

Collaboration is the key to success.

Offentliga hus i Norden AB 2015
Annual Report





*The summation of 2015
is actually a very funny story.*

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CEO'S COMMENTS

2015 was a very successful year, characterised particularly by excellent teamwork. Net operating income rose 42%, and our leasable area 20%. Our economic occupancy rate reached the highest figure to date – 96%.

Our motto – collaboration is the key to success – sums up our focus on community service properties, a long-term approach and philosophy. It is a good description of what Offentliga Hus has achieved over the past year.

In 2014, we ended the year with just over 100,000 sqm of leasable area, and we completed an IFRS conversion, a reorganisation and plans for growth. Offentliga Hus acquired a new partner, the UK-based company Aerium Finance Ltd. And the pieces really fell into place. All of our hard work and preparations in 2014 proved a solid investment. The team was moulded together, and processes and procedures started working. Everything worked smoother and faster, without losing touch with our entrepreneurial spirit. Our two foundations, investment and management, moved forward at a rapid pace.

In addition to new acquisitions, we mainly focused on our existing properties. Untested ideas, combined with successful lease renegotiations and new stakeholder agreements, led to a high level of investment in our properties. Hard work led to positive results.

The average term of existing leases increased from 7.9 to 8.7 years, and the economic occupancy rate rose from 91% to 96%.

We acquired seven properties during the year that became valuable additions to some of our existing locations – Borås, Karlstad and the Uppland area.

Our leasable area is now 123,232 sqm, with a market value of KSEK 1,542,100.

2015 was a seller's market with more and more buyers for fewer objects, and price levels rose. The price increases were also driven by high liquidity and low interest rates. Buying with insight and care became imperative. Our acquisition strategy is based on a long-term approach. All acquisitions were preceded by careful consideration. Every individual object was scrutinised on the basis of what it could bring to the portfolio. We have built up our portfolio carefully and deliberately, with the aim of constantly becoming more attractive to both tenants and owners.

In 2015, we also developed the partnership with our owners, Aerium Finance Ltd and Aktiebolaget Fastator (publ). It was highly stimulating to witness Fastator's listing on First North during the year. As a result, our company will also become more transparent.

With our strong owners and a competent and well-knit team, I am looking forward to a new year. Thanks to our falling vacancy rates, we are focused on continued expansion and increased revenues.

An aerial photograph showing a dense green forest on the left, a winding road, and a small settlement with buildings and a lake on the right. The text is overlaid on the upper left portion of the image.

*“For Peter Månsson,
Head of Planning and Community
Development in the Municipality
of Årjäng, local commitment
begins with contact.”*



Report from reality.

Offentliga Hus was founded in 2011 with two empty hands and a mission. Our mission is “to acquire and streamline environments and properties with the aim of increasing and stabilising long-term municipal growth.” We are not just a property company that buys and manages, we are also a community developer, or a community builder. We have a long-term, local commitment to development and partnership with the public sector.

That is the theory. But how does that really work?

At the end of 2015, four years after our foundation, our total leasable area was about 123,000 sqm with a market value of KSEK 1,542,100.

What we offer is long-term commitment, in contrast to a property market that has long been moving toward increased globalisation. A local property is often owned by a global owner without any major commitment to its investment.

Let us take an example. We acquired “Silbodalshemmet” in Årjäng in 2012. Once the largest hospital in Värmland, the only remaining operation on the premises was a medical centre. For Peter Månsson, Head of Planning and Community Development in the Municipality of Årjäng, local commitment begins with contact.

“For many operators, it’s a matter of owning a property in a small town, and that’s where their commitment ends. The hospital was previously owned by a Brit, who was virtually impossible to reach when he was needed. His attitude was basically ‘call me when it’s time to renew the lease’, says Peter Månsson.

When Offentliga Hus acquired the property, contact became so much easier. Discussions on various solutions commenced. One of the biggest problems for municipalities in recent years has been how the Swedish government has dealt with the increasing flow of immigrants. Responsibility for these people and their housing has largely been delegated to municipalities.

“When the situation began, we agreed to take a section of the hospital, which was also adapted for the purpose,” says Peter Månsson. “As the pressure increased, we also leased more space. Whatever issues subsequently arose, from alterations to the negotiation of terms, Offentliga Hus has always been fair and easy to work with.”

Success for Offentliga Hus is largely based on being sensitive and open to solutions. That is how “fair and easy to work with” is converted into positive figures in earnings and financial statements.

The background of the entire page is a repeating floral pattern. It features stylized white flowers with yellow centers and green leaves, set against a muted olive-green background. The pattern is dense and covers the entire surface.

ADMINISTRATION REPORT

ADMINISTRATION REPORT

The Board of Directors and CEO of Offentliga Hus i Norden AB ("Offentliga Hus"), Corp Reg No 556824-2696, Östermalmstorg 5, SE-114 42 Stockholm, hereby submit the annual report for 2015. The income statement and balance sheet will be subject to adoption by the Annual General Meeting (AGM) on 9 May 2016. All amounts, unless otherwise stated, are reported in thousands of kronor (KSEK) and refer to the period 1 January – 31 December for income-statement items and 31 December for balance-sheet items.

Offentliga Hus

Offentliga Hus was founded in 2011, with a business concept of acquiring and developing environments and properties, with the long-term aim of increasing and stabilising development in the municipalities. The focus is on properties with public sector tenants and preferably longer-term leases. Offentliga Hus is a long-term owner

of its acquisitions. Offentliga Hus currently owns 53 (46) community service properties in 23 Swedish municipalities. These properties are primarily located in the counties of Västra Götaland, Värmland, Skåne and Uppland, and on the island of Gotland.

The property portfolio consists of retirement homes, schools, county council buildings, student flats, health-care centres, residential care homes, day centres, theatres, etc. Retirement homes and care facilities account for more than 42% of the approximately 123 sqm in total leasable space.

Significant events during the year

During the year, Offentliga Hus acquired seven properties with a combined underlying value of KSEK 308,300. The properties are located in Västra Götaland, Värmland, Skåne and Uppland.

Multi-year comparison

Financial development in brief:

Group	2015	2014	2013	2012
Net sales	95 380	66 252	50 932	33 055
Profit from property management	61 004	43 138	37 153	25 191
Total assets	1 576 935	1 251 270	806 465	646 598

Parent Company	2015	2014	2013	2012
Net sales	8 631	3 232	59	0
Operating profit	-5 549	-2 657	-439	-70
Total assets	371 948	293 816	163 573	128 311

Consolidated profit/loss and financial position

Rental income amounted to KSEK 94,302 (66,212), up 42% year-on-year. Net operating income amounted to KSEK 74,536 (52,398), up 42% year-on-year. The increase was mainly attributable to acquisitions.

Central administrative expenses increased from KSEK -9,260 to KSEK -13,516. Expenses rose because the Group's operations grew during the year as the number of investment properties increased.

Owning and developing properties is a capital-intensive business. Offentliga Hus obtains capital through a balanced mix of external loans, shareholder deposits and equity. Interest expenses are also the company's largest cost item, and access to cost-effective financing is of strategic importance to Offentliga Hus, regardless of market conditions. The finance department's objective is to meet the company's financing needs at the lowest possible cost within the framework and restrictions adopted by the Board of Directors. The Group increased its external borrowing by a net amount of KSEK 239,784 during the year. Net financial items were reduced from KSEK -29,770 to KSEK -28,676. During the year, average

interest expense excluding shareholder deposits declined from 3.19% to 2.33%, while the interest-coverage ratio rose from a multiple of 1.71 to 2.66.

The Group's properties were valued externally by Newsec during the year. The properties' market value benefited from declining yield requirements in 2015. On December 31, their market value was KSEK 1,542,100 (1,192,500). The revaluation for the year amounted to KSEK 50,482 (67,277).

The profit for the year amounted to KSEK 62,113 (60,566).

On 31 December 2015, equity amounted to KSEK 318,443 (256,330). The equity/assets ratio was 28% (32), including shareholder deposits of KSEK 125,500 (139,091).

Liquid assets at the end of the year amounted to KSEK 20,105 (19,605). Cash flow from operating activities amounted to KSEK 62,339 (4,862) during the year. The improvement in cash flow was attributable to higher cash flow from operating activities and improved working capital.

Parent Company profit/loss and financial position

The Parent Company is a holding company whose purpose is to own shares in the companies that invest in the Group's properties. The majority of the Parent Company's costs pertain to central administration conducted by the related company OH Management AB. These amounts are invoiced onwards to the Group's subsidiaries together with certain other costs. The remaining costs are of the type that cannot be attributed to the properties or operations of the respective subsidiaries.

Corporate governance

Offentliga Hus' Board of Directors held 11 meetings during the year. In addition to customary decisions about the strategy and budget, the Board of Directors approves each acquisition and financing arrangement.

Employees

Offentliga Hus does not have its own staff. It purchases all of its central administration from OH Management AB. OH Management AB is 50% owned by Aktiebolaget Fastator (publ) and Aerium Finance Ltd, respectively.

Events after the end of the fiscal year

No significant events occurred after the end of the financial year.

Significant risks and uncertainties

Offentliga Hus's income is exposed to limited risk. Its leases are overwhelmingly with the public sector (municipalities, county councils and the government), and they have long terms. The uncertainty primarily relates to financing and interest expenses. The Board of Directors and management are working to improve net financial income, and the prospects for accomplishing this are considered good. Market interest rates are extremely low and are expected to remain so in the foreseeable future, and Offentliga Hus has also strengthened financially over time and is currently in a completely different negotiating position. In the opinion of the Board of Directors, Offentliga Hus should continue to use variable interest rates in order to maintain flexibility.

Future outlook

Offentliga Hus' ambition is to continue to expand. The general transaction climate in the property market is healthy. Offentliga Hus' ability to attract owners of community service properties grows in line with its ability to point to successful reference projects. Offentliga Hus has a strong organisation that can manage larger and more complex acquisitions without significant new hires or changes, so that its rate of growth and profits should continue to develop extremely satisfactorily. Offentliga Hus' strong financial position serves as a solid foundation for continued growth and a reduction in the Group's borrowing costs.

Proposal for distribution of profits (SEK)

The Board of Directors proposes that the available funds:

- Profit brought forward	96 001 045
- Net profit for the year	1 021 859

Total	97 022 904
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be appropriated as follows:

- To be carried forward	97 022 904
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Total	97 022 904
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The Board of Directors and CEO give their assurance that these consolidated accounts have been prepared in accordance with IFRSs as enacted by the EU and give a fair view of the Group's results and financial position. The annual report has been prepared in accordance with generally accepted accounting principles and gives a fair view of the Parent Company's results and financial position. The Administration Reports for both the Group and the Parent Company accurately review the Group's and

the Parent Company's operations, financial positions and earnings and describe the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

For further information on the company's results and financial position, reference is made to the following income statements and balance sheets and the notes to the accounts.

Consolidated income statement (KSEK)

	Note	Group	
		2015	2014
Rental income	4	94 302	66 212
Other revenues		1 078	40
Total operating revenues		95 380	66 252
Property costs	5	-20 844	-13 854
Net operating income		74 536	52 398
Central administration	5, 6, 7	-13 516	-9 260
Depreciation and amortisation	15	-16	-
Profit from property management		61 004	43 138
Financial income	9	597	36
Financial expenses	10	-29 273	-29 806
Total financial items		-28 676	-29 770
Profit before changes in value		32 328	13 368
Change in value of properties	13	50 482	67 277
Profit before tax		82 810	80 645
Income tax	12	-20 697	-20 079
Profit for the year		62 113	60 566
Other comprehensive income		-	-
Total comprehensive income for the year		62 113	60 566

Consolidated balance sheet (KSEK)

		Group	
	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Tangible assets			
Investment properties	13	1 542 100	1 191 500
Construction in progress	14	1 833	
Equipment	15	312	-
Total property, plant and equipment		1 544 245	1 191 500
Current assets	17		
Accounts receivable	18	1 855	1 224
Other current receivables		6 918	36 559
Prepaid expenses and accrued income	19	3 812	2 382
Cash and cash equivalents	20	20 105	19 605
Total current assets		32 690	59 770
TOTAL ASSETS		1 576 935	1 251 270
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders			
Share capital	26	50	50
Other contributed capital		56 973	56 973
Earnings brought forward		261 420	199 307
Total shareholders' equity		318 443	256 330
Non-current liabilities	17		
Deferred tax liabilities	12	65 728	45 753
Long-term liabilities to credit institutions	21	898 337	565 366
Other non-current liabilities	21	143 000	128 000
Total non-current liabilities		1 107 065	739 119
Current liabilities	17		
Current liabilities to credit institutions	21	100 397	208 584
Accounts payable		6 581	6 267
Current tax liability		3 973	890
Other current liabilities	21	4 697	21 099
Accrued expenses and prepaid income	22	35 779	18 981
Total current liabilities		151 427	255 821
TOTAL EQUITY AND LIABILITIES		1 576 935	1 251 270
MEMORANDUM ITEMS			
Pledged assets	23	1 163 992	876 798
Contingent liabilities	24	-	

Consolidated statement of changes in equity

	Attributable to Parent Company shareholders			
	Share capital	Other contributed capital	Earnings brought forward	Total
Closing balance as of 31 December 2013	50	0	138 581	138 631
Profit for the year			60 566	60 566
Other comprehensive income for the year			-	-
Total comprehensive income			60 566	60 566
Group contributions			205	205
Tax on Group contributions			-45	-45
Shareholders' contributions		56 973		56 973
Transactions with owners, recognised directly in equity		56 973	160	57 133
Closing balance as of 31 December 2014	50	56 973	199 307	256 330
Profit for the year			62 113	62 113
Other comprehensive income for the year			-	0
Total comprehensive income			62 113	62 113
Transactions with owners, recognised directly in equity		0	0	0
Closing balance as of 31 December 2015	50	56 973	261 420	318 443

Consolidated statement of cash flows (KSEK)

		Parent Company	
	Note	2015	2014
Cash flow from operations			
Profit from property management		61 004	43 138
Depreciation and amortisation		16	-
Interest received		23	36
Interest paid		-25 119	-26 585
Income taxes paid		1 101	382
Cash flow from operating activities before changes in working capital		37 025	16 971
Cash flow from changes in working capital			
Increase (-)/decrease (+) in current receivables		28 757	-6 495
Increase (+)/decrease (-) in current liabilities		-3 443	-5 614
Cash flow from operating activities		62 339	4 862
Cash flow from investing activities			
Investment in investment properties	13	-300 118	-329 455
Investment in construction in progress	14	-1 833	-
Investments in equipment	15	-328	-
Cash flow from investing activities		-302 279	-329 455
Cash flow from financing activities			
Shareholders' contributions		0	56 973
Increase/decrease in current financial liabilities		-199 562	-157 426
Proceeds from borrowings		545 258	797 991
Repayment of borrowings		-105 338	-360 963
Acquired deferred tax		82	-
Group contributions granted/received		-	161
Cash flow from financing activities		240 440	336 736
Decrease/increase in cash and cash equivalents			
Net cash flow for the year		500	12 143
Cash and cash equivalents, 1 January		19 605	7 462
Cash and cash equivalents, 31 December		20 105	19 605

Parent Company income statement (KSEK)

	Note	Parent Company	
		2015	2014
Other revenues		8 631	3 232
Total operating revenues		8 631	3 232
Central administration	5, 6, 7	-14 180	-5 889
Operating profit		-5 549	-2 657
Results from participations in Group companies	8	-320	-9 466
Financial income	9	4 250	3 745
Financial expenses	10	-7 949	-8 349
Total financial items		-4 019	-14 070
Appropriations	11	10 671	6 060
Profit/loss before tax		1 103	-10 667
Income tax	12	-81	-
Profit/loss for the year		1 022	-10 667

Parent Company statement of comprehensive income (KSEK)

	Parent Company	
	2015	2014
Profit/loss for the year	1 022	-10 667
Other comprehensive income	-	-
Total comprehensive income/loss for the year	1 022	-10 667

Parent Company Balance Sheet (KSEK)

ASSETS	Note	Parent Company	
		31 December 2015	31 December 2014
Non-current assets			
Financial fixed assets			
Participations in Group companies	16	211 416	118 606
Receivables from Group companies		148 094	133 095
Total financial fixed assets		359 510	251 701
Current assets			
Accounts receivable	18	789	1 057
Other current receivables		3 203	35 466
Prepaid expenses and accrued income	19	7 199	3 337
Cash and cash equivalents	20	1 247	2 255
Total current assets		12 438	42 115
TOTAL ASSETS		371 948	293 816
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders			
Restricted shareholders' equity			
Share capital	26	50	50
Unrestricted shareholders' equity			
Retained earnings		96 001	106 668
Profit/loss for the year		1 022	-10 667
Total shareholders' equity		97 073	96 051
Non-current liabilities			
Long-term liabilities to credit institutions	21	10 320	10 800
Liabilities to Group companies	21	23 575	23 576
Other non-current liabilities	21	143 000	128 000
Total non-current liabilities		176 895	162 376
Current liabilities			
Current liabilities to credit institutions	21	27 885	480
Accounts payable		2 005	2 254
Liabilities to Group companies		56 388	6 652
Tax liabilities		81	-
Other current liabilities	21	3 500	21 091
Accrued expenses and prepaid income	22	8 121	4 912
Total current liabilities		97 980	35 389
TOTAL EQUITY AND LIABILITIES		371 948	293 816
MEMORANDUM ITEMS			
Pledged assets	23	90 893	86 333
Contingent liabilities	24	882 055	630 239

Parent Company changes in shareholders' equity

	Restricted shareholders' equity	Unrestricted shareholders' equity	
	Share capital	Earnings brought forward	Total
Opening balance as of 1 January 2014 according to adopted balance sheet	50	49 695	49 745
Profit for the year		-10 667	-10 667
Other comprehensive income/loss for the year		-	-
Total comprehensive income/loss		-10 667	-10 667
Shareholders' contributions		56 973	56 973
Transactions with owners, recognised directly in equity		56 973	56 973
Closing balance as of 31 December 2014	50	96 001	96 051
Profit for the year		1 022	1 022
Other comprehensive income for the year		-	-
Total comprehensive income		1 022	1 022
Transactions with owners, recognised directly in equity		0	0
Closing balance as of 31 December 2015	50	97 023	97 073

Parent Company statement of cash flows (KSEK)

	Note	Parent Company	
		2015	2014
Cash flow from operations			
Operating profit		-5 549	-2 657
Interest received		0	590
Interest paid		-4 970	-3 864
Cash flow from operating activities before changes in working capital		-10 519	-5 931
Cash flow from changes in working capital			
Increase (-)/decrease (+) in current receivables		32 085	-4 146
Increase (+)/decrease (-) in current liabilities		43 557	1 764
Cash flow from operating activities		65 123	-8 313
Cash flow from investing activities			
Acquisition of subsidiaries	16	-93 169	-79 338
Current investments in other financial fixed assets		-15 000	-20 119
Sale of other financial fixed assets		39	20 931
Cash flow from investing activities		-108 130	-78 526
Cash flow from financing activities			
Shareholders' contributions		-	56 973
Loans raised		46 479	74 825
Repayment of borrowings		-4 480	-42 830
Cash flow from financing activities		41 999	88 968
Decrease/increase in cash and cash equivalents			
Net cash flow for the year		-1 008	2 129
Cash and cash equivalents, 1 January		2 255	126
Cash and cash equivalents, 31 December		1 247	2 255

The notes on pages 24 to 41 are an integrated part of these consolidated financial statements.

SUPPLEMENTARY DISCLOSURES

NOTES

NOT 1 GENERAL INFORMATION

Offentliga Hus i Norden AB (corporate registration number 556824-2696), is a public limited company registered in Sweden. The company's registered office is in Stockholm. Offentliga Hus i Norden AB is wholly owned by Offentliga Hus i Norden Holding AB (corporate registration number 556971-0113) which is in turn 50% owned by Aktiebolaget Fastator (publ) and Aerium Finance Ltd., respectively. The company is the Parent Company of the Offentliga Hus Group, whose primary business is owning and managing community service properties with municipalities and county councils and tenants. The Parent Company's functional currency is Swedish kronor (SEK). Unless otherwise stated, all figures are presented in thousands of Swedish kronor (KSEK).

On 5 April 2016, the Board of Directors approved these consolidated annual accounts for publication.

NOT 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The most important accounting policies applied in preparation of these consolidated accounts are specified below. Unless otherwise stated, these policies have been consistently applied to all years for which accounts are stated.

2.1 Basis for preparing the reports

The consolidated financial statements for the Offentliga Hus Group have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. They were prepared according to the cost method, with the exception of revaluations of investment properties.

The Parent Company's functional currency is SEK, which is also the presentation currency for both the Parent Company and the Group. All amounts, unless otherwise stated, are reported in thousands of kronor (KSEK) and refer to the period 1 January – 31 December for income-statement items and December 31 for balance-sheet items.

The preparation of financial statements in compliance with IFRS requires the use of a number of important accounting estimates. It also requires that management perform certain judgments when applying the Group's accounting policies. Areas that entail a high level of judgment, that are complex or where significant assumptions and estimates are employed for the consolidated financial statements are described in Note 3.

2.1.1 Amendments to accounting policies and disclosures

New standards, changes and interpretations applied by the Group

The following standards were applied by the Group for the first time for the financial year beginning 1 January 2015:

- Annual improvements to IFRS, improvements cycle 2011-2013
- IFRIC 21 Levies

The application of annual improvements only clarifies existing requirements, and the application of these changes has not had any effect on the Group's accounting policies or disclosures for the current or previous financial years, nor is it expected to have any effect on future periods.

Other standards, amendments and interpretations that come into force for the financial year beginning 1 January 2015 do not have any significant effect on the consolidated financial statements.

New standards, amendments and interpretations not yet applied by the Group:

A number of new standards and interpretations enter into force for financial years beginning after 1 January 2015 and were not applied in the preparation of these financial statements. None of the above standards and interpretations are expected to have any material impact on the Group's financial reporting with the exception of those detailed below:

IFRS 9 "Financial instruments" sets out the classification, recognition and presentations of financial assets and liabilities. The complete version of IFRS 9 was

published in July 2014. It replaces the parts of IAS 39 that set out the classification and measurement of financial instruments. IFRS 9 retains a mixed valuation approach, but simplifies this approach in certain respects. There will be three valuation categories for financial assets: amortised cost, fair value recognised in other comprehensive income/loss and fair value recognised in the income statement. How an instrument should be classified depends on the company's business model and the characteristics of the instrument. Investments in equity instruments should be recognised at fair value above the income statement, but there is also a possibility to initially recognise the instrument at fair value above other comprehensive income/loss. There will then be no reclassification of the income statement when the instrument is sold.

IFRS 15 "Revenue from contracts with customers"

specifies how to recognise revenue. The principles on which IFRS 15 are based are intended to provide the users of financial statements with more usable information about the company's revenues. The expanded disclosure requirements mean that information must be provided concerning the nature, timing and uncertainty of revenue and cash flows arising from a contract with a customer. According to IFRS 15 income should be recognised when the customer gains control over the good or service sold and is able to use or benefit from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts as well as the associated SIC and IFRIC interpretations. IFRS comes into force on 1 January 2018. Advance application is permitted. The Group has not yet evaluated the effects of implementing the standard.

In January 2016, IASB published a new leasing standard that will replace IAS 17 Leases and the associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires recognition in the balance sheet of assets and liabilities attributable to leases, with a few exceptions. This recognition is based on the viewpoint that the lessee has the right to use an asset during a specific period, and an obligation to pay for this right at the same time. Recognition for the lessor will be essentially unchanged. The standard is to be applied to financial years commencing 1 January 2019 or later. Advance application is permitted. The standard has not yet been adopted by the EU. The Group has not yet evaluated the effects of IFRS 16.

No other IFRS or IFRIC interpretations that have not yet become effective are expected to have any material impact on the Group.

2.2 Classification

Non-current assets and non-current liabilities comprise amounts expected to be recovered or paid more than 12 months from the balance sheet date. Current assets and current liabilities comprise amounts expected to be recovered or paid within 12 months of the balance sheet date.

2.3.1 Consolidated accounts

Subsidiaries are all companies (including structured entities) over which the Group has control. The Group controls a company when it is exposed to, or has rights to, variable returns from its holdings in the company and has the ability to influence those returns through its power over the company. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which that control ceases.

The Group's business combinations are recognised using the acquisition method. The purchase consideration for the acquisition of a subsidiary consists of the fair value of the transferred assets, liabilities that the Group incurs to former owners of the acquired company, and the shares issued by the Group.

Since the acquisition of subsidiaries does not pertain to the acquisition of businesses, but to the acquisition of assets in the form of investment properties, the cost is distributed between the acquired net assets in the acquisition analysis. Note 3.2 contains a more detailed description of how the Group delineates business combinations from asset acquisitions.

Intra-Group transactions, balance-sheet items and unrealised gains and losses on transactions between Group companies are eliminated. Where necessary, the accounting policies for subsidiaries have been changed to ensure consistent application of the Group's policies.

2.4 Income and expenses

2.4.1 Rental income

Leases are classified in their entirety as operating leases according to Note 4 below, so that consolidated income primarily refers to rental income. Rental income including supplements is notified in advance, and allocation of rents is recognised straight line so that only the portion of the rent accruing to the period is recognised as income. Recognised rental income has been reduced by the value of rent discounts provided, where applicable. In cases where leases produce reduced rent during a given period, this is allocated in a straight line over the leasing period in question.

Compensation received from tenants who vacate the premises early is recognised as revenue when the contractual relationship with the tenant ceases and Offentliga Hus no longer has any obligations, which ordinarily happens when the tenant leaves. Rental income includes amounts charged to tenants for media and property tax and other expenses, to the extent that Offentliga Hus was not acting as the tenants' agent.

2.4.2 *Administrative expenses*

Consolidated administrative expenses are allocated to property administration, which is part of consolidated net operating income and central administration. Group-wide expenses that are not directly attributable to property management, such as expenses for Group management, property investments, finance and central marketing are classified under central administration.

2.4.3 *Financial income and expenses*

Calculations of interest income on receivables and interest expense on liabilities are based on the effective interest-rate method. The effective interest rate is the interest rate that equates the present value of all future incoming and outgoing payments during the fixed interest period with the recognised net value of the asset or liability. Financial expenses are recognised in the period to which they are attributable.

2.5 **Leases**

Lease agreements where all risks and advantages associated with ownership essentially belong to the lessor are classified as operating leases. All of the Group's leases should therefore be considered operating leases. Properties that are let under operating leases are included in the entry for investment properties. The policy for recognising rental income is described in section 2.4.1. Payments made under operating leases where Offentliga Hus is the lessee are expensed on a straight line basis over the leasing period.

2.6 **Equipment**

Equipment consists primarily of equipment belonging to the investment properties, which are reported at their acquisition value less accumulated depreciation and write-downs. Depreciation is applied straight line over the estimated useful life of the asset. The equipment's estimated useful life is assumed to be equal to the asset's economic life, so that the residual value is assumed to be negligible and is thus not taken into account. Depreciation starts when the asset is ready to be put into service. Equipment is ordinarily depreciated over 5 years.

2.7 **Investment properties**

Investment properties, meaning properties held to generate rent or for capital appreciation, are initially measured at cost, including directly attributable transaction costs. After their initial recognition, investment properties are measured at fair value.

Fair value is primarily based on prices in an active market and is the amount for which an asset could be exchanged between knowledgeable parties who are independent of each other and have an interest in the transaction being completed. The fair value of properties on each reporting date is based on a market-based measurement of all properties. Changes in the fair value of investment properties are recognised as changes in value in profit and loss. Further information on fair value for investment properties can be found in Note 13.

Additional expenses are capitalised only when it is probable that the Group will receive future financial benefits associated with the asset and the expenses can be reliably determined, and the action is for the replacement of an existing component or the introduction of a new one. Other repair and maintenance costs are expensed on current account in the period in which they are incurred.

For major new construction, extension and conversion projects, interest expenses are capitalised during the production time in accordance with IAS 23 "Borrowing costs". No interest was capitalised during the report period.

2.8 **Financial instruments**

Financial instruments recognised as assets in the balance sheet include cash and cash equivalents, accounts receivable and derivative instruments, while liabilities include accounts payable, loan liabilities and derivative instruments. Financial instruments are initially measured at fair value plus transaction costs, except for the categories of financial assets or liabilities measured at fair value through profit or loss. They are then recognised in different ways depending on how the financial instruments are classified as described below.

2.8.1 *Cash and cash equivalents*

In both the balance sheet and the statement of cash flows, cash and cash equivalents include cash, bank balances and other short-term investments with due dates within three months of the acquisition date.

2.8.2 *Loans and accounts receivable*

Loans and accounts receivable are financial assets that are not derivative instruments, that have fixed or fixable payments and that are not traded on any active market. They are included in current assets with the exception of items with due dates more than 12 months after the end of the reporting period, which are classified as fixed assets. Offentliga Hus' loan receivables and accounts receivable comprise Accounts receivable and other receivables as well as Cash and cash equivalents in the balance sheet. Receivables are initially recognised at fair value and thereafter at amortised cost applying the effective-interest-rate method, less any provision for value depletion.

2.8.3 *Liabilities*

Liabilities under this category are recognised and measured at accrued cost according to the effective-interest-rate method. Direct costs incurred when taking loans are included in the cost. All loan financing belongs to this category. Offentliga Hus' accounts payable and other liabilities are classified in this category but are recognised at cost. Fees paid for credit facilities are recognised as transaction costs for borrowing insofar as it is likely that parts or all of the credit facility will be used. In such cases the fee is recognised when the credit margin is used. When there is no evidence that it is likely that some or all of the credit facility will be used, the fee is recognised as an advance payment for financial services and accrued over the duration of the credit facility.

2.8.4 *Impairment losses on financial assets*

At the end of each reporting period, Offentliga Hus tests whether there is objective evidence that a financial asset or group of financial assets requires impairment. A financial asset or group of financial assets becomes subject to impairment and is impaired only if there is objective evidence of an impairment requirement due to one or more events that occurred after the asset was initially recognised (a "loss event") and that such an event (or events) has had an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably calculated.

For the category of loan receivables and accounts receivable, the impairment loss is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future loan losses that have not yet occurred), discounted using the financial asset's original effective interest rate. The asset's carrying amount is impaired and the impairment amount is recognised in consolidated profit or loss.

If the impairment requirement is reduced in a subsequent period and the decrease can be objectively attributed to an event that occurred after recognition of the impairment loss (such as an improvement in the debtor's creditworthiness), a reversal of the previously recognised impairment loss is recognised in consolidated profit or loss.

2.8.5 *Receivables and liabilities in foreign currencies*

Transactions in foreign currencies are recognised at the transaction-day rate. Monetary assets and liabilities in foreign currencies are translated at the closing rate, at which time exchange rate differences are recognised in profit or loss on consolidation.

2.9 **Share capital and other contributed capital**

Common shares are classified as shareholders' equity.

Transaction costs that can be directly attributed to issues of new shares or options are recognised in net amounts after tax in shareholders' equity as a deduction from the issue proceeds.

Shareholders' contributions received are recognised as Other capital contributions in the Group but as retained earnings in the Parent Company.

2.10 **Current and deferred tax**

Tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except when the tax is for items recognised in other comprehensive income/loss or directly in shareholders' equity. In such cases, tax is also recognised in other comprehensive income/loss or shareholders' equity, respectively.

The current tax cost is calculated based on the tax regulations that are in effect or essentially approved on the balance sheet date in the countries in which the Parent Company and its subsidiaries are active and generate taxable income. Management actively evaluates the claims that are made in tax returns regarding situations where applicable tax regulations are subject to interpretation and allocates reserves where appropriate for amounts that are likely to be paid to tax authorities.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax is not recognised if it arises from a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and that, on the transaction date, affects neither the recognised

nor taxable earnings. Deferred income tax is calculated by applying tax rates (and laws) that have been approved or announced on the balance-sheet date and are expected to apply when the deferred tax asset is realized or when the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future surpluses for tax purposes will be available to offset temporary differences.

Deferred tax assets and liabilities are offset against each other when there is a legal right of offset for the particular tax receivables and tax liabilities and when the deferred tax assets and tax liabilities pertain to taxes levied by one and the same tax authority and pertain to either the same tax subject or different tax subjects, in cases where there is an intention to settle the balances by means of net payment.

2.11 Contingent liabilities

A contingent liability is recognized when there is a possible commitment originating from events that have occurred and whose occurrence will be confirmed only by one or several uncertain future events or when there is a commitment that is not recognized as a liability or provision because it is probable that an outflow of resources will be required.

2.12 Parent Company's accounting policies

The Parent Company prepares its annual financial statements in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for legal entities. The statements regarding listed companies as issued by the Financial Reporting Board were also applied. Under RFR 2, in its Annual Report for the legal entity, the Parent Company is to apply all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and with respect to the relationship between accounting and taxation. This recommendation specifies the exceptions from and additions to IFRS that may be applied. The differences between the accounting policies of the Group and the Parent Company are stated below.

Income-statement and balance sheet items match the presentation format of the Swedish Annual Accounts Act. This pertains to any differences compared with the consolidated financial statements, primarily in respect of financial income and expense, the statement of comprehensive income and the statement of changes in shareholders' equity.

2.12.1 Subsidiaries

Shares in subsidiaries are recognised in the Parent Company using the cost method. The carrying amount is impairment tested quarterly in relation to the subsidiaries' equity. In the event the carrying amount is less than the consolidated value of the subsidiaries, an impairment charge is applied and charged to profit or loss. Where an earlier impairment is no longer justified, it is reversed.

2.12.2 Revenues

Dividends are recognised when the right to receive the dividend is considered certain. Income from the divestment of subsidiaries is recognised when risks and benefits related to ownership of the subsidiary have been transferred to the buyer.

2.12.3 Group contributions and shareholder contributions

The Swedish Financial Reporting Board has clarified how group contributions are to be recognised as of 2013. This clarification enables the use of a main rule or an alternative rule. Offentliga Hus has opted for recognition according to the alternative rule, entailing that Group contributions paid and received are recognised as appropriations.

2.12.4 Sureties/Financial guarantees

The Parent Company has signed sureties on behalf of subsidiaries. Such a commitment is classified according to IFRS as a financial guarantee agreement. For such agreements, the Parent Company applies the relief rule in RFR 2 [IAS 39] Item 2 and thus recognises sureties as contingent liabilities. When the company makes an assessment that it is probable that payment will be required to settle a commitment, a provision is posted.

2.14 Definitions

Loan-to-value ratio (excluding shareholder deposits)	Interest-bearing liabilities excluding shareholder deposits divided by the estimated market value of the properties.
Interest-coverage ratio on the balance sheet date, multiple	Profit/loss before net interest expense excluding interest expense pertaining to shareholder deposits divided by net interest expense.
Equity/assets ratio (including shareholder deposits)	Shareholders' equity plus shareholder deposits divided by total assets on the balance sheet date.

2.15 Rounding off

Unless stated otherwise, all amounts in the financial statements are rounded off to the nearest KSEK.

NOT 3 IMPORTANT ASSUMPTIONS WHEN APPLYING THE GROUP'S ACCOUNTING POLICIES.

In order to prepare financial statements in accordance with generally accepted accounting principles, management and the Board are required to make assessments and assumptions. These affect the carrying amounts of assets and liabilities, income, expenses and other disclosures. The assessments are based on experience and assumptions that management and the Board consider reasonable under the circumstances. The actual outcome may differ from these assessments should other conditions arise. The most significant assessments when preparing Offentliga Hus' financial statements are described below.

3.1 Fair value of investment properties

Investment properties are to be measured at fair value, which is determined by management, based on the market value of the properties according to an independent appraiser. Significant assessments have therefore been made in relation to cost of capital and direct yield requirements, for example, which are based on the appraisers' empirical assessments of the market's profitability targets for comparable properties. Assessments of cash flow for operating, maintenance and administration expenses are based on actual costs but also on experience from comparable properties. Future investments have been assessed on the basis of the actual needs that exist. The section on market valuation in Note 13 contains more detailed information on other assessments and assumptions.

3.2 Differences between a business combination and an asset acquisition

When a company is acquired, it constitutes either a business combination or the acquisition of a group of assets. The acquisition is defined as an asset acquisition if the acquisition pertains to properties, with or without leases, but does not include the outputs and processes necessary to conduct a property management business. Other acquisitions are business combinations. Management determines the criteria that have been met for each individual acquisition. The Fastator Group mainly conducts asset acquisitions, but every acquisition is assessed to determine whether the company has acquired a business or a group of assets. In 2015 and 2014, the assessment is that only asset acquisitions took place.

NOT 4 RENTAL INCOME

At year-end, the weighted average remaining term of the lease portfolio was about 8.7 years (7.9). All leases are classified as operating leases. Leases agreed as per 31 December 2015 are specified below. The amount exceeds rental income for the year because income is not recognised until the date of acquisition for properties and leases added during the year.

Term structure of leases	Number of employees Leases	Annual rent, KSEK
Expires within 1 year*	74	10 621
2017	26	18 877
2018	7	3 479
2019	8	16 382
Later than five years	48	64 159
	163	113 518

* Of which residential units: 45 leases generating KSEK 2,247 in annual rent

NOT 5 COSTS BROKEN DOWN BY TYPE

	Group		Parent Company	
	2015	2014	2015	2014
Tax-connected expenses	-8 677	-5 624	-	-
Property tax	-1 871	-1 131	-	-
Other direct property expenses	-10 296	-7 099	-	-
Other external costs	-13 516	-9 260	-14 180	-5 889
Total	-34 360	-23 114	-14 180	-5 889
Allocated in profit or loss				
Property costs	-20 844	-13 854	-	-
Central administration	-13 516	-9 260	-14 180	-5 889
Total	-34 360	-23 114	-14 180	-5 889

NOT 6 CENTRAL ADMINISTRATION

The parent company's operations comprise Group-wide functions and organisational services for the management of properties owned by other Group companies. Property management costs are re-invoiced to the property-owning companies as property administration. Other costs incurred by the parent company pertain to central administration that is not directly attributable to property management, such as group management, property investments, finance and central marketing.

Remuneration of auditors	Group		Parent Company	
	2015	2014	2015	2014
PwC				
- Auditing assignments	914	342	318	190
- Auditing activities in addition to auditing assignments	13	7	-	7
- Tax advisory services	55	-	55	-
- Other services	313	164	313	11
Total	1 295	513	686	208

During 2015, KSEK 0 (153) of Other services was capitalised as part of acquisition costs in connection with acquisitions.

NOT 7 EMPLOYEE BENEFITS, ETC.

The Group has no employed staff. All administrative services are purchased from OH Management AB, a closely associated company.

Breakdown by gender of board members and other senior executives

	2015		2014	
	Number on balance-sheet date	of whom, men	Number on balance-sheet date	of whom, men
Board members	5	4	6	5
CEO and other senior executives (also members of the board)	1	1	1	1
Group total	6	5	7	6

In 2015, fees paid to board members totalled KSEK 931. No board fees were paid in 2014. The CEO is employed by the closely associated company OH Management AB, which invoices its services to Offentliga Hus and the Group.

Remuneration paid to the CEO was invoiced to the Offentliga Hus Group in the amount of KSEK 1,064 for 2015 and KSEK 766 for 2014.

NOT 8 RESULTS FROM PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
	2015	2014
Impairment of shares in Group companies	-3 775	-9 466
Reversed impairment of shares in Group companies	3 466	-
Result from sales of Group companies	-11	-
Total profit from Group companies	-320	-9 466

NOT 9 FINANCE INCOME

	Group		Parent Company	
	2015	2014	2015	2014
Interest income	23	36	-	-
Exchange-rate differences	574	-	574	-
Interest income, subsidiaries	-	-	3 676	3 745
Total financial income	597	36	4 250	3 745

NOT 10 FINANCIAL EXPENSES

	Group		Parent Company	
	2015	2014	2015	2014
Interest expenses, credit institutions	-20 484	-21 290	-690	-466
Interest expenses, loans to related parties	-6 115	-3 897	-6 115	-3 897
Interest expenses, others	-411	-2 611	-406	-2 140
Other financial expenses	-2 263	-2 008	-183	-1 370
Interest expense, Group companies	-	-	-555	-476
Total financial expenses	-29 273	-29 806	-7 949	-8 349

NOT 11 APPROPRIATIONS

	Parent Company	
	2015	2014
Group contribution received	11 192	6 160
Group contributions paid	-521	-100
Total appropriations	10 671	6 060

The Swedish Financial Reporting Board Group has clarified how Group contributions are to be recognised as of 2013. The clarification permits recognition according to the core rule or an alternative rule. Offentliga Hus has decided to report in accordance with the alternative rule.

Group contributions received in 2014 represents a restatement of the figure for the preceding year.

	Group		Parent Company	
	2015	2014	2015	2014
Current tax on profit for the year	-1 187	-1 805	-81	-
Adjustments concerning prior years	382	-	-	-
Occurrence and reversal of temporary differences	-19 892	-18 274	-	-
Total income tax	-20 697	-20 079	-81	-

Income tax on consolidated profit before tax differs from the theoretical amount that would have arisen from the use of the weighted average tax rate for the profit of consolidated companies, as follows:

	Group		Parent Company	
	2015	2014	2015	2014
Profit before tax	82 810	80 645	1 103	-10 667
Income tax calculated according to prevailing tax rate, 22%	-18 218	-17 742	-243	2 347
Tax effects of:				
- Non-taxable revenues	2	3	-	-
- Non-deductible costs	-81	-10	-71	-2 092
- Utilisation of previously uncapitalised tax loss carryforwards	264	25	233	-
- Tax loss carryforwards for which no deferred tax asset has been recognised	-47	-410	0	-255
- Adjustment of tax attributable to previous years	0	-1 477	-	-
- Impairment/revaluation of deferred tax asset	-2 998	-392	-	-
Adjustments concerning prior years	381	-76	-	-
Total tax expense	-20 697	-20 079	-81	0

1) Deferred tax assets are not recognised if they pertain to a deferred tax liability that was not recognised in conjunction with the acquisition. In such cases, the amount is reduced by the unrecognised deferred tax liability.

Weighted average tax rate within the Group: -25,0% -24,9%

Loss carryforwards	Group		Parent Company	
	2015	2014	2015	2014
Unutilised tax-loss carryforwards for which no deferred tax assets has been recognised.	2 515	3 285	0	1 060
Potential tax benefit, 22%	553	723	0	233

Deferred tax recognised in profit or loss	Group	
	2015	2014
Untaxed reserves	-1 118	102
Investment properties	-18 774	-18 376
Total deferred tax recognised in profit or loss	-19 892	-18 274

Deferred tax recognised in the balance sheet	Group	
	2015	2014
Untaxed reserves	1 200	-
Investment properties	64 528	45 753
Total deferred tax	65 728	45 753

Deferred tax liabilities on properties and other items refer to tax of the difference between taxable and recognised residual values. All tax liabilities are considered to become due after 12 months. Current and deferred income tax has been calculated on the basis of a nominal tax rate of 22%. According to the prevailing regulatory framework, temporary differences on all assets and liabilities are to be taken into account in the balance sheet, apart from temporary differences on properties involving asset acquisitions. In such cases, the differences arising on the acquisition date have not been considered when calculating deferred tax. In the balance sheet, the deferred tax liability is based on the nominal tax rate, although market valuation of the deferred tax liability would probably result in a lower amount than that recognised in the balance sheet.

Gross change in terms of deferred taxes	Group	
	2015	2014
Opening balance	45 753	27 479
Acquired deferred tax on untaxed reserves	83	-
Deferred tax recognised in profit or loss	19 892	18 274
Closing balance	65 728	45 753

NOT 13 INVESTMENT PROPERTIES

Offentliga Hus reports investment properties at appraised market value. The market value is defined as the most probable price received from a sale in an open and free property market on a certain date. The basis for all market-value appraisals are analyses of objects sold, combined with knowledge of the operators' view of the various types of objects, their way of reasoning and insight into commercial rent levels, etc.

In order to appraise the market value of objects, an external valuation institute values the properties at least once each financial year; for the current financial year, Newsec conducted external valuations during all quarters.

The values were appraised using market-adjusted cash flow calculations in which Newsec – via simulation of estimated future income and expenses – analysed market expectations for the appraised objects. As a rule, the calculation period is ten years. Estimates of future net operating income are based on the analysis of current leases and the current rental market. Normally, current leases are assumed to remain in effect until the end of the lease period.

In cases where the rental terms and conditions have been assessed as being on a market level, it has been assumed the leases can be extended with no change in the terms and conditions or that the premises can be leased to new tenants on comparable terms. The market position, rent level, future trend of market rents and long-term vacancy rate can be taken into consideration via the cash flow statement.

Most of the property portfolio has been inspected, and the inspections encompass general areas and a selection of premises, with special attention given to large tenants and vacant premises. The purpose of the inspections is to assess the properties' overall standard and condition, maintenance requirements, market position and the attractiveness of the premises.

The imputed rate of interest and yield requirements used in the calculations were derived from sales of similar objects and other pertinent information such

as general conditions on the property market, growth, rental periods, population structure, finance market conditions, investor yield requirements and so forth. Significant factors in the estimation of yield requirements are the assessment of future rental trends relating to the properties, their change in value and their potential to progress, as well as the standards to which they have been maintained.

All market appraisals of investment properties have been conducted using substantial non-observable data (level 3 in the fair value hierarchy). The non-observable data that affects the appraisals is the discount rate. External companies with authorised property valuers are used to ensure the correct level of the discount interest rate. There has been no change in valuation method between the periods and thus no transfer between fair value levels.

The Group's 53 properties comprise primarily special-purpose properties in 23 municipalities, with municipalities and county councils as tenants. The portfolio consists of retirement homes, schools, county council offices, student accommodation, and medical centres, medical care accommodation, day centres and film studios, etc. The total leasable space is about 123,300 m². The properties are located primarily in the provinces of Västra Götaland, Värmland, Uppland, Skåne and on the island of Gotland.

The cash flow calculations for 2015 are based on an inflation assumption of 1% and subsequently of 2% annually during the calculation period (2014: 1%). Yield requirements vary from 4.75% (5.0) to 8.5% (8.5). Should the initial yield requirement be reduced by 50 points (0.5%), the value would be KSEK 1,686,250 (1,228); while should the initial yield requirement increase by 50 points (0.5%), the market value would be KSEK 1,420,655 (1,155). Should market rents decline by 5%, the market value would be KSEK 1,486,957 (1,153); while should market rents increase by 5%, the market value would be KSEK 1,597,243 (1,230).

	Group	
	31 Dec 2015	31 Dec 2014
Fair value, 1 January	1 191 500	791 800
Acquired properties	295 508	320 041
Investments in existing properties	4 610	9 414
Reclassified from work in progress	0	2 968
Changes in value	50 482	67 277
Recognised property value	1 542 100	1 191 500
Values for tax purposes	549 451	479 731

NOT 14 CONSTRUCTION IN PROGRESS

	Group	
	31 Dec 2015	31 Dec 2014
Opening balance	-	-
Capitalisation for the year	1 833	-
Closing balance	1 833	0

NOT 15 EQUIPMENT

	Group	
	31 Dec 2015	31 Dec 2014
<i>Cost</i>		
Cost on the opening date	197	-
Acquired equipment	48	197
Purchasing during the year	309	-
Cost at end of year	554	197
<i>Depreciation/amortisation</i>		
Cost on the opening date	-197	-
Acquired depreciation/amortisation	-29	-197
Amortisation during the year	-16	-
Closing balance, depreciation	-242	-197
Closing balance	312	0

NOT 16 PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
	31 Dec 2015	31 Dec 2014
Cost on the opening date	118 606	48 734
Investments during the year	300	21 615
Shareholders' contribution in existing companies	92 869	57 723
Divestment of Group companies	-50	-
Impairment losses during the year	-3 775	-9 466
Reversal during the year of previous impairment losses	3 466	-
Cost at end of year	211 416	118 606

The Group had the following subsidiaries at 31 December 2015:

Companies included in the Group	Corp. Reg. No.	Registered office	Share in equity, %	Shares/ participations	Carrying amount in the parent company	
					31 Dec 2015	31 Dec 2014
AB Trygghetsboendet 1 i Värmland	556876-2537	Stockholm	100%	500	1 250	1 250
FAB Fyllinge AB	556435-6102	Stockholm	100%	1 000	21 316	21 316
Limestone Fastigheter på Gotland AB	556741-2746	Stockholm	100%	100 000	7 132	10 657
OH 12 på Gotland AB	556872-0964	Stockholm	100%	500	776	50
OH Fastigheter 3 i Värmland AB	556892-6041	Stockholm	100%	50 000	30 676	27 210
OH Fina Villan AB	556982-9657	Stockholm	100%	500	0	50
OH Landskrona Fastigheter AB	556872-0956	Stockholm	100%	500	3 050	50
OH Lödöse AB	556852-1560	Stockholm	100%	1 000	100	100
- Lödösehus 3 KB	916896-0210	Stockholm	100%		0	0
- Lödösehus 4 KB	916896-0228	Stockholm	100%		0	0
OHNYAB 1 i Sverige AB	556981-3982	Stockholm	100%	500	9 416	50
OHNYAB 3 i Sverige AB	556981-3974	Stockholm	100%	500	1 844	750
OHNYAB 5 i Sverige AB	556982-9632	Stockholm	100%	500	57 023	57 023
- KB Fjolner 21	969621-9501	Ulricehamn	100%		0	0
- KB Grönfinken 1	969621-5954	Borås	100%		0	0
- KB Liljedal 11	969622-2760	Borås	100%		0	0
OHNYAB 9 i Sverige AB	556983-1349	Stockholm	100%	500	8 250	50
OHNYAB 10 i Sverige AB	556993-3418	Stockholm	100%	1 000	25 159	50
- Viskastrandsgatan fastigheter AB	556787-6197	Stockholm	100%	1 000	-	-
OHNYAB 11 i Sverige AB	556993-3434	Stockholm	100%	1 000	25 459	-
- Fastighets AB Storasystem AB	556907-1235	Stockholm	100%	50 000	-	-
OHNYAB 12 i Sverige AB	559004-1785	Stockholm	100%	1 000	14 385	-
- Fastighets AB Yrkesskolan	556907-1193	Stockholm	100%	50 000	-	-
OHNYAB 13 i Sverige AB	559004-1702	Stockholm	100%	1 000	5 430	-
- Fastighet AB Hallstavik	556905-4082	Stockholm	100%	50 000	-	-
OHNYAB 14 i Sverige AB	559017-4073	Stockholm	100%	1 000	50	-
OHNYAB 15 i Sverige AB	559021-3707	Stockholm	100%	1 000	50	-
OHNYAB 16 i Sverige AB	559021-3715	Stockholm	100%	1 000	50	-
Total cost					211 416	118 606

All subsidiaries are recognised in the Group. The proportion of voting rights in subsidiaries owned directly by the parent company does not differ from the percentage of common shares held.

NOT 17 FINANCIAL INSTRUMENTS BY CATEGORY

These are categorised in a hierarchy comprising three levels on the basis of the information used to determine their fair value. Level 1 pertains to when the fair value is determined based on the prices noted on an active market for identical financial assets or liabilities. Level 2 pertains to when real value is determined on the basis of observable information other than prices noted on an active market. Level 3 pertains to the determined fair value based significantly on non-observable information, meaning the company's own assumptions. The fair value of assets and liabilities is determined by using

information attributable to one or more of the aforementioned levels. Categorisation is determined by the lowest value in the hierarchy for that information with a significant impact on the value. The Group holds only financial assets and liabilities categorised according to level 2. The real value of the financial liabilities included in level 2 has been determined in line with generally accepted valuation techniques based on the discounting of future cash flows, in which the discount interest rate reflecting the counterpart's credit risk represents the most significant input data.

Specification of financial assets	Loan receivables and accounts receivable		Carrying amount		Fair value	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Cash and cash equivalents	20 105	19 605	20 105	19 605	20 105	19 605
Accounts receivable	1 855	1 224	1 855	1 224	1 855	1 224
Total	21 960	20 829	21 960	20 829	21 960	20 829

Specification of financial liabilities	Other financial liabilities		Carrying amount		Fair value	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Liabilities to credit institutions	998 734	773 950	998 734	773 950	998 734	773 950
Other non-current liabilities	143 000	128 000	143 000	128 000	143 000	128 000
Accounts payable	6 581	6 267	6 581	6 267	6 581	6 267
Other current liabilities	3 624	21 091	3 624	21 091	3 624	21 091
Total	1 151 939	929 308	1 151 939	929 308	1 151 939	929 308

NOT 18 ACCOUNTS RECEIVABLE

	Group		Parent Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Accounts receivable	1 923	1 323	789	1 156
Less: provision for doubtful receivables	-68	-99	0	-99
Accounts receivable - net	1 855	1 224	789	1 057

All accounts receivable are denominated in SEK.

The age analysis of these accounts receivable was as follows:

	Group		Parent Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Less than 2 months	978	1 148	789	1 057
2 to 9 months	945	175	-	99
Total accounts receivables	1 923	1 323	789	1 156

The carrying amount of accounts receivable matches the fair value. Since receipts of accounts receivable arise in the near future, the fair value is the same as accrued cost.

NOT 19 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Accrued income	259	-	-	-
Prepaid expenses	942	391	131	182
Accrued interest income	-	-	6 831	3 155
Other items	2 611	1 991	237	-
Total prepaid expenses and accrued income	3 812	2 382	7 199	3 337

NOT 20 CASH AND CASH EQUIVALENTS

Cash and cash equivalents totalled KSEK 20,105 (19,605) and consisted of bank deposits without fixed terms. Cash and cash equivalents have been invested with counterparties assessed as having a high credit standing and thus low risk. Cash and cash equivalents in the parent company amounted to KSEK 1,247 (2,255).

NOT 21 BORROWING AND FINANCIAL RISK MANAGEMENT

Holding and developing property is a capital-intensive operation. Offentliga Hus' capital requirement is met through a balanced mix of external loans, shareholder loans and equity, with a loan-to-value ratio – excluding shareholder loans – of 66 (66)% at year-end and an equity/assets ratio – including shareholder loans – of 28 (32)%. Thus, interest expense is the company's major cost item and thus it is strategically crucial for Offentliga Hus – irrespective of market conditions – to always have access to cost-effective financing. The objective of financial operations is to ensure the financing requirement at the minimum cost with the framework and restrictions decided by the board.

Financial risk management

The Group is exposed to various kinds of financial risks through its business. Financial risks refer to fluctuations in the company's earnings and cash flow as a result of changes in interest levels, liquidity and credit risks. On behalf of the board, the Group's financial risks are managed by the CEO and CFO, who have the task of identifying and minimising the earnings impact of these risks to the furthest possible extent. All financial risks are to be reported and analysed by company management and reported to the board. This is to take place in accordance with the company's current procedures, which are intended to limit the company's financial risks.

Market risks

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. IFRS divides market risks into three types: currency risk, interest-rate risk and other price risks. The market risk that mainly affects the company is interest-rate risk. The company's objective is to identify, manage and minimise the market risks. This is done by the CEO and CFO according to prevailing procedures.

Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment commitments on the maturity date without a substantial rise in the cost of securing payment funds. In line with currently applicable procedures, liquidity management is centralised to the CEO and the CFO, thereby optimising the utilisation of cash and cash equivalents and minimising the financing requirement. To minimise the liquidity risk, liquidity forecasts are conducted continually to ensure access to funds in the short and long term.

Interest-rate risk

Interest-rate risk refers to the risk that changes in interest rates will affect a company's interest expenses. Interest-rate risk could result in a change in fair value, changes in cash flow and fluctuations in the company's profit. The company is exposed to interest-rate risks due to its loan liabilities. The company's management of liquidity risk is conducted in line with current procedures and is centralised to the CEO and CFO, whose tasks are to identify, manage and minimise any interest-rate risks for the Group. This is reported regularly to the CEO and the board. Borrowing from credit institutions is conducted on the basis of 3-month variable interest rates, which entails that the Group can be exposed to short-term changes in interest-rate conditions. An increase or decrease in the interest rate by one percentage point would increase or decrease interest expense, respectively, by KSEK 11,458 per year.

Credit risk

Credit risk is associated primarily with the probability of financial losses due to a counterparty's incapacity to meet the contractual commitments accompanying financial transactions or instruments. The financial counterparty risk is appraised and monitored for the purpose of reducing counterparty risk. The Group manages its credit risk by limiting its counterparties to a number of major, well-known banks and financial institutions and by monitoring their positions.

Loan conditions

Loan conditions or covenants that the bank imposes in order to issue a credit are similar across the various credit contracts. The contracts primarily prescribe an interest coverage ratio of a minimum multiple of 1.5, a loan-to-value ratio (excluding shareholder loans) of 60-75% and an equity/assets ratio of a minimum 25% (including shareholder deposits). Parent company sureties are also a feature. Offentliga Hus i Norden AB or its subsidiaries have not infringed any loan conditions or covenants.

	Group		Parent Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Long-term borrowing				
Long-term liabilities to credit institutions	898 337	565 366	10 320	10 800
Liabilities to Group companies	-	-	23 575	23 576
Other non-current liabilities	143 000	128 000	143 000	128 000
	1 041 337	693 366	176 895	162 376
Current borrowing				
Current liabilities to credit institutions	100 397	208 584	27 885	480
Other liabilities	3 500	21 091	3 500	21 091
	103 897	229 675	31 385	21 571
Total borrowings	1 145 234	923 041	208 280	183 947

The debt to credit institutions becomes due for repayment up to 2071 and carries average interest at a rate of 2.13 percent per year (2.98). The aggregated average interest rate for interest-bearing liabilities is 2.61% per year (3.31).

Total borrowings include bank loans and other borrowing against collateral of SEK 1,098,891,000 (896,418,000). The Group's properties and shares in Group companies are used as collateral for bank loans (see Note 23).

Maturity structure	Group		Parent Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Liabilities that fall due for payment within one year.				
Within 1 year of the balance-sheet date	103 898	229 675	31 385	21 571
1-5 years from balance-sheet date	748 740	454 283	22 920	7 920
6-10 years from balance-sheet date	205 092	139 830	147 975	147 976
Later than 10 years from balance sheet date	87 504	99 253	6 000	6 480
	1 145 234	923 041	208 280	183 947

Current liabilities to credit institutions that have fallen due for payment under the refinancing process. In the opinion of Offentliga Hus, all liabilities will be repaid during the year.

Liquidity analysis	Group		Parent Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
6 months or less	81 392	95 757	8 455	25 110
6-12 months	51 230	160 375	51 646	3 624
1-5 years	822 056	509 326	49 182	33 997
6-10 years from balance-sheet date	216 069	154 467	132 914	125 713
Later than 10 years from balance sheet date	117 663	142 634	0	7 972
	1 288 410	1 062 559	242 197	196 416

The amounts pertain to future discounted cash flows for financial liabilities, including interest, broken down according to the time left until the contractual due date. The interest rate on the balance-sheet date has been used to calculate future cash flows for all liabilities.

Liabilities to credit institutions carry 3-month floating interest. Other interest-bearing liabilities carry fixed interest at a rate of 2 to 8.65%.

NOT 22 ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Accrued interest expenses	10 053	7 456	7 464	4 485
Prepaid rental income	19 681	3 707	-	-
Maintenance reserve	3 740	5 000	-	-
Other items	2 305	2 818	657	427
Total accrued expenses and deferred income	35 779	18 981	8 121	4 912

NOT 23 PLEDGED ASSETS

	Group		Parent Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
For own debts and provisions:				
Property mortgages	971 329	746 680	-	-
Shares in subsidiaries	192 663	130 118	90 893	86 333
Receivables	-	-	-	-
Total pledged assets	1 163 992	876 798	90 893	86 333

NOT 24 CONTINGENT LIABILITIES

	Group		Parent Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Sureties for loans	-	-	882 055	630 239
Total contingent liabilities	-	-	882 055	630 239

NOT 25 RELATED-PARTY TRANSACTIONS

Within the the Group, the following related parties have been identified:

- Aktiebolaget Fastator (publ) and Aerium Finance Ltd, which each own 50% of Offentliga Hus. Aktiebolaget Fastator (publ) and Aerium Finance Ltd also jointly own OH Management AB, from which Offentliga Hus purchases central administration.
 - Naibaf AB group. The Naibaf AB group has a significant influence over Fastator. During the year, Offentliga Hus purchased certain property-related services from the Naibaf AB group.
 - Board members of Offentliga Hus have a controlling or a significant influence.
 - Board members of companies classified as Group companies.
 - Shares in subsidiaries are recognised in Note 16.
- During the period January–December 2015, the following transactions with related companies have been identified:

- Offentliga Hus purchases primarily central administration and property-related services from the related companies. The services are governed by agreements and signed on commercially competitive terms. In 2015, the purchased services amounted to:

- OH Management AB	KSEK 7,042
- Naibaf AB group	KSEK 394

- Fees payable to board members are presented in Note 6.
- As per the balance-sheet date, Offentliga Hus had raised loans from the shareholders totalling KSEK 125,500, subject to interest at a rate of 5%. Interest expense during the year amounted to KSEK 6,115

See the specification below, where all transactions with the shareholders are specified.

	Fastator		Aerium Finance Ltd		Total	
Loans from holding companies	2015	2014	2015	2014	2015	2014
On 1 January	83 172	84 648	61 962	0	145 134	84 648
Loans paid during the year	3 500	0	0	61 000	3 500	61 000
Repayments during the year	-17 091	-5 000	0	0	-17 091	-5 000
Interest expense	3 065	3 524	3 050	962	6 115	4 486
Interest paid	-5 081	0	-962	0	-6 043	0
At year-end	67 565	83 172	64 050	61 962	131 615	145 134
- of which, long-term	61 000	61 000	61 000	61 000	122 000	122 000
- of which, current	6 565	22 172	3 050	962	9 615	23 134

	Fastator		Aerium Finance Ltd		Total	
Loans to holding companies	2015	2014	2015	2014	2015	2014
On 1 January	4 053	0	-	-	4 053	0
Loans paid during the year	0	4 053	-	-	0	4 053
Repayments during the year	-1 624	0	-	-	-1 624	0
At year-end	2 429	4 053	-	-	2 429	4 053
- of which, current	2 429	4 053	-	-	2 429	4 053

NOT 26 SHARE CAPITAL

The share capital amounts to 500 common shares.
All of the shares that have been issued are fully paid.

The consolidated income statement and balance sheets will be presented to the Annual General Meeting 9 May 2016 for adoption.

Stockholm, 14 April 2016



Mats Hulth
Chairman of the Board



Ulf Adelsohn
Member of the Board



Pierre Ladow
Member of the Board



Erika Kveldstad
Member of the Board



Fredrik Klerfelt
Chief Executive Officer

Our audit report was submitted on 2016
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

Revisionsberättelse

Till årsstämman i Offentliga Hus i Norden AB, org.nr 556824-2696

Rapport om årsredovisningen och koncernredovisningen

Vi har utfört en revision av årsredovisningen och koncernredovisningen för Offentliga Hus i Norden AB för år 2015. Bolagets årsredovisning och koncernredovisning ingår i den tryckta versionen av detta dokument på sidorna 9–40.

Styrelsens och verkställande direktörens ansvar för årsredovisningen och koncernredovisningen

Det är styrelsen och verkställande direktören som har ansvaret för att upprätta en årsredovisning som ger en rättvisande bild enligt årsredovisningslagen och en koncernredovisning som ger en rättvisande bild enligt International Financial Reporting Standards, såsom de antagits av EU, och årsredovisningslagen, och för den interna kontroll som styrelsen och verkställande direktören bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel.

Revisorns ansvar

Vårt ansvar är att uttala oss om årsredovisningen och koncernredovisningen på grundval av vår revision. Vi har utfört revisionen enligt International Standards on Auditing och god revisionssed i Sverige. Dessa standarder kräver att vi följer yrkesetiska krav samt planerar och utför revisionen för att uppnå rimlig säkerhet att årsredovisningen och koncernredovisningen inte innehåller väsentliga felaktigheter.

En revision innefattar att genom olika åtgärder inhämta revisionsbevis om belopp och annan information i årsredovisningen och koncernredovisningen. Revisorn väljer vilka åtgärder som ska utföras, bland annat genom att bedöma riskerna för väsentliga felaktigheter i årsredovisningen och koncernredovisningen, vare sig dessa beror på oegentligheter eller på fel. Vid denna riskbedömning beaktar revisorn de delar av den interna kontrollen som är relevanta för hur bolaget upprättar årsredovisningen och koncernredovisningen för att ge en rättvisande bild i syfte att utforma granskningsåtgärder som är ändamålsenliga med hänsyn till omständigheterna, men inte i syfte att göra ett uttalande om effektiviteten i bolagets interna kontroll. En revision innefattar också en utvärdering av ändamålsenligheten i de redovisningsprinciper som har använts och av rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen, liksom en utvärdering av den övergripande presentationen i årsredovisningen och koncernredovisningen.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Uttalanden

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av moderbolagets finansiella ställning per den 31 december 2015 och av dess finansiella resultat och kassaflöden för året enligt årsredovisningslagen. Koncernredovisningen har upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av koncernens finansiella ställning per den 31 december 2015 och av dess finansiella resultat och kassaflöden för året enligt International Financial Reporting Standards, såsom de antagits av EU, och årsredovisningslagen.

Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Vi tillstyrker därför att årsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och koncernen.

Rapport om andra krav enligt lagar och andra författningar

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av förslaget till dispositioner beträffande bolagets vinst eller förlust samt styrelsens och verkställande direktörens förvaltning för Offentliga Hus i Norden AB för år 2015

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust, och det är styrelsen och verkställande direktören som har ansvaret för förvaltningen enligt aktiebolagslagen.

Revisorns ansvar

Vårt ansvar är att med rimlig säkerhet uttala oss om förslaget till dispositioner beträffande bolagets vinst eller förlust och om förvaltningen på grundval av vår revision. Vi har utfört revisionen enligt god revisionssed i Sverige.

Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Som underlag för vårt uttalande om ansvarsfrihet har vi utöver vår revision av årsredovisningen och koncernredovisningen granskat väsentliga beslut, åtgärder och förhållanden i bolaget för att kunna bedöma om någon styrelseledamot eller verkställande direktören är ersättningsskyldig mot bolaget. Vi har även granskat om någon styrelseledamot eller verkställande direktören på annat sätt har handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Uttalanden

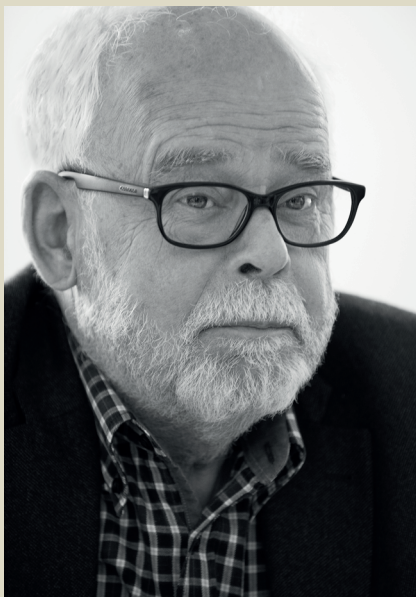
Vi tillstyrker att årsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Stockholm den april 2016

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Auktoriserad revisor

BOARD OF DIRECTORS



MATS HULTH / BOARD CHAIR

Previously – Mayor, City of Stockholm (Finance Commissioner), Commissioner for Property, Trade and Industry; Chair Banverket (Swedish Rail Administration), CEO Swedish Hotels and Restaurants Association (SHR, now Visita), Chair HSB (Hyresgästernas sparkasse - och byggnadsförening, the Savings and Construction Association of Tenants), Svenska Bostäder (Municipal Housing company), and dk Properties.



PIERRE LADOW / BOARD DIRECTOR

Partner and CEO of Aerium Finance.



ULF ADELSOHN / BOARD DIRECTOR

Previously – Mayor, City of Stockholm (Finance Commissioner); Commissioner of Traffic; National Minister for Communications, Party Leader of Moderaterna (The Moderate Party); Governor Stockholm County; Board Chair at Swedish Hotels and Restaurants Association (SHR, now Visita), Luftfartsverket (now LFV, the Swedish Civil Aviation Administration) and SJ Statens Järnväg (Swedish Rail).
Current assignments: Board Chair Svenska Vårdfastigheter, Board Director at several companies.



ERIKA KVELDSTAD / BOARD DIRECTOR

Previously – Authorized Public Accountant at PwC (Property and Construction). M.Phil Business Economics
Current assignments: CEO at Aktiebolaget Fastator.



FREDRIK KLERFELT / CEO OFFENTLIGA HUS

Previously – Manager DTZ, Magnolia Bostad;. BSc. Property & Finance KTH Royal Institute of Technology
Current assignments: CEO Konkret Fastighetsutveckling



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