



ANNUAL REPORT 2010

STOCKHOLMS STADSHUS AB



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By 2030, the City of Stockholm is expected to have about one million residents and the entire region nearly 3.5 million residents. This requires a development of housing, means of transport, recreation and the business climate, healthcare, schooling, care provisioning and culture. In 2010, the City's companies made a concerted effort to contribute to the City's vision of having a world-class Stockholm. A significant element of this effort is the Stimulus for Stockholm stimulus package, which – with SEK 3 billion in investments during the year to expand the construction of housing, refurbishments and energy-efficiency enhancements in the Million Programme areas, schools and housing for the elderly – contributed to an expanding and sustainable Stockholm.

This will enable Stockholm to remain a quality municipality in the future and to continuously develop as a city. Stockholm – the Capital of Scandinavia, a world-class city!

## This is Stockholms Stadshus AB

Since 1991, Stockholms Stadshus AB has been the Parent Company of a Group comprising 17 active subsidiaries. More than half of the companies in turn have subsidiaries of their own – sub-Groups. Stockholms Stadshus AB is owned by the City of Stockholm and serves as a uniting function for the City's limited liability companies. Together with the City's administrations, these comprise the combined Municipal Group.

The companies conduct municipal operations by offering and supplying services to the citizens of the City; all aspects from housing, water supply, school buildings, harbour facilities and parking operations to tourist information and a culture offering. Further information regarding each subsidiary is available from page 23 and onward.

The Stockholm City Council has delegated the operational ownership dialogue to the Board of Directors of the Parent Company, Stockholms Stadshus AB – Group Board of Directors – which comprises a politically appointed Board.

The Parent Company, Stockholms Stadshus AB – Group Management – is responsible for strategic management and for the Group's overall development. Key tasks are governance and strategic planning, which imply optimal utilisation of financial resources and helping the companies achieve established targets and implementing the City Council's ownership directives.

Municipal companies are governed by more laws than privately and publicly held companies; they are affected by the Swedish Companies Act, the Swedish Local Government Act, the Swedish Public Procurement Act, the Swedish Publicity and Secrecy Act, and the Swedish Public Records Act. Some companies are also subject to other legislation, such as the Swedish Public Water Supply and Waste Water Systems Act, the Swedish Municipal Housing Companies Act and the Swedish Act on Insurance Undertakings. Further information regarding each municipal company and the Group is available from page 15 and onward.

## Work progresses on developing and improving the City

As the Parent Company, Stockholms Stadshus AB has overall responsibility for the majority of the City of Stockholm's limited liability companies. This comprises the management and monitoring of the subsidiaries' operations based on the structured goals and directives of the City Council. Managing Director and CEO Irene Lundquist Svenonius and Deputy Managing Director Per Blomstrand look back on the efforts in 2010 to develop and improve the City and to contribute to achieving Vision 2030 for a world-class Stockholm.

The City's Vision 2030 and the master plan require continued strategic guidelines and priorities, particularly in terms of investments. The Group has a very strong financial position. However, the City faces the need for major investments to meet the rise in population in the Stockholm region.

Several key steps were taken during the mandate period to fulfil the long-term objectives.

### Stimulus with an environmental profile

In March 2009, as a stimulus action during the financial crisis and the subsequent economic downturn, the City Council decided to invest SEK 20 billion over a five-year period under the "Stimulus for Stockholm" programme. The funds shall be used to increase the construction of housing and to intensify the initiatives to meet neglected maintenance, primarily in the Million Programme areas, housing for the elderly and schools.

Stimulus for Stockholm mainly affected six Group companies: Svenska Bostäder, Stockholmshem, Familjebostäder, Micasa Fastigheter, Skolfastigheter i Stockholm AB and Stockholm Parkering. Combined, these companies implemented stimulus actions equivalent to SEK 2 billion in 2009 and for an additional SEK 3 billion in 2010. The objective of these actions is to ultimately reduce the City's expenses, generate value

growth and contribute to continued strong growth in the Stockholm area.

The municipal housing companies – Svenska Bostäder, Familjebostäder and Stockholmshem – have a specific responsibility to renew and develop suburban areas and to make all of Stockholm attractive. In 2010, the three housing companies implemented extensive initiatives in the suburban properties within the programme of the Järvalyftet project, Söderortsvisionen (Vision for the south of Stockholm) and Stimulus for Stockholm. This is being pursued to create a positive social and economic development in these areas and to thus also secure the value trend in the property portfolio.

Stimulus for Stockholm will continue in 2011 with a further reinforced environmental profile. In 2010, the Järva, Skärholmen, Bredäng and Farsta districts, as well as a large block in the Södermalm district were identified as specific environmental profile areas. Joint environmental-profile initiative objectives and aims have been formulated for these approximately 12,400 apartments. Energy consumption shall be reduced by more than 30 percent, at the same time as some of the heating and electricity consumption shall be proprietarily generated. The companies are also encompassed by the environmental profile initiatives being applied in the new development in the Norra Djurgårdsstaden and Lövholmen districts, where new housing will be built.

### Newly produced housing and refurbishments

More housing in Stockholm and high-paced housing construction are assigned the highest political priority. Since 2006, the municipal housing companies have constructed or commenced construction on about 6,200 apartments, of which about 1,000 were worked on in 2010. The housing companies' project portfolios currently contain about 8,000 apartments.



Irene Lundquist Svenonius, Managing Director



Private property companies have also commenced construction on more rental apartments in Stockholm than before. Accordingly, there is considerable potential for these to increasingly contribute to the City Council's target of at least 15,000 new residential units.

A condition for increased housing construction is that the process of developing detail plans is accelerated, which is currently under way in the City.

The need for more student apartments remains substantial. During the mandate period, Micasa Fastigheter has created about 200 student accommodations through the temporary use of vacant service building apartments. Svenska Bostäder is planning about 400 new student accommodations in the Hjorthagen, Albano and Södermalm districts. In 2010, Group Management reviewed the means for the creation of additional student apartments. One possibility currently being evaluated is the construction of a ship for student housing.

In 2010, Micasa Fastigheter continued its renovation efforts under the programme of what is known as "Äldrelyftet," a comprehensive investment to improve care-provision properties. Under the Stimulus for Stockholm programme, the company managed to advance maintenance, safety and energy-efficiency enhancement in properties intended for the elderly and for individuals with disabilities.

Micasa Fastigheter's housing for seniors and forthcoming sheltered housing facilities will provide key housing alternatives for the elderly in Stockholm. The City Council initially decided on the conversion of ten service buildings into sheltered housing units. During the year, refurbishments commenced on a couple of these properties. A total of about SEK 1.5 billion was invested in the maintenance and development of housing for the elderly.

The refurbishment of Stockholm's schools is continuing under the Stim-

ulus for Stockholm programme. This primarily involves energy-efficiency enhancements, accessibility adaptations and improved indoor environments.

### Efficient allocation and continued conversions

The city offers tenants of municipal housing companies – public housing – the ability to purchase the buildings in which they live and convert them to tenant-owned apartments, in accordance with the directives on which the Board of Stockholms Stadshus AB has resolved.

In late 2010, about 730 tenant-owner associations with a total of about 44,500 apartments, most of which were located in the inner or outer suburbs, had registered notification of their interest in such purchases.

A total of about 22,000 apartments have been sold since autumn 2006, of which about 7,500 were sold in 2010. These sales have generated capital gains of SEK 22.6 billion, of which SEK 7.5 billion in 2010, which was among the factors enabling the Stimulus for Stockholm programme. Conversion efforts are being coordinated and headed by the Parent Company, Stockholms Stadshus AB.

The allocation of apartments through Stockholms Stads Bostadsförmedling was up about 20 percent during the year. In total, some 10,200 apartments were submitted for allocation in 2010. At the same time, the number of

people on the waiting list rose by about 44,000 to around 331,000. The rise in the number of submitted and allocated apartments was attributable in part to Stockholms Stads Bostadsförmedling assuming control of the coordination of internal exchange waiting lists for the City's housing companies. The establishment of a new collective marketplace for student apartments, featuring allocations for such companies as Svenska Bostäder and Vasakronan AB, also contributed to



Per Blomstrand, Deputy Managing Director

an increase in the number of allocations. The foundation has also been laid to allocate another new form of housing, namely sheltered housing for the elderly.

### Efficiency enhancements, restructuring and streamlining

The Parent Company's, Stockholm Stadshus AB, assignment is to be an active property administrator and to implement strategic transactions when deemed appropriate. This may include the sale of portfolio properties in areas where public housing is overrepresented, the acquisition of properties in more attractive areas where public housing has weak representation or the acquisition of project properties in the aim of advancing the new production of housing. Since the autumn of 2006, a number of such strategic property transactions have been completed. In total, properties corresponding to nearly 8,000 apartments have been sold and properties with almost 1,000 apartments have been acquired in these transactions.

In 2008, Stockholm Vatten formed a vehicle gasoline company. The aim was to gather Stockholm Vatten's gas production facilities and subsequently divest the operation. In spring 2010, the City Council decided on the sale of the vehicle gas company to Scandinavian Biogas Fuels International AB. During the year, a decision was also taken to sell Stockholms Hamnar's subsidiary Stockholms Stuveri och Bemanning AB, to Logistikentreprenader i Sverige AB. Both of these sales are part of an effort to streamline the companies' businesses and focus on core operations.

### The Stockholm arena – the Group's largest project

Several of the City's companies are responsible for major projects that are municipal-wide and are of considerable financial significance. A number of these are development projects of substantial significance for the City's infrastructure.

This is exemplified through the development of the Globen area, in accordance with Vision Söderstaden, and the construction of the Stockholm arena for slightly more than 30,000 to 45,000 spectators, depending on the event, in the southern section of the area. This is currently the single largest project of the Group's companies. The Stockholm arena is scheduled to be ready for its first event by the spring of 2013. In 2010, a detailed plan for the area was adopted, building permits were granted and construction of the new arena commenced.

### Värtapiren and a new harbour in Norvik

Access to functioning infrastructure development and materials sourcing is a key factor in Stockholm's continued expansion. Another major infrastructure and development project that was under way during the year is Norvik, where the City Council decided on the construction of a new harbour, which will also contribute to freeing up land in Värtahamnen. In December 2010, the Swedish Environmental Court of Appeal gave its support to the construction of the harbour in Norvik.

The City Council reached a strategic decision regarding another project known as Värtapiren. This new cruise-ship terminal in Värtahamnen will free up land for urban development and the build-out of Värtapiren is the first step in the development of the new harbour district. A final implementation decision for the project is expected soon. During the year, the Swedish Environmental Court announced that it will not support the expansion. The ruling has been appealed and will be addressed by the Swedish Environmental Court of Appeal in early 2011.

*Further and more detailed information on such topics as Stimulus for Stockholm, housing construction, investments and the companies' target achievements is provided in the coming pages.*





## Refurbishments for a better environment for Stockholmers

With a property portfolio featuring approximately 10.5 million square metres of rentable space with a market value of about SEK 113 billion, Stockholms Stadshus AB is one of Sweden's largest property owners. The companies' objective is to continue to streamline, enhance the efficiency of, manage and develop its property portfolio to meet Stockholmers' needs. In 2010, a total of slightly more than SEK 8 billion was invested in various projects, many of which commenced during the year.

### Refurbishment and environmental initiatives under way

The Group's properties are undergoing extensive refurbishment work. Stimulus for Stockholm has enabled environmental improvements for Stockholmers' and residents and reduced energy consumption ahead of schedule.

In 2010, the companies Svenska Bostäder, Stockholms-hem, Familjebostäder, Micasa Fastigheter, Skolfastigheter i Stockholm AB och Stockholm Parkering invested slightly more than SEK 3 billion extra through the Stimulus for Stockholm programme. Of these funds, about SEK 1 billion was spent on additional new production and almost SEK 900 M on refurbishments of the existing property portfolio, primarily in Million Programme areas. More than SEK 800 M was spent on energy-efficiency enhancements and the remaining SEK 460 M was used on

various safety measures including improved lighting, the replacement of doors and new lock systems.

### Housing

The City of Stockholm's target is to construct approximately 15,000 new residential units during the current mandate period. The City's housing companies have started work on about 6,200 apartments since 2006. In 2010, the companies' started about 1,000 of these in such areas as Annedal, Hässelby, Hagsätra, Henriksdalshamnen, Älvsjö, Mariehäll, Aspudden, Råcksta and Kungsholmen. During the year, about 1,000 apartments were completed in such areas as Hammarbyhöjden, Kärrtorp, Solberga, Rågsved, Farsta, Hammarby Sjöstad, Sköndal, Liljeholmen and Råcksta.

The year 2010 was characterised by extensive refurbishments, the production of new housing, and on continued conversions to tenant-owner apartments. In 2010, about 7,500 apartment dwellers opted to purchase their apartments and in total about 22,000 apartments have been sold since 2006.

The housing companies continued work on the Järvalyftet project by developing a number of refurbishment programmes in collaboration with residents. This work is now transitioning from the planning phase to the action phase. The Swedish Union of Tenants reached an agreement with the concerned companies regarding refurbishment standards, consultation principles and the setting of

#### Actions implemented in 2010 within the programme of Stimulus for Stockholm

	SEK M	%
<b>Actions</b>		
New production	977	32%
Renovations/actions to raise standards	855	28%
Energy-efficiency enhancements	809	26%
Security-creating actions	247	8%
Other	191	6%
<b>Total</b>	<b>3 077</b>	<b>100%</b>





rents. Refurbishments are currently under way in several blocks in southern and northern Järfvafältet and the first model apartment in Husby was completed in November. The project serves as a role model for other areas, such as Bredäng, and a similar effort to strengthen the management organisation was started by Stockholmshem in a southern area of the City.

## Premises

The new Stockholm arena is part of the Vision Söderstaden project and the developments planned in the area around and in Slakthusområdet. The arena will have a capacity for 30,000 spectators for sports matches and upwards of 45,000 for concerts and is scheduled for completion by the spring of 2013. The detail plan was adopted during the year and construction of the new arena is fully under way.

In February 2010, SGA Fastigheter and the external events company Stockholm Globe Arena officially opened the gondolas that transport visitors to the roof of the Globen arena. SkyView, which had about 160,000 visitors in 2010, has resulted in the development of a café and a visitor's centre at the Globen square.

Following the City Council's strategic decision on Vision Söderstaden, S:t Erik Markutveckling acquired the Kylhuset 15 property during the year ahead of the planned develop-

ments in the Globen and Slakthusområdet areas. The company also continued the development of the commercial centre in

Ullsunda known as Bryggeriet, which is a component of the gradual urban development, including planned housing, under the Bällstavisionen (Vision for Bällsta) programme.

## Schools

The Stimulus for Stockholm programme has enabled Skolfastigheter i Stockholm AB (SISAB) to advance on a number of required actions ahead of time. For example, the Skanskvarns school and Johan Skytte school were fully renovated with new ventilation, a heat recovery system and the replacement of energy conservative lighting with motion-detection lighting. Several pre-schools were equipped with new ventilation featuring heat recovery, and some 30 properties, both schools and pre-schools, have improved their ventilation in other ways.

In 2010, SISAB also implemented several different energy-efficiency enhancement actions. For example, the Östra Real upper secondary school implemented energy-efficiency enhancements using a new combination pump for residual heat from Stokab. Energy glass was installed in several schools, including the Klastorps school and the Sättra school. A number of pre-schools and schools were equipped with energy-saving lighting.

## Property portfolio in 2010

Use	Area (m <sup>2</sup> )	No. of apartments/ premises (No. of units)	Carrying amount (SEK M)	Fair value* (SEK M)	Rental revenue, 2010 (SEK M)
Housing	5 219 401	84 179	35 173	82 307	5 852
Commercial rental premises	4 698 047	7 969	10 823	20 937	2 490
Retail	218 496	1 493	1 203	2 937	247
Other	337 073	2 022	2 150	6 085	384
Parking spaces	104 718	3 394	425	425	91
<b>Total</b>	<b>10 577 735</b>	<b>99 057</b>	<b>49 775</b>	<b>112 611</b>	<b>9 064</b>

\*Normal market value

## Housing for the elderly

Micasa Fastigheter is conducting an extensive refurbishment as part of the "Äldrelyftet" project. During the year, these efforts were reinforced through Stimulus for Stockholm. A total of almost SEK 1.5 billion is being invested in refurbishments and maintenance.

In 2010, the company commenced work on the conversion of a number of service buildings into sheltered housing, including the Fästmansoffan property in Nälsta and Väduren in Vasastan. Some ten new sheltered housing facilities are planned through the conversion of about 800 apartments in existing properties. During the year, this was implemented in four properties. The company has also begun work on conversions to community housing.

Micasa is also conducting an extensive energy-efficiency enhancement project aimed at reducing energy consumption by 30 percent. The project was expanded and expedited through the injection of SEK 250 M from Stimulus for Stockholm. A contribution of SEK 186 M, in addition to the planned SEK 70 M, also enabled the expansion of the repairs of neglected maintenance work.

## Harbours

A protracted environmental-assessment process delayed the Norvik and Värtapiren harbour projects. In December 2010, the Swedish Environmental Court of Appeal approved the construction of a freight harbour at Norvikudden in Nynäshamn. The investment fee for the harbour is estimated at SEK 2.1 billion. During the year, the Swedish government



approved a detail plan for Värtapiren. The principal negotiations regarding Värtapiren were conducted at the

Swedish Environmental Court of Appeal in February 2011.

During the year, Stockholms Hamnar invested in the renovation of Stora Tullhuset, where the Fotografiska Museum (photography museum) has quickly become Stockholm's third largest attraction, with nearly 200,000 visitors since opening in May 2010. The comprehensive renovation of the Strömkajen pier also progressed during the year. Plans for the modernisation of the harbour at Kapellskär have been under way for an extended period. A decision regarding the expansion of Kapellskär is scheduled for 2011.

## Parking

The year was characterised by extensive energy-efficiency enhancements and refurbishment work on Stockholm Parkering's facilities. Stimulus for Stockholm enabled measures to be taken on facilities and during the year, another ten facilities were Q-labelled. Accordingly, there are now 62 Q-labelled facilities, meaning facilities that are lighted and feature such amenities as access control systems, making them feel safe and secure for parking. Stockholm Parkering's expansion of garage facilities continued in 2010 by work commencing on the Rosendal garage in Södermalm. In 2010, in collaboration with the City's concerned Councils, Stockholm Parkering formulated a plan for another 24 facilities with slightly more than 6,000 spaces.

## Gross investments in 2010

SEK M	Financial assets	Construction in progress	Machinery and equipm.	Buildings	Land	Total 2010
<b>PARENT COMPANY</b>						
Stockholms Stadshus AB	250	0	0	0	0	250
<b>SUBSIDIARIES</b>						
AB Svenska Bostäder <sup>1)</sup>	0	1 449	6	28	0	1 483
AB Familjebostäder	0	2 057	16	-4	0	2 069
AB Stockholmshem	0	714	0	743	2	1 459
Stockholms Stads Bostadsförmedling AB	0	0	0	0	0	0
Micasa Fastigheter i Stockholm AB <sup>2)</sup>	0	460	2	0	0	462
Skolfastigheter i Stockholm AB (SISAB)	0	435	0	0	0	435
Stockholm Vatten AB	0	610	0	0	0	610
Stockholms Hamnar AB	0	325	2	0	0	328
AB Stokab	0	360	1	0	0	361
Stockholms Stads Parkerings AB	0	47	15	0	0	62
Stockholms Stadsteater AB	0	0	8	0	0	8
Stockholm Globe Arena Fastigheter AB <sup>3)</sup>	0	529	0	0	31	560
S:t Erik Försäkrings AB	0	0	0	0	0	0
Stockholm Business Region AB	0	0	2	0	0	2
S:t Erik Markutveckling AB	0	0	0	163	0	163
S:t Erik Livförsäkring AB	53	0	0	0	0	53
Stockholms Stads Utrednings och Statistikkontor AB	0	0	0	0	0	0
<i>Group adjustments, net</i>	-250	-8	0	-25	0	-283
<b>Group</b>	<b>53</b>	<b>6 978</b>	<b>53</b>	<b>905</b>	<b>33</b>	<b>8 022</b>

<sup>1)</sup> Plus expensed investments in the amount of SEK 585 M

<sup>2)</sup> Plus expensed investments in the amount of SEK 128 M

## COMMENTARY ON GROSS INVESTMENTS IN 2010

The Group's investment volumes have been extensive in recent years and remained at a high level in 2010. The total volume amounted to slightly more than SEK 8 billion, which was SEK 1.5 billion less than the budgeted level. This deviation was largely due to postponements in the housing companies' new construction projects and delays in certain infrastructure projects with Stockholms Hamnar stemming from environmental assessments.

Of the companies' total investment volumes in 2010, Stimulus for Stockholm accounted for SEK 2,051 M.

In 2010, the housing companies focused on the production of new housing, neglected maintenance and energy-

efficiency enhancements. During the year, SGA Fastigheter commenced construction on the new Stockholm arena in the Globen area, resulting in a substantial rise in the company's investment level compared with prior years.

During the year, SISAB completed several conversion projects and advanced on maintenance actions under Stimulus for Stockholm. Micasa Fastigheter is also implementing extensive refurbishment projects within the programme of the Äldrelyftet programme and commenced work on converting certain existing properties into sheltered housing.

S:t Erik Markutveckling acquired the Kylhuset 15 property in the Globen area during the year.







## Serious investments in a sustainable city

The City's "Vision Stockholm 2030" is the long-term vision of how a city should be developed and presents the City's long-term goals, the challenges faced by the City and strategies for a long-term and sustainable development. The control system, an integrated system for the management, control and review of the organisation and finances, is known as ILS. The City Council's budget determines orientational goals, objectives for the business area, indicators and activities. The indicators measure performance and the activities are intended to contribute to the achievement of goals.

During the mandate period, three overriding orientational goals – meaning the effects for citizens that the City wants to achieve with its work – have been established for the City's operations:

- Stockholm shall be an attractive, safe and expanding city for residents, businesses and visitors.
- Quality and freedom of choice shall be developed and enhanced.
- The City's operations shall be cost-effective.

In this section, we will report examples of the companies' efforts to contribute to the orientational goals in 2010. A complete report of the companies' goal achievements is found in the web-based ILS web tool, which can be accessed via Stockholms Stadshus AB's website ([www.stadshusab.se](http://www.stadshusab.se)).

### Stockholm shall be an attractive, safe and expanding city

The economy remains strong in Stockholm. Employment continued to rise in 2010, while the number of positions available through the Swedish Public Employment Service rose 40 percent. Stockholm's power of attraction is reflected in the county's population rise. The City's population increased by slightly more than 18,000 residents and the combined rise in the county was about 35,000 residents.

During the year, regional collaboration within the Stockholm Business Alliance partnership continued and a new agreement was signed with 50 municipalities for 2011 to 2015. Under this partnership between the municipalities,

the focus is on attracting foreign investments to the region. The Stockholm Business Region (SBR) is charged with conducting various activities on behalf of the region and in collaboration with the municipalities. Work on influencing investment consultants resulted in Stockholm being ranked as the fourth most popular city to invest in, according to the Financial Times' list.

Stockholm is an expanding metropolis and one of the City's goals is to construct 15,000 new apartments during the mandate period from 2006 to 2010. The City's three housing companies were tasked with contributing 6,000 of these. Since 2006, work has begun on a total of 6,200 apartments, of which work commenced on 1,000 in 2010. In 2010, under the Stimulus for Stockholm programme work advanced on refurbishment measures and new production valued at about SEK 3 billion. This also includes energy-efficiency enhancement actions, increased residential security, and the refurbishment of housing for the elderly and disabled, schools and pre-schools. Stockholm Parkering secured Q-labelling for another ten parking garages in 2010, which are now deemed safe and secure.

Stockholm is to be a sustainable metropolis, both socially and environmentally. During the year, the housing companies continued their involvement in the Järvalyftet project and their initiatives in the southern area of the City, which included extensive refurbishment work and reinforced management in consultation with residents. A total of about 38,000 apartments were worked on under Stimulus for Stockholm in 2010. All property companies are also conducting extensive energy-efficiency enhancement measures, with estimated energy savings of more than 30 percent.

In a number of selected environmental profile and Million Programme areas – such as Järva, Skärholmen, Bredäng and Farsta – the companies have higher environmental ambitions. This means that a certain percentage of their energy is to be proprietarily produced. Several of the property companies exceeded their targets of reduced energy consumption, including Stockholms hem and SISAB. An extensive energy-efficiency enhancement effort is in progress among all property companies. However, the measurement of

results was hampered by major changes in the property portfolio and the unusually cold winters in early and late 2010.

During the year, the number of overnight stays in Stockholm continued to rise, which was in part related to Crown Princess Victoria's wedding in June and the accompanying "Love Stockholm 2010" event. The event attracted Stockholmers, outside visitors and a vast number of journalists. In conjunction with the City's festivities ahead of the Royal Wedding, SBR was jointly responsible for managing public relations and communications activities together with the City of Stockholm Executive Office and the City of Stockholm's Culture Administration.

In 2010, passenger traffic at Stockholms Hamnar broke a new record with more than 12 million people passing through the ports in Stockholm, Kapellskär and Nynäshamn. Freight goods (goods that are transported by sea) rose 17 percent in 2010 and a total of six million tonnes of freight goods were handled during the year.

During the year, Stockholm's Stadsteater and the Parkteater received 463,000 visitors, of which 21 percent were children or young people. Stadsteatern's capacity remained high at 85 percent.

### Quality and freedom of choice shall be developed and enhanced

The City Council's overriding objectives include the conversion of rental apartments into tenant-owner apartments. From 2006 to 2010, about 44,500 tenants registered a notification of interest in this type of conversion. As of spring 2010, the number of occupancies increased and a total of about 22,100 apartments have been sold since 2006, of which approximately 7,500 were sold in 2010.

During the year, Stockholms Bostadsförmedling (housing service) assumed responsibility for the housing companies' internal waiting lists, giving tenants of the City's housing companies a greater selection of apartments to choose between. Bostadsförmedlingen also assumed control of and gathered the allocation of student apartments from these companies and several private property owners. A total of 10,170 apartments were submitted for allocation, which is an increase of 20 percent compared with 2009. The number of apartments submitted from private property owners and



housing companies in other municipalities also rose during the year.

Micasa continued the conversion and expansion of the City's health-care and care accommodations to make them modern, accessible and safe. Investments in Äldrelyftet and Stimulus for Stockholm have accelerated this development. During the

year, two properties were converted into sheltered housing facilities and another eight are planned, which encompasses a total of 800 apartments.

In 2010, according to plan, Stokab completed the continued expansion of the fibre-optics network thus providing an additional 75,000 households and companies with the ability to freely select among broadband service providers.

SISAB is progressing toward achieving the target of 100 percent approval of the mandatory ventilation inspection of its function-controlled ventilation system. During the year, the lower energy consumption goal was exceeded, with an outcome of 5 percent compared with the target of 3 percent.

### The City's operations shall be cost-effective

The City's property companies continuously pursue reduced operating and maintenance costs in the property portfolio. Major improvements occurred in 2010, which resulted in large parts of the efficiency-enhancement actions not achieving full effect to date in the property portfolio. However, the reviews that were conducted on completed projects under such programmes as Stimulus for Stockholm indicate strong means to reduce operating costs following the implemented actions.

During the year, Stockholm Parkering continued to assume control of parking garages from the City's other companies and administrations to coordinate and enhance the efficiency and development of the City's parking garages. Stockholm Vatten continued to focus on its core operations after selling its vehicle gas company during the year.

In partnership with S:t Erik Försäkring, SISAB continued to work on damage preventative actions. The cost of crushed glass, graffiti and outdoor property damage declined by an additional 28 percent.

Most of the companies reported a continued decrease in sickness absence and in all companies, sickness absence was lower than the City Council's target of 5 percent.

# Skills enhancement and preventative healthcare

How well the City and its companies succeed in providing Stockholmers with proper service and services is largely dependent on the expertise and commitment of its employees and managers. Accordingly, it is of the utmost importance that the companies remain attractive employers.

## Enhancement measures

The companies continued to invest in competence-raising initiatives. Managers at several of the companies completed leadership-training courses during the year. At the same time, employees' skills were registered in an effort to be developed and reviewed. The initiatives were in part preparation ahead of forthcoming retirements.

## A continued healthy organisation

Work on promoting employee health and pursuing low sickness absence continued during the year. Dietary consultations, health coaches, health examinations and occupational health service are examples of this work. In addition to providing financial support for exercise activities, most companies also offer the opportunity to exercise during working hours.

In 2010, sickness absence remained low at 3.3 percent. Compared with the preceding year, sickness absence among men rose marginally to 3.2 percent and decreased somewhat among women to 3.6 percent. Long-term sickness absence (at least 60 days) accounted for 29 percent of total sickness absence, which was unchanged.

## Personnel statistics detailed

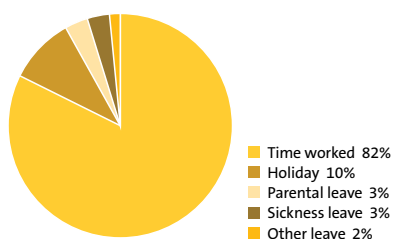
During the year, work on formulating definitions and ensuring personnel statistics was conducted at the Stockholms Stadshus AB Group. This resulted in the companies' personnel figures being easier to compare and consolidate with rest of City. One of the indicators that was evaluated was the "number of employees" indicator. Employees can be measured on the basis of several definitions such as "number" or "full-year employees." The term "full-year employees" combines permanent and temporary employees together in one level of employment. For example, two part-time employees who work 50 percent become one full-year employee. The level of employment can subsequently be based on the "contractual time" or "time actually worked." In addition, the term "average number of full-year employees" expresses an average during the year.

The average number of full-year employees, under contractual time, was 2,498 at the Group during the year. Measured as the time actually worked, the average number of full-year employees was 2,315. The various measurements for full-year employees supplement each other since they capture two different aspects. For example, the contractual time encompasses those on sickness leave and parental leave, and indicates the full-year employees for which the companies bear employer responsibility. However, time actually worked indicates how many full-year employees who are working.

Compared with 2009, the average number of full-year employees, measured under contractual time, declined. This decrease was largely due to the sale of Stockholms Stuveri och Bemanning AB by Stockholms Hamnar and that Svenska Bostäder was subject to an organisational review. In the category "permanent employees," 39 percent were women, which was an increase of 1 percentage point on the preceding year.

The number of employees calculated as the number of employees receiving monthly salaries was 2,553 (2,703) combined for all the companies.

Total use of time in 2010







## Group overview

Since 1991, Stockholms Stadshus AB has been the Parent Company of a Group comprising 17 active subsidiaries. More than half of the companies in turn have their own subsidiaries – sub-Groups. Stockholms Stadshus AB is owned by the City of Stockholm and serves as a uniting function for the City's limited liability companies.

The Stockholm City Council establishes the Articles of Association and is thereby the object of and the municipal purpose for the companies' operations. The Articles of Association may not be amended without the consent of the City Council. The City Council must also establish a position before decisions are taken on matters that are particularly important or of a principled nature, such as the acquisition or formation of new companies. The City Council elects all members of the municipal companies, unless the legislation specifies other forms or the company is not wholly owned by the City. The Boards and executive management of the companies bear operational responsibility for carrying out decisions made by the City Council.

The General Meeting of Shareholders is the highest executive body and the forum in which shareholders exercise their right to decide on major issues affecting the company. The City Council appoints a representative to the Annual General Meeting for the Parent Company Stockholms Stadshus AB. The Group Board, the Board of Stockholms Stadshus AB, annually appoints a representative to the

Annual General Meeting and to any Extraordinary General Meetings in the subsidiaries.

Owner directives for the companies are established by the City Council in conjunction with the approval of a budget for the City of Stockholm. Follow-up takes place during the processing of the City's financial statements. The directives that the Council issues to the Parent Company Stockholms Stadshus AB include executing the owner directives for the City Council, overseeing the overall development, strategic planning, ongoing supervision and review, financial monitoring and follow-up, developing more efficient forms of governance and developing interaction between the owner, Group management and subsidiaries.

The Group's companies are audited by an Authorised Public Accountant and a lay auditor who are appointed by the City Council. The Group's companies are listed in Note 14, and additional facts about the Group can be found on page 1.

### Parent Company employees

The Parent Company has six employees, who are responsible for Group-wide issues, ensuring that the owner's decisions are executed and for coordinating and following up Group operations. In addition to monitoring whether companies achieve established objectives and implement the City Council's directives, the Parent Company coordinates reporting and provides support to individual subsidiaries in, for example, investment and financing decisions, taxation issues and financial and administrative issues.



Top row from left:

Boris Amsköld, Business Controller  
 Susanna Höglund, Business Controller  
 Roland Strömberg, Company Lawyer, Senior Consultant  
 Sara Feinberg, Administrative Secretary  
 Joachim Quiding, Administrative Director

Bottom row from left:

Inger Johansson Kjaerboe, Financial Director  
 Per Blomstrand, Deputy Managing Director  
 Irene Lundquist Svenonius, Managing Director and  
 Chief Executive Officer of the City of Stockholm

## Earnings per company

Profit after net financial items (SEK M)	2010	2009	2008	2007	2006
<b>PARENT COMPANY</b>					
Stockholms Stadshus AB	402	447	497	338	196
<i>Capital gains</i>	–	–	1 228	5 696	–
<i>Of which, dividend from subsidiaries</i>	31	37	39	99	32
<b>SUBSIDIARIES</b>					
AB Svenska Bostäder (G)	217	125	-67	-432	33
<i>Stimulus for Stockholm</i>	-360	-250	–	–	–
<i>Capital gains</i>	3891	4231	2 866	666	–
AB Familjebostäder (G)	101	144	133	121	91
<i>Stimulus for Stockholm</i>	-174	-189	–	–	–
<i>Capital gains</i>	2138	2082	1 032	143	–
AB Stockholmshem (G)	124	204	177	165	149
<i>Stimulus for Stockholm</i>	-194	-257	–	–	–
<i>Capital gains</i>	1657	2171	2 610	279	34
Stockholms Stads Bostadsförmedling AB	12	23	18	13	7
Skolfastigheter i Stockholm AB (SISAB)	-18	-7	-6	-9	-11
<i>Stimulus for Stockholm</i>	-80	-40	–	–	–
<i>Capital gains</i>	11	–	–	–	–
Micasa Fastigheter i Stockholm AB	-74	-34	-61	46	40
<i>Stimulus for Stockholm</i>	-200	-85	–	–	–
<i>Capital gains</i>	–	–	41	–	–
CentrumKompaniet i Stockholm AB *	–	–	–	0	78
S:t Erik Markutveckling AB (G)	8	8	-1	-22	-26
Stockholm Globe Arena Fastigheter AB (G)	-64	-74	-53	-68	-61
Stockholm Vatten AB (G)	-20	64	-47	-83	-378
<i>Capital gains</i>	45	–	–	–	–
Stockholms Hamn AB (G)	71	36	43	80	65
AB Stokab (G)	168	149	143	94	45
Stockholms Stads Parkerings AB	31	33	33	45	34
<i>Stimulus for Stockholm</i>	-19	-14	–	–	–
Stockholms Stadsteater AB	-215	-210	-213	-203	-177
Stockholm Business Region AB (G)	1	1	1	0	5
S:t Erik Försäkrings AB	21	21	7	1	-21
S:t Erik Livförsäkring AB	54	286	-54	114	3
Stockholms Stads Utrednings och Statistikkontor AB	6	3	9	–	–
Group adjustments, net	-324	-224	-413	-205	-11
Group	7 217	8 644	7 923	6 779	95
<i>Of which, capital gains</i>	7 492	8 329	7 461	6 710	29
<i>Of which, Stimulus for Stockholm</i>	-1026	-835	–	–	–
Earnings excluding capital gains	-275	315	462	69	66

Note: Subsidiaries marked with (G) have their own sub-Groups.

\* The company was divested on 31 August 2007

## Commentary on the Earnings per company

In recent years, the Stockholms Stadshus AB Group has reported a strong earnings trend, which was also the case in 2010. A contributing factor was that considerable capital gains were generated between 2007 and 2010, as a result of the sale of fixed assets. Profit for the year after net financial items was SEK 7,217 M. The capital gains mainly derived from the housing companies' property divestments to tenant-owner associations, which amounted to SEK 7,500 M.

The companies' results, excluding capital gains, totalled a loss of SEK 275 M, which was attributable to the City Council charging several of the Group's companies with implementing measures under the Stimulus for Stockholm programme; refer to the table on page 6, for example. The Group's earnings for 2010 included expensed Stimulus for Stockholm actions totalling SEK 1,026 M. Under Stimulus for Stockholm, the companies have conducted energy-efficiency enhancement actions and extensive initiatives in the City's Million Programme areas. In the earnings summary (to the left), stimulus actions for the companies concerned are individually recognized. Svenska Bostäder implemented actions valued at SEK 360 M including those for Järvalyftet.

The Group's profit for the year after net financial items includes rising costs, compared with prior years, for snow clearance for the property companies. A positive deviation

compared with 2009 was the decline in interest expenses, totalling about SEK 200 M, for the Group companies. The interest-rate level and reduced liabilities following the completion of the sales were the primary factors to impact the interest-rate results.

Micasa Fastigheter recognised a loss of SEK 74 M, excluding stimulus actions. Approved Äldrelyftet maintenance initiatives impacted results.

Stockholm Vatten recognised a loss of SEK 20 M, excluding capital gains. The loss was due to items affecting comparability in the amount of SEK 33 M being included in earnings. The items are of a nonrecurring nature and pertain to such items as pension undertakings.

S:t Erik Livförsäkrings' earnings were weaker by slightly more than SEK 230 M compared with 2009. This was because earnings in 2009 included the company's insurance coverage for part of its subsidiaries' former pension undertakings.

Stockholm Hamnar and Stokab improved earnings year-on-year. Stockholms Hamnar reported increased rental income and port fees, and lower interest expenses. Stokab reported higher sales and lower interest expenses.

Group adjustments amounted to SEK 324 M, and primarily pertained to the amortisation of surplus values in the Group.

## Group overview

Financial key figures (SEK M unless otherwise indicated)	2010	2009	2008	2007	2006
Operating income	12 158	13 291	12 914	12 634	12 504
Profit after financial items	7 217	8 644	7 923	6 779	95
Tax as per the income statement	2 008	2 052	-1 743	-297	14
Net profit for the year	5 206	6 589	6 172	6 482	113
Return on total capital, %	11.8	14.6	14.4	12.2	2.0
Return on capital employed, %	28.9	29.5	27.2	20.8	3.8
Return on shareholders' equity, %	12.1	16.3	17.0	17.5	0.3
Interest-coverage ratio, multiple	7.9	8.0	6.2	5.6	1.1
Profit margin, %	59.4	65.0	61.4	53.7	0.8
Average number of employees	2 498	2 533	2 568	2 823	3 092
Gross investments	8 022	8 503	8 193	8 610	12 412
Fixed assets	69 454	67 247	63 796	62 864	66 800
Current assets	1 725	2 201	2 247	2508	3 870
Non-controlling interest	20	15	13	5	12
Shareholders' equity	46 294	42 012	36 348	30 877	25 007
Noninterest-bearing liabilities	8 771	8 283	8 748	7 536	5 924
Interest-bearing liabilities (gross)	28 563	32 377	34 713	39 700	39 727
Total assets	71 179	69 448	66 043	65 372	70 670
Equity/assets ratio, %	65.1	60.5	55.1	47.2	35.4
Debt-equity ratio, multiple	0.6	0.8	1.0	1.3	1.6

### DEFINITIONS OF KEY FIGURES

#### Return on total capital

Earnings after financial items plus financial expenses as a percentage of average total assets.

#### Return on capital employed

Earnings after financial items plus interest expenses divided by average total assets, less noninterest-bearing liabilities including deferred tax.

#### Return on shareholders' equity

Earnings after financial items and deduction of the standard rate of tax in relation to average shareholders' equity.

#### Interest-coverage ratio

Earnings after financial items plus financial expenses divided by financial expenses.

#### Profit margin

Earnings after financial items in relation to operating income.

#### Number of employees

The average number of full-year employees according to contractual time. The term full-year employees combines the degree of employment of permanent employees and temporary employees. Contractual time refers to, for example, those on sickness absence and parental leave and indicates the number of full-year employees for which the Group holds employer responsibility.

#### Visible shareholders' equity

Recognised shareholders' equity in accordance with the consolidated balance sheet. Shareholder' equity includes the capital portion of untaxed reserves.

#### Equity/assets ratio

Visible shareholders' equity in relation to total assets.

#### Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.



## Commentary on the Group overview

The Stockholm Stadshus AB Group generated operating income of SEK 12,158 M. The lower year-on-year operating income was attributable to factors including revenue affecting comparability of nearly SEK 800 M in the preceding year's financial statements. The item was the result of S:t Erik Livförsäkring concluding the insurance of its subsidiaries' pension liabilities during the first half of 2009.

Profit after net financial items totalled SEK 7,217 M.

Profit for the year after tax and non-controlling interests amounted to SEK 5,206 M. For the past two years, the companies' have reported high tax expenses of slightly

more than SEK 2,000 M annually. This was primarily due to taxation of the housing companies' capital gains on the sale of properties.

Total assets amounted to SEK 71,179 M. Over the past five years, shareholders' equity increased by nearly SEK 21,300 M and totalled SEK 46,294 M in 2010. The increase was an effect of the sales of fixed assets that were conducted during the most recent mandate period.

The equity/assets ratio was 65 percent, compared with 35.4 percent in 2006.



## Group appropriations in 2010

KSEK	Group contributions paid	Group contributions received	Shareholders' contribution paid	Shareholders' contribution received	Dividend to Stadshus AB	Dividend to the City
<b>THE CITY OF STOCKHOLM</b>						750 000
<b>PARENT COMPANY</b>						
Stockholm Stadshus AB	-403 718					-750 000
<b>SUBSIDIARIES</b>						
AB Svenska Bostäder <sup>1)</sup>	-80 192				23 914	
AB Familjebostäder <sup>1)</sup>	-45 709				2 068	
AB Stockholmshem <sup>1)</sup>	-6 905				2 369	
Micasa Fastigheter i Stockholm AB <sup>1)</sup>		132 806				
Micasa Fastigheter i Stockholm AB		98 908				
Skolfastigheter i Stockholm AB (SISAB)		93 346				
S:t Erik Markutveckling AB	-10 873					
Stockholm Vatten AB					4 602	
Stockholms Hamn AB						
AB Stokab					85 000	
Stockholms Stads Parkerings AB	-12 500					
Stockolm Globe Arena Fastigheter AB		63 036				
Stockholms Stads Bostadsförmedling AB	-11 770					
Stockholms Stadsteater AB		210 000				
Stockholm Business Region AB						
S:t Erik Försäkring AB	-26 429					
S:t Erik Livförsäkring AB						
Stockholms Stads Utrednings- och Statitikkontor AB					5 000	
<b>Group adjustments</b>	<b>-598 096</b>	<b>598 096</b>	<b>0</b>	<b>0</b>	<b>122 953</b>	<b>0</b>

<sup>1)</sup> Pertains to Group contributions from the housing companies to Micasa Fastigheter

## Commentary on Group appropriations

The Group's appropriations are presented in the table on page 20. The annual accounts for 2010 entail that losses in some of our subsidiaries totalling SEK 598 M are not covered by corresponding Group contributions. This means that the Group uses available earnings in part to cover deficits in the companies that report losses and in part to free funds as a dividend to the City. However, profit for the year excluding capital gains was insufficient to cover the budgeted dividend to the City. Stockholms Stadshus AB's own unrestricted capital from prior years will thus be used. In addition to the dividend to the Parent Company, the

housing company paid a Group contribution to Micasa Fastigheter in accordance with an earlier directive. The Group contribution to Micasa Fastigheter pertains to neglected maintenance in service buildings that were previously owned by the companies.

The earnings that the companies have reported in recent years have been a key prerequisite in the implementation of Stimulus for Stockholm.

Investment volumes remained high in the Group. One factor contributing to the year's volume was the Stimulus for Stockholm initiative.





# OUR COMPANIES



# Svenska Bostäder



Svenska Bostäder is to offer high-quality and affordable housing, proper service and safe living environments. Using our extensive refurbishment programme and first-rate management, we shall achieve one of our most important objectives – well maintained, energy-efficient properties.

**Capital gains** from property sales and the City's stimulus package are contributing to the continued expansion of maintenance initiatives in the coming years.

**Some 325 new apartments** were started in 2010. Another 320 apartments are planned for 2011 in such areas as Bromsten, Vällingby and Södermalm. During the year, Svenska Bostäder's subsidiary Stadsholmen acquired five properties from Micasa Fastigheter. All properties comprise commercial premises.

**Conversions to tenant-owner apartments** continued. During the year, 40 sales totalling 3,398 apartments were made to tenant-owner associations. The total purchase consideration was SEK 5,239 M.

**Svenska Bostäder** proactively contributes to the development of Stockholm's outer suburbs through such initiatives as Järvalyftet and Söderortsvisionen. Within the programme of Järvalyftet, work continued on increasing the attractiveness and safety of the districts. Svenska Bostäder has commenced work on the refurbishment of a vast number of buildings and grounds following consultations with tenants. Additional resources are being spent on making the buildings as energy-efficient as possible. Efforts under Söderortsvisionen are progressing with increased maintenance, energy-conservation measures, safety actions and refurbishment of outdoor areas.



Pelle Björklund, Managing Director

Svenska Bostäder is part of Stockholm. Our company is owned by Stockholmers and they have assigned us our task: to provide them with high-quality housing and, in this manner, contribute to the development of the City. Svenska

Bostäder, founded in 1944, owns and manages slightly more than 28,000 apartments.

Our portfolio ranges from student accommodation to housing for seniors. Svenska Bostäder also has about 4,000 premises and five large commercial centres that contain shops, offices, day-care centres, schools and care facilities.

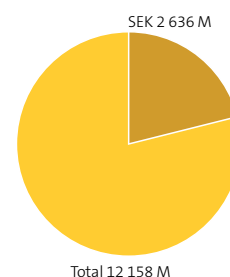
Through our subsidiary Stadsholmen, we also manage some of the City's finest cultural heritage – Stockholm's many properties with historical cultural value.



## Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	2 636	3 068	3 361	3 414	3 245
Operating profit, SEK M	3 782	4 308	3 139	603	307
Profit after net financial items, SEK M	3 748	4 106	2 799	234	33
Return on total capital, %	25.5	27.5	18.8	3.7	2.3
Equity/assets ratio, %	87.9	67.0	43.6	28.8	30.4
Interest-coverage ratio, multiple	82.6	19.9	8.9	1.6	1.1
Total assets, SEK M	14 588	15 136	16 287	17 301	15 850
Gross investments, SEK M	1 483	1 852	2 554	2 868	2 352
Depreciation, SEK M	-466	-497	-496	-448	-398
Full-year employees, number	362	394	443	431	531

## Share of Group operating income



## Familjebostäder



New production volume has been high for Familjebostäder and for a period, the company was the most active contractor in Stockholm with 186 projects at a value of SEK 2.6 billion. In 2010, work started on 151 apartments. Due to such factors as appealed detail plans, some new production was postponed until 2011, at which time construction will commence on 507 apartments.

**Familjebostäder is actively involved** in the efforts concerning Järvafältet and in the southern areas of the City. The focus of these efforts is on safety, improved cleaning and youth-based initiatives. Citizen dialogues have been conducted to capitalise on residents' views and commitment. In addition to proprietary management initiatives, the company has launched partnerships with other players. Furthermore, Familjebostäder supports homework assistance programmes at secondary schools, sponsors youth organisations, arranges summer jobs and vacation and extracurricular activities. The company received considerable acclaim for its development of the Rinkebystråket thoroughfare to a boulevard street.

**Stimulus for Stockholm** has enabled the company's investments to be advanced, which has particularly favoured areas in considerable need of refurbishment. During the year, this

effort encompassed a total of 9,300 apartments, slightly more than two-thirds of the initiatives pertain to energy and environmental actions.

**The programme for the replacement of central plumbing** is nearly complete and an additional 1,125 apartments have been fixed. Familjebostäder continuously adapts its housing to an aging population. In addition, the company has launched an extensive security and safety programme, which includes the modernisation of cellar premises.

During the year, Familjebostäder sold 2,248 apartments to tenant-owner associations.



Bosse Sundling, Managing Director

Familjebostäder's business concept is to offer attractive housing and commercial premises with tenant rights in safe and well-maintained areas. Through active property management, the company shall contribute to the development of Stockholm's housing market. Management shall be characterised by a long-term financial approach.

The company, which was founded in 1936, owns and manages 21,370 apartments and 156,652 square metres of commercial premises in the City of Stockholm. The majority of the property portfolio is located in Stockholm's southern suburbs and more than half is in suburban areas built between 1940 and 1960. The portfolio also includes the district centres of Årsta and Gubbängen.

Demand for housing in Stockholm is very high and there are no vacancies in the company's housing portfolio. The vacancy rate for commercial premises is low.

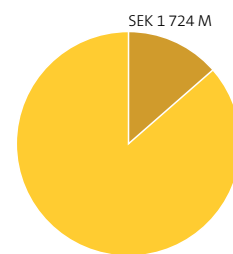


FAMILJEBOSTÄDER

### Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	1 724	1 641	1 605	1 560	1 529
Operating profit, SEK M	2 137	2 027	1 263	344	145
Profit after net financial items, SEK M	2 065	2 037	1 165	265	91
Return on total capital, %	18.5	20.8	14.6	4.5	2.1
Equity/assets ratio, %	72.3	63.0	61.9	57.5	62.0
Interest-coverage ratio, multiple	27.1	23.7	11.1	3.9	2.4
Total assets, SEK M	11 926	11 356	9 141	8 373	7 495
Gross investments, SEK M	2 069	2 968	1 418	1 080	912
Depreciation, SEK M	-224	-203	-188	-174	-161
Full-year employees, number	288	265	258	271	281

### Share of Group operating income



# Stockholmshem



New tiles are being laid in a bathroom, which is being fully renovated in conjunction with the replacement of central plumbing.

The past year was in many ways a record year for Stockholmshem. We have never before invested as much in new production, refurbishments, energy-efficiency enhancements and safety measures during a single year. The extra investments provided under Stimulus for Stockholm enabled the increase in activity.

**Slightly more than 1,400 apartments** in the portfolio of buildings from the 1940s and 1950s were rebuilt and subject to a central-plumbing replacement. The investments in energy conservation actions continued with investments in exhaust air heat pumps, heating pipes and ventilation fans.

**New production increased** to 480 apartments. The annual target of 705 apartments was thus not achieved, primarily due to delays in the planning processes.

**Security**, in terms of housing and in the district in general, was a recurring issue for tenants during the dialogue days that were held as part of Söderortsvisionen in Hökarängen, Rågsved and Farsta Strand. Safety-creating actions, such as new access control systems and improved lighting,

were implemented in Bagarmossen and Rågsved, among other areas.

**The dialogue days** are a supplement to the annual tenant survey that continued to show positive results in 2010. A full 93 percent of tenants recommend Stockholmshem as a landlord.

**The conversion into tenant-owner associations** led to the sale of nearly 1,800 apartments. Nearly two-thirds of these were located in inner and outer suburbs.

**The loss** after net financial items was SEK 69 M, excluding nonrecurring items and capital gains, which were lower than expected. The primary reasons for this were increased expenses for snow clearance and heating, early and late in the year. The equivalent result without the extra investments under Stimulus for Stockholm was a profit of SEK 125 M.



Ingela Lindh, Managing Director

Stockholmshem is the country's second largest housing company with 48,000 tenants in 25,500 residential units throughout Stockholm. The company was started in 1937 and has been one of the largest players in the City's expansion and advancement ever since. All residences are leased and the vacancy rate for premises, which account for about 10 percent of income, is low.

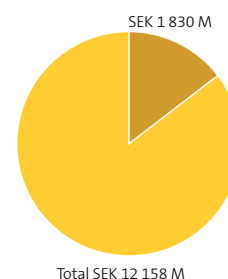
Stockholmshem's business concept is to own and let housing in Stockholm. The company's aim is to be the best possible landlord for Stockholm's residential tenants, the best housing company for its owner and the most attractive employer in the housing sector. Our environmental programme has been ISO 14001 certified since 1999.

Stockholmshem

## Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	1 830	1 917	2 026	2 006	1 925
Operating profit, SEK M	1 709	2 077	3 022	711	385
Profit after net financial items, SEK M	1 588	2 118	2 787	444	183
Return on total capital, %	13.6	18.7	24.7	6.0	3.6
Equity/assets ratio, %	66.0	59.4	47.5	29.4	29.3
Interest-coverage ratio, multiple	12.9	13.1	11.9	2.6	1.9
Total assets, SEK M	12 885	12 454	12 100	12 533	11 530
Gross investments, SEK M	1 460	1 525	1 400	1 314	1 194
Depreciation, SEK M	-245	-262	-237	-233	-216
Full-year employees, number	312	307	306	323	333

## Share of Group operating income



# Stockholms Stads Bostadsförmedling



In 2010, the number of apartments submitted for allocation rose 18 percent compared with the preceding year. A total of 10,170 apartments were allocated. The rise was attributable to Bostadsförmedlingen taking over the internal exchange waiting lists from the City's housing companies.

In addition to the internal exchange lists, Bostadsförmedlingen established a joint marketplace for student apartments in early 2010, for such companies as Vaskronan AB, AB Svenska Bostäder and Riksten Friluftstad AB. The foundation has also been laid to begin allocating another form of housing for the elderly, sheltered housing. Of the allocated apartments, 54 percent derive from Stockholm's municipal housing companies, 38 percent from private property owners and 8 percent from other municipalities' housing companies.

The partnership with other municipalities progressed favourably during the year, primarily with the municipalities of Sigtuna and Sollentuna. Work within the Stockholm Bygger ("Stockholm is building") programme continued, whereby the City and the construction and property sectors are holding discussions concerning the realisation of an expanding Stockholm. Through dialogue meetings, industry consultations and task forces, an agreement was reached

concerning a number of key matters regarding the conditions for continued housing construction.

Bosam is an online system that matches the needs of new arrivals to Stockholm concerning such factors as housing, education and work, which Bostadsförmedlingen coordinated for the municipalities in Stockholm County. As of year-end 2010, it has been administered by the County Administrative Boards in the counties of Stockholm and Västra Götaland.

In 2010, the number of apartments that were allocated by way of priority declined. A total of slightly more than 300 apartments were priority allocated. The goal of allocating 300 trial and training apartments in 2010 was achieved and somewhat exceeded.



Per Anders Hedkvist, Managing Director

Stockholms Stads Bostadsförmedling AB had 71 employees and operating income of SEK 82 M in 2010. Bostadsförmedling was formed in 1947 and has been active in company form since 1999.

Stockholms Stads Bostadsförmedling aims to be the leading marketplace for rental apartments for the entire Stockholm region, for property owners and individuals seeking housing. We achieve this by:

- Allocating apartments with a high level of service on behalf of property owners to secure a major influx of apartments.
- Allocating apartments with a high level of service to our customers on the housing waiting list is a distinct and open manner according to time spent on the waiting list.
- Reviewing the conditions for priority and allocating such apartments with a high level of service.
- Being an effective and attractive workplace for employees and applicants.



STOCKHOLMS STADS  
**BOSTADSFÖRMEDLING**  
www.bostad.stockholm.se

## Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	82	84	76	69	63
Operating profit, SEK M	10	22	16	12	6
Profit after net financial items, SEK M	12	23	18	13	7
Return on total capital, %	20.7	38.9	33.1	31.9	22.3
Equity/assets ratio, %	4.2	3.8	2.7	3.1	4.1
Interest-coverage ratio, multiple	e.t	e.t	e.t	N/A	N/A
Total assets, SEK M	55	63	58	50	34
Gross investments, SEK M	0	0	1	1	1
Depreciation, SEK M	0	-6	-1	-1	-1
Full-year employees, number	70	69	68	67	67

## Share of Group operating income



Total SEK 12 158 M



# Skolfastigheter i Stockholm AB



The Vasa Real school was equipped with energy-glass windows as a result of Stimulus for Stockholm funds.

In 2010, seven new pre-schools were opened with capacity for about 700 pupils in total, and two new sports halls. S:t Eriks upper secondary school underwent an extensive renovation. During the year, property damages declined drastically at schools.

**Smeden's pre-school** in Västberga has capacity for 144 pupils in eight sections on three levels. It is characterised by efficient spaces and flexible solutions. There are no corridors and the organisation can use spaces for multiple purposes. An inner coat-room could, for example, become an activity space with very few adjustments. The pre-school is a strong example of quality construction, which, despite complicated structural engineering conditions, was completed at a favourable cost.

**Massive quantities of snow** were cleared throughout the winter of 2009/10. Ahead of the next winter, we further prepared ourselves by developing an internal training programme in winter maintenance and information material for our customers.

**Property damages declined** significantly at schools for the third consecutive year. Costs declined 28 percent from SEK 15.6 M in 2009 to SEK 11.2 M in 2010. An explanation is our work on thermo-sensors, which received considerable

attention in the media and was nominated for Security Solution of the Year by the Security Awards.

**A healthy indoor environment** at our schools is a highly prioritised task. The goal is to have 100 percent approval of our ventilation facilities and we can confirm that we are nearly there. At year-end, 96 percent were approved and we are working very hard on fixing the remaining 4 percent of the facilities.

**The partnership between SISAB** and Stokab was named sustainable project of the year by the magazine CIO Sweden. Waste heat from a broadband hub in the underground chamber under the Östra Real upper secondary school is used to heat the school. Heating and operating costs are reduced, at the same time as carbon emissions decline.



Johan Castwall, Managing Director

Skolfastigheter i Stockholm (SISAB) owns and manages the majority of Stockholm's schools and pre-schools. Approximately 85 percent of SISAB's premises are rented by the City of Stockholm. The company, which was formed in 1991, is mandated

to create cost-efficient educational environments of a high standard in cooperation with district councils and the Education Committee.

The vision is to be the unrivalled educational landlord for pre-schools, compulsory and upper-secondary schools in the City of Stockholm. The company has about 160 employees, operating income of approximately SEK 1,756 M and manages approximately 1,699,423 square metres of commercial floor space. The vacancy rate for the commercial premises remained low and currently corresponds to 1.35 percent of the managed floor space.

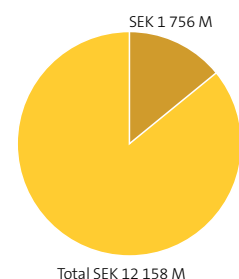


Skolfastigheter i Stockholm AB

## Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	1 756	1 778	1 890	1 746	1 748
Operating profit, SEK M	165	201	268	262	231
Profit after net financial items, SEK M	-87	-47	-6	-9	-11
Return on total capital, %	2.0	2.5	3.3	3.3	3.0
Equity/assets ratio, %	2.7	2.6	4.2	3.1	4.7
Interest-coverage ratio, multiple	0.7	0.8	1.0	1.0	1.0
Total assets, SEK M	8 242	8 233	8 147	8 093	7 925
Gross investments, SEK M	435	533	515	908	773
Depreciation, SEK M	-416	-397	-389	-371	-397
Full-year employees, number	165	159	151	159	158

## Share of Group operating income



# Micasa Fastigheter



Micasa Fastigheter is converting a total of ten service buildings into sheltered housing facilities, involving 800 apartments. The forthcoming sheltered housing facilities will constitute a key addition to housing alternatives for the elderly in Stockholm.

In autumn 2010, work commenced on the conversion of the Väduren and Nälsta service buildings into sheltered housing facilities. In the Skärholmen service building, which began as a maintenance project but was subsequently converted into a sheltered housing facility, the conversion of phase one has been completed. Phases two and three commenced during the autumn and are scheduled for completion by 2011. Another four service buildings were converted into sheltered housing facilities during the year – Hammarbyhöjden, Kastanjen, Tunet and Långbroberg.

Gardens and outdoor areas were a point of focus during the year. Three courtyards were refurbished.

The concept has been to create the greatest possible access, to promote physical activity and to please the senses. Depending on the conditions of the grounds, space has been created for exercise equipments, art displays, coexistence and contemplation.

Artistic decoration contributes to creating a comfortable environment for residents, friends and relatives and for those working in the properties. Micasa Fastigheter strives to offer its tenants such added value and has thus taken an inventory of the art in all 132 of its properties. Work on restoring, lighting and, in some cases, relocating the art has begun and will be completed in 2011. The company's overriding objective is to provision at least 1 percent of the construction costs in rebuilding and new construction projects to artistic decoration. This is being conducted in close cooperation with Stockholm Konst.



Anders Nordstrand, Managing Director

Micasa Fastigheter i Stockholm AB, founded in 1999, is a property company that owns and manages the City of Stockholm's care-provision properties.

The company's business concept is to offer attractive and adapted housing for people in the City of Stockholm who require support and security. In other words, Micasa Fastigheter has a special mandate to actively contribute to developing housing for the elderly, the disabled and others with special needs.

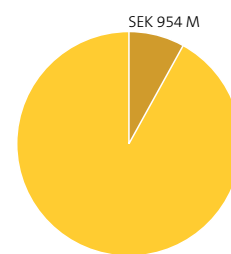
In cooperation with other players, Micasa Fastigheter also aims to be a driving force in sector development. A care-provision property may be a service building, a treatment home, sheltered accommodation or a nursing home. Micasa Fastigheter also owns and manages elderly, sheltered and student housing.



## Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	954	921	895	830	823
Operating profit, SEK M	-69	71	121	199	169
Profit after net financial items, SEK M	-274	-119	-20	46	40
Return on total capital, %	neg	1.2	3.3	3.9	3.4
Equity/assets ratio, %	2.3	2.7	3.5	2.8	3.9
Interest-coverage ratio, multiple	neg	0.4	0.9	1.3	1.3
Total assets, SEK M	6 764	6 327	5 992	6 015	5 531
Gross investments, SEK M	462	424	118	647	991
Depreciation, SEK M	-127	-119	-122	-101	-95
Full-year employees, number	81	73	69	70	56

## Share of Group operating income



# S:t Erik Markutveckling



The former brewery in Ulvsunda has been transformed from a property for the manufacturing industry to a modern and centrally located commercial centre for Stockholmers.

In 2010, work continued on developing the commercial centre at the same time as the company was actively involved in the planning of a successive urban development under the Bällstavisionen programme. Work on a long-term property-development plan proceeded during the year.

In the middle of Slussen lies a property called Södre Torn 1, which was acquired in 2004 ahead of the rebuilding of Slussen. The property is expected to be used at least until 2011, when it will be sold to the City of Stockholm's Development Administration.

The subsidiary Fastighets AB Runda Huset acquired an office building featuring 13,000 square metres of leasable space during the year in Stockholm's Slakthus area.

Fastighets AB Styckmästaren is a subsidiary that was acquired in December 2009. All of the company's premises, which are located in the Slakthus area, are leased. Fastighets AB Charkuteristen's premises are located in the same area. This company was also acquired in December 2009. The purpose of the acquisition was primarily to secure the right of disposition and control of the properties ahead of the future development in the area. In June 2010, the City Council decided on the Vision Söderstaden 2030 plan. The aim is to develop Söderstaden (the southern area of the City, meaning the Gullmarsplan-Globen-Slakthus areas) into an event and entertainment centre, combined with office, residential and retail space.



Marie Wallhammar, Managing Director

S:t Erik Markutveckling AB's task is to own, manage and develop properties/shares in property companies in the aim of promoting the development of Stockholm and the City's wealth management. The company has operated since 2004.

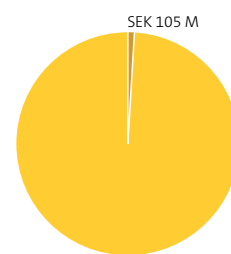
The subsidiaries Fastighets AB G-mästaren och Fastighets AB Runda Huset, Fastighets AB Charkuteristen och Fastighets AB Styckmästaren own properties in central urban development locations of Ulvsunda, Slussen and Söderstaden (Gullmarsplan-Globen-Slakthus area). The properties have a market value of about SEK 970 M. The subsidiary Stockholm Norra Station AB is dormant.

## S:T ERIK MARKUTVECKLING AB

### Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	105	81	76	73	71
Operating profit, SEK M	31	26	21	7	0
Profit after net financial items, SEK M	8	8	-1	-22	-26
Return on total capital, %	3.9	3.9	2.7	0.7	0.0
Equity/assets ratio, %	5.8	7.4	3.5	1.6	0.0
Interest-coverage ratio, multiple	1.4	1.4	0.9	0.2	0.0
Total assets, SEK M	869	707	677	901	1 139
Gross investments, SEK M	163	56	7	121	79
Depreciation, SEK M	-14	-10	-8	-5	-5
Full-year employees, number	2	2	2	1	1

### Share of Group operating income



# Stockholm Vatten



Our operations are strongly impacted by weather conditions. The cold start to the year with deep ground frost caused significantly more water leakages than usual. The summer heat wave resulted in a sharp rise in water production.

In June and most of July, consumption increased as opposed to its usual downward trend during the vacation months. Over the course of one day, water production peaked at slightly more than 450,000 cubic metres at the Lovö and Norsborg water-supply plants combined.

The LEAN work approach has now been implemented throughout the organisation. During the year, 12 Improvement Supervisors were trained to support the departments and units in this continued pursuit. The interest in the organisation is considerable and activities implemented to date have demonstrated that efficiency-enhancements can be combined with commitment and job satisfaction.

A new report from Stockholm Vatten indicates that it is possible to reduce the levels of pharmaceuticals in our waste water by an additional 95 percent using supplementary

purification techniques. The project has been under way for four years and is being financed with funds from the City of Stockholm's "environmental billion."

The shares of the subsidiary Stockholm Vatten Utveckling AB were sold to Scandinavian Biogas Fuels International AB on 31 August. Stockholm Vatten will continue to supply crude gas from the wastewater treatment plants for the purpose of upgrading to biogas.

Stockholm Vatten's fees for water and waste water will remain unchanged in 2011. This means that they are still on the same level as in 2008. Residents of Stockholm and Huddinge have the lowest fees in the country.



Gösta Lindh, Managing Director

Stockholm Vatten's task is to satisfy its customers' needs for water services and contribute to the sustainable development of society.

The company supplies drinking water to more than one million people in the Stockholm area. The Norsborg and Lovö water-supply plants produce drinking water of a high and consistent quality for Stockholm, Huddinge and ten neighbouring municipalities.

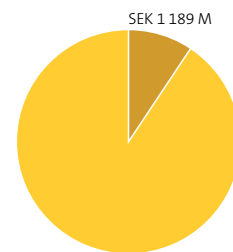
Our assignment also includes the treatment of waste water, the protection of the water environment and the restoration of lakes to allow the Stockholm region to grow and develop without harming nature. The sewage treatment plants in Bromma and Henriksdal receive and treat sewage from Stockholm, Huddinge and six neighbouring municipalities.



## Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	1 189	1 158	1 136	1 149	821
Operating profit, SEK M	236	255	147	106	-239
Profit after net financial items, SEK M	25	64	-47	-83	-378
Return on total capital, %	3.4	4.0	2.5	2.0	neg
Equity/assets ratio, %	3.8	3.5	2.5	3.3	2.8
Interest-coverage ratio, multiple	1.1	1.3	0.8	0.6	neg
Total assets, SEK M	7 061	6 777	6 279	5 857	5 203
Gross investments, SEK M	610	566	633	686	649
Depreciation, SEK M	-220	-202	-183	-175	-185
Full-year employees, number	407	408	412	514	568

## Share of Group operating income





# Stockholms Hamnar



The City of Stockholm is working on the "Vision Stockholm 2030" programme. At Stockholms Hamnar, this vision is specified through its daily work and in the form of five major development projects: the new freight port at Norvikudden in Nynäshamn, the expansion of the Värtapiren pier, the modernisation of Kapellskärs Hamn, the renovation of Strömkajen in Stockholm and the refurbishment of Stora Tullhuset.

**Under the Norvik Project**, Stockholms Hamnar was granted approval for an operating permit by the Swedish Environmental Rights Court of Appeal, which is also expected to announce a ruling on the Värta Project in the first half of 2011, although the detail plan for the area has been adopted. In the Kapellskär Project, we hope that the environmental assessment will be subject to principal negotiations during the spring of 2011. During the year, the construction of Strömkajen transitioned from phase one to phase two. The Fotografiska Museum moved into the Stora Tullhuset building during the year and became a greater success than anyone had hoped.

**Passenger traffic broke a record** in 2010 with more than 12 million passengers travelling through Stockholms

Hamnar. Ferry freight traffic rose 17 percent in 2010 to 6.2 million tonnes. In Nynäshamns Hamn, freight volumes passed one million tonnes, which constitutes a new record and an increase of 20 percent.

**As always**, the environment is in focus in our operations. Stockholms Hamnars 2010 Miljöboj award was given to Uni-feeder. We are also participating in Clean Baltic Sea Shipping (CBSS), which aims to achieve cleaner shipping in the Baltic Sea through various initiatives. The project is financed by the EU's Baltis Sea Region Programme.

Marketing Manager and Deputy Managing Director Henrik Widerståhl assumed the position of Managing Director of the company throughout 2010.



Henrik Widerståhl, Acting Managing Director

Stockholms Hamnar works to develop Stockholm as a vibrant and modern shipping city for residents, business and tourism. The mandate includes promoting shipping and safeguarding the region's supply of goods.

Stockholms Hamnar offers quay berths, facilities and services for ferry, cruise and freight traffic. In Stockholm, the company's responsibilities also include city centre quays and services for archipelago traffic and sea-borne local traffic. Stockholms Hamn AB was formed in 1991 and is a wholly owned subsidiary of Stockholms Stadshus AB.

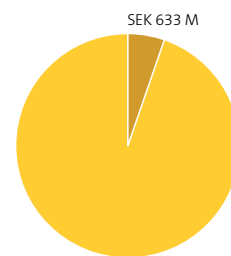


STOCKHOLMS HAMNAR

## Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	633	672	657	641	655
Operating profit, SEK M	98	57	59	93	74
Profit after net financial items, SEK M	71	36	43	80	65
Return on total capital, %	7.2	4.8	5.9	10.5	8.2
Equity/assets ratio, %	29.5	30.0	33.7	38.2	34.5
Interest-coverage ratio, multiple	3.7	2.7	3.5	6.9	7.2
Total assets, SEK M	1 459	1 261	1 105	921	862
Gross investments, SEK M	328	250	255	126	46
Depreciation, SEK M	-83	-74	-64	-65	-67
Full-year employees, number	142	215	209	214	251

## Share of Group operating income



# Stokab



Profit before tax in 2010 was up 13 percent to SEK 168 M compared with 2009, which is the best result in the company's history. This profit was attributable to continued high demand for the company's products, significant capacity of supplies and low overheads as a result of efficiency enhancements. The positive results enable continued investments in the network.

**Order intake amounted** to SEK 565 M, which was 141 percent (SEK 331 M) higher than in 2009. All customer categories ordered products during the year, which was mainly attributable to increased demand from households and companies for more broadband-intensive services.

As a result of the high order intake, operating income continued to increase and amounted to SEK 638 M, up 12 percent (SEK 68 M) compared with the preceding year.

**During the year**, Stokab delivered 2,212 connections, which is the company's highest delivery figure ever.

**At least 90 percent** of Stockholm's households shall be able to connect to Stokab's network. Work on enabling this began in 2009 and proceeded according to plan in 2010. The network is being built to promote competition, diversity and freedom of choice.

**During the year**, Stokab's seventh hub was opened. Waste heat from the active broadband equipment, about 100 kW, is being converted in the Östra Real upper secondary school's heating facility. In December, the facility was named "Sustainable IT Project of the Year" by the magazine CIO Sweden.



Jörgen Kleist, Managing Director

Stokab was formed in 1994 and is tasked with providing an open and competition-neutral fibre network to promote development in the City of Stockholm and the Stockholm Region. The network is rented out on the same terms to service providers, companies and public operations.

The expansion of the network is conducted in pace with market demand and technical development. The expansion is being conducted in collaboration with other players and the concerned municipalities.

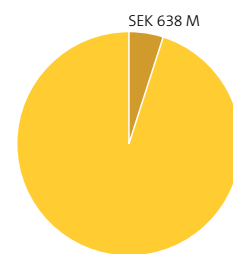
Stokab also manages the City of Stockholm's internal data and telecommunications network through the subsidiary S:t Erik Kommunikation.



## Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	638	570	507	478	409
Operating profit, SEK M	200	182	177	123	76
Profit after net financial items, SEK M	168	149	143	94	45
Return on total capital, %	11.4	11.5	12.7	9.8	6.1
Equity/assets ratio, %	22.8	18.5	13.0	4.9	5.0
Interest-coverage ratio, multiple	6.1	5.3	5.1	4.2	2.5
Total assets, SEK M	1 875	1 656	1 523	1 282	1 237
Gross investments, SEK M	361	331	421	177	143
Depreciation, SEK M	-190	-161	-140	-141	-136
Full-year employees, number	100	101	108	116	144

## Share of Group operating income



# Stockholm Parkering



The company's performance during the year was largely characterised by the company's original concept, namely to consolidate the governance and control of parking issues and to invest in new facilities.

**Development and planning** in collaboration with the City Planning Office and other stakeholders has been intensified. The aim is to improve the conditions for a future urban scenario with well-functioning garage facilities. An entirely new concept registry including more than 20 new projects has been prepared and stretches ten years into the future. The realisation of the plans will constitute a key addition in new urban environments with underground garage facilities.

**Partnerships with administrations** and companies have increased and entail Stockholm Parkering assuming control of a vast number of new parking facilities.

One of the new construction projects is the Högalid "environmental garage" which was completed in early 2011, with a sharp focus on climate-intelligent solutions. The garage will, for example, be powered without auxiliary heating and offer charging outlets for electric cars in all spaces. In partnership with Fortum, charging posts have been installed at locations including Norr Mälarstrand and Ropsten.

The company's operations are progressing as planned and the income and cost trend essentially demonstrates results on target.

**The refurbishment work within** the programme of Stimulus for Stockholm resulted in an improvement in the competitiveness of the facilities and contributed to the realisation of the company's key terms: clean, bright, secure and attractive facilities.

**Customers are highly satisfied** with the company, according to this year's customer survey, the results of which also indicate an improvement on the preceding year, despite disruptions in conjunction with refurbishment and improvement measures.



Christian Rockberger, Managing Director

Stockholm Parkering commenced its operations in 1977 following a decision by the City Council in 1974 regarding the formation of a municipal parking company for parking on undeveloped land. The basic concept was to create a coordinating role for parking and parking policies in the city. Operations began with a couple of vacant demolition sites and successively expanded to now encompass the operation and management of about 75,000 parking spaces allocated among about 220 garages and a large number of surface parking facilities.

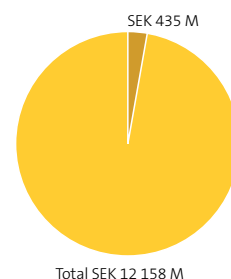
The business concept is to develop and offer attractive parking solutions at competitive prices to individual customers and property owners. We aim for Stockholm Parkering to be the leading company in the sector.



## Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	435	427	407	373	359
Operating profit, SEK M	30	35	38	57	43
Profit after net financial items, SEK M	12	19	33	45	34
Return on total capital, %	4.1	5.1	7.9	10.3	8.7
Equity/assets ratio, %	13.5	14.0	17.9	15.8	18.5
Interest-coverage ratio, multiple	1.6	2.2	3.3	4.7	4.5
Total assets, SEK M	761	735	616	601	502
Gross investments, SEK M	62	148	48	106	45
Depreciation, SEK M	-37	-29	-24	-22	-22
Full-year employees, number	80	80	79	113	115

## Share of Group operating income



# Stockholms stadsteater



Stadsteatern was created 50 years ago to give Stockholmers their own theatre. The aim of being a public arena for all Stockholmers has now become a reality. Our 50<sup>th</sup> anniversary was celebrated with the premiere of Harry Martinsson's *Aniara*, under the direction of Lars Rudolfsson and with a new score by Kleerup.

**Stadsteatern's overriding task** is to strengthen freedom of speech and democracy. The stage is meant to be a guarantee for a variety of voices being heard, and to provide insight into a myriad of realities. The theatre is unique in that live individuals encounter other live individuals.

**Today, the Stadsteatern is well established** among an expansive audience and has been the leading theatre in the Nordic region in recent years. A total of 352,124 people visited one or more of the 1,549 shows at Sergels Torg or in Skärholmen, while 111,754 visited Parkteatern's 79 shows. Some 20.7 percent of visitors were children or young people.

**An organisational shift** was implemented in 2010. The organisation is now more distinctly focused on show operations, which are divided among stages under the management of producers, whereby people work in teams comprising the production and technical show staff both in collaboration

and on cross-functional tasks. In addition, new consultation forums have been established to reduce communication paths, increase involvement among employees and create more distinct leadership.

**In winter/spring 2010** the Klara stage was rebuilt. The ventilation equipment, which had long been a problem, was fixed, accessibility for disabled people was improved and more audience seats were added. The new Klara stage has become a beautiful and functional stage. In conjunction with the re-opening of the Klara stage, a newly renovated audience entrance hall was also opened adjacent to the entrance toward Drottninggatan.



Benny Fredriksson, Managing Director

In 1960, Stockholms Stadsteater was inaugurated at Folkets Hus near Norra Bantorget. In 1990, the theatre was relocated to Sergels Torg.

Stockholms Stadsteater has seven stages, which, in addition to repertory theatres, also accommodate guest performances on c/o Stadsteatern, Skärholmensscenen and Marionetteatern, which primarily caters to children and young people, Klara soppteater as well as Parkteatern during the summer.

Stora Scenen, with more than 700 seats, generates more than 60 percent of the theatre's revenues. These revenues make it possible to offer a repertoire for children and young people and a more investigative and experimental repertoire on the smaller stages.

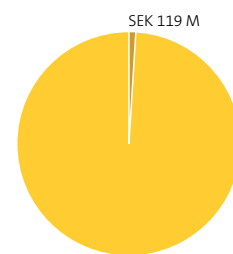
About 40 different occupations are represented in Stockholms Stadsteater, including actors, craftsmen, ticket cashiers and tailors.

**stockholms stadsteater**

## Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	119	124	122	124	172
Operating profit, SEK M	-210	-205	-210	-201	-176
Profit after net financial items, SEK M	-215	-210	-213	-203	-177
Return on total capital, %	neg	neg	neg	neg	neg
Equity/assets ratio, %	0.8	1.4	2.7	0.6	2.6
Interest-coverage ratio, multiple	neg	neg	neg	neg	neg
Total assets, SEK M	274	277	267	256	255
Gross investments, SEK M	8	8	7	8	4
Depreciation, SEK M	-8	-7	-7	-7	-8
Full-year employees, number	339	327	333	351	347

## Share of Group operating income





# Stockholm Globe Arena Fastigheter



2010 was an eventful year. The construction of Stockholm's new athletics and event stadium the Stockholm arena commenced, SkyView was opened and an information pavilion was established in the area. Together, these constitute key steps in our endeavour to create a unique, world-class event area.

The **Stockholm arena** was approved when the City Council reached its implementation decision on 14 December 2009. In January 2010, production began with demolition and excavation work. The official construction started in September after the detail plan became legally effective in July, without appeal. In December, four 40-meter-high structure-stabilising pylons were in place and assembly commenced on the concrete components. The first event is planned for early 2013. The project can be monitored at [www.stockholmsarenan.se](http://www.stockholmsarenan.se).

**Stockholm's new tourist attraction**, SkyView, was opened in February. The two "mini globes," which transport visitors to the top of Ericsson Globe were a success and had nearly 150,000 passengers in 2010.

An **information pavilion** was assembled on Arenatorget. In the pavilion, visitors receive information about the Stockholm arena, from concept to completion. The Annexet's supplementary spaces were renovated and the operations centre at the Ericsson Globe was rebuilt into a dressing room. Work on energy-conservation measures continued through the upgrading of our entrance hall lighting, for example.

The **new signage programme** for Globen City was completed during the autumn. New address and reference signs were posted and reference portals were placed at each entrance in the area. The project also entails an improvement in the area's lighting.



Mats Grönlund, Managing Director

The Group is tasked with owning, managing and developing arena properties in Globen City, is responsible for the construction of the Stockholm arena, and for developing the area in an effort to achieve the City of Stockholm's Vision 2030, in collaboration with other property owners.

The Group comprises two companies – the Parent Company, Stockholm Globe Arena Fastigheter AB and the subsidiary Stockholmsarenan AB. The Group has 15 employees. Stockholm Globe Arena Fastigheter owns the existing arenas Söderstadion, Hovet, Annexet and Ericsson Globe.

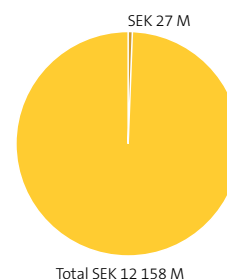
Stockholmsarenan AB is charged with being a contractor for the new arena and owns the property on which the arena is being built. Of the Group's employees, four to five work on the project full-time.



## Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	27	27	62	153	146
Operating profit, SEK M	-50	-54	-44	-65	-58
Profit after net financial items, SEK M	-64	74	-53	-68	-61
Return on total capital, %	neg	neg	neg	neg	neg
Equity/assets ratio, %	31.1	23.0	27.0	49.0	49.3
Interest-coverage ratio, multiple	neg	neg	neg	neg	neg
Total assets, SEK M	1 480	918	783	395	393
Gross investments, SEK M	560	154	360	25	35
Depreciation, SEK M	-21	-23	-16	-18	-15
Full-year employees, number	13	11	8	103	104

## Share of Group operating income



# Stockholm Business Region



2010 was a fantastic year for Stockholm as the economic trend reached new heights. The year was marked by major events. The City became Europe's first Green Capital and the Royal Wedding in June created an interest among the public and media that was extraordinary. The world's attention was thus focused on Stockholm, which fortified its power of attraction.

**The population increase continued** and the influx of residents reached new historical heights.

**Partnerships in Greater Stockholm** gained momentum anew when 50 municipalities in the Stockholm Business Alliance signed a new five-year agreement regarding regional commercial efforts and the joint brand "Stockholm – The Capital of Scandinavia."

**Stockholm successfully participated** in the World Expo in Shanghai along with a number of partners. Over the course of six days during the summer and autumn, a number of various seminars and other important networking activities were held.

**The services to our** many visitors improved substantially when our new tourist bureau was opened on Vasagatan, which offers world-class technological solutions.

**The number of foreign investments** in the region increased, as did the number of foreign head offices. Nearly every second international head office in Scandinavia is now located in Stockholm.

In conclusion, it can be stated that Stockholm strengthened its position as the most important city in Scandinavia this year again.



Olle Zetterberg, Managing Director

The long-term goal of the Stockholm Business Region AB Group is to develop Stockholm into the leading growth region in Northern Europe.

Stockholm Business Region and its subsidiaries, Stockholm Business Region Development and the Stockholm Visitors Board, have the task of developing and marketing Stockholm as an attractive city for businesses and visitors based on the joint brand "Stockholm – The Capital of Scandinavia."

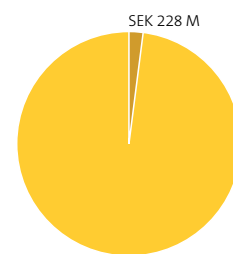
In cooperation with the business community, municipal administrations and companies, the Stockholm Business Region Group works to enhance the conditions for managing, starting and establishing companies in Stockholm and to market the region as an attractive destination to visit.

## Stockholm Business Region

### Key figures

	2010	2009	2008	2007	2006
Operating income, SEK M	228	219	212	206	175
Operating profit, SEK M	-3	-2	-3	-3	4
Profit after net financial items, SEK M	1	1	1	0	5
Return on total capital, %	0.6	1.0	0.8	0.1	4.0
Equity/assets ratio, %	30.6	32.1	32.0	27.3	29.0
Interest-coverage ratio, multiple	50.4	18.5	11.1	1.2	9.1
Total assets, SEK M	139	130	127	145	137
Gross investments, SEK M	2	1	2	2	7
Depreciation, SEK M	-1	-1	-2	-2	-2
Full-year employees, number	79	72	71	75	91

### Share of Group operating income



# S:t Erik Försäkring



The single largest damage in 2010 was the school fire at Rinkeby Akademin. S:t Erik Försäkring insures the entire building and its contents. The cost is estimated at about SEK 11 M.

S:t Erik Försäkring aims to assist its customers in identifying risks in their operations that require insurance. It is also the company's responsibility to encourage damage-prevention activities. S:t Erik Försäkring maintains close contact with customers and assumes responsibility for all of their insurance matters.

The economies of scale achieved when procuring reinsurance for the combined insurance value are returned to the company's customers in the form of competitive premiums. Insurance premiums are determined according to the cost price principle.

Through an efficient damages organisation, we manage our customers' damages and ensure the availability of an organisation with the competence to handle major damages. A contracted, independent claims settling company conducts the settlement of claims.

**Damages in 2010.** Following powerful damage-prevention initiatives, the number of fires in schools and pre-schools continued to decline. Total property damage in the Municipal Group was estimated at SEK 38 M (SEK 76 M in 2009). During the year, there were 36 incidents of fire damage (61 in 2009) and 62 of water damage (27 in 2009).

Our damage-prevention efforts continue through collaborations with customers in various damage-prevention projects. Risk assessments are to be conducted annually by external risk engineers on all major facilities to describe the status of the facilities and propose damage-prevention measures. The descriptions are followed up by us to ensure that our requirements and recommendations are followed.



Anders Carlsund, Managing Director

The company's vision is to contribute to a risk awareness and safety approach in the City of Stockholm to prevent damage, ensure that the City's services are always functional and minimise insurance costs.

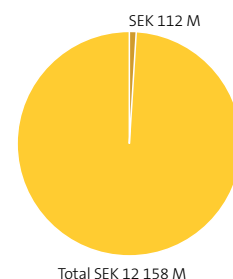
Each year, the company procures reinsurance for the Group's entire property value of approximately SEK 230 billion. The aim of the procurements is to create the best possible competition by gaining access to both Swedish and international insurance markets. S:t Erik Försäkring only insures facilities owned by the City of Stockholm or closely related companies. The business was formed in 1987.



## Key figures

	2010	2009	2008	2007	2006
Premium income, SEK M	112	122	127	99	91
Profit/loss after net financial items, SEK M	21	21	7	1	-21
Equity/assets ratio, %	38.5	29.2	33.8	25.7	29.8
Policyholders' funds, SEK M	115.0	156.4	135.0	128.0	127.0
Total assets, SEK M	275	363	377	475	407
Full-year employees, number	6	6	6	5	6

## Share of Group operating income



## S:t Erik Livförsäkring



2010 was the first year in which S:t Erik Liv did not take over and insure any former vested liabilities from Group subsidiaries. Instead, the company only insured newly vested rights in the customer companies. Accordingly, S:t Erik Liv's premium income is now down to more standard levels than in prior years.

**Now that the business** has entered a somewhat calmer phase, work during the year focused on improving and honing the company's processes.

**The recovery in the global financial markets** also continued in 2010, which had a positive impact on S:t Erik Livförsäkring's earnings. Of the company's earnings, about SEK 35 M was attributable to the rise in value of the company's equity portfolio and SEK 80.5 M to the rise in value of its bond portfolio. Combined, this generated a return of SEK 24 M compared with the original budget. At year-end, the equity portion of the investment portfolio was 21.3 per cent, which was unchanged compared with the level at the beginning of the year.

**The year 2010 was favourable** for S:t Erik Livförsäkring overall, with a profit before tax of SEK 60 M compared with a budgeted SEK 34 M.



Jan Willgård, Managing Director

S:t Erik Livförsäkring is a profit-making life insurance company that initiated operations in November 2006. The reason for its formation was that the pension money of employees in the majority of the City's companies was previously recognised as a liability in the balance sheet. Fluctuations in this pension liability had influenced the companies' earnings in a troublesome manner. Through a joint insurance solution for the City, S:t Erik Livförsäkring has been charged with the task of neutralising these financial risks and contributing to orderliness in the management of the City's pension commitments.

The company exclusively insures the Group's companies. The large volume of capital comprises old pension liabilities from the former municipal pension system.



S:t Erik Liv

### Key figures

	2010	2009	2008	2007	2006
Premium income, SEK M	62	832	243	695	32
Profit/loss after net financial items, SEK M	54	286	-54	114	3
Equity/assets ratio, %	26.5	25.0	17.1	27.0	78.0
Solvency ratio, %	138.0	134.2	122.2	141.9	457.9
Policyholders' funds, SEK M	491.5	440.8	161.6	216.0	103.0
Total assets, SEK M	1 855	1 766	945	800	132
Full-year employees, number	3	3	2	1	1

### Share of Group operating income



Total SEK 12 158 M

# USK

## Stockholms Stads Utrednings- och Statistikkontor AB



USK continued its development as the City's consultant and supplier of facts and decision-making support. We have an increasing number of satisfied customers and number of assignments has been high, with a positive income and earnings trend.

**Statistics and forecasts** account for about two-thirds of our assignment volume and inquiries account for most of the remaining volume.

**Being the resource for the City** that USK is and will be, most income derives from the City of Stockholm. Its largest customer is the City of Stockholm Executive Office, although the company also has framework agreements with and mandates from most other administrations and companies in the City.

Following negotiations, USK is the exclusive supplier to the City in the area of statistics and forecasting services. In the area of investigations and inquiries, the company is one of three procured suppliers.

**External assignments**, primarily from surrounding municipalities in Stockholm County, are secured by USK as a result of the company's extensive experience of municipal operations. Demand for the company's services remained high.

In 2010, the company's activities included:

- Business statistics for Kista Science City
- Drug-use survey among school pupils in Stockholm County
- Population forecasts and distribution keys for all of the City's operations
- Service measurement of the City's business-community contacts

**During the year**, in addition to assignment-governed operations, the company continued the development of its business and internal culture, with a focus on increased cooperation, knowledge, creativity and professionalism. The new project-driven organisation is being advanced with initiatives for uniform approaches to work and more distinct project-management and planning procedures. A development programme for project management is under way, as is a review of system support.



Lena Daag, Managing Director

Stockholms Stads Utrednings- och Statistikkontor AB (USK) is a consulting company that offers decision-makers high-quality facts and decision-making support for issues related to the development of the Stockholm region. The company's consultants specialise in statistics, forecasts, investigations and surveys.

USK also offers some of the services currently offered to the City to other customers, within the framework for municipal competence. These services are also occasionally offered to public players in the vicinity.

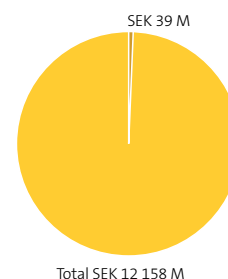
USK's goal is to remain the preferred supplier of decision-making support for officials and elected representatives in the City of Stockholm. USK is to be an expert that actively contributes to a world-class Stockholm.



### Key figures

	2010	2009	2008
Operating income, SEK M	39	38	47
Operating profit, SEK M	6	3	9
Profit after net financial items, SEK M	6	3	9
Return on total capital, %	36.5	N/A	N/A
Equity/assets ratio, %	37.9	N/A	N/A
Interest-coverage ratio, multiple	N/A	114.3	235.8
Total assets, SEK M	20	15	18
Gross investments, SEK M	0	0	2
Depreciation, SEK M	0	-1	0
Full-year employees, number	32	32	35

### Share of Group operating income







# ANNUAL REPORT

## Board of Directors' Report 2010

### Ownership

Stockholms Stadshus AB, Corp. Identity. No. 556415-1727, is wholly owned by the City of Stockholm (Corp. Identity. No. 212000-0142). The Company functions as a holding company for the City's group of companies. The Group includes 18 subsidiaries, which in turn are wholly owned by the Parent Company, Stockholms Stadshus AB, excluding Stockholm Vatten AB, which is 98-percent owned, with the remaining 2 percent owned by the Municipality of Huddinge. The companies' operations are conducted largely within the City of Stockholm. The Group is consolidated in the City of Stockholm Municipality Group, which is reported in the City of Stockholm's Annual Report.

### Companies' operations

The subsidiaries conduct operations in several areas for the benefit of the municipality's citizens. The operations include three municipal housing companies AB Svenska Bostäder, AB Stockholmshem, AB Familjebostäder, one school-property company: Skolfastigheter i Stockholm AB (SISAB), one care-provision property company; Micasa Fastigheter i Stockholm AB, and one property-development company: S:t Erik Markutveckling AB. One property company also owns and manages the event arenas in the Globen area: Stockholm Globe Arena Fastigheter (SGA Fastigheter). The primary tasks of the property companies include owning, managing, letting and constructing housing and premises in Stockholm.

Companies within infrastructure include Stockholm Vatten AB, Stockholms Stads Parkerings AB, Stockholms Hamn AB and AB Stokab. In addition, the subsidiaries include companies that are involved in events, cultural activities and marketing of Stockholm, such as Stockholms Stadsteater AB and Stockholm Business Region AB. Stockholm Stadshus AB has two insurance companies that operate in the Group: S:t Erik Försäkrings AB with non-life insurance and S:t Erik Livförsäkring AB to insure the Group's pension commitments.

One company also offers survey and statistics services: Stockholms Stads Utrednings- och Statistikkontor AB (USK).

### Group operations and profits

#### Profits

Consolidated profit after net financial items amounted to SEK 7,217 M (8,644). The high positive profit in recent years is attributable to non-recurring items in the form of capital gains, primarily from the sale of properties. Profit includes capital gains from the year's property sales totalling SEK 7,492 M (8,329) net and impairment losses amounting to SEK 36 M (68) net.

It is primarily the housing companies' sales of properties to tenant-owner associations that generated capital gains of approxi-

mately SEK 7,436 M. Other sales of limited liability companies and property companies generated capital gains of SEK 56 M.

Impairment for the year was mainly attributable to certain new construction projects and refurbishment projects in Familjebostäder, SISAB and Micasa Fastigheter and amounted to a loss of SEK 64 M. In addition, there were provisions of previously made impairment losses in the amount of SEK 28 M.

The Group's operating income amounted to SEK 12,158 M (13,291). The decline was primarily due to the recognition of a non-recurring income of SEK 804 M in the preceding year's accounts. Income was attributable to S:t Erik Livförsäkring AB and pertains to premium payments in conjunction with the insurance of the remaining pension liability in 2009. Operating expenses increased SEK 460 M, primarily as a result of profits from the sale of fixed assets declining somewhat compared with the preceding year. Profits from the sale of fixed assets are recognised as a single net item under Expenses in profit or loss. Costs for depreciation according to plan were SEK 106 M (62) higher than in the preceding year.

The Group's net financial income improved SEK 167 M (170) during the year. Interest expenses declined SEK 188 M (283), while interest income fell SEK 61 M (113). The improvement in net financial items in the past two years was attributable to the housing companies' sales of properties, the low interest-rate level and shifts in investment volumes.

The Group's tax liability increased to SEK 2,007 M (2,052). The high level was due to the taxation of the companies' capital gains on the sale of the housing companies' properties.

The Group's profit for the year amounted to SEK 5,206 M (6,589).

### Investments

The Group's investment volume has gradually increased in recent years and remains at a high level, slightly more than SEK 8,022 M (8,503). Of the Group's combined investment level in 2010, SEK 2,051 M comprises initiatives taken by the City's companies within the programme of "Stimulus for Stockholm."

Investments for the year comprise primarily new housing production in the municipal housing companies and the extensive refurbishment programme that all property companies are now implementing.

During the year, 11 new production projects were commenced by the housing companies and encompass about 1,000 new apartments.

Micasa Fastigheter and SISAB invested a total of more than SEK 897 M in expansion and maintenance for schools, premises used by childcare services and housing for the elderly. Stockholm Hamnar invested SEK 328 M. During the year, the refurbishment of

Strömkajen continued and the company completed the renovation of Stora Tullhuset. Stockholm Vatten primarily made investments in the amount of SEK 610 M in the pipeline system and development projects.

### Financial position

Consolidated shareholders' equity amounted to SEK 46,294 M (42,012) at year-end. The equity/assets ratio was 65.1 percent (60.5).

### Parent Company

Profit after financial items in the Parent Company amounted to SEK 402 M (447). Profits include dividends of SEK 31 M (37). Net financial income in the Parent Company was lower than in 2009, which was primarily due to the Parent Company's interest income declining as a result of low interest rates. Profit for the year after tax amounted to SEK 352 M (338).

During the year, the Parent Company paid a shareholders' contribution of SEK 250 M to SGA Fastigheter pertaining to the new Stockholm arena, in accordance with the City Council's decision in December 2009.

### Personnel

During the year, the average number of employees in the Group amounted to 2,498 (2,533), of whom 1,524 (1,618) men and 974 (950) women. The number of employees in the Parent Company totalled six (eight) persons, of whom three men and three women.

### Stimulus for Stockholm

During the spring of 2009, the City Council approved the implementation of the Stimulus for Stockholm initiative over a five-year period. The aim is to strengthen the City's financial development and labour market in the long term. In 2009 and 2010, the Group's property companies implemented extensive initiatives in the form of increased housing construction and far-reaching refurbishment measures in the City's Million Programme areas, schools and housing for the elderly.

The companies involved in the efforts are Svenska Bostäder, Familjebostäder, Stockholmshem, Micasa Fastigheter, SISAB and Stockholms Stads Parkering.

In 2010, the City's companies completed measures valued at SEK 3,077 M. The investments completed, including the new production of apartments and refurbishment initiatives, amounted to SEK 2,050 M. Other refurbishment initiatives and energy-efficiency enhancement projects were recognised in income and totalled SEK 1,027 M.

Approximately 32 percent of the implemented efforts comprise environmental measures and energy-efficiency enhancement measures. Refurbishment and energy-efficiency enhancement projects accounted for 28 and 26 percent, respectively. The remaining initiatives, which account for 14 percent, pertain to investments in improved security and safety, such as access-card systems and lighting.

Measures taken in the companies' property portfolio are expected to generate improved net operating expenses and environmental benefits. In 2010, the first review was conducted of energy-efficiency enhancement actions taken within the programme of Stimulus for Stockholm. The review indicated that completed projects generate favourable environmental and financial results.

### Significant events during the year

Svenska Bostäder, Familjebostäder and Stockholmshem were charged with the task of contributing to ensuring that tenants can acquire their apartments by forming tenant-owner associations and buying their properties. During the year, nearly 7,500 tenants purchased their apartments.

Stockholms Hamn's Board of Directors completed the sale of stevedoring operations in early 2010. The subsidiary was sold to Logistiken-treprenader i Sverige AB.

During the year, Stockholm Vatten completed the sale of the vehicle gas company to Scandinavian Biogas Fuels International AB.

In early 2010, S:t Erik Markutveckling acquired the Kylhuset 15 property in the Slakthus area. The aim of the acquisition is to secure right of disposition and control of the company prior to the future development of the area.

During the year, SGA Fastigheter commenced the construction of the new Stockholm arena in the Globen area following the approval of the City Council in December 2009. The project is currently one of the Group's largest projects.

### Board of Directors of the Group

The members of the Board of Directors are elected by the City Council. The Board's ordinary members comprise five women and four men. There are three female and six male deputy members.

During the year, the Board of Directors followed up the financial development and the companies' financial position and the companies' concerning owner directives in the budget and four-month reports. The Group Board also received continuous reports and analyses of major projects. During the year, the Group Board approved the sale of all shares of Stockholm Vatten Utveckling AB to Scandinavian Biogas Fuels International AB. In addition, the Group Board approved the transfer of all shares of Stockholms Stuveri och Bemanning AB to Logistikentreprenader i Sverige AB. During autumn, the Group Board approved the motion for an investment programme for Stockholm Stads Parkerings AB's inner-city garage.

### Environmental Report and environmental profile areas

In 2010, the City of Stockholm was Europe's Green Capital an acclaim awarded by the European Commission.

All subsidiaries are pursuing proactive environmental initiatives based on the City of Stockholm's environmental programme and based on individual company's operations. The programme has established targets and a clear delegation of responsibility for reviews. Based on the environmental programme, several companies have produced their own environmental action plans, which describe the environmental impact of their operations and the actions that they have taken to achieve these goals.

Several of the housing companies and Stockholms Hamnar have elected to secure certification for their environmental work.

Stockholms Hamn conducts operations that require permits under the Swedish Environmental Code. The permit-requirement concerns the portion of the Group's operations that comprise ports and loading/unloading piers that admit freight traffic.



Stockholm Vatten depends on operations that are subject to permit requirements, are conducted in facilities and require permits that limit the consumption and control of untreated water. The company's environmental impact comprises its impact on water in the Stockholm area, Lake Mälaren and in the archipelago.

In the autumn of 2009, the City Council reached a decision that the City's technical administrations and companies are to collaborate on a number of Environmental profile areas. The City Council also decided that the refurbishments that are conducted in the Million Programme area must be completed with a clear environmental profile. The Stockholm City Development Administration was charged with establishing a preparatory and coordinating council for the implementation of environmental profile areas.

In 2010, Group Management, in partnership with three of the housing companies established joint objectives and aims for the environmental profile initiative in suitable housing areas. The defined areas encompass about 12,400 apartments, of which Svenska Bostäder is responsible for about 7,000 apartments, Familjebostäder for about 4,100 and Stockholmshem for approximately 1,400 apartments.

#### **Future developments and significant events after the close of the financial year**

A key task for the Group is to carry out the planned Stimulus for Stockholm activities in the coming years until 2013.

The work involving the conversion into tenant-owner associations will continue in 2011 under the directives approved by the Group Board in early 2011. Work on the proactive management of the property portfolio. The development of the Globen area continued with the construction of the Stockholm arena and the completion of Vision Söderstaden.

Major projects in the initial phase include Stockholms Hamn's project pertaining to the expansion of Norvik and a proposal for the expansion of Värtapiren. The Swedish Environmental Rights Court of Appeal has approved the expansion of the harbour in Norvik and will review the expansion of Värtapiren in early 2011. The Swedish Environmental Court will establish the terms and conditions for a new harbour in Norvik.

As of 1 January 2011, a new law was enacted entailing new terms and conditions for public municipal housing companies. At the same time, new regulations regarding the setting of rents were enacted. The aim of the new legislation is to create equal conditions for municipal housing companies and private-sector landlords. The new law will provide the conditions for a better functioning housing rental market, more interest in investing in and managing rental apartments and ultimately an improved selection of rental housing. The aim is also to achieve agreement between Swedish legislation in the area and competition regulations under EU jurisdiction.

A requirement under the new law is that operations in municipal housing companies be conducted under commercial principles. This means that municipalities must impose market-based yield requirements on their housing companies. The City must also require market-

based security fees for interest and loans. Another key point is that the municipal housing companies may no longer be rent controlled. Group Management is analysing and preparing the implementation of the new legislation in consultation with the housing companies. No significant events were reported by the companies after the close of the financial year.

#### **Financial risks**

The City of Stockholm's Finance Department is responsible for the financial operations of the Municipal Group. All loans are centralised and managed from the Finance Department, and instead of loans, companies have a limit in the City's Group accounting system. The Municipal Group's financial policy states the targets and guidelines for financial operations in the Municipal Group. This entails that the Finance Department is responsible for the companies' interest-rate risks in accordance with the established policy and that the companies are in turn responsible for their investment decisions and capital structure. The policy also identifies the financial risks facing the Municipal Group and how they shall be handled. The risks are monitored on a continuous basis by a risk controller.

The Municipal Group, the City of Stockholm, has a strong financial position and a very high credit rating. The Group contributes highly to this position. The Group's total loan portfolio amounted to SEK 28,327 M at year-end, a decline compared with the preceding year, attributable primarily to the year's sales.

The credit ratings are assessed regularly by Standard & Poor's, and the City of Stockholm has the highest possible rating for both short and long-term borrowing, A-1+ and AAA, respectively.

At year-end the average period of fixed interest for the Municipal Group's net liabilities totalled 1.02 years (1.42). The target duration for the Municipal Group and the Group was 1.5 years +/- 0.3 years for the external net liabilities portfolio. The Municipal Group has strong finances and interest expenses comprise a relatively minor portion of overall costs. This is among the factors that resulted in the City opting for an average period of fixed interest term of 1.5 years. Since the Municipal Group has continued to amortise its liabilities as a result of the property companies' sales, the average period of fixed interest has been permitted to temporarily deviate from the target.

#### **Risk management**

Since 2007, the City of Stockholm has conducted a systematic effort to gain an overall impression and coordination of the City's operations based on a risk and vulnerability perspective. All companies annually conduct their own risk and vulnerability analyses based on their operations. These analyses are compiled and an overall analysis is subsequently performed for the City as a whole.

#### **Appropriation of profits**

The dividend proposal is presented on page 60. The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 750 M.

## Income statement

SEK M	Note	Group		Parent Company	
		2010	2009	2010	2009
<b>Operating income</b>	1				
Net sales		11 509.4	12 688.6		
Capitalised work for own use		87.3	81.5		
Other operating income		561.6	521.0	30.0	29.2
<b>Total operating income</b>		<b>12 158.3</b>	<b>13 291.1</b>	<b>30.0</b>	<b>29.2</b>
<b>Operating expenses</b>					
Raw materials and consumables		-301.2	-278.9		
Other external costs	2	-7 868.9	-8 376.6	-55.5	-57.5
Personnel costs	3	-1 660.8	-1 625.8	-12.9	-15.1
Depreciation/amortisation	4	-2 092.8	-1 987.2	-0.1	-0.1
Impairment losses	5	-36.4	-68.1		
Gain from sale of fixed assets		7 492.0	8 329.3	-0.1	
<b>Total operating expenses</b>		<b>-4 468.1</b>	<b>-4 007.3</b>	<b>-68.6</b>	<b>-72.7</b>
<b>Operating profit/loss</b>		<b>7 690.2</b>	<b>9 283.8</b>	<b>-38.6</b>	<b>-43.5</b>
<b>Profit from financial items</b>					
Profit from participation in Group companies	6			30.9	36.8
Profit from other securities		114.6	74.9		
Interest income and similar income items	7	462.8	523.8	409.8	454.3
Interest expenses and similar expense items		-1 050.9	-1 238.7	-0.1	-0.7
<b>Profit after financial items</b>		<b>7 216.7</b>	<b>8 643.8</b>	<b>402.0</b>	<b>446.9</b>
Appropriations				65.1	0.1
Tax on profit for the year	8	-2 006.7	-2 051.9	-115.5	-109.1
Minority share of profit for the year		-3.6	-2.9		
<b>Net profit for the year</b>		<b>5 206.4</b>	<b>6 589.0</b>	<b>351.6</b>	<b>337.9</b>



## Balance sheet

		Group		Parent Company	
SEK M	Note	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09
ASSETS					
Noncurrent assets					
Intangible fixed assets	9	61.9	37.3		
Tangible assets					
Buildings and land	10	54 333.2	53 825.9		
Plant and machinery	11	4 968.7	4 544.9		
Equipment	12	598.2	477.7	0.3	0.5
Construction in progress	13	7 303.6	6 344.5		
Total tangible fixed assets		67 203.7	65 193.0	0.3	0.5
Financial fixed assets					
Participations in Group companies	14			6 572.8	6 322.8
Receivables from City of Stockholm					
Receivables from Group companies		4.0	4.5		
Receivables from associated companies	15	7.8	8.8		
Other securities held as fixed assets	16	1 777.7	1 724.9		
Deferred tax assets	8	374.0	258.1		
Other long-term receivables		24.4	20.8		
Total financial fixed assets		2 187.9	2 017.1	6 572.8	6 322.8
Total noncurrent assets		69 453.5	67 247.4	6 573.1	6 323.3
Current assets					
Inventories, etc.					
Raw materials and consumables		35.0	32.4		
Products in progress			16.9		
Total inventories, etc.		35.0	49.3	0.0	0.0
Current receivables					
Accounts receivable		382.5	294.2	0.0	0.0
Receivables from City of Stockholm		227.0	347.6	11 748.7	12 832.4
Receivables from subsidiaries				95.3	103.5
Receivables from associated companies		1.0	1.5		
Tax assets	8	436.4	290.5	100.2	69.5
Other receivables		255.0	741.0	0.0	0.3
Prepaid expenses and accrued income	17	363.4	459.0	0.4	0.4
Total receivables		1 665.3	2 133.8	11 944.6	13 006.1
Cash and cash equivalents					
Cash and bank balances		24.9	18.0		
Total cash and cash equivalents		24.9	18.0		
Total current assets		1 725.2	2 201.1	11 944.6	13 006.1
Total assets		71 178.7	69 448.5	18 517.7	19 329.4

		Group		Parent Company	
SEK M	Note	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09
SHAREHOLDERS' EQUITY AND LIABILITIES					
Restricted equity					
Share capital, 2.850.000 shares		2 850.0	2 850.0	2 850.0	2 850.0
Restricted reserves		6 521.9	5 790.4	570.0	570.0
Total restricted equity		9 371.9	8 640.4	3 420.0	3 420.0
Non-restricted equity					
Profit brought forward		31 715.5	26 783.1	14 203.7	15 088.4
Net profit for the year		5 206.4	6 589.0	351.7	337.9
Total non-restricted equity		36 921.9	33 372.1	14 555.4	15 426.3
Total shareholders' equity		46 293.8	42 012.5	17 975.4	18 846.3
Non-controlling interests		19.5	14.8		
Untaxed reserves	18			31.3	96.4
Provisions	19				
Provisions for pensions		74.5	47.6	7.9	7.9
Provisions for pensions, S:t Erik Livsförsäkring		1 344.3	1 315.7		
Deferred taxes	8	2 091.8	1 516.2		
Other provisions		12.4	9.1		
Total provisions		3 523.0	2 888.6	7.9	7.9
Long-term liabilities					
Other long-term liabilities		25.8	27.4		
Total long-term liabilities	20	25.8	27.4	0.0	0.0
Current liabilities					
Accounts payable		2 098.0	1 954.4	8.5	6.3
Advances from customers		0.6	1.0		
Liabilities to Group companies				482.6	352.6
Liabilities to City of Stockholm		16 573.4	19 782.8	4.1	11.9
Current tax liabilities	8	366.3	611.4		
Other current liabilities		384.6	426.0	5.3	6.2
Accrued expenses and deferred income	21	1 893.7	1 729.6	2.6	1.8
Total current liabilities		21 316.6	24 505.2	503.1	378.8
Total provisions and liabilities		24 865.4	27 421.2	511.0	386.7
Total shareholders' equity and liabilities		71 178.7	69 448.5	18 517.7	19 329.4
Memorandum items					
Pledged assets		none	none	none	none
Contingent liabilities	22	83.8	82.8	2.8	2.7

## Shareholders' equity

SEK M	Share capital	Equity method reserve	Other restricted reserves	Non-restricted equity	Net profit/loss for the year	Total shareholders' equity
<b>GROUP</b>						
<b>Balance on 31 December 2008</b>	2 850.0	6.6	4 389.4	22 930.6	6 171.9	36 348.5
Allocation of profit				6 171.9	-6 171.9	0.0
Dividend				-925.0		-925.0
Transfer from restricted to non-restricted equity		1.6	1 392.8	-1 394.4		0.0
Net profit for the year					6 589.0	6 589.0
<b>Balance on 31 December 2009</b>	2 850.0	8.2	5 782.2	26 783.1	6 589.0	42 012.5
Allocation of profit				6 589.0	-6 589.0	0.0
Dividend				-925.0		-925.0
Transfer from restricted to non-restricted equity		-0.1	731.6	-731.6		-0.1
Net profit for the year					5 206.4	5 206.4
<b>Balance on 31 December 2010</b>	2 850.0	8.1	6 513.8	31 715.5	5 206.4	46 293.8

SEK M	Share capital	Statutory reserve	Non-restricted equity	Net profit/loss for the year	Total shareholders' equity
<b>PARENT COMPANY</b>					
<b>Balance on 31 December 2008</b>	2 850.0	570.0	14 504.7	1 702.3	19 627.0
Allocation of profit			1 702.3	-1 702.3	0.0
Dividend			-925.0		-925.0
Group contribution			-262.7		-262.7
Tax effect of Group contribution			69.1		69.1
Net profit for the year				337.9	337.9
<b>Balance on 31 December 2009</b>	2 850.0	0.0	15 088.4	337.9	18 846.3
Allocation of profit			337.9	-337.9	0.0
Dividend			-925.0		-925.0
Group contribution			-403.7		-403.7
Tax effect of Group contribution			106.2	351.7	457.9
Net profit for the year					
<b>Balance on 31 December 2010</b>	2 850.0	0.0	14 203.8	351.7	17 975.5

The share capital consists of 2,850,000 shares.

## Cash flow statement

		Group		Parent Company	
SEK M	Note	2010	2009	2010	2009
Operating activities					
Profit after net financial items		7 216.7	8 643.8	402.0	446.9
Adjustment for non-cash items	23	2 199.6	1 672.4	0.1	0.1
Net loss from sales of non-current assets		-7 492.0	-8 329.3		
Income tax paid		-1 937.7	-2 223.0	-40.0	-226.4
Cash flow from operating activities before changes in working capital		-13.4	-236.1	362.1	220.6
Change in inventories and work in progress		14.2	-1.9		
Change in current receivables		616.3	109.0	8.0	21.9
Change in current liabilities		304.0	-140.4	-16.6	5.1
Cash flow from operating activities		921.1	-269.4	353.5	247.6
Investing activities					
Acquisition on intangible assets		-0.1	-1.9		
Acquisition of financial fixed assets		-53.3	-787.5	-250.0	-33.0
Acquisition of properties and land	24	-940.4	-2 217.8		
Investment in construction in progress		-6 976.6	-5 870.4		
Divestment of tangible assets					
Acquisition of other tangible assets		-52.7	-726.2	0.0	-0.1
Payments received from sale of fixed assets		11 299.4	12 280.7		
Cash flow from investing activities		3 276.3	2 676.9	-250.0	-33.1
Financing activities					
Change in long-term receivables		-3.0	2.5		
Amortisation of liabilities		-1.5	-12.8		
Group contribution				-262.7	-215.5
Dividend paid		-925.0	-925.0	-925.0	-925.0
Cash flow from financing activities		-929.5	-935.3	-1 187.7	-1 140.5
Cash flow for the year		3 267.9	1 472.2	-1 084.2	-926.0
Cash and cash equivalents at 1 January		-19 101.4	-20 573.6	12 831.6	13 757.6
Cash and cash equivalents at 31 December		-15 833.5	-19 101.4	11 747.4	12 831.6
The cash-flow statement includes cash and cash equivalents in the City's Group account. The total in the Group account is included in Current receivables/liabilities in the City of Stockholm in the amount of:					
		-15 858.4	-19 119.4	11 747.5	12 831.6

## Accounting policies

Stockholms Stadshus AB's Annual Report was prepared in accordance with the Swedish Annual Accounts Act, general advice and guidelines for major corporations issued by the Swedish Accounting Standards Board and the following recommendations and statements issued by the Swedish Financial Reporting Board: RR1 Consolidated accounts, RR7 Cash flows, RR15 Intangible assets and RR24 Investment properties.

### Consolidated financial statements

The consolidated financial statements include subsidiaries in which Stockholms Stadshus AB, directly or indirectly, holds more than 50 percent of the voting rights or has a controlling influence in another manner.

The consolidated financial statements were prepared in accordance with the acquisition accounting method, whereby the shareholders' equity of subsidiaries at the date of acquisition, determined as the difference between the fair value of assets and liabilities, is eliminated in its entirety. Accordingly, the Group's shareholders' equity only includes the portion of the subsidiaries' equity that arose after the acquisition.

If the consolidated cost of the shares exceeds the value of the Company's net assets according to the acquisition analysis, the difference is recognised as goodwill on consolidation. However, if the consolidated cost of the shares is less than the value of the Company's net assets according to the acquisition analysis, the difference is deducted from the non-monetary assets of the acquired company. If the entire difference is not eliminated through a reduction of non-monetary assets, the remaining amount is recognised under other provisions as negative consolidated goodwill. The provision is dissolved on the basis of the forecast earnings trend.

Companies acquired during the year are included in the consolidated accounts in the amount relating to the period after the acquisition.

Minority shares of net profit for the year are recognised in the consolidated income statement. Minority shares in subsidiaries' capital are recognised as a separate item in the consolidated balance sheet.

The Parent Company applies the same accounting policies as the Group.

### Recognition of associated companies

Companies that are not subsidiaries, but in which Stockholms Stadshus AB, directly or indirectly, holds at least 20 percent of the voting rights for all participations, are considered associated companies.

In the consolidated accounts, participations in associated companies are recognised in accordance with the equity method. Participations in associated companies are recognised at cost, with adjustment of the Group's share of changes in the associated company's net assets, including goodwill (after deductions for accumulated depreciation). The Group's share of the associated company's profit is included as income in the consolidated income statement. Undistributed accumulated profit shares attributable to associated companies are recognised under restricted reserves in the consolidated balance sheet as an equity method reserve. Unrealised intra-Group profits are eliminated against the share of profits relating to the Group.

### Income

Sales of goods and services are recognised on delivery of the product or service to the customer, in accordance with the sales terms. Rental revenue is recognised in the period to which it is related. Income is recognised net after VAT and discounts. Intra-Group sales are eliminated from the consolidated financial statements.

The Group does not report according to its lines of business, since the Group's Parent Company is owned by the City of Stockholm. A presentation of income per subsidiary can be found on pages 23–39.

Intra-Group sales are conducted at normal prices.

### Government assistance

Stockholms Stadsteater receives government assistance in the form of an annual operational subsidy paid to all institutional theatres in accordance with an official document issued by the government placing government assistance at the disposal of the National Swedish Council for Cultural Affairs. The subsidy is paid on a quarterly basis in advance and the Company distributes this so that it is recognised as income per month.

The housing companies are entitled to investment grants for certain new production in accordance with prior rules and regulations.

For further information, see the Annual Report of the relevant subsidiary.

### Borrowing costs

Borrowing costs are charged to earnings in the period to which they relate. The raising of all new loans is conducted via the City of Stockholm's Finance Department, and each company has a limit in the City's Group account system.

### Income taxes

Recognised income taxes include tax to be paid or received relating to the current year, with adjustments for current taxes relating to previous years, changes in deferred tax and shares of tax relating to associated companies.

Valuation of all tax liabilities/assets is made at nominal amounts in accordance with tax regulations and applicable rates that have been established or have been announced and will almost certainly be implemented.

Tax effects attributable to items recognised in the profit and loss are recognised in profit and loss. Tax effects attributable to items recognised directly against shareholders' equity are recognised against shareholders' equity. Deferred tax is calculated on all temporary differences arising between recognised and fiscal values of assets and liabilities. The main reason for such temporary differences is depreciation of properties.

Deferred tax receivables relating to loss carryforwards or other future fiscal deductions are recognised to the extent that it is likely that the deduction can be settled against a future taxation surplus. The deferred tax liability related to temporary differences in investments in subsidiaries and associated companies is not recognised in the consolidated financial statements since the Parent Company can always control the date for reversal of the temporary differences, and it is not deemed likely that such a reversal will be made in the foreseeable future.



The deferred tax liability relating to untaxed reserves is recognised in the Parent Company as part of the untaxed reserves.

#### Financial assets

All deposits are made with the City of Stockholm's Finance Department in accordance with the approved policy for the entire Municipal Group. The Board of adopts a finance policy on an annual basis for the Group, which is subsequently adopted by all of the companies in the Group. Financial assets are not subject to financial interest risks.

#### Receivables

Receivables are individually assessed and recognised in the amount expected to be paid.

#### Inventories

Applying the first-in/first-out principle, inventories are valued at the lower of cost and fair value at the balance-sheet date.

#### Fixed assets

Tangible and intangible fixed assets are depreciated/amortised systematically over the asset's estimated useful life. Straight-line depreciation/amortisation is applied to all types of assets. The following depreciation/ amortisation periods apply:

Goodwill	5–10 years
Capitalised development costs	3–5 years
Leaseholds	5 years
Office buildings	50 years
Industrial buildings	3–50 years
Plants and machinery	3–50 years
Equipment, tools, fixtures and fittings	5 years

Properties not utilised by Group companies, and which are held for long-term leasing, are classified as buildings held for investment purposes in the consolidated financial statements.

Impairment is conducted per fixed asset/cash-generating unit if the fair value is less than the carrying amount. Fair value is based on external valuation or value in use, depending on the type of asset. For further details, refer to the Annual Report of the relevant subsidiary.

#### Research and development

Research and development costs are normally expensed as they occur. In the Group, certain major development projects have been considered of significant value to the Company in years to come and have been capitalised in the balance sheet under "Capitalised development costs," primarily in the IT area.

#### Leasing agreements

The Stockholms Stadshus AB Group has no financial leasing agreements. Operational leasing agreements are viewed as rents.

#### Pensions and provisions

In the autumn of 2006, the Stockholm City Council approved the formation of a life insurance company – S:t Erik Livförsäkring AB – with the task of insuring already accumulated pension commitments in the Stockholms Stadshus AB Group.

During autumn 2006, the Company insured all pension commitments according to the pension plans PA-KL, PFA, KAP-KL and PA-KFS. The commitments insured by S:t Erik Livförsäkring AB are recognised under the item Pension provision.

In addition, an individual Group company may recognise separate pension commitments according to the Act on Safeguarding of Pension Obligations (1967:531). These provisions pertain particularly to pension commitments that have not been insured, such as early retirement pension.

This means that in the 2010 annual accounts, the Group's pension provisions are divided into two items under Provisions.

A. One item that refers to provisions in accordance with the Act on Safeguarding of Pension Obligations and recognised as pension provisions.

B. One item that refers to the liability pertaining to the commitment that is insured by S:t Erik Livförsäkring.

#### Cash-flow statement

The cash-flow statement is prepared according to the indirect method. The recognised cash flow only includes transactions that involve payments received and made.

In addition to cash and bank balances, the classification as cash and cash equivalents includes balances in the Finance Department in the City of Stockholm Group. All cash and cash equivalents can be utilised on behalf of the Group.

#### Transparency directive

On 1 January 2006, a new law came into effect concerning insight into certain financial commitments. The law places certain demands on accounting in public companies by requiring transparent and separate accounting. The purpose of the law is to incorporate the European Commission's directive – the transparency directive – into Swedish law to counteract improper competition.

The subsidiaries in the Group that are included in this directive are Stockholms Hamn AB, AB Stokab and Stockholms Stads Parkerings AB. Information regarding this is presented in the Annual Reports of the relevant companies.

#### Other disclosures

The Stockholm City Council decided that the expansion of a new harbour in Norvik, Nynäshamn, would be implemented at an investment cost totalling SEK 1,700 M. Stockholm Hamn has been given the task of providing a detailed schedule and financing plans.

At year-end, the Swedish Environmental Rights Court of Appeal announced that it permitted the construction of a harbour. The decision had been appealed by the counterparties.

Other assets, provisions and liabilities were valued at cost unless otherwise specified.

As of 2010, the income from the sale of properties must generally be recognised on the date of occupancy. Fees associated with the sale must be calculated and recognised at the same date. Previously, sales transactions were attributed to the financial year in which the sales agreement was reached.

## Notes

The bulk of the Group's operations is conducted in the Stockholm area. The Group overview on page 15 shows the trend of certain key figures, followed by the key figures and information for subsidiaries' operations.

### NOTE 1 OPERATING INCOME

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Rents and lease income	8 656.6	9 067.6		
Invoiced sales	2 784.4	3 548.9	30.0	29.2
Fees	68.4	72.1		
Government subsidy	52.9	50.8		
Capitalised work for own use	87.4	81.5		
<b>Other operating income</b>	<b>508.7</b>	<b>470.2</b>		
<b>Total operating income</b>	<b>12 158.4</b>	<b>13 291.1</b>	<b>30.0</b>	<b>29.2</b>
of which, sales to City of Stockholm	2 769.8	2 773.3	0.6	0.6
of which, sales to Group companies			27.2	28.5

The majority of the companies' sales pertain to rent and lease income from property companies. Rental incomes have decreased among the housing companies, which is an effect of the sales of fixed assets that the companies have completed. The "invoice sales" item included a nonrecurring item in 2009 totalling about SEK 800 M in conjunction with the insurance of the companies' pension liabilities. Stockholm Stadsteater received government assistance for its operations and Bostadsförmedlingen recognised government subsidies of SEK 0.8 M. In the housing companies, government interest subsidies are recognised among financial income, see Note 7.

Of the operating income, SEK 102 M (109) was attributable to Skolfastigheter i Stockholm AB (SISAB) and pertains to insurance remuneration of SEK 31 M (30), as well as remuneration from the City of Stockholm for specific work such as operational adaptations of premises and ventilation work totalling SEK 63 M (69). Stockholm Business Region's operating income amounted to SEK 124 M (123), of which SEK 106 M (100) pertained to remuneration from the City. Stockholm Vatten's other operating income amounted to SEK 98 M (77). The largest items pertain to income for specific work, the sale of water to Hammarbyverket and remuneration for handling industrial waste. The housing companies' other income totalled SEK 136 M (116). A large portion of these services comprise sales and further invoicing for garbage collection, heating, water and communication services.

### NOTE 2 OTHER EXTERNAL COSTS

SEK M	Group		Parent Company	
	2010	2009	2010	2009
<i>The following amounts related to auditors' fees are included:</i>				
Ernst & Young				
Audit assignments	4.7	5.3	0.3	0.5
Audit assignments in addition to audit assignment	2.3	2.1	1.2	1.4
Tax consultancy services	0.5			
Other services	0.1			
<b>Total auditors' fees</b>	<b>7.6</b>	<b>7.4</b>	<b>1.5</b>	<b>1.9</b>

Group companies' purchases from the City of Stockholm amounted to SEK 607.4 M (606) and the City of Stockholm's purchases from Group companies amounted to SEK 2,769.8 M (2,773.3).

The Parent Company's purchases from other Group companies amounted to SEK 4.4 M (3.5) and the Parent Company's purchases from the City of Stockholm amounted to SEK 15.0 M (14.0).

### NOTE 3 PERSONNEL

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Average number of employees	2 499	2 533	6	8
Of whom, men. %	61.0	61.7	50	62.5
<b>Wages, salaries, other remuneration and social security costs</b>				
Board of Directors, senior executives, MD, Deputy MD	38.5	41.6	2.3	2.1
Social security fees	22.8	25.0	0.9	1.0
of which, pension costs	9.7	9.8	0.3	0.1
Other employees	1 034.9	1 070.5	6.0	6.8
Social security fees	521.0	441.8	4.0	6.4
of which, pension costs	175.8	63.5	1.7	3.0
<b>Total wages, salaries and other remuneration</b>	<b>1 073.4</b>	<b>1 112.1</b>	<b>8.3</b>	<b>8.9</b>
Total Social security fees	543.8	466.8	4.9	7.4
of which, total pension costs	185.5	73.3	2.0	3.1

### Remuneration to senior executives within the Group

#### Group

Fees to Board members are paid in accordance with the principles established by the City Council. Fixed salaries are paid to senior executives of the Group and there are no bonuses or incentive systems.

#### Parent Company

Members of the Board are elected by the City Council. Of the ordinary Board members, five are women and four are men. For deputy members, the distribution is three women and six men. The Chairman received remuneration totalling SEK 66,000 (69,000) and the Vice Chairman received SEK 53,000 (54,000).

The Managing Director of the Parent Company is also the Chief Executive Officer of the City and receives remuneration from the City of Stockholm. The Deputy Managing Director is employed on the same terms as the City's chief administrative officers. These terms entail permanent employment with the entitlement to pension benefits according to PA-KL after 12 years of employment, but not before the age of 60. In the event of termination of employment by the Company, the severance pay entitlement is two years' salary. Other employees in the Parent Company are senior executives. These employees received no supplementary salary. They have pension entitlements in accordance with PA-KFS or PFA/KAP-KL.

#### Remuneration and other benefits during the year (amounts in SEK 000s)

Irene Svenonius, MD, Parent Company, paid by the City of Stockholm

Per Blomstrand, Deputy MD, Parent Company

Basic salary: 1,629 (1,599)

Pension provision and contingent liability: 5,339 (4,948)

PA-KL pension age from 60.

#### Group employees

The number of permanent employees in the Group continued to decline and amounted at year-end 2010 to 2,251 (2,366), of whom

39 percent (38) were women. Among men, 35 percent were aged 55 or older, while the corresponding figure for women was 24 percent.

Of the total annual work time in the Stockholms Stadshus AB Group, 81 percent was what is called worked time, meaning presence at work. Holiday was 10 percent, sickness 3 percent, parental leave 3 percent and the remainder was other leave.

The total sickness absence continues to decline and now amounts to 3.3 percent (3.4) of ordinary work time. Women had slightly more sickness absence than men.

Long-term sickness absence (at least 60 days) accounts for 29 percent of total sickness absence, which is the same percentage as is 2009. Short-term sickness absence (one to 14 days) accounts for 52 percent of total sickness absence.

#### Group pension plans

**PA-KL** is a defined-benefit gross pension plan that has applied to employees in the municipality and County Council. For most employees, this pension agreement has been replaced by another agreement, but it is still applied to certain managers. PA-KL means that the employer offers a gross pension that is equivalent to a certain salary level.

**PFA** is a pension plan for municipal and County Council employees, which comprises a defined-contribution old-age pension and a defined-benefit supplementary old-age pension.

In 2006, PFA was replaced by **KAP-KL**, which is also a defined-contribution old-age pension with a supplementary defined-benefit addition. The transition regulations are complicated and will impact earnings in the Group for a number of years.

**PA-KFS** is similar to an ITP occupational pension that applies to employees of municipal companies. It primarily comprises a defined-benefit pension, a supplementary old-age pension and a survivor pension.

#### NOTE 4 AMORTISATION AND DEPRECIATION OF INTANGIBLE AND TANGIBLE FIXED ASSETS

SEK M		Group		Parent Company	
		2010	2009	2010	2009
<i>Intangible fixed assets</i>					
Capitalised development costs	20-33%	-13.9	-12.6		
Leaseholds	20%				
Goodwill	10-20%				
<i>Total</i>		-13.9	-12.6	0.0	0.0
<i>Tangible fixed assets</i>					
Buildings and land	2-20%	-1 793.0	-1 724.2		
Plant and machinery	2-33%	-218.4	-191.0		
Equipment	2-33%	-67.5	-59.6	-0.1	-0.1
<i>Total</i>		-2 078.9	-1 974.6	-0.1	-0.1
<b>Total amortisation and depreciation</b>		<b>-2 092.8</b>	<b>-1 987.2</b>	<b>-0.1</b>	<b>-0.1</b>

#### NOTE 5 IMPAIRMENT LOSSES

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Intangible assets				
Buildings and land	-16.4	-40.4		
Construction in progress	-20.0	-26.2		
Equipment		-1.5		
Total impairment losses	-36.4	-68.1	0.0	0.0

##### 2010

AB Familjebostäder: Impairment losses amounted to SEK 30.0 M and pertained to Limkakan 3, the Tegelstapeln 11 property and Blackeberg's estate.

Skolfastigheter i Stockholm AB (SISAB): Impairment losses in properties for schools and child-care services SEK 20.9 M, of which Skolfilmen 1 accounted for a loss of SEK 5 M and Gubbtäppan 11 for a loss of SEK 2 M. SISAB recognised impairment losses of SEK 1 M per property in an additional 13 properties. The reversal of prior impairment totalled SEK 28.4 M, of which SEK 25 M pertained to Sandhagen 11.

Micasa Fastigheter: Impairment losses in the company amounted to SEK 13.9 M. This includes a loss of SEK 8.7 M for the conversion of the Fästmansoffan property to sheltered housing, a loss of SEK 2.6 M for new infrastructure in the Grötlunken property and a loss of SEK 2.6 M for Guldbräöllopsminnet.

#### NOTE 6 DIVIDENDS FROM SUBSIDIARIES

Dividends from subsidiaries were as follows: Svenska Bostäder SEK 26.1 M (31.0), Familjebostäder SEK 2.2 M (2.7) and Stockholmshem SEK 2.6 M (3.1).

#### NOTE 7 INTEREST INCOME AND SIMILAR INCOME ITEMS

SEK M		Group		Parent Company	
		2010	2009	2010	2009
Interest		436.8	484.5	409.8	454.3
Interest subsidies		22.1	29.0		
Other		3.9	10.3		
<b>Total</b>		<b>462.8</b>	<b>523.8</b>	<b>409.8</b>	<b>454.3</b>
Of which, from City of Stockholm		430.1	478.6	409.8	454.3

The Parent Company is responsible for most of the interest income, which is somewhat lower this year due to the effect of the interest level and decreased shareholders' equity during the year. The government interest subsidies received earlier in connection with new construction decreased successively and will cease in a few years.

#### NOTE 8 TAXES

SEK M	Group		Parent Company	
	2010	2009	2010	2009
<b>Information regarding taxes in the income statement</b>				
Current tax rate. %	26.3	26.3	26.3	26.3
<i>Current tax</i>				
Recognised profit before tax	7 216.7	8 643.8	467.1	446.9
Tax according to current tax rate	-1 898.0	-2 273.3	-122.8	-117.6
Tax effects of expenses which are not tax-deductible	-133.1	-175.6	-0.8	-1.2
Tax effects of earnings-related Group adjustments	77.0			
Tax effects of consolidated capital gains	-169.5			
Tax effects of untaxed reserves	354.9	470.0		
Tax effects of expenses from capital gains	134.8	86.1		
Tax effects of income which is not liable for tax	67.5	345.6	8.1	9.7
Utilised, previously unrecognised loss carryforwards	0.5	3.1		

## NOTE 8 TAXES (cont.)

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Current tax for earlier periods	8.2	-6.0		
Income-tax exempt operations (S:t Erik Livförsäkring AB)	11.0	68.4		
<b>Current tax expenses for the year</b>	<b>-1 546.7</b>	<b>-1 481.7</b>	<b>-115.5</b>	<b>-109.1</b>
<b>Deferred tax</b>				
Deferred tax expense attributable to temporary differences	-576.9	-585.8		
Deferred tax income attributable to temporary differences	116.9	15.5		
<b>Recognised tax expense</b>	<b>-2 006.7</b>	<b>-2 051.9</b>	<b>-115.5</b>	<b>-109.1</b>
<b>Information regarding taxes in the balance sheet</b>				
Current tax receivables	436.4	290.5	100.2	69.5
Current tax liabilities	-366.3	-611.4		
<b>Deferred tax receivables</b>				
Difference between taxable/accounting amounts of property	92.6	206.2		
Non-taxable provisions	4.1	2.3		
UER investments 93/94	46.9	49.6		
Mortgage item	62.8			
Contingent property sales	167.6			
<b>Total deferred tax receivables</b>	<b>374.0</b>	<b>258.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Deferred tax liabilities</b>				
Deferred tax surplus value	-205.4	-141.0		
Write-ups		10.7		
Untaxed reserves	-1 886.4	-1 385.9	0.0	0.0
<b>Total deferred liabilities</b>	<b>-2 091.8</b>	<b>-1 516.2</b>	<b>0.0</b>	<b>0.0</b>

## NOTE 9 INTANGIBLE FIXED ASSETS

SEK M	Group		Parent Company	
	2010	2009	2010	2009
<b>Capitalised development costs</b>				
<i>Cost, 1 January</i>	64.6	53.2		
Acquisitions for the year	0.1	1.9		
Reclassifications	38.4	9.5		
Disposals	-0.7			
<b>Cost, 31 December</b>	<b>102.4</b>	<b>64.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Amortisation, 1 January</b>	<b>-28.1</b>	<b>-15.5</b>		
Amortisation for the year	-13.9	-12.6		
Disposals	0.7			
<b>Amortisation, 31 December</b>	<b>-41.3</b>	<b>-28.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Net value, 31 December</b>	<b>61.1</b>	<b>36.5</b>	<b>0.0</b>	<b>0.0</b>
<b>Leaseholds</b>				
<i>Cost, 1 January</i>	27.6	27.6		
Disposals				
<b>Cost, 31 December</b>	<b>27.6</b>	<b>27.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Amortisation, 1 January</b>	<b>-26.8</b>	<b>-26.8</b>		
<b>Amortisation, 31 December</b>	<b>-26.8</b>	<b>-26.8</b>	<b>0.0</b>	<b>0.0</b>
<b>Net value, 31 December</b>	<b>0.8</b>	<b>0.8</b>	<b>0.0</b>	<b>0.0</b>
<b>Goodwill</b>				
<i>Cost, 1 January</i>	23.3	23.3		
<b>Cost, 31 December</b>	<b>23.3</b>	<b>23.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Amortisation, 1 January</b>	<b>-21.2</b>	<b>-21.2</b>		
<b>Amortisation, 31 December</b>	<b>-21.2</b>	<b>-21.2</b>	<b>0.0</b>	<b>0.0</b>
<b>Impairment losses, 1 January</b>	<b>-2.1</b>	<b>-2.1</b>		
<b>Impairment losses, 31 December</b>	<b>-2.1</b>	<b>-2.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Net value, 31 December</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total intangible assets</b>	<b>61.9</b>	<b>37.3</b>	<b>0.0</b>	<b>0.0</b>



## NOTE 10 BUILDINGS AND LAND

SEK M	Group		Parent Company	
	2010	2009	2010	2009
<b>Buildings</b>				
<i>Cost, 1 January</i>	67 294.9	65 337.0		
Acquisitions for the year	906.5	1 894.3		
Sales/disposals	-4 502.9	-5 768.8		
Reclassifications	4 668.2	5 832.4		
Expensed investments	-0.8			
<i>Cost, 31 December</i>	68 365.9	67 294.9	0.0	0.0
<i>Depreciation, 1 January</i>	-17 956.1	-18 543.5		
Depreciation for the year	-1 783.6	-1 712.7		
Sales/disposals	1 364.8	2 297.4		
Reclassifications	0.6	2.7		
<i>Depreciation, 31 December</i>	-18 374.3	-17 956.1	0.0	0.0
<i>Write-ups, 1 January</i>	690.8	853.3		
Write-ups for the year	-9.4	-11.3		
Sales/disposals	-51.6	-151.2		
<i>Write-ups, 31 December</i>	629.8	690.8	0.0	0.0
<i>Impairment losses, 1 January</i>	-1 671.0	-1 648.1		
Impairment losses for the year	-44.8	-40.4		
Reversal of impairment losses	28.4			
Sales/disposals	78.6	17.5		
Reclassifications	-12.0			
<i>Impairment losses, 31 December</i>	-1 620.8	-1 671.0	0.0	0.0
<b>Net value, buildings, 31 December</b>	<b>49 000.6</b>	<b>48 358.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Land</b>				
<i>Cost, 1 January</i>	5 486.8	5 421.5		
Acquisitions for the year	33.9	323.5		
Sales/disposals	-353.6	-258.2		
Reclassifications	185.0			
<i>Cost, 31 December</i>	5 352.1	5 486.8	0.0	0.0
<i>Write-ups, 1 January</i>	0.0	0.2		
Reclassifications/disposals	0.0	-0.2		
<i>Write-ups, 31 December</i>	0.0	0.0	0.0	0.0

SEK M	Group		Parent Company	
	2010	2009	2010	2009
<i>Impairment losses, 1 January</i>	-19.5	-19.5		
<i>Impairment losses, 31 December</i>	-19.5	-19.5		0.0
<b>Net value, land, 31 December</b>	<b>5 332.6</b>	<b>5 467.3</b>	<b>0.0</b>	<b>0.0</b>
Tax assessment value of buildings	47 801.7	42 504.5		
Tax assessment value of land	28 855.8	23 777.8		
Fair value	112 691.0	114 548.8		

Impairment losses and reversal of earlier years' impairment losses are reported in Note 5.

*Fair value is calculated as follows:*

Svenska Bostäder: Conducted an internal measurement of the property portfolio. The valuation is performed in a model developed by Datscha, which is a web-based service for the analysis of the Swedish property market. An external valuation was conducted for Vällingby City.

Familjebostäder: Measurement conducted by external, independent valuers.

Stockholms hem: Measurement performed by external independent valuers.

SISAB: An internal yield measurement based on the recoverable amount.

Micasa: An internal yield measurement based on actual income, standardised costs and internal, long-term yield requirements.

Stockholms Hamnar: Measurement conducted by external, independent valuation company, based on market value.

**Summary of buildings held for investment purposes**

	2010	2009
<i>Of the values for buildings and land above, the following net values refer to buildings held for investment purposes:</i>		
Income	44 294.0	43 668.0
Operational expenses	10 031.8	10 834.3
Other expenses	-4 576.5	-4 723.2
Financial expenses	-1 623.9	-1 572.1
	-235.4	-474.1
<b>Net income</b>	<b>3 596.0</b>	<b>4 064.9</b>
<i>Information on government subsidies:</i>		
Government subsidies included in income		
Interest subsidies included in financial income	69.5	68.7
Government subsidies that have reduced facility values	-3.6	13.0
Noninterest-bearing loans	0.0	0.0

## NOTE 11 PLANT AND MACHINERY

SEK M	Group		Parent Company	
	2010	2009	2010	2009
<i>Cost, 1 January</i>	6 657.8	5 685.7		
Acquisitions for the year	20.3	651.7		
Sales/disposals	-165.2	-44.0		
Reclassifications	685.2	364.3		
<i>Cost, 31 December</i>	7 198.1	6 657.8	0.0	0.0
<i>Depreciation, 1 January</i>	-2 111.8	-1 955.9		
Depreciation for the year	-218.4	-190.9		
Sales/disposals	101.8	35.0		
<i>Depreciation, 31 December</i>	-2 228.4	-2 111.8	0.0	0.0
<i>Impairment losses, 1 January</i>	-1.0	-1.0		
Impairment losses for the year				
<i>Impairment losses, 31 December</i>	-1.0	-1.0	0.0	0.0
<b>Net value, plant and machinery, 31 December</b>	<b>4 968.7</b>	<b>4 544.9</b>	<b>0.0</b>	<b>0.0</b>

## NOTE 12 EQUIPMENT

SEK M	Group		Parent Company	
	2010	2009	2010	2009
<i>Cost, 1 January</i>	948.0	791.0	1.3	1.4
Acquisitions for the year	32.5	74.5		0.1
Sales/disposals	-63.5	-153.1	-0.4	-0.2
Reclassifications	184.6	235.6		
<i>Cost, 31 December</i>	1 101.6	948.0	0.9	1.3
<i>Depreciation, 1 January</i>	-463.5	-502.5	-0.8	-0.9
Depreciation for the year	-67.5	-59.5	-0.1	-0.1
Sales/disposals	34.1	98.5	0.3	0.2
<i>Depreciation, 31 December</i>	-496.9	-463.5	-0.6	-0.8
<i>Impairment losses, 1 January</i>	-6.8	-5.2		
Impairment losses for the year		-1.6		
Sales/disposals	0.3			
<i>Impairment losses, 31 December</i>	-6.5	-6.8	0.0	0.0
<b>Net value, equipment, 31 December</b>	<b>598.2</b>	<b>477.7</b>	<b>0.3</b>	<b>0.5</b>

## NOTE 13 CONSTRUCTION IN PROGRESS

SEK M	Group		Parent Company	
	2010	2009	2010	2009
<i>Cost, 1 January</i>	6 438.5	7 039.2		
Acquisitions for the year	7 715.6	6 307.9		
Sales/ disposals	-247.6	-25.0		
Reclassifications	-5 762.0	-6 446.1		
Expensed investments	-738.9	-437.5		
<i>Cost, 31 December</i>	7 405.6	6 438.5	0.0	0.0
<i>Impairment losses, 1 January</i>	-94.0	-67.8		
Impairment losses for the year	-20.0	-36.4		
Reversed impairment losses		10.2		
Reclassifications	12.0			
<i>Impairment losses, 31 December</i>	-102.0	-94.0	0.0	0.0
<b>Net value, 31 December</b>	<b>7 303.6</b>	<b>6 344.5</b>	<b>0.0</b>	<b>0.0</b>

## NOTE 14 SHARES IN SUBSIDIARIES

SEK M	Group		Parent Company	
	2010	2009	2010	2009
<i>Cost, 1 January</i>			6 322.8	6 289.8
Shareholders' contribution received			250.0	33.0
<i>Cost, 31 December</i>			6 572.8	6 322.8

	Percentage of capital and votes	Number of shares	Carrying amount		Corp. ID. No.	Domicile
			2010	2009		
<b>AB Svenska Bostäder</b>	100%	15 190 000	2087.9	2087.9	556043-6429	Stockholm
Fastighets AB Burspråket	100%				556021-5336	Stockholm
Centrumhuset i Vällingby KB	100%				916637-1469	Stockholm
AB Stadsholmen	91%				556035-1511	Stockholm
Fastighets AB Centrumhuset Vällingby	100%				556203-5559	Stockholm
IT-BO i Stockholm AB	100%				556615-7292	Stockholm
Svenska Bostäder L-Bolag 1 AB	100%				556748-4141	Stockholm
<b>AB Stadsholmen</b>	9%		0.4	0.4	556035-1511	Stockholm
<b>AB Familjebostäder</b>	100%	7 500 000	1398.2	1398.2	556035-0067	Stockholm
AB Familjebostäder Fastighetsnät	100%				556715-5386	Stockholm
Hemmahamnen Kontor AB	100%				556736-2156	Stockholm
Hemmahamnen Bostad AB	100%				556736-2222	Stockholm
<b>Micasa Fastigheter i Stockholm AB</b>	100%	15 000	29.9	29.9	55658.1-7870	Stockholm
<b>AB Stockholmshem</b>	100%	17 640 000	1630.2	1630.2	556035-9555	Stockholm
Västertorp Energi AB	100%				556052-2160	Stockholm
Bostads AB Hammarbygård	100%				556664-4745	Stockholm
AB Stockholmshem Fastighetsnät	100%				556715-5394	Stockholm
Asignalen S5 AB	100%				556730-2681	Stockholm
Asignalen Ä5 AB	100%				556730-5783	Stockholm
<b>Stockholms Stads Bostadsförmedling AB</b>	100%	1 000	0.1	0.1	556057-8303	Stockholm
<b>Skolfastigheter i Stockholm AB</b>	100%	5 000	158.3	158.3	556034-8970	Stockholm
<b>Stockholm Vatten AB</b>	98%	980	122.4	122.4	556210-6855	Stockholm
Stockholm Vatten VA AB	100%				556175-1867	Stockholm
<b>Stockholms Hamn AB</b>	100%	500 000	96.9	96.9	556008-1647	Stockholm
Kapellskärs Hamn AB	91%				556189-1010	Stockholm
Nynärhamns Hamn AB	100%				556038-0882	Stockholm
<b>AB Stokab</b>	100%	500 000	159.9	159.9	556475-6467	Stockholm
S:t Erik Kommunikation AB	100%				556738-9951	Stockholm
S:t Erik Fiber AB	100%				556801-6603	Stockholm
<b>Stockholms Stads Parkerings AB</b>	100%	40 000	49.8	49.8	556001-7153	Stockholm
<b>Stockholms Stadsteater AB</b>	100%	12 500	1.2	1.2	556026-1553	Stockholm
<b>Stockholm Globe Arena Fastigheter AB</b>	100%	180	369.0	119.0	556206-4914	Stockholm
Stockholmsarenan AB	100%				556564-2633	Stockholm
<b>S:t Erik Försäkrings AB</b>	100%	100 000	119.8	119.8	516401-7948	Stockholm
<b>S:t Erik Markutveckling AB</b>	100%	1 000	232.1	232.1	556064-5813	Stockholm
Fastighets AB G-mästaren	100%				556605-2170	Stockholm
Fastighets AB Runda Huset	100%				556605-2386	Stockholm
Stockholm Norra Station AB	100%				556661-9929	Stockholm
Fastighets AB Styckmästaren	100%				556026-2049	Stockholm
Fastighets AB Charkuteristen	100%				556745-4862	Stockholm
<b>Stockholm Business Region AB</b>	100%	21 000	9.1	9.1	556491-6798	Stockholm
Stockholm Visitors Board AB	100%				556027-5736	Stockholm
Stockholm Business Region Development AB	100%				556083-1306	Stockholm
<b>S:t Erik Livförsäkring AB</b>	100%	100 000	100.0	100.0	516406-0427	Stockholm
<b>Stockholms stads Utrednings- och Statistikkontor AB</b>	100%	1 000	0.1	0.1	556740-1640	Stockholm
<b>AB Glasbrukskvarteret SWF</b>	100%	40 000	7.5	7.5	556409-1832	Stockholm
<b>Total</b>			6 572.8	6 322.8		

## NOTE 15 SHARES IN ASSOCIATED COMPANIES

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Cost, 1 January	8.8	8.7		
Share of earnings for the year	-1.0	0.1		
Net value, 31 December	7.8	8.8	0.0	0.0

	Percentage of capital and votes	Number of shares	Carrying amount		Corp. ID. No.	Domicile
			2010	2009		
Sydvästra Stockholmsregionens VA-verks AB, SYVAB	33%	40	2.3	2.4	556255-1928	Stockholm
Nynäshamns Mark AB	50%	2 000	2.0	2.0	556314-3113	Stockholm
BODAB Bostadsföretagens i Storstockholm drift AB (koncern)	50%	500	3.5	4.4	556308-6627	Stockholm
<b>Total</b>			<b>7.8</b>	<b>8.8</b>		

## NOTE 16 OTHER SECURITIES HELD AS FIXED ASSETS

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Cost, 1 January	1 724.8	934.8		
Acquisitions	53.3	787.6		
Sales/disposals	-0.4	2.5		
Accumulated cost, 31 December	1 777.7	1 724.9	0.0	0.0
<b>Net value, 31 December</b>	<b>1 777.7</b>	<b>1 724.9</b>	<b>0.0</b>	<b>0.0</b>

Acquisitions for the year pertain to S:t Erik Livförsäkring's investments in pension premiums.

## NOTE 17 PREPAID EXPENSES AND ACCRUED INCOME

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Accrued interest income	6.3	5.6		
Accrued rents	7.8	0.0		
Other accrued income	120.0	77.2		
Other prepaid expenses	229.3	376.2	0.4	0.4
<b>Total prepaid expenses</b>	<b>363.4</b>	<b>459.0</b>	<b>0.4</b>	<b>0.4</b>

## NOTE 18 UNTAXED RESERVES

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Tax allocation reserve			31.3	96.4
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>31.3</b>	<b>96.4</b>

## NOTE 19 PROVISIONS

SEK M	Group		Parent Company	
	2010	2009	2010	2009
<b>Provisions for pensions</b>				
Provision at the beginning of the period	47.6	999.7	7.9	7.8
Provisions for the period/ utilised during the period	26.9	-952.1		0.1
Provisions at the end of the period	74.5	47.6	7.9	7.9
Pension provisions S:t Erik Liv försäkring	1 344.3	1 315.7		
<b>Other provisions</b>				
Provision at the beginning of the period	9.1	19.6		
Other provisions for the period	5.5			
Utilised during the period	-2.2	-10.5		
Provisions at the end of the period	12.4	9.1	0.0	0.0

Most Group companies have had the majority of their pension liabilities insured with S:t Erik Livförsäkrings since 2009 (refer to accounting policies). Pension provisions recognised by the companies' pertain to guarantee and retirement pensions. Other provisions for the period pertained to remediation costs of SEK 4.4 M for oil storage chambers, S:t Erik Markutveckling, and the repayment of SEK 2.5 M to the Stockholm County Council, Stokab.

Stockholms Hamnar posted a provision of SEK 5.5 M in 2010. The provision pertains to insurance payments. During the year, S:t Erik Markutveckling dissolved SEK 2.0 M for oil remediation costs and Stokab dissolved SEK 0.2 M.

## NOTE 20 TOTAL LONG-TERM LIABILITIES

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Other long-term liabilities	25.8	27.4		
<b>Total long-term liabilities</b>	<b>25.8</b>	<b>27.4</b>		
Long-term interest-bearing liabilities	25.9	27.4		
Current interest-bearing liabilities	28 327.4	32 377.0	0.0	0.0

Of the long-term liabilities, SEK 0 M (0) in the Group matures more than five years after the balance-sheet date. Company borrowings are conducted in accordance with the City of Stockholm's finance policy for the Municipal Group through the City of Stockholm's financial department.

## NOTE 21 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Holiday pay liability	101.2	88.9	0.4	0.4
Social security fees	36.6	40.7	0.1	0.1
Prepaid rental income	589.1	595.0		
Other prepaid income	496.7	400.9		
Other accrued expenses	670.1	604.1	2.0	1.3
<b>Total accrued expenses</b>	<b>1 893.7</b>	<b>1 729.6</b>	<b>2.5</b>	<b>1.8</b>

## NOTE 22 CONTINGENT LIABILITIES

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Guarantees and contingent liabilities	73.3	71.2	2.8	2.7
Pension commitments	10.5	11.6		
<b>Total contingent liabilities</b>	<b>83.8</b>	<b>82.8</b>	<b>2.8</b>	<b>2.7</b>

AB Familjebostäder recognised deferred land registration costs pertaining to the property portfolio in Farsta totalling SEK 54.0 M.

*The Parent Company has issued a capital adequacy guarantee for the benefit of:* Stockholms Stadsteater AB, S:t Erik Markutveckling AB, Stockholm Globe Arena Fastigheter AB, Stockholms Stads Utrednings and Statistikkontor AB, and Micasa Fastigheter i Stockholm AB. The capital adequacy guarantees are independent of amounts and are not included in the total contingent liabilities.

## NOTE 23 NON-CASH ITEMS

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Depreciation/amortisation	2 092.8	1 987.2	0.1	0.1
Impairment losses	36.4	68.1		
Provisions	58.9	-367.1		
Change in interest receivable	-0.7	-24.4		
Other	12.2	8.6		
	<b>2 199.6</b>	<b>1 672.4</b>	<b>0.1</b>	<b>0.1</b>

## NOTE 24 ACQUISITION OF PROPERTIES

SEK M	Group		Parent Company	
	2010	2009	2010	2009
Micasa Fastigheter		29.9		
Globe Arena fastigheter	31.7	39.2		
AB Stockholmshem	745.5	875.8		
AB Svenska Bostäder		3.8		
AB Familjebostäder		1 187.4		
S:t Erik Markutveckling AB	163.0	55.7		
Other properties	0.2	26.0		
	<b>940.4</b>	<b>2 217.8</b>	<b>0.0</b>	<b>0.0</b>

In 2010, Stockholm Globe Arena Fastigheter AB acquired participations in several properties in the Globen area of the City's Real Estate Administration and Development Administration.

During the year, AB Stockholmshem acquired the Årstadalsskolan 4 and Krosskvärnen 1 properties. In addition, the company made direct investments totalling SEK 709.8 M in rental properties that were acquired as new construction projects.

S:t Erik Markutveckling AB acquired the Kylhuset 15 property in the Globe area.

## NOTE 25 ANNUAL GENERAL MEETING

The Annual General Meeting will be held in the City Hall at 1:00 p.m. on 4 April 2011.



## Proposal for appropriation of profits

### GROUP

The Group's non-restricted equity according to the consolidated balance sheet amounted to SEK 36,921.9 M.

### PARENT COMPANY

At the disposal of the Annual General Meeting

Profit brought forward	14 203 783 330
Net profit for the year	351 652 246
<b>Total</b>	<b>14 555 435 576</b>

*The Board of Directors and the Managing Director propose that the earnings be appropriated as follows:*

Paid as dividends to shareholders (SEK 263.16 per share)	750 000 000
To be carried forward	13 805 435 576
	<b>14 555 435 576</b>

Stockholm, 21 March 2011

Sten Nordin  
Chairman of the Board

Carin Jämtin  
Vice Chairman

Lotta Edholm

Roger Mogert

Magnus Tegborg

Tord Bergstedt

Ann Mari Engel

Ewa Samuelsson

Yvonne Ruwaida

Irene Lundquist Svenonius  
Managing Director

My Auditors' Report was prepared on 23 March 2011.

Magnus Fagerstedt  
Authorised Public Accountant

## Auditors' Report

### TO THE ANNUAL GENERAL MEETING OF STOCKHOLMS STADSHUS AB, CORP. IDENTITY. NO. 556415-1727

I have audited the Annual Report, the consolidated financial statements (pages 41–60) and the accounts as well as the administration of the Board of Directors and the Managing Director of Stockholms Stadshus AB for 2010. The Board of Directors and the Managing Director are responsible for these accounts and the administration of the Company and for the application of the Annual Accounts Act when preparing the annual accounts and the consolidated financial statements. It is my responsibility to express my opinion on the Annual Report, the consolidated financial statements and the administration on the basis of my audit.

The audit was conducted in accordance with generally accepted auditing standards in Sweden. This means that I planned and performed my audit to obtain reasonable assurance that the Annual Report and the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and their application by the Board of Directors and the Managing Director, and assessing the important considerations made by the Board of Directors and the Managing Director when preparing the Annual Report and the consolidated financial statements, as well as evaluating the overall information in the Annual Report and the consolidated financial statements. As a basis for my opinion regarding

discharge from liability, I reviewed important decisions, actions and directions in the Company to assess whether any Board member or the Managing Director has any liabilities toward the Company. I also assessed whether any Board Member or the Managing Director has in any way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. In my opinion, my audit provides a reasonable basis for the opinion I have presented below.

The Annual Report and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act, thereby giving a true and fair view of the results and position of the Company and the Group in accordance with generally accepted auditing standards in Sweden. The Board of Directors' Report is consistent with the other parts of the Annual Report and the consolidated financial statements.

I recommend that the AGM adopts the income statements and the balance sheets for the Parent Company and the Group, that the profit of the Parent Company be dealt with in accordance with the proposal in the Board of Directors' Report and that the members of the Board and the Managing Director be discharged from liability for the financial year.

Stockholm, 23 March 2011

Magnus Fagerstedt  
Authorised Public Accountant

## Lay Auditor's Review

### TO THE ANNUAL GENERAL MEETING OF STOCKHOLMS STADSHUS AB, CORP. IDENTITY. NO. 556415-1727

I have reviewed the Company's accounts and operations for the year 2010.

The review was conducted in accordance with the Swedish Companies Act and generally accepted auditing practices for municipal operations. This means that I planned and performed the review to obtain reasonable assurance that the Company's operations are managed in an appropriate and satisfactory manner from a financial viewpoint, and that the Company's internal control is satisfactory. My review was based on decisions taken by the Company's owners, and focused on reviewing whether these decisions were implemented and whether the operations adhered to the guidelines of the Articles of Association.

A summary of the review is reported in a separate review memorandum dated 3 March 2011, which I have approved and presented to the Company's Board of Directors. In my opinion, my review provides a reasonable basis for the opinion I have presented below.

The Company's operations have, in my judgment, been conducted in an appropriate and satisfactory way from a financial viewpoint, and the internal control has been satisfactory. Accordingly, I find no reason to criticise the members of the Board or the Managing Director.

Stockholm, 3 March 2011

Bengt Akalla  
Lay Auditor appointed by the Stockholm City Council

## Board of Directors and Auditors

### The Board of Directors of Stockholms Stadshus AB

The Group's Board of Directors consists of not fewer than five and not more than nine members, with not fewer than three and not more than nine deputies. They are elected by the City Council.

The Group's Board of Directors is assigned the overall coordination of the companies in the Group. The Board shall ensure that the

companies follow the guidelines and financial framework established by political decisions. It is the task of the Board to clarify the strategic guidelines for the City Council and to provide the City Council with the supporting documentation necessary for balancing the requirements for financial return against the requirements for social contributions that the City Council may impose on the companies.

### Board of Directors, Permanent



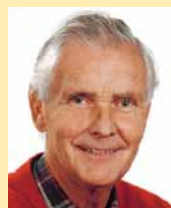
**Sten  
Nordin (M)**

Chairman  
Mayor of Stockholm



**Carin  
Jämtin (S)**

Vice Chairman  
Vice Mayor



**Tord  
Bergstedt (M)**

Ph.D. (Engineering)  
Stockholm City  
Council



**Magnus  
Tegborg (M)**

Managing  
Director



**Lotta  
Edholm (FP)**

Vice Mayor  
Stockholm City  
Council



**Ewa  
Samuelsson (KD)**

Assistant Vice Mayor  
Group Leader  
Stockholm City Council



**Roger  
Mogert (S)**

Vice Mayor  
Stockholm City  
Council



**Ann Mari  
Engel (V)**

Ph.D.  
Stockholm City  
Council



**Yvonne  
Ruwaida (MP)**

Stockholm City  
Council

### Political party affiliations

**C** = Centre Party

**FP** = Liberal Party

**KD** = Christian Democratic Party

**M** = Moderate Party

**MP** = Green Party

**S** = Social Democratic Party

**V** = Left Party

## Board of Directors, Deputies



**Anders  
Hellström (M)**



**Erik  
Saers (M)**

Director



**Lotta Juul  
Martin-Löf (M)**

Stockholm City  
Council



**Sussi  
Kvart (FP)**

Bachelor of Laws



**Per  
Ankersjö (C)**

Vice Mayor  
Stockholm City  
Council



**Teres  
Lindberg (S)**

Stockholm City  
Council, replacement



**Abdo  
Goriya (S)**

Teacher  
Stockholm City  
Council



**Thomas  
Ehrnström (V)**



**Paul  
Lappalainen (MP)**

Lawyer

## Union representatives



**Conny  
Nilsson**

LO (Swedish Trade  
Union Confederation)  
Member



**Patrik  
Gavander**

SKTF (Swedish National Union of  
Local Government Officers)  
Member

**Vakant**

SACO (Swedish Confederation  
of Professional Associations)  
Member



**Curt  
Öhrström**

LO (Swedish Trade  
Union Confederation)  
Deputy



**Marie  
Helenius**

SKTF (Swedish National  
Union of Local  
Government Officers)  
Deputy



**Rita  
Gottberg**

SACO (Swedish Confederation  
of Professional Associations)  
Deputy

## Auditors

**Magnus Fagerstedt** Authorised Public Accountant  
Deputy Auditor **Mikael Sjölander** Authorised Public Accountant

Lay Auditor **Bengt Akalla (M)**  
Lay Auditor, Deputy **Bo Dahlström (S)**

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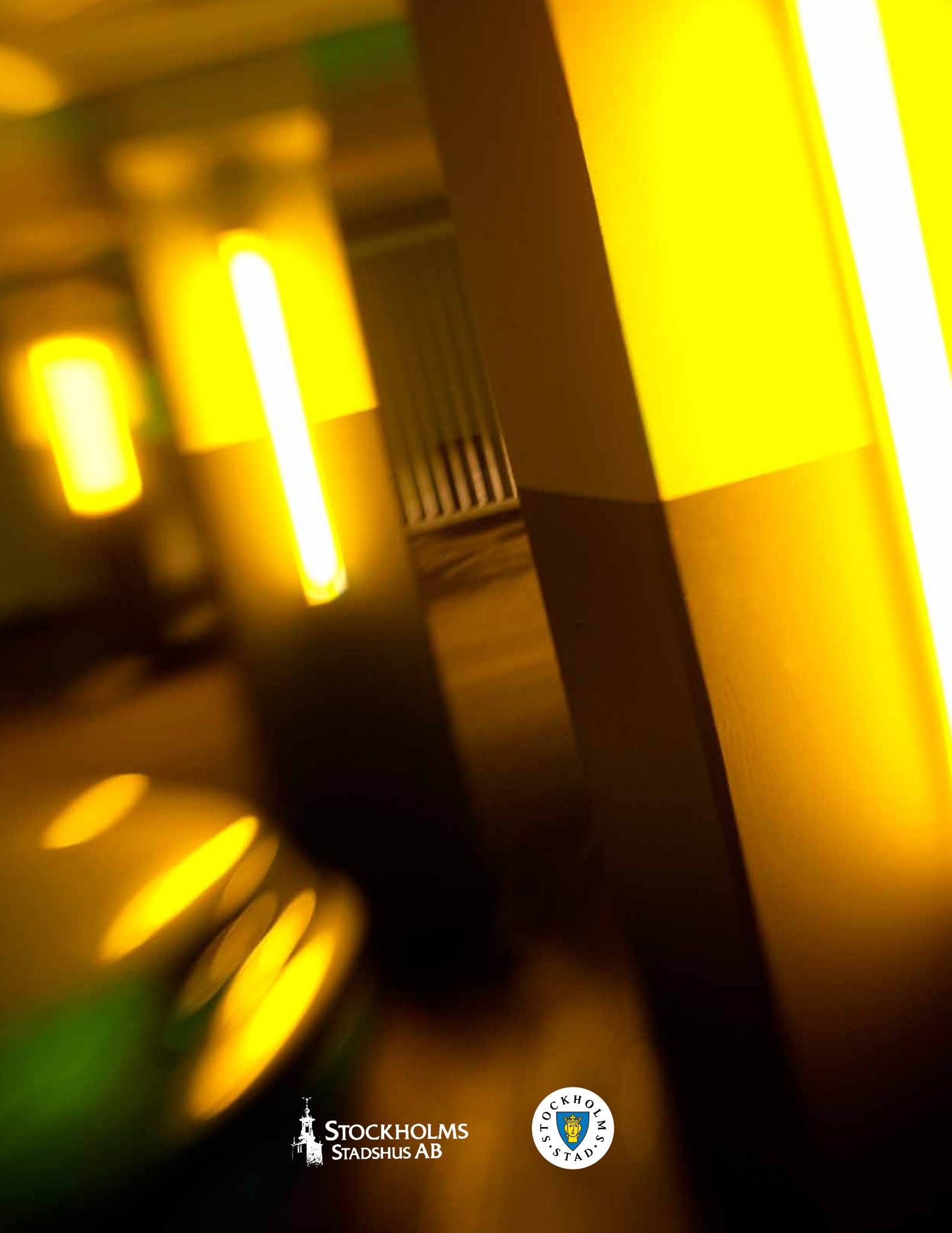
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STADSHUS AB

