders

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

Rikshem held its AGM on March 30, 2017 in Stockholm. All shares were jointly represented at the AGM by Arne Lööw and Fredrik Ronvall. All members of the Board of Directors, with the exception of Ulrika Malmberg Livijn, and the company's auditor attended the meeting.

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

The AGM also resolved to re-elect Lena Boberg, Liselotte Hjorth, Bo Magnusson, Ebba Hammarström and Per-Gunnar Persson. Per Uhlén was elected as a new ordinary Board member. Bo Magnusson was elected Chairman of the Board. Ulrika Malmberg Livijn stepped down from the Board of Directors in connection with the AGM. The resolution on the appointment of Board members was preceded by work by a representative of AMF and a representative from AP4 who, as part of their work, considered the Board's long-term composition, diversity and structure.

The AGM also resolved that annual fees in an amount of SEK 500,000 would be paid to the Chairman of the Board and SEK 175,000 to other members, that the annual fee for work in established committees may not exceed SEK 290,000 to be distributed according to decisions by the Board, and that the total fee to the Board including committee fees may not exceed SEK 1,490,000 per year. The Board then decided that an annual fee of SEK 50,000 would be paid to the chairman of the audit committee and SEK 25,000 to each member of the audit committee, that an annual fee of SEK 50,000 would be paid to the chairman of the investment committee and SEK 25,000 to each member of the investment committee, and that an annual fee of SEK 20,000 would be paid to the chairman of the remuneration committee and SEK 10,000 to each member of the remuneration committee.

The AGM resolved that fees for Board and committee work would not be paid to the members of the Board who are employees of AP4 or AMF and that fees may be invoiced provided that this is cost-neutral for the company.

The company held an extraordinary general meeting (EGM) in December 2017 at which the decision was made to discontinue the company's outstanding program for convertible debt instruments. All outstanding convertible debentures, which previously had been acquired by Rikshem's Parent Company, Rikshem Intressenter AB, were settled.

Board of Directors

The Board of Directors of Rikshem comprises six members elected by the AGM for the period until the end of the 2018 AGM. The Board members possess knowledge of properties as well as financial expertise. The company's CEO is not a member of the Board.

The work of the Board of Directors is governed by, *inter alia*, the Swedish Companies Act, the Articles of Association and the Board's rules of procedure approved annually by the Board for its work.

Under the Swedish Companies Act, the Board of Directors is ultimately responsible for Rikshem's organization and management. The Board of Directors' rules of procedure, which are approved annually at the statutory Board meeting, describe the forms of the work to be carried out by the Board in respect of Board meetings, minutes, the duties of the Chairman and the CEO, etc. The rules of procedure also include regulations regarding how the conditions of employment for people in executive positions are to be determined. According to the rules of procedure, the Chairman is responsible for the evaluation of the Board's work. Rikshem's General Counsel serves as Board secretary.

The Board has adopted an annual plan for its work, with meetings scheduled at set times that take into consideration the fact that the Board must publish financial reports at certain times.

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

The ownership directive states that Rikshem is to endeavor to achieve diversity, with gender balance in all occupational groups constituting a key parameter. The company has also adopted an equality and diversity policy. This policy encompasses everyone who works at the company, including employees, consultants and temporary employees, and was expanded in 2017 to encompass Board members acting on behalf of Rikshem. Work related to equality and diversity issues should result in individual development and a work environment characterized by mutual respect among employees, including Board members in the manner mentioned above. Diversity has also been taken into consideration in the nomination of Board members. The Board comprises three women and three men.

The ownership directive and the Board's rules of procedure state that the Board is to carry out an annual evaluation of its own work. During the year, the Board used an independent party to evaluate its work through individual discussions with all Board members and the CEO.

Board committees

The ownership directive states that a committee is to be established to address issues related to risk management, internal control and financial reporting. Beyond this, the Board itself assesses the need for any additional committees. The Board has established an audit committee, a remuneration committee and an investment committee from within its ranks. The Board has adopted rules of procedure for each committee.

The audit committee comprises committee chairman Liselotte Hjorth, Bo Magnusson and Ebba Hammarström. The committee held seven meetings in 2017.

In 2017, the investment committee comprised committee chairman Per-Gunnar Persson, Lena Boberg and Liselotte Hjorth. The committee held eight meetings in 2017.

The remuneration committee initially comprised committee chairman Bo Magnusson, Ulrika Malmberg Livijn and Per-Gunnar Persson. In conjunction with the 2017 AGM, Ulrika Malmberg Livijn was replaced on the committee by Per Uhlén. The committee held three meetings in 2017.

CEO and management group

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

The CEO has established a management group, which reports directly to the CEO. The management group holds regular meetings to address Group-wide and strategic issues. At the start of the year, Rikshem's management group comprised Sophia Mattsson-Linnala (CEO), Sven-Göran Svensson (Head of Property Management), Hans Ragnarsson (CFO), Carl Conradi (General Counsel), Jennie Wolmestad (Head of Communication), Karl Vahlund (Head of Transactions), Erik Hävermark (Head of Projects and Property Development), and Catharina Kandel (Acting Head of HR). In connection with an organizational change carried out on June 1, 2017, regional managers Fredrik Edlund, Anna-Karin Eriksson and Christofer Bernebring joined the management group. At the same time, Karl Vahlund, Erik Hävermark and Sven-Göran Svensson stepped down from the management group. Catharina Kandel was hired as Head of HR during the year.

In November, Petter Jurdell assumed the role of Head of Business and Sustainability Development and thus became a member of the management group. In autumn 2017, Anders Lilja, who previously served as Acting CFO and as ordinary CFO since January 2018, replaced Hans Ragnarsson in the management group.

Auditor

At the AGM on March 30, 2017, Ernst & Young AB was elected as auditor for the period until the end of the next AGM. The auditor in charge is Authorized Public Accountant Magnus Fredmer. The auditor reviews the company's annual report, consolidated financial statements and accounting records as well as of the administration of the Board of Directors and the CEO, and submits an auditor's report. The audit is conducted in accordance with the Swedish Companies Act, international auditing standards and generally accepted auditing standards in Sweden. The auditor expresses an opinion based on the Corporate Governance Report and, as of the 2017 annual report, the auditor also expresses an opinion on the company's sustainability report. Magnus Fredmer attended two Board meetings and four audit committee meetings in 2017.

Internal control over financial reporting

Under the Swedish Companies Act, the Board is responsible for internal control. Internal control is based on documented policies, guidelines, instructions, the allocation of responsibilities and duties such as the Board's rules of procedure, committee rules of procedure, the CEO's instructions, decision-making and authorization procedures, the finance policy and other documents, all of which seek to ensure a clear allocation of responsibilities for the effective management of the operation's risks and high-quality financial reporting. Compliance with the company's governing documents is followed up and evaluated continuously and a review of the governing documents is carried out annual. Rikshem has identified essential business processes designed, among other purposes, to identify and eliminate risks. Risks are also identified and managed in the business planning and budget processes for each department and the company as a whole. Furthermore, an assessment is made of the financial risks on the basis of the

statement of income and balance sheet, where items are evaluated based on risk and materiality. In financial reporting, control activities are based on risk assessments and are integrated into the company's processes, which are evaluated on an ongoing basis. The process in which estimates and assumptions have a major impact on the carrying amounts of assets and liabilities is the process for the valuation of investment properties. Accordingly, special attention is paid to ensuring that financial reporting in this regard does not contain material errors. To quality-assure the internal valuations and internal valuation process, all properties are valued at year-end by external authorized property appraisers with recognized, relevant qualifications. A minimum of two independent valuation institutions are engaged to establish the fair value of the properties. However, individual properties are only valued by one valuation institution. At mid-year, the assumptions regarding cost of capital and capitalization rate for investment properties are checked with external appraisers. This process takes place in accordance with the company's policy for the valuation of investment properties.

The company's auditor reports his/her audit plan and risk assessment, his/her observations from the audit and assessment of the internal control linked to the Group's financial reporting, and its annual report in accordance with prevailing regulations to the audit committee, the Board of Directors and management on an annual basis. The six-month interim report is reviewed by the auditor.

A communication policy has been established for internal and external disclosures of information that regulates the type of information the company must provide to the market and how that information is to be disclosed.

Rikshem has not established a dedicated internal audit function. The company's internal control is considered suitable for the company's purposes.

Consolidated statement of comprehensive income

Amounts in MSEK	Note	2017	2016
Rental income	5	2,665	2,484
Operating expenses		-702	-679
Maintenance		-216	-213
Administration		-156	-137
Property tax		-36	-35
Total property expenses		-1,110	-1,064
Net operating income	6	1,555	1,420
Central administration	7, 8, 9	-62	-76
Earnings from participations in joint ventures		90	205
Interest income and similar income statement items	10	8	12
Interest expenses	11	-441	-353
Income from management operations		1,150	1,208
Change in fair value of investment properties	14	1,647	1,962
Change in fair value of financial instruments	12	36	-76
Foreign exchange effects on financial liabilities		115	-39
Profit before tax		2,948	3,055
Tax	13	-518	-622
Profit for the year		2,430	2,433
Other comprehensive income not for reclassification			
Revaluation of pensions	26	-1	-1
Tax, pensions		0	0
Other comprehensive income for the year, net after tax		-1	-1
Total comprehensive income for the year		2,429	2,432

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

Consolidated statement of financial position

Amounts in MSEK	Note	Dec 31, 2017	Dec 31, 2016
ASSETS			
Non-current assets			
Investment properties	14	41,039	37,878
Equipment	15	6	8
Participations in joint ventures	17	1,356	1,292
Derivative instruments	18	32	39
Non-current receivables	19	227	231
Total non-current assets		42,660	39,448
Current assets			
Current receivables			
Accounts receivable	21	16	17
Other receivables	22	322	270
Prepaid expenses and accrued income	23	117	59
Total current receivables		455	346
Cash and cash equivalents		386	320
Total current assets		841	666
TOTAL ASSETS		43,501	40,114

Amounts in MSEK	Note	Dec 31, 2017	Dec 31, 2016
EQUITY AND LIABILITIES			
Equity			
Share capital		100	100
Other contributed capital		4,874	4,874
Retained earnings		10,736	8,307
Total equity		15,710	13,281
Liabilities			
Non-current liabilities			
Deferred tax liability	24	2,365	1,892
Convertible debenture loan	25	–	42
Interest-bearing liabilities	25	16,525	12,427
Derivative instruments	18	542	621
Provision for pensions	26	3	2
Total non-current liabilities		19,435	14,984
Current liabilities			
Interest-bearing liabilities	25	7,583	10,953
Liabilities to Parent Company	25	182	140
Trade accounts payable		58	69
Tax liabilities		48	12
Other current liabilities		40	248
Accrued expenses and deferred income	27	445	427
Total current liabilities		8,356	11,849
Total liabilities		27,791	26,833
TOTAL EQUITY AND LIABILITIES		43,501	40,114

Consolidated statement of changes in equity

Amounts in MSEK	Share capital	Other contributed capital	Retained earnings including profit for the year	Total equity
Opening balance, Jan 1, 2016	100	4,274	5,987	10,361
Profit for the year			2,433	2,433
Other comprehensive income			-1	-1
Total comprehensive income			2,432	2,432
Shareholders' contributions		600		600
Group contributions, net			-111	-111
Closing balance, Dec 31, 2016	100	4,874	8,307	13,281
Opening balance, Jan 1, 2017	100	4,874	8,307	13,281
Profit for the year			2,430	2,430
Other comprehensive income			-1	-1
Total comprehensive income			2,429	2,429
Closing balance, Dec 31, 2017	100	4,874	10,736	15,710

Classification of equity

Share capital

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

As of December 31, 2017, the number of shares amounted to 997,279 (997,279).

The quotient value is SEK 100 per share.

Other contributed capital

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

Retained earnings

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

Consolidated statement of cash flows

Amounts in MSEK	Note	2017	2016
Operating activities			
Income from management operations		1,150	1,208
Adjustment for items not included in cash flow	29	-87	-202
Reversal of net interest income		433	341
Interest paid		-433	-344
Interest received		8	14
Tax paid		-8	-7
Cash flow from operating activities before changes in working capital		1,063	1,010
Decrease(+)/increase(-) in operating receivables		107	388
Decrease(-)/increase(+) in operating liabilities		-136	94
Cash flow from operating activities		1,034	1,492
Investing activities			
Investment in investment properties		-1,586	-1,849
Acquisition of investment properties		-1,603	-3,549
Investment in other tangible non-current assets		-1	-4
Divestment of investment properties		1,675	1,491
Investment in financial assets		-293	-144
Divestment of financial assets		79	26
Cash flow from investing activities		-1,729	-4,029
Financing activities	30		
Loans raised		13,142	16,311
Repayment of loans		-12,381	-14,005
Shareholders' contributions received		-	600
Group contributions rendered		-	-143
Cash flow from financing activities		761	2,763
Cash flow for the year		66	226
Cash and cash equivalents at the beginning of the year		320	94
Cash and cash equivalents at the end of the year		386	320

Parent Company statement of income

Amounts in MSEK	Note	2017	2016
Operating income	4	177	160
Other operating expenses	4, 7, 9	-96	-89
Personnel expenses	8	-144	-140
Depreciation		-3	-3
Operating profit		-66	-72
Profit from participations in Group companies		74	348
Interest income	10	514	442
Interest expenses	11	-462	-384
Change in value of financial instruments	12	-10	-12
Foreign exchange effects on financial liabilities		115	-39
Profit after financial items		165	283
Appropriations		-24	-
Tax	13	-34	-70
Profit for the year ¹⁾		107	213

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

Parent Company balance sheet

Amounts in MSEK	Note	Dec 31, 2017	Dec 31, 2016
ASSETS			
Non-current assets			
Equipment	15	6	8
Participations in Group companies	16	1,967	1,890
Receivables from Group companies	20	26,201	24,729
Non-current receivables	19	54	170
Total non-current assets		28,228	26,797
Current assets			
Current receivables			
Accounts receivable		–	0
Other receivables	22	232	77
Prepaid expenses and accrued income	23	43	43
Total current receivables		275	120
Cash and cash equivalents		386	320
Total current assets		661	440
TOTAL ASSETS		28,889	27,237

Parent Company balance sheet, cont.

Amounts in MSEK		Dec 31, 2017	Dec 31, 2016
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		100	100
Revaluation reserve		143	143
		243	243
Non-restricted equity			
Retained earnings		5,942	5,729
Share premium reserve		841	841
Profit for the year		107	213
		6,890	6,783
Total equity		7,133	7,026
Untaxed reserves		24	-
Provisions			
Deferred tax liability	24	236	218
Total provisions		236	218
Non-current liabilities			
Interest-bearing liabilities	25	14,264	11,295
Convertible debenture loans	25	-	42
Derivative instruments	18	-	26
Total non-current liabilities		14,264	11,363
Current liabilities			
Interest-bearing liabilities	25	7,089	8,304
Trade accounts payable		6	2
Tax liability		16	-
Other liabilities		13	221
Accrued expenses and deferred income	27	108	103
Total current liabilities		7,232	8,630
Total liabilities		21,756	20,211
TOTAL EQUITY AND LIABILITIES		28,889	27,237

Parent Company statement of changes in equity

Amounts in MSEK	Share capital	Revaluation reserve	Share premium reserve	Retained earnings including profit for the year	Total equity
Opening balance, Jan 1, 2016	100	143	841	5,051	6,135
Profit for the year				213	213
Shareholders' contributions				600	600
Group contributions, net				78	78
Closing balance, Dec 31, 2016	100	143	841	5,942	7,026
 Opening balance, Jan 1, 2017	 100	 143	 841	 5,942	 7,026
Profit for the year				107	107
Closing balance, Dec 31, 2017	100	143	841	6,049	7,133

Parent Company statement of cash flows

Amounts in MSEK	Note	2017	2016
Operating activities			
Operating profit		-66	-72
Adjustment for items not included in cash flow	29	3	3
Interest paid		-452	-378
Interest received		514	442
Tax paid		0	-
Cash flow from operating activities before changes in working capital		-1	-5
Increase(-)/decrease(+) in operating receivables		6	3
Increase(+)/decrease(-) in operating liabilities		-210	-73
Cash flow from operating activities		-205	-75
Investing activities			
Shareholders' contributions paid		-77	0
Investment in tangible non-current assets		-1	-5
Investment in receivables from Group companies		-1,551	-2,195
Investment in non-current receivables		-108	-132
Divestment of non-current receivables		65	-
Cash flow from investing activities		-1,672	-2,332
Financing activities	30		
Loans raised		11,600	13,416
Repayment of loans		-9,731	-11,828
Profit from participations in partnerships and limited partnerships		74	348
Shareholders' contributions received		-	600
Group contributions received		-	110
Group contributions rendered		-	-10
Cash flow from financing activities		1,943	2,636
Cash flow for the year		66	229
Cash and cash equivalents at the beginning of the year		320	91
Cash and cash equivalents at the end of the year		386	320

Notes with accounting policies and notes to the financial statements

Note 1

Company information

The Rikshem Group comprises the Parent Company Rikshem AB (publ), corporate registration number 556709-9667, and its subsidiaries and associated companies. The Parent Company is a public limited company with its head office in Stockholm, Sweden. The head office is located at Vasagatan 52 in Stockholm. The shares of Rikshem AB (publ) are held by Rikshem Intressenter AB, which is jointly owned by the Fourth Swedish National Pension Fund (AP4) and pension company AMF Pensionsförsäkring AB (AMF), each of which owns 50 percent. The Group's principal activity is to acquire, manage and develop residential properties and properties for public use in selected municipalities in Sweden.

The annual report and consolidated financial statements pertain to Rikshem AB (publ) and were approved by the Board of Directors on March 28, 2018. The annual report and consolidated financial statements were submitted to the Annual General Meeting on the same day for approval.

Note 2.1

Basic accounting policies

Applicable regulations

The consolidated financial statements for the Rikshem Group were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and interpretations issued by the IFRS Interpretations Committee (IFRIC), as approved by the European Union (EU). The Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 1 Supplementary Rules for Consolidated Financial Statements were also applied.

Reporting currency

The Group's reporting currency is the Swedish krona (SEK), which is the functional currency of the Parent Company. Unless otherwise specified, all amounts are reported in SEK million (MSEK).

Bases for preparation of the financial statements

The consolidated financial statements were prepared on the principle of a going concern. Assets and liabilities are measured at historical cost with the exception of derivative instruments and investment properties, which are measured at fair value, and deferred tax, which is measured at nominal value.

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

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

The preparation of financial statements in accordance with IFRS requires that several estimates be made by management. Areas involving a high degree of assessment or complexity, or areas where assumptions and estimates are of material significance for the consolidated financial statements, are presented in Note 2.4. These assessments and assumptions are based on historical experience and other factors considered reasonable in the prevailing circumstances. Actual outcomes may differ from the assessments made.

Note 2.2

Changes in accounting policies

Significant accounting policies are summarized in Note 2.3 below. The accounting policies applied include new and revised standards issued by the IASB and interpretations of existing standards that entered into force and are mandatory for application in the EU as of January 1, 2017.

New standards, amendments and interpretations of existing standards applied for the first time in the 2017 financial year

New standards and interpretations that came into force during 2017 have not had any effect on Rikshem's financial statements.

New standards, amendments and interpretations of existing standards not applied in advance by the Group

A number of new standards, amendments and interpretations are mandatory for application during the upcoming financial year. These were not applied when preparing the consolidated financial statements. The standards, amendments and interpretations that are expected to impact, or may impact, the financial statements are described below.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement as of 2018. IFRS 9 entails changes to the way financial assets are classified and measured. The recommendation also introduces a new model for loss allowances based on expected credit losses rather than incurred losses as well as changes in the policies for hedge accounting, which are intended to simplify, and increase consistency with, the company's internal risk management strategies.

An evaluation has been carried out to determine the impact on Rikshem's accounting when application of IFRS 9 commences. Since Rikshem does not apply hedge accounting, the new rules for hedge accounting will have no impact on the Group. The new rules for impairment based on expected credit losses are not expected to increase the provision for losses on accounts receivable. Since rent receivables are charged in advance and are primarily paid before the rental period, the Group's accounts receivable are not significant in relation to revenue. Losses on accounts receivable have historically been low. This means that the recognition of expected losses rather than incurred losses will not have any impact. No adjustment to the opening balance will be required.

As of 2018, IFRS 15 Revenue from Contracts with Customers will replace existing IFRS related to revenue recognition, such as IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 is based on revenue recognition when control of the goods or services is transferred to the customer, which differs from the existing standard based on the transfer of risks and rewards. IFRS 15 introduces new methods for determining how and when revenue is to be recognized, which entails new ways of thinking compared with the current approach to revenue recognition.

Rikshem's revenue consists of rental income and income from the sale of properties, and the assessment has been made that IFRS 15 Revenue from Contracts with Customers will not have a material impact on the company's financial statements. Rikshem provides residential properties and properties for public use primarily through rental agreements under which, in addition to the right to use the leased residential property/premises, the agreed rent usually also includes heat, water/sewage and refuse collection. Normally, the individual tenant is not permitted to enter into agreements with suppliers other than those contracted by the landlord. Should, due to climate variations, the consumption of, for example, heat be higher than what

Note 2.2

Continued

has been calculated, the landlord – Rikshem – normally carries the risk and no additional payment from the tenant is required. In light of this, Rikshem is of the opinion that the entire rental payment should also be viewed as rent in accounting terms.

Revenue from the sale of property is recognized when the risks and rewards are transferred to the buyer, which was previously considered to coincide with date of surrendering possession. IFRS 15 is based on revenue recognition when control has passed to the buyer. In Rikshem's opinion, the adoption of IFRS 15 will not alter the timing of revenue recognition from property sales.

As of 2019, IFRS 16 Leases will replace existing IFRS related to the recognition of leases, such as IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease.

Rikshem is primarily a lessor since Rikshem's rental agreements with tenants are classified as leases. For lessors, recognition will remain unchanged in all material respects. IFRS 16 mainly affects lessees, and the central effect is that all leases currently recognized as operating leases are to be recognized in a manner similar to the current accounting method for finance leases. Unlike today, when no recognition takes place in respect of the leased asset and related liability and lease payments are allocated on a straight line basis as leasing expenses, this means that assets and liabilities must also be recognized for operating leases, along with a corresponding recognition of expenses for amortization and interest. The leases entered into by Rikshem as the lessee primarily pertain to site leaseholds as well as minor rental agreements with external landlords and leases for cars and office equipment. For more information about the amounts of these leases, refer to Note 9. Rikshem is currently assessing how these leases are to be recognized in accordance with IFRS 16, and the impact on earnings and financial position can therefore not be estimated at this time.

Changes in Parent Company accounting policies

Until December 31, 2017, Rikshem AB applied the cost method in accordance with the Swedish Annual Accounts Act for the recognition of financial instruments, pursuant to the exemption rule in the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities, with the exception of the derivative portion linked to convertibles. From January 1, 2018, the Group will apply IFRS 9 without exception, which means that derivative instruments will be recognized at fair value. The figures for 2017 will be restated, whereby the opening balance of equity as of January 1, 2017 will decrease by MSEK 433. Profit for the year for 2017 will increase by MSEK 35, which means that equity as of December 31, 2017 will decrease by MSEK 398.

Note 2.3

Summary of significant accounting policies

Consolidated accounts

The consolidated accounts include the Parent Company and all subsidiaries. Subsidiaries are all those companies in which the Group is exposed to various kinds of risks, or has a right to variable returns from its participation and is able to affect these returns through its influence over the company. This usually results from a shareholding comprising more than half of the voting rights. All subsidiaries are consolidated as of the date when a controlling influence is achieved and consolidation ceases as of the date when the controlling influence ceases.

The consolidated accounts have been prepared in accordance with the acquisition method, which entails that an acquisition analysis is prepared on the date on which a subsidiary is acquired, with assets, liabilities and contingent liabilities measured at fair value. The consolidated accounts only include equity earned in the subsidiaries after the acquisition date. Earnings attributable to companies that were acquired or sold during the year are only included in the consolidated accounts in an amount corresponding to the profit earned during the holding period.

When a subsidiary is acquired, an assessment is made as to whether the acquisition is to be recognized as a business combination or an asset acquisition. Note 2.4 describes the criteria that Rikshem applies when assessing an acquisition.

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

Joint ventures

Joint ventures refers to companies in which Rikshem, through collaboration agreements with one or more partners, has a joint controlling influence over the operations. Holdings in joint ventures are recognized using the equity method. The equity method entails that participations are recognized at cost on the acquisition date and are thereafter adjusted by the Group's share of the change in the net assets of the joint venture. The accounting policies of each joint venture are adjusted to correspond with the Group's accounting policies.

Revenue

Revenue is recognized when it is probable that the economic benefits will accrue to the Group and when revenue can be determined in a reliable manner. Revenue is recognized net of VAT with deductions for any discounts. In all material respects, the Group's revenue comprises rental income.

Rental income

Rental agreements are classified in their entirety as operating leases. Rental income, including surcharges, is announced in advance. Rental income from investment properties is recognized on a straight-line basis in profit or loss over the rental period. Only the portion of the rent accruing to the period is recognized as revenue. Rent paid in advance is recognized as deferred income.

Revenue from property sales

Revenue from property sales is recognized when the risks and rewards are transferred from the seller to the buyer, which coincides with date of surrendering possession. Earnings from the sale of properties are recognized as a realized change in value.

Note 2.3

Continued

Financial income

Financial income is recognized in the period to which it pertains by applying the effective interest method.

Leases – Rikshem as lessee

Leases where the lessor essentially retains all the risks and rewards of ownership are classified as operating leases. Lease payments are expensed on a straight-line basis in the statement of comprehensive income over the lease period. All leases where Rikshem is the lessee are classified as operating leases.

Investment properties

Investment properties are held for the purpose of receiving rental income or an increase in value or a combination of the two. All properties owned by Rikshem constitute investment properties. Investment properties are recognized at cost on the acquisition date, including expenses directly attributable to the acquisition. After the acquisition date, investment properties are recognized at fair value; see Note 14 for a description of the valuation model and assumptions underlying the valuation.

Both realized and unrealized changes in value are recognized in the statement of comprehensive income on the line "Change in value of investment properties." The unrealized change in value is calculated on the basis of the year-end valuation compared with the valuation at the beginning of the year, or at cost if the property was acquired during the period, taking into account the period's investments.

Additional expenditures are added to the carrying amount only if it is probable that the future economic benefits associated with the asset will accrue to the company. All other additional expenditures are recognized as an expense in the periods in which they arise. Repairs and maintenance activities are expensed at the time when the expenditure arises. In major projects, interest expenses are capitalized during production.

Investment properties include buildings, land, land improvements, permanent equipment, service facilities, etc. in buildings, and work in progress.

Equipment

Equipment comprises physical assets that are used in the Group's operation and have an expected useful life in excess of one year. This primarily pertains to cars and office equipment. Equipment is recognized at cost less accumulated depreciation and any impairment. Depreciation is carried out on a straight-line basis over five years and commences when the asset is put into operation. Residual value is not taken into consideration since it is assessed as being negligible.

Financial instruments

Financial instruments comprise every type of agreement that gives rise to a financial asset in one company and a financial liability or equity instrument in another company. Financial assets and liabilities are offset and recognized in a net amount in the balance sheet only when a legal right exists to offset the recognized amounts and there is an intention to settle the items in a net amount, or to simultaneously realize the asset and settle the liability.

Financial assets

Purchases and sales of financial assets are recognized on the transaction date, meaning the date when the Group undertakes to purchase or sell the asset. Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred essentially all the risks and rewards of ownership.

The Group classifies financial assets in the following categories: financial assets measured at fair value through the profit or loss, loan receivables and accounts receivable. Classification depends on the purpose for which the financial asset was acquired. Classification on initial recognition is as a financial asset.

Financial assets measured at fair value through profit or loss

The Rikshem Group uses interest-rate and combined currency and interest-rate derivatives to manage its financial risks. Derivatives are measured at fair value through profit or loss since Rikshem does not apply hedge accounting. Unrealized changes in value are recognized in the statement of comprehensive income on the line "Change in value of financial instruments" and are specified in Notes 12. Realized changes in value are recognized in net financial items.

Loan receivables and accounts receivable

Loan receivables are initially recognized at fair value with the addition of any transaction costs and are the subject of regular, systematic analysis in order to determine the amount at which the receivable is expected to be received. After the acquisition date, loan receivables and accounts receivable are recognized at amortized cost by applying the effective interest method. If a loan receivable is assumed to be doubtful, a provision is made for the difference between the carrying amount and the anticipated cash flow. Interest income in respect of loan receivables is included in financial income.

Accounts receivable are determined initially at fair value. A provision for doubtful receivables is made when there is objective evidence that the asset's full value will not be received.

Financial liabilities

The Group's financial liabilities are divided into two categories: financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost.

Financial liabilities measured at fair value through profit or loss

The Rikshem Group uses interest-rate and combined currency and interest-rate derivatives to manage its financial risks. These derivatives have been measured in accordance with level 2 of the IFRS measurement hierarchy. Refer also to the description above.

Financial liabilities measured at amortized cost

Liabilities are initially recognized at fair value less transaction costs. In subsequent periods, the liabilities are measured at amortized cost in accordance with the effective interest method. Rikshem has issued bonds denominated in NOK and EUR. The bonds are translated at the closing day rate and exchange rate differences are recognized in the statement of comprehensive income.

Combined financial instruments

Convertible debenture loan

In accordance with IAS 39, the convertible debenture loan has been recognized partly as derivative debt and partly as an interest-bearing liability based on a number of conditions, of which the chief one is considered to be the lack of a fixed price to determine the number of shares. The derivative portion of the convertible debenture loan has been measured as a call option based on the Black-Scholes model for option pricing. The assumptions made in the valuation of risk-free interest rate and volatility are based on the conditions that apply for Rikshem and other comparable companies listed on the stock exchange.

Note 2.3

Continued

The convertible debenture loan derivative portion has been valued in accordance with IFRS valuation hierarchy level 3.

Borrowing costs

Borrowing costs comprise interest and other costs that occur when a company borrows money. Borrowing costs that are attributable to the financing of an asset that takes a significant amount of time to complete for its intended use or sale are capitalized as part of the asset's cost. Other borrowing costs are recognized as an expense in the period in which they arise.

Provisions

Provisions are recognized when the Group has a current obligation, either legal or informal, as a result of past events and when it is probably that a payment will be required to settle the obligation and the amount can be reliably calculated. In cases where the company expects that the provision made will be reimbursed by an external party, for example, as part of an insurance contract, the anticipated reimbursement is recognized as a separate asset but only when it is virtually certain that reimbursement will be received. Provisions are reviewed at the end of each reporting period.

Contingent liabilities

A contingent liability is a possible obligation arising from past events whose existence will only be confirmed by one or more uncertain future events, not wholly within the control of the company, occurring or not occurring, or an obligation arising from past events which is not recognized as a liability or provision since it is not probable that an outflow of resources will be required to settle the obligation or because the size of the obligation cannot be calculated with sufficient reliability. No recognition is required when the probability of an outflow of resources is remote.

Employee benefits

The Group has both defined benefit pension plans and defined contribution pension plans. A defined contribution pension plan is one where the company pays fixed premiums to a separate legal entity. The Group has no legal or informal obligations to pay further contributions if the legal entity does not have sufficient assets to pay all employee benefits relating to employee service in the current or earlier periods. The Group's contributions to defined contribution pension plans are charged to profit for the year to which they are attributable.

A defined benefit pension plan specifies the amount of the pension benefit an employee will receive after retirement. The defined benefit plan is calculated using the Projected Unit Credit Method (PUCM) and is recognized in the balance sheet. In addition to taking into account the pensions and legal rights that are known on the closing date, assumptions are also made concerning anticipated increases in pensions and salaries and other significant factors. The calculation is based on actuarial calculation methods. Expenses regarding employee service in the current year and net interest expenses are included in income from management operations.

Remeasurements of defined benefit pension plans comprise actuarial gains and losses as well as actual returns on plan assets and are recognized under other comprehensive income in the period in which they arise. Estimated pension costs for previous periods of employee service are determined when a defined benefit pension plan is adjusted. These adjustments are recognized in income from management operations. The total net obligation, meaning the present value of the defined benefit obligation less the fair value of the plan assets in

respect of all plans, is recognized in the consolidated balance sheet after adjustment for any previous expenses not yet allocated.

Termination benefits

Termination benefits are paid when employment is terminated by the employer or when an employee accepts voluntary retirement in exchange for such benefits. The Group recognizes severance pay when an obligation arises.

Tax

Tax expense for the year comprises current and deferred tax. Tax is recognized in profit for the year except when the tax pertains to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income or equity, respectively.

Current income tax

Current income tax is calculated on the taxable profit for the period and is recognized in the statement of comprehensive income as income or an expense. Taxable profit refers to recognized profit adjusted for non-taxable revenue and non-deductible expenses. Tax assets and tax liabilities for the current and previous years are set at the amount expected to be recovered from or paid to the National Tax Board. The tax rates and tax laws used to calculate the amount are those in force or announced as of the closing date. For 2017 and 2016, the tax rate was 22 percent. Furthermore, management regularly evaluates any claims made in tax returns relating to situations where applicable tax rules are subject to interpretation. When deemed appropriate, provisions are made for the amount that will likely be paid to the National Tax Board.

Deferred tax

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

Deferred tax assets are recognized for all deductible temporary differences, including loss carryforwards, insofar as it is probable that a taxable profit will be available against which the deductible temporary differences can be utilized. The valuation of deferred tax assets is assessed on each closing date and adjusted to the extent that it is no longer probable that sufficient profit will be generated, so that all or part of the deferred tax asset can be utilized.

When acquiring a company, an assessment is made as to whether the acquisition refers to the acquisition of a business (business combination) or an asset (a property). A business combination is when the acquisition concerns the purchase of a company with properties, including the takeover of staff and processes. In respect of business combinations, deferred tax is recognized at a nominal amount based on temporary differences. When an acquisition pertains to an asset, no deferred tax is recognized upon acquisition.

Deferred tax assets and deferred tax liabilities are offset.

Note 2.3

Continued

Share capital

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

Recognition of cash flow

Cash and cash equivalents comprise balances available with banks and other liquid investments with a maturity of less than three months that are exposed to insignificant value fluctuations. Cash flow from operating activities is recognized in accordance with the indirect method.

Events after the closing date

Events after the closing date that confirm the conditions prevailing on the closing date are taken into consideration in the measurement of assets and liabilities.

Parent Company accounting policies

Rules and regulations applied

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2. Deviations between the policies used by the Parent Company and the Group are due to restrictions on fully applying IFRS in the Parent Company due to the Annual Accounts Act and the connection between accounting and taxation. The deviations are presented below.

Financial instruments

Due to the connection between accounting and taxation, the rules on financial instruments are not applied according to IAS 39 in the Parent Company as a legal entity. Instead, the Parent Company applies the cost method in compliance with the Annual Accounts Act. In the Parent Company, financial assets are therefore measured at cost less any impairment and financial current assets are measured at the lower of cost or net realizable value.

Financial instruments in the Parent Company are measured in accordance with the Annual Accounts Act based on the cost method. However, the convertible debenture loan and its associated derivative portion are handled in the same manner in the Parent Company as in the consolidated accounts.

As of 2018, the Parent Company's policy for the recognition of financial instruments will be changed. For more information, refer to Note 2.2 Changes in accounting policies.

Participations in Group companies

Shares in subsidiaries are recognized using the cost method. This means that transaction costs are included in the carrying amount of holdings in subsidiaries.

Group contributions and shareholders' contributions

The Parent Company recognizes Group contributions received and paid against equity.

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

Pensions

The Parent Company recognizes pensions in accordance with the rules of the Swedish Pension Obligations Vesting Act since this is a condition of tax deductibility.

Note 2.4

Significant accounting assessments, estimates and assumptions

When the Board of Directors and CEO prepare financial statements in accordance with applicable accounting policies, certain estimates and assumptions must be made that impact the carrying amounts of assets, liabilities, revenue and expenses. The areas where such estimates and assumptions are of significant importance for the Group, and which could impact comprehensive income and the financial position were they to change, are described below:

Valuation of investment properties

In the valuation of investment properties, assessments and assumptions may affect the Group's earnings and financial position. Valuation requires that assessments and assumptions be made regarding future cash flow and the determination of a capitalization rate (required rates of return and cost of capital). In order to reflect the uncertainty inherent in assumptions and assessments made in a property valuation, a "valuation range" of +/- 5 to 10 percent is usually specified. Information about this and the assumptions and assessments made are presented in Note 14.

Classification of acquisitions

An assessment must be made as to whether an acquisition is a business combination or an asset acquisition. A business comprises resources and processes that can result in production. When acquiring a company, an assessment is made as to how the acquisition is to be recognized, partly based on the following criteria: the existence of employees, the company's assets and the complexity of internal processes. Moreover, the assessment also takes into consideration the number of operations and the existence of agreements with various degrees of complexity. High fulfillment of these criteria results in classification of the acquisition as a business combination and low fulfillment in classification as an asset acquisition. For all acquisitions made during the year, Rikshem's assessment has resulted in the transactions being classified as asset acquisitions.

When acquisitions of subsidiaries entail the acquisition of non-business combination assets, the cost of these assets and liabilities is allocated according to their relative fair values on the acquisition date. Had the assessment instead resulted in classification as a business combination, this would have meant that the initial recognized property value would have been higher as would deferred tax liabilities and probably also goodwill.

Note 3

Financial instruments and risk management

The Group's financial liabilities comprise bank and capital market loans, liabilities to related parties, interest-rate and currency derivatives, and certain operating liabilities, such as trade accounts payable. The Group's financial assets comprise cash and cash equivalents, interest-rate and currency derivatives, accounts receivable, accrued rental income, and current and non-current receivables.

The financial risks that the financial assets and liabilities give rise to can be broken down into liquidity and refinancing risk, currency risk, credit risk and interest-rate risk. Liquidity and refinancing risk refers to the risk that financing may not be available when required or may only be available at a significantly higher expense than before and that it may not be possible to meet payment commitments as a result of insufficient liquidity. Currency risk refers to the risk that changes in exchange rates may have a negative impact on financial liabilities. Credit risk refers to the risk that a counterparty may not be able to fulfill its obligation and thus cause Rikshem a financial loss. Interest-rate risk refers to the risk that the future cash flows from a financial instrument may fluctuate due to changes in market interest rates, which in Rikshem's case would entail a substantial increase in interest expenses.

Financial key figures

	Dec 31, 2017	Dec 31, 2016
Equity/assets ratio, %	36	33
Loan-to-value ratio, %	59	62
Loan-to-value ratio, secured loans, %	12	15
Share of current liabilities, %	32	47
Interest-coverage ratio, multiple	3.5	3.8
Fixed-interest term, years	5.3	2.6
Loan maturity, years	3.0	1.9
Average interest rate	2.0	1.5

Credit risk

The financial risk that the financial assets give rise to is referred to as credit risk. As of the closing date, Rikshem had non-current receivables with a total carrying amount of MSEK 227, of which 98 percent comprised receivables from joint ventures. The credit risk on rent receivables is managed by conducting credit assessments of new tenants. As of the closing date, Rikshem had accounts receivable amounting to MSEK 16. The credit quality of accounts receivable that are not past due is considered to be good. As of the closing date, Rikshem also had interest-rate and currency derivatives with a positive

value of MSEK 32. To limit the credit risk on positive interest-rate and currency derivatives, Rikshem only enters into agreements with counterparties with a credit rating of A- or higher. For combined interest-rate and currency derivatives with a positive market value, the company also receives collateral from its counterparties on a monthly basis.

Liquidity and refinancing risk

Rikshem works proactively to ensure it continuously has multiple financing sources available. The company has raised secured bank loans with five Nordic banks. Of these bank loans, 90 percent have 3-month STIBOR as their interest rate base and 10 percent have a fixed interest rate. In addition, the company has raised capital market loans by issuing commercial papers and bonds. The commercial papers have a maturity of less than one year and the bonds have a maturity of more than one year. The interest rate for the commercial papers is determined on the issue date. The interest rate for 56 percent of the bonds is based on 3-month STIBOR. The remainder have a fixed interest rate. To ensure access to financing, the company aims to have an equity/assets ratio of at least 30 percent and a maximum loan-to-value ratio of 70 percent of fair value. The portfolio of interest-rate derivatives held by Rikshem is extended on a continuous basis with maturities of up to ten years in order to create a well-diversified interest-rate risk.

The company has a liquidity and refinancing risk when each loan falls due. The refinancing and liquidity risk resulting from the maturity structure is managed by limiting the current liability to 35 percent of the total liability and by always having an average loan maturity of at least two years. The risk is also managed through the backup facilities and unutilized portion of overdraft facilities totaling SEK 3.2 billion that the company has with two banks as well as the backup facility and subscription commitment for commercial papers from the owners of AMF Pensionsförsäkring AB and the Fourth Swedish National Pension Fund (AP4) totaling SEK 10 billion.

Note 3

Continued

Maturity analysis, interest-bearing liabilities

Year	Amortized cost	Nominal amount	Future interest payments under current contracts at closing date	Of which, payments on interest-rate derivatives
2018	7,765	7,765	439	275
2019	2,749	2,750	356	178
2020	4,665	4,661	272	100
2021	2,579	2,574	189	35
2022	1,699	1,727	77	-31
2023	-	-	47	-48
2024	3,337	3,365	34	-27
2025	-	-	22	-10
2026	723	720	33	-
2027	499	536	14	-
2028	-	-	11	-
2029	-	-	11	-
2030	-	-	11	-
2031	-	-	11	-
2032	274	270	11	-
Total	24,290	24,368	1,538	472

Maturity analysis, interest-rate derivatives

Year	Interest, payable	Interest, receivable
2018	275	-
2019	190	12
2020	187	87
2021	183	148
2022	136	167
2023	83	131
2024	47	74
2025	14	24
	1,115	643

Currency risk

While Rikshem mainly issues bonds in SEK, the loan portfolio also includes bonds issued in NOK and EUR. For borrowings in foreign currency, Rikshem uses currency swaps whereby the exchange rate on interest payments and repayments is hedged.

Interest-rate risk

Most of the company's fixed-interest loans in respect of external financing fall due within six months.

Remaining fixed interest terms

Remaining fixed interest terms	Amortized cost	Nominal amount
0-6 months	17,493	17,553
6-12 months	-	-
More than 12 months	6,797	6,815
Total	24,290	24,368

The interest-rate risk resulting from the company's fixed-interest structure is managed through interest-rate swaps and forward interest-rate swaps that the company has signed with four Nordic banks with A+ credit ratings. Interest-rate swaps have been signed under ISDA agreements and in all interest-rate swaps the company receives 3-month STIBOR and pays a fixed interest rate to the counterparties. The ISDA agreements allow receivables and liabilities to the same counterparty to be offset against each other, thereby reducing the credit risk of the counterparty not being able to fulfill its obligations. To manage interest-rate risk, the company aims to ensure that its interest coverage ratio always exceeds 1.75 percent.

Note 3

Continued

Interest-rate derivatives, December 31, 2017

Year	Nominal amount, SEK billion End of the year	Average inter- est rate, % End of the year
2017	17.8	1.2
2018	17.8	1.0
2019	17.8	1.0
2020	16.3	1.1
2021	14.0	1.0
2022	10.0	0.9
2023	5.0	1.0
2024	2.0	1.1
2025	0.0	n/a

The fixed-interest structure of the debt portfolio combined with the above derivative portfolio gives rise to the following overall fixed-interest structure:

Interest-bearing liabilities

Year	Fixed-interest term		Loan maturity	
	MSEK	share, %	MSEK	share
0-1	0	–	7,765	32
1-2	318	1	2,749	11
2-3	1,880	8	4,665	19
3-4	3,156	13	2,579	11
4-5	5,599	23	1,699	7
5–	13,337	55	4,833	20
Total	24,290	100	24,290	100

Sensitivity analysis

If the average interest rate were to change by +/- 1 percent, interest expenses would change by +/- MSEK 243.

Note 3

Continued

Classification of financial instruments

Group	Loan receivables and accounts receivable	Financial assets/ liabilities recognized at fair value	Financial liabilities recognized at amortized cost	Total carrying amount	Fair value
December 31, 2017					
Assets					
Accounts receivable	16			16	16
Other receivables	273			273	273
Derivative instruments		32		32	32
Other non-current receivables	227			227	227
Prepaid expenses and accrued income	109			109	109
Cash and cash equivalents	386			386	386
Total assets	1,011	32		1,043	1,043
Liabilities					
Liabilities to credit institutions			4,944	4,944	4,978
Bond loans			15,363	15,363	15,580
Commercial papers			3,715	3,715	3,716
Liabilities to Parent Company			182	182	182
Liabilities to joint ventures			86	86	86
Derivative instruments		542		542	542
Trade accounts payable			58	58	58
Other current liabilities			25	25	25
Accrued expenses and deferred income			186	186	186
Total liabilities		542	24,559	25,101	25,353
December 31, 2016					
Assets					
Accounts receivable	17			17	17
Other receivables	261			261	261
Derivative instruments		39		39	39
Other non-current receivables	231			231	231
Prepaid expenses and accrued income	49			49	49
Cash and cash equivalents	320			320	320
Total assets	878	39		917	917
Liabilities					
Liabilities to credit institutions			5,582	5,582	5,596
Bond loans			11,708	11,708	11,777
Commercial papers			6,090	6,090	6,091
Liabilities to Parent Company			140	140	140
Derivative instruments		621		621	621
Convertible debenture loan			42	42	42
Trade accounts payable			69	69	69
Other current liabilities			240	240	240
Accrued expenses and deferred income			173	173	173
Total liabilities		621	24,044	24,665	24,749

Note 3

Continued

	Loan receivables and accounts receivable	Financial assets/ liabilities recog- nized at fair value	Financial liabilities recognized at amortized cost	Total carrying amount	Fair value
Parent Company					
December 31, 2017					
Assets					
Receivables from Group companies	26,201			26,201	26,201
Other receivables	222			222	222
Other non-current receivables	54			54	54
Prepaid expenses and accrued income	41			41	41
Cash and cash equivalents	386			386	386
Total assets	26,903			26,903	26,903
Liabilities					
Liabilities to credit institutions			2,275	2,275	2,285
Commercial papers			3,715	3,715	3,716
Bond loans			15,363	15,363	15,580
Trade accounts payable			6	6	6
Other current liabilities			1	1	1
Accrued expenses and deferred income			101	101	101
Total liabilities		–	21,460	21,460	21,689
December 31, 2016					
Assets					
Accounts receivable	0			0	0
Receivables from Group companies	24,739			24,739	24,739
Other receivables	69			69	69
Other non-current receivables	170			170	170
Prepaid expenses and accrued income	41			41	41
Cash and cash equivalents	320			320	320
Total assets	25,339			25,339	25,339
Liabilities					
Liabilities to credit institutions			1,801	1,801	1,800
Commercial papers			6,090	6,090	6,091
Bond loans			11,708	11,708	11,777
Convertible debenture loan			42	42	42
Derivative instruments		26		26	26
Trade accounts payable			2	2	2
Other current liabilities			214	214	214
Accrued expenses and deferred income			93	93	93
Total liabilities		26	19,950	19,976	20,045

Note 3

Continued

Non-current receivables

Book value is considered a fair approximation of fair value.

Derivative instruments

Interest-rate and currency derivatives are measured at fair value by discounting expected future cash flows under a contract's terms and due dates on the basis of market interest rate/observable yield curve. Interest-rate derivatives are included in level 2 of the valuation hierarchy.

Interest-bearing liabilities

For the purpose of disclosure, the fair value of interest-bearing liabilities is calculated by discounting future cash flows of the principal and interest rate discounted to the current market rate. This has been carried out in accordance with level 3 of the valuation hierarchy.

Current receivables and liabilities

The carrying amounts of current receivables and liabilities, such as accounts receivable and trade accounts payable, are considered to be a reasonable estimate of fair value.

Note 4

Operating income and expenses

Parent Company

Of the Parent Company's operating income, MSEK 175 (159) pertains to sales of administrative and property management services to subsidiaries, which corresponds to 99 percent (99) of sales. Of the Parent Company's operating expenses, MSEK 9 (8) pertains to purchases from subsidiaries, which corresponds to 9 percent (9) of total purchases.

Note 5

Rental income

Group

All rental agreements are classified as operating leases. The rental agreement maturity structure is presented in the table below. Housing and parking space agreements, which are usually subject to a three-month period of notice, are not included in the table.

Annual rent	2017	2016
Maturing within 1–5 years	375	328
Maturing within 6–10 years	185	128
Maturing within 11–15 years	196	216
Maturing within 16–20 years	139	151
Maturing within 21–25 years	32	33
Maturing later than 26 years	–	10
	927	866

The average term of the rental agreements in the table above was 8.4 years for 2017 and 9.3 years for 2016. The average term of equivalent rental agreements exclusively in properties for public use buildings was 9.8 years for 2017 and 10.3 years for 2016.

Note 6

Segment reporting

Group

Rikshem's breakdown into segments consists of two types of assets: residential properties and properties for public use. This breakdown corresponds to the internal reporting structure. The distribution of earnings is made in respect of the income statement items included in net operating income and changes in value. No division is made in respect of the remaining income statement items as these are consolidated. Investment properties are distributed between the respective segments based on balance sheet items. Other assets, liabilities and equity are considered to be consolidated and are thus not distributed.

	Residential properties		Properties for public use		Total	
	2017	2016	2017	2016	2017	2016
Rental income	1,907	1,740	758	744	2,665	2,484
Operating expenses	-552	-518	-150	-161	-702	-679
Maintenance	-162	-159	-54	-54	-216	-213
Administration	-119	-105	-37	-32	-156	-137
Property tax	-34	-33	-2	-2	-36	-35
Total property expenses	-867	-815	-243	-249	-1,110	-1,064
Net operating income	1,040	925	515	495	1,555	1,420
Change in value of investment properties	1,475	1,558	172	404	1,647	1,962
Total return	2,515	2,483	687	899	3,202	3,382

All revenue relates to Sweden. No single tenant accounted for 10 percent or more of revenue during 2016 and 2017.

Statement of income	By segment		Unallocated items		Total	
	2017	2016	2017	2016	2017	2016
Net operating income	1,555	1,420	-	-	1,555	1,420
Central administration	-	-	-62	-76	-62	-76
Interest income	-	-	8	12	8	12
Interest expenses	-	-	-441	-353	-441	-353
Profit from participations in joint ventures	-	-	90	205	90	205
Change in value of properties	1,647	1,962	-	-	1,647	1,962
Change in value of derivatives	-	-	36	-76	36	-76
Foreign exchange effects on financial liabilities	-	-	115	-39	115	-39
Profit before tax	3,202	3,382	-254	-327	2,948	3,055

	Residential properties		Properties for public use		Total	
Balance sheet	2017	2016	2017	2016	2017	2016
Investment properties ¹⁾	29,327	26,907	11,712	10,971	41,039	37,878
¹⁾ of which, investments for the year	1,369	1,431	217	418	1,586	1,849

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

Note 7

Auditors' fees and reimbursements

Group/Parent Company, SEK thousand	2017	2016
Ernst & Young AB		
Audit assignment	2,855	2,879
Other auditing activities	726	287
Tax advice	–	–
Other services	–	–
Total	3,581	3,166

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

Note 8

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

Average number of employees

	2017			2016		
	Women	Men	Total	Women	Men	Total
Group						
Sweden	87	114	201	76	104	180
Parent Company						
Sweden	82	105	187	74	92	166

Gender allocation in company management

	Dec 31, 2017			Dec 31, 2016		
	Women	Men	Total	Women	Men	Total
Group						
Board of Directors	3	3	6	4	2	6
Other senior executives	4	5	9	3	5	8
Parent Company						
Board of Directors	3	3	6	4	2	6
Other senior executives	4	5	9	3	5	8

Note 8

Continued

Salaries, other remuneration and social security expenses

SEK thousand	2017		2016	
	Salaries, fees and benefits	Pensions	Salaries, fees and benefits	Pensions
Group				
Chairman of the Board, Mats Mared January 1 to March 11, 2016	–	–	97	–
Chairman of the Board, Svante Johansson March 12 to August 31, 2016	–	–	238	–
Chairman of the Board, Bo Magnusson since September 2016	545	–	179	–
Total, Chairman of the Board	545	–	514	–
Board member, Lena Boberg since September 2016	200	–	67	–
Board member, Liselotte Hjorth since September 2016	250	–	82	–
Board member, Per-Gunnar Persson since September 2016	235	–	77	–
Board member, Per Uhlén since April 2017	139	–	–	–
Total, other Board members	824	–	226	–
Former CEO, January 1 to March 11, 2016		–		662
Basic salary and severance pay	–		5,901	
Benefits	–		29	
Acting CEO, March 12 to October 31, 2016		–		877
Basic salary	–		2,125	
Benefits	–		39	
CEO since November 2016		1,114		182
Basic salary	3,648		605	
Benefits	58		5	
Former Deputy CEO		–		327
Basic salary	–		1,001	
Benefits	–		13	
Others senior executives		2,840		1,340
Basic salary	8,127		6,080	
Benefits	183		63	
Performance pay	1,580		1,533	
Other employees		10,979		13,449
Basic salary	77,129		72,016	
Benefits	991		1,121	
Performance pay	9,861		9,162	
Total	102,946	14,933	100,433	16,837
Social security expenses, including pension costs	47,225		48,342	
Total salaries, other remuneration and social security expenses	150,171		148,775	

Note 8

Continued

Salaries, other remuneration and social security expenses

SEK thousand	2017		2016	
	Salaries, fees and benefits	Pensions	Salaries, fees and benefits	Pensions
Parent Company				
Chairman of the Board, Mats Mared January 1 to March 11, 2016	–	–	97	–
Chairman of the Board, Svante Johansson March 12 to August 31, 2016	–	–	238	–
Chairman of the Board, Bo Magnusson since September 2016	545	–	179	–
Total, Chairman of the Board	545	–	514	–
Board member, Lena Boberg since September 2016	200	–	67	–
Board member, Liselotte Hjorth since September 2016	250	–	82	–
Board member, Per-Gunnar Persson since September 2016	235	–	77	–
Board member, Per Uhlén since April 2017	139	–	–	–
Total, other Board members	824	–	226	–
Former CEO, January 1 to March 11, 2016	–	–	–	662
Basic salary and severance pay	–	–	5,901	–
Benefits	–	–	29	–
Acting CEO, March 12 to October 31, 2016	–	–	–	877
Basic salary	–	–	2,125	–
Benefits	–	–	39	–
CEO since November 2016	–	1,114	–	182
Basic salary	3,648	–	605	–
Benefits	58	–	5	–
Former Deputy CEO	–	–	–	327
Basic salary	–	–	1,001	–
Benefits	–	–	13	–
Others senior executives	–	2,645	–	1,154
Basic salary	7,615	–	5,381	–
Benefits	170	–	47	–
Performance pay	1,473	–	1,033	–
Other employees	–	9,888	–	11,886
Basic salary	70,883	–	64,971	–
Benefits	750	–	846	–
Performance pay	8,995	–	8,591	–
Total	94,961	13,647	91,327	15,088
Social security expenses, including pension costs	43,544	–	43,777	–
Total salaries, other remuneration and social security expenses	138,505	–	135,104	–

Note 8

Continued

Board of Directors

According to an AGM resolution, an annual fee in the amount of SEK 500 thousand is to be paid to the Chairman of the Board and SEK 175 thousand to each Board member. A fee in the amount of SEK 50 thousand is to be paid to the chairman of the investment committee and SEK 25 thousand to each member of the investment committee, a fee in the amount of SEK 50 thousand is to be paid to the chairman of the audit committee and SEK 25 thousand to each member of the audit committee, and a fee in the amount of SEK 20 thousand is to be paid to the chairman of the remuneration committee and SEK 10 thousand to each member of the remuneration committee. No fees are payable for Board or committee work for members employed by AP4 or AMF. In 2017, fees totaling SEK 545 thousand were paid to the Chairman of the Board and a total of SEK 824 thousand to the other members.

CEO

Remuneration and benefits

Remuneration and benefits for the CEO are determined by the Board. The remuneration comprises a basic salary, and no variable remuneration was paid in 2017. Benefits refer chiefly to company vehicles.

Agreement on severance pay

The company and the CEO are subject to a mutual six-month period of notice. In accordance with the employment contract, severance pay amounting to 12 months' salary will be paid to the CEO in the case of termination by the company. Deductions to severance pay and salary in lieu of notice will be made in respect of other income. No severance pay will be paid in the case of termination by the employee.

Pension

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

Others senior executives

Others senior executives include the following ten (seven) positions: Head of Region, Northern Sweden; Head of Region, Southern Sweden; Head of Region, Mälardalen; CFO; Senior Legal Advisor; Head of Transactions; Head of Projects and Property Development; Head of Business and Sustainable Development; Head of HR; and Head of Communication. Remuneration to other senior executives consists of a basic salary and a variable performance-based component based on the Group's return on equity. For full pay-out, the Group's return on equity must exceed 20 percent. Performance-based remuneration may amount to a maximum of four or six months' salary. Payment is spread across the subsequent three years on the condition that employment continues. There is one senior executive who is exempt from this variable remuneration. The variable remuneration is pensionable. Benefits refer chiefly to company vehicles. Salaries for other senior executives are not fully comparable between years since the number of senior executives was gradually changed in 2017.

Pension

The retirement age is 65 for all other senior executives except one, who has the right to retire from the age of 61. Pension benefits for other senior executives follow the collectively agreed defined contribution plans; some have supplementary premiums up to a maximum of 30 percent of gross salary.

Agreement on severance pay

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

Other employees

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

The performance-based remuneration for four (seven) key personnel is based on the Group's return on equity. For full pay-out, the Group's return on equity must exceed 20 percent. This remuneration may amount to a maximum of four or six months' salary. Payment is spread across the subsequent three years on the condition that employment continues. The variable remuneration is pensionable. Benefits refer chiefly to company vehicles.

Performance-based remuneration for other employees is based on the total return on properties and on certain individual factors. For full pay-out, the average real total return for 2015, 2016 and 2017 must exceed 7 percent. Performance-based remuneration may amount to a maximum of two months' salary ¹⁾. The performance-based remuneration is pensionable. Benefits refer chiefly to company vehicles.

¹⁾ The monthly salary ceiling for the performance-based remuneration for other employees of SEK 35 thousand (maximum outcome of SEK 70 thousand) was terminated through a Board decision on March 30, 2017. This means that there was no monthly salary ceiling for performance-based remuneration in 2017.

Note 9

Operating leases – Rikshem as lessee

	2017	2016
Group		
Maturing within 1 year	6	7
Maturing within 2–5 years	16	21
Maturing later than 5 years	30	37
	52	65
Parent Company		
Maturing within 1 year	4	5
Maturing within 2–5 years	10	12
Maturing later than 5 years	2	1
	16	18

Future lease payments refer to agreements entered into concerning leasehold fees, cars, office equipment and rental agreements with an external landlord.

Note 10

Interest income

	2017	2016
Group		
Interest income, Group companies	–	5
Interest income, joint ventures	6	3
Interest income, other	2	4
Other financial income	0	0
	8	12
Parent Company		
Interest income, Group companies	509	437
Interest income, subsidiary holdings in joint ventures	5	3
Interest income, other	0	2
	514	442

Note 11

Interest expenses

	2017	2016
Group		
Interest expenses, Group companies	–2	–
Interest expenses, joint ventures	–3	–2
Interest expenses, other	–422	–333
Other financial expenses	–14	–18
	–441	–353

In the case of major new builds, extensions and redevelopments, interest on the investment is capitalized during the production period. In 2017, MSEK 10 (18) was capitalized and calculated based on the average interest rate on the loan portfolio during the period.

	2017	2016
Parent Company		
Interest expenses, Group companies	–32	–24
Interest expenses, other	–417	–343
Other financial expenses	–13	–17
	–462	–384

Note 12

Change in value of financial instruments

	2017	2016
Group		
Unrealized change in value, interest-rate and currency derivatives	46	–64
Unrealized change in value, derivatives linked to convertible	–10	–12
	36	–76
Parent Company		
Unrealized change in value, derivatives linked to convertible	–10	–12
	–10	–12

Note 13

Tax

	2017	2016
Group		
Current tax	-44	-9
Current tax attributable to Group contribution paid	-	-31
Deferred tax	-474	-582
	-518	-622
Difference between the recognized tax expense and the tax expense based on the applicable tax rate		
Recognized profit before tax	2,948	3,055
Tax according to current tax rate	-649	-672
Tax effect of non-taxable income and net non-deductible expenses	596	649
Tax effect of changed loss carryforwards	9	14
Current tax on profit for the year	-44	-9
Change in deferred tax in respect of properties	-443	-580
Change in deferred tax in respect of financial instruments	-10	14
Change in deferred tax in respect of untaxed reserves	-12	-2
Change in deferred tax in respect of loss carryforwards	-9	-14
Change in deferred tax in the statement of income	-474	-582
Effective tax rate, %	17.6	20.4
Parent Company		
Current tax	-16	22
Deferred tax	-18	-92
	-34	-70
Difference between the recognized tax expense and the tax expense based on the applicable tax rate		
Recognized profit before tax	141	283
Tax according to current tax rate	-31	-62
Tax effect of non-taxable income and net non-deductible expenses	12	66
Tax effect of changed loss carryforwards	3	18
Current tax on profit for the year	-16	22
Change in deferred tax in respect of properties in limited partnerships	-15	-73
Change in deferred tax in respect of loss carryforwards	-3	-19
Change in deferred tax in the statement of income	-18	-92
Effective tax rate, %	24.1	24.7

Note 14

Fair value of investment properties

Group

Changes in the property portfolio for the year

The fair value of investment properties increased during the year to MSEK 41,039 (37,878), which corresponds to SEK 18,494 per square meter (17,362). The increased value resulted from investments in existing properties and value increases. In all, the increase in value amounted to MSEK 1,647 (1,962), equivalent to growth of 4.3 percent (6.1). The increase in value reflects the change in the properties' cash flows and in the capitalization rate.

Investments in existing properties during the year amounted to MSEK 1,586 (1,849), of which MSEK 943 (985) pertained to redevelopment and renovation of residential properties, MSEK 426 (528) to new builds of residential properties and MSEK 217 (336) to investments in properties for public use. During the year, properties were acquired for MSEK 1,603 (3,549). The acquisitions mainly occurred in Umeå and added 880 apartments and 75,000 square meters of lettable area to the property portfolio. In total, properties were sold for MSEK 1,675 (1,491), which exceeded their fair value at the start of the year and the investments in the sold properties during the year by 3.0 percent.

	Dec 31, 2017	Dec 31, 2016
Group		
Fair value at the beginning of the year	37,878	32,009
Investments	1,586	1,849
Acquisitions	1,603	3,549
Change in value	1,647	1,962
Sales	-1,675	-1,491
Fair value at the end of the year	41,039	37,878

Contractual liabilities

The Group has contractual liabilities as yet not recognized in the balance sheet. These liabilities refer to the purchase of properties and investments in existing properties to complete initiated new builds and renovations.

	Dec 31, 2017	Dec 31, 2016
Group		
Acquisitions	1,225	1,305
New builds	535	513
Redevelopment	334	632
	2,094	2,450

Property valuations

In accordance with the company's valuation policy, the fair value of investment properties is determined through internal valuations. In the evaluation model, fair value is calculated based on generally accepted valuation principles and the analysis of each property's earnings capacity and the market's capitalization rate. As a general rule, the analysis period covers ten years. In the case of properties for public use rented to municipalities on long rental agreements, the analysis period corresponds to the remaining contract term.

Note 14

Continued

Rental income is based on the existing rental agreement and existing rent levels. Agreed future changes to the rental agreement term, rent levels, etc. are taken into account. Property expenses for the respective properties are based on estimated costs. Assumptions regarding cost of capital and capitalization rate are checked in yearly and half-yearly valuations by external appraisers. Fair value has thus been assessed according to IFRS 13 level 3.

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

Fair value is based on the following assumptions in respect of rent levels and capitalization rates.

Rent in SEK/sq m

Property type	min	mean	max
Residential properties	693	1,163	2,698
Properties for public use – residential	550	1,362	2,564
Properties for public use – schools	761	1,410	2,071
Commercial	654	1,121	4,097
Mean		1,214	

Capitalization rate

Property type, %	min	mean	max
Residential properties	2.60	3.98	5.65
Properties for public use – residential	4.05	4.97	7.50
Properties for public use – schools	5.10	5.49	6.75
Commercial	3.97	5.38	7.50
Mean		4.31	

Of the assessed fair value of MSEK 41,039 (37,878), MSEK 738 pertains to development rights which, on average, have been valued at SEK 2,050 per square meter. The average capitalization rate is 4.31 percent, which is a reduction of 0.22 percentage points compared with the average capitalization rate at the beginning of the year.

Fair value per property type	Dec 31, 2017	Dec 31, 2016
Residential properties	28,942	26,358
Property for public use – nursing homes	8,854	8,148
Properties for public use – schools	2,518	2,531
Commercial ¹⁾	725	841
Total	41,039	37,878

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

Sensitivity analysis

Property values are based on, inter alia, assumptions about future use, earnings capacity and the market's capitalization rate. The valuation range of +/- 5 percent specified for property valuation reflects the uncertainty inherent in assumptions and estimations made. In the case of Rikshem, this uncertainty range of +/- 5 percent is equivalent to a value range of +/- MSEK 2,052.

A change of +/- 0.25 percentage points in the average capitalization rate of 4.31 percent would entail a value change of MSEK -2,276 or MSEK +2,563, respectively. If the average net operating income of SEK 723 per square meter were to change by +/- 5 percent, fair value would change by +/- MSEK 1,893.

The table below shows how value is affected by a change in certain key valuation parameters. The table provides a simplified overview since a single parameter will probably not change in isolation.

Change in capitalization rate	+0.25	-0.25
Residential properties	-1,710	1,939
Properties for public use – residential	-424	469
Properties for public use – schools	-110	120
Premises	-32	35
Total	-2,276	2,563

Change in net operating income, %	+5.0	-5.0
Residential properties	1,357	-1,357
Properties for public use – residential	394	-394
Properties for public use – schools	113	-113
Premises	29	-29
Total	1,893	-1,893

Change in rental income, %	+1.0	-1.0
Residential properties	470	-470
Properties for public use – residential	109	-109
Properties for public use – schools	33	-33
Premises	10	-10
Total	622	-622

External valuation

To ensure accurate valuations, Newsec and Cushman & Wakefield have together valued properties equivalent to 99.6 percent of the property portfolio in terms of value. Rikshem's valuation of these properties amounted to MSEK 40,875, while the external valuations together totaled MSEK 41,408, which corresponds to a deviation of MSEK 533 or 1.3 percent. The deviation between the internal and the external assessed values fit well within the uncertainty range of +/- 5 percent.

Note 15

Equipment

	2017	2016
Group		
Accumulated costs		
At the start of the year	20	17
Acquisitions and new purchases	1	5
Divestments and disposals	0	-2
	21	20
Depreciation		
At the start of the year	-12	-10
Divestments and disposals	0	1
Depreciation for the year according to plan	-3	-3
	-15	-12
Carrying amount at the end of the year	6	8
Parent Company		
Accumulated costs		
At the start of the year	18	15
New purchases	1	5
Divestments and disposals	-1	-2
	18	18
Depreciation		
At the start of the year	-10	-8
Divestments and disposals	1	1
Depreciation for the year according to plan	-3	-3
	-12	-10
Carrying amount at the end of the year	6	8

Note 16

Participations in subsidiaries

	Dec 31, 2017	Dec 31, 2016
Parent Company		
Accumulated costs		
At the start of the year	1,890	1,890
Shareholders' contributions	77	0
Impairment of shares in subsidiaries	-	0
Share of profit in limited partnerships	74	348
Withdrawal of share of profit in limited partnerships	-74	-348
Carrying amount at the end of the year	1,967	1,890

Note 16

Continued

Specification of the company's holding of shares and participations in subsidiaries

Subsidiary	Corp. reg. no.	Domicile	Number of participations	Share, % ¹⁾	Carrying amount
Rikshem Cityfastigheter AB	556761-8029	Stockholm	1,000	100	35
Rikshem Fastigheter AB	556793-1281	Stockholm	1,000	100	1
Rikshem Fålhagen AB	556713-4100	Stockholm	1,000	100	22
Rikshem Enheten AB	556299-6388	Stockholm	5,000	100	105
Rikshem Nordan AB	556312-4642	Solna	265,000	100	362
Rikshem Bostäder Holding AB	556856-2911	Stockholm	50,000	100	59
Rikshem Samhold AB	556856-2929	Stockholm	50,000	100	144
Rikshem Uppsala KB	969646-7290	Stockholm		99	944
Rikshem Fastighetsutveckling AB	556912-1493	Stockholm	500	100	0
Rikshem BRF-utveckling AB	556971-2846	Stockholm	500	100	0
Rikshem JV Holding AB	559015-8928	Stockholm	50,000	100	295
					1,967

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

Note 17

Participations in joint ventures

	Dec 31, 2017	Dec 31, 2016
Group		
At the start of the year	1,292	1,075
Acquisition	0	2
Contribution	12	10
Share of profit	90	214
Capital withdrawal	-38	-
Sales	-	-9
Carrying amount at the end of the year	1,356	1,292

Company	2017		2016	
	Profit for the year	Rikshem's share	Profit for the year	Rikshem's share
Nya Valsta Centrum AB	-	-	-54	-36
Farsta Stadsutveckling KB	-16	-8	220	110
Farsta Fastighetsintressenter AB	26	13	-	-
Boostad Bostad Sverige AB	17	8	46	23
VärmdöBostäder AB	138	68	123	108
Bergagårdshöjdens BR	17	9	-	-
JV Tidmätaren AB	1	0	-	-
Profit for the year	183	90	335	205
Comprehensive income for the year	183	90	335	205

Note 17

Continued

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

Joint venture	Corp. reg. no.	Domicile	Partner	Share of equity, %	Number of shares	Carrying amount
Farsta Stadsutveckling KB	969622-6399	Stockholm	Ikano Bostad	50	500	5
Farsta Intressenter AB	559015-9108	Stockholm	Ikano Bostad	50	25,000	–
Farsta Fastighetsintressenter AB	559039-2246	Stockholm	Ikano Bostad	50	25,000	388
Boostad Bostad Sverige AB	559021-1313	Stockholm	Veidekke Bostad	50	250	54
VärmdöBostäder AB	556476-2176	Stockholm	Värmdö municipality	49	12,250	880
Bergagårdshöjdens JV AB	559006-0967	Kalmar	P&E Fastighetspartner	50	500	10
Bergagårdshöjdens BR JV AB	559079-9077	Kalmar	P&E Fastighetspartner	50	500	9
JV Tidmätaren AB	559098-6088	Stockholm	Glommen & Lindberg	50	250	10
						1,356

	Farsta Fastighetsintressenter AB		Boostad Bostad Sverige AB		VärmdöBostäder AB	
	2017	2016	2017	2016	2017	2016
Revenue	20	159	0	–	169	156
Income from management operations	–11	154	–2	–	40	46
Change in value of properties	18	130	20	46	162	166
Change in value of derivatives	–	–	–	–	–7	–
Net financial items	–1	–2	1	0	–8	–10
Tax	20	–62	–2	0	–49	–79
Profit for the year	26	220	17	46	138	123
Comprehensive income for the year	26	220	17	46	138	123

	Farsta Fastighetsintressenter AB		Boostad Bostad Sverige AB		VärmdöBostäder AB	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Non-current assets	1,180	1,100	303	28	2,460	2,314
Current assets	209	275	68	73	8	5
Cash and cash equivalents	36	33	41	41	35	60
Assets	1,425	1,408	412	142	2,503	2,379
Equity	776	774	107	86	1,796	1,693
Non-current financial liabilities	580	580	57	16	550	557
Other non-current liabilities	18	22	–	–	107	72
Current financial liabilities	–	–	–	–	8	9
Other current liabilities	51	32	248	40	42	48
Equity and liabilities	1,425	1,408	412	142	2,503	2,379

Note 18

Derivative instruments

	Dec 31, 2017	Dec 31, 2016
Group		
Recognized as financial assets		
Interest-rate swaps	19	–
Currency swaps	13	39
	32	39
Recognized as financial liabilities		
Interest-rate swaps	–444	–595
Currency swaps	–98	–
Derivative linked to convertible	–	–26
	–542	–621
Parent Company		
Derivative linked to convertible	–	–26
	–	–26

In December 2017, the convertible debenture loan was dissolved.

Note 19

Non-current receivables

	Dec 31, 2017	Dec 31, 2016
Group		
Opening book value	231	124
Additional receivables	281	132
Deductible receivables	–80	–25
Reclassification	–205	–
	227	231

Of the receivables, MSEK 222 (184) pertains to receivables from joint ventures.

	Dec 31, 2017	Dec 31, 2016
Parent Company		
Opening book value	170	38
Additional receivables	108	132
Deductible receivables	–64	–
Reclassification	–160	–
	54	170

Of the receivables, MSEK 51 (167) pertains to receivables from subsidiary holdings in joint ventures.

Note 20

Receivables from and liabilities to Group companies

	Dec 31, 2017	Dec 31, 2016
Parent Company		
Opening book value	24,729	22,534
Additional receivables	3,507	5,961
Deductible receivables	–1,664	–3,506
Additional liabilities	–474	–426
Outgoing liabilities	103	166
	26,201	24,729

Note 21

Accounts receivable

	Dec 31, 2017	Dec 31, 2016
Group		
Tenant receivables	16	17
	16	17

As in the preceding year, no provision for doubtful accounts receivable was made since all receivables are expected to flow in.

Age spread, accounts receivable

	Dec 31, 2017	Dec 31, 2016
Group		
Non-overdue accounts receivable	7	9
Past due <30 days	3	2
Past due 31>	6	6
Total accounts receivable	16	17

Note 22

Other receivables

	Dec 31, 2017	Dec 31, 2016
Group		
Receivables from joint ventures	200	5
Other receivables	122	265
	322	270

Parent Company

Receivables from subsidiary holdings in joint ventures	182	–
Other receivables	50	77
	232	77

Note 23

Prepaid expenses and accrued income

	Dec 31, 2017	Dec 31, 2016
Group		
Accrued income	108	47
Prepaid insurance premiums	7	5
Prepaid operating expenses	1	2
Other prepaid expenses and accrued income	1	5
	117	59
Parent Company		
Accrued income	40	40
Prepaid insurance premiums	2	1
Other prepaid expenses and accrued income	1	2
	43	43

Note 24

Deferred tax

	Dec 31, 2017	Dec 31, 2016
Group		
Deferred tax relating to loss carryforwards	-24	-33
Deferred tax attributable to properties	2,484	2,041
Deferred tax attributable to financial instruments	-113	-123
Deferred tax attributable to other items	18	7
	2,365	1,892

Deferred tax on the difference that arises between an asset's or liability's carrying amount and its taxable amount, a so-called temporary difference, is recognized according to the balance sheet method. This means that a tax liability or tax asset exists that will be realized on the day the asset or liability is divested. In the calculation of the temporary difference of an asset or liability that forms the basis for calculating a deferred tax liability or tax asset, only those temporary differences that arise after the Group acquired the asset or liability are considered. This may mean that the difference between an asset or liability's carrying amount and taxable residual value deviates from the temporary difference of an asset or liability that forms the basis for the deferred tax liability or asset recognized by the Group.

In a direct sale of the Group's properties, the tax-related outcome in the Group is estimated at MSEK 24,114 (20,995) by offsetting the carrying amount of MSEK 41,039 (37,878) for properties recognized by the Group against the total taxable residual value in legal entities of MSEK 16,925 (16,883). Accordingly, the calculated taxable net profit exceeds the temporary difference for properties which form the basis for recognizing deferred tax liabilities for Group properties in the amount of MSEK 12,823 (11,718).

With regard to accounting rules, deferred tax is recognized in a nominal amount without discounting. Both current and deferred tax have been calculated on the basis of a nominal tax rate of 22 percent. The income tax realized in a property sale is often significantly lower since the possibility exists to sell properties in a tax-efficient manner and also due to the time factor.

The basis for deferred tax includes loss carryforwards measured at MSEK 112. The company has loss carryforwards measured at a total of MSEK

168, of which MSEK 161 is blocked until the end of 2018.

	Dec 31, 2017	Dec 31, 2016
Parent Company		
Deferred tax relating to loss carryforwards	-	-3
Deferred tax attributable to properties	236	221
	236	218

Note 25

Interest-bearing liabilities

	Dec 31, 2017	Dec 31, 2016
Group		
Convertible debenture loan	–	42
Bond loans	15,363	11,708
Liabilities to credit institutions	4,944	5,582
Commercial papers	3,715	6,090
Liabilities to Parent Company	182	–
Liabilities to joint ventures	86	–
	24,290	23,422

Interest-bearing liabilities with a maturity of more than five years amounted to MSEK 4,833. Remaining liabilities fall due within five years of the closing date. For further information, see Note 3 Financial instruments and risk management.

	Dec 31, 2017	Dec 31, 2016
Parent Company		
Convertible debenture loan	–	42
Bond loans	15,363	11,708
Liabilities to credit institutions	2,275	1,801
Commercial papers	3,715	6,090
	21,353	19,641

Interest-bearing liabilities with a maturity of more than five years amounted to MSEK 4,111. Remaining liabilities fall due within five years of the closing date. For further information, see Note 3 Financial instruments and risk management.

Convertible debenture loan

In December 2017, the convertible debenture loan was dissolved.

Note 26

Provision for pensions

Group

Rikshem applies three different occupational pension agreements within the Group: the ITP and SAF-LO plans and the Bank Service agreement plan (BTP plan). The occupational pension agreements are collectively agreed retirement plans covering sickness and survivor annuities in addition to provisions for retirement pension. Like SAF-LO, the ITP plan applies ITP1, which is a defined contribution plan. The BTP plan applies BTP1, but also BTP2 in some cases. BTP1 is a defined contribution pension plan and BTP2 is a defined benefit plan.

In BTP1, employees contribute most of the premium themselves, which is based on pensionable income. The cost of pension premiums is recognized in the period to which the premium relates, and Rikshem has thus discharged its commitment towards the employee. The BTP2 plan is a defined benefit pension plan with a supplementary defined contribution component of 2 percent of pay. The BTP2 plan provides a percentage of final salary as a retirement pension. The defined benefit pension obligations are measured according to the Projected Unit Credit Method (PUCM). The defined benefit obligations are placed in a fund through payment of pension premiums to the pension insurance with SPP. Rikshem does not have access to such information that would make it possible to recognize this plan as a defined benefit plan secured with SPP.

Pension costs in the statement of income

SEK thousand	Dec 31, 2017	Dec 31, 2016
Service costs for the current year	-18	-17
Interest expenses, net	-43	-33
Total defined benefit costs	-61	-50
Cost for special payroll tax paid	-12	-9
Defined contribution costs	-12,114	-13,601
Cost for special payroll tax paid	-2,939	-3,300
Total pension costs	-12,175	-13,651
Total pension costs, including the cost for special payroll tax paid	-15,126	-16,960

Pension costs in other comprehensive income

Actuarial gain (+)/loss (-) on the commitment's present value, experiential ¹⁾	306	467
Actuarial gain (+)/loss (-) on the commitment's present value, financial assumptions ²⁾	-1,402	-1,459
Return on plan assets	-54	468
Total pension costs (-)/pension income (+) in other comprehensive income	-1,150	-524

1) The experiential actuarial gain for 2017 is attributable to differences between assumptions and the actual outcome with respect to life cycle and inflation. The actuarial gain in 2016 was attributable to the fact that paid-up pensions and retirement pensions were barely, if at all, indexed and the assumption was 2 percent.

2) The actuarial loss with respect to financial assumptions is attributable to a reduced discount rate for both 2017 and 2016.

Net indebtedness, defined benefit plans

SEK thousand	Dec 31, 2017	Dec 31, 2016
Change in pension obligations		
Present value of defined benefit pension obligations, opening balance ³⁾	17,263	15,900
Service costs for the current year	18	17
Interest expenses on pension commitments	498	532
Disbursement of benefits directly from plan assets	-179	-178
Actuarial gains (-)/losses (+) on pension commitments	1,096	992
Present value of pension obligations, closing balance ³⁾	18,696	17,263
Change in plan assets, fair value		
Fair value of plan assets, opening balance	15,787	14,993
Interest income	455	499
Premium payments from employer	33	5
Disbursement of benefits	-179	-178
Return on plan assets ⁴⁾	-54	468
Fair value of plan assets, closing balance	16,042	15,787
Net obligations in the balance sheet	2,654	1,476

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

4) Return on plan assets	Dec 31, 2017	Dec 31, 2016
Actual return on plan assets	401	967
Interest income on plan assets	-455	-499
	-54	468

Plan assets consist of pension insurance policies in SPP. Plan assets are exposed to market risks.

Plan assets in SPP, broken down in %	Dec 31, 2017	Dec 31, 2016
Shares	9	5
Interest-bearing investments	80	87
Alternative investments	11	8
Total plan assets	100	100

Information about the distribution of plan assets was obtained from SPP. A classification of assets that have a quoted price in an active market and other assets cannot be presented due to a lack of information for such a classification.

Note 26

Continued

Actuarial calculation assumptions

The actuarial measurement of Rikshem's defined benefit pension commitments and pension costs is based on the following assumptions.

Actuarial assumptions	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Discount rate, %	2.5	2.9	3.4	3.0
Future annual salary increases, %	3.0	3.0	3.0	3.0
Changes in income base amounts, %	3.0	3.0	3.0	3.0
Inflation, %	2.0	2.0	2.0	2.0
Longevity assumptions	DUS14	DUS14	DUS14	DUS14
Employee turnover, %	3.0	3.0	3.0	3.0
Average remaining service period, years	1.0	2.0	9.1	17.0
Expected weighted average duration for present value of the obligation, years	19.1	19.3	19.2	25.0

The discount rate is determined in accordance with IAS 19 with reference to high-quality corporate bonds that are traded on a functioning market by referring to the Swedish housing bond market. Longevity assumptions follow the Swedish Financial Supervisory Authority's (FSA) principles in accordance with FFFS 2007:31.

Until year-end 2013, longevity assumptions followed the FSA's principles according to FFFS 2007:31. DUS 14 is an update of DUS06, compiled by the Swedish Insurance Federation. DUS 14 is not yet set up in an FFFS.

BTP2 includes a possibility for premature retirement between the ages of 61 and 65, conditional upon the employee still being employed at that time. The calculations in respect of this commitment are based on the assumption that 20 percent will avail themselves of this possibility at the age of 61. A major difference in outcome compared with the assumptions described above or a change in assumptions would entail changes in pension costs, pension commitments and also cash flow to the extent that the premiums were to change, since the defined benefit commitment are secured through occupational pension policies. The forecast for premium payments in 2018 in respect of defined benefit pension commitments amounts to SEK 49 thousand.

The discount rate is the assumption that needs to be changed as market interest rates change should interest rates change. The average term to maturity (duration) of the defined benefit pension commitments affects how much the commitments will change. The weighted average maturity is 19 years.

Note 27

Accrued expenses and deferred income

	Dec 31, 2017	Dec 31, 2016
Group		
Prepaid rental income	247	244
Accrued operating expenses	62	68
Accrued personnel expenses	38	39
Accrued interest expenses	71	60
Accrued project expenses	18	7
Other items	9	9
	445	427
Parent Company		
Accrued interest expenses	69	59
Accrued personnel expenses	32	35
Other items	7	9
	108	103

Note 28

Related-party transactions

Related parties	Transactions
Parent Company owners	No significant transactions took place during the year.
Board and management group	For information on remuneration, see Note 8. No board member or senior executive has concluded any additional direct or indirect business transactions with Rikshem.
Group companies	Presented in Note 4 and Note 16.
Joint ventures	Presented in Note 17.

Note 29

Adjustment for items not included in cash flow

	Dec 31, 2017	Dec 31, 2016
Group		
Share of profit in joint ventures	-90	-205
Amortization	3	3
Capital gain on sale of equipment	0	-
Pension costs	0	0
Other	0	0
	-87	-202
Parent Company		
Amortization	3	3
Capital gain on sale of equipment	0	-
Impairment of shares in subsidiaries	-	0
	3	3

Note 30

Summary of liabilities attributable to financing activities

	Dec 31, 2017	Dec 31, 2016
Group		
Interest-bearing liabilities		
Opening carrying amount	23,422	21,074
Cash flow items	761	2,306
Non-cash items		
Exchange-rate changes	-115	39
Allocation of costs for raising loans and issues at a premium/discount	-4	3
Reclassification	226	-
Closing carrying amount	24,290	23,422
Parent Company		
Interest-bearing liabilities		
Opening carrying amount	19,641	18,014
Cash flow items	1,869	1,588
Non-cash items		
Exchange-rate changes	-115	39
Allocation of costs for raising loans and issues at a premium/discount	-	0
Reclassification	-42	-
Closing carrying amount	21,353	19,641

Note 31

Pledged assets

	Dec 31, 2017	Dec 31, 2016
Group		
Real property mortgages	5,997	6,368
Shares in subsidiaries	97	–
Total	6,094	6,368

Note 32

Contingent liabilities

	Dec 31, 2017	Dec 31, 2016
Group		
Guarantees on behalf of joint ventures	488	88
Parent Company		
Guarantees on behalf of Group companies	2,669	4,067
Guarantees on behalf of joint ventures owned by subsidiaries	488	88
Responsibility for limited partnership liabilities	381	377
Total	3,538	4,532

Note 33

Events after the closing date

On February 16, 2018, the Standard & Poor's credit rating agency published its annual rating for Rikshem. Rikshem continued to enjoy a strong A- credit rating with a stable outlook.

The company completed acquisition of a residential property in Helsingborg comprising 77 apartments on February 1 and three 3 residential properties in Västerås with a total 257 apartments on February 28.

The company vacated 12 properties for public use in Stockholm County on January 31 and two residential properties in Malmö with 39 apartments on March 28.

The above transactions had no impact on the company's earnings or financial position as of December 31, 2017.

Note 34

Proposed allocation of profits

The following earnings in the Parent Company are at the disposal of the Annual General Meeting:

Share premium reserve, SEK	840,772,100
Retained earnings, SEK	5,942,448,053
Profit for the year, SEK	106,991,922
Total, SEK	6,890,212,075

The Board proposes that SEK 6,890,212,075 be retained in the company.

Signing of the annual report

The Board of Directors and the CEO hereby certify that the annual report was prepared in accordance with generally accepted accounting practices. The annual report provides a true and fair view of the company's financial position and earnings, and the administration report provides a true overview of the operations, financial position and earnings of the company and describes the significant risks to which the company is exposed. The consolidated financial statements were prepared in accordance with international accounting standards referred to in regulation EC No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The consolidated financial statements provide a true and fair view of the Group's financial position and earnings, and the administration report provides a true overview of the operations, financial position and earnings of the company and describes the significant risks to which the company is exposed.

Stockholm, March 28, 2018

Bo Magnusson
Chairman of the Board

Sophia Mattsson-Linnala
Chief Executive Officer

Per Uhlén

Lena Boberg

Liselotte Hjorth

Per-Gunnar Persson

Ebba Hammarström

Our auditor's report was submitted on March 28, 2018

Ernst & Young AB

Magnus Fredmer
Authorized Public Accountant

Auditor's report

This is a translation from the swedish original

To the general meeting of the shareholders of Rikshem AB (publ),
corporate identity number 556709-9667

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Rikshem AB (publ) for the year 2017 with exception of the corporate governance report on pages 57-59. The annual accounts and consolidated accounts of the company are included on pages 52-102 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Insurance Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Insurance Companies. Our opinion does not cover the corporate governance report on pages 57-59.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Description

The fair value of investment properties in the Group as at 31 December 2017 was 41 039 MSEK. The Group has valuing the properties internally.

Per closing day 31 December 2017 the investment property portfolio has been control valued externally. The external evaluation has been used as quality control and for comparison purposes. Valuation according to fair value is associated to subjective assumptions where a small change in made assumptions on which the valuation is based on may cause a material effect on the accounted values. Valuations are prepared based on the discounted cash flow method which relies on a forecast of the future cash flows. The properties' yield requirements are assessed based on each property's unique risk and transactions made on the market for items of a similar nature.

Because of the many assumptions and assessments in connection with the valuation of investment properties, we believe that this area is a key audit matter. Description of the valuation of the property holding is presented in note 2.3 Summary of significant accounting policies page 70, note 2.4 Significant accounting judgements and estimations and assumptions page 73 and note 14 Fair value, investment properties page 86.

How our audit addressed this key audit matter

In our audit, we evaluated and tested management process for the valuation of investment properties. We have audited the input data and calculations in the internal valuations at the property level for a sample of investment properties to evaluate the Groups compliance to its valuation policy and valuation models.

We have audited the input data and calculations in the internal valuations at the property level for a sample of investment properties.

We have assessed and evaluated the company's internal valuation in comparison to the external valuation. Our sample has comprised of the largest properties in the portfolio in terms of fair value, as well as the properties with the largest variances in comparison to prior quarters and prior year.

We have discussed significant assessments and assumptions made by the personnel responsible for the valuation of the Group.

We have benchmarked the assumptions and inputs against observable market data. With the support of our valuation specialists we have reviewed and assessed the reasonableness of the assumptions in relation to yield, vacancy rates, rental income and operating costs for a sample of investment properties. We have reviewed the information disclosed in the annual report.

Accounting for income tax Description

The Group has an income tax expense amounting to 518 MSEK, deferred tax assets amounting to 144 MSEK, and a deferred tax liability amounting to 2 510 MSEK.

The calculation and presentation of current and deferred tax is complex as it contains a high degree of estimates and assumptions. These include the presence of the ability to utilize carried forward tax losses, the basis for tax depreciation, directly deductible renovation costs, deductions from sale of property individually or as a company, as well as changes in value on properties and derivatives.

Because of the many assumptions and assessments in connection with the calculation of taxes, we believe that this area is regarded as a key audit matter. Description of current and deferred taxes is presented in note 2.3 Summary of significant accounting policies page 70, note 13 Tax on page 86 and note 24 Deferred tax on page 92.

How our audit addressed this key audit matter

In our audit, we evaluated and audited the company process for calculation of current and deferred taxes. We have audited a sample of the Groups entity's calculations of income tax. We have audited direct deductibles, sales of properties and the calculations of the Groups deferred tax. We engaged our internal tax specialists to review the calculations and assess whether the relevant tax legislation has been appropriately applied. We have reviewed the information disclosed in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-51 and 103-113. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Insurance Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Rikshem AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs.

This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Insurance Business Act, the Annual Accounts Act for Insurance Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the opera-

tions and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 57-59 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Box 7850 103 99 Stockholm, was appointed auditor of Rikshem AB (publ) by the general meeting of the shareholders on the 30 March 2017 and has been the company's auditor since 2011. Rikshem has been a public interest entity since 2014.

Stockholm 28 March 2018

Ernst & Young AB

Magnus Fredmer
Authorized Public Accountant

List of properties

Region Mälardalen

Property/ (valuation unit)	Municipality	Address	Purpose
Tullinge 16:121	Botkyrka	Ulvbergsv. 7-9, Solv. 3A	Nursing home
Ekebyhov 1:547	Ekerö	Klöverv. 2	Nursing home
Tråkvista 4:29	Ekerö	Ledungsv. 14	Nursing home
Hammar 1:11	Haninge	Hammarbov. 9	Nursing home
Ålsta 1:9, 3:28	Haninge	Ålstav. 63	Nursing home
Beckasinen 9	Huddinge	Sjöst. 8, 12-16	Seniors' residence
Strandpiparen 1	Huddinge	Tranv. 42	Seniors' residence
Gredelby 7:91	Knivsta	Sågverkstorget 4-12, Staffansv. 7, Disponentg. 3	Residential, Nursing home
Särsta 3:25	Knivsta	Häradsv. 3A-R, Forsbyv. 3, 5A-C, 7	Residential
Sicklaön 373:1	Nacka	Bråvallav. 11	Nursing home
Björknäs 1:34	Nacka	Eklundav. 9, Björknäs Skolv. 15	School, Preschool
Björknäs 1:4	Nacka	Talluddsv. 12	Nursing home
Björknäs 1:442	Nacka	Häckv. 2B	Preschool
Bo 12:7	Nacka	Norrst. 23/Liljekonvaljens v. 42	School
Bo 8:5	Nacka	Bragev. 36	Preschool
Erstavik 26:245	Nacka	Fidrav. 1, Ostronv. 2	School, Preschool
Igelboda 46:5	Nacka	Odenv. 10	School
Igelboda 54:1	Nacka	Vinterbrinksv. 2	Preschool
Kummelnäs 27:1	Nacka	John Wibergs v. 5-7	Preschool
Lännersta 1:148	Nacka	Liljekonvaljens v. 2	Preschool
Mensättra 17:1	Nacka	Stiltjev. 5	Preschool
Neglinge 13:5	Nacka	Neglinge v. 21	Nursing home
Neglinge 15:1	Nacka	Byv. 54	Office
Orminge 34:1	Nacka	Bockögr. 1	Preschool
Orminge 59:1	Nacka	Sandöv. 1, 2-4, 8,	School, Preschool
Rösunda 45:1	Nacka	Karl Gerhards v. 21	Preschool
Rösunda 9:11	Nacka	Ringv. 50	School
Sicklaön 103:4	Nacka	Fredrik Jahns gr. 3	Office
Sicklaön 123:1	Nacka	Helgessons v. 5	Nursing home
Sicklaön 127:1	Nacka	Helgessons v. 4	Preschool
Sicklaön 226:8	Nacka	Duvnäs v. 30-38	School
Sicklaön 343:1	Nacka	Hägerv. 33	School
Sicklaön 352:1	Nacka	Ektorpsv. 17-19	Nursing home
Sicklaön 369:1	Nacka	Jarlbergsv 5	School
Sicklaön 375:2	Nacka	G:A Landsv. 22	Preschool
Sicklaön 73:48	Nacka	Skuru Skolv. 2	School
Solsidan 12:22	Nacka	Skyttev 17-19	Preschool
Tollare 2:48	Nacka	Skymningsv 2, Sockenv 38	Preschool
Älta 100:2	Nacka	Sävsångarv 42 A-B	Preschool
Älta 47:7	Nacka	Erstaviksv 4, Evalundsv 2, Ältav. 183-185	School, Preschool
Älta 61:1	Nacka	Bäckalidsv 8	Preschool
Orminge 46:1	Nacka	Edöv. 2	Nursing home, School, Office
Orminge 46:2	Nacka	Betsöv. 2	Retail
Motormannen 1, 3, 5	Norrtälje	Stockholmsv. 53	Nursing home
Kaveldunet 2	Nyköping	Skolortsgången 1-87	Residential
Garvaren 1	Nyköping	Östra Kvarng. 11-17	Residential
Brudslöjan 3	Nyköping	Hemgårdsv. 18-22A-B	Residential
Brandstoden 7	Nyköping	Järnvägsg. 26, 28A-C	Residential
Märsta 1:186	Sigtuna	Idrottst. 21	Nursing home
Märsta 1:19	Sigtuna	Bollbacken 9	Nursing home
Ekilla 4:19	Sigtuna	Solbrinken 5	Nursing home
Ekilla 6:125	Sigtuna	Solbrinken 10-16	Nursing home
Ragvaldsbo 1:186	Sigtuna	Hagtornsv. 12	Nursing home
Ragvaldsbo 1:119	Sigtuna	Rosendalsv. 4	Nursing home
Brännbo 1:29	Sigtuna	Lilla Brännbov. 18	Nursing home
Höken 2	Sigtuna	Trollbergsv. 1	Nursing home
Sjudargården 1:17	Sigtuna	Hertigv. 3, Karin Hansdotters v. 2	Nursing home
Humlegården 17	Sigtuna	Stora g. 64	Nursing home

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Rördrommen 1	Sigtuna	Ormbergsv. 1-15, 2-26	Residential
Fiskgjusen 1	Sigtuna	Ormbergsv. 28-34	Residential
Havsörnen 2	Sigtuna	Ormbergsv. 17-23	Residential
Ormvråken 1	Sigtuna	Falkv. 1-5	Residential
Valsta 3:38	Sigtuna	Sleipnerg. 40-46, 50-56, 60-66, 70-76, 80-86	Residential
Valsta 3:182	Sigtuna	Steninge Backe 1A-E, 3-5, 2-4A-E, 6	Residential
Norrbacka 1:48	Sigtuna	Norrbackav. 1-17, Odensalav. 2-58	Residential
Hällsboskolan 2	Sigtuna	Prästängsv. 1	School
Sätuna 3:12	Sigtuna	Dragonv. 10	Preschool
Sätuna 3:266	Sigtuna	Söderg. 57-59	School
Norrbacka 1:39	Sigtuna	Odensalav. 1-3	School, Preschool
Valsta 3:172	Sigtuna	Ragnag. 5	Preschool
Sigtuna 2:247	Sigtuna	Skolbacken 58	School
Sätuna 3:201	Sigtuna	Söderg. 33-35	Preschool
Valsta 3:53	Sigtuna	Ragnag. 38, Torsg. 49	School, Preschool
Valsta 3:170	Sigtuna	Vikingav. 2	School
Valsta 3:179	Sigtuna	Ragnag. 40a	Nursing home
Sigtuna 2:171	Sigtuna	Väringav. 11	Nursing home
Ragvaldsbo 1:189	Sigtuna	Ragvaldsbo gårdsv. 14A-B	Residential
Nordan 23	Solna	Hagalundsg 25-31	Residential
Nordan 25	Solna	Hagalundsg. 35-43	Residential
Nordan 21	Solna	Hagalundsg. 21	Retail
Lagern 6	Stockholm	Vasag. 52	Office
Artigheten 1	Stockholm	Svarbäcksv. 4	Nursing home
Brandliljan 5	Stockholm	Brunklövergr. 23	Nursing home
Brödspaden 6	Stockholm	Mandelbröds. 3	Nursing home
Bysten 1	Stockholm	Skulptörv. 8	Nursing home
Fader Bergström 1	Stockholm	Selmedalsv. 90	Nursing home
Hastighetsmätaren 6	Stockholm	Gamla Magelungsv. 14	Nursing home
Jordbruksministern 3	Stockholm	Byälsv. 35B	Nursing home
Kaninholmen 1	Stockholm	Doroteav. 3	Nursing home
Modet 1	Stockholm	Rusthållarv. 120	Nursing home
Repet 4	Södertälje	Myrst. 1-22 Fjärilst. 1-31	Residential
Lönnen 3	Södertälje	Parkg. 8	Nursing home
Vibacken 2	Södertälje	Wijbacksv. 1	Nursing home
Ljungbacken 2	Södertälje	Rönnv. 9	Nursing home
Glasberga 1:133	Södertälje	Glasbyg. 1, 3A, Ljusterg. 1	Nursing home
Elefanten 19	Södertälje	Björklundsg. 4D-H, J-L	Nursing home
Hasseln 4	Södertälje	Övre Torekällg. 21 A-B	Residential
Fasanen 1, Påfågeln 1	Södertälje	Karlhovsv. 1-17, Törnrosav. 14-18	Residential
Segelbåten 1, 2	Södertälje	Hertig Carls v. 24-26A-C	Residential
Skorpionen 6	Södertälje	Oxbacksg. 14, S:ta Ragnhildsg. 30	Residential
Spettet 2, 3, 4	Södertälje	Täppg. 10 A-B, 12 A-B, 14	Residential
Daldockan 1	Södertälje	Ågårdsv. 1-9	Residential
Karlberga 2	Södertälje	Karlbergav. 1	Nursing home
Pumpan 1	Södertälje	Prästgårdsv. 48	Preschool
Ollonborren 7	Södertälje	Kringelv. 1	Nursing home
Vilunda 28:22	Upplands Väsby	Holmv. 2-20	Residential
Vilunda 28:25	Upplands Väsby	Holmv. 11.13	Residential
Skälby 1:14	Upplands Väsby	Maria Krantzonsv. 1-28	Residential
Skälby 1:312	Upplands Väsby	Lindhems. 13-39, 41A-F, 43-60, 40A-F	Residential
Nedra Runby 1:58 (leasehold)	Upplands Väsby	Lilla Hagv. 2	Student residence
Fålhagen 6:3	Uppsala	Vaksalag. 35-39, Botvidsg. 12	Residential
Fålhagen 6:4	Uppsala	Eskilsg. 6 A-B	Residential
Sala Backe 25:1	Uppsala	Verkmästarg. 16-20A-D	Residential
Svarbäcken 29:4	Uppsala	Egilsg. 8A-B, 12A-B, Svarbäcksg. 89-93	Residential
Eriksberg 12:2	Uppsala	Gnejsv. 1, Granitv. 21 A-C	Residential
Eriksberg 9:4	Uppsala	Gustavbergsg. 4 A-D	Residential
Eriksberg 4:1	Uppsala	Glimmerv. 6-10A-D	Residential
Gränby 19:1-2, 19:4-5	Uppsala	Solskensg. 4-10, Tövådersg. 3-13	Residential
Gränby 6:1-5, 7:1-3	Uppsala	Bruno Liljeforsg. 1-63, Levertinsg. 1-37, 2-34, Atterbomsg. 1-33	Residential
Gränby 7:4	Uppsala	Skulptören	Residential

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Gränby 8:1-3, 9:1-3	Uppsala	Bruno Liljeforsg. 65-89, Almqvistg. 1-37, Atterbomsg. 2-32, Albert Engströmsg. 1-33	Residential
Gränby 9:4	Uppsala	Albert Engströmsg. 2A-G	Residential
Löten 7:1-2	Uppsala	Lagerlöfsg. 2-62	Residential
Fålhagen 3:1	Uppsala	Storg. 25, Vaksalag. 19-21, Roslagsg. 2-4	Residential
Trollbo 5:3	Uppsala	Konstnärsv. 14	Assisted living
Vattholma 5:330	Uppsala	Järnmalmsv. 1-3	Assisted living
Vattholma 5:320	Uppsala	Malmvågsv. 9	Nursing home
Storvreta 1:214	Uppsala	Hasselv. 11A	Assisted living
Storvreta 55:1	Uppsala	Vitsippsv. 10	Assisted living
Storvreta 4:15	Uppsala	Vretalundsv. 10, 10B, 12	Nursing home
Storvreta 56:1	Uppsala	Motionsv. 12, Bordtennisv. 2-4	Assisted living
Årsta 96:1	Uppsala	Fyrislundsg. 62-66, Fålhagsleden 100	Nursing home, Sheltered housing
Årsta 93:1	Uppsala	Hjortrong. 5	Assisted living
Ellsta 2:72	Uppsala	Knutby Videv. 9-15, Knutbyv. 4, Lustigkullsv. 6	Nursing home
Almunge Prästgård 1:59	Uppsala	Lillsjöv. 14D	Nursing home
Norrvisjö 1:22	Uppsala	Norrvisjö 235	Land
Gamla Uppsala 97:3	Uppsala	Huges v. 7	Assisted living
Gamla Uppsala 94:4	Uppsala	Topeliusg. 21	Assisted living
Gåvsta 2:37	Uppsala	Gåvstav. 19	Nursing home
Gåvsta 2:36	Uppsala	Gåvstav. 17	Assisted living
Årsta 106:3	Uppsala	Mariedalsg. 1A-C, 3A-D, 5	Assisted living
Vaksala-Lunda 4:14	Uppsala	Vaksala-Lunda 200-202	Assisted living
Librobäck 19:7	Uppsala	Ullforsg. 5B-G, J-N, P-Q	Assisted living
Librobäck 4:7 (leasehold)	Uppsala	Söderforsg. 14A-M	Assisted living
Berthåga 43:1	Uppsala	Stenkolsv. 5, 7	Assisted living
Berthåga 48:6	Uppsala	Småstensv. 1, Stenhuggarv. 12-14	Assisted living
Dalby 11:1	Uppsala	Dalby 17	Nursing home
Vänge-Täby 1:2	Uppsala	Arkitektv. 1	Nursing home
Vänge-Täby 1:138	Uppsala	Arkitektv. 33B	Assisted living
Vänge-Täby 1:137	Uppsala	Täbyv. 2	Assisted living
Berthåga 60:2	Uppsala	Herrhagsv. 14	Nursing home
Berthåga 38:5	Uppsala	Sandstensv. 20	Assisted living
Flogsta 17:2	Uppsala	Tavastehusg. 5	Assisted living
Luthagen 24:1	Uppsala	Norrländsg. 6A-B, 8, Dalg. 1A-B, 3, Walling. 25A-B, 27	Nursing home, Sheltered housing
Eriksberg 15:2	Uppsala	Glimmerv. 3	Assisted living
Eriksberg 11:5	Uppsala	Gnejsv. 20-24, 26A-B	Residential, Seniors' residence
Valsåtra 54:6	Uppsala	Rosendalsv. 3	Assisted living
Norby 63:33-34	Uppsala	Tallbacksv. 40, Norbyv. 133	Assisted living
Norby 90:8	Uppsala	Fältv. 10	Assisted living
Gamla Uppsala 47:7	Uppsala	Sköldmöv. 11A-B, 13-17A-C, 19A-D	Nursing home, Residential
Flogsta 34:3	Uppsala	Helsingforsg. 161	Assisted living
Sunnersta 193:1	Uppsala	Morkullelev. 76	Assisted living
Gottsunda 49:1	Uppsala	Vårdsåtrav. 78	Assisted living
Sunnersta 67:35	Uppsala	Dag Hammarskjölds v. 235, Backv. 1	Assisted living
Gottsunda 48:2	Uppsala	Granelidsv. 1C	Assisted living
Sunnersta 79:31	Uppsala	Domherrev. 12	Assisted living
Gottsunda 32:6	Uppsala	Djurgårdsv. 7	Assisted living
Sunnersta 155:7	Uppsala	Sunnerstav. 28B	Assisted living
Tuna Backar 33:1	Uppsala	Tunag. 31-33A-B, 35A-C, 37A-D, Fjärdhundrag. 8	Seniors' residence
Björklinge-Tibble 5:52	Uppsala	Bror Hjorts v. 7A-C, Spelmansv. 7	Nursing home
Bälinge-Ekeby 12:1	Uppsala	Lundgårdsv. 2,5,7	Nursing home
Bälinge-Ekeby 14:1	Uppsala	Bälinge-Ekeby 26	Assisted living
Björklinge-Tibble 2:9	Uppsala	Södra Tibblev. 12	Assisted living
Björklinge-Tibble 2:8	Uppsala	Brudlåtsv. 20	Assisted living
Sala Backe 13:3	Uppsala	Årstag. 23A-E	Nursing home, Seniors' residence

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Svartbäcken 36:45	Uppsala	Svartbäcksg. 52-54A-D, 56-58, 60A-C, Gamla Uppsalag. 1, Hagbardsg. 5	Nursing home, Seniors' residence
Gamla Uppsala 21:80	Uppsala	Arkeologv. 15-27	Assisted living
Sävja 64:2	Uppsala	Linv. 46-56	Assisted living
Sävja 59:1	Uppsala	Carl Von Linnés v. 4	Assisted living
Luthagen 37:8	Uppsala	Börjeg. 25A-E	Seniors' residence
Eriksberg 17:1	Uppsala	Glimmerv. 5-7A-B	Residential
Eriksberg 17:2	Uppsala	Glimmerv. 9-11A-B, Granitv. 1A-C	Residential
Gottsunda 34:3	Uppsala	Bröderna Berwalds v. 1	Residential
Kvarngärdet 45:1	Uppsala	Kvarnbacksg. 13, Kvarnängsg. 36-44, Långjärnsg. 9A-C, 11A-D	Residential
Kvarngärdet 46:1	Uppsala	Långjärnsg. 1-7	Residential
Kvarngärdet 47:1	Uppsala	Kvarnängsg. 46-52, Långjärnsg. 2-18	Residential
Kvarngärdet 52:1	Uppsala	Gårdets Bilg. 24-26, Kvarnbacksg. 2-6, Kvarnängsg. 35-39, Lurg. 1-7	Residential
Kvarngärdet 53:1	Uppsala	Gårdets Bilg. 28-30, Hjulg. 2-10, Kvarnbacksg. 1-11, Kvarnängsg. 41	Residential
Kvarngärdet 54:1	Uppsala	Gårdets Bilg. 32-34, Hjulg. 1-7, Kvarnkammarg. 2-4, Kvarnängsg. 43-47	Residential
Kvarngärdet 55:1	Uppsala	Gårdets Bilg. 36, Kvarnkammarg. 1-9, Kvarnängsg. 49-51	Residential
Kvarngärdet 56:13	Uppsala		Land
Kvarngärdet 56:14	Uppsala		Land
Löten 7:4	Uppsala	Lagerlöfsg. 1-11	Residential
Sävja 111:1	Uppsala	Stenbrohultsv. 91-93	Nursing home
Kvarngärdet 5:3	Uppsala		Parking
Kvarngärdet 4:2	Uppsala		Parking
Kvarngärdet 4:3	Uppsala	Kantorsg. 2-70	Residential, Student residence
Kvarngärdet 4:4	Uppsala		Parking
Kvarngärdet 5:5	Uppsala		Parking
Kronåsen 1:29	Uppsala	Eklundshovsv. 13	Residential
Kronåsen 1:31	Uppsala	Eklundshovsv. 4A-C	Student residence
Svartbäcken 14:3	Uppsala	Hallstensg. 20, Styrbjörnsg. 7	Nursing home
Vetterstorp 3	Västerås	Narvav. 58-74	Residential
Vintergatan 1	Västerås	Karlavagnsg. 4-6	Residential
Karlavagnen 1	Västerås	Karlavagnsg. 8-10	Residential
Svärdsliljan 5	Västerås	Svärdsliljeg. 1-3, Gulspörreg. 3-13, 2-4	Residential
Urberget 1	Västerås	Jakobsg. 47-99	Residential
Gippen 1	Västerås	Ankarg. 37	Nursing home
Fatburen 3	Västerås	Fatbursg. 17	Nursing home
Hässlö 5:6	Västerås	Flottiljg. 2-34	Student residence
Fredriksberg 7	Västerås	Lövsångarg. 74-78	Nursing home
Pinjen 2	Västerås	Cederg. 11	Nursing home
Vaktposten 2	Västerås	Kaserng. 24	Nursing home
Adrian 11	Västerås	Arosv. 31, Lundag. 1	Assisted living
Gulmåran 2	Västerås	Prästkrageg. 3-5	Nursing home
Gunnar 18	Västerås	Karlsg. 17B, Knutsg. 2B-D	Nursing home
Kronhjorten 5	Västerås	Karlfeldtsg. 20-22	Nursing home
Krutbacken 1	Västerås	Norellg. 10	Assisted living
Läkaren 125	Västerås	Hyvlarg. 9, Plåtslagarg. 1, 2	Assisted living
Ollonborren 32	Västerås	Jonasborgsv. 6-8, Stockholmsv. 115-117	Assisted living
Resmilan 1	Västerås	Odensviplatsen 1, 2	Nursing home
Rädisan 1	Västerås	Hammarbacksv. 5, Narvav. 24	Nursing home
Barkaröby 15:298	Västerås	Ruag. 2	Assisted living
Enkelstugan 25	Västerås	Vallbygr. 36	Assisted living
Skogsduvan 3	Västerås	Skogsduvev. 1	Nursing home
Härjedalen 3	Västerås	Gästrikev. 2-6	Assisted living
Sveten 1	Västerås	Hagabergsg. 10	Assisted living
Nadden 1	Västerås	Naddenv. 1	Assisted living
Nybygget 8	Västerås	Traktorg. 5	Assisted living
Rimfrosten 1	Västerås	Talltorpsg. 1	Assisted living
Hubbo-Kvistberga 1:23	Västerås	Rallarv. 5	Assisted living
Hubbo-Sörby 15:9	Västerås	Kvistbergav. 10C	Nursing home
Vaktchefen 2	Västerås	Kaserng. 30A-C	Nursing home

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Balder 1	Luleå	Baldersv. 2A-B, Furomov. 5	Residential, Nursing home
Bergviken 5:40	Luleå	Torpslingan	Land
Kallkällan 4	Luleå	Lingonst. 147-233	Residential
Kallkällan 9	Luleå	Lingonst. 36, 36A/Lingonst. 33	Preschool, Retail
Kristallen 12	Luleå	Tunast. 1, 3A-B, 5-61, 73-77, 87-91, 2-52	Residential property, Nursing home
Mjölkudden 3:51	Luleå	Radiomasten 3-7, 7A, 9A-F, 19-21, 4-12, 4B, 12B, 16	Residential, Nursing home
Porsön 1:240	Luleå	Assistentv. 8-370	Residential
Porsön 1:406	Luleå	Kårhusgr. 1-9, 3A	Student residence
Mjölkudden 3:54	Luleå	Mjölkuddsv. 79	Nursing home
Midskogen 13	Luleå	Gymnasiev. 6, 8	Nursing home
Maskinisten 2	Luleå	Storst. 20-28	Nursing home
Sundsgården 4	Luleå	Sundsbacken 9	Nursing home
Kronan 1:1	Luleå	Kronan A1-A8, H1-H8	Office
Duvhöken 2, 3	Umeå	Länsmansv. 4, 6A-B	Residential
Flyttfågeln 1	Umeå	Mariehemsv. 39A-K	Residential
Jungmannen 1	Umeå	Centralg. 25A-B	Residential
Lövsågen 16	Umeå	Lagmansg. 48A-B	Residential
Lövsågen 37	Umeå	Lagmansg. 44	Residential
Orrspelet 1, 2	Umeå	Morkullev. 16A-H, 18 A-M	Residential
Reparatören 3	Umeå	Odlarv. 6A-H, 6J-P, 6R-T, 6V, 6X-Y, Yrkesv. 6A-H, 6J-K	Residential
Sandtaget 2	Umeå	Sandbackav. 34A-H, 34J-M	Residential
Släggskäftet 11	Umeå	Markv. 3A-H, 3J-M	Residential
Storjägaren 7	Umeå	Borgv. 22A-B	Residential
Svalan 6	Umeå	Holmsundsv. 77A-B	Residential
Vallen 4	Umeå	Grisbackav. 3A-D, 5A-F, Hartvigsg. 14A-H, J-K, Lagmansg. 7-9A-D, 11A-B	Residential
Handlaren 20	Umeå	Bölev. 9A-B, 11A-C, 13A-B	Residential
Matrosen 4	Umeå	Nyg. 2A-B	Residential
Matrosen 7	Umeå	Bankg. 11, Nyg. 4A-B	Residential
Rubinen 2	Umeå	Kungsg. 23, Skolg. 22A-B	Residential
Uven 11	Umeå	Träsnidarg. 4A-B	Residential
Vaktposten 3	Umeå	Slöjdg. 7A-B	Residential
Båtsmannen 1	Umeå	Bankg. 16 A-B, Västra Esplanaden 15	Residential
Flyttfågeln 2	Umeå	Mariehemsv. 35-37A-H	Residential
Flyttfågeln 11	Umeå	Mariehemsv. 41A-H, J-P, R-V, X-Ö	Residential
Gärdet 16	Umeå	Norra Ersmarksg. 51	Residential
Gärdet 18	Umeå	Hagmarksv. 26	Residential
Hygget 1	Umeå	Sandbackav. 22A-H, 22J-L, 24A-H, 24J-L	Residential
Hygget 75	Umeå	Sandbackav. 22M-N	Residential
Ingenjören 6	Umeå	Svedjebacken 4A-H, 6A-B	Residential
Jägaren 4	Umeå	Skolg. 40A-B	Residential
Jägaren 5	Umeå	Kungsg. 41A-B, 43A-C	Residential
Järven 18	Umeå	Häradshövdingeg. 6, Storg. 72-74, Östra Strandg. 19	Residential
Järven 19	Umeå	Storg. 76-78	Residential
Krukan 15	Umeå	Mjölkv. 10-22, 10A-E, 12A-E	Residential
Laxen 23	Umeå	Storg. 98	Residential
Leoparden 2	Umeå	Hovrättsg. 5, Kungsg. 39	Residential
Leoparden 4	Umeå	Skolg. 36A-B, Slöjdg. 8	Residential
Nämndemannen 1	Umeå	Svedjebacken 5A-H, 5J-K	Residential
Sofiehem 2:156	Umeå	Ålidbacken 23	Office
Stora Björnen 11	Umeå	Häradshövdingeg. 8, 10A-C	Residential
Tranan 2, 3	Umeå	Skolg. 95-97, Fabriksk. 9	Residential
Täfteå 10:202	Umeå	Mastv. 2-8A-F	Residential
Vittran 1	Umeå	Vittrerv. 172-290, 182B	Residential
Fjälllämmeln 23	Umeå	Målargr. 11	Nursing home
Handlanden 3	Östersund	Bergsg. 17A-C, Rådmansg. 6	Residential
Abc-Boken 10	Östersund	Rådhusg. 31, Thoméeegr. 22A-B	Residential
Bönboken 4	Östersund	Thoméeegr. 19, Artillerig. 4B-C	Residential
Färgaren 2	Östersund	Biblioteksg. 4A-B, Köpmang. 34, 36A-C	Residential
Förskinnat 8	Östersund	Regementsg. 38A-B, 40, 42A-C, Södra Gröng. 37, 41A-C, Thoméeegr. 26, 28A-B, Tullg. 25A-B, 27	Residential

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Hyacinten 10, 12, 13, 15, 16	Östersund	Ängeg. 1, 1A-B, 3A-B, 5A-D, 7-11A-B, Brunflo. 9A-B, Grundläggargr. 2-48	Residential
Härbärgat 3	Östersund	Storg. 58A-I, 58K	Residential
Kålhagen 6	Östersund	Kyrkg. 37-39, Residensgr. 18, 20A-B, Rådhusg. 38, Samuel Permans g. 11	Residential
Motboken 7	Östersund	Rådhusg. 41, 41A-D	Residential
Pastorn 12	Östersund	Brogr. 14-16A-B, Färjemansg. 13-15, 13-15A-B, Kyrkg. 24A-B, 26, 28, Prästg. 5A-C, 7A-B, 9	Residential
Rektorn 9	Östersund	Köpmang. 33-37, Biblioteksg. 5, Storg. 26, Törnstens gr. 6-8	Residential
Räntmästaren 2	Östersund	Köpmang. 40, 40A-B, Postgr. 4	Residential
Stadspredikanten 2	Östersund	Regementsg. (34), Artillerig. 7, Pastorsg. 4A-B	Residential
Sädesskäppan 3	Östersund	Pastorsg. 3, 3A-B, Regementsg. 32, 32A	Residential
Yllemattan 1	Östersund	Stöttingv. 1-29	Residential
Åkaren 1	Östersund	Bergsg. 23, 23A-B, Kaptensg. 5	Residential
Lussekatten 1	Östersund	Blåhammarv. 78-160	Residential
Bakplåten 1	Östersund	Timmerv. 1-77	Residential
Degskrapan 2	Östersund	Stubbv. 1, 3, 5	Residential
Elritsan 4	Östersund	Rådhusg. 85, 87, 89, 91	Residential
Flossamattan 1	Östersund	Skogsbruksv. 85A-127D	Residential
Frigg 10	Östersund	Repslagarst. 23, Skolg. 76A-D	Residential
Harren 2	Östersund	Brunflo. 22	Residential
Batteriet 1-4, Väghyveln 5-6, Trossen 1	Östersund	Stabsgr. 2-20, Divisionsgr. 1-19, 2-20, Batterigr. 1-19, 2-20, Trossgr. 1-19, 2-20	Residential
Majsen 11	Östersund	Ringv. 26, 28, 30A, 30B	Residential
Mangården 1	Östersund	Hemv. 27-57	Residential
Medeltiden 1	Östersund	Järnåldersv. 1-15	Residential
Pionen 13	Östersund	Stuguv. 20, Övre Hantverksg. 23A-B, 25A-I	Residential
Trasmattan 1	Östersund	Skogsbruksv. 1-17, Stöttingv. 2-26	Residential
Symaskinen 1	Östersund	Jägmästarv. 1-23A-D, Skogvaktarv. 10-18A-D, 20A-B, 22, 24A-B, 26A-D	Residential
Tröskan 11	Östersund	Odenskogsv. 102-106, 112-114, Slåtterv. 5, 7A-C, 9, 11A-B, 13-29	Residential
Vallmon 1	Östersund	Ängeg. 10	Residential

Region Southern Sweden

Property/ (valuation unit)	Municipality	Address	Purpose
Nödinge 38:50	Ale	Södra klöverst. 31, 32	Nursing home
Häljered 2:75	Ale	Vallmov. 3	Nursing home
Ledet 1:4	Ale	Ledetv. 9A-B	Nursing home
Nödinge 2:45	Ale	Fyrklöverg. 26	Nursing home
Skepplanda 3:62	Ale	Odalv. 2	Nursing home
Skårdal 1:68	Ale	Göteborgsv. 217	Residential
Utby 3:63	Ale	Ängg. 4	Nursing home
Blåregnet 9	Halmstad	Barnhemsg. 30, Skeppareg. 21, Skåneg. 9-11	Nursing home
Eketånga 6:658	Halmstad	Soldalsv. 14	Nursing home
Eldsberga 6:13	Halmstad	Eldsbergav. 52	Nursing home
Enheten 1	Halmstad	Flottiljv. 1-24	Residential
Getinge 5:26	Halmstad	Göteborgsv. 74	Nursing home
Krusbåret 19	Halmstad	Snöstorpsv. 54	Nursing home
Lyngåkra 3:22	Halmstad	Pålsgårdsv. 8	Nursing home
Talet 1	Halmstad	Pålsbov. 18	Service premises
Termometern 1	Halmstad	Bäckagårdsv. 47	Nursing home
Vivan 1	Halmstad	Parkv. 4	Nursing home
Vokalen 3	Halmstad	Ålderst. 4	Nursing home
Volontären 4	Halmstad	Ålderst. 1-5	Nursing home
Åsen 15	Halmstad	Odeng. 34	Nursing home
Amerika Norra 50	Helsingborg	Hantverkarg. 24-26	Residential
Amerika Södra 21	Helsingborg	Furutorpsg. 34, Söderg. 95	Residential
Ask 1	Helsingborg	Kurig. 51-61, Kullav. 17-27	Residential
Balgripen 1	Helsingborg	Spannmåls. 6-8	Residential
Batteriet 1, 8, 9, Barrikaden 2	Helsingborg	Fyrverkarg. 2-10, Minörg. 3-5	Residential
Batteriet 3, Värnet 2, 3	Helsingborg	Minörg. 7-17	Residential
Bollbro 19	Helsingborg	Söderg. 20	Residential
Brigaden 1	Helsingborg	Revärg. 1-6, Träns. 1-6	Residential
Böhmen 19	Helsingborg	Hantverkarg. 11, 17	Residential
Carnot 8	Helsingborg	Öresundsg. 25	Residential
Elineberg 5	Helsingborg	Elinebergsplatsen 1-7, 12	Retail
Elineberg 7	Helsingborg	Elinebergsplatsen 2-10	Residential
Eneborg 10	Helsingborg	Övre Eneborgsv. 24	Residential
Eneborg 11	Helsingborg	Övre Eneborgsv. 26	Residential
Eneborg 7	Helsingborg	Bjäreg. 8-10, Övre Eneborgsv. 28, Övre Holländareg. 35	Residential
Filen 8	Helsingborg	Häls. 25, 27, Kopparmölleg. 22	Residential
Fjärilen 12	Helsingborg	Södra Stenbocksg. 100	Residential
Fjärilen 13	Helsingborg	Södra Stenbocksg. 102	Residential
Fjärilen 14	Helsingborg	Södra Stenbocksg. 104A-B	Residential
Fjärilen 16	Helsingborg	Visitörsg. 3	Residential
Fjärilen 17	Helsingborg	Wieselgrensg. 20	Residential
Fjärilen 19	Helsingborg	Wieselgrensg. 22, 24	Residential
Fjärilen 9	Helsingborg	Wieselgrensg. 26	Residential
Getingen 6, 19	Helsingborg	Siöcronaplatsen 4-10	Residential
Guldsmeden 15	Helsingborg	Gullandersg. 4, O D Krooks g. 39	Residential
Gärdet 1	Helsingborg	Plutog. 9-11	Residential
Hammaren 23	Helsingborg	Stampg. 15	Residential
Hantverkaren 13	Helsingborg	O D Krooks g. 38	Residential
Herden 16	Helsingborg	Garage	Parking
Huslyckan 6	Helsingborg	Elinebergsv. 18A-D, 20A-B, Härads. 1, 3A-C, 5, 7A-C, 9, 11A-C	Residential
Kapellet 17	Helsingborg	Häls. 26-30, Kopparmölleg. 20	Residential
Kapellet 18	Helsingborg	Häls. 32-36, 38A-C	Residential
Kapellet 21	Helsingborg	Lilla Möllevångsg. 9A-C	Residential
Kaplanen 10	Helsingborg	Krabbeg. 3A-C	Residential
Karl XI Norra 19	Helsingborg	Karlsg. 9	Residential
Karl XI Södra 20	Helsingborg	Karlsg. 12, Södra Storg. 16	Residential
Karl XI Södra 4	Helsingborg	Karlsg. 10	Residential
Köpingelyckan 5	Helsingborg	Elinebergsv. 10A-B, 12A-B, Lugguddeg. 1, 3A-C, 5, 7A-C, 9, 11A-C	Residential
Köpingelyckan 6	Helsingborg	Elinebergsv. 14A-B, 16A-C, Härads. 2A-D, 4A-B, 6A-D, 8A-C	Residential
Ljuset 5	Helsingborg	Norrehedsg. 9-17, Rusthållsg. 10-18	Residential

Region Southern Sweden

Property/ (valuation unit)	Municipality	Address	Purpose
Malen 41	Helsingborg	Sadelmakareg. 7A-B, Övre Eneborgsv. 36A-B	Residential
Maria 1	Helsingborg	Traktörs g. 42-52	Residential
Myran 8	Helsingborg	Gasverksg. 48, Magistern. 1	Residential
Norge 10	Helsingborg	Nedre Holländareg. 4, 6	Residential
Norge 2, 9	Helsingborg	Söderg. 58, Nedre Holländareg. 8, Söderg. 56	Residential
Nunnan 1	Helsingborg	Södra Stenbocksg. 106	Residential
Nunnan 2	Helsingborg	Södra Stenbocksg. 108	Residential
Nunnan 3	Helsingborg	Södra Stenbocksg. 110	Residential
Nunnan 5	Helsingborg	Visitörs g. 13	Residential
Nunnan 6	Helsingborg	Visitörs g. 11	Residential
Nunnan 7	Helsingborg	Visitörs g. 9	Residential
Nunnan 8	Helsingborg	Sämsmakareg. 2A-B, Visitörs g. 7	Residential
Nyckelpigan 2	Helsingborg	Bjäreg. 15, Sadelmakareg. 2A-B	Residential
Nyckelpigan 26	Helsingborg	Sadelmakareg. 4-14	Residential
Nässlan 12	Helsingborg	Industrig. 22-24, Wiernerg. 17	Residential
Nässlan 13	Helsingborg	Norra Ljungg. 13	Residential
Nässlan 4	Helsingborg	Industrig. 28	Residential
Ollonborren 11	Helsingborg	Siöcronag. 5	Residential
Ollonborren 14	Helsingborg	Övre Holländareg. 34A-B	Residential
Ollonborren 9	Helsingborg	Bjäreg. 14	Residential
Pinjen 5	Helsingborg	Fredsg. 2, 4, Planteringsv. 42	Residential
Pinjen 8	Helsingborg	Östra Fridhemsg. 3	Residential
Rovan 13	Helsingborg	Södra Stenbocksg. 83	Residential
Rovan 14	Helsingborg	Munkav. 14-28, Skåneg. 13	Residential
Ruuth 17	Helsingborg	Trädgårdsg. 15	Residential
Samson 7	Helsingborg	Erik Dahlbergs g. 57, Helmfeltsg. 13	Residential
Samson 8	Helsingborg	Helmfeltsg. 11	Residential
Skepparlickan 3	Helsingborg	Elnebergsv. 4A-B, 6A-C, 8, Lugguddeg. 2A-C, 4A-C, 6A-C	Residential
Sköldenborg 12	Helsingborg	Hebsackersg. 14	Residential
Sköldenborg 16	Helsingborg	Hebsackersg. 16-18	Residential
Sköldenborg 18	Helsingborg	Hebsackersg. 24	Nursing home
Spindeln 5, 6	Helsingborg	Södra Stenbocksg. 119-121, Eneborgsplatsen 2	Residential
Spindeln 7	Helsingborg	Apotekareg. 16-22, Eneborgsplatsen 4,6	Residential
Stiftelsen Norra 2, 3, 4, 5, 7, 8	Helsingborg	O D Krooks g. 19-23, Norra Stenbocksg. 10-16, Grubbag. 2	Residential
Stådet 15	Helsingborg	Föreningsg. 37	Residential
Stådet 17	Helsingborg	Stampg. 17-19	Residential
Stådet 9	Helsingborg	Föreningsg. 35	Residential
Träsket 8	Helsingborg	Flog. 12	Sheltered housing
Ugglan 15	Helsingborg	Fredriksdalsplatsen 1, Lilla Möllervångsg. 2	Residential
Ugglan 4	Helsingborg	Mellersta Stenbocksg. 41	Residential
Ugglan 9	Helsingborg	Lilla Möllervångsg. 4	Residential
Uven 5	Helsingborg	Lilla Möllervångsg. 6A-B	Residential
Valhall 17	Helsingborg	Fredsg. 1, Planteringsv. 48-50	Residential
Valhall 18	Helsingborg	Fredsg. 3, Tryckerig. 25-27	Residential
Würtemberg 7, 8, 9, 13	Helsingborg	Carl Krooks g. 49-55, Gustav Adolfs torg 2, Furutorpsg. 25	Residential
Lärlingen 9	Jönköping	Västerliden 16-18, Wilhelm thams v. 71-73	Nursing home
Apotekaren 22	Kalmar	Kaggensg. 16-18, Storg. 16	Office, Retail
Beckasinen 34	Kalmar	Tullslätten 17-31, Unionsg. 16, 18 A-B	Residential
Beckasinen 43	Kalmar	Unionsg. 10-14	Residential
Brandvaktan 5	Kalmar	Larmg. 42A-42E, Strömg. 1	Residential
Braxen 15	Kalmar	Esplanaden 26-28, Postg. 5	Residential
Bärnstenen 1	Kalmar	S:t Kristoffers v. 3	Nursing home
Duvan 22	Kalmar	Norra v. 37	Office
Flintan 2	Kalmar	Två systrars v. 2A-D, 4A-C m.fl.	Residential
Gnejsen 1	Kalmar	Två systrars v. 1-3A-D, 5-7A-C, 9-11A-D, 13A-C, 15A-D, 17A-B, 19A-D, 21A-C	Residential
Hagby 12:42	Kalmar	Möregårdsv. 10	Nursing home
Kalkstenen 1	Kalmar	Vänskapens v. 4	Nursing home
Kalkstenen 22	Kalmar	Björkenäsv. 4 A-C, 6-20 A-B	Nursing home
Karlsunda-Fagerhult 1:25	Kalmar	Bäverdalsv. 13	Nursing home
Korpen 16	Kalmar	Nyg. 36	Office

Region Southern Sweden

Property/ (valuation unit)	Municipality	Address	Purpose
Kroppkakan 2	Kalmar	Kastrullv., Lassev., Förlösav.	Residential
Ljungby 16:126	Kalmar	Backsippev. 13	Nursing home
Rapsen 14	Kalmar	Bergagårdsv. 12	Residential
Rapsen 15	Kalmar	Bergagårdsv. 10	Residential
Rodret 4	Kalmar	Sparreg. 34	Residential
Smedbacken 1	Kalmar	Ingelstorp sv. 1	Nursing home
Smedhagen 1	Kalmar	Klapperv. 1-35	Residential
Stenmuren 1	Kalmar	Stenmursv., Smedhagsv.	Residential
Vallmon 19	Kalmar	Sjöbrings v. 4	School, Nursing home, Office
Videt 13	Kalmar	Gasverksg. 4-6A-B	Residential
Idrottsplatsen 1	Linköping	Korpralsg. 6, 8A-B, 10	Nursing home
Cellon 2	Malmö	Mellanhedsg. 26A-D	Residential
Handskfacket 3	Malmö	Sommarvagnsg. 22	Nursing home
Insjön 3	Malmö	Amiralsg. 58 A-D, Karlskronaplan 4 A-B	Residential
Jagten 7	Malmö	Ystadsg. 8A-D	Residential
Kungsfågeln 5	Malmö	Älgg. 29, 29A	Residential
Månstrålen 6	Malmö	Råkrateg. 10	Nursing home
Puffen 1	Malmö	Alex Danielssons v. 117	Nursing home
Rönnen 2	Malmö	Nobelv. 137, Rönneholmsg. 2A-B	Student residence
Skansen 1	Malmö	Lilla Varvsg. 4,6,8,10, Kompassg. 40-42	Student residence
Smedjekullen 6, 13	Malmö	Smedjekullen 20 A-B, Lundav. 71 A-C	Residential
Tavlan 5	Malmö	Amiralsg. 54, Skanörsg. 2	Residential
Tuppen 15	Malmö	Hyllie Kyrkov. 56-58, Idrottsg. 47, Apoteksg. 19	Residential, Nursing home
Undret 1	Malmö	Lantmannag. 46 A-D, Lindg. 2 A-D	Residential
Värmereglaget 1	Malmö	Landälettg. 42	Nursing home
Åkermynatan 3	Malmö	Norra Bulltoftav. 8	Nursing home
Bärnstenen 1	Norrköping	Kalkstensg. 5	Nursing home
Djäkneberget 10	Norrköping	Skeppareg. 33, Skolg. 31	Residential
Dörren 16	Norrköping	Hagebyg.	Land
Fönstret 7	Norrköping	Hagebyg. 180	School
Godvän 16	Norrköping	Källvindsg. 16, St Persg. 38-40	Residential
Godvän 21	Norrköping	St Persg. 34-36	Residential
Godvän 28	Norrköping	Nyg. 19, Korsg. 19	Residential
Hålet 1	Norrköping	Dragareg. 1	Parking
Karbinen 9	Norrköping	Bråddg. 57A-C	Residential
Kardusen 7	Norrköping	Dagsbergsv. 136-140	Residential
Kolonien 11, 12	Norrköping	Lagergrensg. 7, 11-13, Dagsbergsg. 4, 4A	Residential
Kopparkypen 30	Norrköping	S:t Petersg. 43A-F	Residential
Krukan 16	Norrköping	Garvareg. 15	Residential
Krusmyntan 4	Norrköping	Stensg. 1-3, Hagag. 29	Residential
Lejongapet 10	Norrköping	Norrallundsg. 23A-C	Residential
Linjen 2	Norrköping	Idrottsg. 32-74	Residential
Niten 1	Norrköping	Hagebyg. 160-174, Hyvlareg.17-21, Murareg.107-129, Mamreg 2-12	Residential
Planen 4	Norrköping	Ektorp sg. 30-46	Residential
Pokalen 21	Norrköping	Bråddg. 47-49, Luntg. 23-25, Smedjeg. 40	Residential
Pokalen 27	Norrköping	Luntg. 19-21, Smedjeg. 36, Vatteng. 30-32	Residential
Pokalen 29	Norrköping	Smedjeg. 38A-B	Residential
Spärren 2	Norrköping	Limmareg. 2-21, Snickareg.3-21, Svarrvareg. 2-23, Formareg. 2-23, Hyvlareg. 2-20	Residential
Stadsvakten 2	Norrköping	Olai Kyrkog. 6, Torgg. 7-9, Trädgårdsg. 15-17	Residential
Stopet 11	Norrköping	S:t Persg. 125-131, Hantverkareg. 48-50	Residential
Strömbacken 4	Norrköping	Linköpingsv. 12	Residential
Topasen 1, 2	Norrköping	Urbergsg. 11-97	Residential
Tornet 11	Norrköping	Styrman sg. 21-25, Östra Promenaden 18	Residential
Tornet 8	Norrköping	Hospitalsg. 58, Östra Promenaden 14	Residential
Tornet 9	Norrköping	Östra Promenaden 16	Residential
Tuvan 1	Norrköping	Ängsvaktareg. 27, De Geersg. 57-63	Residential
Vattnet 7	Norrköping	Trädgårdsg. 27-29	Residential
Vesslan 5	Norrköping	Norra Promenaden 110, Åbyg. 1	Residential
Vesslan 6	Norrköping	Norra Promenaden 112 A-B	Residential
Vesslan 7	Norrköping	Tjustg. 2 A-B, Norra Promenaden 114	Residential

Key performance data

Key performance data

Amounts in MSEK	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Risk capital						
Equity	15,710	13,281	10,360	4,850	3,705	2,247
Shareholder loans	–	–	–	3,007	2,881	2,881
Risk-bearing capital	15,710	13,281	10,360	7,857	6,586	5,128
Total assets	43,501	40,114	34,053	26,036	20,210	16,302
Equity/assets ratio, %	36	33	30	19	18	14
Share of risk-bearing capital, %	36	33	30	30	33	31
Return on equity, %	16.8	20.6	25.8	23.6	48.9	15.8
Financial key figures						
Loan-to-value ratio, secured loans, %	12	15	21	23	32	50
Loan-to-value ratio, %	59	62	66	65	63	63
Average interest rate, %	2.0	1.5	1.6	1.8	3.1	3.5
Interest-coverage ratio, multiple	3.5	3.8	3.6	2.9	2.2	2.0
Fixed-interest term, years	5.3	2.6	2.4	3.4	3.2	3.9
Loan maturity, years	3.0	1.9	1.4	1.1	–	–
Property-related key figures						
Number of properties	586	574	533	496	366	304
Lettable area, 1 000 sqm	2,219	2,182	1,975	1,708	1,506	1,340
Proportion of properties for public use, %	29.0	29.0	38.0	42.0	36.0	–
Number of apartments	27,924	27,224	24,203	20,844	19,541	17,617
Vacancy rate, residential properties, %	2.7	3.6	2.6	1.8	2.0	1.1
Market vacancy rate, residential properties, %	0.3	0.5	0.4	–	–	–
Remaining lease term for properties for public use, years	10	10	10	11	12	13
Investment in properties	1,586	1,849	1,680	784	382	98
Fair value, MSEK	41,039	37,878	32,009	25,160	20,009	16,153
Fair value, SEK/sqm	18,494	17,362	16,205	14,727	13,286	12,054
Total return, %	8.1	9.7	10.7	9.8	10.8	7.1
Performance-related key figures						
Rental income	2,665	2,484	2,040	1,691	1,485	1,277
Growth in revenue for existing properties, %	4.3	3.7	2.7	2.4	1.0	–
Net operating income	1,555	1,420	1,192	954	796	695
Growth in net operating income for existing properties, %	6.7	3.4	6.8	8.4	–	–
Surplus ratio, %	58	57	58	56	54	54
Income from property management operations	1,150	1,208	576	380	203	137
Profit for the year	2,430	2,433	1,964	1,010	1,455	316
Employees						
Number of employees	206	192	173	134	107	85
of whom, women	90	81	70	48	–	–

Definitions

Share of risk-bearing capital Risk-bearing capital in relation to total assets. This is stated to illuminate the company's financial stability.

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.

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**.

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.

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.

Net operating income Rental income less property expenses.

Property expenses Costs for heat, electricity, water, operation, maintenance, property tax, leasehold fees and property administration.

Net financial items Net of interest income, interest expenses and similar revenue and costs.

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.

Rental income Rental value less vacancies, rent discounts and rent losses.

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.

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.

Risk-bearing capital Equity plus an increment for shareholder loans.

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.

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.

Equity/assets ratio Equity in relation to total assets. This is stated to illuminate the company's financial stability.

Secured loans Loans raised against liens on properties.

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.

Remaining lease term The weighted remaining lease term on the closing date for rental agreements in the properties for public use segment.

Surplus ratio Net operating income in relation to rental income. This is stated to illuminate the property investments' continuous earnings capacity.

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