

The background of the entire page is a dense, repeating floral pattern. It features large, stylized flowers in shades of cream, light pink, and pale yellow, interspersed with green leaves. The overall tone is soft and natural.

Good deals are ones you make together.

Annual report of
Offentliga Hus i Norden AB 2014





“Our business concept is “to acquire and enhance environments and properties to promote long term growth and stability in municipalities.”

We see ourselves simply as community developers. What we do affects people of all ages and stages in life. No wonder that we do the best job possible.

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LETTER FROM THE CEO

We reached 100,000 m², put a well-functioning organisation in place, and gained a new partner – bringing recognition of both our history and our future. This makes me feel comfortable writing my first ever Letter from the CEO.



Cadogan Investments SA acquired 50% of the shares in Offentliga Hus in April 2014. Cadogan is financed by brothers Ely Michel Ruimy and Franck Ruimy with Pierre Ladow. The Ruimy brothers founded and run the real estate fund Aerium, with over SEK 70 billion under management.

The Ruimy brothers and Pierre Ladow operate in the global arena, and their acquisitions are all as different from impulse buying as possible. They had looked to invest in Scandinavia for some time when they first came into contact with Offentliga Hus in 2013. This led to discussions between, and about, both our businesses, about the market, and about future prospects. And, we found we could agree. Just over a year later their acquisition was finalized, but I can assure everyone that their analysis of the company, and due diligence, left not a single comma or concept unchecked. This gave Offentliga Hus concrete recognition of our business model and stronger finances for continued growth.

What did Cadogan get? Shares in a company that has seen over 30% growth in revenue and net operating income since 2013, and which owns properties worth more than SEK 1.2 billion. But above all, they gained access to a special market. Our new partners may be international, but the Swedish market demands local knowledge and presence to find the most attractive deals.

One thing both parties could shake hands on, is that this involves a more down-to-earth approach than simply suits and ties from London. Another is maintaining a long-term sustainable operation. One absolute requirement from our side was that we remained outside of what Aerium otherwise see as every-day, a fund structure with an exit after approximately five years. Offentliga Hus is about properties, community development and people. This demands more than simply staring at the waves rolling into shore, but rather it requires keeping our gaze out to the horizon.

We put in place a well-functioning organisation in 2014. From having had offices in both Visby, on Gotland, and in Stockholm, we gathered all our staff at offices in the Swedish capital. Because, despite all the modern communication capabilities we have available, nothing beats the old-fashioned analogue of being able to simply rise from your chair and walk to your colleague in the next room to go over your ideas. With our organisation in one place, we stand ready for growth in the coming years. This involves having 'everything in its place', one of our

guiding principles at Offentliga Hus from the start. We also reinforced this structure by hiring Erika Kveldstad, previously our auditor from PwC.

Erika stepped in as MD of Aktiebolaget Fastator, the other partner in Offentliga Hus, while she will also be part of our teambuilding within the company. This has become a highly successful collaboration, where I have greater freedom to focus on deal-making while still being secure in knowing that completing the deal is in safe hands.

This year, Offentliga Hus also carried out an IFRS conversion, a heavy task for any company. This puts us in compliance with the international accounting standards, which helps Offentliga Hus become even more transparent and easier to compare in international markets. We want to strengthen our capability to attract additional capital, quite simply to grow in the market we believe in. We see ourselves as community developers who join with the public sector to create long-term solutions and that requires capital. The market has matured and the public sector is more aware of the value of the assets they own. The possibilities created by selling these properties along with an understanding of the resources freed up for use elsewhere, is huge.

The community service properties segment within the real estate industry is a rather young phenomenon with only a few years behind it. As CEO from the first of September 2014, I am also on the young side, at 26 years. Before that I was CEO for Konkret, a sister company to Offentliga Hus, which at the time was led by Erik Adelson. We worked together in both companies, and when Erik moved on to the board of directors, I got the question to take over his role in Offentliga Hus. My background is from Real Estate and Finance at KTH Royal Institute of Technology in Stockholm, Magnolia Bostad and property advisors DTZ. Certainly my young appearance can arouse both surprise and curiosity at the negotiating table. But I often reply that against the background of a business segment that itself is only a few years old, I already feel like, say, forty?

A long-term approach. A sustainable society.

Offentliga Hus started business in 2011. By the end of 2014, we could count over 100,000 m² with a managed value of TSEK 1,195,500 where the year's bottom line was TSEK 60,566. This growth has been described in the business press as the company having "rushed ahead in the market for public properties".

But, behind our bottom line lies something other than just buying everything you can get, and such a strategy is not the recipe for success either.

For us it is about meeting the needs that the public may have in regard to development and collaboration. We see ourselves simply not as just another real estate company buying and managing properties, rather we also see ourselves as community developers or even, community builders.

While a deal for us obviously involves acquiring a property, we also want to have a local commitment to solutions, development, and cooperation with local councils. This latter is an important element in the property deal, and that is when we provide the greatest utility to a municipality.

Sometimes the difficulty lies in imagining what can be done with a property. We try to provide the municipality with an extra pair of eyes and new perspectives that are still based on their needs and possibilities, where we are also prepared to work together and invest jointly. Each step, small or large, has the same purpose in the end – to help preserve and add to the municipality's attractiveness. They make an improvement, and still free up capital to add more to other activities.

"Taking the long view and stability also lie behind our desire for contracting directly with the public sector. We do live up to our name."

This is our guiding principle and community development is something that takes place over time. When we call ourselves community developers, this is also a synonym for sustainability. As our CEO Fredrik Klerfelt says, it's not simply about staring at the waves rolling into shore, but rather keeping our gaze out to the horizon.

The long view and stability also lie behind our desire for contracting directly with the public sector. We do live up to our name, Offentliga Hus, or 'Public Buildings', since we acquire public properties and have public sector tenants. Our public sector tenants see things long term, as do we.

"Everything in its place" also involves long term sustainability. As we insist, we choose our deals. And when we enter a deal, we strive to keep administration simple, where we can concentrate our efforts on our tenants, rather than straightening things out. Because, in the end, the tenant is our customer, and without customers, there is no deal.

Community development is still an activity that should pay for both private and public interests, and this is best done together. This is an approach that is obviously shared by many in the public sector. That is also the answer to how Offentliga Hus has "rushed ahead".



With 100,000 m², we still
have a long way to go.
Some 227,000,000 m².

Right in the midst of Sweden's worst crisis in the mid-1990s, a well-known left-leaning commentator, Johan Erhenberg, stood in front of the TV cameras claiming there wasn't any crisis. Really. Because, indeed, Mother Svea certainly held huge assets. The country owned highways, docks, bridges, buildings, and much else. Observers from both the left and right slapped their foreheads. These assets were, as we all knew, part of our public utilities. Clearly, the public sector should own the properties they function in. Just over twenty years later Johan was proved correct, though likely against his wishes. Now, the public sector sees their properties as assets. That can be realised. According to published figures, this involves a total of 227,000,000 m². In properties. And still more in what is still difficult value, assets like parking areas, football fields, and land.

This turnaround has happened swiftly. When we started in 2011, the old perspective was still dominant.





In only these few years, selling public properties has become uncontroversial. Regardless of political leaning, most now understand that the public sector holds capital that can be freed to use for other purposes. And, this kind of solution is needed. The public sector is increasingly squeezed between higher costs and investment needs on one hand, and decreasing availability of resources on the other. This is not due to a crisis, as when Johan made his public claim. But rather, it involves long-term changes to society, including our aging population demographic.

To use the political formulation often expressed to describe this situation, this involves “challenges”. But these are not best resolved with a “quick fix” by simply selling off. Challenges are best addressed by working together to create long-term solutions. Exactly what Offentliga Hus stands for and offers. We have chosen our road as community developers. We are convinced that many others will also begin doing the same.

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ADMINISTRATION REPORT

ADMINISTRATION REPORT

The Board of Directors and Managing Director of Offentliga Hus i Norden AB ("Offentliga Hus"), Corporate Identity Number 556824-2696, Östermalmstorg 5, 114 42 Stockholm, hereby presents the annual report for 2014. The income statement and balance sheet contained herein will be presented for adoption at the Annual General Meeting of shareholders to be held on 6 May 2015. All amounts are stated in thousands of Swedish krona (TSEK) unless stated otherwise, and refer to the period 1 January – 31 December for income statement items and to the closing date of 31 December for balance sheet items.

Offentliga Hus

Offentliga Hus was formed in 2011 with the business concept of acquiring and refining local environments and properties, with the aim of achieving long-term, stable development in municipalities. We focus on properties with public sector tenants and ideally with longer rental agreements. Offentliga Hus undertakes acquisitions for long-term ownership. We currently own 46 community service properties in 21 Swedish municipalities. These properties are primarily located in Västra Götaland, Värmland, Skåne and on Gotland

The property portfolio consists of retirement homes, schools, county council buildings, student housing, healthcare centres, care homes, day centres, theatres, etc. Retirement homes and care facilities account for 48% of the total leasable area of approximately 102,600 m².

Significant events during the year

In December 2013, Aktiebolaget Fastator signed an agreement regarding the sale of 50% of the shares in Offentliga Hus to Cadogan Investments SA. This transaction provides Offentliga Hus with more resources for growth, and the Group can also make use of the new owners' extensive network and expertise. The shares were formally transferred in April 2014.

In March 2014, the property Halmstad Fyllinge 20:406 was acquired. The property is a technical aid centre which is rented in its entirety by the Halland county council on the basis of a triple-net lease agreement.

In April 2014, the merger between AB Trygghetsboendet 1 i Värmland, OH Fastigheter 1 i Värmland AB, OH Fastigheter 2 i Värmland AB and OH Fastigheter 4 i Värmland AB was registered. The acquiring company in the merger is AB Trygghetsboendet 1 i Värmland.

With the formal transfer of ownership taking place on 30 September, three properties via companies in Borås were acquired with housing care homes and other municipal and government operations.

Eleven LSS properties (support and service properties for persons with certain functional impairments) located in the Gothenburg area and Skåne were acquired via companies, with the formal transfer of ownership taking place on 29 October.

The total value of the properties acquired during 2014 amounts to TSEK 320 000.

Comparative figures covering several years

Summary of the Group's and the Parent Company's financial development;

Group	2014	2013	2012
Net sales	66,252	50,932	33,055
Operating profit*	43,138	37,153	25,191
Balance sheet total *	1,251,270	806,465	646,598

*2012 and 2013 converted to IFRS (see Note 25)

Parent Company	2014	2013	2012
Net sales	3,232	59	0
Operating profit	-2,657	-439	-70
Balance sheet total	293,816	163,573	128,311

Financial performance and financial position of the Group

Rental income amounted to TSEK 66,212 (50,873) and net operating income to TSEK 52,398 (40,035). Both increased by approximately 30% and the increases are entirely attributable to the acquisitions made during the year.

Central administrative expenses increased from TSEK -2,882 to TSEK -9,260. The increased level of expenses is due to the implementation of a more appropriate organisation during the year, as well as a growth in the Group's operations.

The ownership and development of real estate properties are capital-intensive operations. Offentliga Hus' capital is secured through a balanced combination of external loans, shareholder loans and equity, with a loan-to-value ratio, excluding shareholder loans, of 66 (67) percent at year-end and an equity/assets ratio, including shareholder loans, of 32 (27) percent. Interest expenses are also the Company's largest expense item and it is strategically important that Offentliga Hus always has access to cost-effective financing, regardless of market conditions. The objective for the financing operations is to meet financing requirements at the lowest possible cost, within the framework and the restrictions determined by the Board. The Group has increased external borrowing

with a net amount of TSEK 280 000. Net financial income increased from TSEK -22,491 to amount to TSEK -29,770. Average interest expenses, excluding shareholder loans, has decreased from 3.31 percent to 2.98 percent during the year, while the interest coverage ratio has also decreased somewhat, from 1.86 to 1.71.

The properties have been externally appraised by Newsec during the year. Decreases in yield requirements have had a positive impact on the properties' market values during 2014. The overall market value as per 31 December was TSEK 1,192,500 (791,800). Revaluations during the year amount to TSEK 67,277 (32,973).

Net profit/loss for the year amounted to TSEK 60,566 (37,343).

Equity as at 31 December 2014 amounted to TSEK 256,330 (138,631). Including shareholder loans of TSEK 139,091 (83,091), the equity/assets ratio amounts to 32 percent (27). The Company has received an unconditional shareholders' contribution of TSEK 56,973 during the year.

Cash and cash equivalents at year-end amounted to TSEK 19,605 (7,462).

Financial performance and financial position of the Parent Company

The Parent Company is a holding company whose purpose is to own shares in those companies in the Group which invest in properties. The majority of the Company's expenses are administrative expenses from the related companies OH Management AB and Aktiebolaget Fastator. The expenses are re-invoiced to the Group's subsidiaries together with certain other expenses. The remaining expenses are such that cannot be attributed to the properties of the operation of the respective subsidiaries.

Accounting principles

The Board of Directors has resolved that the Group shall change accounting principles to IFRS as of 2014, implying that this is the first annual report for the Offentliga Hus Group prepared in accordance with IFRS. The accounting principles described in Note 2 have been applied in the preparation of the consolidated accounts as per 31 December 2014 and the comparative information presented as per 31 December 2013, as well as in the preparation of the statement of opening financial position for the period (Opening IFRS balance sheet) as per 1 January 2013 (the date of the Group's transition to IFRS). In conjunction with the preparation of the opening IFRS balance sheet, amounts which were reported in accordance with the general advice and guidelines of the Swedish Accounting Standards Board in previous annual reports were adjusted to correspond to IFRS.

The Group shall present a reconciliation of equity and total comprehensive income reported according to previous accounting principles for previous periods with the corresponding items according to IFRS. This reconciliation can be found in Note 25.

Corporate governance

At an extraordinary general meeting of shareholders held on 26 May 2014, Mats Lundberg and Krister Fingal withdrew from the Board and, at the same meeting, Pierre Ladow and Erik Adelsohn were elected as ordinary Board members. The serving Board was re-elected at the annual general meeting of shareholders held on 23 June 2014.

An extraordinary general meeting of shareholders was held on 30 September, at which Fredrik Klerfelt and Erika Kveldstad were elected to the Board.

The Company's Board of Directors has met six times during the year. In addition to the customary decisions regarding strategy and budget, all individual acquisitions and financing transactions are subject to the approval of the Board of Directors. On 31 August, the resolution was made that Fredrik Klerfelt was to succeed Erik Adelsohn as Managing Director.

Personnel

The Company has no employees, as all administrative services are purchased from OH Management AB as of 1 July 2014. OH Management AB is owned to 50% by Aktiebolaget Fastator and to 50% by Cadogan Investments SA. Up until 30 June, the equivalent services were purchased from Aktiebolaget Fastator.

Events after the end of the financial year

During 2015, the Group has acquired a property in Ängelholm. The formal transfer of possession took place on 23 February 2015.

Significant risks and factors of uncertainty

In terms of income, Offentliga Hus is exposed to limited risk. Rental agreements are largely signed directly with the public sector (municipalities, county councils and the government) and have long-term tenors. Factors of uncertainty apply mainly to financing and interest expenses. The Board and management work consistently to improve net financial result, and the prospects for the success of this work are deemed to be good. This is partly due to the fact that market interest rates are very low and are expected to remain so for a considerable time, but is also due to the fact that Offentliga Hus continues to grow financially stronger, and now holds a completely different negotiating position. The Board of Directors' opinion is that the Company will continue with variable interest, in order to retain its flexibility and, in addition, because this implies, historically speaking, a lower level of interest expenses in the longer term.

Future development

The Company's ambition is to continue to expand, and to negotiate a number of new acquisitions. The general transaction climate on the real estate market is positive. The Company's capacity to attract owners in the public sector is increasing as more and more successful projects can be highlighted. The Company has a solid organisation and can handle larger, more complex acquisitions without the necessity for significant recruitment or organisational changes. Consequently, the growth rate and profit levels should continue to develop in a favourable direction. The Company's strong financial position comprises a stable base for continued growth and a reduction in the Company's financing expenses.

Proposed appropriation of profits (SEK)

The Board of Directors proposes that the available profits:

- Profit/loss brought forward	106 668 435
- Net profit/loss for the year	-10 677 390
Total	96,001,045

Be appropriated as follows:

- To be carried forward	96,001,045
Total	96,001,045

The Board of Directors and the Managing Director confirm that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU and give a true and fair view of the Group's financial position and performance. The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the Parent Company's financial position and performance. The administration report for the Group and the Parent Company provides

a fair review of the development of the Group's and the Parent Company's operations, financial position and performance and describes significant risks and factors of uncertainty to which the Parent Company and other companies in the Group are exposed.

For information regarding the Company's results and financial position, please refer to the following income statement and balance sheet, with accompanying notes.

Consolidated Income Statement (TSEK)

		Group	
	Note	2014	2013
Rental income	4	66 212	50 873
Other income		40	59
Total operating income		66 252	50 932
Property expenses	5, 7	-13 854	-10 897
Net operating income		52 398	40 035
Central administration	5, 6	-9 260	-2 882
Management profit		43 138	37 153
Financial income	9	36	146
Financial expenses	10	-29 806	-22 637
Total financial items		-29 770	-22 491
Profit/loss before changes in value		13 368	14 662
Changes in property values	13	67 277	32 973
Profit before tax		80 645	47 635
Income tax	12	-20 079	-10 292
Net profit for the year		60 566	37 343
Other comprehensive income		-	-
Total comprehensive income for the year		60 566	37 343

Consolidated Balance Sheet (TSEK)

		Group		
	Note	31 December 2014	31 December 2013	31 December 2012
ASSETS				
Fixed assets				
Tangible fixed assets				
Investment properties	13	1 191 500	791 800	624 400
Constructions in progress		-	2 968	
Total tangible fixed assets		1 191 500	794 768	624 400
Current assets	15			
Accounts receivable - trade	16	1 224	-	13
Receivables from Group companies		-	96	9 849
Other current receivables		36 559	4 137	7 037
Prepaid expenses and accrued income	17	2 382	2	2 686
Cash and cash equivalents	18	19 605	7 462	2 613
Total current assets		59 770	11 697	22 198
TOTAL ASSETS		1 251 270	806 465	646 598
EQUITY AND LIABILITIES				
Equity attributable to shareholders in the Parent Company				
Share capital	24	50	50	50
Other contributed capital		56 973	-	-
Profit/loss brought forward		199 307	138 581	104 166
Total equity		256 330	138 631	104 216
Non-current liabilities	15			
Deferred tax liabilities	12	45 753	27 479	18 323
Non-current liabilities to credit institutions	19	565 366	340 407	275 361
Liabilities to Group companies	19	-	83 091	47 846
Other non-current liabilities	19	128 000	4 000	28 782
Total non-current liabilities		739 119	454 977	370 312
Current liabilities	15			
Current liabilities to credit institutions	19	208 584	162 961	138 243
Accounts payable - trade		6 267	5 681	410
Liabilities to Group companies		-	3 818	13 878
Current tax liabilities		890	268	111
Other current liabilities	19	21 099	22 854	347
Accrued expenses and deferred income	20	18 981	17 275	19 081
Total current liabilities		255 821	212 857	172 070
TOTAL EQUITY AND LIABILITIES		1 251 270	806 465	646 598
MEMORANDUM ITEMS				
Pledged assets	21	876 798	562 697	492 950
Contingent liabilities	22	-	-	

Consolidated Statement of changes in Equity

	Attributable to shareholders in the Parent Company			
	Share capital	Other capital contributed	Profit/loss brought forward	Total
Opening balance at 1 January 2013 (see Note 25)	50		122 272	122 322
Effect of transition to IFRS (see Note 25)			-18 106	-18 106
Opening balance at 1 January 2013 adjusted according to new principle (see Note 25)	50	0	104 166	104 216
Net profit/loss for the year			37 343	37 343
Other comprehensive income for the year			-	-
Total comprehensive income			37 343	37 343
Group contribution			-3 753	-3 753
Tax on Group contribution			825	825
Transactions with shareholders, recognised directly in equity			-2 928	-2 928
Closing balance at 31 December 2013 adjusted according to new principle (see Note 25)	50	0	138 581	138 631
Net profit/loss for the year			60 566	60 566
Other comprehensive income for the year			-	-
Total comprehensive income			60 566	60 566
Group contribution			205	205
Tax on Group contribution			-45	-45
Shareholders' contribution		56 973		56 973
Transactions with shareholders, recognised directly in equity		56 973	160	57 133
Closing balance at 31 December 2014	50	56 973	199 307	256 330

Consolidated Statement of Cash Flow

		Group	
	Note	2014	2013
Cash flow from operating activities			
Management profit		43 138	37 153
Interest received		36	1 830
Interest paid		-26 585	-23 559
Income tax paid		382	-1 898
Cash flow from operating activities before changes in working capital		16 971	13 526
Cash flow from changes in working capital			
Increase (–)/decrease (+) in current receivables		-6 495	17 079
Increase (+)/decrease (–) in current liabilities		-5 614	-10 035
Cash flow from operating activities		4 862	20 570
Cash flow from investing activities			
Investments in investment properties	13	-329 455	-74 444
Cash flow from investing activities		-329 455	-74 444
Cash flow from financing activities			
Shareholders' contribution		56 973	-
Increase/decrease in current financial liabilities		-157 426	-3 071
Borrowings		797 991	174 778
Repayment of borrowings		-360 963	-109 231
Group contributions received/paid		161	-3 753
Cash flow from financing activities		336 736	58 723
Decrease/increase in cash and cash equivalents			
Cash flow for the year		12 143	4 849
Cash and cash equivalents at the beginning of the year		7 462	2 613
Cash and cash equivalents at year-end		19 605	7 462

Parent Company Income Statement (TSEK)

		Parent Company	
	Note	2014	2013
Other income		3 232	59
Total operating income		3 232	59
Central administration	5, 6	-5 889	-498
Operating profit		-2 657	-439
Profit/loss from participations in Group companies	8	-9 466	-
Financial income	9	3 745	4 258
Financial expenses	10	-8 349	-3 653
Total financial items		-14 070	605
Appropriations	11	6 060	-210
Profit before tax		-10 667	-44
Income tax	12	-	-
Net profit for the year		-10 667	-44

Statement of Comprehensive Income for the Parent Company (TSEK)

		Parent Company	
		2014	2013
Net profit/loss for the year		-10 667	-44
Other comprehensive income:			
Other comprehensive income		-	-
Total comprehensive income for the year		-10 667	-44

Parent Company Balance Sheet (TSEK)

		Parent Company	
		31 December 2014	31 December 2013
ASSETS	Note		
Fixed assets			
Financial fixed assets	15		
Participations in Group companies	14	118 606	48 734
Receivables from Group companies		133 095	114 711
Total financial fixed assets		251 701	163 445
Current assets	15		
Accounts receivable - trade	16	1 057	2
Other current receivables		35 466	-
Prepaid expenses and accrued income	17	3 337	-
Cash and bank balances	18	2 255	126
Total current assets		42 115	128
TOTAL ASSETS		293 816	163 573
EQUITY AND LIABILITIES			
Equity attributable to shareholders in the Parent Company			
Restricted equity			
Share capital	24	50	50
Non-restricted equity			
Profit/loss brought forward		106 668	49 739
Net profit/loss for the period		-10 667	-44
Total equity		96 051	49 745
Non-current liabilities	15		
Non-current liabilities to credit institutions	19	10 800	11 400
Liabilities to Group companies	19	23 576	63 896
Other non-current liabilities	19	128 000	4 000
Total non-current liabilities		162 376	79 296
Current liabilities	15		
Current liabilities to credit institutions	19	480	480
Accounts payable - trade		2 254	132
Liabilities to Group companies		6 652	10 492
Other current liabilities	19	21 091	22 780
Accrued expenses and deferred income	20	4 912	648
Total current liabilities		35 389	34 532
TOTAL EQUITY AND LIABILITIES		293 816	163 573
MEMORANDUM ITEMS			
Pledged assets	21	86 333	93 808
Contingent liabilities	22	630 239	473 928

Parent Company Statement of changes in Equity

	Restricted equity	Non-restricted equity	
	Share capital	Profit brought forward	Total
Opening balance at 1 January 2013 according to adopted balance sheet	50	49 739	49 789
Net profit/loss for the year		-44	-44
Other comprehensive income for the year		0	0
Total comprehensive income		-44	-44
Closing balance at 31 December 2013	50	49 695	49 745
Net profit/loss for the year		-10 667	-10 667
Other comprehensive income for the year		-	-
Total comprehensive income		-10 667	-10 667
Shareholders' contribution		56 973	56 973
Transactions with shareholders, recognised directly in equity		56 973	56 973
Closing balance at 31 December 2014	50	96 001	96 051

Parent Company Statement of Cash Flow

	Parent Company	
	2014	2013
Cash flow from operating activities		
Operating profit	-2 657	-439
Interest received	590	5 944
Interest paid	-3 864	-3 666
Cash flow from operating activities before changes in working capital	-5 931	1 839
Cash flow from changes in working capital		
Increase (-)/decrease (+) in current receivables	-4 146	-2
Increase (+)/decrease (-) in current liabilities	1 764	6 995
Cash flow from operating activities	-8 313	8 832
Cash flow from investing activities		
Acquisition of subsidiaries	-79 338	-48 284
Investments in other financial fixed assets	-20 119	-4 569
Amortisation of other financial fixed assets	20 931	-
Cash flow from investing activities	-78 526	-52 853
Cash flow from financing activities		
Shareholders' contribution	56 973	-
Borrowings	74 825	44 324
Repayment of borrowings	-42 830	-
Group contributions received/paid	-	-210
Cash flow from financing activities	88 968	44 114
Decrease/increase in cash and cash equivalents		
Cash flow for the year	2 129	93
Cash and cash equivalents at the beginning of the year	126	33
Cash and cash equivalents at year-end	2 255	126

The notes on pages 24 to 43 are an integral part of these consolidated financial statements.

SUPPLEMENTARY DISCLOSURES

NOTES

NOT 1 GENERAL INFORMATION

Offentliga Hus i Norden AB (Corporate Identity Number 556824-2696) is a limited liability company registered in Sweden. The Company's registered offices are in Stockholm. Offentliga Hus i Norden AB is owned to 50% by Aktiebolaget Fastator and to 50% by Cadogan Investments SA. The Company is the Parent Company of the Offentliga Hus Group, the main business of which is to own and manage community service properties with municipalities and county councils as tenants. The Parent Company's functional currency is the Swedish krona (SEK). All amounts are stated in thousands of SEK (TSEK), unless stated otherwise.

The Board of Directors approved these consolidated accounts for publication on 8 April 2015.

NOT 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

The most important accounting principles applied in the preparation of the consolidated accounts are indicated below. These principles have been consistently applied to all years presented, unless stated otherwise.

2.1 Basis of the preparation of the report

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

As of 2014, the Group has changed accounting principles, implying that this is the first annual report for the Offentliga Hus Group prepared in accordance with IFRS. The accounting principles described in Note 2 have been applied in the preparation of the consolidated accounts as per 31 December 2014 and the comparative information presented for 31 December 2013, as well as in the preparation of the report of the period's opening financial position (opening balance sheet) as per 1 January 2013 (the date of the Group's transition to IFRS). Amounts which were

reported in accordance with the general advice and guidelines of the Swedish Accounting Standards Board in previous annual reports were adjusted in the preparation of the Group's opening balance sheet according to IFRS.

The Group is to present a reconciliation between equity and total comprehensive income, reported in accordance with the previous accounting principles for earlier periods, with the corresponding items reported in accordance with IFRS. This reconciliation can be found in Note 25.

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

Preparing financial statements in accordance with IFRS requires the use of significant estimates for accounting purposes. The management is also required to make certain assessments in the application of the Group's accounting principles. The areas involving a high degree of complex assessments, or such areas where assumptions and estimates are of material significance to the consolidated accounts, are specified in Note 3.

2.1.1 *Changes in accounting principles and disclosures* **New standards, revisions and interpretations applied by the Group**

The following standards are applied by the Group for the first time for the financial year beginning on 1 January 2014:

IFRS 10 "Consolidated Financial Statements" is based on existing principles when it identifies control as the determining factor for establishing if a company shall be included in the consolidated accounts. The standard provides further guidance to assist in the determination of control when it is difficult to assess. This change has not affected the Company's accounting.

IFRS 11 "Joint Arrangements" focuses on the rights

and obligations that parties in a joint arrangement have, rather than the legal form of the joint arrangement. There are two kinds of joint arrangements, joint operations and joint ventures. The Group currently has no joint arrangements.

IFRS 12 "Disclosures of Interests in Other Entities" comprises disclosure requirements for all kinds of holdings in other entities, such as subsidiaries, joint arrangements, associated companies and non-consolidated structured entities.

Other standards, revisions and interpretations that enter into effect for financial years beginning on 1 January 2014 have no material impact on the consolidated accounts.

New standards and interpretations not yet applied by the Group:

A number of new standards and interpretations enter into effect for financial years that begin on or after 1 January 2014 and have not been applied in the preparation of these financial statements. None of these are expected to have any material impact on the consolidated accounts except for the following:

IFRS 9 "Financial Instruments" addresses classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 that address classification and measurement of financial instruments. IFRS 9 retains a mixed measurement approach, but simplifies it in some respects. There will be three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. How an instrument should be classified depends on the company's business model and the instrument's characteristics. Investments in equity instruments shall be recognised at fair value through profit and loss, but there is also a possibility at initial recognition to recognise the instrument at fair value through other comprehensive income. No reclassification to the income statement will then occur upon divestment of the instrument.

IFRS 15 "Revenue from contracts with customers" regulates how revenue recognition shall take place. The principles on which IFRS 15 is based shall give users of financial statements more useful information about the company's revenues. The expanded disclosure requirements means that information on revenue class, the time of regulation, uncertainties linked to revenue recognition and cash flows attributable to the company's customer contracts shall be provided. According to IFRS 15, revenue that shall be recognised when the customer receives control over the sold good or service and has the possibility to use or

obtains the benefit from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and associated SIC and IFRIC. IFRS 15 enters into effect on 1 January 2017. Early adoption is permitted. The Group has not yet evaluated the effects of the introduction of the standard.

None of the other IFRS or IFRIC interpretations that have not yet entered into force are expected to have any material impact on the Group.

2.2 Classification

Fixed assets and non-current liabilities are comprised of amounts expected to be recovered or paid later than twelve months from balance sheet date. Current assets and current liabilities are comprised of amounts which are expected to be recovered or paid within twelve months from balance sheet date.

2.3 Consolidated accounts

Subsidiaries are all companies (including structured entities) over which the Group has a controlling influence. The Group controls a company when it is exposed to or has the right to a variable yield from its holding in the company and has the possibility of impacting the yield through its influence in that company. Subsidiaries are included in the consolidated financial statements as of the date on which control influence is transferred to the Group. They are excluded from the consolidated accounts as of the date on which the controlling influence ends.

The purchase method is used for reporting the Group's business combinations. The purchase price of the acquisition of any subsidiaries is comprised of the fair value of the transferred assets, liabilities which the Group assumes vis á vis previous owners of the acquired company and the shares issued by the Group.

When the acquisition of subsidiaries is not intended to serve as an acquisition of business operations, but for the acquisition of assets in the form of investment properties, the acquisition costs are allocated according to the acquired net assets stipulated in the acquisition analysis. In Note 3.2, there is a more detailed description of the Group's delineation between business combinations and asset acquisitions.

Intra-Group transactions, balance sheet items and non-realised gains and losses on transactions between Group companies are eliminated. The accounting principles for the subsidiaries have been changed, as applicable, to ensure the consistent application of the Group's principles.

2.4 Income and expenses

2.4.1 Rental income

Leases are classified in their entirety as operating leases according to Note 4, below, which is the reason the Group's recognised income, mainly, pertains to rental income. Rental income inclusive supplements are advised in advance and rents are allocated on a straight-line basis so that only that portion of the rent accrued in the period in question is recognised as income. The reported rent has, as applicable, been reduced by the value of the rental discounts provided. In those cases in which the leases provide a reduced rent during a certain period, this is allocated on a straight line basis over the actual period of the lease.

Compensation from tenants in conjunction with premature vacation of the premises is reported as income in conjunction with the contractual relationship with the tenant terminating and when Offentliga Hus no longer has any commitments, which is usually in conjunction with the tenant moving from the premises. The rental income includes the amounts invoiced to the tenant for utilities and property tax and other costs to the degree Offentliga Hus has not acted as a representative of the tenant.

2.4.2 Administrative expenses

The Group's administrative expenses are allocated to the property management included in the Group's net operating costs for the central administration. Costs at Group overall level which are not directly attributable to property management, such as costs of Group management, property investments, finance and central marketing.

2.4.3 Financial income and expenses

Interest income on receivables and interest expenses on liabilities are calculated applying the effective interest method. The effective interest rate is the rate that means that all future incoming and outgoing payments during the fixed interest period are equal to the reported value of the receivable or liability. Financial income and expenses are reported in the period to which they refer.

2.5 Leases

Leases in which all significant risks and benefits associated with ownership accrue to the lessor, are classified as operating leases. All of the Group's rental agreements are, based on this approach, operating leases. Properties rented out under operating leases are included in the item investment properties. The principle for the reporting of rental income is de-

scribed in section 2.4.1. Payments made as regards these operating leases, where Offentliga Hus is the lessee, are expensed in the income statement on a straight-line basis over the lease period.

2.6 Investment properties

Investment properties, meaning properties held with the aim of generating rental income and value increases, are reported initially at acquisition cost, including transactions costs directly attributable to such properties. After the initial reporting, investment properties are reported at fair value.

Fair value is primarily based on prices in an active market and is the amount at which an asset could be transferred between independent, knowledgeable parties who have an interest in such transfer taking place. To determine the fair value of the properties at each individual accounting year-end, a market valuation is undertaken of all properties. Changes in fair value of investment properties are recognised as a change in value in the income statement.

Further information regarding the fair value of management properties is found in Note 13.

Additional expenses are capitalised when it is probable that the future economic benefits associated with the asset will accrue to the Group, when the expenses can be reliably determined and when the measure can be seen to refer to an exchange of existing or introduction of a new, identified component. Other maintenance expenses and repairs are reported in the income statement in the period in which they arise.

With larger new constructions, renovations and extensions, interest expenses are capitalised during the production period in accordance with IAS 23, Borrowing costs. During the reporting period, no interest has been capitalised.

2.7 Financial instruments

Financial instruments reported in the balance sheet include, amongst assets, cash and cash equivalents, accounts receivable and derivative instruments and, amongst liabilities, accounts payable, borrowings and derivative instruments. Financial instruments are initially reported at fair value with a supplement for transaction costs, with the exception of the categories financial assets or liabilities at fair value through profit and loss. The subsequent reporting varies depending on how the financial instruments have been classified, according to the following.

2.7.1 *Cash and cash equivalents*

Cash and cash equivalents include, in both the balance sheet and cash flow statement, cash, bank balances and other current investments with maturities within three months from the date of acquisition.

2.7.2 *Loans and receivables*

Loans and receivables are financial assets which are not derivatives, which have determined or determinable payments and which are not listed in an active market. They are included in current assets with the exception of items with a maturity date more than 12 months after the end of the reporting period, which are classed as fixed assets. The Group's loans and receivables are comprised of Accounts receivable and other receivables, and Cash and cash equivalents in the balance sheet. Accounts receivable are initially reported at fair value and thereafter at amortised cost with application of the effective interest method, less any reservation for value decreases.

2.7.3 *Liabilities*

Liabilities in this category are reported and valued at accrued acquisition cost according to the effective interest method. Direct costs incurred in raising loans are included at acquisition cost. All loan financing is included in this category. Offentliga Hus' accounts payable and other liabilities are also included in this category but are reported at acquisition cost. Fees paid for loan commitments are reported as transaction costs for borrowing to the degree that it is probable that portions of or the entire granted credit facilities will be utilised. In such cases, the fees are reported when the credit facility has been utilised. When there is no evidence that it is probable that portions of or the entire credit facility will be utilised, the fees are reported as an advance payment for financial services and are allocated over the tenor of the loan commitment.

2.7.4 *Impairment of financial assets*

The Group evaluates, at the end of each reporting period, if there is objective evidence that an impairment requirement exists for a financial asset or group of financial assets. A financial asset or group of financial assets has an impairment requirement and is impaired only if there is objective evidence of an impairment requirement as a result of one or a number of events after the asset in question was reported for the first time (a "loss event") and when such an event (or events) has an impact on the estimated future cash flows for the financial asset or group of assets which can be estimated in a reliable manner.

For the category loans and receivables, impairment is calculated as the difference between the reported value of the asset and the present value of estimated future cash flows (excluding future credit losses which have not taken place), discounted at the financial asset's original compound interest rate. The asset's reported value is impaired and the amount of the impairment loss is reported in the consolidated income statement.

If an impairment requirement is reduced in a subsequent period and such reduction can objectively be seen to be attributable to an event which took place after the impairment was reported (for example, an improvement in the debtor's credit worthiness), the reversal of the previously reported impairment loss is reported in the consolidated income statement.

2.8 **Share capital and other contributed capital**

Ordinary shares are classified as equity.

Transaction costs directly attributable to the issue of new ordinary shares or options are reported, net after tax, in equity as a deduction from the proceeds from the issue.

Shareholders' contributions are reported as Other contributed capital in the Group, but as profit/loss brought forward in the Parent Company.

2.9 **Current and deferred income tax**

Tax expenses for the period include current and deferred tax. Tax is reported in the income statement, except when it refers to items reported in Other comprehensive income or directly in equity. In such a case, the tax is also recognised in Other comprehensive income and equity, respectively.

Current tax expenses are calculated on the basis of tax rules in effect as at balance sheet date or which, in practice, have been enacted in the countries in which the Parent Company and its subsidiaries operate and generate taxable income. The management regularly evaluates the statements and details reported in the income tax returns regarding situations where the applicable tax rules are open to interpretation. The management makes, as deemed appropriate, provisions for the amounts which are likely to be paid to the tax authorities.

Deferred tax is reported on all temporary differences arising between the fiscal value of assets and liabilities and the reported values in the consolidated accounts.

Deferred tax is also not reported if it has arisen as a result of a transaction comprised of the first reporting of an asset or liability which is not a business combination and which at the point in time of the transaction neither impacted the reported or the fiscal results. Deferred income tax is calculated with the application of tax rates (and laws) which have been determined or advised at the balance sheet date and which are expected to apply when the deferred tax asset in question is realised or the deferred tax liability is settled.

Deferred tax assets are reported to the degree it is probable that future fiscal surpluses will be available, against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legal right of netting as regards the tax assets and tax liabilities and when the deferred tax assets and liabilities refer to taxes charged by the same tax authority and pertain either to the same tax subject or different tax subject, where there is an intention to settle the balances through a net payment.

2.10 **Contingent liabilities**

A contingent liability is recognised when there is a possible commitment arising from an event and the existence of which is confirmed only by one or more uncertain future events or when there is a commitment which is not reported as a liability or provision due to the fact that it is not likely that an outflow of resources will be required for such liability or provision.

2.11 **Parent Company's accounting principles**

The Parent Company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Board's recommendation RFR 2 Accounting for legal entities. The Swedish Financial Reporting Board's statements issued regarding listed companies are also applied. RFR 2 means that, in the annual report for the legal entity, the Parent Company shall apply all IFRS and statements approved by the EU to the furthest possible extent within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and in consideration of the connection between accounting and taxation. The recommendation indicates which exceptions and amendments to IFRS shall be made. Differences between the Group's and the Parent Company's accounting principles are presented below.

This is the Company's first report prepared in accordance with RFR 2. The annual report for the previous year was prepared in accordance with the Annual Accounts Act and the general advice and recommendations of the Swedish Accounting Standards Board. The application of the new accounting framework has had no impact on the Company's accounts. The opening balance sheet as per 1 January 2013 is, therefore, consistent with the annual report presented for the previous year.

The income statement and balance sheet have been prepared using the format stipulated in the Annual Accounts Act. Consequently, there are differences between these accounts and the corresponding consolidated accounts, mainly as regards financial income and expenses, the statement of comprehensive income and statement of changes in equity.

2.11.1 *Subsidiaries*

Participations in subsidiaries are reported in the Parent Company in accordance with the cost method. The reported value is tested quarterly against the subsidiaries' equity. In case the book value is less than the value of the subsidiaries reported in the Group, an impairment loss is recognised impacting the income statement. In case a previous impairment loss is no longer motivated, this is reversed.

2.11.2 *Income*

Dividends are reported when the right to receive payment is deemed as secure. Income from the sale of subsidiaries is reported when the risks and benefits associated with the holding in the subsidiary are transferred to the purchaser.

2.11.3 *Group contributions and shareholders' contributions*

The Swedish Financial Reporting Board has announced an additional clarification as to the manner in which Group contributions are to be reported from 2013 onwards. The clarification states that there is a general rule and an alternative rule. Offentliga Hus has elected to report Group contributions according to the alternative rule, implying that Group contributions, both paid and received, are reported as appropriations. The comparative figures for 2013 have been recalculated pursuant to this change in accounting principles.

2.11.4 *Guarantee commitments/financial guarantees*

The Parent Company has signed guarantee commitments to the benefit of subsidiaries. Such a guarantee commitment is classified, according to IFRS, as a financial guarantee agreement. For these agreements,

the Parent Company applies the relief rule in RFR 2 [IAS39] p2, and consequently, reports the guarantee commitment as a contingent liability. When the Company deems that it is probable that a payment will be required to settle a commitment, a provision is made.

2.12 Definitions

Loan-to-value ratio (excluding shareholder loans):
Interest-bearing liabilities excluding shareholder loans divided by the properties' estimated market value

Interest coverage ratio on the closing date: Profit/loss before net interest, excluding interest expenses on shareholder loans, divided by net interest

Equity/assets ratio (including shareholder loans):
Equity plus shareholder loans divided by total assets on the closing date

NOT 3 IMPORTANT ASSESSMENTS IN APPLYING THE GROUP'S ACCOUNTING PRINCIPLES

In order to be able to prepare accounts in accordance with generally accepted accounting principles, Company management and the Board must make assessments and assumptions. These impact the reported asset and liability items, and the income and expense items, as well as generally impacting the information provided. The assessments are based on experience and assumptions, which the management and Board deem to be reasonable under the prevailing circumstances. Actual outcomes can differ from these assessments if other conditions arise. Below is a description of those assessments which are most significant in the preparation of the Company's accounts.

3.1 Fair value of the investment properties

The investment properties are to be reported at fair value, which is determined by Group management based on the market value of the properties according to independent appraisers. Significant assessments can, therefore, be made regarding, amongst other things, the cost of capital and yield requirements which are based on the appraisers' experience-based assessment of market yield requirements on comparable properties. The assessments of cash flow for operating, maintenance and administration expenses is based on actual costs but also on experience of comparable properties. Future investments have been assessed on the basis of actual requirements. The section on market valuation in Note 13 contains further information regarding assessments and assumptions in general.

3.2 Delineation between business combinations and acquisition of assets

When a company is acquired, it is either a business combination or an asset acquisition. An asset acquisition exists if the acquisition pertains to properties, with or without leases, but does not include organisation and processes required to conduct management operations. Other acquisitions are business combinations. The Company management assesses what criteria are met in each individual acquisition. In the Offentliga Hus Group, primarily asset acquisitions occur, but an assessment is done at each acquisition as to whether it is an asset acquisition or business combination. In 2014 and 2013, the assessment is that only asset acquisitions have been carried out.

NOT 4 RENTAL INCOME

The average remaining tenor in the lease portfolio amounted to 11,6 years. All rental agreements are classified as operating leases. Contracted rental agreements as per 31 December 2014 are presented below. The amount exceeds rental income for the year as the income is reported from the acquisition date for additional properties and rental agreements during the year.

Lease portfolio maturity structure	Number of leases	Annual rent, TSEK
Matures within 1 year*	55	11 656
2016	4	10 971
2017	11	12 516
2018	6	6 138
2019	5	16 629
Later than 5 years	29	27 277
	110	85 187

* Of which 45 residential leases with TSEK 2,242 in annual rent

NOT 5 EXPENSES BY TYPE

	GroupParent		Company	
	2014	2013	2014	2013
Tariff-based expenses	-5 624	-5 562	-	-
Property tax	-1 131	-220	-	-
Other direct property expenses	-7 099	-4 941	-	-
Other external costs	-9 260	-3 056	-5 889	-498
Total	-23 114	-13 779	-5 889	-498
Allocated in the income statement				
Property expenses	-13 854	-10 897	-	-
Central administration	-9 260	-2 882	-5 889	-498
Total	-23 114	-13 779	-5 889	-498

NOT 6 CENTRAL ADMINISTRATION

The Parent Company's operations comprise Group-wide functions and the organisation of the management of properties owned by other Group companies. The expenses for property management are charged to the property-owning companies as property administration. Other expenses in the Parent Company refer to central administration which is not directly attributable to property management, such as Group management, property investments, finance and central marketing.

Auditors' fees	Group		Parent Company	
	2014	2013	2014	2013
PwC				
- Audit assignment	342	452	190	109
- Auditing activities other than audit assignment	7	71	7	71
- Tax advisory services	-	-	-	-
- Other services	164	-	11	-
Total	513	523	208	180

In 2013, the majority of the auditors' fees for Offentliga Hus and its subsidiaries were reported in the Parent Company at the time, Aktiebolaget Fastator.

In 2014, TSEK 153 of Other services were capitalised as part of the acquisition cost at the date of acquisition.

NOT 7 EMPLOYEE BENEFITS, ETC.

The Group does not employ any personnel. All administrative services are purchased from the associated company OH Management AB.

Gender distribution in the Group (including subsidiaries) for Board members and other senior executives

	2014		2013	
	Number on balance sheet date	Of which men	Number on balance sheet date	Of which men
Board members	6	5	4	4
Managing Directors and other senior executives (also included in the Board of Directors)	1	1	1	1
Group total	6	6	4	4

In 2014, no Board fees were paid. The Managing Director is employed by the associated company OH Management AB, which invoices for their services to Offentliga Hus and the Group, respectively.

Remuneration to the Managing Directors has been invoiced to the Offentliga Hus Group, amounting to TSEK 766 for 2014 and TSEK 1,051 for 2013.

NOT 8 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES (PARENT COMPANY ONLY)

	Parent Company	
	2014	2013
Impairment of participations in Group companies	-9 466	-
Total profit/loss from Group companies	-9 466	-

NOT 9 FINANCIAL INCOME

	Group		Parent Company	
	2014	2013	2014	2013
Interest income	36	146	-	-
Other financial income	-	-	-	-
Interest income from subsidiaries	-	-	3 745	4 258
Total financial income	36	146	3 745	4 258

NOT 10 FINANCIAL EXPENSES

	Group		Parent Company	
	2014	2013	2014	2013
Interest expenses	-27 798	-19 810	-6 503	-1 968
Other financial expenses	-2 008	-	-1 370	-
Interest expenses, group companies	-	-2 827	-476	-1 685
Total financial expenses	-29 806	-22 637	-8 349	-3 653

NOT 11 APPROPRIATIONS

	Parent Company	
	2014	2013
Group contributions received	6 160	
Group contributions paid	-100	-210
Total appropriations	6 060	-210

The Swedish Financial Reporting Board has clarified the manner in which Group contributions are to be reported beginning in 2013. The clarification implies that there is a main rule and an alternative rule. Offentliga Hus has chosen to report according to the alternative rule which implies that Group contributions paid and received are reported as appropriations. The comparative figures for 2013 have been recalculated by reason of this change in principle.

Group contributions received in 2014 represent a post-adjustment from the previous year.

NOT 12 INCOME TAX

	Group		Parent Company	
	2014	2013	2014	2013
Current tax on profit/loss for the year	-1 805	-1 136	-	-
Emergence and reversal of temporary differences	-18 274	-9 156	-	-
Total income tax	-20 079	-10 292	0	0

The income tax on the Group's profit before tax differs from the theoretical amount which would have resulted from applying a weighted average tax rate on the income in Group companies according to the following:

	Group		Parent Company	
	2014	2013	2014	2013
Profit before tax	80 645	47 635	-10 667	-44
Income tax calculated at the current rate, 22%	-17 742	-10 480	2 347	10
Tax effects of:				
- Non-taxable income	3	2	-	-
- Non-deductible expenses	-10	-10	-2 092	-10
- Utilisation of tax losses previously not recognised	25	-	-	-
- Tax losses for which no deferred tax asset has been recognised	-410	-17	-255	-
- Adjustment for deferred tax attributable to previous year	-1 477	108	-	-
- Impairment/revaluation of deferred tax assets 1)	-392	105	-	-
Adjustment in respect of previous year	-76	-	-	-
Total tax expense	-20 079	-10 292	0	0

1) Deferred tax assets are not reported if they are dependent on deferred tax liabilities not being reported in conjunction with acquisitions. The amount is then a reduction of the unreported deferred tax liability.

Weighted average tax rate within the Group is:	-24,9%	-21,6%
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Deferred tax recognised in the income statement

	Group	
	2014	2013
Untaxed reserves	102	-52
Investment properties	-18 376	-9 104
Total deferred tax recognised in the income statement	-18 274	-9 156

Deferred tax recognised in the balance sheet

	Group	
	2014	2013
Untaxed reserves	-	102
Investment properties	45 753	27 377
Total deferred tax	45 753	27 479

Deferred tax on properties and other items concerns tax on the difference between the taxable and reported residual values. All tax liabilities are assessed to expire after 12 months. The current and deferred tax for 2013 was calculated based on a nominal tax rate of 22 percent. In accordance with current regulations, deferred tax is to be considered for temporary differences on all assets and liabilities in the balance sheet, with the exception of temporary differences in properties at asset acquisitions. In such cases, differences at the acquisition date are not to be considered when calculating the deferred tax. In the balance sheet, deferred tax is calculated based on the nominal tax rate. However, a market valuation of the deferred tax liability would likely result in a lower value than that reported in the balance sheet.

Gross change in deferred tax

	Group	
	2014	2013
Opening balance	27 479	18 323
Deferred tax recognised in the income statement	18 274	9 156
Closing balance	45 753	27 479

NOT 13 INVESTMENT PROPERTIES

Offentliga Hus reports investment properties at an estimated market value. The market value is defined as the most probable price in a sale on an open and free property market at a certain, given point in time. The basis for the market value assessment is the analyses of sold objects in combination with knowledge of the players' view of various types of objects, their reasoning and expertise regarding market-based rent levels, etc.

With the aim of assessing the market value of the object, the properties are valued externally by valuation institutes once each financial year. For the current financial year, the external appraisal was executed by Newsec at the end of the fourth quarter. For the other quarters, an internal valuation was undertaken.

The values are assessed with the support of a market-based cash flow calculation in which Newsec, through simulation of calculated future income and expenses, analyses the market's expectations of the valuation objects. The calculation period amounts, as a rule, to ten years. The analysis of current rental agreements and the analysis of the actual rental market serve as a basis for the calculated future operating net. Usually the established rental agreements are assumed to be in place until the end of the rental agreement.

In case the rental terms are deemed to be market-based, it has subsequently been assumed possible to extend the contracts with unchanged terms, alternatively, possible to rent to a new tenant on the same terms. The cash flow statement provides the possibility of considering the market situation, rent

levels, future development of market-based rent and of the long-term vacancy level.

The majority of the property portfolio has been inspected and the inspection included the shared areas and a selection of premises, where particular importance was placed on larger tenants and vacant premises. The aim of the inspection was to assess the general standard of the property and its condition, maintenance requirement, market position and the attractiveness of the premises.

The cost of capital and direct yield requirements used in the calculations are derived from sales of comparable objects and other relevant information such as the general climate on the property market, growth, rental agreement tenors, population structure, the finance market, investors' direct yield requirements, etc. Important factors in the estimation of direct yield requirements include the assessment of future rental trends derived from the properties, their change in value and their development potential, as well as the standard to which they have been maintained.

All fair value valuations for investment properties have been executed with the help of significant non-observable data (level 3 in the fair value hierarchy). The non-observable data impacting the valuations is the discount rate. To ensure a correct level of the discount rate, external companies, authorised property appraisers, are contracted. No change in valuation methods between the periods has taken place and, thereby, no transfer between the fair value levels.

	Group	
	31 Dec 2014	31 Dec 2013
Fair value at beginning of the year	791 800	624 400
Acquired properties	320 041	-
Investments in existing properties	9 414	134 427
Reclassification from work in progress	2 968	-
Change in value	67 277	32 973
Recognised property value	1 191 500	791 800
Fiscal values	479 731	363 529

The Group's 46 properties primarily consist of special-purpose properties in 21 Swedish municipalities, with municipalities and county councils as tenants. The portfolio consists of retirement homes, schools, county council buildings, student housing, healthcare centres, care homes, day centres, theatres, etc. The total leaseable area is approx. 102,600 sq.m. Properties are mainly located in Västra Götaland, Värmland and on Gotland.

Cash flow estimates in 2015 are based on an inflation assumption of 1 percent and then 2 percent per

year during the calculation period. Yield requirements vary from 5.0 percent to 8.5 percent. Upon a decrease in the yield requirements of 50 points (0.5 percent), the value would amount to TSEK 1,228,000; upon an increase in the yield requirements of 50 points (0.5 percent), the market value would amount to TSEK 1,155,000. Upon a decrease in the market rents of 5 percent, the value would amount to TSEK 1,153,000; upon an increase in the market rents of 5 percent, the market value would amount to TSEK 1,230,000.

NOT 14 PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
	31 Dec 2014	31 Dec 2013
Opening acquisition cost	48 734	450
Investments for the year	21 615	47 284
Shareholders' contribution in existing companies	57 723	1 000
Impairment for the year	-9 466	-
Closing acquisition cost	118 606	48 734

The Group had the following subsidiaries on 31 December 2014;

Companies in the Group	Corporate Identity Number	Registered offices	Share of equity, %	Shares	Reported value in the Parent Company	
					31 Dec 2014	31 Dec 2013
AB Trygghetsboendet i Värmland	556876-2537	Stockholm	100%	500	1 250	1 250
FAB Fyllinge AB	556435-6102	Stockholm	100%	1 000	21 316	
Limestone Fastigheter på Gotland AB	556741-2746	Stockholm	100%	100 000	10 657	16 607
OH 12 på Gotland AB	556872-0964	Stockholm	100%	500	50	50
OH Fastigheter 3 i Värmland AB	556892-6041	Stockholm	100%	50 000	27 210	30 677
OH Fina Villan AB	556982-9657	Stockholm	100%	500	50	
OH Landskrona Fastigheter AB	556872-0956	Stockholm	100%	500	50	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	50	
OHNYAB 3 i Sverige AB	556981-3974	Stockholm	100%	500	750	
- OHN AB	556975-7932	Stockholm	100%	50 000	-	
OHNYAB 5 i Sverige AB	556982-9632	Stockholm	100%	500	57 023	
- Gröna Fågeln AB	556982-9640	Stockholm	100%	500	-	
-- KB Fjolner 21	969621-9501	Ulricehamn	100%		0	
-- KB Grönfinken 1	969621-5954	Borås	100%		0	
-- KB Liljedal 11	969622-2760	Borås	100%		0	
OHNYAB 9 i Sverige AB	556983-1349	Stockholm	100%	500	50	
OHNYAB 10 i Sverige AB	556993-3418	Stockholm	100%	1 000	50	
Total acquisition cost					118 606	48 734

All subsidiaries are consolidated in the Group. The proportions of voting rights in the subsidiaries owned directly by the Parent Company tally with the owned proportions of ordinary shares.

NOT 15 FINANCIAL INSTRUMENTS BY CATEGORY

All of the Group's financial assets are classified as "Loans receivable and accounts receivable", while all financial liabilities are classified as "Other financial liabilities". The Group reports no financial assets or financial liabilities at fair value through profit and loss.

Financial instruments are classified into one of three categories in a valuation hierarchy, depending on the information used to ascertain their fair values. The first category, Level 1, is for instruments whose fair value is established on the basis of listed prices on an active market for identical financial assets or liabilities. Level 2 is for instruments whose fair value is established on the basis of other observable information than listed prices on an active market. Level 3 is

for instruments whose fair value is established on the basis of information which is not observable, i.e. the Company's own assumptions. The fair values of financial assets and liabilities is established via information attributable to one or more of the aforementioned levels. The classification is determined by the lowest level in the hierarchy for the information with a significant impact on the value. All of the Group's financial assets and liabilities are classified as Level 2. The fair value of the financial liabilities in Level 2 has been established according to generally accepted valuation techniques based on the discounting of future cash flows, whereby the discount rate reflecting the counterparty's credit risk constitutes the most significant input data.

Specification of financial assets	Loans and receivables		Reported value		Fair value	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Cash and cash equivalents	19 605	7 462	19 605	7 462	19 605	7 462
Accounts receivable - trade	1 224	-	1 224	-	1 224	-
Total	20 829	7 462	20 829	7 462	20 829	7 462

Specification of financial liabilities	Other financial liabilities		Reported value		Fair value	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Liabilities to credit institutions	773 950	503 368	773 950	503 368	773 950	503 368
Liabilities to Group companies	-	83 091	-	83 091	-	83 091
Other non-current liabilities	128 000	4 000	128 000	4 000	128 000	4 000
Accounts payable - trade	6 267	5 681	6 267	5 681	6 267	5 681
Other current liabilities	21 091	21 980	21 091	21 980	21 091	21 980
Total	929 308	618 120	929 308	618 120	929 308	618 120

NOT 16 ACCOUNTS RECEIVABLE - TRADE

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Accounts receivable - trade	1 323	-	1 156	2
Less: Bad debts reserve	-99	-	-99	-
Accounts receivable - net	1 224	-	1 057	2

All accounts receivable are denominated in SEK.

Maturity analysis of accounts receivable:

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Less than 2 months	1 148	-	1 057	2
2 to 9 months	175	-	99	-
Total accounts receivable	1 323	-	1 156	2

The book values of accounts receivable are equal to the fair values. As accounts receivable are expected to be paid in the near future, the fair value is equal to the amortised cost.

NOT 17 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Prepaid rental charges	-	-	-	-
Prepaid expenses	391	-	182	-
Accrued income	-	-	3 155	-
Other items	1 991	2	-	-
Total prepaid expenses and accrued income	2 382	2	3 337	-

NOT 18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to TSEK 19,605 (7,462) and are comprised of available bank balances with no fixed interest period. Cash and cash equivalents are invested in counterparties with high credit ratings and, thereby, low risk. Cash and cash equivalents in the Parent Company amount to TSEK 2,255 (126).

NOT 19 BORROWINGS AND FINANCIAL RISK MANAGEMENT

The ownership and development of real estate properties are capital-intensive operations. Offentliga Hus' capital is secured through a balanced combination of external loans, shareholder loans and equity, with a loan-to-value ratio, excluding shareholder loans, of 66 (67) percent at year-end and an equity/assets ratio, including shareholder loans, of 32 (27) percent. Interest expenses are also the Company's largest expense item and it is strategically important that Offentliga Hus always has access to cost-effective financing, regardless of market conditions. The objective for the financing operations is to meet financing requirements at the lowest possible cost, within the framework and the restrictions determined by the Board.

Financial risk management. The Group is exposed to various types of financial risks through its operations. Financial risks refer to fluctuations in the Company's performance and cash flows arising as a result of changes in interest rates, liquidity risks and credit risks. The Board of Directors has assigned the management of the Group's financial risks to the CEO, whose duty it is to identify these risks and, to the greatest extent possible, minimise their impact on the Group's financial performance. All financial risks are to be reported and analysed by Group management and reported to the Board, in accordance with the routines applicable in the Company, which are intended to limit the Company's financial risks.

Market risk. Market risk is the risk that the fair value of, or future cash flows from, a financial instrument vary as a result of changes in market prices. IFRS classifies market risk into three separate categories: foreign exchange risk, interest rate risk and other price risks. The primary market risk to which the Company is exposed is interest rate risk. The Company's aim is to identify, manage and minimise market risks. This is undertaken by the CEO and Finance Department according to established routines. The Group is not exposed to foreign exchange risk.

Liquidity risk. Liquidity risk is the risk that the Company is unable to meet its payment obligations when due without a considerable increase in expenses to obtain the funds to meet these obligations. Under the Company's established routines, liquidity management is centralised to the CEO and the Finance Department, who are assigned to optimise the utilisation of cash and cash equivalents and minimise financing requirements. In order to minimise liquidity risk, regular liquidity forecasts are undertaken which ensure liquidity in the short and long term.

Interest rate risk. Interest rate risk is the risk that changes in interest rates impact a Company's interest expenses. Interest rate risk can result in changes in fair values, changes in cash flows and fluctuations in the Company's financial performance. The Company is exposed to interest rate risk through its borrowings. The Company manages interest rate risk according to established routines, with responsibility for management centralised to the CEO and the Finance Department, who are assigned to identify, manage and minimise any interest rate risks for the Group. This work is reported on an ongoing basis to the Managing director and the Board. All borrowings incur 3 months' variable interest, implying that the Group can be exposed to short-term changes in interest rates. An increase or decrease in interest rates of 1 percentage point would increase or decrease, respectively, interest expenses in an amount of TSEK 9,230 per year.

Credit risk. Credit risk is primarily associated with the likelihood of financial losses as a result of a counterparty's inability to meet contractual obligations associated with financial transactions or instruments. Financial counterparties' risks are evaluated and monitored with the aim of reducing counterparty risk. The Group manages credit risk by means of limiting its counterparties to a selection of large, well-known banks and financial institutions and maintaining an overview of these counterparties' financial positions.

Loan conditions. The loan conditions or covenants stipulated by the bank as conditions for granting credit are identical in the various credit agreements. The main conditions in the agreements are a maximum interest coverage ratio of 1.5, a loan-to-value ratio (excluding shareholder loans) of 75-77 percent and a minimum equity/assets ratio of 25 percent (including shareholder loans). Parent Company guarantees are also featured in the agreements. Neither Offentliga Hus nor its subsidiaries have breached any loan conditions or covenants.

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Long-term borrowings				
Non-current liabilities to credit institutions	565 366	340 407	10 800	11 400
Liabilities to Group companies	-	83 091	23 576	63 896
Other non-current liabilities	128 000	4 000	128 000	4 000
	693 366	427 498	162 376	79 296
Short-term borrowings				
Current liabilities to credit institutions	208 584	162 961	480	480
Other liabilities	21 091	21 980	21 091	21 980
	229 675	184 941	21 571	22 460
Total borrowings	923 041	612 439	183 947	101 756

Liabilities to credit institutions mature up until 2064 and incur average annual interest of 2.98 percent (2013: 4 percent). Overall average interest for interest-bearing liabilities amounts to 3.31 percent (2013: 4.32 percent).

Total borrowings include bank loans and other borrowings for which collateral of TSEK 896,418 (2013: TSEK 567,736) has been pledged. Collateral for bank loans is comprised of the Group's real estate properties and shares in Group companies (Note 21).

Maturity structure	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Liabilities falling due for payment;				
Within 1 year after balance sheet date	229 675	184 941	21 571	22 460
1-5 years after balance sheet date	454 283	167 594	7 920	5 921
6-10 years after balance sheet date	139 830	192 486	147 976	66 295
More than 10 years after balance sheet date	99 253	67 418	6 480	7 080
	923 041	612 439	183 947	101 756

All current liabilities to credit institutions are undergoing a refinancing process. The Company's assessment is that all liabilities will be refinanced during the year.

Liquidity analysis	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
6 months or less	95 757	192 564	25 110	24 975
6-12 months	160 375	12 145	3 624	2 131
1-5 years	509 326	202 787	33 997	20 085
6-10 years after balance sheet date	154 467	208 425	125 713	70 896
More than 10 years after balance sheet date	142 634	98 143	7 972	8 858
	1 062 559	714 064	196 416	126 945

The stated amounts refer to future non-discounted cash flows for financial liabilities, including interest, classified by the time remaining until contractual maturity. For all borrowings, the closing interest rate for the respective loans has been applied to calculate the future cash flows.

All liabilities incur 3 months' variable interest.

NOT 20 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Accrued interest expenses	7 456	2 677	4 485	374
Prepaid rental charges	3 707	8 774	-	-
Maintenance reserve	5 000	5 000	-	-
Other items	2 818	824	427	274
Total accrued expenses and deferred income	18 981	17 275	4 912	648

NOT 21 PLEDGED ASSETS

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
For own liabilities and provisions:				
Property mortgages	746 680	473 928	-	-
Shares in subsidiaries	130 118	67 838	86 333	72 877
Receivables	-	20 931	-	20 931
Total pledged assets	876 798	562 697	86 333	93 808

NOT 22 CONTINGENT LIABILITIES

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Guarantee commitments for borrowings	-	-	630 239	473 928
Total contingent liabilities	-	-	630 239	473 928

NOT 23 DISCLOSURE OF TRANSACTIONS WITH RELATED PARTIES

"The following related parties have been identified in the Group:

- Aktiebolaget Fastator and Cadogan Investments SA, which each own 50% of Offentliga Hus. Up to 15 April 2014, Aktiebolaget Fastator was the Parent Company of the Group which Offentliga Hus is a part of. Aktiebolaget Fastator and Cadogan Investments SA also own OH Management AB together, from which Offentliga Hus purchases administrative services and property services.
- The Naibaf AB Group. Naibaf AB Group has a significant influence in Aktiebolaget Fastator. Offentliga Hus has purchased certain property services from Naibaf AB during the year.
- Board members in Offentliga Hus i Norden AB. These have control or a significant influence.
- Board members in companies classified as Group companies.

During the period January–December 2014, the following transactions with related parties have been identified:

- Offentliga Hus purchases mainly administrative services, but also property services, from associated companies. The services are contractually regulated and are provided on market terms. During 2014, services were purchased at the following amounts;

- Aktiebolaget Fastator	TSEK 2,342
- OH Management AB	TSEK 2,943
- Naibaf Group	TSEK 127
- During 2014, Offentliga Hus has acquired four dormant companies at a value corresponding to equity.
- Offentliga Hus has received an unconditional shareholders' contribution from Aktiebolaget Fastator during the year at a value of TSEK 56,973.
- Offentliga Hus has taken a shareholder loan of TSEK 61,000 from Cadogan Investments SA during the year. The loan has been made on the basis of market terms.
- Offentliga Hus has taken shareholder loans totalling TSEK 139,091 as per the balance sheet date. Interest runs at 5%. Interest expenses incurred during the year amount to TSEK 4,487.
- No Board members have received Board fees during 2014.

NOT 24 SHARE CAPITAL

Share capital consists of 500 ordinary shares.
All issued shares are fully paid up.

NOT 25 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

This is the first annual report that the Offentliga Hus has prepared in accordance with IFRS. The accounting principles described in Note 2 have been applied in the preparation of the consolidated accounts as per 31 December 2014 and the comparative information presented as per 31 December 2013, as well as in the preparation of the statement of opening financial position for the period (Opening IFRS balance sheet) as per 1 January 2013 (the date of the Group's transition to IFRS). In conjunction with the preparation of the opening IFRS balance sheet, amounts which were reported in accordance with the general advice and guidelines of the Swedish Accounting Standards Board in previous annual reports were adjusted to correspond to IFRS.

When reconciling previously applied accounting principles and IFRS, IFRS 1 stipulates that the Group shall present a reconciliation of equity and total comprehensive income reported according to previous accounting principles for previous periods with the corresponding items according to IFRS. The transition from the previous accounting principles to IFRS has not had any impact on the reporting of the cash flows generated by the Group. The following tables provide a reconciliation between the previous accounting principles and IFRS for the respective period for equity and total comprehensive income.

Reconciliation of equity as per 1 January and 31 December 2013

Comments on the balance sheet items valued at fair value in conjunction with the translation to IFRS are provided below.

- a) According to the Group's accounting principles, investment properties in the Group are reported at fair value from the transition date to IFRS. Under the previous accounting principles, investment properties were reported according to the cost method. The effect of the translation to IFRS is a decrease in the reported value of investment properties of TSEK -8,036 as per 1 January 2013 and an increase of TSEK 8,847 as per 31 December 2013.

According to the Group's accounting principles, no acquired deferred tax is reported from the date of the transition to IFRS as this, instead, decreases the property's value on the acquisition date. The effect of the translation to IFRS is a decrease in deferred tax liabilities and a decrease of the fair values of investment properties of TSEK 26,481 as per 1 January 2013 and TSEK 13,035 as per 31 December 2013.

Overall, the above adjustments imply a decrease in value of TSEK 34,518 as per 1 January 2013 and of TSEK 4,842 as per 31 December 2013.

- b) The changes above have an impact on deferred tax liabilities. All deferred tax on temporary differences after the acquisition date are also to be reported according to the nominal tax rate of 22 %. In addition, the previously reported deferred tax at the acquisition date has been adjusted according to point a) above. Only deferred tax liabilities are reported, deferred tax assets at the object level are not reported. As tax assets arise as a result of the initial tax liability, these are not reported.

The effect of the deferred tax on transition is that the liability in the balance sheet decreases by a net amount of TSEK 16,412 as per 1 January 2013 and TSEK 9,306 as per 31 December 2013.

- c) Under IFRS, no revaluation reserves or shares of equity for untaxed reserves are reported. In 2013, a revaluation of TSEK 23,000 was reported directly against equity. This item was reversed and reported as a portion of the unrealised change in value for 2013. A adjustment does not impact the value of properties in the balance sheet. The remainder of the balance sheet items are reclassified to profit/loss brought forward.

- d) Interest-bearing long-term borrowings of TSEK 26,675 have been reclassified to current liabilities, as the loan agreement matures after only one year.

- e) A transition from BFN, with the Annual Accounts Act's formats of the income statement and balance sheet, implies certain changes to the designations of items in the income statement and balance sheet. These include the change from "Cash and bank balances" to "Cash and cash equivalents". Within equity, "Restricted reserves" is removed ("Revaluation reserve" and "Share of equity in untaxed reserves".)

		1 januari 2013			31 december 2013		
RECONCILIATION OF EQUITY 1/1/2013 AND 31/12/2013	Note	OB according to previous account- ing prin- ciples	Total effect of transition to IFRS	Accor- ding to IFRS	OB ac- cording to pre- vious ac- counting principles	Total effect of transition to IFRS	Accor- ding to IFRS
Fixed assets							
Investment properties	a)	658 918	-34 518	624 400	796 642	-4 842	791 800
Constructions in progress		-	-	-	2 968	-	2 968
Current assets							
Accounts receivable - trade		13	-	13	-	-	-
Receivables from Group companies		9 849	-	9 849	96	-	96
Other current receivables		7 037	-	7 037	4 137	-	4 137
Prepaid expenses and accrued income		2 686	-	2 686	2	-	2
Cash and cash equivalents		2 613	-	2 613	7 462	-	7 462
TOTAL ASSETS		681 116	-34 518	646 598	811 307	-4 842	806 465
Equity							
Share capital		50	-	50	50	-	50
Revaluation reserve	c)	68 982	-68 982	0	79 005	-79 005	0
Share of equity in untaxed reserves	c)	178	-178	0	178	-178	0
Profit/loss brought forward	e)	53 112	51 054	104 166	54 935	83 646	138 581
TOTAL EQUITY		122 322	-18 106	104 216	134 168	4 463	138 631
Provisions and non-current liabilities							
Deferred tax liabilities	b)	34 735	-16 412	18 323	36 785	-9 306	27 479
Non-current liabilities to credit institutions	d)	275 361	-	275 361	367 082	-26 675	340 407
Liabilities to Group companies		47 846	-	47 846	83 091	-	83 091
Other non-current liabilities	d)	28 782	-	28 782	25 980	-21 980	4 000
Current liabilities							
Current liabilities to credit institutions	d)	138 243	-	138 243	136 286	26 675	162 961
Accounts payable - trade		410	-	410	5 681	-	5 681
Liabilities to Group companies		13 878	-	13 878	3 818	-	3 818
Current tax liabilities		111	-	111	268	-	268
Other current liabilities	d)	347	-	347	873	21 981	22 854
Accrued expenses and deferred income		19 081	-	19 081	17 275	-	17 275
TOTAL EQUITY AND LIABILITIES		681 116	-34 518	646 598	811 307	-4 842	806 465

Reconciliation of total comprehensive income for 2013

Comments on the consolidated income statement items valued at fair value in conjunction with the translation to IFRS are provided below.

- f) Depreciation is not reported under IFRS and is eliminated in its entirety from the income statement in an amount of TSEK 7,381 for 2013. The amount is, instead, reported as an unrealised change in value for 2013.
- g) During 2013, a revaluation of TSEK 23,000 was reported directly against equity. This item has been reversed and reported as a part of the un-

realised change in value for 2013. The adjustment does not affect the value of real estate properties in the balance sheet.

Together with adjustments made according to points a) and e) above, changes in value of TSEK 32,973 are reported in the income statement.

- h) During 2013, deferred tax on the revaluation of property amounting to TSEK 5,060 was reported directly against equity. This item has been reversed and reported as a part of deferred tax in the income statement for 2013. The adjustments above entail an increase of TSEK 7,395 in deferred tax in the income statement.

Income Statement	Note	2013		
		OB according to previous accounting principles	Total effect of transition to IFRS	According to IFRS
Rental income		50 873	-	50 873
Other income		59	-	59
Total operating income		50 932	-	50 932
Property costs		-10 897	-	-10 897
Net operating costs		40 035	-	40 035
Other operating expenses		-2 882	-	-2 882
Depreciation of tangible fixed assets	e)	-7 381	7 381	0
Management profit		29 772	7 381	37 153
Financial income		146	-	146
Financial expenses		-22 637	-	-22 637
		-22 490	-	-22 491
Profit/loss before changes in value		7 282	7 381	14 662
Changes in value, properties	f)		32 973	32 973
Profit before tax		7 282	40 354	47 635
Current tax		-1 138	-	-1 138
Deferred tax	g)	-1 759	-7 395	-9 154
Net profit/loss for the year		4 385	32 959	37 343

The consolidated income statement and consolidated balance sheet will be presented for adoption at the annual general meeting of shareholders held on 6th of May 2015.

Stockholm, 8 April 2015

Mats Hulth
Chairman of the Board

Ulf Adelsohn
Board Member

Erik Adelsohn
Board Member

Erika Kveldstad
Board Member

Pierre Ladow
Board Member

Fredrik Klerfelt
CEO

Our audit report was presented on 8th of April 2015.
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Offentliga Hus i Norden AB, corporate identity number 556824-2696

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Offentliga Hus i Norden AB for the year 2014.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows

for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Offentliga Hus i Norden AB for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors 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.

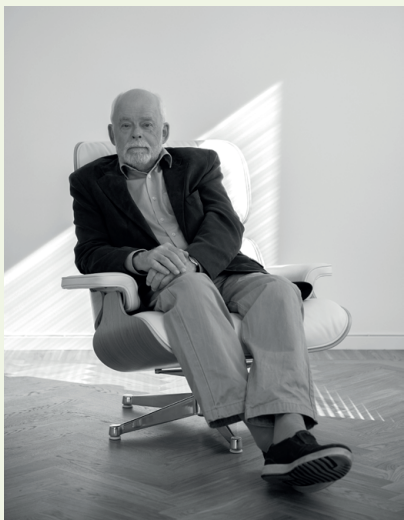
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

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

Stockholm April 8 2015
Öhrlings PricewaterhouseCoopers AB
Magnus Thorling
Authorized Public Accountant

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.



ERIK ADELSON / BOARD DIRECTOR

Previously – CEO Offentliga Hus, Management consult at The Boston Consulting Group. Master of Science in Engineering at LTH.



PIERRE LADOW / BOARD DIRECTOR

Partner and CEO of Aerium Finance.



ULF ADELSON / 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



OFFENTLIGA HUS

Annual Report
Offentliga Hus i Norden AB 2014

