



SOLAR CELLS IN FRIHAMNEN 5:13 P.M.

2014 ANNUAL REPORT STOCKHOLMS STADSHUS AB



CHARGING STATION FOR ELECTRIC CARS
AT GALLERIAN SHOPPING CENTRE 9:43 P.M.

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Stockholms Stadshus AB — part of the City

The theme for this year's Annual Report is "Stockholm in the evening light," the time of day when the pace slows and the City transforms. Stockholm is a city of opportunities, where progress and ambition go hand in hand. The City offers the right conditions for the people who wish to live, work and study in Stockholm. The City's companies and administrations worked together during 2014 to achieve their political aspirations and objectives.

Since 1991, Stockholms Stadshus AB has been the parent company of a Group comprising 16 active subsidiaries and two associated companies. In turn, more than half of the companies have subsidiaries of their own – sub-groups. Stockholms Stadshus AB is owned by Stockholm Municipality (the City of Stockholm) and serves as a unifying function for most of the City's limited liability companies. Together with the City's committees, these companies make up the Municipal Group. The companies conduct municipal operations by offering and supplying a broad range of services to the citizens of the City – including everything from housing and school buildings, water supply, port facilities and parking operations to tourist information and culture.

Stockholm City Council has delegated the operational ownership dialogue to the Board of Directors of the parent company, Stockholms Stadshus AB – known as the Group Board of Directors. The Board of Directors is made up of politicians and reflects the distribution of seats in the City Council. The parent

company, Stockholms Stadshus AB, and its Group Management – which is made up of officials – are responsible for strategic management and for the Group's overall development. This includes governance, planning and follow-up to ensure that the subsidiaries implement the City Council's owner directives and achieve set targets, as well as ensuring the optimal utilisation of financial resources.

Municipal companies are governed by more laws than privately and publicly held companies: among other regulations, they are subject to 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. Certain 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 Insurance Business Act. Further information regarding the Group and the City's companies is available on page 24 and onwards.



In conjunction with the shift in political majority at City Hall, Ingela Lindh assumed the role as the new Managing Director of the corporate group and the parent company. Ingela is also the Deputy CEO of the City of Stockholm. In the autumn, it was also announced that Stockholms Stadshus AB's Deputy Managing Director of 14 years, Per Blomstrand, would hand over his assignment to Jonas Schneider. Jonas worked most recently at Svenska Bostäder, where he has served as both the Deputy Managing Director and Managing Director of Stadsholmen.

Looking back with an eye on the future

The most important domestic political event in 2014 was the election, which entailed a change of government both at the national level and in the City of Stockholm. For Stockholm, the election resulted in a majority government for the Social Democrats (S), the Green Party (MP), the Left Party (V) and the Feminist Initiative (FI) and subsequently in a budget with a number of new objectives and challenges for a sustainable Stockholm of the future.

If we are to highlight one

Group-related aspect of the new majority government's platform and budget, it must be the issue of housing construction – an area where clear, strong coordination will be required in order to achieve results. It will also be crucial that all players in the market – private and municipal, large and small – are involved. If the City is to succeed with its 40K Project (40,000 apartments by 2020), a broad approach will be required at both the political and professional level.

The financial situation in 2014 was highly favourable for the Group as a whole. According to the annual accounts, profit after net financial

items amounted to slightly more than SEK 1.1 billion and the companies displayed a positive trend. The total investment expenditure for the corporate group amounted to SEK 10.6 billion, up just over SEK 2.4 billion compared with the preceding year.

Major events and projects in 2014

The year was characterised by major investments. Stockholm Vatten's Stockholms Framtida Avloppsrening (Stockholm's Future Wastewater Treatment) project was given the green light during the year, with an investment decision totalling SEK 6 billion. Under this project, Stock-



holm Vatten will build one of the world's most modern wastewater treatment plants in Henriksdal, resulting in much cleaner water being released into the Baltic Sea, while at the same time freeing up a large area of land near Brommaplan where housing can be planned.

During the year, Familjebostäder carried out the first phase of its plan to continue the development of the area surrounding Älvsjö Station. Two industrial properties were acquired and will be converted into approximately 900 homes. Familjebostäder's share of the project is expected to encompass some 450 rental apartments at an investment expenditure of SEK 1.3 billion.

Stockholmshem is busy developing a new construction project in the Hornslandet block in Norra Djurgårdsstaden, one of the City's environmental profile areas, where Stockholm will become an international role model for new city development projects. The project includes 154 apartments, a major grocery store and a number of small premises. Occupancy will take place in stages during 2016 and 2017. Stockholmshem follows the City's high standards with respect to low energy consumption.

Svenska Bostäder is working to convert Vallgossen (S:t Göran Upper Secondary School), a former school property on Kungsholmen

owned by Skolfastigheter i Stockholm AB (SISAB), into approximately 236 student apartments, a pre-school and other facilities. The block is located along S:t Göransgatan on Kungsholmen. The project is expected to be completed for the start of the spring term of 2017 and is a good example of how the Group's property portfolio can be developed and adapted to suit the changing needs of Stockholm and Stockholmers.

Norra Djurgårdsstaden is one of Stockholm's largest city development areas and will be an important part of the City's future housing supply. In order to realise its plans to build 12,000 homes and 30,000 workplaces in the area, the City will need to relocate certain operations and make land available. One example is Värthamnen, where the existing basin will be refilled and the pier will be extended. The new pier is scheduled to be completed in 2016/2017 at a planned final cost of approximately SEK 2.8 billion. The development of the area will also mean that the oil handling operation in Loudden will need to be closed as a depot and oil port. Accordingly, the City has decided that Stockholms Hamnar, in cooperation with Stockholms Stadshus AB and the City Executive Board, is to submit a proposal to the Swedish Transport Administration and the County Administra-

tive Board to cancel the port area's classification as an area of national interest.

With respect to the development of Stockholm, a number of areas were prioritised during the year, including the construction of new housing, as well as the associated infrastructure and service, such as schools. SISAB was thus commissioned during the year to acquire Campus Konradsberg on Kungsholmen. The acquisition was completed during the spring at a purchase consideration of slightly more than SEK 2 billion. S:t Erik Markutveckling was also involved in the school expansion under way in Stockholm through the acquisition of the leasehold for Godsfinkan in Hammarby sjöstad, which, according to plans, will be converted into schools by SISAB. The City of Stockholm has built a new arena in the Globen area, which was inaugurated in 2013 but only completely finished during the year. The new Tele2 Arena is considered by many to be a world-class arena and was named Venue of the Year for 2014 at The Stadium Business Awards in London. Elsewhere in the same area, the world's largest spherical building, Ericsson Globe, celebrated its 25th anniversary during the year.

Another development that was perhaps not as noticeable for Stockholmers was the City's decision to



Solar cells in Rinkeby: Järva now has the largest area of solar cells in Sweden, with just over 10,000 square metres of solar cells.





ARENATORGET SQUARE 5:14 P.M.

transfer its waste operations from the Traffic Administration to Stockholm Vatten Avfall, a newly formed, wholly owned company of Stockholm Vatten Holding. This change was made to achieve efficient and environmentally friendly waste management, with the City's "eco-cycle services" coordinated under a single organisation.

Another organisational change occurred in summer 2014; Stockholms Stadshus AB acquired the City Executive Board's shareholding in Fortum Värme Holding, which is jointly owned by the City of Stockholm, at a market value of approximately SEK 7.5 billion. This means that Fortum Värme is now part of an associated company in the Stockholms Stadshus AB Group.

In conjunction with the shift of power in City Hall, the new majority government decided to discontinue the City of Stockholm's conversions to tenant-owner housing, which have been under way since the most recent shift in

political majority in 2006. A total of approximately 25,800 apartments were converted between 2006 and 2014, generating a capital gain of about SEK 27 billion for the City. A total of 667 apartments were converted in 2014. After the election day on September 14, 2014, the housing companies decided to rescind 16 offers comprising a total of 1,619 apartments.

2014 marked the first full year after the merger of Kulturhuset and Stadsteatern. The operations achieved their highest box-office earnings and attendance rates to date. Kulturhuset at Sergels Torg received a total of 3.7 million visitors, approximately 700,000 more than in the preceding year. Stockholm Visitors Board relocated its visitor information centre to the building, which attracts approximately 400,000 visitors per year.

The City's overall objectives

A new political majority in the City Council means a change in the orientation of Stockholm's develop-

ment. This is clarified through the four new overall political objectives to be fulfilled.

The three orientational goals from the preceding term of office ("Stockholm is an attractive, safe, accessible and expanding city," "Quality and freedom of choice are developed and improved" and "The City's operations are cost effective") and the company's work to fulfil these goals in 2014 are presented on page 19.

We will face a number of challenges that will require clear strategies to lead the City in the new direction determined by the City Council.

When it comes to the City's – and thus the companies' – new objective of *A cohesive, well-integrated Stockholm*, the challenge will be to increase coordination and accelerate the processing of city development plans in order to achieve a higher rate of new housing production and to meet the need for related infrastructure. Another aspect of this work will focus on the role of the





companies in Stockholm's labour market, which may need to be developed through the use of new work methods, for example, for recruiting local personnel in the areas under development, young people, foreign talent, etc.

The objective of *A climate-smart Stockholm* must address the extensive ongoing development of the City, which is resulting in a need for a capacity increase with respect to infrastructure and facilities, as well as sustainable energy consumption. Many solid projects have already been implemented and it is important that these projects be evaluated from both a technical and financial perspective. Any good examples can then be spread to the City's other companies, administrations and external players.

When it comes to the objective of *An economically sustainable Stockholm*, which will require extensive, record-breaking investments on the

part of the City and its companies, the focus should be on maintaining the City's financial stability. There must be a continued strong focus on both costs and income in order to develop the City's functions and meet the needs of all Stockholmers.

The objective of *A democratically sustainable Stockholm* will entail a challenge of broadening and deepening the City's democratic work and further strengthening its focus on gender issues and anti-racism.

New perspective on collaboration

Changes will need to be made if the City's organisation as a whole is to complete the challenges and assignments introduced by the new political majority. We must work towards a more overall management approach and less micromanagement. The focus must be on defining and coordinating our efforts and on moving from words to tangible

actions. In order to succeed, we will need to adopt an approach to leadership and change that creates a sense of commitment among our employees. This overall approach will ultimately result in a stronger vision for the City of Stockholm.

The corporate group's work in 2014 was outstanding and laid the foundation for stable operations with a strong financial position, leaving us well equipped to tackle the challenges that lie ahead.



RÄCKSTA PARK-AND-RIDE 7:13 P.M.

PROJECTS DURING THE YEAR



PROJECTS DURING THE YEAR

The subsidiaries implemented a number of interesting projects in 2014. A selection of these projects is presented below.



PHOTO: FAMILJEBOSTÄDER

Pieces falling into place

Familjebostäder is now including artistic creations in its new production projects. These works of art strengthen the identity of the buildings and give them a more pleasant atmosphere. In May, a piece of artwork created by a group of Year 7 students for Familjebostäder's new Sandhamn property in Farsta was unveiled. Under the leadership of an art teacher and drawing inspiration from "Här-Nu," a work of art on the property by Jennifer Forsberg, the students created a mosaic that now adorns one of the stairwells in the building.

Popular website for the housing market

In 2014, Bostadsförmedlingen launched its new website, which contains information on all available rental apartments, tips for home seekers and information about Stockholm as a residential area. Since its launch in June, traffic has increased and the website has attracted some 35,000 visitors daily, making it a good platform for matching home seekers with property owners.



PHOTO: COLOURBOX



PHOTO: MATILDA RAHM

Kulturhuset turns 40

On 15 October 1974, the new Kulturhuset was inaugurated at Sergels Torg. In a sombre description of his vision, architect Peter Celsing explained, "I am building for a type of new human being who has yet to arrive." Kulturhuset Stadsteatern and the Property Management Administration celebrated the 40th anniversary of Kulturhuset with an open house – a full day of exhibitions and displays, theatre and dance performances, debates and discussions, tours and workshops.



Nominated as Stockholm Building of the Year

Stockholmshem's newly produced buildings on Främlingsvägen in Midsommarkransen was one of ten finalists nominated in the Stockholm Building of the Year competition held by Dagens Nyheter and the City Planning Administration. After Stockholmers had cast their votes, the distinctive buildings – with their façades of weathering steel – finished in fifth place. The project comprises supplementary housing in six small buildings, with a total of 86 apartments, in an existing residential area with narrow blocks of brick buildings. The architect for the project is Brunnberg & Forshed arkitektkontor.

PHOTO: LINUS FLODIN/ARABILD



New water treatment plant in Bornsjön

Lake Bornsjön serves as Stockholm's auxiliary water supply. It is from here that Stockholm Vatten would take its drinking water if something were to happen to the water in Lake Mälaren. The sediment at the bottom of the lake contains large quantities of phosphorous and nitrogen, which could jeopardise the use of the lake as a water supply. The new Bornsjön plant, which will be built in 2015, will pump water from the lake, remove the phosphorus and oxygenate the bottom of the lake – all to ensure the water quality of this important lake.



PHOTO: STOCKHOLM VATTEN

ENERGY AGENTS

Energiagenterna (Energy Agents) is a pilot project intended to use the enthusiasm and inquisitiveness of children to reduce the energy consumption of SISAB's portfolio of pre-schools in Stockholm. The pilot project was implemented over an eight-week period in October–December 2014 at the newly built Tabulatorn pre-school in Råcksta. The project is based on a preliminary study called "LUST" ("Delight"), which was conducted by SISAB in 2013. The study identified six factors that determine the success of energy-saving measures in pre-schools. The pilot project will continue in 2015. Follow the project on Facebook: www.facebook.com/energiagenterna.

PHOTO: SISAB



ILLUSTRATION: COLOURBOX

Finally, more parking spaces

In spring 2015, Stockholm Parking will open a new multistorey car park in Råcksta, which will offer rental spaces for the residents of Vällingby Parkstad, as well as a park-and-ride facility. The car park will cover five floors with a total of 700 parking spaces. Due to the significant need for parking in the area, the company decided open the bottom floor, which contains approximately 100 parking spaces, for rent on 1 December 2014.



Development for a sustainable and growing Stockholm

With a property portfolio of approximately 10.5 million square metres of rentable space with a market value of nearly SEK 140 billion, Stockholms Stadshus AB, through its companies, is one of Sweden's largest property owners. In addition, the Group includes some of the largest companies in Sweden in the area of infrastructure. In 2014, a total of slightly more than SEK 10.6 billion was invested in various projects, the majority of which were related to the production of housing, as well as major infrastructure projects.

Stockholm is growing and approaching a population of one million. Up until 2022, the population of Stockholm will increase by 100,000. The growing city will require more housing, and the City's target is for 140,000 new homes to be built by 2030, by private and municipal players alike. This long-term target has also been supplemented with a short-term target of building 40,000 homes by 2020.

New production

The annual target for the City's housing companies – Familjebostäder, Svenska Bostäder and Stockholms-hem – for 2014 was to begin construction on 1,500 apartments. In 2014, the companies began construction on 861 apartments, which due to delayed, contested and cancelled detailed development plans was below the target level. However, the City's housing companies are well equipped

to increase the rate of production during the coming period.

During the year, Svenska Bostäder was affected by protracted appeal processes and long waiting times with respect to detailed development plans. For example, the Hedvig tower block and the Triglyfen, Silvret and Skogsstjärnan blocks, as well as the Snabba Hus (Fast Housing) student housing project in Västberga were delayed until 2015. With respect to the number of finished apartments under production, occupancy of the Hedvig tower block in Bromsten has been delayed until 2015.

Familjebostäder has completed 135 apartments within the framework of projects located in Midsommarkransen, Farsta and Fruängen. Familjebostäder has also intensified its efforts to review the possibility of building student housing. Familjebostäder currently ►





SÖDERÅSEN BLOCK, NORRA DJURGÅRDSSTADEN, 4:31 P.M.



has approximately 3,300 apartments in its project portfolio, 570 of which are student apartments scheduled for completion in 2015–2019.

In 2014, several of Stockholms-hem's major construction projects entered a stage when the booking of apartments could begin. Bostads-förmedlingen received a total of 588 apartments for allocation, with occupancy scheduled for 2015.

This included new housing in Golvläggaren in Årstadal, Töfsing-dalen in Norra Djurgårdsstaden, Tygeln in Södermalm and on Rubin-vägen in Solberga. During the year, the final tenants also moved into the new building featuring façades of weathering steel on Främlingsvägen in Midsommarkransen.

The year 2014 was characterised by efforts to replenish the project portfolios of the housing companies ahead of upcoming new production projects. The housing companies also conducted a number of project acquisitions, including Familje-bostäder and JM's joint acquisition of an office property in Ericsson's former factory area in Älvsjö during the year. Familjebostäder intends to create approximately 480 new rental apartments in the area, thereby doubling its existing apartment portfolio in the area.

Conversions

In 2014, the housing companies were assigned the task of offering tenants the opportunity to convert their rental apartments to tenant-owner

housing. A total of 667 tenants in 11 tenant-owner associations purchased their apartments during the year. In conjunction with the political shift in the City of Stockholm in the autumn, the new majority decided to discontinue the conversion to tenant-owner housing conducted by the Group's housing companies in accordance with a decision made in 2007 by the previous political majority.

Improvements

The Group's properties are undergoing extensive improvements through various projects, including Stimulans för Stockholm (Stimulus for Stockholm), Järvalyftet (the Järva district improvement project) and Vision Söderort (the future vision for the southern region of Stockholm). However, Stimulans för Stockholm was phased out during the year and now mainly relates to new production. In 2014, Svenska Bostäder, Stockholms-hem, Familjebostäder and Micasa Fastigheter invested SEK 822 million through Stimulans för Stockholm. Approximately SEK 500 million of this amount was invested in new apartment production and SEK 322 million in improving and enhancing the energy efficiency of the existing property portfolio, mainly in the Million Programme areas.

The housing companies continued their work on Järvalyftet and Vision Söderort, implementing improvements with a clear environmental profile in the Million

Programme areas. During the year, maintenance work was carried out, courtyards were rebuilt, security systems were installed, accessibility improvements were made and energy efficiency was enhanced. The Hållbara Järva (Sustainable Järva) urban renewal project was completed in 2014. During the course of the project, seven Million Programme buildings with a total of 350 apartments in Husby, Rinkeby and Akalla were renovated to make them extra climate smart. A total of 10,000 square metres of solar cells were also installed. The knowledge gained from this project will be highly beneficial to company's future renovation work and will be shared throughout the industry. Within the framework of Vision Söderort, the housing companies are continuing their work on various initiatives, including the installation of security packages in basement storage spaces, as well as continuing their cooperation with other players in southern Stockholm with respect to security, safety and maintaining clean and attractive housing.

Housing for the elderly

The documentation regarding the need for elderly care in the period from 2013 to 2040, which was compiled by the Elderly Committee in spring 2013, shows that the City, with the exception of Hässelby/Vällingby, will have a surplus of care places until 2032. This represents a shift

MEASURES CARRIED OUT IN 2014 WITHIN THE FRAMEWORK OF STIMULANS FÖR STOCKHOLM

Measures	Outcome in 2014, SEK million	%
New production	500	61%
Security measures	64	8%
Energy-efficiency enhancements	100	12%
Improvements/measures to raise standards	143	17%
Other	15	2%
Total	822	100%



of ten years, compared with earlier forecasts. Stockholmers are expected to remain healthier longer. Moreover, while the number of elderly people is currently lower than in the past, the number of people aged 80 and above is expected to increase after 2020, which is delaying the need for care places. During years when the need for housing is lower, Micasa Fastigheter rents these housing units to students. As part of Micasa Fastigheter's ongoing work on long-term property planning and due to the changing need for future nursing and care homes, several projects in the budget have been reprioritised. Accordingly, the level of investments in rebuilding properties and courtyards in 2014 was lower than the budgeted level.

Premises

As the City grows, new job opportunities are required. New, growing companies are a prerequisite for success. One way to create a breeding ground for jobs is to strengthen Stockholm's international competitiveness and develop the City as a destination for visitors and events. In addition, the development of all areas of Stockholm – both the inner city and the suburbs – must be characterised by proactive city development, which is a key component in the pursuit of a sustainable, growing city.

In June 2014, the new Tele2 Arena was named Venue of the Year at TheStadiumBusiness Awards in London. In the statement explaining its decision, the jury highlighted the fact that the arena is integrated with the entertainment destination Tolv Stockholm, is easy to reach and holds high technological standard. According to the jury, the arena is “a blueprint for future sports and entertainment destinations.” The arena was awarded Green Building certification during the year and work is under way to achieve Gold certification for the Tele2 Arena in accordance with the Miljöbyggnad environmental certification system.

SGA Fastigheter is also conducting marketing activities to further boost the position of Tolv Stockholm and Arenagaraget (the arena parking garage). The development of the Tele2 Arena is the first step in the transformation of the entire Globen and Slakthuset area, known as Söderstaden. The world's largest spherical building, Ericsson Globe, also celebrated its 25th anniversary during the year.

As part of the development of Söderstaden in 2014, S:t Erik Markutveckling was tasked with assessing the possibilities for acquisitions and sales for the purpose of advancing Stockholm's development. Three companies were acquired during the year, including five leaseholds located in the Slakthuset area, Västberga and Hammarby sjöstad. The acquisitions enabled the City to secure additional rights of disposition over properties in the Slakthuset area in preparation for continued city development and to offer more school premises in Hammarby sjöstad.

Familjebostäder is continuing its efforts to play an active role in the development of Rinkeby. During the year, the company continued its work on the new Rinkebystråket retail centre in Rinkeby, focusing on cuisine. The letting process is under way and contracts have been signed for 75% of the premises. As part of the efforts to develop the City's suburbs by relocating municipal operations, the Culture Administration moved its approximately 120 employees to Familjebostäder's property in Rinkeby in late 2014.

Pre-schools and schools

The City's operations are conducted based on the conviction that all children should have the same opportunities and rights to well-functioning environments, both outdoors and indoors. Combined with a growing city, this is placing considerable pressure on SISAB.

The company expects long-term





demand for pre-school and school premises to increase, which will result in an ongoing high level of new construction and extensions in the coming years. In 2014, most city districts required additional pre-school spots and the Education Committee's need for school premises increased. For SISAB, the year 2014 was also marked by a number of studies and inventories of the various needs that exist with respect to schools and pre-schools. These investigations and related planning will be necessary to meet the increase in orders anticipated in the coming years.

In order to meet the future need for new pre-schools faster and more efficiently, work on the "pre-school of the future" concept continued in 2014. "Pre-school of the future" represents a strength for SISAB, enabling pre-school orders to be completed more quickly. In autumn 2014, the first "pre-school of the future" was completed and opened at Håsjögränd 12 in Hässelby-Vällingby.

As part of its efforts to ensure the City's long-term utilisation, SISAB entered into an agreement with Akademiska Hus in June 2014 concerning the corporate acquisition of properties in Konradsberg

on Kungsholmen. Through this purchase, SISAB acquired buildings covering just over 55,000 square metres to be used for educational purposes. The largest tenant is the Education Committee.

Infrastructure

The expansion of the City is also resulting in increased requirements and demand for well-functioning infrastructure: a water and sewage system, a fibre optic network for data communication, parking, heating and docking facilities.

During 2014, Stockholm Vatten focused on the operations of its wastewater treatment plants in order to ensure the longterm sustainability of its water treatment system and water supply. In May 2014, the City Council granted permission for the Stockholms Framtida Avloppsrening project, with an investment budget of approximately SEK 6 billion. This project will involve the wastewater from Bromma and the areas of Stockholm connected to SYVAB being rerouted to the Henriksdal wastewater treatment plant, which will become one of the most modern treatment plants in the world. As part of the implementation of the Stockholms Framtida Avloppsrening project, the facilities used to

upgrade digestion gas to biogas for vehicle fuel were repurchased from Fordonsgas Stockholm AB, in accordance with a decision by the City Council. In conjunction with the acquisition, an agreement was signed with Fordonsgas Stockholm AB concerning the leasing and operation of the facilities.

In May 2014, the City Council also decided to change Stockholm Vatten's group structure and transfer the City's waste operations to Stockholm Vatten Avfall, a newly formed, wholly owned company of Stockholm Vatten Holding, which is also a newly formed company.

Stockholms Hamnar also had a high investment level. The operation's largest investment expenditures came from the expansion of the new Värta Pier, the Kapellskärs Hamn (Kapellskär Port) development project, the refurbishment of Museikajen at Blasieholmen, the development project at the Frihamn Pier, the rebuilding of a warehouse facility for the National Swedish Museum of Fine Arts and the rebuilding of the Bistro och Kök restaurant in the Stora Tullhuset building.

The market for Stokab developed positively in pace with the increasing need of households and companies for broadband-intensive data com-

munications and, in response to customer demand, the company thus invested in the City's open fibre optic network.

In order to relieve some of the pressure on the road network in both the existing City and in new development areas and to improve accessibility, the Board of Stockholm Parkering decided in 2014 to build a number of new garages and multistorey car parks. These included an under-ground garage in Fortum Värme's former naphtha warehouse in the new Norra Djurgårdsstaden city district, a multistorey car park in the new Årstafältet city district and an underground, multistorey car park in the Västra Vallhallavägen area. These investment projects were partly financed through so-called "parking purchases," meaning opportunities to sign agreements concerning the creation and shared use of garages/parking facilities. A number of parking facilities were also built near sports halls and school yards.

In summer 2014, Stockholms Stadshus AB acquired the City's share in Fortum Värme Holding, jointly owned by the City of Stockholm, which means that the corporate group now also includes district heating operations.

PROPERTY PORTFOLIO IN 2014

Use	Area (m ²)	Apts/prem (No.)	Carrying amount (SEK million)	Fair Value* (SEK million)	Rental income (SEK million)
Housing	4,889,382	78,318	45,266	101,416	5,634
Premises	4,886,997	8,489	16,661	23,996	3,275
Retail	277,717	1,623	1,555	2,191	272
Other	412,666	6,132	5,025	10,052	520
Total	10,466,762	94,562	68,507	137,655	9,701

* Normal real estate value, excluding land, Stockholm Vatten



GROSS INVESTMENTS IN 2014

SEK million	Financial assets	Intangible assets	Construction in progress	Machinery and equipment	Buildings	Land	Total annual accounts
Parent company							
Stockholms Stadshus AB							0
Subsidiaries							
AB Svenska Bostäder			2,307	1			2,308
AB Familjebostäder			652	7		5	664
AB Stockholmshem			1,350	2	49	25	1,426
Bostadsförmedlingen i Stockholm AB							0
Skolfastigheter i Stockholm AB (SISAB)	1,294		862	2	463	260	2,881
Micasa Fastigheter i Stockholm AB			371		7		378
S:t Erik Markutveckling AB					394		394
Stockholm Globe Arena Fastigheter AB			87				87
Stockholm Vatten AB			1,427	1		5	1,433
Stockholms Hamn AB			525	5	1	1	532
AB Stokab			93	2			95
Stockholm Stads Parkerings AB			146	1			147
Stockholms Stadsteater AB				6	3		9
Stockholm Business Region AB				9			9
S:t Erik Försäkrings AB							0
S:t Erik Livförsäkring AB	270	3					273
Other companies							
Group adjustments, net					-42	-41	-83
Group	1,564	3	7,820	36	875	255	10,553

Commentary on gross investments

The corporate group has a significant investment volume, which is now increasing gradually. The total investment expenditure for 2014 amounted to SEK 10.6 billion, up approximately SEK 2 billion compared with the preceding year.

The increased investment volume is partly attributable to SISAB's acquisition of Campus Konradsberg in autumn 2014, in accordance with a decision by the City Council. The purchase consideration amounted to just over SEK 2 billion and Konradsberg is a strategic acquisition to ensure the City's long-term school planning. During the year, SISAB carried out major renovations at Högalid School and Kungsholmen Compulsory School, and built a new school in Mariedal and a concept pre-school in Grimsta.

Svenska Bostäder, Familjebostäder and Stockholmshem reported a combined investment volume of SEK 4.9 billion. This corresponds to approximately 47% of the corporate group's total investments during the year. The housing companies have worked on a large number of implementation projects, which will result in new apartments in the coming years. Construction began on approximately 890 apartments during 2014, which is somewhat lower than the target of 1,500 apartments. These delays were partly attributable to appeals during the planning and permit process. Certain maintenance projects also reported delays. As a result of these delays, the investment expenditure for 2014 was approximately SEK 600 million lower than the budgeted figure.

Stockholm Vatten's investments amounted to slightly more than SEK 1,430 million, which is double the figure reported in the preceding year. Investments in main systems and water and sewage plants totalled nearly SEK 900 million. The remaining increase pertains to the transfer of responsibility for the operation of the City's cleaning and surface water facilities from the Traffic Administration and the acquisition of biogas facilities from Fordonsgas Stockholm AB. In 2014, the City Council granted Stockholm Vatten permission to implement the Stockholms Framtida Avloppsrening project, which will provide Stockholm with one of the most modern treatment plants in the world, located in Henriksdal. The investment plan amounts to approximately SEK

6 billion and will be the corporate group's single largest project. In 2014, the project used up slightly more than SEK 150 million.

S:t Erik Markutveckling's investments during the year primarily pertained to the acquisition of leaseholds in the Slakthuset area, Västberga and Hammarby sjöstad. These acquisitions enabled the City to secure additional rights of disposition over properties in these areas in preparation for continued city development. In 2014, Micasa Fastigheter continued to refurbish and rebuild its properties in Dalen in Gärdet and Tunet in Vällingby.

Stockholm Hamnar continued its work to modernise the port in Kapellskär and the remodelling of Värtahamnen.



THE PRE-SCHOOL OF THE FUTURE, TABULATORN IN RÅCKSTA 9:07 P.M.



City's companies preparing for sustainable development

The management of the City is based on its long-term vision for the development of Stockholm and the orientational goals set by the City Council. The control system for the City, known as ILS, is an integrated system for managing and following up operations and financing.

In the budget for the City of Stockholm, the City Council establishes orientational goals, objectives for the operational areas, indicators and activities. The indicators measure goal attainment. An annual goal is set for each indicator and the activities should contribute to meeting these goals.

For 2014, the City Council established three overall orientational goal for the City:

1. Stockholm is an attractive, safe, accessible and expanding city for residents, businesses and visitors.
2. Quality and freedom of choice are developed and improved.
3. The City's operations are cost effective.

Using the ILS control system, the City's operations report their progress with respect to these orientational goals. For 2014, all of the companies reported that they had fulfilled the City's orientational goals based on the indicators and activities they are responsible for achieving and executing. The reports are available in full in the web-based ILS tool, which can be accessed via the Stockholms Stadshus AB website (www.stadshusab.se).

Oriental goal no.1:
Stockholm is an attractive, safe, accessible and expanding city for residents, businesses and visitors

The economic situation in Stockholm

remains favourable. The number of newly started companies in 2014 amounted to approximately 22,400, which surpassed the established target. During the year, 327 young people were given summer jobs with the companies and 42 received work experience placements through Jobbtorg Stockholm.

Along with the City's commitments, the companies worked intensively during the year to develop a large number of projects to ensure upcoming new production. One example of this was Familjebostäder's 1,500 apartments under new land allocation rights. The three housing companies began work on 861 apartments. Due to delays in the planning processes and appeals regarding several projects, the companies did not achieve their annual goal of 1,500 apartments. Together, the companies have begun work on around 10,400 apartments since 2006. During the year, the companies completed 590 apartments, with a net contribution of 160 student homes.

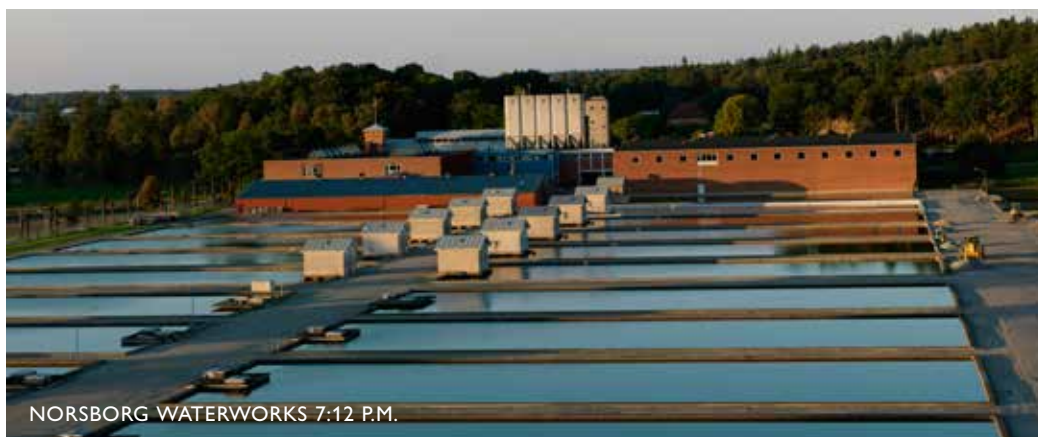
In total, approximately SEK 15.3 billion has been invested in Stimulans för Stockholm since 2009, of which slightly more than SEK 4.5 billion pertained to new production. New production projects brought forward through Stimulans för Stockholm comprised a total of just over 2,700 apartments. Through the stimulus programme, the companies were able

to go forward earlier than planned with property improvements, primarily housing construction, totalling SEK 820 million in 2014. The new production projects that could be brought forward in 2014 comprised approximately 1,140 apartments.

In 2014, the City of Stockholm further raised its ambitions with respect to environmental measures and new housing production in order to continue developing Stockholm as a sustainable city for all Stockholmers. As part of these efforts, the housing companies implemented major energy-efficiency enhancements, which are now yielding results and will continue to do so in the future. SISAB reduced its energy consumption by slightly more than 5% and most of the companies exceeded the City's goal. Svenska Bostäder also recoded a record-low average energy consumption in its properties. The Hållbara Järva urban renewal project was completed and the experience gained in the area of climate-smart improvements will be beneficial to the company. The extensive improvements and increased proportion of energy-efficient new homes achieved by all of the City's housing companies are now beginning to have an impact. This experience can be shared with the entire real estate industry to promote continued positive development.

In 2014, Stockholm Parking implemented several measures to





NORSBORG WATERWORKS 7:12 P.M.

improve the conditions for better accessibility in the City's road network, including a proposed model for the shared use of parking spaces and facilities through so-called "parking purchases" in such areas as Norra Stationsgaraget, Norra Djurgårdsstaden, Årstafältet and Västra Valhallavägen.

The City's waste management operations were converted into a company during the year and are now included in the Stockholm Vatten Group. Stockholm's digestion gas production exceeded the established goal and will continue to increase compared with the preceding year.

2014 was the first full year of operation for Kulturhuset Stadsteatern as a joint company. The company's attendance rates surpassed the established goal and the public areas of the building were further developed during the year. Among other changes, the Stockholm Visitors Board moved into the building and opened a Stockholm Visitors Centre. Stockholm's hospitality industry is continuing to grow. The trend with respect to the number of overnight stays remained strong, increasing slightly more than 8% during the year and totalling approximately 11.8 million overnight stays.

Oriental goal no.2:
Quality and freedom of choice are to be developed and improved

Bostadsförmedlingen i Stockholm advanced its operations during the year with respect to both the number of apartments allocated and the number of customers on the waiting list, partly through its cooperation with a number of municipal companies and private property owners in several municipalities. During the year, the company received nearly 12,000 apartments for allocation, up 18% compared with the preceding year. Approximately half of the apartments were owned by private property owners, which was a new record. Of these apartments, about 1,370 were allocated as student apartments and approximately 800 as apartments for young people. This corresponds to an increase of nearly 500 apartments for these two groups compared with the preceding year and represents the highest number to date. The number of apartments for people with special needs, such as sheltered housing, trial housing and halfway homes, amounted to approximately 500, which was higher than the established goal and represented an increase of 120 apartments compared with the preceding year.

In 2014, Stokab continued to help provide several of the City's residents and businesses with better opportunities for data communications. The development of the fibre optic network is continuing and demand for new fibre optic connections remains

high. A total of just over 2,000 connections were supplied, exceeding the target by 18%.

The results of the tenant surveys conducted by the housing companies continued to improve in 2014. One example is Svenska Bostäder, whose index score improved by just over 2%, placing the company in a top position in Sweden. The three housing companies now have a service and security index of about 80%.

The results of the employee surveys conducted by most of the companies resulted in an index between 76% and 90%, which means that, on the whole, the City achieved its goal of being an attractive employer.

Oriental goal no.3:
The City's operations are to be cost effective

Most of the companies achieved or surpassed their budgeted revenue requirements, with the main exception of Stockholm Vatten, which suffered damages due to flooding in connection with the heavy rainfall that occurred late in the summer. SGA Fastigheter did not achieve its anticipated results due to the delay of the completion of the Tele2 Arena and the reclassification of assets from buildings to land. Events have been held at the arena since 2013 at the same time as the construction project was completed, which resulted in higher costs. The

company took over the arena on 1 July and the football clubs have attracted record audiences to the arena during 2014.

Due to delays caused by appeals in the planning and procurement process, the housing companies were unable to carry out the volume of investments set out in the budget. The total investment volume for the corporate group amounted to SEK 10.6 billion for the year. Nevertheless, the investment levels reached a record high as a result of the strong development of the City. Significant projects during the year included Stockholm Vatten's Stockholms Framtida Avloppsrening project, which involves closing the treatment plant in Bromma and building a new sewer tunnel to Henriksdal, and Stockholms Hamnar's Värta Pier project, which includes additional berths and a new passenger terminal.

All of the companies are working to reduce their administrative expenses. Micasa Fastigheter and Stockholm Vatten plan to move their head offices in 2015 in order to use their premises in a more efficient manner and participate in the development of the City's suburbs. Most of the companies reported a lower rate of sick leave than the City Council's target of 4.1%. Average sick leave amounted to approximately 3%, with a spread between 0.5% and 6.5%.



A sustainable working life

The Stockholm Stadshus AB Group is growing and a need for additional recruitment is anticipated for the coming years. Efforts are being made to ensure the companies' access to competent employees, including new recruitment, skills training and trainee positions. Generally speaking, the companies have a low level of sick leave. Initiatives focused on employee health and workplace safety are currently being carried out. A key feature of this work related to workplace health and safety is the equality and diversity initiatives being implemented within the companies.

Number of employees increasing

As of 31 December 2014, the number of monthly employees in the City's companies totalled 2,608, which is an increase compared with the same date in 2013, when the number of employees in the companies was 2,545. This increase was partly attributable to the transfer of the waste management operations from the Traffic Administration to the Stockholm Vatten Group and to the full-year effect of the merger of Kulturhuset and Stadsteatern.

The average number of full-year employees during the year, according to contracted time, was 2,528 (2,392). Measured in terms of actual hours worked, the average number of full-year employees was 2,222 (2,128). Refer to the definitions on the right. In addition to these hours, additional work was performed on an hourly basis corresponding to the work of just over 97 full-year employees.

The gender distribution in the Group as a whole is relatively even: approximately 42% of employees are women. More employees in the City's companies are between the ages of 30 and 49 compared with the City specialist and city district councils. The proportion of employees in the City's companies under the age of 30 was 6%, which is comparable with the City's specialist administrations.

Workplace health and safety

The rate of sick leave was stable at 3.5% (3.3), with only minor changes reported. The proportion of employees on long-term sick leave (60 days or more) was 41%, which is slightly higher than in the

preceding year (35%). While the changes in terms of the number of employees on sick leave were limited, they had a noticeable impact on the statistics. Several initiatives focused on employee health were implemented in 2014 in order to reduce and prevent sick leave. The companies are also working continuously to improve the work environment of their employees with respect to both physical and psychosocial aspects.

Equality and diversity

The companies in the Group take a proactive and goal-oriented approach to equality and diversity. This work is based on the equality, diversity and equal treatment plans established by the companies. This focus on equality and diversity is also integrated into the companies' training and daily operations. For example, skills-based interview techniques are used to prevent discrimination during recruitment.

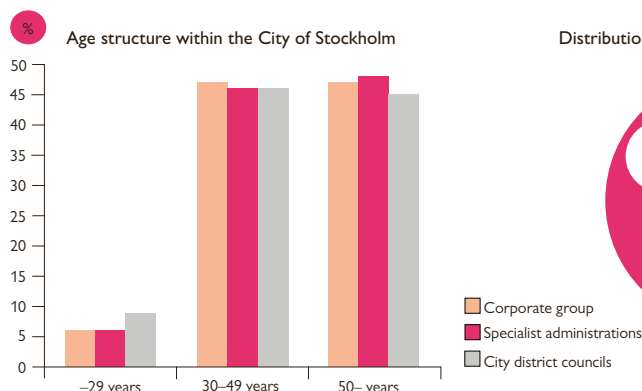
Recruitment and competence

In the coming years, several companies

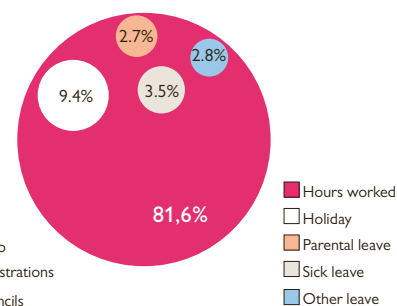
will experience an increased recruitment requirement. The City is also focusing on reducing unemployment among young people and working to provide groups that are removed from the labour market with opportunities to participate in various initiatives, with the aim of securing employment. Several issues are being carried out to ensure the City's access to competent employees and offer various employment solutions: trainee positions, work-experience programmes, summer jobs and apprenticeships. During the year, the companies offered 40 work-experience positions through Jobbtorg Stockholm and 327 young people were given summer jobs in the corporate group. The second round of the City's trainee programme started in spring 2014. Approximately 800 people applied for spots in the programme and ten people were accepted, one of whom was offered a position with Familjebostäder's project division. The programme will end in spring 2015.

Personnel statistics include many different terms and parameters

Within the Group, the indicator "number of employees" is used. However, this indicator can be measured in several different ways, as either the "number" or the "number of full-year employees." The term "full-year employees" combines the worked hours of permanent and temporary employees. For example, two temporary employees (part-time employees) who work 50% become one full-year employee. The worked hours (or "level of employment") can then be based on the "contracted time" or "actual hours worked." In addition, the term "average number of full-year employees" expresses the average during the year. The different parameters for full-year employees ("contracted time" and "actual hours worked") complement each other as they capture two different aspects: the contracted time includes, for example, people on sick leave and parental leave, and refers to the full-year employees for which the companies have employer responsibility. The "actual hours worked", however, indicate how many full-year employees are working. With respect to statistics, a distinction is often made between "monthly employees" and "hourly employees." "Monthly employees" include all permanent and temporary employees who are paid on a monthly basis, while "hourly employees" includes those who are paid on an hourly basis.



Distribution of working hours within the corporate group





Vallgossen being converted into modern student housing

Svenska Bostäder is converting the former S:t Göran Upper Secondary School into student housing and a pre-school. The building, which is of historical cultural value, is being carefully renovated and will ultimately house 235 student apartments and a pre-school, which will be extended from four to eight sections.

The building designed by architect Lola Geisendorf in 1956 is unique in the world of Swedish architecture. The stunning entrance with a bright three-storey hall, the beautiful gymnasium and the shop wall fittings are examples of details that will be preserved during the conversion. A smaller building will be constructed in the former courtyard.

Terraces will be created on the roof and a new

entrance will be opened along Mariebergsgatan. The restoration of the building's exterior design, materials, finish and details to their original condition will highlight the building's distinctive character and unique quality. The windows in the apartments will be replaced to meet modern standards. The square, designed by Walter Bauer, and the green areas near the building will also be refurbished.

VALLGOSSEN

The building was inaugurated in 1961 as a vocational school for home economics and sewing. The school was converted into an upper secondary school in 1971 and has essentially been unused for the past couple years. During this time, many television series and films were recorded in the building.

The building was designed by architect Léonie "Lola" Geisendorf, who had previously worked under Le Corbusier. The building, which is set apart by its strong, consistent and expressive design, is considered an excellent example of the "international style" and the architectural ideals of Le Corbusier.

The building earned the highest classification by the Stockholm City Museum (blue listed) and various specialists have been engaged for the renovations.

Most of the 235 apartments in the building comprise one room and a kitchenette. Common areas, laundry rooms and storage spaces will be created on each floor, and a garage for bicycles and cars will be built in the basement.

The entrance way, which includes a large, bright three-storey hall, will house a café and the various roof terraces are being refurbished to create common areas.

The renovations and construction work are expected to be completed and occupancy to take place in 2016/2017.



These drawings show what the building will look like after the renovations.



Corporate governance – Stockholms Stadshus AB Group

Since 1991, Stockholms Stadshus AB has been the parent company of a Group comprising 16 active subsidiaries and two associated companies. More than half of the companies in turn have subsidiaries and sub-groups of their own. Stockholms Stadshus AB is owned by Stockholm Municipality (the City of Stockholm) and serves as a unifying function for most of the City's limited liability companies.

The elected members of the City Council make decisions that affect everyone living in the City of Stockholm. The members are appointed every four years in conjunction with the election of the Municipal Council. One representative on the City Council equals one seat. A total of 51 seats are required to obtain a majority in the City Council. The

City Council convenes roughly every third Monday and the meetings are open to the general public. The City Council sets goals and guidelines for the City of Stockholm's operations. The City Council also establishes the companies' Articles of Association and thereby the municipal purpose of the companies' operations. The Articles of Association may not be

amended without the consent of the City Council. The City Council addresses decisions made with regard to particularly important matters or matters of a principled nature, such as the sale of companies or investment decisions of more than SEK 300 million. The City Council elects all members of the municipal companies' boards, unless legislation specifies otherwise 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 decision-making body in the company and the forum in which shareholders exercise their right to decide on major issues affecting the company. The City Executive Board which, in accordance with section 6:1 of the Local Government Act, has a supervisory duty over the companies, appoints a representative to the Annual General Meeting and any Extraordinary General Meetings of the parent company, Stockholms Stadshus AB. The Group Board, the Board of Stockholms Stadshus AB, appoints a representative to the Annual General Meeting and any Extraordinary

General Meetings held by the subsidiaries each year.

Owner directives for the companies are established by the City Council in conjunction with the approval of the City of Stockholm's budget. Follow-up takes place on an ongoing basis during the year and in the Annual Report. The City Council's owner directives to Stockholms Stadshus AB include overseeing the overall development, strategic planning and ongoing supervision of the corporate group. Stockholms Stadshus AB shall also exercise financial control and follow up the companies' operations, and develop more efficient forms of governance and interaction between the owner, Group Management and subsidiaries. The Group's companies are audited by authorised public accountants and lay auditors who are appointed by the City Council. The Group's companies are listed in Note 18 and the key ratios for the Group are presented on page 28.

Parent company personnel

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



Front, from left: Managing Director Ingela Lindh (also Deputy CEO of the City of Stockholm), Administrative Secretary Jennie Landegren, Group Controller Susanna Höglund, Financial Director Inger Johansson Kjaerboe.

Back, from left: Administrative Director Sara Feinberg, Deputy Managing Director Jonas Schneider, Group Controller Andreas Jaeger, Company Lawyer Christian Nyström Schraml (also City Lawyer with the City of Stockholm Legal Department).





EARNINGS PER COMPANY

Profit/loss after financial items (SEK million)	2014	2013*	2013	2012	2011	2010
Parent company						
STOCKHOLMS STADSHUS AB	1,239	3,647	3,647	1,576	438	402
Capital gains					25	
of which dividend from subsidiaries	976	3,372	3,372	1,310	123	31
Subsidiaries						
AB SVENSKA BOSTÄDER (G)	345	406	383	305	318	217
Stimulans för Stockholm	-175	-125	-500	-465	-445	-360
Capital gains	161	522	522	1,376	480	3,891
AB FAMILJEBOSTÄDER (G)	428	191	238	233	195	101
Stimulans för Stockholm	-17	-17	-133	-184	-198	-174
Capital gains	456	563	563	1,171	534	2,138
AB STOCKHOLMSHEM (G)	285	243	251	332	216	124
Stimulans för Stockholm			-143	-241	-199	-194
Capital gains		57	57	388	203	1,657
BOSTADSFÖRMEDLINGEN I STOCKHOLM AB	4	8	8	9	9	12
SKOLFASTIGHETER I STOCKHOLM AB (G)	8	13	-2	-18	-10	-18
Stimulans för Stockholm		-20	-20	-82	-140	-80
Capital gains	27					11
MICASA FASTIGHETER I STOCKHOLM AB	93	-15	34	-74	-67	-74
Stimulans för Stockholm			-55	-61	-70	-200
Capital gains	205					
S:T ERIK MARKUTVECKLING AB (G)	28	57	30	25	10	8
STOCKHOLM GLOBE ARENA FASTIGHETER AB (G)	-1,187	-155	-156	-79	-84	-64
STOCKHOLM VATTEN AB (G)	17	-44	-65	42	-41	-20
Capital gains						45
STOCKHOLMS HAMN AB (G)	108	115	106	109	107	71
AB STOKAB (G)	188	175	175	174	171	168
STOCKHOLMS STADS PARKERINGS AB	68	48	67	58	28	31
Stimulans för Stockholm			-20	-20	-20	-19
STOCKHOLMS STADSTEATER AB	-330	-286	-286	-222	-219	-215
STOCKHOLM BUSINESS REGION AB	4	2	2	1	0	1
S:T ERIK FÖRSÄKRINGS AB	-5	0	0	38	33	21
S:T ERIK LIVFÖRSÄKRING AB	37	90	90	62	-166	54
STOCKHOLMS STADS UTREDNINGS- OCH STATISTIKKONTOR**						6
OTHER COMPANIES	0	0	0			
Group adjustments, net	-1,022	-3,450	-3,440	-1,466	-185	-324
Profit, subsidiaries	965	2,015	1,354	3,006	923	7,217
Associated companies						
MÄSSFASTIGHETER I STOCKHOLM AB***	16	-7	-13			
AB FORTUM VÄRME, JOINTLY OWNED WITH THE CITY OF STOCKHOLM****	124					
Total profit, Group	1,105	2,008	1,341	3,006	923	7,217
of which capital gains, net	834	1,116	1,116	2,827	1,185	7,492
of which Stimulans för Stockholm	-192	162	-816	-1,053	-1,072	-1,026
Profit/loss excl. capital gains	271	892	224	179	-263	-275

Note: Subsidiaries marked (G) have sub-groups.

Capital gains of more than SEK 10 million are recognised separately for each company.

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.

** Company was sold on 1 June 2011

*** 50.4% share owned by the City of Stockholm, acquired in 2013.

**** 49.9% share owned by the City of Stockholm, acquired in 2014.



Commentary on earnings per company

The Stockholm Stadshus AB Group reported a positive profit trend. After net financial items, the corporate group's profit for 2014 was just over SEK 1.1 billion. This profit includes items affecting comparability, such as capital gains of SEK 834 million and an impairment loss of SEK 1 billion.

The capital gains were attributable to sales of properties carried out during the year by Svenska Bostäder, SISAB, Familjebostäder and Micasa Fastigheter.

The impairment loss was attributable to the reclassification of non-current assets from buildings to land within SGA Fastigheter. The impairment loss on the property was offset by the revaluation of land of SEK 1 billion. The revaluation is recognised over the balance sheet under equity and, unlike the impairment loss, did not impact earnings. The reason for the reclassification was that the Tele2 Arena, which has now been completed, is to be partially financed through the sale of planning permission according to an earlier decision. The sale has been delayed because the City's planning of the entire Slakthuset area has not yet been completed.

The Group continued to report a profit after financial items. Several of the Group's companies recognised somewhat higher profit levels compared with both the preceding year and the budget.

This underlying profit was largely attributable to the introduction of the new accounting rules of BFNAR 2012:1 (K3) and the completion of the maintenance measures carried out within the framework of Stimulans för Stockholm in 2013. Another factor behind this increase in profit was the trend in interest rates, which contributed to lower interest expenses for the borrowing companies.

During 2014, the corporate group introduced the new K3 regulations, which apply as of the 2014

financial year and encompasses all majority owned companies. The main change compared with the earlier regulations is that component depreciation is to be applied with respect to tangible fixed assets such as properties. This entails that maintenance measures will be capitalised to a greater extent than in the past, which will initially result in a positive increase in profit. The year 2013 has been restated in accordance with K3, resulting in an earnings improvement of SEK 668 million compared with the previous regulations. The main reason for this increase in earnings is that the stimulus measures recognised in income in the preceding year were capitalised in the restated version.

The housing companies reported stronger earnings than in the preceding year, excluding capital gains. This was the result of the K3 regulations and the conclusion of Stimulans för Stockholm. Other factors that had a positive impact of earnings were the mild winter, delays in the investment volume and a lower interest rate, which had a positive effect on net financial items. During the year, Svenska Bostäder made further improvements under the Järvalyftet project.

SISAB reported higher profit than in the preceding year. This improvement was the result of capital gains totalling SEK 18 million, net, and lower operating costs due to energy-efficiency enhancement measures and the warm winter.

Micasa Fastigheter reported higher profit than in the preceding year. Non-recurring items such as capital gains and tax refunds had a positive impact on earnings. The company recognised a capital gain of SEK 204 million, which was primarily attributable to the sale of Ceremonien 5 in Bromma. For several years, the company has received a refund on its property

tax for the preceding year, which pertains to the company's portfolio of special properties. The refund in the annual accounts for 2014 amounts to SEK 63 million. The company reported lower costs for the Äldrelyftet (a project to improve housing for the elderly) since more maintenance projects have been capitalised and recognised than specified in the investment budget.

For 2014, **SGA Fastigheter** recognised a deficit of SEK -187 million, excluding impairment, which is SEK 30 million higher than in the preceding year. This increase was attributable to costs for depreciation/amortisation and interest.

Stockholm Vatten recognised an earnings improvement of slightly more than SEK 80 million compared with the preceding year. Profit for the preceding year included a provision recognised as an item affecting comparability with respect to a decision by the Swedish Water Supply and Sewage Tribunal stipulating that the company was to receive a lower rate for the handling of surface water for road owners. Stockholm Vatten has appealed the decision.

Following a decision by the City Council, Stockholm Vatten acquired the assets and liabilities of the City's waste management operations during the year. The acquisition resulted in changes in the balance sheet total with respect to both expenses and income for Stockholm Vatten.

As in the preceding year, **Stockholms Hamnar** continued to report strong earnings as a result of lower expenses for maintenance and snow removal. Interest expenses were lower than anticipated due to the interest rate and delayed investments.

Stockholm Parkering and Stokab reported increased profit. For

Stockholm Parkering, this increase was the result of higher operating income from rental and visitor parking spaces. Stokab's improvement in earnings was attributable to an increased order intake.

Compared with the preceding year, the deficit reported by **Stockholms Stadsteater** increased by SEK 44 million to SEK -330 million. This deviation was attributable to the full-year effect of the merger of Stockholms Stadsteater and Kulturhuset into a joint cultural institution as of mid-year 2013.

Excluding dividends, the profit of **the parent company, Stockholms Stadshus AB**, was SEK 12 million higher than in the preceding year. This was due to lower interest income.

The dividend from the subsidiaries amounted to SEK 976 million, of which SEK 972 million was attributable to the housing companies. The dividend from Stockholm Vatten amounted to SEK 4 million. The dividend had no effect on earnings for the corporate group as a whole, since the dividend is an internal transaction within the Group that is eliminated under the item "Group adjustments" in the profit/loss summary. Other Group adjustments mainly pertain to amortisation according to plan of surplus values in the Group. In 2014, Stockholms Stadshus AB acquired the City's 49.9% shareholding in the company Fortum Värme Holding, which is jointly owned with the City of Stockholm.

The share in profit of **Fortum Värme** Holding, which is jointly owned with the City of Stockholm, for the second half of 2014 amounted to SEK 124 million. The Group's other associated company, Mässa- fastigheter i Stockholm, recognised a surplus of SEK 16 million.



GROUP SUMMARY

Financial key ratios (SEK million unless otherwise indicated)	2014	2013*	2013	2012	2011	2010
Operating income	13,550	12,953	12,953	12,499	12,079	12,158
Profit after financial items	1,105	2,008	1,341	3,006	923	7,217
Tax as per the income statement			288	500	278	2,008
Net profit for the year	733	1,587	1,050	2,503	642	5,206
Return on total assets, %	2.6	3.6	1.6	5.1	2.6	11.8
Return on capital employed, %	4.7	7.1	2.9	11.0	5.8	28.9
Return on equity, %	1.7	8.6	2.1	8.6	1.5	12.1
Interest coverage ratio	1.9	2.8	1.2	3.9	1.9	7.9
Profit margin, %	8.2	14.9	10.4	24.0	7.6	59.4
Number of employees	2,528	2,392	2,392	2,307	2,379	2,498
Gross investments	10,553	8,730	8,112	9,419	8,567	8,022
Non-current assets	100,764	85,755	85,056	80,056	74,945	69,454
Current assets	1,961	2,139	2,139	1,700	2,223	1,725
Minority interest	40	33	28	25	21	20
Equity	56,724	48,456	47,919	48,769	46,936	46,294
Interest-bearing liabilities (gross)	50,191	43,773	43,773	36,616	33,362	28,563
Balance sheet total	102,725	87,894	87,195	81,756	77,168	71,179
Equity/assets ratio, %	55.4	55.2	55	59.7	60.9	65.1
Debt/equity ratio	0.8	0.9	0.9	0.7	0.7	0.6

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.

Definitions of key ratios

Return on total assets

Profit after financial items plus financial expenses as a percentage of the average balance sheet total.

Return on capital employed

Profit after financial items plus interest expenses divided by the balance sheet total, less non interest-bearing liabilities including deferred tax.

Return on equity

Profit after financial items and deduction of the standard rate of tax divided by average equity.

Interest coverage ratio

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

Profit margin

Profit after financial items divided by operating income.

Number of employees

Average number of full-year employees according to contracted time. The term full-year employees combines the work of permanent and temporary employees. Contracted time refers, for example, to employees on sick leave and parental leave and indicates the number of full-year employees for which the Group has employer responsibility.

Equity/assets ratio

Equity in relation to the balance sheet total, as per the consolidated balance sheet. Equity includes the capital portion of untaxed reserves.

Debt/equity ratio

Interest-bearing liabilities divided by equity.



Commentary on Group summary

The Stockholms Stadshus AB

Group reported operating income of SEK 13,550 million. This represents an increase of approximately SEK 600 million compared with the preceding year. The largest increase of just over SEK 250 million was reported by Stockholm Vatten and was attributable to the company's acquisition of the City's waste management operations at mid-year 2014. Several of the property and infrastructure companies recognised increases in turnover in the range of SEK 15 million to SEK 60 million as a result of new production, property acquisitions and a higher order intake.

Profit after net financial items for the Group amounted to SEK 1,105 million, including capital gains of nearly SEK 834 million arising as a result of the housing companies' sales of properties during 2014. Net profit for the year

amounted to SEK 733 million. Current tax on net profit for the year totalled SEK 474 million. The balance sheet total was SEK 103 billion. Compared with the preceding year, this represents an increase of SEK 14.8 billion and was attributable to a rise in non-current assets in properties and land of slightly more than SEK 7 billion. Stockholms Stadshus AB also acquired the City's share in Fortum Värme, which is jointly owned with the City of Stockholm. The acquisition was conducted through a non-cash issue at a value of SEK 7.5 billion, which also impacted equity. Consolidated equity amounted to SEK 56,764 million, up just over SEK 8,000 million compared with the preceding year.

The equity/assets ratio remained high at 55% and was unchanged compared with the preceding year. The investment level in the corpo-

rate group was substantial, having increased by SEK 1.8 billion. In addition to the housing companies' new production, other contributing factors to the investment volume during the year included measures within Stockholms Hamnar and Stockholm Vatten's infrastructure projects. SISAB's acquisition of the Campus Konradsberg property for school operations amounted to slightly more than SEK 2 billion and increased the investment volume by a corresponding amount. The favourable profit reported by the companies in recent years has provided a strong starting position for continued investments in the production of new apartments and infrastructure. The number of employees in the Group has increased, mainly due to the acquisition of the City's waste management operations by Stockholm Vatten Holding.



APPROPRIATIONS WITHIN THE GROUP 2014

SEK thousand	Group contributions paid	Group contributions received	Shareholder contributions paid	Shareholder contributions received	Divided to Stadshus AB Group	Dividend to the City of Stockholm
Parent company						
Stockholm Stadshus AB	-259,585				-1,000,000	1,000,000
Subsidiaries						
AB Svenska Bostäder					16,663	
AB Familjebostäder					1,441	
AB Stockholms hem					1,651	
Bostadsförmedlingen i Stockholm AB						
Skolfastigheter i Stockholm AB (SISAB)						
Micasa Fastigheter i Stockholm AB						
S:t Erik Markutveckling AB	-28,808					
Stockholm Globe Arena Fastigheter AB		188,000				
Stockholm Vatten AB						
Stockholms Hamn AB						
AB Stokab	-161,000					
Stockholm Stads Parkerings AB	-68,900					
Stockholms Stadsteater AB		330,293				
Stockholm Business Region AB						
S:t Erik Försäkrings AB						
S:t Erik Livförsäkring AB						
Other companies						
Group adjustments						
	-518,293	518,293	0	0	-980,245	1,000,000



Commentary on appropriations within the Group

While the corporate group's overall result in the 2014 annual accounts was positive, the subsidiaries SGA Fastigheter and Stads-teatern posted losses. To cover these losses, the companies received Group contributions from other companies in the Group, which reported a profit. These Group contributions totalled SEK 518 million.

The dividend from the housing companies amounted to nearly SEK 20 million in accordance with Section 3 of the Swedish Municipal Housing Companies Act. This dividend pertained to the return on the company's basic capital. The Group contributions were recognised in the accounts for 2014, unlike the dividend which will not be recognised until the following year. According to the budget for 2015, the budgeted dividend to the City of Stockholm is SEK 1,000 million. However, the

City's dividend is preliminary and a final decision on the dividend will be made by the City Council in connection with its decision regarding the second four-month report of the year. This means that the City can waive or restrict the dividend if the economic situation allows. Since 2011, the City Council has decided to waive its dividend each year. In 2014, the City Council decided to limit the dividend to SEK 500 million, instead of the budgeted dividend of SEK 1,000 million.

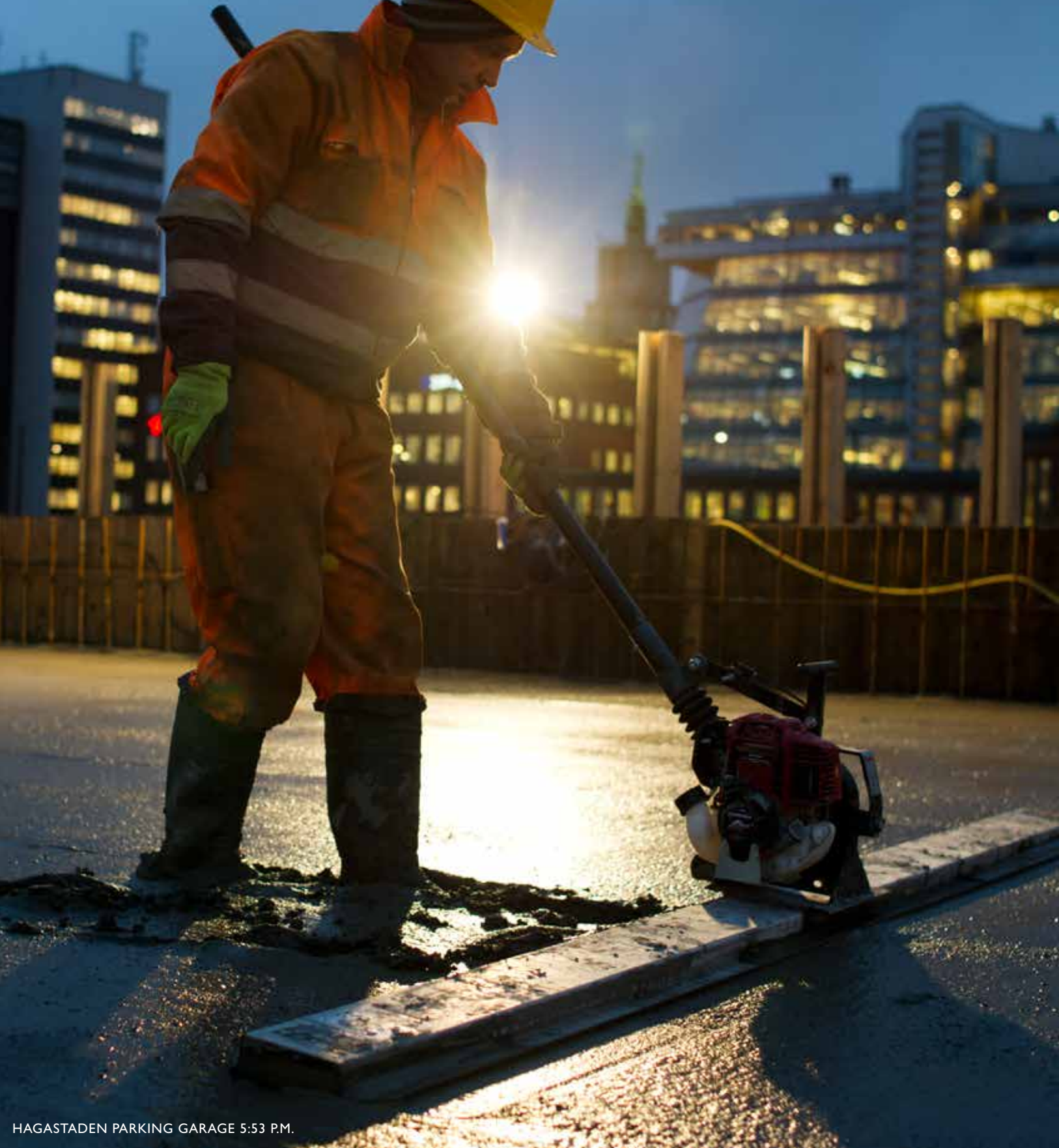
The Swedish Municipal Housing Companies Act creates additional opportunities for requisitioning some of the surplus from the operations for certain purposes. In spring 2014, the City Council decided to issue an extra dividend of SEK 950 million from the housing companies on the basis of the annual accounts for 2013. In accordance with the

City Council's decision, SEK 450 million of this amount was distributed to the City for projects and measures promoting integration and housing production.

Extra dividends in previous years have been appealed. In autumn 2014, the Supreme Administrative Court decided not to grant leave to appeal in this case with respect to appeals of the City Council's 2012 decision regarding extra dividends on the basis of the 2011 accounts.

The Administrative Court and subsequently the Administrative Court of Appeal rejected the appeals of the City Council's 2013 decision regarding extra dividends from the housing companies on the basis of the 2012 accounts. The ruling of the Administrative Court of Appeal has been appealed.

SUBSIDIARIES





Svenska Bostäder

Svenska Bostäder's work during the year was characterised by an extensive improvement programme, new construction and the goal to offer tenants first-rate property management. The company's focus on the Snabba Hus concept will create housing for a large number of young Stockholmers.

Svenska Bostäder aims to contribute to the City's supply of new rental apartments. This is an important task. The company is playing an active role in many of the City's development areas, such as Norra Djurgårdsstaden and Annedal. In 2014, Svenska Bostäder began construction on 375 apartments in new, energy-efficient buildings. In 2015, the company will complete 363 apartments.

The Snabba Hus concept is a collaboration between Svenska Bostäder and the organisation

Company's share of
Group turnover



jagvillhabostad.nu. This entails that Svenska Bostäder will build youth apartments on properties with temporary building permits. The architect-designed mobile module buildings are of a high standard and quality and will be offered to young adults currently without housing in Stockholm.

In Järva, an intensive improvement phase is currently under way with the refurbishment and renovation of courtyards and buildings in close collaboration with the tenants. Svenska Bostäder is a major property owner in the area and is working to ensure the city districts' development with a focus on tenants and living environment. The company also contributed to the city district becoming home to the largest solar cell project to date in northern Europe. The Hållbara Järva urban renewal project was completed during the year and received the top honours for sustainable city development at the 2014 Sweden Green Building Awards.



Svenska Bostäder's courtyard at Brännkyrkagatan 68–76.

The dialogue with residents

in Hässelby-Vällingby is part of the initiatives being carried out in the outer district in order to make the city district more attractive for its residents and local tenants. Dialogue days were held in 2013. In 2014, the company offered feedback on the dialogues, during which measures and activities were presented to residents in Hässelby Gård and Grimsta.

The company's customer loyalty

is continuing to grow. The results of the annual customer survey confirmed that the company's systematic improvements and consistent management by objectives is appreciated by its tenants. Svenska Bostäder is well on its way to meeting one of its most important goals: Greater Stockholm's most satisfied tenants.

» In 2014, the company began construction on 375 apartments in new, energy-efficient buildings.

Svenska Bostäder owns and manages more than 25,000 apartments, 4,000 premises and five commercial centres. The company has developed and built new city districts, housing areas and homes. Our portfolio ranges from apartments for students and researchers to housing for the elderly. Through our subsidiary Stadsholmen, we also manage the City's finest cultural heritage – 1,631 apartments and 796 premises. Pelle Björklund, Managing Director



KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	2,520	2,481	2,481	2,524	2,534	2,636
Operating profit, SEK million	452	873	475	1,269	363	3,782
Profit after net financial items, SEK million	331	804	406	1,216	353	3,748
Return on total assets, %	2.4	9.7	2.8	8.2	2.4	25.5
Equity/assets ratio, %	64.1	70.9	70.7	82.0	82.3	87.9
Interest coverage ratio, multiple	3.6	12.0	6.5	23.2	27.3	82.6
Balance sheet total, SEK million	19,875	18,109	17,711	16,545	15,795	14,588
Gross investments, SEK million	2,307	2,238	1,887	2,145	2,018	1,483
Depreciation, SEK million	-540	-487	-534	-515	-492	-466
Average no. full-year employees	263	264	264	275	298	362

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules



Familjebostäder

During the year, the company prioritised the continued development and improvement of its tenant services. A long-standing initiative to increase new production is yielding results and the forecast with respect to the number of new housing starts in the coming years is favourable.

The company's customer survey for 2014 showed that tenants are pleased with their housing situation and with Familjebostäder as a landlord. Nearly 94% would recommend the company and 82% are pleased with the company's service. To further improve the level of customer satisfaction, the company has initiated a number of related development projects in the area of customer service. A new process for reporting faults, a new website with improved e-services and enhanced customer service have enabled more consistent management and boosted efficiency.

The company has invested in fibre-optic network connections in all of its properties in order to offer its residential and commercial tenants a wide range of broadband, television and telephony solutions with a high capacity. A new communications operator was engaged during the year, resulting in upgrades to the performance of the fibre-optic network and a broader service offering.

The Cultural Administration and Familjebostäder moved into a shared premises in Rinkeby during the autumn. The Cultural Administration's new offices are located in Rinkebystråket, where the company plans to open a new retail centre in 2015, creating additional jobs in the area. The letting of Rinkebystråket has been successful and more than 70% of the retail space is already leased.



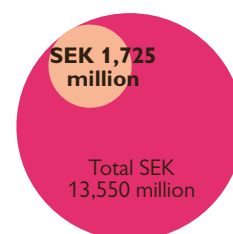
The company's solar cells in Rinkeby are part of the largest solar cell project to date in northern Europe.

PHOTO: GUSTAV KAISER

The company currently has plans under way for projects that will result in at least 3,300 new homes by 2022. The company's increased focus on acquisitions has yielded positive results and Familjebostäder obtained 1,013 new land allocation rights during the year. In the spring, the company acquired Kabelverket in Älvsjö Centrum in cooperation with JM AB. The company plans to build approximately 480 rental apartments in the area. Two other new production projects are located nearby: Sandaletten with 157 rental apartments and Prästgårdshage with 70 student apartments. These projects will form a new growth ring in Älvsjö under the name Älvsjöstaden.

» The company currently has plans under way for projects that will result in at least 3,300 new homes by 2022.

Company's share of Group turnover



Familjebostäder is responsible for the management and construction of properties and premises.

With a combined market value of SEK 26.3 billion, the company's 353 properties are home to 40,000 Stockholmers. In response to the ongoing growth of the City of Stockholm, the company will begin construction on at least 2,500 new rental apartments over the next three years.

Lars Björk,
Acting Managing Director



FAMILJEBOSTÄDER

KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	1,725	1,691	1,691	1,773	1,713	1,724
Operating profit, SEK million	986	836	767	1,312	606	2,137
Profit after net financial items, SEK million	867	736	667	1,221	531	2,065
Return on total assets, %	7.2	12.1	5.8	10.6	5.0	18.5
Equity/assets ratio, %	63.5	60.7	60.5	73.5	72.8	72.3
Interest coverage ratio, multiple	8.1	8.2	7.6	14.4	7.9	27.1
Balance sheet total, SEK million	13,582	13,895	13,841	12,726	12,352	11,926
Gross investments, SEK million	665	1,163	1,163	1,366	1,249	2,069
Depreciation, SEK million	-304	-286	-265	-274	-253	-224
Average no. full-year employees	265	277	277	267	267	288

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.



Stockholmshem

Stockholmshem initiated several pilot projects related to new production, improvement work and city district development during the year. The company's energy-plus house was recognised as the best proposal among intense competition from 15 other developers and is now being built in Norra Djurgårdsstaden.

New production remained a key, prioritised focus area and construction began on more than 480 housing units during the year. Production began on a total of 1,375 new apartments and just over 150 apartments became ready for occupation in Midsommarkransen, Västertorp and Södermalm. While it is important to maintain a high rate of new production, it is also necessary to develop new, efficient concepts in order to increase sustainability from an environmental, financial and social perspective. Accordingly, Stockholmshem

Company's share of
Group turnover



commenced several development projects during the year.

Stockholmshem's cutting-edge, award-winning energy-plus house topped the competition to secure the land allocation rights for the Brofästet block in Norra Djurgårdsstaden. The building won thanks to its "comprehensive approach to energy efficiency and healthy living environments, which create an interesting and exciting architectural expression." The architect for the project is Dinelljohansson. Over the course of a year, the two energy-plus houses will generate more energy than they consume. This is made possible by a combination of various techniques, such as extra thick walls, heat recovery from exhaust air, recycled rainwater, solar cells and geothermal heating.

A pilot improvement project was also started when the City of Stockholm was appointed by the EU to



Stockholmshem's energy-plus house will generate more energy than it consumes.

PHOTO: DINELLJOHANSSON

participate in a development project along with Barcelona and Cologne. The aim of this project, known as the GrowSmarter project, is to test environmentally friendly technological solutions in both new and older residential areas. Stockholmshem's participation in the project involves making energy-efficiency improvements to 300 apartments in Årsta, as well as sustainable transport solutions.

Stockholmshem also started a new outer district development project during the year, known as Bagarmossen SmartUp, which is intended, together with local stakeholders, companies and private individuals, to utilise ideas that promote socially, environmentally and financially sustainable development. The project also includes the development of Bagarmossen Centrum.

» Stockholms-
hem's energy-plus
house will generate
more energy than it
consumes.

Stockholmshem is one of the country's largest housing companies. Nearly 50,000 tenants reside in our approximately 25,000 homes. We also own and manage slightly more than 300,000 square metres of premises and parking spaces. 92% of our tenants recommend Stockholmshem as a landlord. Our vision is to offer all of our tenants a home that is welcoming, comfortable and safe in every way. Every day.

Mikael Källqvist,
Acting Managing Director



Stockholmshem

KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	2,063	1,996	1,996	1,912	1,824	1,830
Operating profit, SEK million	484	474	339	627	349	1,709
Profit after net financial items, SEK million	285	301	165	479	220	1,588
Return on total assets, %	2.9	5.8	2.2	4.5	2.6	13.6
Equity/assets ratio, %	49.2	51.9	51.7	57.9	60.5	66.0
Interest coverage ratio, multiple	2.4	2.7	2.0	4.2	2.6	12.9
Balance sheet total, SEK million	17,541	16,435	16,300	15,211	14,327	12,885
Gross investments, SEK million	1,426	1,572	1,413	1,930	1,594	1,460
Depreciation, SEK million	-381	-375	-351	-300	-274	-245
Average no. full-year employees	297	284	284	302	315	312

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.



Bostadsförmedlingen i Stockholm

Bostadsförmedlingen aims to simplify the process of looking for housing in Stockholm and the company's main goal is to increase the inflow of apartments. In 2014, the company exceeded its target and allocated more apartments than ever before.

The idea of working and living in Stockholm is a popular one and nearly half a million Stockholmers are currently on the company's waiting list. Over the past five years, the waiting list has increased by an average of 37,000 people per year. Despite this increase, the proportion of active home seekers declined slightly.

Bostadsförmedlingen has undertaken the task of simplifying the housing market. This goal is the driving force behind the

company's work to gather available rental apartments under a single service. The company is active throughout the region and its new website, which attracts approximately 35,000 visitors on a daily basis, matches home seekers with available apartments.

Bostadsförmedlingen's future development is dependent on being an attractive partner for property owners. In recent years, the company has mustered its resources to achieve its goal of increasing the number of apartments registered, partly by developing its services and increasing the level of proactivity in its relationships with property owners.

In 2014, the inflow of apartments increased to 11,967. This is the highest number of apartments to

date and represents an increase of 18% compared with the preceding year. The allocation of newly produced homes increased 47% during the year, from 994 homes in 2013 to 1,459 in 2014.

The company received a high rating in its annual customer satisfaction survey, indicating that the company is on the right path. Private property owners are increasingly choosing to let their apartments via Bostadsförmedlingen. In 2014, the proportion of apartments from private landlords amounted to 46%, compared with 38% in 2013.



Bostadsförmedlingen is allocating an increasing number of newly produced apartments. This is one of the reasons why the number of apartments registered for allocation increased by 18%.

PHOTO: PETER HOELSTAD/AGENT MOLLY & CO

» **Bostadsförmedlingen's** future development is dependent on being an attractive partner for property owners.

Company's share of
Group turnover

**SEK 95
million**

**Total SEK
13,550 million**

Bostadsförmedlingen was formed in 1947 and has been operating in company form since 1999. The company allocates housing and is responsible for general information about the housing market. In addition to standard allocations, we are also responsible for allocating priority housing, trial housing and halfway homes, as well as for allocation to customers on the City's internal waiting list. We are the natural arena for the rental market in the Stockholm region.

Lena Daag, Managing
Director

**BOSTADS
FÖRMEDELINGEN**

KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	95	93	93	88	83	82
Operating profit, SEK million	3	7	7	8	7	10
Profit after net financial items, SEK million	4	8	8	9	9	12
Return on total assets, %	5.9	26.7	13.7	15.5	15.4	20.7
Equity/assets ratio, %	16.7	14.6	14.6	4.7	4.0	4.2
Interest coverage ratio, multiple	332.1	1,055.3	1,055.3	634.9	800.2	n/a
Balance sheet total, SEK million	73	63	63	60	59	55
Gross investments, SEK million	0	1	1	1	0	0
Depreciation, SEK million	-1	-0	0	0	0	0
Average no. full-year employees	86	76	76	73	71	70

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.



Skolfastigheter i Stockholm (SISAB)

Environmental certification of all new buildings, a major property acquisition, two completed schools and the first concept pre-school were some of the most important events to take place during the year. Other major initiatives included land improvements and a new online fault reporting service for customers and suppliers.

During the year, SISAB completed its largest acquisition to date: Konradsberg on Kungsholmen – a strategic, centrally located area with several properties and a variety of operations, with significant scope in a limited area.

SISAB also inaugurated its first completed concept pre-school – or pre-school of the future – Tabulatorn in Räcksta, as well as the newly built Lugnet School in Hammarby sjöstad and Mariehäll School in Annedal, both of which are environmentally

certified. As of 2014, SISAB environmentally certifies all of this newly built schools and pre-schools to a minimum of the Silver standard of the Miljöbyggnad environmental certification system. The company was recognised by the Environment and Health Administration for this decision, as well as its work to assess the feasibility of two standards for environmental certification. SISAB also offered special training in the Miljöbyggnad system for its employees and consultants.

Stockholm's oldest protected, operating primary school, Maria Gamla School, celebrated its 150th anniversary during the year. Prior to the anniversary, SISAB conducted a historical renovation of the listed cultural building, working in close consultation with the Stockholm City Museum.

A needs-based land improvement was carried out during the year based



Konradsberg was SISAB's largest property acquisition to date. The company now manages 1.8 million square metres of educational premises in the City of Stockholm.

PHOTO: AKADEMISKA HUS

on an inventory performed in 2013, when an inventory of the entire portfolio was conducted. Hundreds of schools and pre-schools across Stockholm received new asphalt, bushes, kerbstones, rubber playground surfaces and artificial grass. To improve accessibility and safety, 45 of SISAB's approximately 600 lifts were renovated and modernised. SISAB continued its energy-efficiency enhancement work during the year, achieving an energy savings of 5.3% (123 kWh/square metre) with respect to heating for 2014.

In order to improve the company's procedures for reporting faults, a new tenant and supplier portal was launched – and is now accessible via the company's website – where reported faults can be processed, followed up and evaluated.

» As of 2014, SISAB environmentally certifies all of this newly built schools and pre-schools.

Company's share of
Group turnover



KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	2,084	2,024	2,024	1,717	1,699	1,756
Operating profit, SEK million	256	207	191	121	87	165
Profit after net financial items, SEK million	35	-7	-22	-100	-150	-87
Return on total assets, %	4.6	4.7	2.2	1.5	1.1	2.0
Equity/assets ratio, %	3.2	2.9	2.8	2.6	2.7	2.7
Interest coverage ratio, multiple	1.2	1.0	0.9	0.5	0.4	0.7
Balance sheet total, SEK million	11,045	8,776	8,760	8,489	8,228	8,242
Gross investments, SEK million	2,880	770	770	739	469	435
Depreciation, SEK million	-475	-448	-464	-437	-432	-416
Average no. full-year employees	196	173	173	151	157	165

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.

SISAB, formed in 1991, owns and manages the majority of Stockholm's pre-schools, compulsory schools and upper secondary schools. We manage and develop premises covering 1.8 million square metres of floor space, used by over a hundred thousand people every day. Our remit is to provide suitable, flexible and cost-effective premises for Stockholm's schools and pre-schools. We create quality learning environments with healthy finances and a long-term environmental approach. Åsa Öttenius, Managing Director





Micasa Fastigheter i Stockholm

According to this year's customer survey, Micasa Fastigheter's tenants are so satisfied with their homes that the company has been nominated for an award for having the highest product index. Improved accessibility and security in the properties must be prioritised in order to offer quality, adapted housing.

Occupancy of 265 refurbished apartments took place during the year. Increased accessibility and security were top priorities in all of these improvement projects. When refurbishing nursing and care homes, an improved working environment is also an important factor.

On the other side of the City, 83 apartments for nursing and care homes became ready for occupancy in Enskededalen. In Hammarbyhöjden, a former service home was renovated to create sheltered housing and tenants have moved in to the 36

apartments included in the second phase of the refurbishment project.

In the western region of Stockholm, the Tunet service home in Räcksta was converted into sheltered housing and nursing and care homes. Tenants have moved in to the 57 new sheltered housing apartments. In part of the Sörklippan property in Alvik, 48 apartments for nursing and care homes were completed. During the year, the company sold the properties Ceremonien 2 in Bromma and Stegsholm 3:5 in Haninge Municipality and acquired the leasehold for Bodö 1 in Husby.

Within the framework of the City's target to collect 70% of food waste by 2020, the company is working intensively to introduce food waste collection at its properties. As of year-end, food waste was sorted at 25% of the company's properties. To encourage its operations to begin

sorting food waste, the company is offering information meetings and the necessary equipment.

The company places significant emphasis on artistic decoration. This made it particularly gratifying when Micasa Fastigheter was awarded the title of "2014 Project of the Year" for its Tunet sheltered housing by Stockholm Konst. Together with Micasa's project group, artists Astrid Göransson and Stefan Uhlinder were responsible for the artwork in the property, drawing inspiration for their textile patterns for 11 corridors and a library from the garden areas around Tunet and a property formerly owned by Knut Ljunglöf, "the King of Snus," in Räcksta.



Interior of Tunet sheltered housing.

PHOTO: OLOF HÖLDAR

» According to this year's customer survey, Micasa's tenants are highly satisfied with their housing.

Company's share of Group turnover

SEK 1,015 million

Total SEK 13,550 million

Micasa Fastigheter, founded in 1999, owns and manages the City of Stockholm's care-provision properties. The company offers attractive, adapted housing for people in the City of Stockholm who require support and security. Micasa Fastigheter has a special mandate to actively develop housing for the elderly, people with disabilities and others with special needs.

Patrik Emanuelsson,
Managing Director



KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	1,015	998	998	965	946	954
Operating profit, SEK million	471	165	160	57	71	-69
Profit after net financial items, SEK million	298	-15	-21	-135	-137	-274
Return on total assets, %	6.6	4.7	2.3	0.8	1.1	neg
Equity/assets ratio, %	5.3	2.2	1.9	2.0	2.2	2.3
Interest coverage ratio, multiple	2.7	0.9	0.9	0.3	0.3	neg
Balance sheet total, SEK million	7,238	7,128	7,107	7,039	6,871	6,764
Gross investments, SEK million	378	528	392	309	455	462
Depreciation, SEK million	-292	-276	-148	-147	-129	-127
Average no. full-year employees	73	69	69	83	83	81

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.



S:t Erik Markutveckling

S:t Erik Markutveckling AB's goal is to own, manage and develop properties/shares in property companies with the aim of promoting the development of Stockholm and the City's asset management. The company acquired five leaseholds and three subsidiaries during the year.

S:t Erik Markutveckling and its subsidiaries own premises comprising more than 200,000 square metres of rentable space in the city development areas of Ulvsunda and Slakthuset. In 2014, the company also acquired properties in Västberga and Hammarby sjöstad. At year-end 2014, the market value of these properties was estimated at more than SEK 2,700 million.

Company's share of
Group turnover



The company's properties in Ulvsunda have now entirely shifted their focus from manufacturing premises to a modern, attractively located retail centre. Development and leasing continued during the year. Perhaps the most notable development was the letting of Carlsberg's former premises to fellow subsidiary Stockholm Vatten, including the company's head office, warehouse and vehicle storage facility. The premises are currently being renovated and occupancy will take place in the third quarter of 2015.

The company's properties in the Slakthuset area include office premises, as well as manufacturing and warehouse premises. A large majority of these premises have been leased and several of the City's administrations and companies are tenants



An acquired property in Hammarby sjöstad to be converted into a school.

PHOTO: PÅR SANDSTRÖM

of the company. The properties were acquired in preparation for the development of the Slakthuset area, which will be carried out in accordance with Vision Söderstaden 2030.

S:t Erik Markutveckling has a new owner directive to continuously assess acquisitions and sales for the purpose of promoting the development of Stockholm. The company acquired five leaseholds and three subsidiaries during the year. One of these leaseholds is located in Hammarby sjöstad and the company aims to convert part of the property into school premises in cooperation with SISAB.

» The company acquired five leaseholds and three subsidiaries during the year.

S:t Erik Markutveckling's operations are conducted through 12 subsidiaries: Fastighets AB G-mästaren, Runda Huset, Styckmästaren, Charkuteristen, Tuben, Kylrummet, Palmfelt Centre, Gavia, Godsfinkan, Stockholm Norra Station AB, Kylfacket Förvaltning AB and Langobardia AB. These subsidiaries own properties in Ulvsunda, Söderstaden, Västberga and Hammarby sjöstad.

Marie Wallhammar,
Managing Director



KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	231	246	246	146	117	105
Operating profit, SEK million	82	99	82	56	34	31
Profit after net financial items, SEK million	28	47	30	25	10	8
Return on total assets, %	3.4	8.8	3.7	3.7	3.1	3.9
Equity/assets ratio, %	2.2	2.7	2.1	3.0	3.6	5.8
Interest coverage ratio, multiple	1.5	1.9	1.6	1.8	1.4	1.4
Balance sheet total, SEK million	2,653	2,248	2,232	2,218	1,326	869
Gross investments, SEK million	394	84	84	954	472	163
Depreciation, SEK million	-37	-34	-49	-25	-15	-14

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.

S:T ERIK MARKUTVECKLING AB



Stockholm Globe Arena Fastigheter

The company has been assigned the important task of strengthening Stockholm's position as an event city. The multi-award winning Tele2 Arena plays an important role in this context, enabling new technology, innovative solutions and spectacular events.

The arenas in the Globen area are a major driving force for the City's business community. In 2014, Avicii's concerts at the Tele2 Arena alone generated approximately SEK 90 million income for the hospitality industry in the Stockholm region. The arena has also garnered several awards as a sports and event arena, including the title of Venue of the Year for 2014 at the international TheStadiumBusiness Award. Tele2 Arena is also on the cutting edge when it comes to technology, the environment and sustainability. This became particularly clear when the Tele2 Arena achieved Gold certification in accordance with the Miljöbyggnad

environmental certification system in 2014 – the first building of its kind to achieve the certification level. Following the completion of the Tele2 Arena, the subsidiary Stockholmsarenan was merged with the Parent Company SGA Fastigheter during the year.

The world's largest spherical building, Ericsson Globe, celebrated its 25th anniversary in 2014. The arena also set a new audience record, with 16,592 people attending Swedish comedy duo Filip and Fredrik's live podcast. Through its development of the area, SGA Fastigheter is also working to create a thriving entertainment district during non-event days. Thanks to its offering of food and entertainment, Tolv Stockholm has played an important role in these efforts.

SGA Fastigheter reported a deficit of SEK 1,187 million for 2014.



PHOTO: OSCAR OHLSSON

The Tele2 Arena received several awards during the past year.

The actual deficit amounted to SEK 187 million, which is in line with the budget. The remaining deviation was attributable to the reclassification of the facility from building to land amounting to SEK 1,000 million, since the value of the property lies in the land and not in the building itself. This deficit will correspond to the profit generated from the future sale of planning permission. The City of Stockholm aims to take a more comprehensive approach to the Globen area within the framework of the development of Söderstaden and thus plans to wait to sell its planning permission. As soon as SGA Fastigheter sells the planning permission, the company's earnings will increase.

» The arenas in the Globen area are a major driving force for the City's business community.

Company's share of
Group turnover

**SEK 44
million**

Total SEK
13,550 million

The SGA Fastigheter Group owns, manages and develops the arena properties in the Globen area: the Tele2 Arena and Ericsson Globe, including SkyView, Annexet and Hovet. The company also owns the entertainment destination Tolv Stockholm and Arenagaraget at the Tele2 Arena. Our vision is to create a world-class entertainment destination.

Mats Grönlund,
Managing Director



KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	44	25	25	24	24	27
Operating profit, SEK million	-1,100	-114	-115	-71	-74	-50
Profit after net financial items, SEK million	-1,187	-155	-156	-79	-84	-64
Return on total assets, %	neg	neg	neg	neg	neg	neg
Equity/assets ratio, %	10.2	11.3	11.3	14.9	18.4	31.1
Interest coverage ratio, multiple	neg	neg	neg	neg	neg	neg
Balance sheet total, SEK million	4,110	4,078	4,077	3,114	2,493	1,480
Gross investments, SEK million	46	896	896	686	1,037	560
Depreciation, SEK million	-59	-22	-23	-29	-23	-21
Average no. full-year employees	18	16	16	14	14	13

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.

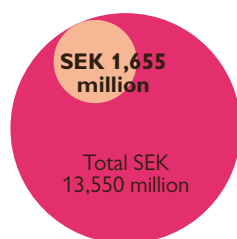


Stockholm Vatten

To cope with its rapidly growing population, the City's wastewater treatment system must be improved and renovated. The Henriksdal treatment plant is thus being expanded into one of the most modern treatment plants in the world, featuring new membrane technology.

Intensive work was carried out during the year to secure permits for the Stockholms Framtida Avloppsrening project. A number of in-depth investigations were conducted and frequent consultations were held with the residents and businesses in the areas concerned. A permit application and environmental impact assessment were submitted to the Land and Environment Court in January 2015. The renovation of the Henriksdal treatment plant will

Company's share of
Group turnover



begin in spring 2015 under the existing permit. A division with a separate project organisation was also created during the year.

The City's raised level of ambition with respect to efficient and environmentally friendly waste management will require that the eco-cycle services conducted on behalf of its citizens be coordinated under a single organisation. In May, the City Council decided to transfer the City's waste management operations from the Traffic Administration to a new company in the Stockholm Vatten Group. The transfer of operations took place on 1 July.

In autumn 2015, Stockholm Vatten's administrative division and operational organisation will relocate to new offices in Ulvsunda and Högdalen, respectively. The goal is to create offices that utilise the premises

in an efficient, appropriate way and offer a healthy, creative working environment in order to attract and retain new and existing employees. Efforts were made during the year to identify the company's needs with respect to design and location, with employees participating actively in the process.

Stockholm Vatten was awarded the Penguin Prize – the City's award for the "climate-smart role model of the month" – on two occasions during the year: once for the educational activities conducted at the Glashuset environmental information centre and once for its work to enable clothing and textiles to be recycled at the City's recycling centres.



The Stockholms Framtida Avloppsrening project is allowing the City to grow and improving Stockholmers' environment.

PHOTO: KARI KOHAKKA

>> The City's eco-cycle services conducted on behalf of its citizens are to be coordinated under a single organisation.

Stockholm Vatten is Sweden's largest water and waste company. We affect 1.3 million residents and businesses in the Stockholm area. We supply drinking water to and treat the wastewater from the City of Stockholm and Huddinge Municipality, and are responsible for waste management in the City of Stockholm. Our responsibility is to meet the needs of existing and future residents by taking long-term decisions fulfilling environmental and sustainability requirements.

Gösta Lindh,
Managing Director



KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	1,655	1,311	1,311	1,307	1,175	1,189
Operating profit, SEK million	205	142	121	233	165	236
Profit after net financial items, SEK million	16	-44	-65	42	-41	25
Return on total assets, %	4.3	3.5	1.5	3.2	2.3	3.4
Equity/assets ratio, %	2.7	2.5	2.3	3.2	3.2	3.8
Interest coverage ratio, multiple	1.1	0.8	0.7	1.2	0.8	1.1
Balance sheet total, SEK million	9,511	8,254	8,236	7,703	7,409	7,061
Gross investments, SEK million	1,431	644	644	552	551	610
Depreciation, SEK million	-263	-249	-271	-250	-234	-220
Average no. full-year employees	432	377	377	397	380	407

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules





Stockholms Hamnar

In 2014, approximately 12 million passengers and eight million tonnes of freight passed through the ports operated by Stockholms Hamnar, making the company the largest passenger port and second largest commercial port in Sweden.

Nine of ten goods that enter Sweden are transported by sea. The company works to ensure that these goods are transported as close as possible to their final destination by sea in order to relieve the pressure on Sweden's heavily trafficked road and railway network, thereby generating significant environmental benefits. A record-high container volume of 51,000 twenty-foot equivalent units (TEU) was reported during the year. Ro-ro and bulk traffic were roughly in line with the preceding year.

Passenger volumes remained high. Ferry passengers play an important role for the City of Stockholm. They

consume for SEK 5 billion, create 2,400 jobs and fill seven hotels every day of the year. The number of calls at port is somewhat lower in the cruise segment, while the size of the vessels and number of passengers are larger. Approximately four million passengers travel by boat to the archipelago every year.

Two major development projects are under way. The reconstruction of Värtahamnen is an important project for the new Norra Djurgårdsstaden district. The project is proceeding according to schedule and within budget, with intense momentum maintained throughout the year. The reconstruction of the port in Kapellskär also progressed very well during the year. Kapellskär is the closest port to Finland, which has given the port an optimal position now that the European Commission's Sulphur Directive has taken effect. The port has a shortage of space and



PHOTO: PER-ERIK ADAMSSON

Stockholms Hamnar's port development projects are now well under way and the reconstruction of Värtahamnen and the port in Kapellskär are scheduled for completion in 2016.

the reconstruction project is eagerly anticipated.

Significant progress was made in the judicial proceedings concerning the new Stockholm-Norvik commercial port when the Land and Environment Court Mark returned with a favourable ruling. However, the ruling has been appealed and new proceedings will be held in 2015. The need for the port is greater than ever and the land in Frihamnen is needed for city development.

As in the past, environmental issues were a top priority and Stockholms Hamnar remains dedicated to its sustainability efforts. This was the third year the company presented a sustainability report in accordance with the GRI standard.

» Ferry passengers play an important role for the City of Stockholm. They consume for SEK 5 billion.

Company's share of
Group turnover

SEK 713
million

Total SEK
13,550 million

Stockholms Hamnar is working to develop Stockholm into a vibrant, modern shipping city. The company's mandate includes promoting shipping and safeguarding the region's supply of goods. Among other areas, the company is responsible for quays, facilities and services for ferry, cruise and cargo traffic. Stockholms Hamn AB was formed in 1991 and is a wholly owned subsidiary of Stockholms Stadshus AB.

Johan Castwall,
Managing Director



STOCKHOLMS HAMNAR

KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	713	724	724	704	661	633
Operating profit, SEK million	144	145	135	137	135	98
Profit after net financial items, SEK million	108	115	106	109	107	71
Return on total assets, %	6.4	7.6	7.2	8.6	8.6	7.2
Equity/assets ratio, %	26.3	27.3	27.1	29.0	28.5	29.5
Interest coverage ratio, multiple	4.0	4.8	4.5	4.8	4.7	3.7
Balance sheet total, SEK million	2,481	2,052	2,035	1,748	1,700	1,459
Gross investments, SEK million	532	438	438	128	306	328
Depreciation, SEK million	-108	-103	-112	-102	-90	-83
Average no. full-year employees	135	143	143	135	155	142

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.



Stokab

Operating income increased 1% during the year to SEK 722 million and a total of 2,011 fibre optic connections were delivered. Demand for fibre optic connections grew in all customer categories.

Profit before tax for 2014 rose approximately 7% to SEK 188 million compared with 2013, which is the best result in the company's history. This increase was attributable to continued high demand for the company's products, a high delivery capacity and effective cost control. The order intake remained high during the year. All customer categories ordered products during the year, mainly due to increased demand from households and companies for more broadband-intensive services.

Company's share of
Group turnover



As a result of the high order intake, net turnover continued to increase and amounted to SEK 722 million. This corresponds to a rise of 1% (SEK 10 million) on the previous year. Due to the high order intake, deliveries of fibre optic connections remained at a very high level.

The company celebrated its 20th anniversary during the year. Stokab was formed in 1994 in response to the deregulation of the Swedish telecom market in 1993. The City's politicians were convinced that a neutral operator was needed to supply basic IT infrastructure for everyone on equal terms in order to encourage competition, diversity and freedom of choice. After 20 years of operation, this goal has been achieved. According to the Acreo Swedish ICT research institute, Stokab's



PHOTO: PETTER KARLBERG

Since the company's formation in 1994, Stokab's network has been the world's largest open fibre optic network, stretching a length equivalent to more than 30 laps around the world.

investment in the fibre optic network has contributed at least SEK 16 billion to the national Swedish economy in the form of low prices for broadband, new jobs, increased property value, lower costs for the municipality and County Council, and the expansion of the 4G mobile network.

Stokab's fibre optic network was also a contributing factor to Stockholm being named the world's best networked city in Ericsson's Networked Society City Index and being awarded the title of having the best networked schools according to PwC's Cities of Opportunity study.

» The fibre optic network was one of the main reasons that Stockholm was named the world's best networked city by Ericsson.

Stokab provides an open, competition-neutral fibre optic network to promote development in the Stockholm region. The network is leased on equal terms to service providers, companies and public operations. The expansion is being carried out in pace with market demand and technological developments. The expansion beyond the City of Stockholm is being carried out in cooperation with other players and the municipalities concerned. Jörgen Kleist, Managing Director



KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	722	712	712	692	662	638
Operating profit, SEK million	208	205	203	207	204	200
Profit after net financial items, SEK million	188	175	175	174	171	168
Return on total assets, %	10.1	18.8	9.2	10.0	10.2	11.4
Equity/assets ratio, %	36.0	31.4	31.8	26.2	21.7	22.8
Interest coverage ratio, multiple	9.9	6.6	7.1	6.1	5.9	6.1
Balance sheet total, SEK million	1,970	2,190	2,164	2,273	2,154	1,875
Gross investments, SEK million	94	172	172	332	501	361
Depreciation, SEK million	-287	-277	-258	-244	-210	-190
Average no. full-year employees	90	93	93	94	100	100

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.





Stockholm Parkering

Three major garage projects are under way. Sweden's largest underground garage is being built under Hagastaden, a multistorey car park in Räcksta is being extended and Stigbergsgaraget will be inaugurated in summer 2015. A total of 2,100 new parking spaces are being built. The company posted its strongest earnings to date.

The construction of Stigbergsgaraget, including 300 parking spaces, is under way on Södermalm and will be completed in summer 2015.

The work is being carried out in a densely populated area and extensive information has been provided about the construction process in the nearby area. For example, two tours of the excavation site were held, attracting 500 and 800 visitors, respectively.

The new Räcksta car park will open in Vällingby Parkstad in spring 2015, with 450 new rental and park-and-ride spaces. Due to the significant need for parking in the area, the

company opened the bottom floor (100 parking spaces) for letting in December 2014.

The first stage of the multistorey car park in Hagastaden began in 2014. The garage, which will be the largest underground garage in Sweden, will not be completed until 2022 since it is critical to ensure all construction in the area works well in combination. The park-and-ride facility in Hanviken was expanded to include 70 additional parking spaces, bringing the total number of spaces to 190. More than 100 new charging stations for electric cars were installed and the company now has approximately 400 charging stations in visitor parking spaces.

Over the past year, the Board made three new orientational decisions: Stockholm Parkering began planning the construction of new multistorey car parks on Vallhallavägen and in Hjorthagen and Årstafältet.



The multistorey car park in Hagastaden will create 1,350 parking spaces.

PHOTO: GUSTAV DEUSCHL

In 2014, the company assumed responsibility for the parking facilities at the City's pre-schools. The maximum parking time in the spaces closest to the pre-schools has been limited to 30 minutes in order to ensure a safe environment during drop-off and pick-up.

For the first time to date, the company's turnover exceeded SEK 500 million. This increase in turnover was attributable to new assignments secured by the company. The company posted its strongest net profit for the year to date at SEK 68 million. In order to better meet the needs of its client, the company laid the foundation for a new organisation during the year. In connection with this organisational change, profit responsibility has been divided into two business areas.

» The multistorey car park in Hagastaden will be the largest underground garage in Sweden.

Company's share of Group turnover

SEK 511 million

Total SEK 13,550 million

Stockholm Parkering was founded in 1976. We offer attractive parking facilities.

Our goal is to take pressure off the road network and strive for a good city environment. One of our most important tasks is to build new, primarily underground, garages. The company is responsible for approximately 78,600 parking spaces in garages, multistorey car parks and surface parking facilities.

Christian Rockberger,
Managing Director



KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	511	496	496	488	459	435
Operating profit, SEK million	83	62	61	54	27	30
Profit after net financial items, SEK million	68	48	47	38	8	12
Return on total assets, %	10.3	16.3	8.0	7.1	3.5	4.1
Equity/assets ratio, %	12.1	13.7	13.6	13.6	13.3	13.5
Interest coverage ratio, multiple	5.8	4.4	4.3	3.3	1.4	1.6
Balance sheet total, SEK million	855	759	759	758	773	761
Gross investments, SEK million	147	43	43	28	59	62
Depreciation, SEK million	-40	-43	-43	-44	-42	-37
Average no. full-year employees	75	73	73	76	77	80

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.



Stockholms Stadsteater

Stockholms Stadsteater and Kulturhuset were truly merged in 2014, resulting in the highest income reported to date and record attendance rates. The company is 22% self-financed – a figure that is entirely unique.

Box-office earnings for 2014 totalled an incredible SEK 91 million, up slightly more than SEK 20 million compared with 2013. This gave the company a unique degree of self-financing compared with other publicly financed institutions, particularly considering that neither the City's libraries nor Parkteatern are financed through box-office earnings. In summer 2014, Parkteatern performed for record numbers of children under the age of 12 (more than 52,000) – a deliberate focus on young people as part of the Year of Children's Culture in Stockholm.

Company's share of
Group turnover



Approximately three million people visit Kulturhuset Stadsteatern every year, 467,000 of whom are paying audience members. Over the past year, spacious new areas in Kulturhuset were opened to audiences. The walkways joining the buildings, which have been closed for more than 30 years, have now been reopened. A fantastic area covering 850 square metres of floor space with views over Sergels Torg and Hamngatan, which was previously used for administration, is now open to audiences.

During the spring and summer, a partnership was initiated with Sveriges Radio (Sweden's national radio broadcaster), which relocated its broadcasts to the company's newly renovated premises. The National Swedish Museum of Fine Arts will also open its new design exhibition in the premises in February 2015. A public dance studio was created in Kulturhuset's former carpentry workshop; the Fri Scen performance company moved to the Kilen stage, which had been closed for several



PHOTO: PETRA HELBERG

Chicago – 2014's best musical according to Sveriges Radio's theatre and music critic.

years; the Marionetteatern children's theatre group was given its own stage on the third floor of the building; and the building's seventh speciality library – the Lava Library & Workshop – opened in the Bryggan room. Kulturhuset is now truly a literary building. The Stockholm Visitor Centre, which attracts some 500,000 visitors every year, relocated to the premises previously occupied by Lava – an easily accessible location that has created opportunities for collaboration.

Kulturhuset celebrated its 40th anniversary in 2014. On a Saturday in November, Kulturhuset Stadsteatern invited all Stockholmers to a well-attended open house, featuring seminars, debates and a new programme magazine. Architect Peter Celsing's vision of an arts centre has been realised.

» Three million visitors and 22% self-financed – this is completely unique.

Stockholms Stadsteater was established in 1960 as a municipal limited liability company and has been part of Stockholms Stadshus AB since 1990. The City Council appoints the company's Board of Directors, which in turn appoints the company's Managing Director. The theatre company was established in 1960 and moved to Sergels Torg in 1990. Kulturhuset has been part of Stockholms Stadsteater AB since 1 July 2013, operating under the name Kulturhuset Stadsteatern. Benny Fredriksson, Managing Director



**KULTURHUSET
STADSTEATERN**
STOCKHOLM

KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	158	134	134	135	124	119
Operating profit, SEK million	-324	-282	-282	-218	-215	-210
Profit after net financial items, SEK million	-330	-286	-286	-222	-219	-215
Return on total assets, %	neg	neg	neg	neg	neg	neg
Equity/assets ratio, %	0.4	0.5	0.5	0.9	0.7	0.8
Interest coverage ratio, multiple	neg	neg	neg	neg	neg	neg
Balance sheet total, SEK million	427	380	380	292	287	274
Gross investments, SEK million	9	17	17	9	6	8
Depreciation, SEK million	-10	-9	-9	-8	-7	-8
Average no. full-year employees	445	384	384	330	349	339

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.



Stockholm Business Region (SBR)

Stockholm strengthened its position as one of the most successful regions in Europe during the year. The economy was strong and we remained one of the fastest growing major cities in Europe.

Our newly started company in the tech industry is growing rapidly and attracting both attention and investors, making Stockholm one of the most popular cities for start-up companies in Europe. Among other initiatives, SBR partnered with Stockholm Tech Fest, which attracted more than 3,000 visitors to the Stockholm Waterfront Congress in September. A number of successful events took place in Stockholm during the year. The European culinary championship – Bocuse d'Or – was held at the Stockholm

International Fair in May, allowing new and innovative Swedish cuisine to be marketed to a broader international audience. Several other successful events, such as the ITU World Triathlon Series, the Polar Music Prize, DreamHack and others, helped to promote Stockholm across the globe.

In 2014, SBR began working to attract foreign talent to come and live Stockholm. These efforts are being carried out in partnership with the many long and short-term residents of the City. A broad collaboration concerning the marketing and development of the archipelago was launched under the Stockholm Archipelago project. This work is being conducted in cooperation with the various municipalities in the archipelago region, the County Administrative Board and



The European culinary championship – Bocuse d'Or – was held at the Stockholm International Fair in May, where Swedish chef Tommy Myllymäki won the gold medal.

PHOTO: JONAS BORG

Stockholm County Council. Efforts to improve the region's accessibility by air, which began within the framework of the Connect Sweden initiative, have resulted in new, key direct routes to foreign destinations. However, this work has not been without its problems and major challenges have arisen, mainly with respect to housing and infrastructure.

Our shared communication platform, "Stockholm – The Capital of Scandinavia," was further expanded and will help to present an even more coordinated image of the region in the international arena.

» The tech industry is growing rapidly, attracting both attention and investors.

Company's share of
Group turnover

**SEK 253
million**

Total SEK
13,550 million

Stockholm Business Region's operational goal is for Stockholm to develop into the leading sustainable growth region in Europe. Stockholm Business Region and its subsidiaries Stockholm Business Region Development and 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."

Olle Zetterberg,
Managing Director

Stockholm
Business Region

KEY RATIOS

	2014	2013*	2013	2012	2011	2010
Operating income, SEK million	253	246	246	241	240	228
Operating profit, SEK million	2	-0	0	-2	-3	-3
Profit after net financial items, SEK million	4	2	2	1	0	1
Return on total assets, %	2.6	2.9	1.5	0.7	0.1	0.6
Equity/assets ratio, %	30.9	29.8	29.8	29.5	29.5	30.6
Interest coverage ratio, multiple	229.9	249.3	249.3	962.0	7.5	50.4
Balance sheet total, SEK million	161	153	153	147	144	139
Gross investments, SEK million	9	0	0	0	0	2
Depreciation, SEK million	-2	-0	0	-1	-1	-1
Average no. full-year employees	75	74	74	73	76	79

* Figures for 2013 have been adjusted in the annual accounts for 2014 due to the K3 accounting rules.



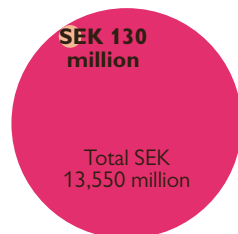
S:t Erik Försäkring

Among other cases, S:t Erik Försäkring handled claims pertaining to five major fires, several hundred property and liability claims and 1,332 accident claims during 2014. Extensive work was also carried out to adjust to the insurance industry's new Solvency II Directive.

S:t Erik Försäkring is responsible for insuring the property and operations of Stockholm Municipality, supporting the municipality with respect to risk management and risk financing, and providing advisory services with regard to insurance issues. The company also operates the City's incident reporting system, RISK.

In 2014, the company processed 361 property and liability claims, five of which pertained to major fires, as well as 1,332 accident claims. S:t Erik

Company's share of
Group turnover



Försäkring has a self-retention of SEK 15 million per claim and any costs in excess of this amount are paid by the company's reinsurer.

S:t Erik Försäkring offered extensive advisory services to the City's administrations and companies with respect to both general insurance issues and the procurement of contracts and developer liability insurance. The company often assists when insurance requirements are imposed on contractors and in the assessment of incoming insurance certificates. Such advisory services were offered in 42 cases during the year in addition to a number of training programmes in insurance and contracts.

In 2014, S:t Erik Försäkring also reviewed the terms of its property damage insurance and adapted them to new legislation and other industry conditions.



On the night of 1 June 2014, Bredbyplan Pre-school was destroyed in an arson fire. The insurance claim is estimated at approximately SEK 11 million.

PHOTO: ERIK BJÖRNEMALM

In addition to its ordinary operations, S:t Erik Försäkring devoted a significant amount of work to adapt its guidelines, processes and IT systems to the new Solvency II Directive, which will encompass all insurance companies as of 1 January 2016.

Prices in the reinsurance market remained stable. However, S:t Erik Försäkring's procurement of reinsurance was subject to slightly higher reinsurance premium than in the preceding year due to the claims processed during the year and adjustment of insurance terms.

» Prices in the reinsurance market remained stable.

S:t Erik Försäkring began operating in 1986. The company only insures administrations and companies owned by the City of Stockholm. S:t Erik Försäkring brings together the Group's entire non-life insurance needs in a joint insurance portfolio, which is then reinsured in the international reinsurance market. The company also assists customers with damage prevention.
Jan Willgård,
Managing Director



KEY RATIOS

	2014	2013	2012	2011	2010
Premium income, SEK million	130	116	104	108	112
Profit after net financial items, SEK million	-5	0	38	33	21
Equity/assets ratio, %	32.5	32.3	32.6	36.4	38.5
Net asset value, SEK million	151.0	155.5	155.5	155.9	150.6
Balance sheet total, SEK million	326	328	326	291	275
Average no. full-year employees	7	4	4	6	6



S:t Erik Livförsäkring

S:t Erik Livförsäkring insures the pension commitments for personnel within the Stockholms Stadshus AB Group. The insurance operations performed well over the past year, albeit somewhat under budget. The company's solvency ratio at year-end was 127%.

S:t Erik Livförsäkring displayed a stable performance during the year, with insurance premiums and payments progressing as planned. However, the company's earnings were slightly below the budgeted level, largely due to a challenging interest environment. Market interest rates in Sweden were at a historically low level during the year, with negative interest rates noted, for example, for real government bonds. While the value of the company's bond hold-

ings is increasing, so is the value of its pension commitments, and the overall outcome of these fluctuations is negative. The value of company's share portfolio displayed a favourable trend during the year, which contributed to an overall positive result.

From a broader perspective, 2014 was an eventful year, with significant unease around the world. Many of the financial markets experienced a high level of volatility and extreme exchange fluctuations were noted for some currencies.

At year-end, 75% of the assets in the company were invested in inflation-linked bonds, 22% in shares and 3% in cash and cash equivalents. The company's solvency ratio, meaning the company's assets in relation to its combined pension commitment, was 127%. This measurement describes



PHOTO: COLOURBOX

Occupational pension is an important complement to the National Swedish Pension Fund.

the company's buffer when it comes to using its assets to cover its pension liabilities.

During the year, the company continued its work on creating a new operational system. This system is expected to be completed in the first half of 2015. During the year, the company continued adapting to the Solvency II Directive, which provides the new EU regulations for the insurance industry. Solvency II is extremely broad in scope and has already impacted the company's operations although the directive will not be formally introduced until January 1, 2016.

» During the year, the company continued its work on creating a new operational system.

Company's share of Group turnover

SEK 71 million

Total SEK 13,550 million

S:t Erik Livförsäkring is a profit-making life assurance company that began operating in 2006. The company insures defined-benefit occupational pension commitments for personnel within the Stockholms Stadshus AB Group in accordance with the KAP-KL and PA-KFS plans. Since its foundation, the company has created clarity and order in the management of the Group's pension commitments and secured its future pension payments.

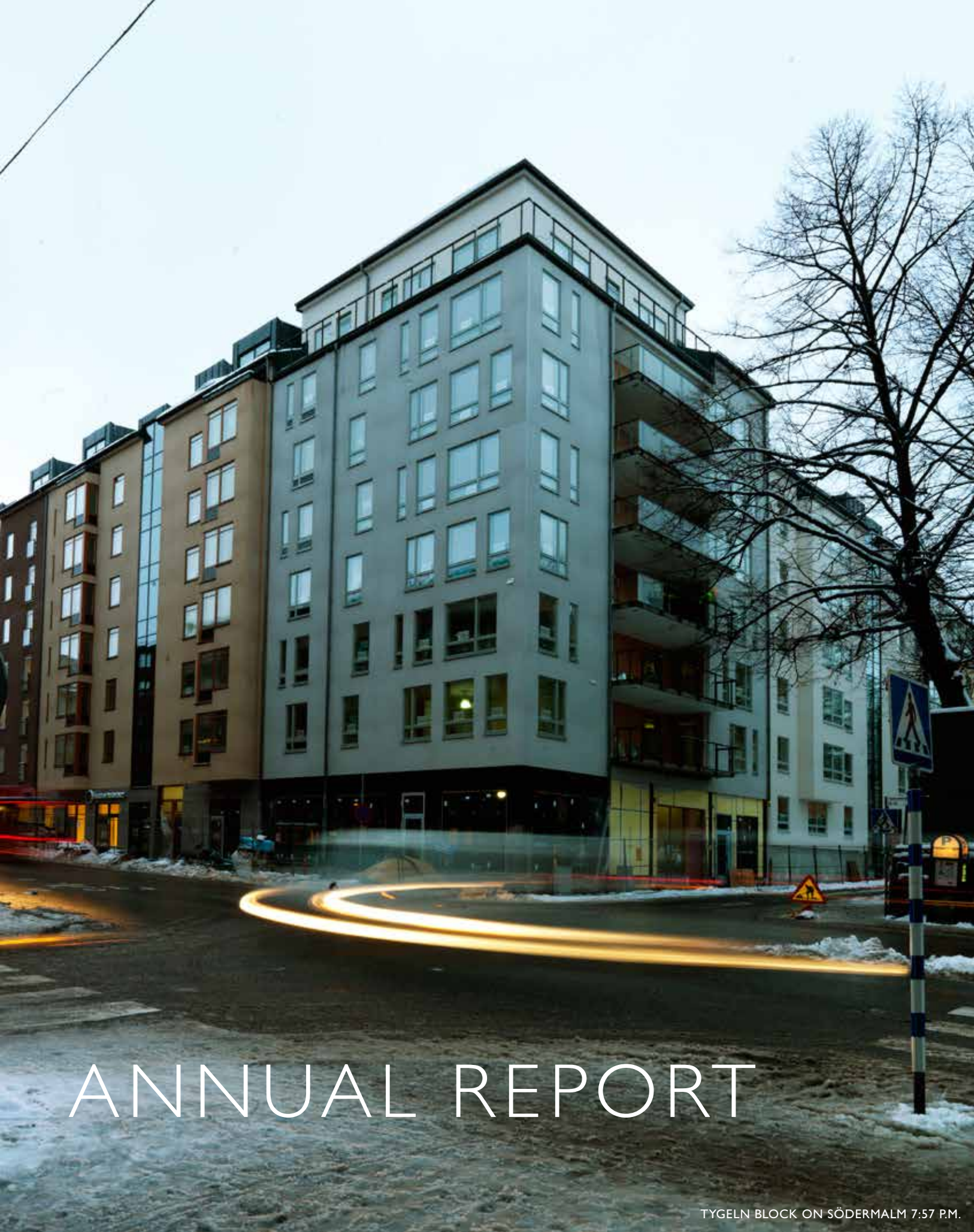
Jan Willgård,
Managing Director



S:t Erik Liv

KEY RATIOS

	2014	2013	2012	2011	2010
Premium income, SEK million	71	86	74	92	62
Profit after net financial items, SEK million	37	90	62	-166	54
Equity/assets ratio, %	21.1	22.3	18.0	15.7	26.5
Solvency ratio	126.9	128.9	122.0	119.2	138.0
Net asset value	481.1	451.0	373.0	320.0	491.5
Balance sheet total, SEK million	2,279	2,019	2,074	2,035	1,855
Gross investments, SEK million	273	193	—	—	—
Average no. full-year employees	2	3	3	3	3



ANNUAL REPORT

TYGELN BLOCK ON SÖDERMALM 7:57 P.M.



ADMINISTRATION REPORT 2014

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 corporate group comprises 17 subsidiaries, which in turn are wholly owned by the parent company Stockholms Stadshus AB. In addition to the subsidiaries, the corporate group includes two associated companies, Mässfastigheter i Stockholm AB and AB Fortum Värme Holding, jointly owned with the City of Stockholm. Mässfastigheter is 50.4% owned by the corporate group. The remaining share is owned by the Stockholm Chamber of Commerce. During the year, Stockholms Stadshus AB acquired the City's share in AB Fortum Holding that is jointly owned with the City of Stockholm. The participating interest corresponds to 49.9%. The remaining share is owned by Fortum Oy.

The companies' operations are largely conducted within the City of Stockholm. The Group is part of and consolidated in the City of Stockholm Municipal Group, which is reported in the City of Stockholm's Annual Report.

The companies' operations

The subsidiaries operate in several areas for the benefit of the municipality's citizens. The operations encompass three municipal housing companies: AB Svenska Bostäder, AB Stockholmshem and 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. Furthermore, there is a property company that 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 building housing and commercial premises in Stockholm. In addition, Bostadsförmedlingen i Stockholm AB allocates apartments.

Companies operating in the field of infrastructure are Stockholm Vatten Holding AB, Stockholms Stads Parkerings AB, Stockholms Hamn AB and AB Stokab. In addition there are companies involved with events and culture, and in marketing Stockholm, such as Stockholms Stadsteater AB and Stockholm Business Region AB. Stockholm Stadshus AB has

two insurance companies operating within the Group: S:t Erik Försäkrings AB for non-life insurance and S:t Erik Livförsäkring AB to insure the Group's pension commitments.

Group operations and profit

Comparative figures in the preceding year for 2013 have been restated in accordance with the new accounting rules of BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3), which will take effect in 2014.

Profit

Net profit for the year after net financial items for the Group amounted to SEK 1,105 (2,008) million. Profit includes capital gains from sales during the year totalling SEK 809 (1,103) million net, and impairment losses totalling SEK -847 (reversal: 11) million, net.

Svenska Bostäder, Familjebostäder and Micasa sold properties that generated capital gains of slightly more than SEK 800 million. SISAB reported a capital gain of SEK 27 million arising in conjunction with the sale of property in the Fryshus area. Capital losses for the year amounted to SEK 25 million. SGA Fastigheter was one of the companies to report a capital loss,

totalling SEK -9 million, which arose in conjunction with the disposal of a building. Micasa and Stockholm Parkerings also reported capital losses totalling SEK 14 million. These losses were largely attributable to disposals due to refurbishment of facilities in the companies.

Impairment losses for the year amounted to SEK 1,015 million. The largest impairment loss amounted to SEK 1 billion and pertained to the Tele2 Arena that is part of SGA Fastigheter. At the same time, land that was intended to be divested was written up in equity in a corresponding amount. The reason for the impairment loss was that the Tele2 Arena, which has now been completed, is to be financed using planning permission, according to previous decisions made. The sale of the planning permission has been postponed. Stockholm Vatten recognised an impairment loss of SEK 15 million on an automated vacuum collection facility. In addition, there was a reversal of previously recognised impairment by Familjebostäder, Micasa and SISAB amounting to SEK 168 (11) million.

The Group's operating income amounted to SEK 13,550 (12,953) million. Income was higher than in the preceding year. Stockholm



Vatten Holding represented the largest increase in 2014, which was attributable to the company's acquisition of the assets and liabilities of the waste management operations from the City of Stockholm.

Operating expenses for the Group increased by SEK 1,673, which were largely due to higher costs for impairment losses. Furthermore, the item includes expenses for additional operations in the form of the full-year effect of the merger of Stadsteatern and Kulturhuset, and the half-year effect of the expenses of the new waste management Group in Stockholm Vatten. The profit from the sale of non-current assets declined compared with 2013. Profit from the sale of non-current assets was recognised as a single net item under expenses in the income statement. Costs for depreciation according to plan were SEK 187 (406) million higher than in the preceding year as a result of the companies' high levels of investment and the change to the new K3 rules.

Group net financial items decreased by SEK -153 (-75) million during the year. Interest expenses increased by SEK -148 (-76) million, while interest income remained largely unchanged at -6 (1) million. The increase in interest expenses is a

result of the companies' high investment volume.

The Group's tax expense amounted to SEK 372 (421) million. Net profit for the year for the Group amounted to SEK 733 (1,587) million.

Investments

The investment volume amounted to SEK 10,552 (8,730) million.

Investments during the year mainly comprise new housing production in the housing companies and the extensive improvement programme being carried out by all of the property companies. Svenska Bostäder, Familjebostäder and Stockholmshem's investments in new housing production and improvement projects amounted to a total of SEK 4.4 billion, corresponding to 42% of the corporate group's investment volume for the year.

During the year, the housing companies commenced work on 861 new apartments, which is lower than the target of 1,500 apartments. One of the reasons for these delays was the appeals during the planning and permit processes.

In the autumn, SISAB acquired Campus Konradsberg from Akademiska hus for an amount of SEK 2,048 million. Major refurbishments were carried out at

Högalid School and Kungsholmen Compulsory School during the year.

Stockholm Vatten doubled its investments compared with the preceding year. Investments amounted to slightly more than SEK 1,430 million. Of the total volume, almost SEK 900 million related to investments in pipe networks and wastewater treatment plants. Other investments pertained to the operations transfer of the waste management and surface water facilities from the Traffic Committee and the acquisition of biogas plants from Fordonsgas Stockholm AB.

During the year, Stockholms Hamnar continued the reconstruction of Värtahamnen and the modernisation of Kapellskär.

Financial position

Equity for the Group amounted to SEK 56,764 (48,486) million at year-end. The equity/assets ratio was 55% (55%).¹⁾

Parent company

Profit after financial items amounted to SEK 1,239 (3,647) million for the parent company. Profit included dividends of SEK 976 (3,372) million. There was a SEK 5 million decrease in net financial items in the parent company compared with the preceding year due to lower interest income.

Net profit for the year after tax amounted to SEK 979 (3,337) million.

Personnel

The average number of full-year employees (contracted time) in the Group amounted to 2,528 (2,392) during the year, of whom 1,466 (1,410) were men and 1,062 (982) were women. The number of employees in the Group has risen, which was due primarily to the City's waste management operations being acquired by Stockholm Vatten Holding. The number of employees in the parent company totalled six (six), of whom two were men and four were women.

Stimulans för Stockholm, Järvalyftet and Äldrelyftet

Through Stimulans för Stockholm, the Group's property companies in particular carried out significant initiatives between 2009 and 2013 in the form of increased housing construction and bringing forward improvement projects. Activities mainly focused on the City's Million Programme areas, schools and housing for the elderly. The companies also carried out far-reaching improvement measures based on Järvalyftet, Äldrelyftet and Vision Söderort. ►

¹⁾ For the multi-year review, see page 28.



The stimulus programme was phased out in 2014 and mainly comprised new housing production during the year. A total of slightly more than SEK 820 million was invested in the production of new apartments and energy enhancements mainly in the City's Million Programme areas.

Measures carried out in the companies' property portfolios are expected to generate improved net operating income and environmental benefits. The goal is to reduce the City's costs and generate value growth over the long term.

The companies invested SEK 15.3 billion in stimulus measures between 2009 and 2014.

Events during the year

In co-operation with the subsidiaries concerned, Stockholms Stadshus AB implemented the new accounting rules of BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3), which will take effect in 2014. The new regulations stipulate, for example, greater differentiation of depreciation periods, by placing new demands on the application of component depreciation.

During the year, the City's waste management was co-ordinated into a corporate form and is now a sub-group of Stockholm Vatten Holding. Following a decision by the

City Council in the spring of 2014, Stockholm Vatten Holding acquired the City's waste management operations on 1 July 2014.

At mid-year 2014, Stockholms Stadshus AB acquired the City's shareholding in the company Fortum Värme, which is jointly owned with the City of Stockholm, for an amount of SEK 7.5 billion. The acquisition took place through the issue of one share to the City and impacted both the balance sheet total and earnings in the corporate group.

The general election that took place in the autumn of 2014 resulted in a change of regime at both national level and in the City of Stockholm. The new majority in the City of Stockholm comprises a coalition between the Social Democrats, the Green Party, the Left Party and the Feminist Initiative.

In conjunction with the political shift in the City of Stockholm that took place in the autumn of 2014, the new majority decided to discontinue the conversions to tenant-owner housing that the Group's housing companies had carried out in accordance with the decision of the previous political majority in 2007. In 2014 up until the election, 667 tenants purchased their apartments from Svenska Bostäder and Familjebostäder.

Group Board of Directors

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 six female and three male deputy members.

During the year, the Group Board of Directors followed up the financial development, the companies' financial position and the companies' work regarding owner directives in the budget and four-month reports. The Group Board also received continuous reports and analyses regarding major projects.

In the autumn, the Group Board made implementation decisions regarding the Stockholms Framtida Avloppsrening infrastructure project for Stockholm Vatten Holding.

At the start of 2014, the Group Board approved Stockholm Vatten Holding's acquisition of the City's waste management operations.

During the year, the Group Board approved several major orientational decisions concerning the production of new apartments by the three housing companies. These decisions pertain to new housing production in the Kabelverket 2 and 7 block, Sandaletten in Älvsjö and Hornslandet in Norra Djurgårdsstaden, Årstastråket in Årsta, Magelungens strand,

Sunneplan and Dalarö in Farsta. The Group Board approved the implementation decision for the conversion to student housing in the Vallgossen block on Kungsholmen.

The Group Board approved SISAB's acquisition of Campus Konradsberg for school operations. The Board also approved the orientational decision for the construction of a new school in Norra Djurgårdsstaden and for Sjövik School in Årstadal.

Furthermore, the Group Board approved the acquisition by S:t Erik Markutveckling of three site leaseholds: Styckmästaren 3 and Hjälpstaktaren 9 in the Slakthuset area and Dikesrenen 18 in Västberga.

The City Council subsequently made a decision in 2014 and early 2015 regarding most of the projects.

Environmental report and environmental profile area

On the basis of the City's 2012–2015 environmental programme, the companies have drawn up their own environmental management plans describing the environmental impact of their own operations and their measures for goal attainment.

Several of the housing companies and Stockholms Hamnar have chosen to certify their environmental work.



Stockholms Hamnar conducts operations that require permits under the Swedish Environmental Code. The permit requirements concern the part of the Group's operations that comprise ports and loading and unloading quays that admit shipping traffic.

Stockholm Vatten's operations are dependent on activities subject to permit requirements that are conducted at plants, and the permits that restrict the use and control of untreated water. The company's environmental impact encompasses its impact on water in the Stockholm area, Lake Mälaren and the archipelago.

The City Council has decided that the City's technical administrations and companies are to collaborate on a number of environmental profile areas. All of the housing companies and some infrastructure companies are taking part in this work. The main aim of this activity is to reduce energy consumption and to proprietarily generate a certain amount of the heat and electricity used.

Future development

Investments in the corporate group will be at an elevated level over the next few years, focusing on new housing production and

infrastructure projects.

The production of new housing remains a priority. The City Council raised its level of ambition during the year to meet the need for apartments. The City's new focus for housing construction is 140,000 apartments by 2030, supplemented with a short-term target of 40,000 new homes by 2020.

During the year, the City Council made a decision on a number of housing production projects that will increase the production of new apartments by the City's housing companies. The housing companies are working hard to introduce new housing projects. Together, the companies are involved in projects encompassing approximately 10,000 apartments.

During the year, the City Council decided to implement the Stockholms Framtida Avloppsrening project. The aim is for wastewater from Bromma and the part of Stockholm connected to SYVAB to be rerouted to the Henriksdal treatment plant. The project is currently the Group's single largest project with an estimated investment expenditure of SEK 5.9 billion. The aim is for the project to give Stockholm one of the most modern treatment plants in the world.

The city development of the

Slakthuset area is continuing. Part of this work involves the planning and execution of the planning permission that will partially finance the new Tele2 Arena. An agreement of intent has been signed with IKEA/Ikano regarding establishment in the area. During the year, S:t Erik Markutveckling acquired companies with leaseholds in the Slakthuset area ahead of the forthcoming city development.

Other major projects include Stockholms Hamnar's expansion of the Värta Pier and the modernisation of port in Kapellskär.

The construction of a new port in Norvik, on which the City Council has made a decision, has been put on hold pending the ongoing examination of the terms and conditions in the Land and Environment Court.

Financial risks

The City of Stockholm's Finance Department is responsible for the financial operations of the Municipal Group. The Municipal Group's borrowing requirements are satisfied by way of a co-ordinated, centralised process.

All external loan financing and placement is managed centrally by the Finance Department and, instead of loans, companies have a limit in the City's Group account system.

The Municipal Group's finance policy sets out goals and guidelines for financing operations within the Municipal Group. This means that the Finance Department is responsible for the companies' interest rate risk in line with the established policy and the companies, in turn, are responsible for their investment decisions and capital structure. The policy also identifies the financial risks to which the Municipal Group is exposed, and how they should be managed. The risks are monitored continuously by a risk control function.

The Municipal Group raises loans primarily by making use of various market programmes directly on the financial market.

The City of Stockholm Municipal Group has a strong financial position and a very high credit rating. The credit rating is updated continuously by Standard & Poor's, and the City of Stockholm has the highest possible rating for short and long-term borrowing, A-1+ and AAA, respectively.

The corporate group's total loan portfolio amounted to SEK 50,181 million, gross, at year-end, an increase of SEK 6,427 million compared with the preceding year. The increase is due to a high investment volume. The strategy was revised ►



to meet new conditions since the Municipal Group's liabilities are now higher and continuing to increase given future investment requirements. The revision means that debt management will return to just one external debt portfolio, rather than two as previously, and borrowing will be limited to a maximum term for the entire debt portfolio.

At year-end, the average period of fixed interest for the Municipal Group's external debt portfolio was 3.0 (1.9) years. The target for the Municipal Group and the corporate group is 3.0 years with a permissible deviation interval of +/- 1.5 years.

In late 2012, the Riksdag decided on further restrictions to deductions for intra-Group interest payments. The Swedish Tax Agency subsequently issued written opinions in which it clarified its assessment of the interpretation of these restrictions. In light of these new regulations, the City of Stockholm has been engaged in dialogue with the Tax Agency since 2013 regarding whether interest expenses on loans from the City of Stockholm are tax deductible. In the 2013 and 2014 annual accounts, interest expenses were deemed to be fully tax deductible.

On 16 March 2015, the Tax Agency submitted responses regarding tax deductions for interest on intra-Group loans for the 2014

income year. In its response, the Tax Agency believes that the City's companies are not entitled to tax deductions for interest expenses on loans from its owner the City of Stockholm. The City of Stockholm and parent company Stockholms Stadshus AB will analyse the effects of the Tax Agency's opinion and provide proposals on measures to be taken.

Risk management

The City of Stockholm conducts systematic work to gain an overall view and co-ordination of the City's operations based on a risk and vulnerability perspective. All companies carry out their own risk and vulnerability analyses each year based on their operations. These analyses are compiled and an overall analysis is subsequently performed for the City as a whole.

The Group Management conducts continuous inspections regarding confidence risks within the companies. These inspections highlight any risks regarding policy work, internal control, finances, purchasing/procurement, letting, projects/maintenance, security, personnel, entertainment, benefits, media and communication, and IT, for example. Each area is commented on and proposals for improved control and/or risk management measures are presented.

In 2014, Group Management presented a report to the Group Board on the follow-up of confidence risks for the entire corporate group. The report shows that the companies manage risks well, while there are opportunities for development in certain Group-wide issues, for example, management of the City Council's policies and guidelines.

Appropriation of profit

Last year, the Annual General Meeting proposed a dividend of SEK 1,000 million to the City of Stockholm. The dividend was preliminary and a final decision on the dividend was taken by the City Council in connection with the second four-month report. This means that the City can waive or restrict the dividend if the economic situation allows. In 2014, the City Council decided that dividend should be limited to SEK 500 million for the year in question.

In 2014, the City Council decided on an extra dividend from the municipal housing companies on the basis of the annual accounts for 2012, in accordance with Sections 4 and 5:1 of the Swedish Municipal Housing Companies Act. The extra dividend amounted to SEK 950 million. In accordance with the City Council's decision, SEK 450 million was reserved for projects and measures

promoting integration and housing production pursuant to section 5:1 of the Swedish Municipal Housing Companies Act.

Extra dividends in previous years have been appealed. The Administrative Court and the Administrative Court of Appeal rejected the appeals of the City Council's 2012 decision regarding extra dividends on the basis of the 2011 accounts. In September 2014, the Supreme Administrative Court decided not to grant leave to appeal in this case.

The extra dividend decided on by the City Council in 2013 on the basis of the annual accounts for 2012 was approved by the Administrative Court and Administrative Court of Appeal, but is now subject to a review permit by the Supreme Administrative Court.

According to the County Administrative Board, which along with the National Board of Housing, Building and Planning is responsible for supervising all of the municipal housing companies' value transfers, the dividends decided on by the City are correct.

The dividend proposal is presented on page 55. The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 1,000 million.



PROPOSED APPROPRIATION OF PROFITS

GROUP

Group equity according to the consolidated balance sheet amounted to SEK 56,764.0 million.

PARENT COMPANY

At the disposal of the Annual General Meeting

Profit brought forward	SEK 15,902,731,699
Share premium reserve	SEK 7,499,900,000
Net profit for the year	SEK 978,900,734
Total	SEK 24,381,532,433

The Board of Directors proposes that the earnings be appropriated as follows:

Paid as dividends to shareholders, SEK 350.88 per share	SEK 1,000,000,000
To be carried forward	SEK 23,381,532,433
	SEK 24,381,532,433

Stockholm den 23 mars 2015



Karin Wanngård
Styrelseordförande



Anna König Jerlmyr
Vice ordförande



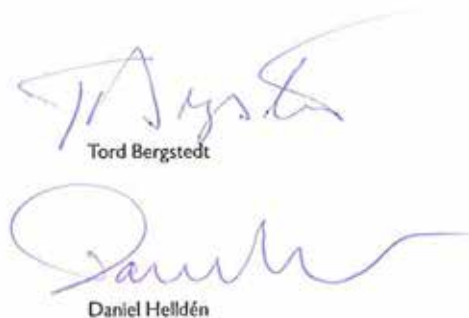
Per Ankersjö




Lotta Edholm



Anders Hellström



Tord Bergstedt



Daniel Helldén

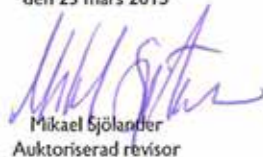


Ann Mari Engel



Emilia Bjuggren

Min revisionsberättelse har avgivits
den 23 mars 2015



Mikael Sjölander
Auktoriserad revisor



INCOME STATEMENT

January – December SEK million	Note	Group		Parent company	
		2014	2013	2014	2013
Operating income	3				
Net sales		12,769.4	12,280.1		
Work performed by the company for its own use and capitalised		118.2	80.0		
Other operating income		662.6	592.9	34.8	32.1
<i>Total operating income</i>		13,550.2	12,953.0	34.8	32.1
Operating expenses					
Raw materials and consumables		-345.2	-314.1		
Other external costs	4	-6,872.7	-6,538.0	-50.5	-48.9
Personnel costs	5	-1,863.0	-1,746.1	-22.7	-14.1
Depreciation/amortisation	6	-2,826.2	-2,639.3	-0.2	-0.2
Impairment losses	7	-847.0	11.0		
Profit from participations in associated companies	19	139.5	-9.5		
Profit from sale of non-current assets		808.5	1,103.1		
<i>Total operating expenses</i>		-11,806.1	-10,132.9	-73.4	-63.2
Operating profit/loss		1,744.1	2,820.1	-38.6	-31.1
Profit from participations in Group companies	8			976.4	3 372.0
Profit/loss from other securities		289.3	-37.5		
Interest income and similar profit/loss items	9	323.5	329.2	301.3	306.2
Interest expenses and similar profit/loss items	10	-1,251.6	-1,103.9		
Profit after financial items		1,105.2	2,007.9	1,239.1	3,647.1
Appropriations	11			-259.6	-273.5
Tax on net profit for the year	12	-372.3	-421.2	-0.6	-0.2
Net profit for the year		733.0	1,586.7	978.9	3,373.4
Attributable to Parent Company shareholders		725.3	1,578.8		
Attributable to minority shareholders		7.7	7.9		



BALANCE SHEET

SEK million	Note	Group		Parent company	
		31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 13
ASSETS					
Non-current assets					
Intangible assets	13	76.0	73.0		
Intangible assets					
		76.0	73.0		
Buildings and land	14	74,633.1	65,538.4		
Plant and machinery	15	6,052.5	5,551.1		
Equipment	16	508.6	519.8	0.6	0.8
Construction in progress	17	9,050.8	11,434.4		
Total property, plant and equipment		90,245.0	83,043.7	0.6	0.8
Financial assets					
Participations in Group companies	18			6,572.9	6,572.7
Receivables from City of Stockholm		230.0	180.0		
Receivables from associated companies		0.0	1.0		
Participations in associated companies	19	7,664.7	23.7	7,528.0	28.0
Other securities held as non-current assets	20	2,225.7	1,954.9		
Deferred tax asset	12	259.8	244.1		
Other non-current receivables		62.4	234.6		
Total financial assets		10,442.6	2,638.3	14,100.9	6,600.7
Total non-current assets		100,763.6	85,755.0	14,101.5	6,601.5
Current assets					
Inventories, etc.					
Raw materials and consumables		29.5	38.5		
Total inventories, etc.		29.5	38.5	0.0	0.0
Current receivables					
Accounts receivable – trade		543.6	470.8		18.4
Receivables from City of Stockholm		255.1	277.4	13,881.6	13,848.7
Receivables from subsidiaries				282.6	209.9
Receivables from associated companies		2.5	1.0		
Tax assets	12	373.3	461.9	109.5	110.3
Other receivables		339.5	276.8		0.3
Prepaid expenses and accrued income	21	371.5	402.8	0.4	0.2
Total current receivables		1,885.5	1,890.7	14,274.1	14,187.7
Other investments in securities, etc.		35.0	200.0		
Cash and cash equivalents					
Cash and bank balances		11.0	10.0	0.0	0.0
Total cash and cash equivalents		11.0	10.0	0.0	0.0
Total current assets		1,961.0	2,139.2	14,274.1	14,187.7
Total assets		102,724.6	87,894.2	28,375.6	20,789.2



BALANCE SHEET

SEK million	Note	Group		Parent company	
		31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 13
Equity and liabilities					
<i>Parent company's equity</i>					
Restricted equity					
Share capital, 2,850,001 shares				2,850.1	2,850.0
Restricted reserves				570.0	570.0
<i>Total restricted equity</i>				3,420.1	3,420.0
<i>Non-restricted equity</i>					
Profit brought forward				15,902.7	13,479.3
Share premium reserve				7,499.9	
Net profit for the year				978.9	3,373.4
<i>Total non-restricted equity</i>				24,381.5	16,852.7
Total equity				27,801.6	20,272.7
<i>Group equity</i>					
Share capital			2,850.1	2,850.0	
Other capital contributed			7,499.9		
Other equity incl. net profit for the year			46,373.6	45,605.8	
Equity attributable to Parent Company shareholders			56,723.6	48,455.8	
Minority interest			40.4	32.7	
Total equity			56,764.0	48,488.5	
<i>Provisions</i>		22			
Provisions for pensions			45.9	42.5	11.4
Provisions for pensions, S:t Erik Livförsäkring			1,795.4	1,566.7	6.8
Deferred taxes		12	1,853.7	1,893.9	
Other provisions			52.2	97.5	
<i>Total provisions</i>			3,747.2	3,600.6	11.4
<i>Non-current liabilities</i>					
Liabilities to City of Stockholm					
Other non-current liabilities			18.4	39.8	
<i>Total non-current liabilities</i>		23	18.4	39.8	0.0
<i>Current liabilities</i>					
Accounts payable			1,773.4	1,744.2	1.2
Advance payments from customers			6.4	6.7	4.3
Liabilities to Group companies				532.7	492.3
Liabilities to City of Stockholm			37,358.9	30,718.4	14.2
Current tax liabilities		12	215.8	144.8	7.3
Other current liabilities			487.8	638.8	0.6
Accrued expenses and deferred income		24	2,352.7	2,512.4	2.2
<i>Total current liabilities</i>			42,195.0	35,765.3	2.5
Total provisions and liabilities			45,960.6	39,405.7	574.0
Total equity and liabilities			102,724.6	87,894.2	28,375.6
Memorandum items					
<i>Pledged assets</i>			none	none	none
Contingent liabilities		25	76.1	77.8	none



STATEMENT OF CHANGES IN EQUITY

SEK million	Share capital	Other capital contributed	Other equity incl. net profit for the year	Total	Minority interest	Total equity
GROUP						
Closing balance 31 December 2012	2,850.0	0.0	45,919.1	48,769.1	0.0	48,769.1
Dividend			-1,900.0	-1,900.0		-1,900.0
Net profit for the year according to adopted 2013 Annual Report			1,050.3	1,050.3	0.0	1,050.3
Effect of change of accounting policies (K3), see Note 30			536.4	536.4	32.7	569.1
Closing balance 31 December 2013	2,850.0	0.0	45,605.8	48,455.8	32.7	48,488.5
Non-cash issue	0.1	7,499.9		7,500.0		7,500.0
Dividend			-950.1	-950.1		-950.1
Write-ups			1,000.1	1,000.1		1,000.1
Reversal of intra-Group profits			-41.2	-41.2		-41.2
Changed participating interest in subsidiaries			33.6	33.6		33.6
Net profit for the year			725.3	725.3	7.7	733.0
Closing balance 31 December 2014	2,850.1	7,499.9	46,373.6	56,723.6	40.4	56,764.0

SEK million	Share capital	Restricted reserves	Share premium reserve	Non-restricted equity	Net profit for the year	Total equity
PARENT COMPANY						
Closing balance 31 December 2012	2,850.0	570.0		14,042.0	1,337.3	18,799.3
Allocation of profit				1,337.3	-1,337.3	0.0
Dividend				-1,900.0		-1,900.0
Net profit for the year					3,373.4	3,373.4
Closing balance 31 December 2013	2,850.0	570.0		13,479.3	3,373.4	20,272.7
Non-cash issue	0.1	0.0	7,499.9			7,500.0
Allocation of profit				3,373.4	-3,373.4	0.0
Dividend				-950.0		-950.0
Net profit for the year					978.9	978.9
Closing balance 31 December 2014	2,850.1	570.0	7,499.9	15,902.7	978.9	27,801.6

The share capital consists of 2,850,001 shares.



CASH FLOW STATEMENT

SEK million	Note	Group		Parent company	
		2014	2013	2014	2013
Operating activities					
Profit after net financial items	26	1,105.3	2,007.9	1,239.1	3,647.1
Adjustment for non-cash items	27	3,807.1	1,459.5	4.8	3.6
Net loss from sale of non-current assets		-834.3	-1,103.2		
Income tax paid		-268.6	-513.0	-0.5	-9.5
Cash flow from operating activities before change in working capital		3,809.5	1,851.2	1,243.4	3,641.2
Change in inventories and work in progress		9.1	-1.3		
Change in current receivables		-83.4	27.7	0.5	3.4
Change in current liabilities		-42.2	257.0	12.8	-12.1
Cash flow from operating activities		3,693.0	2,134.6	1,256.7	3,632.5
Investing activities					
Acquisition of intangible assets		-2.7	-4.8		
Acquisition of financial assets			-208.8	-0.2	-28.0
Investments in securities, etc.			200.0		
Acquisition of properties	28	-2,421.3	-371.6		
Investment in constructions in progress		-7,819.9	-7,460.2		
Acquisition of other property, plant and equipment		-45.5	-38.5		
Payments received from the sale of non-current assets		1,295.5	1,960.0		
Change in non-current receivables		-147.6	-19.0		
Cash flow from investing activities		-9,141.5	-5,923.9	-0.2	-28.0
Financing activities					
Repayment of debt		-21.4	-0.2		
Group contribution				-273.5	-229.1
Dividend paid		-950.1	-1,900.0	-950.0	-1,900.0
Cash flow from financing activities		-971.5	-1,919.2	-1,223.5	-2,129.1
Cash flow for the year		-6,420.0	-5,708.5	33.0	1,475.4
Cash and cash equivalents at beginning of year		-29,611.4	-23,902.9	13,847.7	12,372.3
Cash and cash equivalents at year-end		-36,031.4	-29,611.4	13,880.7	13,847.7
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 and amounts to:		36,042.4	29,621.4	13,880.7	13,847.7
		11.0	10.0		
		36,031.4	29,611.4		



NOTES

NOTE 1 ACCOUNTING AND VALUATION POLICIES

From the 2014 financial year, Stockholms Stadshus AB prepared its Annual Report and consolidated financial statements by applying the Swedish Annual Accounts Act and general advice BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3) issued by the Swedish Accounting Standards Board. The Swedish Annual Accounts Act, the general advice issued by the Swedish Accounting Standards Board and the Swedish Financial Accounting Standards Council's recommendations RR1 Consolidated accounts, RR7 Cash flows, RR15 Intangible assets and RR24 Investment properties were previously applied. The transition took place in accordance with the provisions of Chapter 35 of K3, which state that comparative figures for 2013 are to be restated and restated comparative figures are to be presented in all accounts and Notes. The effects of the transition are described in Note 30.

Consolidated financial statements

The consolidated financial statements include subsidiaries in which Stockholms Stadshus AB, directly or indirectly, holds more than 50% of the votes or has a controlling influence in some other manner. The consolidated financial statements have been prepared in accordance with acquisition accounting, whereby the subsidiaries' equity at the time of the acquisition, determined as the difference between the fair value of assets and liabilities, is eliminated in its entirety. Accordingly, Group equity only includes the portion of the subsidiaries' equity that arose after the acquisition. The acquisition date is the date on which the controlling influence is obtained.

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. If, instead, 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 recognised as negative goodwill on consolidation under "other provisions." Negative goodwill that can be attributed to expected future losses and costs is recognised in profit or loss in the same financial year as these losses and costs are recognised. The portion of the provision that does not exceed the fair value of the acquired identifiable non-monetary assets is dissolved in the income statement over a period calculated as the remaining weighted average useful life of the assets that are subject to depreciation. The portion of the provision that exceeds the fair value of the acquired identifiable non-monetary assets is recognised in the income statement during the financial year.

Companies acquired during the year are included in the consolidated financial statements in the amount relating to the period after the acquisition. They are deconsolidated from the date that control ceases. The minority share of expected net assets are measured at fair value. Net

profit for the year is presented in the consolidated income statement including the minority share. The amount of net profit for the year attributable to the minority share is stated in disclosures on the income statement. The minority share in subsidiaries' capital is recognised as a separate item under "equity" in the consolidated balance sheet. The parent company applies the same accounting policies as the Group.

Transactions between Group companies are eliminated in their entirety from the consolidated financial statements.

Group contributions

Both Group contributions received and paid are recognised as appropriations in the income statement.

Recognition of associated companies

Companies that are not subsidiaries, but in which Stockholms Stadshus AB, directly or indirectly, holds at least 20% of the votes or in some other way holds a significant influence, are considered associated companies. Participations in associated companies are recognised in the consolidated financial statements in accordance with the equity method. Participations in associated companies are recognised at cost, with adjustment for the Group's share of changes in the associated company's net assets, including goodwill (after deductions for accumulated amortisation). The Group's share of the associated company's profit is recognised in the consolidated income statement. Undistributed accumulated profit shares attributable to associated companies are recognised in the consolidated balance sheet as an equity method reserve under restricted reserves. Unrealised intra-Group profits are eliminated against the share of profits relating to the Group.

Income

Sales of goods are recognised when the significant risks and benefits are transferred from the seller to the buyer. For service assignments, income attributable to a performed service assignment is recognised as income in line with the work being performed and the materials being delivered or consumed. Rental income is recognised in the period to which it relates. Income is reported net after VAT and discounts. Intra-Group sales are conducted at normal prices.

Government subsidies

Stockholms Stadsteater AB 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 to the Swedish Arts Council. The subsidy is paid quarterly in advance and the company distributes it so that it is recognised as income per month. The housing companies are entitled to investment subsidies for certain new production in accordance with prior



regulations. For further information, see the Annual Report of the respective subsidiary.

Borrowing costs

The main principle is that no borrowing costs are capitalised while non-current assets are being manufactured and instead they are charged to the period to which they are attributable. Borrowing costs may be capitalised during the construction period for major infrastructure projects. All new loans are handled by 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 and changes in deferred tax. All tax liabilities/assets are measured at nominal amounts in accordance with the tax regulations and rates which have been established or have been announced and are very likely to take effect. Tax effects from items recognised in the income statement are reported in the income statement. Tax effects from items recognised directly against equity are recognised against equity.

Deferred tax is calculated on all temporary differences arising from carrying amounts and tax bases of assets and liabilities. Temporary differences have primarily arisen due to the fact that the depreciation of properties is carried out at different amounts in the accounts than those permissible for tax purposes. Deferred tax assets relating to loss carry-forwards or other future tax deductions are recognised to the extent it is likely that the deduction can be settled against a future taxation surplus. Deferred tax liabilities relating to temporary differences in investments in subsidiaries and associated companies are not recognised in the consolidated financial statements since the parent company can always control the date for reversing the temporary differences, and it is not deemed likely that such a reversal will be made in the foreseeable future. The deferred tax liability for untaxed reserves is recognised in the parent company as part of the untaxed reserves. Receivables and liabilities are recognised net only when a legally enforceable right for offsetting exists.

Financial instruments

The financial instruments recognised in the consolidated balance sheet comprise securities, accounts receivable and other receivables, investments in securities, accounts payable and loans. The instruments are recognised in the balance sheet when Stockholms Stadshus AB becomes party to the contractual terms of the instrument. Financial assets are derecognised from the balance sheet when the rights to receive cash flows from the investments have expired

or have been transferred and the Group has transferred substantially all risks and rewards of ownership of the asset. Financial liabilities are derecognised from the balance sheet when the obligations in the contract are met or extinguished in another manner.

Stockholms Stadshus AB has decided to recognise financial instruments at cost in accordance with Chapter 11 of K3. Financial instruments are initially recognised at cost except for accounts receivable and other receivables that are recognised at the amount at which they are expected to be received less individually assessed doubtful receivables. Receivables that are interest-free or accrue interest that deviates from the market interest rate and have a term of more than 12 months are recognised at a discounted present value and the change in value over time is recognised as interest income in the income statement.

In the following valuation, investments in securities are valued in accordance with the lowest value principle at the lowest of cost and market value, and other securities held as non-current assets are valued at cost, taking into account any impairment requirements.

All external borrowing and all investments are managed centrally by the City of Stockholm's Finance Department. Instead of loans, companies have a limit in the City's Group account system. The City Council adopts a finance policy that applies to the entire Municipal Group. The Board of Stockholms Stadshus AB adopts a finance policy for the corporate group each year, which is subsequently adopted by all of the companies in the Group. This means that the Finance Department is responsible for the companies' interest rate risk and the companies, in turn, are responsible for their investments and capital structure.

Tests are performed on every balance-sheet date to determine whether any indications that the financial assets require impairment. Impairment losses are recognised if the decline in value is deemed to be permanent. All loans have the City of Stockholm as the counterparty. Loans are part of the City of Stockholm's Group account system. There are no interest rate swaps or similar in the Group.

Inventories

Inventories are measured at the lower of cost and net selling price on the balance-sheet date applying the first-in/first-out principle. For raw materials, all expenses that are directly attributable to the acquisition of the materials are included in the cost. Most of the inventories comprise piping used in the water supply and sewage operations of Stockholm Vatten Holding AB.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment. Cost includes expenses directly attributable to the



acquisition of the asset. Property, plant and equipment are systematically depreciated over the asset's useful life. The Group's land has an unlimited useful life and is not depreciated. Straight-line depreciation is the method used for other types of property, plant and equipment.

The following depreciation periods apply:

Buildings	25–100 years
Building equipment	3–50 years
Plant and machinery	3–50 years
Equipment, tools, fixtures and fittings	5 years

When a component of a non-current asset is replaced, any remaining parts of the old component are scrapped and the cost of the new component is capitalised. Additional expenses pertaining to the asset that are not divided into components are added to the cost to the extent that the performance of the asset increases in relation to the value of the asset on the acquisition date. Expenses for ongoing repairs and maintenance are recognised as costs. Properties not used by Group companies, and which are held for long-term leasing, are classified as buildings held for investment purposes in the consolidated financial statements, see Note 14.

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

Intangible assets

Intangible assets are recognised at cost less accumulated depreciation and impairment. The expense model is applied in the consolidated financial statements for internally accrued intangible assets.

Amortisation takes place straight-line over the estimated useful life. The amortisation period for previously capitalised proprietary intangible assets amounts to 3–5 years and the amortisation period for leaseholds is 50 years.

Impairment of non-financial assets

When there is an indication that the value of an asset has declined, the recoverable amount is calculated, which is the highest of the value in use and fair value, less selling expenses. If the asset's recoverable amount is lower than the carrying amount, the carrying amount is impaired to the recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which a separate cash flow can be identified (cash-generating units). Prior impairments of assets (other than goodwill) are reviewed for possible reversal at each balance-sheet date.

Lease agreements

Lease agreements that entail that the financial risks and benefits of ownership of an asset are essentially transferred from the lessor to one of

the Group's companies are classified in the consolidated financial statements as financial lease agreements. Financial lease agreements entail that rights and obligations are recognised as assets and liabilities, respectively, in the balance sheet. Assets and liabilities are initially recognised as at the lowest of the asset's fair value and the present value of minimum leasing payments. Expenses directly attributable to the lease agreement are added to the value of the asset. Leasing payments are specified by interest and amortisation according to the effective interest method. Variable fees are recognised as an expense in the period in which they arise. The leased asset is depreciated on a straight-line over the estimated useful life.

Lease agreements where the financial risks and benefits attributable to the lease object essentially remain with the lessor are classified as operating lease agreements. Payments, including the first increased rent, according to these agreements are recognised as a cost straight-line over the lease term.

Provisions

Provisions are established when a legal or informal commitment exists and the amount can be estimated reliably. Commitments that can be expected to be settled after more than 12 months are calculated at present value. The increase in provisions attributable to the passage of time is recognised as interest expenses.

Receivables, liabilities and provisions

Unless otherwise stated above, current receivables are recognised at the lowest of their cost and the amounts with which they are expected to be settled. Non-current receivables and non-current liabilities are measured at amortised cost after initial recognition. Other liabilities and provisions are recognised at the amounts with which they are expected to be settled. Other assets are recognised at cost, unless otherwise indicated.

Remuneration of employees

Current remuneration in the Group comprises salary, social security contributions, holiday pay and paid sick leave. Current remuneration is recognised as a cost and a liability when there is a legal or informal commitment to pay remuneration.

The majority of the companies in the Stockholms Stadshus AB Group have their pension commitments insured with S:t Erik Livförsäkring, which is tasked with co-ordinating and structuring the management of pensions in the corporate group. The agreements insured are KAP-KL (formerly PFA), PA-KFS and PA-KL. The commitments insured by S:t Erik Livförsäkring AB are recognised under "provisions for pensions." In addition, individual Group companies may recognise separate pension commitments in accordance with the Act on Safeguarding of Pension Commitments



(1967:531). These provisions refer in particular to pension commitments that have not been insured, such as collective agreement occupational pensions. Consequently, the Group's pension provisions are divided into two items under provisions.

Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. The recognised cash flow only includes transactions that involve payments received or made. In addition to cash and bank balances, the term cash and cash equivalents includes balances at the Finance Department of the City of Stockholm Municipal Group. All cash and cash equivalents can be used on behalf of the Group.

Transparency Directive

The Swedish Act on Transparency for Certain Financial Obligations etc. came into force on 1 January 2006. The act places certain demands on accounting in publicly owned companies through requirements for open, separate accounting. The aim of the act is to implement the European Commission's Directive – the Transparency Directive – in Swedish law to counteract unfair competition. The subsidiaries within the Group deemed to be encompassed by the Directive are Stockholms Hamnar, Stokab and Stockholm Parkering. These companies submit information in connection with their respective Annual Reports.

Other disclosures

Income from the sale of properties is normally to be recognised on the date of occupancy. Expenditure associated with the sale is to be calculated and recognised on the same date.

NOTE 2 ESTIMATES AND ASSESSMENTS

Stockholms Stadshus AB makes estimates and assessments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below.

The Boards and Managing Directors are responsible for continuously monitoring all major projects and investments. Both the corporate group and the City's administrations are to follow the investment strategy decided by the City Council. New property production projects are continuously valued by the property companies based on a market assessment of the operations in question. This means that major changes in the property market can have a significant impact on, for example, new housing production projects.

The new K3 rules applied from 2014 mean that the Group needs to more specifically differentiate its depreciation periods, depending on the components that will be applied.

Most of the Group's subsidiaries have property, plant and equipment in the form of property and infrastructure. Properties are included in property, plant and equipment and comprise many different significant components. Stadshus AB and its relevant subsidiaries have jointly defined principle standpoints and the components and depreciation periods to be applied from 2014.

The various components are used to different extents by the different companies depending on the type of operations, buildings, year of construction/refurbishment and tenant in the property portfolio of each company. The housing companies have the most components, while the infrastructure companies require fewer components.



SUPPLEMENTARY DISCLOSURES

NOTE 3 OPERATING INCOME

SEK million	Group		Parent company	
	2014	2013	2014	2013
Rents and lease income	9,312.8	9,111.5		
Invoiced sales	3,374.2	3,088.5	34.8	32.1
Fees	82.2	80.2		
Government subsidy	53.9	51.3		
Work performed by the company for its own use and capitalised	118.3	80.0		
Other operating income	608.8	541.5		
Total operating income	13,550.2	12,953.0	34.8	32.1
of which sales to the City of Stockholm	3,035.7	3,039.7	0.3	1.7
of which sales to Group companies			29.8	28.1

Of the companies' total sales, the property companies account for 69%, mainly in the form of rental and lease income. In 2014, rental income increased by SEK 285 million in the housing companies, Micasa and SISAB.

Invoiced sales increased compared with the preceding year. Stokab, Stockholm Vatten Holding and Stockholm Parkering accounted for the increase in sales income.

Stockholm Vatten accounted for the largest increase, due to the company acquiring the waste management operations from the City of Stockholm from mid-2014.

Stockholms Stads Stadsteater receives a government subsidy for its operations.

Of other operating income, SEK 114 (105) million was attributable to SISAB. The amount comprised insurance compensation of SEK 38 (23) million, as well as remuneration from the City of Stockholm for specific work such as operational adaptations to premises and ventilation work, etc. totalling SEK 76 (82) million.

Stockholm Business Region's other operating income amounted to SEK 131 (133) million, of which SEK 108 (110) million consisted of remuneration from the City. The remaining income related to external partners.

Stockholm Vatten's other operating income amounted to SEK 211 (147) million. The largest items referred to income for special works, the sale of heat from wastewater to the Hammarby plant and remuneration for handling industrial waste. During the year, the company dissolved a provision, which increased operating income by SEK 48 million.

The housing companies' other income totalled SEK 139 (127) million. A large portion of these services comprised sales and further invoicing for refuse collection, heating, water and communication services.

NOTE 4 OTHER EXTERNAL COSTS

SEK million	Group		Parent company	
	2014	2013	2014	2013
Remuneration to auditors includes the following:				
Ernst & Young				
Audit engagement	4.7	4.9	0.2	0.1
Auditing in addition to audit engagement	1.4	2.1	0.4	1.7
Tax consultancy services	1.7	2.3		
Other services	0.9	3.7		
Total remuneration to auditors	8.7	13.0	0.6	1.8

The Group companies' purchases from the City of Stockholm amounted to SEK 738.4 (691.8) million. Sales by the City of Stockholm to the Group companies totalled SEK 3,035.7 (3,039.7) million.

Parent company purchases from other Group companies amounted to SEK 3.7 (2.1) million and purchases from the City of Stockholm amounted to SEK 26.7 (14.3) million.

**NOTE 5 PERSONNEL**

SEK million	Group		Parent company	
	2014	2013	2014	2013
Average no. of employees	2,528	2,392	6	6
Of whom men, %	58.0	59.0	30.0	30.0
<i>Wages, salaries, other remuneration and social security costs</i>				
Board of Directors and Managing Director				
Managing Director,				
Deputy Managing Director	35.9	35.8	8.3	2.0
Social security costs	26.3	20.6	6.9	3.9
of which pension costs	14.7	9.7	4.8	3.4
Other employees	1,159.4	1,099.9	4.7	4.8
Social security costs	589.5	557.8	2.7	1.4
of which pension costs	179.7	169.6	1.7	0.9
<i>Total wages, salaries and other remuneration</i>	1,195.3	1,135.7	12.9	6.8
Social security costs	615.8	578.4	9.6	5.8
of which pension costs	194.4	179.3	6.5	4.3

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 in the Group and there are no bonus or incentive systems.

Parent company

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 six female and three male deputy members. The Chairman was paid SEK 69,000 (70,000) and the Vice Chairman SEK 55,000 (56,000) in remuneration.

The Managing Director of the parent company is also the Deputy Chief Executive Officer of the City of Stockholm and is paid solely by the City. The Deputy Managing Director has the same terms of employment as the City's chief administrative officers. These terms entail permanent employment with the entitlement to pension benefits according to the KAP-KL pension plan 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 receive no supplementary salary. They have pension entitlements in accordance with the PA-KFS or PFA/KAP-KL pension plans.

Remuneration and other benefits during the year (in SEK thousand)

Irene Svenonius, Managing Director, parent company, until 20 October 2014 and Ingela Lindh, Managing Director, parent company, from 21 October 2014 are paid by the City of Stockholm.

Per Blomstrand, Deputy Managing Director until 31 December 2014

Basic salary: 1,796 (1,735)

Pension provision and contingent liability 11,438 (6,764)

KAP-KL pension age from 60

Severance pay 6,233

Group employees

Compared with the preceding year, the number of employees in the Group (average number of full-year employees, actual hours worked) is increasing, and amounted to 2,222 (2,128) at year-end. Of these, 1,323 were men. Among the men, 50% were aged 52 or over, while the corresponding figure for women was 41%. A contributing factor to the increase in the number of employees was the full-year effect of the merger of Kulturhuset into the company Stockholms Stadsteater. During the year, Stockholm Vatten Holding took over the City's waste management operations and that also means that the number of employees in the corporate group increased.

Of the total annual work time within the Stockholms Stadshus AB Group, the number of hours worked, i.e. time present at work, represented 81.6%. Holiday represented 9.4%, sick leave 3.5%, parental leave 2.7% and the remainder was other leave.

Total sick leave remained at a low level, 4.2% (3.3%) of regular working hours, and increased somewhat compared with the preceding year.

Long-term sick leave (at least 60 days) accounted for 41% of total sick leave, which is on a par with the level in the preceding year. Short-term sick leave (one to 14 days) accounted for 47% of total sick leave.

Information about the age distribution and sick leave for personnel, for example, is presented on page 21.

Group pension plans

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

PFA is a pension plan for municipal and County Council employees comprising a defined-contribution old-age pension and a defined-benefit supplementary old-age pension.

KAP-KL is a defined-contribution old-age pension with a supplementary defined-benefit addition. KAP-KL replaced PFA in 2006. The transition regulations are complicated and will impact the Group's results for a number of years.

PA-KFS is similar to an ITP occupational pension plan for employees of municipal companies. It primarily includes a defined-benefit old-age pension, a supplementary old-age pension and a survivor pension.



NOTE 6 AMORTISATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

SEK million	Group		Parent company	
	2014	2013	2014	2013
Intangible assets				
Capitalised development expenditure 20–33%	-16.8	-18.7		
Leaseholds 20%				
<i>Total</i>	-16.8	-18.7	0.0	0.0
Property, plant and equipment				
Buildings and land 2–20%	-2,458.1	-2,278.6		
Plant and machinery 2–33%	-283.4	-270.8		
Equipment 2–33%	-67.9	-71.2	-0.2	-0.2
<i>Total</i>	-2,809.4	-2,620.6	-0.2	-0.2
Total depreciation/amortisation	-2,826.2	-2,639.3	-0.2	-0.2

NOTE 7 IMPAIRMENT LOSSES FOR THE YEAR AND REVERSALS OF PREVIOUS YEARS' IMPAIRMENT LOSSES ON PROPERTY, PLANT AND EQUIPMENT AND FINANCIAL ASSETS

SEK million	Group		Parent company	
	2014	2013	2014	2013
Property, plant and equipment				
Buildings and land	-847.0	11.0		
Construction in progress				
Equipment				
Total impairment losses	-847.0	11.0	0.0	0.0

2014

SGA Fastigheter: Impairment of SEK -1,000 million on the Tele2 Arena due to reclassification to land.

Stockholm Vatten Holding recognised an impairment loss of SEK -15 million pertaining to impairment of an automated vacuum collection facility at Strömkajen quay.

Familjebostäder: Reversal of previous impairment losses totalling SEK 104.5 million in Hemmahamnen Kontor and Hemmahamnen Bostad.

SISAB: The reversal of previous impairment losses amounted to SEK 2 million. The reversals were attributable to Kvarnpigan 2, Knutby School.

Micasa: The reversal of prior impairment losses amounting to SEK 61.5 million. Large reserves were established for Svanholmen 1 (SEK 25.0 million), Bygeln 5 (15.0 million), Fästmansoffan 1 (SEK 8.7 million) and Tvättstugan 1 (5.7 million). The remaining reversals pertained to Spetskålen 65, Guldbroöllopsminnet 1 and Grötlunken 2.

NOTE 8 DIVIDENDS FROM SUBSIDIARIES

Dividends from subsidiaries were as follows: Svenska Bostäder SEK 344.1 (1,351.0) million, Familjebostäder SEK 501.7 (1,506.4) million, Stockholms-hem SEK 126.9 (511.6) million and Stockholm Vatten Holding SEK 3.7 (3.1) million.

NOTE 9 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

SEK million	Group		Parent company	
	2014	2013	2014	2013
Interest	323.5	329.1	301.3	306.2
Interest subsidies				
Other		0.1		
<i>Total</i>	323.5	329.2	301.3	306.2
Of which from the City of Stockholm	308.7	315.8	301.3	305.5

The parent company accounts for the majority of the Group's interest income.

NOTE 10 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

SEK million	Group		Parent company	
	2014	2013	2014	2013
Interest	-1,250.9	1,103.0	–	–
Other	-0.7	-0.9	–	–
<i>Total</i>	-1,251.6	1,103.9	–	–
Of which to the City of Stockholm	-1,250.5	-1,142.4		

NOTE 11 APPROPRIATIONS

SEK million	Parent company	
	2014	2013
SEK million	258.7	205.1
Group contribution received	-518.3	-478.6
<i>Total</i>	-259.6	-273.5

**NOTE 12 TAXES**

SEK million	Group		Parent company	
	2014	2013	2014	2013
<i>Information regarding taxes in the income statement</i>				
Current tax rate, %	22.0	22.0	22.0	22.0
<i>Current tax</i>				
Recognised profit before tax	1,105.3	2,007.9	979.5	3,373.6
Tax according to current tax rate	-243.2	-441.7	-215.4	-742.1
Tax effects of expenses which are not tax deductible	-509.0	-4.7		
Tax effects of profit-related Group adjustments	0.2	0.3		
Tax effect of consolidated capital gains		9.0		
Tax effect of untaxed reserves	-106.2	-11.8		
Tax effect of income which is not liable for tax	482.7	13.9	214.8	741.9
Utilised, previously unrecognised loss carry-forwards	1.9	5.1		
Current tax, earlier years	0.1	1.0		
Effect of changed tax rate				
Operations exempt from income tax (S:t Erik Livförsäkring AB)	1.5	7.8		
Recognised tax expense	-372.3	-421.2	-0.6	-0.2
<i>Information regarding taxes in the balance sheet</i>				
Current tax assets	373.3	461.9	109.5	110.3
Current tax liabilities	-215.8	-144.8	-0.6	-0.2
<i>Deferred tax assets</i>				
Difference between taxable/accounting values of properties	187.8	-166.6		
Non-taxable provisions	2.3	2.6		
UER investments 93/94	30.0	32.0		
Mortgage item	39.7	42.9		
Contingent property sales				
Total deferred tax assets	259.8	244.1	0.0	0.0
<i>Deferred tax liabilities</i>				
Deferred tax surplus values	-139.5	-191.1		
Untaxed reserves	-1,613.6	-1,673.5	0.0	0.0
Other deferred tax liabilities	-100.5	-29.3		
Total deferred tax liabilities	-1,853.7	-1,893.9	0.0	0.0

NOTE 13 INTANGIBLE ASSETS

SEK million	Group		Parent company	
	2014	2013	2014	2013
Capitalised development expenditure				
Opening cost	163.6	157.5		
Acquisitions for the year	2.7	4.8		
Reclassifications	17.1	1.4		
Disposals		-0.1		
Closing cost	183.4	163.6	0.0	0.0
Opening amortisation	-91.4	-72.9		
Amortisation for the year	-16.8	-18.7		
Disposals		0.1		
Closing amortisation	-108.2	-91.4	0.0	0.0
Closing net value	75.2	72.2	0.0	0.0
Leaseholds				
Opening cost	27.6	27.6		
Disposals				
Closing cost	27.6	27.6	0.0	0.0
Opening amortisation	-26.8	-26.8		
Closing amortisation	-26.8	-26.8	0.0	0.0
Closing net value	0.8	0.8	0.0	0.0
Goodwill				
Opening cost	23.3	23.3		
Closing cost	23.3	23.3	0.0	0.0
Opening amortisation	-21.2	-21.2		
Closing amortisation	-21.2	-21.2	0.0	0.0
Opening impairment losses	-2.1	-2.1		
Closing impairment losses	-2.1	-2.1	0.0	0.0
Closing net value	-0.0	-0.0	0.0	0.0
Total intangible assets	76.0	73.0	0.0	0.0



NOTE 14 BUILDINGS AND LAND

SEK million	Group		Parent company	
	2014	2013	2014	2013
Buildings				
Opening cost	84,337.5	78,547.9		
Acquisitions for the year	874.9	379.7		
Sales/disposals	-626.0	-692.6		
Reclassifications	8,475.6	6,102.4		
Closing cost	93,062.0	84,337.5	0.0	0.0
Opening depreciation	-23,515.3	-21,363.7		
Depreciation for the year	-2,458.1	-2,280.2		
Sales/disposals	196.6	170.4		
Reclassifications	-162.1	-41.8		
Closing depreciation	-25,938.9	-23,515.3	0.0	0.0
Opening write-ups	393.4	546.2		
Write-ups for the year	-3.6	-5.6		
Sales/disposals		-21.1		
Reclassifications		-126.1		
Closing write-ups	389.8	393.4	0.0	0.0
Opening impairment losses	-1,651.1	-1,656.6		
Impairment losses for the year	24.7	-2.5		
Reversal of impairment	139.0	13.5		
Sales/disposals	20.1			
Reclassifications	93.0	-5.5		
Closing impairment losses	-1,374.3	-1,651.1	0.0	0.0
Closing net value, buildings	66,138.7	59,564.5	0.0	0.0
Land				
Opening cost	5,973.9	5,871.4		
Acquisitions for the year	1,546.3	126.2		
Sales/disposals	-28.3	-23.6		
Reclassifications	2.4	0.0		
Closing cost	7,494.4	5,973.9	0.0	0.0
Opening write-ups				
Write-ups for the period	1,000.0			
Closing write-ups	1,000.0	0.0	0.0	0.0
Opening impairment losses				
Reversal of prior impairment losses				
Closing impairment losses	0.0	0.0	0.0	0.0
Closing net value, land	8,494.4	5,973.9	0.0	0.0
Tax assessment value of buildings	46,775.7	45,121.2		
Tax assessment value of land	28,404.1	29,477.5		
Fair value	134,913.9	129,900.0		
Carrying amount	58,192.9	53,258.1	0.0	0.0

Impairment losses for the year and reversals of previous years' impairment losses are recognised in Note 7.

Fair value is calculated as follows:

Svenska Bostäder: Internal valuation of property portfolio. Analysis based on current property market information based on a valuation model developed by Datcha. External appraisers have reviewed a representative selection of internally valued properties. An external valuation was conducted for Vällingby City.

Familjebostäder: Portfolio valuation carried out by external, independent valuation companies.

Stockholms hem: Portfolio valuation carried out by external, independent valuation companies.

Micasa: Portfolio valuation carried out in consultation with external, independent valuation companies.

The valuations of the housing companies' property holdings have been calibrated and co-ordinated on the basis of selected valuation principles and reviewed by external appraisers.

SISAB: Internal yield assessment based on the recoverable amount.

Stockholms Hamnar: Valuation carried out by external, independent valuation company, based on market value.

Compilation of buildings held for investment purposes

SEK million	2014	2013
Of the values for buildings and land above, the following net values refer to buildings held for investment purposes:		
Income	58,192.9	53,258.1
Operating costs	4,675.2	4,633.2
Other expenses	-3,099.6	-3,100.5
Financial expenses	-781.4	-703.4
	-320.1	-241.4
Profit	474.2	588.0

Information on government subsidies

Government subsidies included in income

Interest subsidies included in financial income

**NOTE 15 PLANT AND MACHINERY**

SEK million	Group		Parent company	
	2014	2013	2014	2013
Opening cost	8,929.4	8,043.0		
Acquisitions for the year	25.0	52.5		
Sales/disposals	-23.2	-34.6		
Reclassifications	712.7	868.5		
Closing cost	9,643.9	8,929.4	0.0	0.0
Opening depreciation	-3,377.3	-2,650.5		
Depreciation for the year	-283.4	-270.8		
Sales/disposals	18.0	24.2		
Reclassifications	52.3	-480.2		
Closing depreciation	-3,590.4	-3,377.3	0.0	0.0
Opening impairment losses	-1.0	-1.0		
Closing impairment losses	-1.0	-1.0	0.0	0.0
Closing net value				
plant and machinery	6,052.5	5,551.1	0.0	0.0

The Group has signed a financial lease agreement for vehicles through its subsidiary Stockholm Vatten AB. The lease agreement is non-cancellable and the lease term is three years. At the end of the lease term, the Group has the option of acquiring the leased assets according to the conditions stipulated in the lease agreement. The applicable agreements have no restrictions, although the assets may not be further leased during the lease term.

The Group has signed a financial lease agreement for network equipment through its subsidiary S:t Erik Kommunikation AB. Lease term is three years. The lease agreement does not contain any variable leasing payments other than interest. At the end of the lease term, the Group has the option of extending the lease term, discontinuing the lease agreement or acquiring the leased assets according to the conditions stipulated in the lease agreements. The applicable agreements have no restrictions, although the assets may not be further leased during the lease term. The carrying amounts above include the carrying amounts of these assets of SEK 30.1 million.

NOTE 16 EQUIPMENT

SEK million	Group		Parent company	
	2014	2013	2014	2013
Opening cost	1,057.8	1,058.3	1.3	1.3
Acquisitions for the year	22.8	31.6		
Sales/disposals	-65.9	-76.4		
Reclassifications	52.4	44.3		
Closing cost	1,067.1	1,057.8	1.3	1.3
Opening depreciation	-532.4	-496.4	-0.5	-0.4
Depreciation for the year	-67.9	-71.2	-0.2	-0.1
Sales/disposals	47.4	35.8		
Reclassifications		-0.6		
Closing depreciation	-552.9	-532.4	-0.7	-0.5
Opening impairment losses	-5.6	-5.6		
Closing impairment losses	-5.6	-5.6	0.0	0.0
Closing net value, equipment	508.6	519.8	0.6	0.8

NOTE 17 CONSTRUCTION IN PROGRESS

SEK million	Group		Parent company	
	2014	2013	2014	2013
Opening cost	11,446.4	9,637.1		
Acquisitions for the year	8,096.5	8,619.6		
Sales/disposals	0.1			
Reclassifications	-9,192.9	-6,254.4		
Expensed investments	-276.7	-556.0		
Closing cost	10,073.4	11,446.4	0.0	0.0
Opening depreciation	0.0	-1.2		
Depreciation for the year	0.0	1.6		
Reclassifications		-0.4		
Closing depreciation	0.0	0.0	0.0	0.0
Opening impairment losses	-12.0	-12.0		
Impairment losses for the period	-1,015.1			
Reversed impairment	4.4			
Reclassifications				
Closing impairment losses	-1,022.7	-12.0	0.0	0.0
Closing net value	9,050.8	11,434.4	0.0	0.0



NOTE 18 PARTICIPATIONS IN GROUP COMPANIES

SEK million	Group		Parent company	
	2014	2013	2014	2013
Opening cost			6,572.7	6,572.7
Shareholders' contributions paid/acquisition of companies			0.2	
Closing costs			6,572.9	6,572.7

	Capital/ votes, %	No. of shares	Carrying amount		Corp. ID No.	Domicile
			2014	2013		
AB Svenska Bostäder	100%	15,190,000	2,087.9	2,087.9	556043-6429	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
AB Stadsholmen	9%		0.4	0.4	556035-1511	Stockholm
AB Familjebostäder	100%	7,500,000	1,398.2	1,398.2	556035-0067	Stockholm
AB Familjebostäder Fastighetsnät	100%				556715-5386	Stockholm
Hemmahamnen Kontor AB	100%				556736-2156	Stockholm
Hemmahamnen Bostad AB	100%				556736-2222	Stockholm
Fastighetsaktiebolaget Pendlaren 1	100%				556751-6223	Stockholm
Gyllenen Ratten Ny AB	100%				556876-3196	Stockholm
Micasa Fastigheter i Stockholm AB	100%	15,000	29.9	29.9	556581-7870	Stockholm
AB Stockholmshem	100%	17,640,000	1,630.2	1,630.2	556035-9555	Stockholm
Västertorp Energi AB	100%				556052-2160	Stockholm
Bostads AB Hammarbygård	100%				556664-4745	Stockholm
AB Stockholmshem Fastighetsnät	100%				556715-5394	Stockholm
Anser AB	100%				556705-9307	Stockholm
Bostadsförmedlingen i Stockholm AB	100%	1,000	0.1	0.1	556057-8303	Stockholm
Skolfastigheter i Stockholm AB	100%	50,000	158.3	158.3	556034-8970	Stockholm
Datja Fastighets AB	100%				556745-5703	Stockholm
Stockholm Vatten Holding AB	100%	1,000	122.6		556969-3111	Stockholm
Stockholm Vatten Avfall AB	100%	1,000			556969-3087	Stockholm
Stockholm Vatten AB	98%	980		122.4	556210-6855	Stockholm
Stockholm Vatten VA AB	100%				556175-1867	Stockholm
Stockholms Hamn AB	100%	500,000	96.9	96.9	556008-1647	Stockholm
Kapellskärs Hamn AB	91%				556189-1010	Stockholm
Nynäshamns Hamn AB	100%				556038-0882	Stockholm
AB Stokab	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
Stockholms Stads Parkerings AB	100%	40,000	49.8	49.8	556001-7153	Stockholm
Stockholms Stadsteater AB	100%	12,500	1.2	1.2	556026-1553	Stockholm
Stockholm Globe Arena Fastigheter AB	100%	180	369.0	369.0	556206-4914	Stockholm
Arenan 9 Norra Fastigheten AB	100%				556862-4182	Stockholm
Stockholm Entertainment District AB	100%				556862-4166	Stockholm
Södra Byggrätten Globen AB	100%				556862-4174	Stockholm
S:t Erik Försäkrings AB	100%	100,000	119.8	119.8	516401-7948	Stockholm
S:t Erik Markutveckling AB	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
Fastighets AB Tuben	100%				556048-0328	Stockholm
Fastighets AB Kylrummet	100%				556862-8142	Stockholm
Kylfacket Förvaltning AB	100%				556566-6111	Stockholm
Fastighets AB Palmfelt Center	100%				556833-4535	Stockholm
Langobardia AB	100%				556681-4470	Stockholm
Fastighets AB Gavia	100%				556860-2188	Stockholm
Fastighets AB Godsfinan	100%				556969-5314	Stockholm
Stockholm Business Region AB	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
S:t Erik Livförsäkring AB	100%	100,000	100.0	100.0	516406-0427	Stockholm
AB Glasbrukskvarteret SWF	100%	40,000	7.5	7.5	556409-1832	Stockholm
Total			6,572.9	6,572.7		

**NOTE 19 PARTICIPATIONS IN ASSOCIATED COMPANIES**

SEK million	Group		Parent company	
	2014	2013	2014	2013
Opening cost	23.7	5.2	28.0	
Acquisitions during the year	7,500.0	28.0	7,500.0	28.0
Sales/disposals	1.5			
Share in profit for the year	139.5	-9.5		
Closing net value	7,664.7	23.7	7,528.0	28.0

	Capital/votes, %	No. of shares	Carrying amount		Corp. ID No.	Domicile
			2014	2013		
Sydvästra Stockholmsregionens VA-verks AB, SYVAB	33%	40	0.0	0.0	556255-1928	Stockholm
Nynäshamns Mark AB	50%	2,000	0.0	0.0	556314-3113	Stockholm
Mässhastigheter i Stockholm AB	50.4%	100,800	28.0	28.0	556094-5627	Stockholm
AB Fortum Värme jointly owned with the City of Stockholm	49.9%	1	7,500.0		556040-6034	Stockholm
Total			7,528.0	28.0		

NOTE 20 OTHER SECURITIES HELD AS NON-CURRENT ASSETS

SEK million	Group		Parent company	
	2014	2013	2014	2013
Opening cost	1,954.9	2,003.0		
Acquisitions during the year	270.8	208.8		
Sales/disposals	-0.1	-256.9		
Closing accumulated cost	2,225.7	1,954.9	0.0	0.0
Closing net value	2,225.7	1,954.9	0.0	0.0

The holding of securities refers to S:t Erik Livförsäkring's investments.

NOTE 21 PREPAID EXPENSES AND ACCRUED INCOME

SEK million	Group		Parent company	
	2014	2013	2014	2013
Accrued interest income	6.0	7.5		
Accrued rents	0.2	1.8		
Other accrued income	124.0	162.2	0.4	0.2
Other prepaid expenses	241.3	231.3		
Other items				
Total prepaid expenses	371.5	402.8	0.4	0.2



NOTE 22 PROVISIONS

SEK million	Group		Parent company	
	2014	2013	2014	2013
Provisions for pensions				
Provision at beginning of period	42.5	34.8	6.8	3.4
Provisions for the period/Utilised during the period	3.4	7.7	4.6	3.4
Provision at end of period	45.9	42.5	11.4	6.8
Pension provisions				
S:t Erik Livförsäkring	1,795.4	1,566.7		
Other provisions				
Provision at beginning of period	97.5	4.8		
Other provisions for the period	5.5	94.7		
Utilised during the period	-50.8	-2.0		
Provision at end of period	52.2	97.5		

Most Group companies have the majority of their pension liabilities insured with S:t Erik Livförsäkring (refer to accounting policies). Pension provisions recognised by the companies refer to guarantee pensions and collective agreement occupational pensions. The new K3 rules entail that pensions that were previously recognised as a contingent liability are now recognised under provisions.

Other provisions for the period related to repayments to Stockholm County Council by Stokab totalling SEK 3.1 million. During the year, Stockholms Hamnar dissolved a reserve of SEK 2.5 million, which pertained to a disputed receivable. Stockholm Vatten previously reserved funds of SEK 91.8 million.

The provision relates to a dispute concerning the company's right to differentiate the price it charges road owners for the handling of surface water. Stockholm Vatten's pricing model was not upheld by the Swedish Water Supply and Sewage Tribunal and the company has appealed the decision in the Court of Appeal. During the year, Stockholm Vatten allocated an additional SEK 5.3 million pending a decision. At the same time, the portion of the fees pertaining to the City's Traffic Committee were dissolved.

NOTE 23 TOTAL NON-CURRENT LIABILITIES

SEK million	Group		Parent company	
	2014	2013	2014	2013
Other non-current liabilities	41.8	13.1		
Reclassification	10.3	45.5		
Repayments	-33.7	-18.8		
Total non-current liabilities	18.4	39.8	0.0	0.0
Non-current interest-bearing liabilities				
Current interest-bearing liabilities	50,190.8	43,773.1		

Of the non-current liabilities, SEK 0 (0) million in the Group falls due for payment 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's Finance Department.

NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

SEK million	Group		Parent company	
	2014	2013	2014	2013
Holiday pay liability	115.1	110.8	0.4	0.5
Social security contributions	48.2	43.3	0.1	0.1
Accrued interest				
Deferred rental income	654.5	630.6		
Other deferred income	707.2	650.1		
Other accrued expenses	827.7	1,077.6	11.2	2.5
Total accrued expenses	2,352.7	2,512.4	11.7	3.1

NOTE 25 CONTINGENT LIABILITIES

SEK million	Group		Parent company	
	2014	2013	2014	2013
Guarantees and contingent liabilities	76.1	77.8		
Total contingent liabilities	76.1	77.8	0.0	0.0

Familjebostäder recognised deferred land registration costs relating to the property portfolio in Farsta totalling SEK 54.0 million. The parent company has issued capital adequacy guarantees for the benefit of: Stockholms Stadsteater, S:t Erik Markutveckling, SGA Fastigheter and Micasa. The capital adequacy guarantees are not for specific amounts and not included in total contingent liabilities.

NOTE 26 RECEIVED INTEREST INCOME AND PAID INTEREST EXPENSES

SEK million	Group		Parent company	
	2014	2013	2014	2013
Interest income received	317.4	321.1	301.3	306.2
Interest expense paid	1,250.9	1,103.1	0.0	0.0

**NOTE 27 NON-CASH ITEMS**

SEK million	Group		Parent company	
	2014	2013	2014	2013
Depreciation/amortisation	2,826.2	2,639.3	0.2	0.2
Impairment losses	847.0	-11.0		
Impairment losses on non-current liabilities		24.7		
Provisions	133.6	-170.6	4.6	3.4
Change in interest receivable	1.9	-3.0		
¹⁾ Other	-1.6	-1,019.9		
Total items	3,807.1	1,459.5	4.8	3.6

NOTE 28 ACQUISITION OF PROPERTIES

SEK million	Group		Parent company	
	2014	2013	2014	2013
AB Familjebostäder		108.8		
AB Stockholmskem	70.9	165.9		
AB Svenska Bostäder				
Stockholm Stads Parkering AB				
S:t Erik Markutveckling AB	343.8	84.3		
SISAB	2,006.6	12.6		
Other properties				
Total acquisitions	2,421.3	371.6	0.0	0.0

AB Stockholmskem acquired leaseholds and properties in Årsta, Hägersten and other areas. S:t Erik Markutveckling AB acquired the property Palmfelt Center in the Globen area. SISAB acquired Campus Konradsberg on Kungsholmen for school operations.

NOTE 29 ANNUAL GENERAL MEETING

The Annual General Meeting will be held at City Hall at 10:00 a.m. on 9 April 2015.

NOTE 30 TRANSITION TO K3

Stockholms Stadshus AB previously applied the Swedish Annual Accounts Act, the general advice issued by the Swedish Accounting Standards Board and the Swedish Financial Accounting Standards Council's recommendations RR1:00 Consolidated accounts, RR7 Cash flows, RR15 Intangible assets and RR24 Investment properties. From the 2014 financial year, Stockholms Stadshus AB prepared its Annual Report and consolidated financial statements in accordance with BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3).

The transition date to K3 was 1 January 2013. The transition to K3 is recognised in accordance with Chapter 35. This general advice is applied for the first time. The main rule in Chapter 35 of K3 is that companies apply all general advice retrospectively when the opening balance sheet is adopted. However, there are certain compulsory and voluntary exemptions from retrospective application. Stockholms Stadshus AB has chosen not to restate acquisitions made prior to 1 January 2013. Financial lease agreements have also not been restated retrospectively. Other voluntary exemptions do not apply to Stockholms Stadshus AB. No adjustments were made to the Group's opening balance sheet due to the transition to K3.

The change in accounting policies to K3 did not impact the accounts for 2013 for the parent company Stockholms Stadshus AB.

The following tables present and quantify the effects of the transition to K3 for the Group as estimated by company management.

The items that primarily impacted the accounts were the following:

- Property, plant and equipment, Note A.
- Presentation of the Annual Report.
- Post-employment benefits (pensions), Note B.
- Financial lease agreements, Note D.

¹⁾ Adjustment of investment that does not affect cash flow (K3) SEK -290.9


NOTE 30 TRANSITION TO K3
INCOME STATEMENT AT 31 DECEMBER 2013
SEK million

	Note	Previous accounting policies 31 Dec 13	Effect of Transition to K3	K3 31 Dec 13
Operating income				
Net sales		12,280.1	0.0	12,280.1
Work performed by the company for its own use and capitalised		80.0	0.0	80.0
Other operating income		592.9	0.0	592.9
Total operating income		12,953.0	0.0	12,953.0
Operating expenses				
Raw materials and consumables		-314.1	0.0	-314.1
Other external costs	A	-7,289.5	751.5	-6,538.0
Personnel costs	B	-1,740.4	-5.7	-1,746.1
Depreciation/amortisation	A	-2,558.1	-81.2	-2,639.3
Impairment losses		11.0	0.0	11.0
Profit from participations in associated companies		-12.1	2.6	-9.5
Profit from sale of non-current assets		1,103.1	0.0	1,103.1
Total operating expenses		-10,788.0	667.2	10,132.9
Operating profit		2,165.0	667.2	2,820.1
Profit from financial items				
Profit/loss from other securities		-37.5	0.0	-37.5
Interest income and similar profit/loss items		329.2	0.0	329.2
Interest expenses and similar profit/loss items		-1,103.9	0.0	-1,103.9
Profit after financial items		1,340.7	667.2	2,007.9
Tax on net profit for the year	A, B	-287.5	-133.7	-421.2
Minority share in net profit for the year		-2.9	2.9	0.0
Net profit for the year		1,050.3	536.4	1,586.7
Attributable to Parent Company shareholders				1,578.8
Attributable to minority shareholders				7.9

**NOTE 30 TRANSITION TO K3****BALANCE SHEET AT 31 DECEMBER 2013**
SEK million

	Note	Previous accounting policies 31 Dec 13	Effect of Transition to K3	K3 31 Dec 13
ASSETS				
Non-current assets				
Intangible assets		73.0	0.0	73.0
<i>Intangible assets</i>		73.0	0.0	73.0
Buildings and land	A	65,175.1	363.3	65,538.4
Plant and machinery	A	5,502.7	48.4	5,551.1
Equipment		519.8	0.0	519.8
Construction in progress	A	11,143.5	290.9	11,434.4
<i>Total property, plant and equipment</i>		82,341.1	702.6	83,043.7
<i>Financial assets</i>				
Receivables from City of Stockholm		180.0	0.0	180.0
Receivables from associated companies		1.0	0.0	1.0
Participations in associated companies		20.8	2.9	23.7
Other securities held as non-current assets		1,954.9	0.0	1,954.9
Deferred tax asset	A	250.8	-6.7	244.1
Other non-current receivables		234.6	0.0	234.6
<i>Total financial assets</i>		2,642.1	-3.8	2,638.3
Total non-current assets		85,056.2	698.8	85,755.0
Current assets				
<i>Inventories, etc.</i>				
Raw materials and consumables		38.5	0.0	38.5
<i>Total inventories, etc.</i>		38.5	0.0	38.5
<i>Current receivables</i>				
Accounts receivable – trade		470.8	0.0	470.8
Receivables from City of Stockholm		277.4	0.0	277.4
Receivables from associated companies		1.0	0.0	1.0
Tax assets		461.9	0.0	461.9
Other receivables		276.8	0.0	276.8
Prepaid expenses and accrued income		402.8	0.0	402.8
<i>Total current receivables</i>		1,890.7	0.0	1,890.7
<i>Other investments in securities, etc.</i>		200.0	0.0	200.0
Other investments in securities, etc.		200.0	0.0	200.0
<i>Cash and cash equivalents</i>				
Cash and bank balances		10.0	0.0	10.0
<i>Total cash and cash equivalents</i>		10.0	0.0	10.0
Total current assets		2,139.2	0.0	2,139.2
Total assets		87,195.4	698.8	87,894.2


NOTE 30 TRANSITION TO K3
BALANCE SHEET AT 31 DECEMBER 2013
SEK million

	Note	Previous accounting policies 31 Dec 13	Effect of Transition to K3	K3 31 Dec 13
EQUITY AND LIABILITIES				
<i>Equity</i>				
Share capital (2,850,000 shares)		2,850.0	0.0	2,850.0
Restricted reserves	C	6,163.6	-6,163.6	0.0
Profit/loss brought forward	C	37,855.5	-37,855.5	0.0
Net profit for the year	C	1,050.3	-1,050.3	0.0
Other capital contributed				0.0
Other equity incl. net profit for the year	A, B, C		45,605.8	45,605.8
Equity attributable to Parent Company shareholders		47,919.4	536.4	48,455.8
Minority interest	C	–	32.7	32.7
Total equity		47,919.4	569.1	48,488.5
Minority interest		27.7	-27.7	–
<i>Provisions</i>				
Provisions for pensions		36.8	5.7	42.5
Provisions for pensions, S:t Erik Livförsäkring	B	1,566.7	0.0	1,566.7
Deferred taxes	A	1,766.9	127.0	1,893.9
Other provisions		97.5	0.0	97.5
Total provisions		3,467.9	132.7	3,600.6
<i>Non-current liabilities</i>				
Other non-current liabilities	D	15.1	24.7	39.8
Total non-current liabilities		15.1	24.7	39.8
<i>Current liabilities</i>				
Accounts payable		1,744.2	0.0	1,744.2
Advance payments from customers		6.7	0.0	6.7
Liabilities to City of Stockholm		30,718.4	0.0	30,718.4
Current tax liabilities		144.8	0.0	144.8
Other current liabilities		638.8	0.0	638.8
Accrued expenses and deferred income		2,512.4	0.0	2,512.4
Total current liabilities		35,765.3	0.0	35,765.3
Total provisions and liabilities		39,248.3	157.4	39,405.7
TOTAL EQUITY AND LIABILITIES		87,195.4	698.8	87,894.2

**NOTE 30** TRANSITION TO K3**NOTE A** CHAPTER 17 PROPERTY, PLANT AND EQUIPMENT

Component depreciation of property, plant and equipment was not applied under the previous accounting policies. Under K3, component depreciation is to be applied to significant components if the difference in the use of these components is significant. The Group has non-current assets for which significant components can be separated, which resulted in additional depreciation. In 2013, the application of component depreciation entailed additional depreciation of SEK 81 million in the January-December period. Previously expensed investments were reversed, which led to lower costs of SEK 751.5 million in the January-December period. Adjustments of property, plant and equipment amounted to SEK 703 million in the balance sheet dated 31 December 2013.

NOTE B CHAPTER 28 REMUNERATION OF EMPLOYEES

Pension provisions increased by SEK 5.7 million due to the transition to K3.

NOTE C EQUITY

Under K3, Group equity is divided into the items of Share capital, Other capital contributed and Other equity (including net profit for the year). Stockholms Stadshus AB has changed the specification of equity in accordance with K3.

NOTE D CHAPTER 20 LEASING

In conjunction with the transition to K3, the Group's financial lease agreements are recognised in the balance sheet as an asset and a liability. As a result, both assets and liabilities increased by SEK 25 million. Stockholms Stadshus AB has chosen to apply the voluntary transition rule in Chapter 35, which entails that financial lease agreements are not retrospectively restated.



AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF STOCKHOLM STADSHUS AB, CORP. ID NO. 556415-1727

Report on the annual accounts and the consolidated financial statements

I have audited the annual accounts and the consolidated financial statements of Stockholms Stadshus AB for the 2014 financial year. The company's annual accounts and the consolidated financial statements are included in the printed version of this document on pages 49–78.

The Board's and Managing Director's responsibility for the annual accounts and consolidated financial statements

The Board and Managing Director are responsible for preparing annual accounts and consolidated financial statements which provide a true and fair view in accordance with the Swedish Annual Accounts Act, and for the internal control which the Board and Managing Director deem necessary in order to prepare annual accounts and consolidated financial statements that are free of material misstatement, whether due to improper action or error.

The auditor's responsibility

My responsibility is to express my opinion on the annual accounts and the consolidated financial statements based on my audit. I have carried out the audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that I meet professional ethical requirements and that I plan and perform the audit

to obtain reasonable assurance that the annual accounts and consolidated financial statements are free of material misstatement.

An audit includes obtaining, through various measures, audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The auditor chooses which measures are taken, for example by assessing the risk of material misstatements in the annual accounts and the consolidated financial statements, whether due to improper action or error. During this risk assessment, the auditor observes the parts of the internal control of relevance to how the company prepares its annual accounts and consolidated financial statements in order to provide a true and fair view with the aim of performing audit procedures which are appropriate with regard to the circumstances, but not with the aim of expressing an opinion on the effectiveness of the company's internal control. An audit also includes an evaluation of the appropriateness of the accounting policies used and of the reasonability of the Board's and Managing Director's estimates in the accounts, as well as an evaluation of the overall presentation of the annual accounts and consolidated financial statements.

I am of the opinion that the audit evidence I have obtained is sufficient and appropriate to serve as a basis for my statements.

Statements

In my opinion, the annual accounts and consolidated financial statements have been prepared in accordance with the Annual Accounts Act

and, in all material respects, provide a true and fair view of the parent company's and Group's financial position on 31 December 2014, and of their financial results and cash flows for the year in accordance with the Annual Accounts Act. The statutory Administration Report is consistent with the other parts of the annual accounts and the consolidated financial statements.

I therefore recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and Group be adopted.

Report on other requirements in accordance with legislation and other statutes

In addition to my audit of the annual accounts and consolidated financial statements I have also audited the proposed distribution of the company's profit or loss as well as the Board's and Managing Director's administration of Stockholms Stadshus AB for 2014.

The Board's and the Managing Director's responsibility

The Board is responsible for the proposed distribution of the company's profit or loss, and the Board and Managing Director are responsible for the administration of the company in accordance with the Companies Act.

The auditor's responsibility

My responsibility is to express my opinion with reasonable assurance on the proposed distribution of the company's profit or loss and on the administration of the company based on my audit. I have carried

out the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion concerning the Board's proposed distribution of the company's profit or loss, I examined the Board's justifying statement and a selection of evidence for this in order to be able to assess whether the proposal is consistent with the Companies Act.

As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken and circumstances of the company in addition to my audit of the annual accounts and the consolidated financial statements in order to be able to determine the liability, if any, to the company of any Board member or the Managing Director. I also examined whether any Board member or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

I am of the opinion that the audit evidence I have obtained is sufficient and appropriate to serve as a basis for my statements.

Statements

I recommend to the annual meeting of shareholders that the profit be dealt with in accordance with the proposal in the Administration Report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 23 March 2015

Mikael Sjölander
Authorised Public Accountant



LAY AUDITOR'S REVIEW

TO THE ANNUAL GENERAL MEETING OF STOCKHOLMS STADSHUS AB CORP. ID NO. 556415-1727

I, in my capacity as lay auditor appointed by the Stockholm City Council, have examined Stockholm Stadshus AB's operations in 2014.

The Board of Directors and Managing Director are responsible for ensuring that the operations are conducted in accordance with the prevailing Articles of Association, owner directives and decisions, and the regulations that apply to the operation.

The responsibility of the lay auditor is to examine the opera-

tion and internal control and assess whether the operation has been conducted in accordance with the City Council's mandates and objectives and the regulations governing the operation. A summary of the review is reported in a separate review memorandum dated 20 February 2015, which has been presented to the company's Board of Directors.

This audit was conducted in accordance with the Swedish Companies Act, the Swedish Local Government Act, generally accepted auditing standards and audit rules of the municipality as well as approved owner directives. The audit was performed with the approach and

scope required to provide reasonable grounds for my opinion.

The company's operations have, in my judgment and to all intents and purposes, been conducted in an appropriate and satisfactory manner from a financial viewpoint, and the company's internal control has been adequate.

Stockholm, 20 February 2015

Bengt Akalla

Lay auditor appointed by
Stockholm City Council



Board of Directors and Auditors

The Board of Directors of Stockholms Stadshus AB

Stockholm City Council has delegated the operational ownership control of the companies to the Board of Directors of Stockholms Stadshus AB – the Group Board of Directors – which comprises a politically appointed Board reflecting

the distribution of seats in the City Council.

The Group Board of Directors is to comprise not fewer than five and not more than nine members, with not fewer than three and not more than nine deputies, who are elected by the City Council. The Group Board of Directors is

assigned the overall responsibility of coordinating the companies in the Group and must ensure, for example, that the companies follow the guidelines and financial framework established by political decisions. It is the task of the Group 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 input that the City Council may impose on the companies. Further information is provided on page 24.



Board of Directors, permanent

Front, from left: Lotta Edholm (FP), Ann Mari Engel (V), Emilia Bjuggren (S), Karin Wanngård – Chairman (S), Anna König Jerlmyr – Vice Chairman (M).

Back, from left: Tord Bergstedt (M), Daniel Helldén (MP), Anders Hellström (M), Per Ankersjö (C)



Board of Directors, Deputies

Front, from left: Marie Antman (V), Lotta Juul Martin-Löf (M), Maria Östberg Svanelind (S), Mariam Lahdo (M).
Back, from left: Elias Granqvist (M), Sussi Kvart (FP), Joakim Larsson (M), Sören Häggroth (S), Sara Pettigrew (MP).



Union representatives

From left: Kristin Selander (Vision), Deputy, Curt Öhrström (LO), Deputy, Mats Lagerman (LO), Member, Staffan Holmborn (Vision), Member.
Not in photograph: Rita Gottberg (SACO), Deputy, Vacant (SACO), Member

Auditors

Mikael Sjölander (EY), Authorised Public Accountant, Linda Strauss (EY), Deputy Auditor, Authorised Public Accountant, Bengt Akalla (M), Lay Auditor, Bosse Ringholm (S), Deputy Lay Auditor



ADDRESSES

Stockholms Stadshus AB (parent company) • SE-105 35 Stockholm
City Hall, Third floor 3 • Tel: +46 (0)8-508 290 00
e-mail: info@stadshusab.se • www.stadshusab.se
Corp. ID No. 556415-1727

AB Svenska Bostäder • Box 95 • SE-162 12 Vällingby
Vällingbyplan 2 • Tel: +46 (0)8-508 370 00
e-mail: info@svenskabostader.se • www.svenskabostader.se
Corp. ID No. 556043-6429

AB Familjebostäder • Box 92100 • SE-120 07 Stockholm
Hammarby Fabriksväg 67 • Tel: +46 (0)8-737 20 00
e-mail: kontakt@familjebostader.com • www.familjebostader.com
Corp. ID No. 556035-0067

AB Stockholmshem • Box 9003 • SE-102 71 Stockholm
Hornsgatan 128 • Tel: +46 (0)8-508 39 000
e-mail: epost@stockholmshem.se • www.stockholmshem.se
Corp. ID No. 556035-9555

Bostadsförmedlingen i Stockholm AB
Box 8317 • SE-104 20 Stockholm • Fleminggatan 6
Tel: +46 (0)8-785 88 00 • e-mail: info@bostad.stockholm.se
www.bostad.stockholm.se
Corp. ID No. 556057-8303

Skolfastigheter i Stockholm AB (SISAB) • Box 47311 • SE-100 74 Stockholm
Förmansvägen 11 • Årstadal • Tel: +46 (0)8-508 460 00
e-mail: diarie@sisab.se • www.sisab.se
Corp. ID No. 556034-8970

Micasa Fastigheter i Stockholm AB • Box 1298 • SE-164 29 Kista
Nordkapsgränd 3 • Tel: +46 (0)8-508 360 00 • www.micasa.se
Corp. ID No. 556581-7870

S:t Erik Markutveckling AB • SE-105 35 Stockholm.
Kaplansbacken 10 • Tel: +46 (0)8-508 290 00
e-mail: info@sterikmark.se • www.sterikmark.se
Corp. ID No. 556064-5813

Stockholm Vatten AB • SE-106 36 Stockholm
Torsgatan 26 • Tel: +46 (0)8-522 120 00
e-mail: stockholmvatten@stockholmvatten.se
www.stockholmvatten.se
Corp. ID No. 556210-6855

Stockholms Hamn AB • Box 27314 • SE-104 35 Stockholm
Magasin 2, Frihamnen • Tel: +46 (0)8-670 26 00 • Fax +46 (0)8-665 08 38
e-mail: info@stockholmshamn.se • www.stockholmshamn.se
Corp. ID No. 556008-1647

AB Stokab • Box 6813 • SE-113 86 Stockholm
Tulegatan 11 • Tel: +46 (0)8-508 30 200
e-mail: stokab@stokab.se • www.stokab.se
Corp. ID No. 556475-6467

Stockholms Stads Parkerings AB • Box 4678 • SE-116 91 Stockholm
Palmfeltsvägen 5 • Tel: +46 (0)8-772 96 00
e-mail: kundservice@stockholmparkering.se
www.stockholm-parkering.se
Corp. ID No. 556001-7153

Stockholms Stadsteater AB • Box 16412 • SE-103 27 Stockholm
Beridarbansgatan 5 • Tel: +46 (0)8-506 20 100
e-mail: kundtjanst@stadsteatern.stockholm.se
www.stadsteatern.stockholm.se
Corp. ID No. 556026-1553

Stockholm Globe Arena Fastigheter AB
Box 10026 • SE-121 26 Stockholm-Globen
Arenatorget 1 • Tel: +46 (0)8-508 353 40
e-mail: info@sgafastigheter.se • www.sgafastigheter.se
Corp. ID No. 556206-4914

Stockholm Business Region AB
Box 16282 • SE-103 25 Stockholm • Drottninggatan 33
Tel: +46 (0)8-508 280 00 • e-mail: info.sbr@stockholm.se
www.stockholmbusinessregion.se
Corp. ID No. 556491-6798

S:t Erik Försäkrings AB • Box 16179 • SE-103 24 Stockholm
Beridarbansgatan 1 • Tel: +46 (0)8-508 29 000,
e-mail: info@sterikforsakring.se • www.sterikforsakring.se
Corp. ID No. 516401-7948

S:t Erik Livförsäkring AB • Box 16153 • SE-103 24 Stockholm
Beridarbansgatan 1 • Tel: +46 (0)8-508 29 000
e-mail: info@sterikliv.se • www.sterikliv.se
Corp. ID No. 516406-0427







**STOCKHOLMS
STADSHUS AB**
En del av Stockholms stad