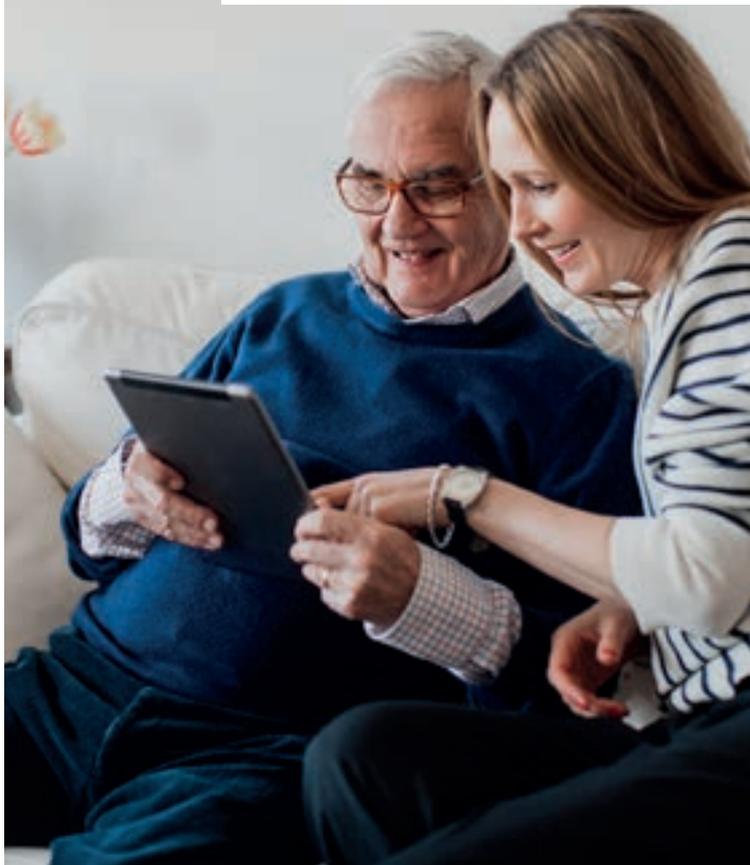




Interim report

January–March 2019



Interim report January-March

Events during the period

- Rental income increased MSEK 38 or 5.6 percent to MSEK 718 (680).
- Net operating income declined to MSEK 339 (350), mainly as a result of increased operating and maintenance expenses.
- Income from property management declined MSEK 7 to MSEK 212 (219). Net financial items declined MSEK 2 due to a lower average interest rate in the loan portfolio, despite higher gross debt and an extension of the debt duration. Income from property management also includes earnings from joint ventures of MSEK 8 (-1).
- Profit for the period declined to MSEK 292 (329).
- During the period, four properties were acquired for MSEK 361 (803). The largest acquisitions in terms of value were a newly built property for public use in Staffanstorp and a residential project property in Kalmar.
- The change in value of investment properties was MSEK 173 (269), corresponding to a percentage increase in average fair value of 0.4 percent (0.6).



MSEK 718

Rental income for the period increased to MSEK 718

Rikshem in summary

	Jan-Mar 2019	Jan-Mar 2018	Apr 2018- Mar 2019	Jan-Dec 2018
Rental income, MSEK	718	680	2,830	2,792
Net operating income, MSEK	339	350	1,513	1,524
Income from property management, MSEK	212	219	1,001	1,008
Profit after tax, MSEK	292	329	2,452	2,489
Fair value of properties, MSEK	46,461	42,199	46,461	45,687
Number of apartments	28,943	28,196	28,943	28,840
Lettable area, 1,000 sqm	2,280	2,241	2,280	2,274
Vacancy rate, residential properties, %*	0.6	0.3	0.6	0.5
Average lease length, years**	9.3	9.5	9.3	9.4
Loan-to-value ratio, %	57	59	57	58
Interest-coverage ratio, multiple***	3.2	3.3	3.2	3.2
Equity, MSEK	18,491	16,039	18,491	18,199
Total return, %***	8.0	7.9	8.0	8.4
Return on equity, %***	14.2	16.0	14.2	14.7

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

Statement by the CEO

Creating new residential properties and properties for public use is one of the most important contributions Rikshem can make to society. Through innovative new construction and renovation projects, we create a large volume of new residential properties in an efficient manner. We also support the government bill introduced concerning the right to swap apartments and illegal subletting, which contains a number of proposals that could potentially increase the sense of security in residential areas.

We plan to increase our investments over the coming year and have the ability to do so thanks to our stable equity/assets ratio. We have maintained our strong credit rating of A- with a stable outlook from S&P Global, which allows us to secure a favorable interest level. During the period, we decided on two major renovation projects in Norrköping, where in addition to renovation work we will also create new apartments. We will do so partly by finding opportunities to create new apartments in existing buildings by changing floor plans and using spaces in new ways and partly by building 27 apartments in the body of an existing building and 99 new apartments in a new building in the area. Creating new residential properties is one of the most important contributions that Rikshem can make, since having a new home gives people a chance to create a good life close to their school, work and family. In a similar fashion, we can also help meet society's need when it comes to properties for public use, such as schools and nursing homes, as well as the needs of residents and businesses, and contribute to positive community development.

Property management focus

This year's rent increases are starting to come in, although we have not yet seen their full effect, and our revenue for the first quarter increased 5.6 percent. This increase in the value of our properties is positive, and we are seeing sustained interest in investing in residential prop-

erties and properties for public use, which has given us a sense of optimism regarding future value trends. Our costs are also increasing due to our more proactive approach to maintenance in line with our long-term plan to increase our property management focus. We also have costs attributable to various maintenance requirements which have not yet been rectified and which have resulted in various consequences, including water damage. Our cost level is therefore higher than it should be in the long term, but this also confirms that we are on the right track with our focus on improved property management.

Support for government bill

The Swedish government recently introduced a bill concerning the right to swap apartments and illegal subletting, which if passed would take effect in October of this year. While it is important that the residential property market does not become more regulated, we believe the proposals in the bill have the potential to contribute to an increased feeling of safety in residential areas and other improvements, and we therefore support it. We want to have a close relationship with our tenants, but in many cases the people living in our apartments are not our tenants, but rather someone else's. This bill will give us better possibilities to take action in cases of illegal subletting. Nevertheless, the issue of proof remains problematic as landlords are forced to devote considerable time to demonstrating that

an illegal subletting arrangement has been made. Curtailing illegal subletting would free up apartments that could instead be given those who need a home without them having to pay high rent for a sublet. There are also cases where illegal subletting is linked to other more serious criminal activities. The government bill is thus a step on the path toward safer residential areas.

Pilot project for neighborhood development

Rikshem's pilot project for neighborhood development commenced during the first quarter. The four areas included in the project are located in Helsingborg, Luleå, Södertälje and Uppsala. The aim of the pilot project, which will involve safety analyses and various other measures, is to gain an accurate overview on which to base a neighborhood development plan and a shared model for Rikshem's future work in the area of neighborhood development in order to create more satisfied customers, safer areas and higher property values.



Sophia Mattsson-Linnala
Chief Executive Officer

Rikshem in brief

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

By investing wisely in growth areas and new construction 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



30,000

Rikshem provides Sweden with 29,955 residential properties across the country (including Rikshem's share of properties in joint ventures).



SEK 49 billion

The fair value of the properties totaled MSEK 48,608 (including Rikshem's share of the property value in joint ventures).



Long-term owner

Rikshem AB (publ) is 100 percent owned by Rikshem Intressenter AB, in which AMF Pensionsförsäkring AB and the Fourth Swedish National Pension Fund own 50 percent each.



Credit rating

Rikshem's credit rating from S&P Global is A- with a stable outlook.

Comments on Group earnings

Net operating income

The Group's rental income for the period increased MSEK 38 to MSEK 718 (680).

Rental income for existing properties rose MSEK 18 or 2.8 percent (4.0). The increase for existing properties mainly derived from annual rent increases and the effects of investments that enable rents to be raised in the properties.

Property expenses for the period increased MSEK 49 to MSEK 379 (330). Expenses for existing properties rose MSEK 42 or 12.8 percent and primarily comprised operating and maintenance expenses. The investment in improved property management initiated in 2018 continued during the period, mainly with a focus on maintenance. The quarter was also charged with costs for emergency maintenance due to fire and water damage. The administration organization was strengthened in 2018 and administration costs therefore increased to MSEK 48 (39).

Changes in the property portfolio increased rental income by MSEK 20

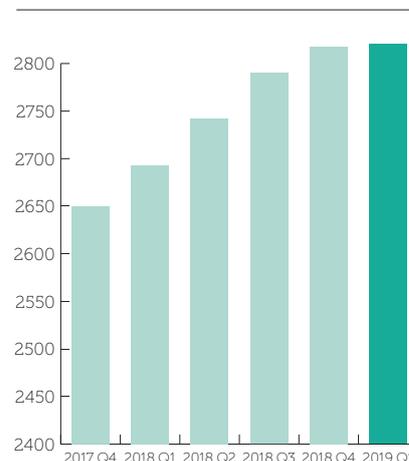
net and reduced property expenses by MSEK 7 compared with the first quarter of the prior year.

Altogether, total net operating income declined MSEK 11 compared with the year-earlier period and amounted to MSEK 339 (350). Net operating income for existing properties declined 6.8 percent compared with the year-earlier period.

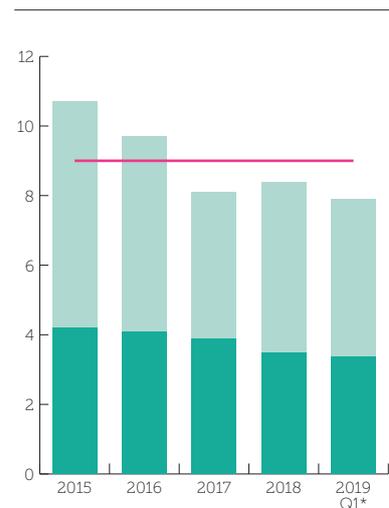
The surplus ratio for the total property holding was 47 percent (51).

At the end of the period, the vacancy rate for residential properties was 2.8 percent. Adjusted for apartments that have been vacated in preparation for renovation, the market vacancy rate was 0.6 percent (0.3). The average remaining lease term for properties for public use was 9.3 years (9.5). The economic occupancy rate for properties for public use was 97.9 percent. The economic occupancy rate for the total portfolio was 97.0 percent.

Annual rent as of the closing date (MSEK)



Total return (%)



— Average total return

Change in value

Property yield

*Rolling 12 months

Statement of income MSEK

	2019 Jan–Mar	2018 Jan–Mar
Rental income	718	680
Property expenses	-379	-330
Net operating income	339	350
Central administration	-21	-14
Net financial items	-114	-116
Earnings from joint ventures	8	-1
Income from property management	212	219
Change in value of properties	173	269
Change in value of financial derivative instruments and foreign exchange effects on financial liabilities	0	-62
Profit before tax	385	426
Tax	-93	-97
Profit for the period	292	329

Central administration

Costs for the period for central administration amounted to MSEK -21 (-14). The cost increase is mainly due to changes made to strengthen the organization in 2018.

Net financial items

Net financial items totaled MSEK -114 (-116). Net financial items mainly comprise the company's external interest expenses. Despite an increase in interest-bearing liabilities and an extended debt duration, external interest expenses decreased compared with the year-earlier period. This is due to the fact that the average interest rate on the

debts has decreased. The average interest rate at the end of the period was 1.6 percent, compared with 1.9 percent on March 31, 2018. The average interest rate includes fees for unutilized backup facilities.

Earnings from joint ventures

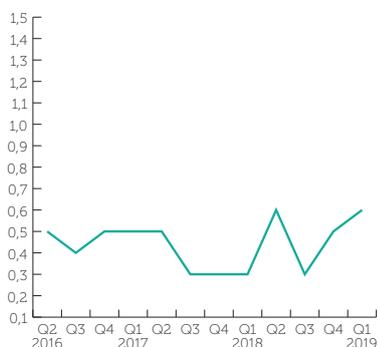
Earnings from joint ventures amounted to MSEK 8 (-1) for the period.

Change in value of financial derivative instruments

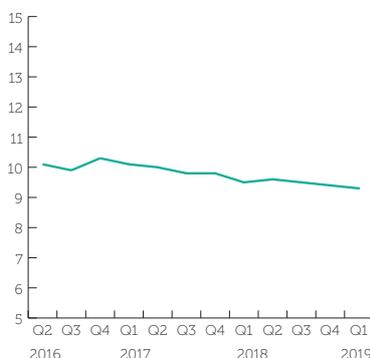
The company's financial derivative instruments are interest-rate swaps that extend interest-rate duration and com-

bined currency and interest-rate swaps, which were entered into to eliminate all foreign-exchange risk for interest payments and repayments of loans raised in EUR and NOK. The change in value of the interest-rate derivatives was impacted by falling interest rates and amounted to MSEK -225 (-20) for the period. The change in value of foreign exchange derivatives amounted to MSEK 517 (267). The foreign exchange effects on financial liabilities in EUR and NOK amounted to MSEK -292 (-309) and were attributable to the weakening of the SEK against these currencies during the period.

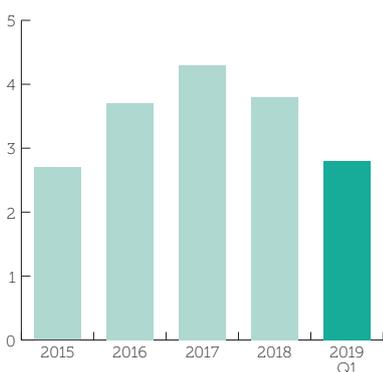
Market vacancy rate, residential properties (%)



Average lease length, properties for public use (years)



Change in rental income in existing properties (%)



Change in net operating income in existing properties (%)



Change in value of properties

The change in value for investment properties for the first three months was MSEK 173 (269), corresponding to a yield of 0.4 percent (0.6). The yield for residential properties was MSEK -13 or -0.2 percent, and the yield for properties for public use was MSEK 186 or 5.6 percent. The average yield requirement declined to 4.21 percent (4.31) compared with the year-earlier period, but increased 0.01 percent compared with year-end.

Tax

Profit for the period was charged with a tax expense of MSEK -93 (-97), primarily pertaining to the company's deferred

tax liability, and mainly comprised tax on unrealized changes in the value of investment properties and financial derivative instruments as well as loss carryforwards.

The corporate tax rate in Sweden is being lowered in two stages, starting in 2019. The corporate tax rate has been lowered to 21.4 percent for 2019 (22.0 percent for 2018) and will be lowered further to 20.6 percent in 2021. The company's deferred tax liability has been calculated based on the lower tax rate since, according to Rikshem's assessment, the deferred tax will, in all material respects, be realized after 2020.

Profit for the period

Profit for the period totaled MSEK 292 (329)

Yield requirement and rent/sqm per property type

Property type	Rent/sqm			Yield requirement		
	min	average	max	min	average	max
Residential properties	709	1,212	2,740	2.45%	3.90%	5.65%
Properties for public use:					4.91%	
Nursing homes	550	1,411	2,667	3.65%	4.78%	7.50%
Schools	774	1,487	2,143	5.00%	5.42%	6.75%
Commercial properties	735	1,186	4,195	3.85%	5.17%	7.50%
Average		1,267			4.21%	

Change in yield requirement per property type

Property type	Value in MSEK	Dec 31, 2018	Mar 31, 2019	Change
Residential properties	32,305	3.89%	3.90%	0.01%
Properties for public use:				
Nursing homes	10,705	4.78%	4.78%	0.00%
Schools	2,681	5.42%	5.42%	0.00%
Commercial properties	770	5.19%	5.17%	-0.02%
Total	46,461	4.20%	4.21%	0.01%

Transactions and investments

Rikshem continues to grow through acquisitions and through investments in existing properties and new construction. The company takes an active approach in managing its property portfolio and will divest properties that will not be suitable for the target portfolio in the long term.

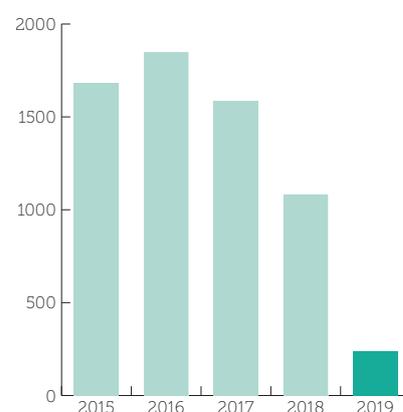
During the period, properties were acquired in Staffanstorp, Kalmar, Uppsala and Västerås for a total of MSEK 361 (803). The acquisitions added three residential project properties and a newly built property for public use with a total of 72 apartments and approximately 5,000 square meters of lettable area to the property portfolio. In addition, agreements were signed concerning the acquisition of a project property in Upplands Väsby, where some 70 rental apartments and approximately 350 square meters of offices will be built.

An agreement concerning divestment of a development property in Uppsala was also signed during the period. The

new owner will take possession of the property during the second quarter. Investments in existing properties during the period amounted to MSEK 240 (339), of which MSEK 75 (189) pertained to redevelopment and renovation of residential properties, MSEK 113 (79) to new construction of residential properties and MSEK 52 (71) to investments in properties for public use.

Rikshem had no (32) condominiums under construction as of the closing date. Rikshem's joint ventures had 80 condominiums under construction (80), of which 46 were sold.

Investments (MSEK)



Fair value of investment properties

Amounts in MSEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Fair value at the beginning of the period	45,687	41,039	41,039
Change in value	173	269	2,107
Investment	240	339	1,083
Acquisitions	361	803	1,786
Divestments	-	-251	-328
Fair value at the end of the period	46,461	42,199	45,687
Fair value incl. Rikshem's share of properties in joint ventures.	48,608	44,315	47,848

Larger projects in progress during 2019

Property/project	Location	Project category	No. of residences	Estimated completion
Repet	Södertälje	RM&U renovation	397	Q4 2020
Niten, stage 3	Norrköping	RM&U renovation	160	Q2 2020
Dörren 16	Norrköping	New construction (residential)	132	Q4 2019
Kvarngärdet 56:14	Uppsala	New construction (public use)	105	Q3 2019

Rikshem has acquired the Brågårp 6:879 property, a newly built property for public use in Staffanstorp, from Odalen Fastigheter. The property has 72 apartments and a 15-year rental agreement has been signed with Humana Omsorg.



Planen 4 in Norrköping will be renovated, transforming 167 apartments into 200 apartments by changing their floor plans. A further 27 apartments will be built on top of the existing building. A new building with 99 apartments will also be constructed on the property. The project is expected to be completed in 2021.

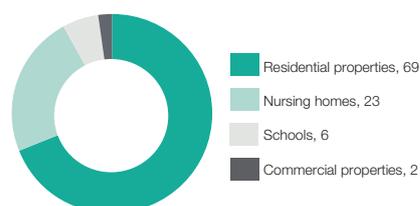


Comments on the balance sheet

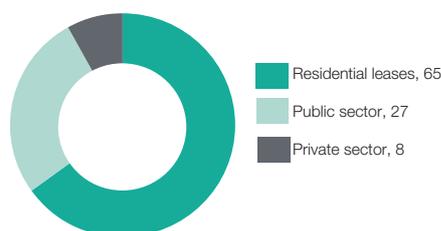
At the end of the period, Rikshem's property portfolio consisted of 559 properties (555) with a fair value of MSEK 46,461 (45,687). Of the properties' fair value, MSEK 32,305 pertained to residential properties, MSEK 10,705 to nursing homes, MSEK 2,681 to schools and MSEK 770 to commercial

properties. The property portfolio includes development rights of MSEK 809. Properties corresponding to 47 percent of the fair value are located along the Stockholm–Uppsala axis. The property portfolio comprises a total of 28,943 apartments (28,840) and 2,280,000 square meters (2,274,000) of lettable area.

Breakdown of fair value of investment properties, %



Breakdown of rental income, %

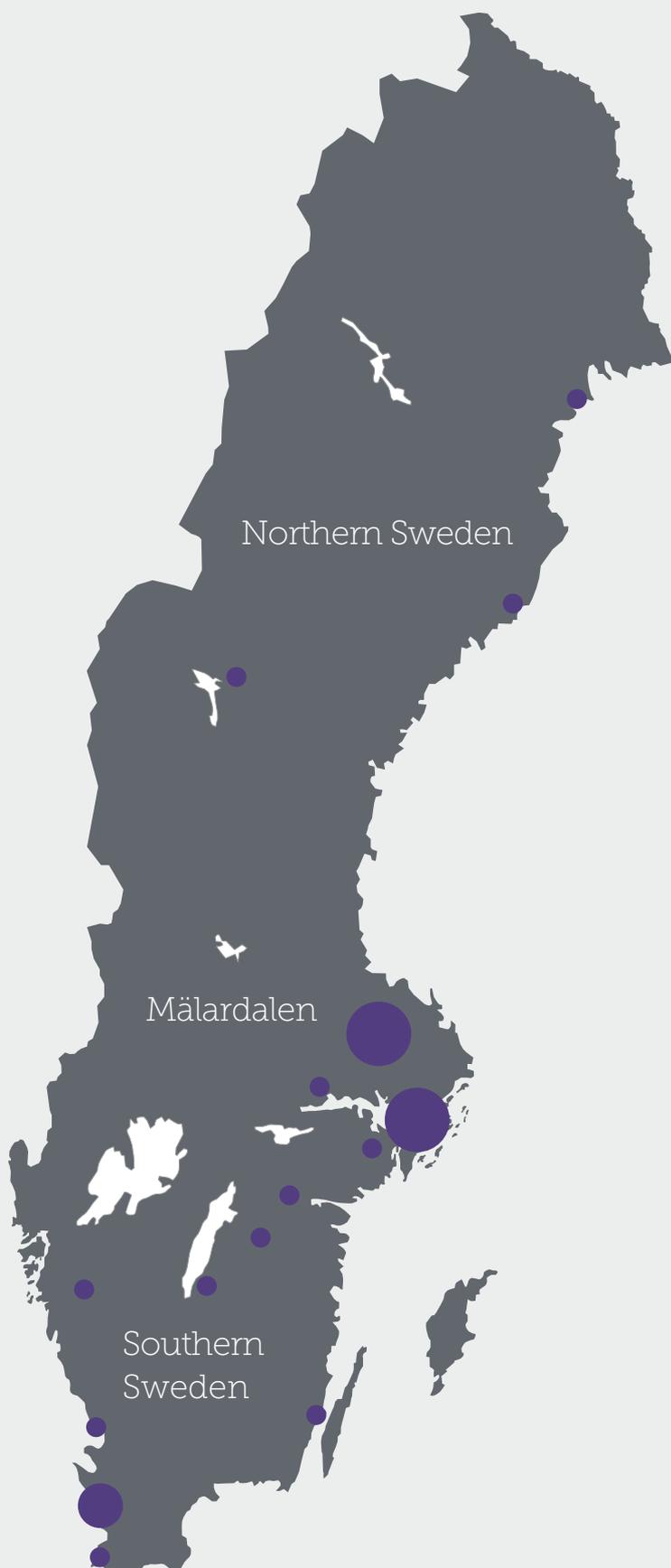


Rikshem's property portfolio, March 31, 2019

Type	Value, MSEK	Area, 1,000 sqm	Value, SEK/sqm	Annual rent, MSEK	Annual rent broken down by type of tenant, %				
					Residential leases	Public sector	Private sector	Total	
Residential properties segment									
- Residential	32,305	69	1,650	19,574					
- Commercial*	425	1	13	33,598					
Residential properties	32,730	70	1,663	19,680	2,006	89	3	8	100
Properties for public use segment									
- Nursing homes	10,705	23	451	23,744					
- Schools	2,681	6	127	21,052					
- Commercial*	345	1	39	8,849					
Properties for public use	13,731	30	617	22,248	845	6	86	8	100
Total	46,461	100	2,280	20,375	2,851	65	27	8	100

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

Our largest cities

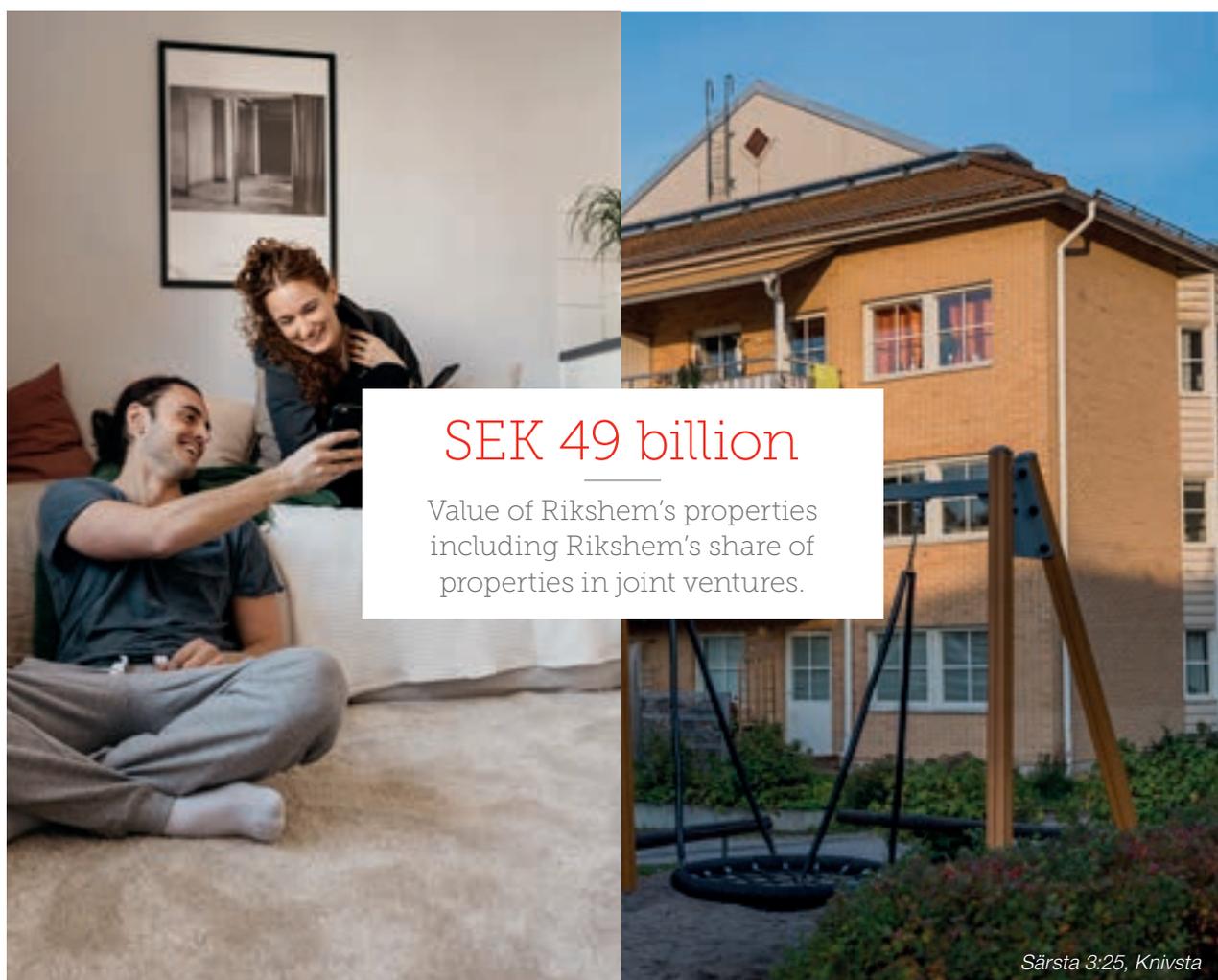


Uppsala 26%
Stockholm 21%
Helsingborg 11%
Norrköping 7%
Västerås 6%

We are also active in:

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

Share of fair value



Segment reporting

Amounts in MSEK	Residential properties		Properties for public use		Total	
	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018
Rental income	507	488	211	192	718	680
Property expenses	-290	-258	-89	-72	-379	-330
Net operating income	217	230	122	120	339	350
Change in value of properties	-13	84	186	185	173	269
Total return	204	314	308	305	512	619
Total return, % (R12)	7.4	8.0	9.2	7.9	8.0	7.9
Fair value of properties	32,730	30,391	13,731	11,808	46,461	42,199
Proportion, %	70	72	30	28	100	100
Area, 1,000 sqm	1,663	1,668	617	573	2,280	2,241
Fair value, SEK/sqm	19,680	18,225	22,248	20,595	20,375	18,832
Investments	188	268	52	71	240	339

Participations in joint ventures

Rikshem owns participations in joint ventures with a total value of MSEK 1,391 (1,353). The value of Rikshem's share of the property holding amounts to approximately SEK 2.1 billion.

The largest joint venture holding of MSEK 924 pertains to 49 percent of VärmdöBostäder. The remaining part of VärmdöBostäder is owned by Värmdö Municipality. The second largest holding of MSEK 369 pertains to Farsta Stadsutveckling, where Rikshem and Ikano Bostad each hold 50 percent. Farsta Stadsutveckling owns the Burmanstorp 1 property in Farsta. This is where the development of the new city area Telestaden is under way, with 3,000 residential properties and premises for offices and neighborhood services. Other participations in associated companies totaling MSEK 98 pertain to development projects owned and operated together with Veidekke Bostad, P&E Fastighetspartner and Glommen & Lindberg.

Receivables

Non-current receivables amounted to MSEK 206 (276) and mainly comprised loans to joint ventures. Current receiv-

ables totaled MSEK 280 (245), of which MSEK 120 (97) pertained to prepaid expenses and accrued income and MSEK 0 (17) pertained to loans to joint ventures. Accounts receivable amounted to MSEK 20 (18).

Cash and bank balances

Cash and cash equivalents totaled MSEK 680 (1,015), of which MSEK 511 is attributable to assets pledged by banks under a Credit Support Annex (CSA) for combined interest-rate and currency swaps. These pledged assets are settled on a monthly basis.

Financial derivative instruments

At the end of the period, the company had an interest-rate derivative portfolio that hedged SEK 17.8 billion, with the company paying a fixed interest rate and receiving floating interest. The company also has combined interest-rate and currency swaps to hedge loans raised in other currencies. The total fair value of the company's financial derivative instruments with a positive fair value amounted to MSEK 486 (153), while the fair value of financial derivative instruments with a negative fair value amounted to MSEK -352 (-311). The

net fair value of the derivative portfolio totaled MSEK -134 (-158).

Interest-bearing liabilities

At the end of the period, interest-bearing liabilities amounted to MSEK 26,613 (26,550). Of these interest-bearing liabilities, MSEK 4,318 (4,535) pertained to bank loans, MSEK 2,015 (2,060) to borrowings through commercial papers and MSEK 20,230 (19,898) to bonds. In addition, the company had MSEK 50 (57) in interest-bearing liabilities to related parties. All bank loans are secured by collateral in properties. In total, secured financing accounted for 9 percent (10) of the fair value of investment properties. Of Rikshem's outstanding bonds, bonds corresponding to SEK 4.1 billion are issued in EUR and bonds corresponding to SEK 5.1 billion are issued in NOK. The carrying amount of these bonds on the closing date amounted to SEK 4.3 billion and SEK 5.2 billion, respectively.

The debt duration was extended from 4.1 years to 4.2 years through the issue of bonds with a long maturity. The average interest-rate duration decreased from 5.1 years to 4.9 years.

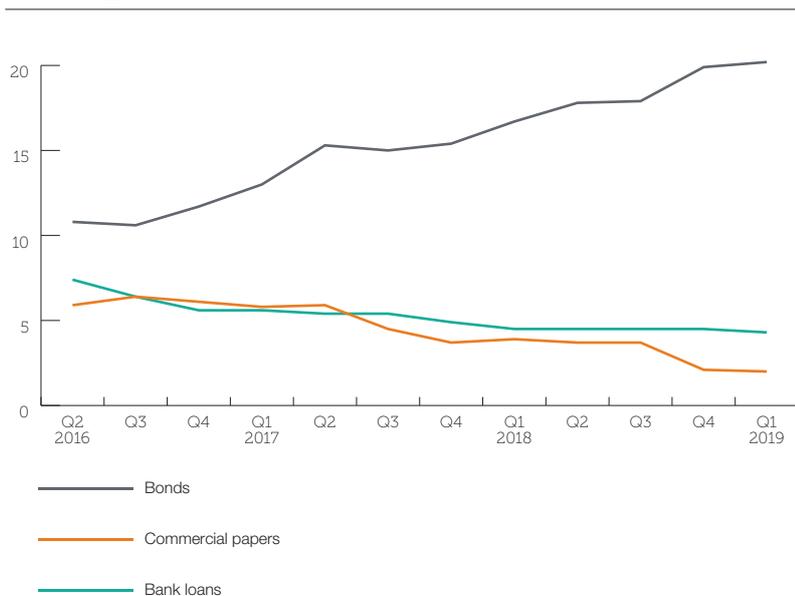
Interest-rate derivative portfolio

Maturity date	Nominal amount (end of the year), SEK billion	Average interest rate (end of the year)
2019	17.8	0.7%
2020	17.8	0.8%
2021	16.5	0.8%
2022	14.0	0.8%
2023	10.0	1.0%
2024	9.5	1.0%
2025	6.5	1.0%
2026	3.5	1.1%
2027	1.0	1.1%

Interest-bearing external liabilities

Maturity Year	Interest-rate		Debt duration	
	Amount (MSEK)	Proportion	Amount (MSEK)	Proportion
2019	1,561	5.9%	3,773	14.2%
2020	1,878	7.1%	4,963	18.7%
2021	2,154	8.1%	4,463	16.8%
2022	3,475	13.1%	2,662	10.0%
2023	4,000	15.0%	1,819	6.9%
2024	3,995	15.0%	3,550	13.4%
2025	3,000	11.3%	-	-
2026	3,000	11.3%	721	2.7%
2027	2,500	9.4%	537	2.0%
2028-	1,000	3.8%	4,075	15.3%
Total	26,563	100%	26,563	100%

Financing sources (SEK billion)



Average interest-rate duration (years)
Average debt duration (years)



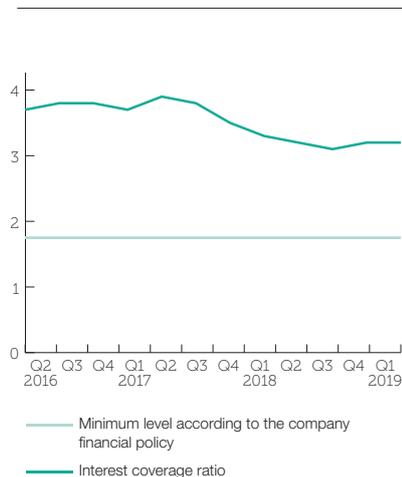
SEK 26.6 billion

Rikshem's external loans on the closing date amounted to MSEK 26,563 divided between bonds, commercial papers and bank loans.

Financial key figures

Rikshem's interest-coverage ratio for external financing was a multiple of 3.2. The loan-to-value ratio declined to 57 percent (58) and the equity/assets ratio was unchanged at 37 percent (37).

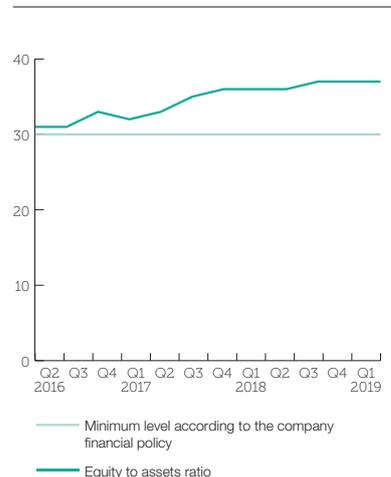
Interest-coverage ratio (multiple)



Loan-to-value ratio (%)



Equity/assets ratio (%)



Group – Condensed statement of comprehensive income

Amounts in MSEK	Jan–Mar 2019	Jan–Mar 2018	Apr 2018–Mar 2019	Jan–Dec 2018
Rental income	718	680	2,830	2,792
Operating expenses	-239	-231	-748	-740
Maintenance	-82	-51	-337	-306
Administration	-48	-39	-191	-182
Property tax	-10	-9	-41	-40
Total property expenses	-379	-330	-1,317	-1,268
Net operating income	339	350	1,513	1,524
Central administration	-21	-14	-72	-65
Net financial items	-114	-116	-456	-458
Earnings from joint ventures	8	-1	16	7
<i>of which, income from property management</i>	5	-3	15	7
<i>of which, change in value of properties</i>	0	2	0	2
<i>of which, change in value of financial derivative</i>	0	-1	2	1
<i>of which, tax</i>	3	1	-1	-3
Income from property management	212	219	1,001	1,008
Change in value of investment properties	173	269	2,011	2,107
Change in value of interest-rate derivatives	-225	-20	-350	-145
Change in value of foreign exchange derivatives	517	267	293	43
Foreign exchange effects on financial liabilities	-292	-309	-74	-91
Profit before tax	385	426	2,881	2,922
Tax	-93	-97	-429	-433
Profit for the period/year	292	329	2,452	2,489
Other comprehensive income				
Revaluation of pensions	–	–	0	0
Tax, pensions	–	–	0	0
Other comprehensive income for the period/year, net after tax	–	–	0	0
Total comprehensive income for the period/year	292	329	2,452	2,489

Group – Condensed statement of financial position

Amounts in MSEK	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
ASSETS			
Investment properties	46,461	42,199	45,687
Participations in joint ventures	1,391	1,354	1,353
Equipment	5	6	5
Leaseholds and other right-of-use assets	123	–	–
Financial derivative instruments	486	228	153
Non-current receivables	206	253	276
Total non-current assets	48,672	44,040	47,474
Current receivables	280	471	245
Cash and cash equivalents	680	536	1,015
Total current assets	960	1,007	1,260
TOTAL ASSETS	49,632	45,047	48,734
EQUITY AND LIABILITIES			
Equity	18,491	16,039	18,199
Deferred tax	2,891	2,463	2,797
Interest-bearing liabilities	22,040	17,878	21,467
Financial derivative instruments	352	491	311
Non-current liabilities, financial leasing liabilities	110	–	–
Non-interest-bearing liabilities	3	3	3
Total non-current liabilities	25,396	20,835	24,578
Interest-bearing liabilities	4,573	7,456	5,083
Current liabilities, financial leasing liabilities	12	–	–
Non-interest-bearing liabilities	1,160	717	874
Total current liabilities	5,745	8,173	5,957
TOTAL EQUITY AND LIABILITIES	49,632	45,047	48,734

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, 2018	100	4,874	10,736	15,710
Profit for the period, Jan–Mar			329	329
Closing balance, Mar 31, 2018	100	4,874	11,065	16,039
Profit for the period, Apr–Dec			2,160	2,160
Other comprehensive income			0	0
Closing balance, Dec 31, 2018	100	4,874	13,225	18,199
Opening balance, Jan 1, 2019	100	4,874	13,225	18,199
Profit for the period, Jan–Mar			292	292
Closing balance, Mar 31, 2019	100	4,874	13,517	18,491

Consolidated statement of cash flows

Amounts in MSEK	Jan–Mar 2019	Jan–Mar 2018	Apr 2018–Mar 2019	Jan–Dec 2018
Cash flow from operating activities	318	336	1,444	1,462
Interest paid	-105	-115	-488	-498
Tax paid	-24	-12	-35	-23
Change in working capital*	-42	26	28	96
Cash flow from operating activities	147	235	949	1,037
Investment in investment properties	-240	-339	-985	-1,083
Acquisition of investment properties	-361	-803	-1,317	-1,759
Divestment of investment properties	–	251	77	328
Investment in equipment	-1	0	-2	-1
Investment in financial assets	-31	-25	-99	-93
Divestment of financial assets	88	–	10	204
Dividend from financial assets	–	–	292	10
Cash flow from investing activities	-545	-916	-2,024	-2,394
Loans raised	3,248	4,667	6,675	8,094
Repayment of loans	-3,475	-3,929	-5,454	-5,908
Change in collateral*	291	93	454	255
Redemption of financial instruments	–	–	-455	-455
Repayment of financial leasing	-1	–	-1	–
Cash flow from financing activities	63	831	1,219	1,986
Cash flow for the period/year	-335	150	144	629
Cash and cash equivalents at the beginning of the period/year	1,015	386	536	386
Cash and cash equivalents at the end of the period/year	680	536	680	1,015

* From the third quarter of 2018, cash and cash equivalents pledged as collateral for foreign exchange derivatives are reclassified according to the Credit Support Annex (CSA) from "Change in working capital" to "financing activities." Comparative figures have been restated.

MSEK 240

Investments in existing properties during the period.

Of this amount, redevelopment and renovation of residential properties accounted for MSEK 75, new construction for MSEK 113 and investments in properties for public use for MSEK 52.



Skepparlyckan 3, Helsingborg

Parent Company – Condensed statement of income

Amounts in MSEK	Jan–Mar 2019	Jan–Mar 2018	Apr 2018–Mar 2019	Jan–Dec 2018
Revenue	55	44	216	205
Other operating expenses	-27	-20	-113	-106
Personnel expenses	-49	-38	-182	-171
Depreciation	-1	-1	-2	-2
Operating loss	-22	-15	-81	-74
Earnings from Group companies	15	22	482	489
Net interest income	4	7	52	55
Change in value of interest-rate derivatives	-225	-20	-350	-145
Change in value of foreign exchange derivatives	517	267	293	43
Foreign exchange effects on financial liabilities	-292	-309	-73	-90
Profit/loss after financial items	-3	-48	323	278
Appropriations	–	–	24	24
Tax	-32	11	-97	-54
Profit/loss for the period/year	-35	-37	250	248

Parent Company

The operations of the Parent Company Rikshem AB (publ) primarily comprise managing the Group's properties through the ownership of shares and participations in the property holdings of its subsidiaries. No properties are owned directly by the Parent Company. The Parent Company's revenue for the period amounted to MSEK 55 (44) and mainly comprised fees for services to the subsidiaries.

Administrative costs amounted to MSEK -77 (-59). Financial items totaled MSEK 19 (-33) and included earnings from participations in Group companies of MSEK 15 (22) and unrealized changes in value concerning financial instruments corresponding to MSEK 0 (-62).

Comprehensive income for the period amounted to MSEK -35 (-37).

The Parent Company's assets at March 31, 2019 amounted to MSEK 33,089 (32,676) and primarily comprised shares and participations in and receivables from Group companies. At the end of the period, cash and cash equivalents amounted to MSEK 677 (1,015). The Parent Company's liabilities totaled MSEK 26,141 (25,693) and primarily comprised bonds, corporate papers and bank loans. Equity totaled MSEK 6,948 (6,983) on the closing date.

Parent Company – Condensed balance sheet

Amounts in MSEK	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
ASSETS			
Equipment	5	5	4
Shares and participations in Group companies	1,967	1,967	1,967
Receivables from Group companies	29,845	28,505	29,418
Financial derivative instruments	486	228	153
Non-current receivables	32	54	58
Total non-current assets	32,335	30,759	31,600
Current assets	77	254	61
Cash and cash equivalents	677	533	1,015
Total current assets	754	787	1,076
TOTAL ASSETS	33,089	31,546	32,676
EQUITY AND LIABILITIES			
Equity	6,948	6,698	6,983
Untaxed reserves	–	24	–
Deferred tax	210	112	178
Financial derivative instruments	352	491	311
Interest-bearing liabilities	24,303	22,811	24,233
Liabilities to Group companies	644	1,207	623
Non-interest-bearing liabilities	632	203	348
Total liabilities	26,141	24,848	25,693
TOTAL EQUITY AND LIABILITIES	33,089	31,546	32,676

Other information

Parent Company

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

Board of Directors and organization

The composition of the Board of Directors of Rikshem AB (publ) changed during the period, with Andreas Jensen elected as a Board member at the annual general meeting (AGM). This means that Rikshem's Board of Directors has been expanded by one member and now comprises seven regular Board members.

Employees

The number of employees in the Rikshem Group at the end of the period was 258 (241) of whom, 113 were women.

Risks

The Board of Directors and management continuously work to manage the risks to which the operations are exposed. No material changes in the risk profile have occurred during the period. Rikshem's risks and uncertainties are described on page 61 of the Annual report for 2018.

Accounting policies

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (EU). The Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups have also been applied. This interim report has been prepared according to IAS 34 Interim Financial Reports and the Annual Accounts Act.

The Parent Company's accounting policies comply with the Annual Accounts Act and RFR 2. No changes in accounting policies, valuation principles and calculation methods have been applied compared to Annual report 2018, with the exception of the information stated below concerning IFRS 16.

New standards and policies

IFRS 16 Leases is applied as of January 1, 2019 and replaces IAS 17 Leases. According to this standard, a lessee is to recognize assets and liabilities attributable to all leases in the balance sheet, with the exception of leases with a term of less than 12 months and/or leases that pertain to a low value. Rikshem has not applied the standard retrospectively, but rather has chosen to apply the exemption rules and recognize the remaining lease payments discounted by the company's incremental



borrowing rate as of January 1, 2019 as a leasing liability. Rikshem has chosen to apply the same principle for all right-of-use assets and recognize assets at the value of the liabilities, which is why no deferred tax has arisen and there will be no impact on the Group's equity. As of January 1, the Group's right-of-use assets and leasing liabilities amounted to MSEK 109, of which leaseholds account for MSEK 97.

In the balance sheet at March 31, right-of-use assets are recognized as "Leaseholds and other right-of-use assets" and a non-current and current leasing liability are recognized on the liability side. Leaseholds are not repaid. Instead, the value of the asset and liability remain unchanged until the leasehold fee in question is renegotiated. As of March 31, the Group's right-of-use assets amounted to MSEK 123, of which leaseholds account for MSEK 98. In the statement of income, leasing payments for other right-of-use assets are recognized as depreciation and an

interest expense, while leasehold fees are recognized in their entirety as an interest expense. Interest expenses and leasehold fees have been reclassified from property expenses to net financial items, which had a positive impact of approximately MSEK 1 on net operating income. Income from property management has not been impacted.

New and amended standards and interpretations that have not yet come into force

No new or amended standards or interpretations from IASB that have not yet come into force are expected to impact the interim report or the accounting policies that have been applied and are described in Note 1 of Rikshem's annual report for 2018.

Related-party transactions

Rikshem's related parties are presented in Note 28 of Rikshem's annual report for 2018. No material related-party transactions took place during the period.

Significant events after the end of the period

No significant events occurred after the closing date.

Affirmation of the Board of Directors and the CEO

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

Stockholm, May 3, 2019

Bo Magnusson
Chairman of the Board

Pernilla Arrrud Melin
Board member

Lena Boberg
Board member

Liselotte Hjorth
Board member

Andreas Jensen
Board member

Per-Gunnar Persson
Board member

Per Uhlén
Board member

Sophia Mattsson-Linnala
CEO

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

Quarterly data

Amounts in MSEK	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Statement of income						
Rental income	718	721	697	694	680	669
Property expenses	-379	-380	-262	-296	-330	-324
Net operating income	339	341	435	398	350	345
Central administration	-21	-21	-18	-13	-14	-28
Net financial items	-114	-111	-112	-119	-116	-125
Earnings from joint ventures	8	12	1	-5	-1	-23
Income from property management	212	221	306	261	219	169
Change in value of investment properties	173	981	193	664	269	124
Change in value and foreign exchange effects of	0	-153	137	-114	-62	-12
Profit before tax	385	1,049	636	811	426	281
Tax and other comprehensive income	-93	-210	-130	4	-97	-96
Comprehensive income for the period	292	839	506	815	329	185
Balance sheet						
Investment properties	46,461	45,687	44,282	43,239	42,199	41,039
Participations in joint ventures	1,391	1,353	1,341	1,339	1,354	1,356
Other assets	1,100	679	851	1,026	958	720
Cash and cash equivalents	680	1,015	795	1,228	536	386
Total assets	49,632	48,734	47,269	46,832	45,047	43,501
Equity	18,491	18,199	17,360	16,854	16,039	15,710
Deferred tax	2,891	2,797	2,588	2,459	2,463	2,365
Interest-bearing liabilities	26,613	26,550	25,854	26,098	25,334	24,290
Other liabilities	1,637	1,188	1,467	1,421	1,211	1,136
Total equity and liabilities	49,632	48,734	47,269	46,832	45,047	43,501
Key performance data						
Loan-to-value ratio, %	57	58	58	60	59	59
Equity/assets ratio, %	37	37	37	36	36	36
Interest-coverage ratio, multiple*	3.2	3.2	3.1	3.2	3.3	3.5
Return on equity, %*	14.2	14.7	11.2	13.4	16.0	16.8
Property yield, %*	3.4	3.5	3.6	3.7	3.8	3.9
Total return, %*	8.0	8.4	6.6	7.6	7.9	8.1
Surplus ratio, %	47	47	62	57	51	52

*Rolling 12 months

Key performance data

Amounts in MSEK	Q1 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Statement of income						
Rental income	718	2,792	2,665	2,484	2,040	1,691
Net operating income	339	1,524	1,555	1,420	1,192	954
Income from property management	212	1,008	1,150	1,208	579	380
Change in value of properties, MSEK	173	2,107	1,647	1,962	1,856	1,262
Profit for the period	292	2,489	2,430	2,433	1,964	1,010
Balance sheet						
Equity	18,491	18,199	15,710	13,281	10,360	4,850
External interest-bearing liabilities	26,563	26,493	24,022	23,422	21,074	16,248
Fair value of properties	46,461	45,687	41,039	37,878	32,009	25,160
Total assets	49,632	48,734	43,501	40,114	34,053	26,036
Financial key figures						
Equity/assets ratio, %	37	37	36	33	30	19
Loan-to-value ratio, %	57	58	59	62	66	65
Interest-coverage ratio	3.2	3.2	3.5	3.8	3.6	2.9
Loan-to-value ratio, secured loans, %	9	10	12	15	21	23
Average interest rate, %	1.6	1.7	2.0	1.5	1.6	1.8
Interest-rate duration, years	4.9	5.1	5.3	2.6	2.4	3.4
Debt duration, years	4.2	4.1	3.0	1.9	1.4	1.1
Return on equity, %*	14.2	14.7	16.8	20.6	25.8	23.6
Property yield, %*	3.4	3.5	3.9	4.1	4.2	4.2
Total return, %*	8.0	8.4	8.1	9.7	10.7	9.8
Property-related key figures						
Number of properties	559	555	586	574	533	496
Lettable area, 1,000 sqm	2,280	2,274	2,219	2,182	1,975	1,708
Number of apartments	28,943	28,840	27,924	27,224	24,203	20,844
Proportion of properties for public use, %	30	29	29	29	38	42
Vacancy rate, residential properties	2.8	3.2	2.7	3.6	2.6	1.8
Market vacancy rate, residential properties, %	0.6	0.5	0.3	0.5	0.4	–
Remaining lease term for properties for public use, years	9.3	9.4	9.8	10.3	10.5	11.4
Fair value, SEK/sqm	20,375	20,090	18,494	17,362	16,205	14,727
Growth in revenue for existing properties, %	2.8	3.8	4.3	3.7	2.7	2.4
Growth in net operating income for existing properties,	-6.8	-3.9	6.7	3.4	6.8	8.4
Surplus ratio, %	47	55	58	57	58	56
*Rolling 12 months						
Employees						
Number of employees	258	241	206	192	173	134



Havsörnen 2, Sigtuna

Financial calendar

Interim report Jan–Jun 2019

August 21, 2019

Interim report Jan–Sep 2019

November 6, 2019

Definitions

Amounts within parentheses	For income statement items, amounts within parentheses refer to the outcome for the corresponding year-earlier period and for balance sheet items, amounts within parentheses refer to the outcome at the end of the preceding year.
Average interest rate	Average interest rate for interest-bearing liabilities including expenses for back-up facilities in relation to current loans on the closing date.
Debt duration, years	The weighted remaining maturity of interest-bearing liabilities on the closing date. This is stated to illuminate the company's financial risk.
Economic occupancy rate	Contract rent in relation to total rental value less rent related to vacancies due to renovation.
Equity/assets ratio	Equity in relation to total assets. This is stated to illuminate the company's financial stability.
Income from property management	Net operating income less administrative costs and net financial items plus profit from earnings from joint ventures. This is stated to illuminate the continuous earnings capacity of the business.
Interest-coverage ratio	Profit before tax following a reversal of earnings from joint ventures, interest expenses, change in 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.
Interest-rate duration, years	The weighted remaining interest-rate duration for interest-bearing liabilities and financial derivative instruments on the closing date. This is stated to illuminate the company's financial risk.
Loan-to-value ratio	Interest-bearing liabilities in relation to the fair value of properties. This is stated to illuminate the company's financial risk.
Loan-to-value ratio, secured loan	Secured interest-bearing liabilities in relation to the fair value of properties. This is stated to illuminate the company's financial risk.
Market vacancy rate, residential properties	As per closing date, the number of apartments less apartment unrented due to renovation in relation to the total number of apartment in the residential properties segment.
Net financial items	Net of interest income, interest expenses and similar revenue and costs.
Net operating income	Rental income less property expenses.
Property expenses	Costs for heat, electricity, water, operation, maintenance, property tax, leasehold fees, rent losses and administration
Property 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.
Remaining lease term, properties for public use	The weighted remaining lease term in the rental value on the closing date in the properties för public use segment.
Rental income	Rental value less vacancies and rent discounts.
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.
Secured loans	Loans raised against liens on properties.
Surplus ratio	Net operating income in relation to rental income. This is stated to illuminate the property investments' continuous earnings capacity.
Total return	Net operating income plus change in value in relation to the average fair value of properties. This is stated to illuminate the property investments' ability to generate a return.
Vacancy rate, residential properties	As per the closing date, the number of unrented apartments in relation to the total number of apartments in the residential properties segment.

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

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

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