The Board of Directors and the Chief Executive Officer of

Rikshem AB (publ)

Co. reg. No. 556709-9667

herewith present

the Annual Report

for the financial year 1 January - 31 December 2015

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Rikshem AB (publ)
Org nr 556709-9667

Report of the Board of Directors

The Board of Directors and the Chief Executive Officer of Rikshem AB (publ) herewith present the annual report for the financial year 2015. The Company's Registration Number is 556709-9667 and the Board of Directors has its registered office in Stockholm.

The Company
Rikshem AB (publ) is the parent company in the Rikshem Group, hereinafter called Rikshem. The Company manages all of the companies in the Group. The shares of Rikshem AB (publ) are held by Rikshem Intressenter AB, Registration Number 556806-2466, which is jointly owned by the Fourth Swedish National Pension Fund (AP4) and pension company AMF Pensionsförsäkring AB (AMF), each of whom owns 50 per cent.

Rikshem
Rikshem is one of Sweden's largest private property companies. The Company's business concept is to acquire, manage and develop residential porperties and properties for public use in selected growth markets in Sweden. Rikhem's particular characteristic is taking the long-term view and the strong profile of offering residences for the aged. Rikshem owns a number of nursing homes and other care facilities and is today the country's largest provider of residential care and assisted living residences in growth areas. By combining residential care and assisted living residences for older people with refuge and senior residences, Rikshem broadens the services for the aged. This results in more older people being able to live longer in their own apartments without needing to move to a residential care facility, which contributes to reducing the society's costs at the same time as it contributes to a better quality of life for the aged. The combination of rental aparetments in growth areas with nursing homes let to municipalities on long term leases minimises the risk in Rikshem's property portfolio. Rikshem is a long-term operator that prioritizes collaboration with the municipalities.

Rikshem's transparent business practices, with its own property management and long-term focus on the social contributions residences make, as well as collaboration with municipalities, has enabled Rikshem to occupy the vacant position as a "national utility" company. Rikshem's long-term goal is a property portfolio of SEK 50 billion.

The Business
Rikshem owns properties in the Stockholm region, Gothenburg, Malmö, Linköping, Västerås, Norrköping, Helsingborg, Jönköping, Halmstad, Södertälje, Luleå, Kalmar, Nyköping, Sigtuna, Norrtälje, Ale and Knivsta. The real property inventory at the end of the year comprised 533 properties (496) with 24,200 apartments (20,800) and with a rentable area of 1,975,000 square metres (1,708,000). The market value of Rikshem's property portfolio at the end of the year was SEK 32,009 million (25,160). Residential properties constituted 62 percent and properties for public use constituted 38 percent of the market value.

Rikshem, a national utility where investments in sustainability constitute a central prerequisite for long-term profitability.
Rikshem wants to actively contribute to and participate in societal development in areas where the company is active. In conformity with our fundamental values and our decision to be a "national utility", we want to contribute to making development sustainable long-term from social, environmental and financial perspectives. Sustainability is an integral part of Rikshem's ongoing business.

Within the social area, we have concentrated on improving the situation for young people in our residential areas. We are collaborating with non-profit organisations and associations. One example is Mentor Sverige, a non-profit organisation with the aim of helping young people between the ages of 13 and 17 develop. A number of Rikhem's collaborators are trained and make voluntary contributions as mentors for young people.

Rikshem collaborates with the foundation Läxhjälp [Study Help] in Helsingborg, Västerås and Södertälje and has thereby contributed to 100 study help places for young people. In Uppsala we collaborate with TRIS, Tjejers Rätt I Samhället [Girl's Rights in Society], which focuses on working against honour-related violence. Together with local collaboration partners, we offered 152 summer jobs (128) during 2015 to young people who live in our properties.

In several of our areas there is an organised collaboration with the municipality relating to residential social work which is aimed at, among other things, preventing evictions. Dialogue with the residents about, and carrying out of, sustainable renovations are in progress in Helsingborg, Märsta, Norrköping, Södertälje, Uppsala and Västerås. In all areas agreements are reached with Tenants' Associations on measures and new rentals.

Our contributions are not only about energy savings, we have a broad environmental focus.
• In connection with our refurbishments, we more than halve the use of energy for heating. The compilation below shows how different measures are calculated to contribute to energy efficiency.

Energy measures	*Energy savings in percent*
New ventilation (FTX)	19
New energy efficient windows	14
Facade insulation	13
Individual water measuring	5
Water-saving armatures	4
Ceiling	1

• Management of waste and residual products is well thought out. Before the start of any construction of a new partial stage the management organisation and the total construction force coordinate a thorough-going review in which, among other things, the condition of white goods, porcelain, furnishings and storage areas are evaluated. Those which are in good shape are saved to be reused in the other property inventory.
• In the renovation of flats, the bathrooms are cleansed of asbestos by authorised personnel.

In the environmental area we have concentrated on energy savings in the property inventory. We started a focused effort during 2013 and, compared with 2012, lowered the energy consumption, normal-year corrected, by 5 per cent. During 2014 the energy saving was 3 percent. During 2015 the energy use, corrected for the normal year for comparable properties, reduced in comparison to 2014 by 4 percent, or 10 GWh. The diminished energy use has also reduced the discharge of carbon dioxide by 1,000 tons.

Rikshem is a member of Green Building Council and has commenced the work of environmentally certifying our properties. Rikshem is purchasing green electricity and, as one of the first real property companies, purchased discharge rights in order to entirely neutralise the climatic effects of electricity use in all its properties. Rikshem is the world's first business which issued green bonds for sustainable renovations of residential properties. Thus far Rikshem has issued green bonds for SEK 1,300 million.

Rikshem also performs its role as a national utility in these times of great residential insufficiency by commencing comprehensive new construction. We are at present building 1,052 new flats, of which 486 are rentals, 310 are cooperatives, and 256 are residential care and assisted living flats. In order to reduce carbon dioxide discharge, most of the new construction is produced in wood. The energy use of Rikshem's new production will be less than 60kWh per square metre and year, which is 29 percent lower than the guidelines of the National Board of Housing, Building and Planning.

Comments on the profit/loss statement

Net operating income

The Group's rental income during the year increased by SEK 349 million to SEK 2,040 million (1,691). SEK 308 million of the increase derives from an increased property holding. For comparable properties, the rental income increased by SEK 41 million or 2.7 percent compared with 2014. For residential properties, the average vacancy rate during the year was 2.6 percent, which is an increase of 0.8 percent compared with 2014. Adjusted for apartments which were emptied before renovation, the vacancy at 31 December 2015 amounted to 0.4 percent.

The average remaining lease term for properties for public use was 10.5 years (11.4). Contracts with a remaining term of less than 5 years are for the most part contracts which have run for a long period and which Rikshem believes will be extended on unchanged terms. In the propertiesfor public use, we have nearly exclusively municipalities as tenants.

The property expenses amounted to SEK 848 million (737). For comparable properties, the energy use for heating and property electricity, corrected for normal years, sank compared with the corresponding period in the previous year by 4 percent, or 10 GWh. Of the property expenses, SEK 147 million related to maintenance costs which corresponds to SEK 80 per square metre. The total net operating income increased by 25 percent compared with the previous year and amounted to SEK 1,192 (953). For comparable properties, the net operating income increased by 6.8 percent. The surplus ratio for the total property portfolio increased to 58 percent (56).

Net financial items

The net financial items for the year amounted to SEK -527 (-531). The cost of owner loans has increased by SEK 29 million compared with the previous year primarily as a result of paid interest rate difference reimbursement in the early redemption of all owner loans. The interest cost for external financing has diminished by SEK 33 million principally as a result of lower market interest rates and credit margins. The average interest rate for external financing during the year was 1.7 percent (2.4) which is 0.7 percent lower that the previous year. The interest coverage ratio for external financing increased by 3.7 (2.8) as a result of improved net operating income and lower interest costs. Pursuant to the company's finance policy, the interest coverage ratio for external financing must amount to at least 1.75.

Change in fair value of investment properties

In total, the change in fair value in properties amounted to SEK 1,856 million (1,262), which corresponds to an increase of 7.4 percent (6.3).

Change in fair value in financial derivative instruments

Change in fair value in financial derivative instruments amounted to SEK 75 million (-453). The value increase depends principally on shorter remaining terms. The unrealised change in value has no cash flow effect and will not produce any profit or loss effect if the derivative is held to maturity. The derivative instruments involved mostly interest rate swaps. The interest rate derivatives amounted at the end of the year nominally to SEK 12,800 million (11,800).

Profit/loss after tax

In the result for the Group, a total tax cost of SEK -545 (-179) is reported, which principally relates to deferred tax. The result after tax increased by SEK 954 million to SEK 1,964 (1,010), primarily as a consequence of a larger increase in the value of properties than during the previous year.

Comments on the financial position

Investment properties

The fair value of the property portfolio increased to SEK 32,009 million (25,160), which corresponds to SEK 16,205 per square metre (14,727). The higher value depends in part on investments in existing properties, in part on net purchases of properties, and in part on increases in value for properties. The year's investments in existing properties amounted to SEK 1,680 million (784), of which SEK 951 million related to reconstruction and renovation and SEK 580 million related to new production of rental and cooperative properties. Other investments amounted to SEK 149 million. The largest individual reconstruction project was carried out in Gränby in Uppsala, one of Rikshem's large residential holdings. The reconstruction comprised in total 1,200 apartments. The project is being carried out in the period 2013 to 2016. The value increase amounted to SEK 1,856 (1,262), or 7.4 percent (6.3). The value increase reflects the change which has occurred in the properties' cash flow and in the capitalization rates. Residential properties correspond to 62 percent of actual value, or SEK 19,725 million, and properties for public use correspond to 38 percent of actual value, or SEK 12,284 million.

During the year, properties have been acquired in Kalmar, Luleå, Malmö, Norrtälje, Sigtuna, Stockholm, Upplands Väsby and Västerås for a combined total of SEK 3,907 million, of which SEK 928 million relates to properties for public use and SEK 2,979 million relates to residences. Through the acquisitions the property portfolio has received 3,372 apartments and a rentable area of 295,000 square metres.

During the year properties have been sold for a total of SEK 594 million. The sales have occurred at levels which on average exceed the estimated actual value at the start of the year by 24 percent.

Participations in joint ventures
Participations in joint ventures increased during the year to SEK 1,076 million (27). The increase depends primarily on acquisition of shares in Farsta Stadsutveckling KB and VärmdöBostäder AB for a total of SEK 734 million as well as contributed capital supplements of SEK 325 million.

The property portfolio's market value at 31 December 2015 has been estimated by means of external valuations. The valuations have been based on an analysis of future cash flows for the respective properties. Consideration has been given to anticipated changes in rental levels, operating costs and capitalization rates. Actual value for investment properties has thus been estimated pursuant to IFRS 13 level 3.

Interest bearing liabilities
Rikshem has a close collaboration with banks and credit institutes in order to ensure long-term financing. The company borrows against property to at most 70 percent of market value and the interest coverage ratio for external financing on an annual basis must be at least 1.75. During the year the Group received shareholder contributions of SEK 3,433 million which, among other things, financed repayment of all shareholder loans. In May Rikshem issued its heretofore largest green bond for SEK 700 million in order to finance ongoing refurbishments in Uppsala.

In February 2015 Rikshem received the strong credit rating A- with stable outlook from the credit rating institute Standard & Poors. On the Nordic rating scale, Rikshem received the credit rating K-1, which is the highest possible rating. The credit rating is one aspect of Rikshem's strategy of broadening its financial base in order to support the continued expansion of the company and to confirm the company's capacity to meet its financial obligations.

The Group's total interest bearing liabilities were, at the end of the year, SEK 21,074 million (19,255), of which SEK 6,813 million (5,806) related to debts to credit institutions, SEK 6,045 million (3,895) related to commercial paper, SEK 8,174 million (6,498) related to bond loans and SEK 42 million (49) related to convertible debenture loans. During the year, loans from the owners were repaid in the amount of SEK 3,007 million. At the end of 2015, the average interest rate amounted to 1.6 percent (1.8) which is 0.2 percent lower than at the start of the year. For more information on the Group's interest bearing liabilities, see note 26.

Liquid assets amounted to SEK 94 million (385). Available back-up facilities in the form of overdraft facilities and unutilised credit facilities were SEK 4,900 (2,700). In addition, there is a back-up facility or a subscription undertaking from the owners for commercial paper to a total of SEK 7,000 million.

The majority of Rikshem's liabilities to credit institutions have a term of 12 months, which in normal cases is extended by 12 months upon maturity. All liabilities to credit institutions are raised against security in properties. In total the secured financing constitutes 21 percent (23) of the investment properties' actual value.

Rikshem has a commercial paper program. The program enables Rikshem to issue commercial paper with terms up to 12 months within a limit of SEK 8,500 million. Rikshem also has an MTN program for issuance of bonds within a limit of SEK 15,000 million. The commercial papers and the bonds are not secured.

The refinancing and liquidity risks which the maturity structure creates are managed primarily through the back-up facilities which the company has with different banks for SEK 4,900 million as well as the back-up facility or subscription undertaking for commercial paper from the owners to a total of SEK 7,000 million. The majority of Rikshem's liabilities have a variable interest rate which is based on STIBOR 3 months.

Interest rate derivatives are used in order to reduce the interest rate risk which arises with the short-term fixed interest rates. At the end of the year, the interest rate derivatives amounted nominally to SEK 12,800 (11,800) and the fair value amounted net to SEK -492 million (-574).

Shareholders' equity
The Group received during the year shareholder contributions of SEK 3,433 million, which financed repayment of all shareholder loans. The Group's equity amounted at the end of the period to SEK 10,360 million (4,850), which corresponds to an equity/assets ratio of 30 percent (19).

The Parent Company
The parent company Rikshem AB (publ) manages the subsidiaries and their properties. The company had 173 employees (134) during the year. Revenues for the year amounted to SEK 123 million (106) and the result after financial items amounted to SEK 7 million (721). The parent company's equity amounted to SEK 6,135 million (2,662) at the end of the year.

Environment
The Rikshem Group does not run any in-house operation subject to a permit or notification requirement under Chapter 9, Section 6, of the Environmental Code.

Other material events during the financial year
On 8 December 2015, the Board of Directors decided to separate Ilija Batljan from the position of Deputy Chief Executive Officer in Rikshem.

On 11 December 2015 the Chairman of Rikshem's Board of Directors decided to carry out an independent review. The review assignment covered the Chief Executive Officer's and the Deputy Chief Executive Officer's travels and representation during 2014 and 2015 and an investigation of the risk of any conflicts of interest with the company's business. The background for the review was that for a time there had arisen rumours around the company's business and persons in leading positions.

Material events after the end of the financial year
On 1 February 2016, the company closed the acquisition of a property portfolio of 47 properties in Umeå, Östersund and Haparanda. The property portfolio consists of 1,700 apartments and a lettable area of 120,000 square metres.

On 10 February 2016 Rikshem signed an agreement for the purchase of 28 residential properties in Östersund. The property inventory consists of 1,698 apartments and a lettable area of 124,000 square metres. A final and formal decision on the sale was reached in Östersund's municipal council on 17 March.

On 16 February 2016 Standard & Poors published its annual rating of Rikshem in which Rikshem received the strong credit rating A-, but with a negative outlook, which is a change from the earlier judgement of stable outlook.

The independent review which the Chairman of the Board of Directors initiated in December 2015 was delivered to the Board of Directors on 19 February 2016. In the summary of the review's report, which was made available on the company's homepage, the reviewer makes a number of recommendations as a result of the observations in the review's report. The Board of Directors, as a result of the recommendations, initiated measures embracing among other things a review of the company's governing documents.

Since Ilija Batljan was separated in December 2015 from the assignment as Deputy Chief Executive Officer, the company and Ilija Batljan, after the end of the financial year, reached an agreement that Ilija Batljan's employment would end on 15 July 2016. For the time until then, salary and benefits will be paid in accordance with the existing employment agreement, but with a leave of absence from work. Beyond that no special termination compensation will be paid. In connection with the agreement, the parent company Rikshem Intressenter AB acquired Ilija Batljan's convertibles for an amount corresponding to the subscription amount.

On 3 March 2016 the owners AP4 and AMF announced that they had initiated a proceeding for dismissal of the company's Chief Executive Officer.

The owners AP4 and AMF have provided for some time back-up facilities in the form of loan facilities and subscription undertakings relating to commercial paper. These agreements have been extended to February 2020 and the total volume has been increased to SEK 10 billion.

Proposed allocation of profits
The following earnings in the parent company are at the disposal of the Annual General Meeting:

Share premium reserve, SEK	840,772,100
Retained earnings, SEK	5,048,892,507
Profit of the year, SEK	2,539,352
Total, SEK	**5,892,203,959**

The Board of Directors proposes that SEK 5,892,203,959 be carried forward in a new account.

With regard to the company's financial performance and position in general, refer to the following financial statements and their associated notes.

Consolidated statement of comprehensive income

Amounts in SEK thousands	*Note*	*01/01/2015 - 31/12/2015*	*01/01/2014 - 31/12/2015*
Rental income	**5**	**2,039,495**	**1,691,221**
Property expenses			
Operating expenses		-567,030	-460,975
Maintenance		-147,063	-156,134
Administration		-106,591	-97,126
Property tax		-26,969	-23,680
Total property expenses		**-847,653**	**-737,915**
Net operating income	6	**1,191,842**	**953,306**
Central administration	7, 8, 9, 10	-89,952	-42,959
Interest income and similar income statement items	13	7,223	2,416
Interest expenses and similar income statement items	14	-533,465	-533,575
Profit or loss from participations in joint ventures	12	4,269	82
Income from management operations		**579,917**	**379,270**
Change in fair value of investment properties	15	1,855,632	1,261,752
Change in fair value in financial derivative instruments	16	74,609	-452,590
Profit before tax		**2,510,158**	**1,188,432**
Taxes	17	-546,150	-178,549
Profit/Loss for the year		**1,964,008**	**1,009,883**
Other comprehensive income not for reclassification			
Revaluation of pensions	27	3,151	-3,699
Taxes pensions		-693	813
The year's other comprehensive income net after tax		**2,458**	**-2,886**
Total comprehensive income for the year		**1,966,466**	**1,006,997**

The entire profit/loss is referable to the parent company's shareholders since there is no holding without decisive influence.

Consolidated statement of financial position

Amounts in SEK thousands	*Note*	*31/12/2015*	*31/12/2014*
ASSETS	2.2		
Assets			
Investment properties	15	32,008,743	25,160,119
Participations in joint ventures	20	1,075,566	27,211
Equipment, tools and installations	18	6,433	6,328
Derivative instruments		7,702	–
Non-current receivables	21	123,864	148,700
Total non-current assets		**33,222,308**	**25,342,358**
Current assets			
Current receivables			
Accounts receivable	22	7,906	7,876
Receivables from the parent company	23	547,629	–
Other receivables		124,846	13,949
Prepaid expenses and accrued income	24	56,117	69,404
Total current receivables		**736,498**	**91,229**
Cash and bank balances		**94,336**	**384,627**
Total current assets		**830,834**	**475,856**
TOTAL ASSETS		**34,053,142**	**25,818,214**

Amounts in SEK thousands	*Note*	*31/12/2015*	*31/12/2014*
SHAREHOLDERS’ EQUITY AND LIABILITIES	2.2		
Shareholders’ equity			
Share capital		99,728	99,728
Other contributed capital		4,273,626	843,845
Retained earnings		5,986,809	3,905,951
Total shareholders’ equity		**10,360,163**	**4,849,524**
Liabilities			
Non-current liabilities			
Deferred tax liability	25	1,309,776	714,613
Convertible debenture loan	26	41,780	48,640
Interest bearing liabilities	26	8,851,641	8,344,681
Derivative instruments		513,781	574,298
Provision for pensions	27	907	4,753
Total non-current liabilities		**10,717,885**	**9,686,985**
Current liabilities			
Interest bearing liabilities	26, 28	12,180,375	10,861,592
Trade accounts payable		77,029	52,014
Tax liabilities		9,775	8,117
Other current liabilities		216,864	25,721
Accrued expenses and deferred income	29	491,051	334,261
Total current liabilities		**12,975,094**	**11,281,705**
Total liabilities		**23,692,979**	**20,968,690**
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		**34,053,142**	**25,818,214**

Pledged assets - the Group

Amounts in SEK thousands	*31/12/2015*	*31/12/2014*
Pledged assets		
For its own liabilities and reserves		
Real estate mortgages	7,500,349	6,673,732
Shares in subsidiaries	724,202	769,648
Total pledged assets	**8,224,551**	**7,443,380**

Consolidated statement of changes in equity

Amounts in SEK thousands	*Share capital*	*Other contributed capital*	*Retained earnings including the profit/loss for the year*	*Total shareholders' equity*
Opening balance 01/01/2014	**99,728**	**843,845**	**2,761,785**	**3,705,358**
Profit/Loss for the year			1,009,883	1,009,883
Other comprehensive income			-2,886	-2,886
Total comprehensive income			*1,006,997*	*1,006,997*
Group contributions net			137,169	137,169
Closing balance 31/12/2014	**99,728**	**843,845**	**3,905,951**	**4,849,524**
Opening balance 01/01/2015	**99,728**	**843,845**	**3,905,951**	**4,849,524**
Profit/Loss for the year			1,964,008	1,964,008
Other comprehensive income			2,458	2,458
Total comprehensive income			*1,966,466*	*1,966,466*
Repurchase of convertible debenture loans		-3,073	-66,336	-69,409
Shareholder contributions		3,432,854		3,432,854
Group contributions net			180,728	180,728
Closing balance 31/12/2015	**99,728**	**4,273,626**	**5,986,809**	**10,360,163**

Classifications of shareholders' equity

Share capital

The item share capital includes the registered share capital for the parent company. At 31 December 2015 the number of shares was 997,279 (997,279). Quotation value is SEK 100 per share.

Other contributed capital

Relates to shareholders' equity which has been contributed by the owners and convertible debenture loans The transactions which Rikshem has had with the owners circle are issuances at a premium. During 2015 all convertible debenture loans which existed at the start of the year, if taken together nominally SEK 50 million, have been repurchased from Rikshem Intressenter AB, the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer, as well as from an additional leading officer. The repurchases for a total of SEK 118 million was made on market terms. The Group's shareholders' equity has been reduced by SEK 70 million as a consequence of the repurchases. For information on convertible debenture loans which were taken out in September 2015, see note 26.

Retained earnings

Profits and losses carried forward correspond to the accumulated profits and losses which have been generated in the Group in total.

Consolidated statement of cash flows

Amounts in SEK thousands	*Note*	*01/01/2015 - 31/12/2015*	*01/01/2014 - 31/12/2015*
Operating activity			
Income from management operations		579,917	379,270
Profit/loss interests in joint ventures		-4,269	-82
Adjustments for items which are not included in the cash flow	31	-65,753	456
Interest income		-7,223	-2,416
Interest expenses		533,465	533,575
Interest paid		-524,232	-536,315
Interest received		4,568	1,973
Tax paid		-4,001	-2,055
Cash flow from the operating activity before changes in working capital		**512,472**	**374,406**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in operating receivables		-567,614	-42,408
Increase(-)/decrease(+) in operating liabilities		370,110	31,093
Cash flow from the operating activity		**314,968**	**363,091**
Investment activity			
Investment in investment properties		-5,586,762	-5,139,091
Investment in other tangible non-current assets		-3,117	-1,935
Sale of investment properties		593,771	1,222,558
Investment in financial assets		-1,149,850	-147,970
Amortisation of financial assets		55,600	270
Cash flow from the investment activity		**-6,090,358**	**-4,066,168**
The financing activity			
Loans taken out		16,184,871	13,924,358
Amortisation of loans		-11,288,658	-10,279,816
Convertible debenture loans taken out		49,500	–
Repurchase of convertible debenture loans		-118,050	–
Owner loans taken out		–	126,332
Amortised owner loans		-3,007,120	–
Shareholder contributions received		3,432,854	–
Group contributions received		231,702	175,858
Cash flow from the financing activity		**5,485,099**	**3,946,732**
The year's cash flow		**-290,291**	**243,655**
Liquid assets at the start of the year		384,627	140,972
Liquid assets at the end of the year		**94,336**	**384,627**

Income statement - parent company

Amounts in SEK thousands	*Note*	*01/01/2015 - 31/12/2015*	*01/01/2014 - 31/12/2015*
Operating income	**4**	**123,010**	**105,772**
Operating expenses			
Other operating expenses	7, 9	-86,105	-58,932
Personnel costs	8	-123,158	-92,495
Write-offs	10	-2,858	-2,731
Operating Profit/Loss		**-89,111**	**-48,386**
Profit/Loss from financial items			
Profit/Loss from interests in Group companies	11	119,031	426,385
Profit or loss from participations in joint ventures	12	–	270
Interest income and similar income statement items	13	554,422	919,664
Interest expenses and similar income statement items	14	-577,762	-576,533
Profit/loss after financial items		**6,580**	**721,400**
Tax on the profit/loss for the year	17	-4,041	-83,085
Profit for the year *		**2,539**	**638,315**

* In the parent company there are no items for other comprehensive income

Balance sheet - parent company

Amounts in SEK thousands	*Note*	*31/12/2015*	*31/12/2014*
ASSETS	20		
Assets			
Equipment	18	6,139	5,968
		6,139	**5,968**
Financial assets			
Interests in Group companies	19	1,889,805	1,604,734
Receivables from Group companies		22,533,940	17,943,702
Other non-current receivables	21	38,000	77,000
		24,461,745	**19,625,436**
Total non-current assets		**24,467,884**	**19,631,404**
Current assets			
Current receivables			
Accounts receivable	22	128	18
Other receivables		80,876	1,801
Prepaid expenses and accrued income	24	41,708	40,916
Total current receivables		**122,712**	**42,735**
Cash and bank balances		**91,033**	**379,052**
Total current assets		**213,745**	**421,787**
TOTAL ASSETS		**24,681,629**	**20,053,191**

Amounts in SEK thousands		*31/12/2015*	*31/12/2014*
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital		99,728	99,728
Other contributed capital		–	3,073
Revaluation reserve		142,986	142,986
		242,714	**245,787**
Unrestricted shareholders' equity			
Retained earnings		5,048,892	937,368
Share premium reserve		840,772	840,772
Profit/Loss for the year		2,539	638,315
		5,892,203	**2,416,455**
Total shareholders' equity		**6,134,917**	**2,662,242**
Reserves			
Reserves for deferred tax	25	126,018	91,884
		126,018	**91,884**
Non-current liabilities			
Interest bearing liabilities	26	6,597,918	4,797,861
Convertible debenture loans	26	41,780	48,640
Derivative instruments		13,920	–
Owner loans	26	–	3,007,120
Total non-current liabilities		**6,653,618**	**7,853,621**
Current liabilities			
Interest bearing liabilities	26, 28	11,373,375	9,382,269
Trade accounts payable		6,658	837
Other liabilities		293,423	4,510
Accrued expenses and deferred income	29	93,620	57,828
Total current liabilities		**11,767,076**	**9,445,444**
Total liabilities		**18,546,712**	**17,390,949**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**24,681,629**	**20,053,191**

Pledged assets and contingent liabilities - the parent company

Amounts in SEK thousands	*31/12/2015*	*31/12/2014*
Pledged assets		
For its own liabilities and reserves		
Shares in subsidiaries	943,844	943,844
Contingent liabilities		
Guarantees for Group companies	3,125,174	1,479,324
Liability for debts of limited partnerships	1,089,470	1,080,273
	4,214,644	**2,559,597**

Report on change in shareholders' equity, the parent company

Amounts in SEK thousands	*Share capital*	*Other contributed capital*	*Revaluation fund*	*Share premium reserve*	*Retained earnings including the profit/loss for the year*	*Total shareholders' equity*
Opening balance 01/01/2014	**99,728**	**3,073**	**200,566**	**840,772**	**1,025,770**	**2,169,909**
Profit/Loss for the year					638,315	638,315
Redeposit in revaluation reserve			-57,580		57,580	–
Group contributions net					-145,982	-145,982
Closing balance 31/12/2014	**99,728**	**3,073**	**142,986**	**840,772**	**1,575,683**	**2,662,242**
Opening balance 01/01/2015	**99,728**	**3,073**	**142,986**	**840,772**	**1,575,683**	**2,662,242**
Profit/Loss for the year					2,539	2,539
Shareholder contributions					3,432,854	3,432,854
Repurchase of convertible debenture loans		-3,073			-66,336	-69,409
Group contributions net					106,691	106,691
Closing balance 31/12/2015	**99,728**	**–**	**142,986**	**840,772**	**5,051,431**	**6,134,917**

The parent company has received Group contributions of SEK 136,785,406 from Rikshem Intressenter AB (Reg. No. 556806-2466).

Cash flow analysis - parent company

Amounts in SEK thousands	*Note*	*01/01/2015 - 31/12/2015*	*01/01/2014 - 31/12/2015*
Operating activity			
Operating Profit/Loss		-89,111	-48,386
Adjustments for items which are not included in the cash flow	31	5,151	2,731
Interest paid		-566,500	-579,153
Interest received		558,673	926,799
Cash flow from the operating activity before changes in working capital		**-91,787**	**301,991**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in operating receivables		-9,228	-21,740
Increase(-)/decrease(+) in operating liabilities		325,464	-6,217
Cash flow from the operating activity		**224,449**	**274,034**
Investment activity			
Shareholder supplements contributed		-285,021	–
Acquisitions of subsidiaries		-50	-50
Sale of subsidiaries		-15	776,546
Sale of joint ventures		–	270
Investment in tangible non-current assets		-3,029	-1,060
Investment in receivables in Group companies		-4,590,238	-5,636,916
Investment in receivables in joint ventures		-36,000	-77,000
Cash flow from the investment activity		**-4,914,353**	**-4,938,210**
The financing activity			
Loans taken out		13,598,205	12,484,334
Amortisation of loans		-9,809,335	-7,574,054
Convertible debenture loans taken out		49,500	–
Repurchase of convertible debenture loans		-118,050	–
Owner loans taken out		–	126,332
Paid owner loans		-3,007,120	–
Profit-loss from interests in partnerships/limited partnerships		119,046	96,768
Shareholder contributions received		3,432,854	–
Group contributions received		136,785	–
Group supplements contributed		–	-187,157
Cash flow from the financing activity		**4,401,885**	**4,946,223**
The year's cash flow		**-288,019**	**282,048**
Liquid assets at the start of the year		379,052	97,004
Liquid assets at the end of the year		**91,033**	**379,052**

Notes with accounting policies and notes to the financial statements

Note 1 Business information

The Rikshem Group consists of the parent company Rikshem AB (publ), Registration number 556709-9667, and its subsidiaries. The parent company is a corporation with its registered office in Stockholm, Sweden. The main office is located at Vasagatan 52 in Stockholm. The shares in Rikshem AB (publ) are held by Rikshem Intressenter AB, which is jointly owned by the Fourth Swedish National Pension Fund (AP4) and pension company AMF Pensionsförsäkring AB (AMF), each of whom owns 50 per cent. The Group's principal business is to acquire, manage and develop residential properties and properties for public use in selected growth markets in Sweden.

The annual report and the Group report were approved by the Board of Directors on 11 March 2016 and presented for confirmation at the annual meeting of shareholders on the same day.

Note 2.1 Fundamental accounting policies

Applicable regulations
Group accounting for the Rikshem Group has been prepared in accordance with International Financial Reporting Standards (IFRS), and interpretations which have been issued by IFRS Interpretations Committee (IFRIC) as those have been confirmed by the European Union (EU). In addition, the Annual Reports Act (ARA) and RFR 1 "Supplementary accounting rules for groups" have been applied.

Reporting currencies
The Group's reporting currency is SEK, which is the parent company's functional currency. If nothing else is stated, all numbers are reported in thousands of SEK. Rikshem does not at present carry out any transactions in foreign currency.

Grounds for the preparation of the report
The Group report has been prepared on the assumption of continuance (going concern). Assets and liabilities are valued at historic acquisition values with an exception for derivative instruments and investment properties which are valued at actual values and deferred tax which is valued at a nominal value. The Group report is prepared in accordance with the acquisition method and all subsidiaries, in which a decisive influence is held, are consolidated as from the date that influence was acquired.

To prepare reports in accordance with IFRS requires that various estimates be made by the management for the purposes of the report. The areas which contain a high degree of judgement, which are complex or are such areas where assumptions and estimates are of essential significance for the Group report are set forth in note 2.4. These judgements and assumptions are based on historic experiences and other factors which are considered to be appropriate under the existing circumstances. Actual results can be different from judgements made.

Gross accounting is applied throughout as relates to assets and liabilities except in those cases where both a receivable and a liability exist with respect to the same counterparty and these can legally be offset against each other and the intention is to do that. Gross accounting is also applied as relates to income and expenses if nothing else is stated.

Classification of assets and liabilities
Non-current assets, long-term liabilities and reserves are expected to be recovered or to come due for payment more than twelve months after the balance sheet date. Current assets and current liabilities are expected to be recovered or to come to due for payment sooner than twelve months after the balance sheet date.

Note 2.2 Changes in the accounting policies

Important accounting policies are summarized under section 2.3 below. Applied accounting policies include new and changed standards issued by IASB and interpretations of existing standards which have come into effect and are obligatory for application within the EU as from 1 January 2015.

New standards, amendments and interpretations of existing standards which have been applied for the first time in the financial year 2015.
IFRIC 21 is applied for the financial year which begins 1 January 2015 or later. This interpretation clarifies when a liability for "levies" must be reported. "Levies" means fees/taxes which governmental or similar organs impose on companies in accordance with laws/regulations with the exception of income taxes, penalties and fines. The interpretation means that Rikshem records as a liability at the start of the year property tax in its entirety for properties which are held 1 January. This interim asset is reduced successively during the year and the cost of property tax is reported in the profit/loss, as has been done in prior years.

New standards, amendments and interpretations of existing standards which have not been applied in advance by the Group.
It will be obligatory to apply a number of new standards, amendments and interpretations during coming financial years. These have not been applied in the preparation of the Group's financial statements. The standards, amendments and interpretations which are expected to affect or may have an effect on the Group's financial statements are described below:

IFRS 9, Financial instruments
This standard will come into effect on 1 January 2018 and will then replace IAS 39 Financial instruments: Reporting and valuation. The new standard has been reworked in various parts, one part relates to reporting and valuation of financial assets and financial liabilities, one part relates to hedge accounting, and one part relates to write-downs of financial assets. The EU has not yet approved the standard. The Group, during the coming year, will commence the work of evaluating how IFRS 9 will affect the Group's financial statements.

IFRS 15, Income from customer contracts
This standard will come into effect on 1 January 2018 and will then replace earlier issued standards and interpretations which deal with income from customer contracts (that is, IAS 11 Construction agreements, IAS 18 Income, IFRIC 13 Customer loyalty programs, IFRIC 15 Agreements on construction of real properties, IFRIC 18 Transfers of assets from customers, SIC 31 Receipts - exchange transactions which relate to publicity services). IFRS 15 thus contains a complete model for all receipt reporting. The EU has not yet approved the standard. The Group, during this year, will commence the work of evaluating how IFRS 15 will affect the Group's financial statements.

IFRS 16, Leases
This standard will come into effect 1 January 2019 and will then replace IAS 17 Leasing agreements and related interpretations. It will require that lessees report assets and liabilities referable to all leasing agreements, with an exception for agreements which are shorter than 12 months and/or relate to small amounts. The reporting for the lessor will in all essential respects be unchanged. The EU has not yet approved the standard. The Group has not yet evaluated the standard and how it will affect the Group's financial statements.

Note 2.3 Summary of important reporting principles

Group reporting
Subsidiaries are all those companies in which the Group is exposed to or has a right to variable return from its engagement and can affect the return with the help of its influence over the company. This usually follows from a shareholding amounting to more than half of the voting rights. The existence and effect of potential voting rights which it is possible at present to utilise or convert is taken into account in the judgement of whether the Group exercises decisive influence over another business. Subsidiaries are consolidated as from the day when decisive influence is achieved and consolidation ends as from the day when decisive influence ends.

Operating acquisitions are reported in accordance with the acquisition method. The purchase price is made up of the actual value of assets conveyed, liabilities and issued shares. The purchase price also includes the actual value of all assets or liabilities which are a result of the agreed conditional purchase price. Expenses related to the acquisition are booked as costs when they arise. Identifiable acquired assets and assumed liabilities are initially value at actual value as of the date of acquisition. For every acquisition, the Group determines whether all holdings without decisive influence in the acquired business are to be reported at actual value (so-called full goodwill) or at the holding's proportionate share of the acquired business's net assets.

The amount by which a purchase price, any holding without decisive influence and actual value of earlier share holdings exceeds actual value of the Group's share of identifiable acquired net assets, is reported as good will. If the amount is less than actual value for the acquired subsidiary's assets, in the event of a so-called "bargain purchase", the difference us reported directly in the report of comprehensive income.

Transactions internal to the Group and balance sheet items as well as unrealised profits and losses on transactions between Group businesses are eliminated. The accounting policies for subsidiaries have been changed in appropriate cases in order to guarantee a consistent application of the Group's policies.

Joint ventures
Joint ventures means companies where Rikshem through a collaboration agreement with one or more partners has a joint decisive influence over the business. Holdings in joint ventures are reported in accordance with the Share of Equity method. The Share of Equity method means that Rikshem's share in the joint venture's profit/loss is reported on the line "Profit/Loss interests joint ventures" and the share of shareholders' equity in joint ventures on the line "Holding reported in accordance with the Share of Equity method".

Investment properties
Investment properties are held for the purpose of receiving rental income or value increases or a combination of these. All of Rikshem's owned properties are deemed to constitute investment properties. Investment properties are reported at the time of acquisition at acquisition value including expenditures which are directly referable to the acquisition. After the acquisition, investment properties are reported at actual values, see note 15 for a description of valuation model and the assumptions which underlie the valuation.

Both realised and unrealised changes in fair value are reported in the Report of comprehensive income on the line fair value changes in investment properties. The unrealised changes in value are calculated on the basis of the valuation at the end of the period compared with the valuation at the start of the period, alternatively the acquisition value if the property was acquired during the period, taking the period's investments into account.

Rental income and income from property sales are reported in accordance with the principles which are described under the section Receipts below. Future expenditures are added to the reported value only if it is probable that the future financial advantages which are linked with the asset will benefit the business. All other future expenditures are reported as costs in the period in which they are made. It is decisive for the judgement when a future expenditure is to be added to the reported value whether the expenditure relates to exchanges of identifiable components, or parts thereof, in connection with which such expenditures are capitalised. Likewise in those cases where a new component is acquired, the expenditure is added to the reported value. Repairs and maintenance measures are reported as costs in connection with the expenditure being made. In larger projects, the interest costs during the production period are capitalised.

Tangible non-current assets in addition to investment properties.
Tangible non-current assets in addition to investment properties are physical assets which are used in the Group's business and have an anticipated period of use exceeding one year. Tangible non-current assets are valued at their respective acquisition values with deductions for write-offs made and any write-downs.

Write-offs are made linearly during the estimated period of use and are begun when the asset is ready to be used in the business. In determining the write-off amount for tangible non-current assets, no regard is taken to the asset's possible residual value when the asset is anticipated to have a period of use that corresponds to its financial lifetime. Future expenditures are added to the reported value only if it is probable that the future financial advantages which are associated with the asset will benefit the business All other future expenditures are reported as costs in the period in which they are made. It is decisive for the judgement when a future expenditure is to be added to the reported value whether the expenditure relates to exchanges of tangible non-current assets, or parts thereof, in connection with which such expenditures are capitalised.

A tangible fixed asset is removed from the balance sheet when it is sold or if it cannot be anticipated to contribute any financial advantages in the future. Profit and loss are calculated as the difference between the sales price and the asset's reported value. Profit or less is reported in the Report on comprehensive income for the reporting period when the asset is sold, as other costs or other receipts.

The assets' residual value, period of use and write-off method are reviewed at the end of every financial year and adjusted if necessary prospectively at the end of every reporting period. Ordinary expenses for maintenance and repair are reported as costs when they arise, but expenses for significant renewals and improvements are reported in the balance sheet and entered under the remaining period of use for the underlying asset.

Write-offs are calculated in accordance with the following:	Number of years
Inventories	5

Financial instruments
Financial instruments are every form of agreement which gives rise to a financial asset in one business and a financial indebtedness or an equity capital instrument in another business. Financial assets and liabilities are set off and reported with a net amount in the balance sheet only when there is a legal right to set off the reported amounts, at the same time as there is an intention to settle them with a net amount or at the same time realise the asset and settle the liability.

Financial assets
Purchase and sale of financial assets is reported on the business day, that is the date when the Group commits itself to purchase or sell the asset. Financial assets are removed from the balance sheet when the right to receive cash flow from the instrument has expired or has been conveyed and the Group has conveyed essentially all risks and benefits associated with the right of ownership.

The Group classifies its financial assets in the following categories: financial assets valued at actual value through the profit/loss statement, loan receivables and accounts receivables. The classification is dependent upon the purpose for which the financial asset was acquired. The management determines the classification of the financial assets at the first reporting opportunity.

Financial assets are valued at actual value through the profit/loss for the year.
The Rikshem Group uses financial derivatives, for example interest rate swaps, to minimise financial risks. They are valued at actual value through the profit/loss for the year since Rikshem does not utilise hedge accounting. Unrealised changes in value are reported in the Report on comprehensive income on the line Value changes financial instruments and detailed in note 16. Realised value changes are reported in net financial items.

Loan receivables and accounts receivables
Loan receivables are reported initially at actual value with supplements for any transaction expenses and are subject to regular and systematic analysis with regard to determining the amount at which the receivable is to be paid. Loan receivables and accounts receivables are reported as of the time of acquisition at accrued acquisition value with application of the effective interest method. If a loan receivable is thought to be uncertain a reserve is made for the difference between the reported value and the anticipated cash flow. Interest income from loan receivables is included in the financial receipts.

Accounts receivables are stated initially at actual value. A reserve is made for uncertain receivables at the turn of the year when there is objective evidence that the full value of the asset will not be received. Losses referable to uncertain receivables are reported in the Report on comprehensive income under rental income. See note 22.

Financial liabilities
The Group's financial liabilities are divided into two categories. Financial liabilities valued at actual value through the profit/loss for the year and financial liabilities which have been valued at accrued acquisition value.

Financial liabilities valued at actual value via the profit/loss for the year
Rikshem avails itself of interest rate derivatives in order to reduce financial risks. See further description above.

Financial liabilities which have been valued at accrued acquisition value.
Liabilities are initially reported at actual value, with a deduction for transaction expenses. In subsequent periods, these liabilities are valued at accrued acquisition value in accordance with the effective interest method.

Combined financial instruments
Convertible debenture loans at the start of 2015
The combined financial instruments which the Group issued consist of convertible debenture loans where the holder can request that they be converted to shares, and where the number of shares which must be issued is not affected by changes in the actual value of the shares. The liability portion in an aggregated financial instrument is reported initially at actual value for a similar liability which does not carry a right of conversion into shares. The shareholders' equity portion is reported initially as the difference between actual value for the entire aggregated financial instrument and the liability portion's actual value. Directly referable transaction expenses are allocated between the liability and shareholders' equity portions in proportion to their initial reported value.

Convertible debenture loans at the end of 2015
The convertible debenture loan has, in accordance with IAS 39, been reported partly as a derivative liability, partly as an interest-bearing liability based on a number of terms and conditions and where the primary cause has been adjudged to be that there is no one fixed price in order to establish the number of shares. The convertible debenture loan's derivative portion has been valued as a purchase option, based on Black & Scholes model for option valuation. The assumptions which have been made in the evaluation of risk-free interest rates and volatility are based on the circumstances which apply to Rikshem and to other comparable companies which are listed on stock exchanges. The convertible debenture loan's derivative portion has been valued in accordance with IFRS valuation hierarchy level 3 and the interest rate derivative has been valued in accordance with level 2.

Loan payments
Loan payments are made of interest and other expenses which arise when a business borrows money. Loan payments which are referable to financing of an asset, which require a significant time to finalise for use or sale, are capitalised as a part of the asset's acquisition value. Other loan payments are reported as a cost in the period in which they are made.

Reserves
Reserves are reported when the Group has a current obligation, legal or informal, as a result of earlier events and when it is probably that a payment will be demanded in order to perform the obligation and when its value can be measured reliably. In those cases where the business expects that a reserve which has been made will be replaced by an outsider, for example within the scope of an insurance contract, this anticipated replacement is reported as a separate asset, but only when it is as good as certain that the replacement will be received. Reserves are re-examined at the end of every reporting period.

If the time value is essential, the value of the future payment must be recalculated. The calculation must be made with the help of a discount interest rate which takes into consideration the specific risks associated with the undertaking. The increase in the undertaking is reported as an interest rate cost.

A reserve for restructuring is reported during the period when the Group is legally or informally bound to the plan. A reserve may only be made for those payments which arise as a direct effect of the restructuring and which are an effect of remaining contractual obligations without lasting financial utility or which constitute a penalty as a consequence of the obligation's termination.

Conditional obligations
A conditional obligation is a possible undertaking which derives from events which have occurred and whose occurrence is confirmed only by one or more uncertain future events which, not entirely in the business's control, occur or exist, or by an undertaking which derives from events which have occurred but which are not being reported as a liability or reserve on the basis of it not being credible that an outflow of resources will be required in order to deal with the undertaking, or that the undertaking's size cannot be calculated with adequate precision. No reporting is required when the probably of an outflow of resources is vanishingly small.

Compensation to employees
The Group has both defined benefit and defined contribution pension plans. A defined contribution pension plan is a pension plan pursuant to which the Group pays a fixed fee to a separate legal entity. The Group does not have any legal or informal commitments to pay further fees if this legal entity does not have enough assets to pay all compensation to employees which are connected to the employees' service during the current or earlier periods. The Group's contributions to defined contribution pension plans burden the profit/loss for the year in the year to which they are referable.

A defined benefit pension plan relates to an amount of the pension benefit an employee receives after being pensioned. The defined benefit pension plan is calculated with the help of the projected unit credit method and is reported in the balance sheet. In addition to taking into account the pensions and the legislated rights which are known on the balance sheet date, assumptions are made concerning, among other things, anticipated increases in pension and wages and other essential factors. The calculation is based on actuarial calculation methods. Expenses relating to service in the current year and interest rate cost net are included in the profit from management operations.

Re-evaluations of defined benefit pension plans cover actuarial profits and losses as well as actual return on managed assets and are reported in other comprehensive income in the period in which they arise. Estimated pension expenses relating to earlier periods of service are established when a defined benefit pension plan is adjusted. Such adjustments are reported in the income from management operations. The total net undertaking (that is the current value of the defined benefit commitment minus actual value of the management assets) relating to all plans is reported in the Group's balance sheet, after adjustment for any earlier expenses which have not yet been periodised.

Compensation upon termination
Compensation upon termination is paid when an employee's employment is terminated before the normal time for pension or when an employee accepts voluntary departure in exchange for such compensation. The Group reports compensation upon departure when an undertaking arises. In the case where the business has made an offer to encourage voluntary departure, compensation upon departure is calculated based upon the number of employees who it is estimated will accept the offer. Benefits which come due more than 12 months after the end of the reporting period are reported at their respective current values.

Leasing agreements - Rikshem as lessor
Financial leasing agreements, where the Group in all essentials takes over all risks and benefits associated with ownership of the leased object, are reported in the balance sheet at the leased property's actual value or, if the value is lower, at the current value of future future minimal leasing payments. Leasing payments are reported as financing expenses and amortisation of the liability. Financially leased assets are allocated over the anticipated period of use.

Leasing agreements where the lessor for the most part retains all risks and benefits with the right of ownership are classified as operational. Leasing fees are booked as costs linearly in the Report of comprehensive income during the leasing period. Reference is initially made to any incentive which has been received at the signing of the leasing contract.

Income
Incomes are reported when it is credible that financial advantages will benefit the Group and that the receipts can be established in a reliable way. Incomes are reported exclusive of value added tax and with deductions for any rebates. The Group's income is constituted in essential respect by rental income.

Rental income
Rental agreements are classified in their entirety as operational leasing agreements. The Group's reported income relates principally to rental income. Rental income including supplements is notified in advance. Rental incomes from investment properties are reported as receipts in the profit/loss statement. Only that portion of the rents which is paid during the period is reported as income. Prepaid rents are reported as prepaid income.

Income from property sales
Income from property sales is reported in combination with the risks and benefits being transferred to the buyer from the seller, which coincides with the day the property is relinquished. Profit/loss from sales of property are reported as a realised change in value.

Financial income
Financial income is profit/loss booked in the period to which they relate with application of the effective interest method.

Income tax
The year's tax cost covers current and deferred tax. Tax is reported in the profit/loss statement except when the tax relates to items which are reported in other comprehensive income or directly in shareholders' equity. In such cases the tax is also reported in other comprehensive income or shareholders' equity, respectively.

Current income tax
Short-term tax receivables and tax liabilities for current and earlier years are established at the amount which is anticipated to be recovered or paid to the Swedish Tax Agency. The tax rate and tax laws which are applied to calculate the amount are those which are assumed or announced on the balance sheet date. For the years 2015 and 2014 the actual tax rate was 22%. In addition, the management regularly evaluates the statements which have been made in tax returns relating to situations where applicable tax rules are subject to interpretation. When it is adjudged to be appropriate, reserves are made in amounts which it is thought will have to be paid to the Swedish Tax Agency.

Deferred tax
Deferred tax is reported on the balance sheet date in accordance with the balance sheet method for temporary differences between the tax values and the accounting values of assets and liabilities. The tax rate and tax laws which are applied to calculate the amount are those which are assumed or announced on the balance sheet date. Deferred tax liabilities in the Rikshem Group relate principally to differences between estimated market value and tax-based value as relates to properties and financial instruments.

Deferred tax receivables are reported for all deductible temporary differences, among them deficiency deductions, to the extent it is credible that a taxable profit will be available against which the deductible temporary differences can be used. Evaluations of deferred tax receivables are estimated on every balance sheet day and are adjusted to the extent it is no longer credible that sufficient profit will be generated, so that all or a part of the deferred tax claim can be used.

In the acquisition of a company, a judgement is made as to whether the acquisition relates to an acquisition of a business or an acquisition of an asset (a property). Acquisition of a business means that the acquisition relates to purchase of a company with properties, including taking over of personnel and operations. In the acquisition of a business deferred tax is reported at a nominal amount of temporary differences. In those cases where acquisition of an asset is carried out, no deferred tax is reported.

Deferred tax receivables and deferred tax liabilities are set off if there is a legal right to set off short-term tax claims against short-term tax receivables and the deferred tax is referable to the same entity in the Group.

Share capital
Transaction expenses which can be directly referable to issuance of new common shares are reported, net after tax, in shareholders' equity as a deduction from the issuance proceeds.

Reporting of cash flow
Liquid assets are made up of available cash, bank account holdings available at the bank, and other liquid investments with an original due date not less than three months which are exposed to insignificant value fluctuation. Cash flow from the ongoing business is reported in accordance with the indirect method.

Events after the balance sheet date
Events after the balance sheet date, and which confirm the conditions which applied on the balance sheet date, are taken into account in valuing assets and liabilities.

The parent company's accounting policies

Applicable rules and regulations
The parent company applies the Annual Reports Act and RFR 2 issued by the Financial Reporting Council.

Deviations from principles between the parent company and the Group depend on limitations in applying IFRS in the parent company fully on the basis of the Annual Reports Act and the connection between accounting and taxation. The deviations are presented below.

Financial assets
As a result of the connection between accounting and taxation, the rules on financial instruments pursuant to IAS 39 are not applied in the parent company as a legal person, but instead the parent company applies the acquisition value method in accordance with the Annual Reports Act. In the parent company fixed financial assets are thus valued at acquisition value minus any write-downs and current financial assets in accordance with the lowest value principle.

Financial instruments
Financial instruments are valued in the parent company in accordance with the Annual Reports Act starting from the acquisition value. The convertible debenture loan as well as the appendant derivative part, however, is handled in the same way in the parent company as in the Group.

Shares in subsidiaries
Shares in subsidiaries are reported in accordance with the acquisition value method. This means that transaction expenditures are included in the reported value for holdings in subsidiaries.

Group contributions and shareholder supplements
The parent company reports Group contributions, both contributed and received, against shareholders' equity.

Shareholder supplements contributed to the parent company are booked directly against shareholders' equity and reported as shares or interests in the parent company, to the extent that write-downs are not required. Shareholder supplements received are reported as an increase in unrestricted shareholders' equity.

Pensions
The parent company reports pensions in accordance with the Pensions Protection Act's rules since this is a prerequisite for the right to tax deductibility.

Note 2.4 Significant accounting judgements, estimates and assumptions

When the Board of Directors and the Chief Executive Officer prepare financial statements in accordance with applicable accounting policies certain estimates and assumptions must be made which affect the reported value of assets, liabilities, income and expenses. The areas where estimates and assumptions are of great significance for the Group, and which can affect profit/loss statements and balance sheets if they are changed, are described below:

Valuation of investment properties
In the valuation of investment properties judgements and assumptions affect the Group's profit/loss and financial position. Valuation requires judgement of and assumptions about the future cash flow as well as establishing capitalisation rates (return requirements). In order to reflect the uncertainty which exists in assumptions and judgements that are made, a property valuation is ordinarily given an uncertainty range of +/- 5-10 percent. Information on this as well on the assumptions and judgements which have been made appears in note 15.

Deferred tax
In compliance with the accounting rules, deferred tax is normally reported without discount. Both current and deferred tax have been calculated on the basis of a nominal tax rate of 22 percent. The actual tax is significantly lower partly because of the possibility of selling properties in a tax-effective way and partly because of the time factor.

Management of uncertain receivables
Accounts receivables are reported initially at actual value and thereafter at the anticipated realisable value. An estimate for uncertain accounts receivables which is based on an objective evaluation of outstanding amounts is made the end the of the year.

Judgements in the application of accounting policies
When the management of a business applies the Group's accounting policies it makes various judgements, in addition to those which contain estimates, which can have a significant influence on the amounts which the Group reports in the financial statements.

Classification of acquisitions
A judgement must be made as to whether what is involved is the acquisition of a business or the acquisition of an asset. A business consists of resources and operations which can result in production. In the acquisition of a company a judgement is made as to how reporting of the acquisition is to be made, based among other things on the following criteria: existence of employees, the company's assets and the complexity of its internal operations. In addition, the number of businesses and the existence of contracts with different levels of complexity are taken into account. The existence of a large number of these criteria means that the acquisition is classified as a business acquisition and the existence of a small number that it is an asset acquisition. Rikshem's judgement has meant, for all acquisitions carried out during the period, that the transactions have been classified as asset acquisitions.

When an acquisition of a subsidiary involves acquisition of assets which do not constitute a business, the acquisition cost is allocated among the individual assets and liabilities based on their relative actual values at the time of the acquisition. If, instead, the judgement would have resulted in classification as a business acquisition, this would mean that the initial reported property value would have been higher as also would have been the deferred tax liability and probably also good will.

Note 3 Financial instruments and risk management

The financial liabilities which the Group has are convertible bank and capital markets loans as well as interest rate derivatives and certain operating liabilities such as trade accounts payable. The financial assets which the Group has are liquid assets, accounts receivables, accrued rental income and long-term and current receivables.

The financial risks to which the financial liabilities give rise can be divided into liquidity risk and refinancing risk, credit risk and interest rate risk. Liquidity risk and refinancing risk mean the risk that financing cannot be obtain when necessary, or can only be obtained at materially higher expenses than previously, and that payment commitments cannot be complied with as a result of inadequate liquidity. Credit risk means the risk that the counterparty cannot perform its obligations and thereby causes Rikshem a financial loss. Interest rate risk means the risk that the future cash flow from a financial instrument will vary on the basis of changes in market interest rates, in Rikshem's case the interest rate expenses will significantly increase.

In order to manage the liquidity and refinancing risk the company works actively to have continually available a number of financing sources. In order to ensure access to financing, the business borrows against its property assets to a maximum of 70% of market value. In addition, the liquidity and refinancing risk is dealt with by the company only investing in properties with a low risk, such as residential property and old age residences. In order to manage the interest rate risk, the company has as a goal that the interest coverage ratio shall always exceed 1.75.

Financial key numbers	*31/12/2015*	*31/12/2014*
Loan-to-value ratio, percent*	66	64
Average interest rate*	1.6	1.8
Fixed interest rate period, years*	2.4	3.4
Interest coverage ratio, times*	3.7	2.9
Equity/assets ratio	30	19
Adjusted equity/assets ratio, percent**	30	30

*relating to external financing
**adjusted shareholders' equity including owner loans

The financial risk which the financial assets give rise to is credit risk, which is the risk that the counterparty cannot perform its obligations and thereby causes Rikshem a financial loss. The credit risk is managed by credit information being obtained on new tenants. Rikshem had accounts receivables as of the balance sheet date amounting to SEK 19,197 thousand. A reserve for uncertain customer receivables has been established in the amount of SEK 11,291 thousand. Reported value after reserves amounts to SEK 7,906 thousand. For more information on accounts receivables see note 22. The credit quality of accounts receivables which are not due for payment or written off is adjudged to be good. Rikshem had non-current receivables at the balance sheet date in an aggregate reported value amounting to SEK 123.864 thousand. of which 65% are secured bv liens on shares.

Rikshem is not exposed to any currency exchange risk.

Liquidity and refinancing risks

The company has taken out secured bank loans at four Nordic banks. The bank loans have 3 months STIBOR as an interest rate base and the majority, 60 percent, of the bank loans have a term of 12 months. In addition, the company has taken out capital market loans by issuing commercial paper and bonds. The commercial papers has a term of less than 1 year and the bonds have a term of more than 1 year. The interest rate for the commercial papers is determined at the time of issuance. The interest rate for the bonds is based on 3 months STIBOR.

The company has a liquidity and refinancing risk at every loan due date. The majority of the company's loans come due within 12 months (see table below). The liquidity and refinancing risk which the due date structure gives rise to is managed primarily with the back-up facilities of SEK 4.9 billion which the company has at 2 banks as well as the loan facility and the subscription undertakings which the owners AMF Pensionsförsäkring AB and Fourth Swedish National Pension Fund have given the company for a combined SEK 7 billion.

Maturity analysis for interest-bearing liabilities

Year	Accrued acquisition value	Nominal amount	Future interest payments pursuant to agreements in effect on the balance sheet date	Of which payments interest-rate derived
2016	12,180,375,260	12,182,412,000	308,073,838	262,354,914
2017	2,927,105,052	2,926,350,000	224,103,173	191,351,636
2018	4,277,128,665	4,277,323,710	190,624,182	167,591,840
2019	999,248,812	1,000,000,000	131,318,014	121,476,854
2020	689,938,238	693,500,000	77,281,389	69,687,229
	21,073,796,027	**21,079,585,710**	**931,400,596**	**812,462,473**

Maturity analysis interest rate derivatives

Year	Interest to pay	Interest to be received
2016	262,354,914	–
2017	191,351,636	7,347,387
2018	167,591,840	70,592,561
2019	121,476,854	128,247,058
2020	69,687,229	91,072,148
	812,462,473	**297,259,154**

Interest rate risk

The greater part of the company's fixed interest rates relating to external financing come due within 6 months (see table below).

Remaining fixed interest rates	Accrued acquisition value	Nominal amount
0-6 months	20,033,064,749	20,034,585,710
6-12 months	41,780,000	45,000,000
over 12 months	998,951,278	1,000,000,000
Total	**21,073,796,027**	**21,079,585,710**

The interest rate risk which the company's fixed interest rate structure gives rise to is managed with a number of interest rate swaps which the company has subscribed to with three Nordic banks with an A+ credit rating. Interest rate swaps are subscribed to with ISDA documentation and in all interest rate swaps the company receives 3 months STIBOR and pays a fixed interest rate to the counterparties.

Due date	Nominal amount, SEK billion	Average interest rate	Market value, SEK million
2016	2.0	3.3%	-37
2018	1.5	3.2%	-122
2019	6.0	1.0%	-152
2020	1.0	0.5%	8
2021	1.3	2.6%	-129
2022	1.0	2.0%	-60
Total	**12.8**	**1.8%**	**-492**

Interest bearing liabilities

		Fixed interest rates		**Tied-up capital**	
Year	**SEK million**	**interest, %**	**share, %**	**SEK million**	**share, %**
0-1	9,125	1.8	43	12,181	58
1-2	300	0.7	1	2,927	14
2-3	1,849	2.6	9	4,277	20
3-4	6,000	1.0	29	999	5
4-5	1,500	0.9	7	391	2
5-	2,300	2.3	11	299	1
Total	**21,074**	**1.6**	**100**	**21,074**	**100**

Classification of financial instruments

The Group	Loan and accounts receivables	Financial assets/ liabilities reported at actual value	Financial liabilities reported at accrued acquisition value	Total reported value	Actual value
31/12/2015					
Assets					
Accounts receivable	7,906			7,906	7,906
Receivables from Group companies	547,629			547,629	547,629
Other receivables	71,983			71,983	71,983
Derivative instruments		7,702		7,702	7,702
Other non-current receivables	123,864			123,864	120,525
Prepaid expenses and accrued income	43,356			43,356	43,356
Liquid assets	94,336			94,336	94,336
Total assets	**889,074**	**7,702**		**896,776**	**893,437**
Liabilities					
Liabilities to credit institutions			6,812,753	6,812,753	6,814,586
Bond loans			8,174,676	8,174,676	8,122,598
Commercial paper			6,044,588	6,044,588	6,044,692
Derivative instruments		513,781		513,781	513,781
Convertible debenture loans			41,780	41,780	41,780
Trade accounts payable			77,029	77,029	77,029
Other current liabilities			196,564	196,564	196,564
Accrued expenses and deferred income			244,014	244,014	244,014
Total liabilities		**513,781**	**21,591,404**	**22,105,185**	**22,055,044**
31/12/2014					
Assets					
Accounts receivable	7,876			7,876	7,876
Other receivables	13,298			13,298	13,298
Other non-current receivables	148,700			148,700	145,779
Prepaid expenses and accrued income	48,849			48,849	48,849
Liquid assets	384,627			384,627	384,627
Total assets	**603,350**			**603,350**	**600,429**
Liabilities					
Owner loans			3,007,120	3,007,120	3,007,120
Liabilities to credit institutions			5,806,351	5,806,351	5,821,016
Bond loans			6,497,610	6,497,610	6,554,893
Commercial paper			3,895,193	3,895,193	3,893,393
Derivative instruments		574,298		574,298	574,298
Convertible debenture loans			48,640	48,640	48,640
Trade accounts payable			52,014	52,014	52,014
Other current liabilities			3,739	3,739	3,739
Accrued expenses and deferred income			124,995	124,995	124,995
Total liabilities		**574,298**	**19,435,662**	**20,009,960**	**20,080,108**

Non-current receivables

Calculation of actual value of the non-current receivables has been made in accordance with level 3 in the valuation hierarchy.

Interest rate derivatives

Interest rate derivatives are valued at actual value by discounting of calculated future cash flow pursuant to the contract's terms and conditions and due dates with a starting point in the market interest rate/observable interest rate curve. Interest rate derivatives are to be found in level 2 of the valuation hierarchy. For more information on derivatives coupled with the convertible debenture loan, see note 26.

Interest bearing liabilities

For informational purposes, an actual value for interest bearing liabilities is calculated by means of a discounting of future cash flow of capital amounts and interest discounted to current market interest rates. This has been done in accordance with level 3 in the valuation hierarchy. For more information on the convertible debenture loans, see note 26.

Current receivables and liabilities

For current receivables and liabilities, such as accounts receivables and trade accounts payable, the reported value is considered to be an appropriate estimate of the actual value.

The Parent Company	Loan and accounts receivables	Financial assets/ liabilities reported at actual value	Financial liabilities reported at acquisition value	Total reported value	Actual value
31/12/2015					
Assets					
Accounts receivable	128			128	128
Receivables from Group companies	22,533,940			22,533,940	22,533,940
Other receivables	80,147			80,147	80,147
Other non-current receivables	38,000			38,000	37,640
Prepaid expenses and accrued income	41,708			41,708	41,708
Liquid assets	91,033			91,033	91,033
Total assets	**22,784,956**			**22,784,956**	**22,784,596**
Liabilities					
Liabilities to credit institutions			3,752,030	3,752,030	3,753,412
Commercial paper			6,044,588	6,044,588	6,044,692
Bond loans			8,174,676	8,174,676	8,122,598
Convertible debenture loans			41,780	41,780	41,780
Derivative instruments		13,920		13,920	13,920
Liabilities to Group businesses			–	–	–
Trade accounts payable			6,658	6,658	6,658
Other current liabilities			286,854	286,854	286,854
Accrued expenses and deferred income			86,029	86,029	86,029
Total liabilities		**13,920**	**18,392,615**	**18,406,535**	**18,355,943**
31/12/2014					
Assets					
Accounts receivable	18			18	18
Receivables from Group companies	17,954,348			17,954,348	17,954,348
Other receivables	1,127			1,127	1,127
Other non-current receivables	77,000			77,000	75,616
Prepaid expenses and accrued income	40,000			40,000	40,000
Liquid assets	379,052			379,052	379,052
Total assets	**18,451,545**			**18,451,545**	**18,450,161**
Liabilities					
Liabilities to credit institutions			3,787,328	3,787,328	3,798,159
Commercial paper			3,895,193	3,895,193	3,893,393
Bond loans			6,497,610	6,497,610	6,554,893
Convertible debenture loans			48,640	48,640	48,640
Liabilities to Group businesses			3,007,120	3,007,120	3,007,120
Trade accounts payable			837	837	837
Other current liabilities			–	–	–
Accrued expenses and deferred income			54,858	54,858	54,858
Total liabilities			**17,291,586**	**17,291,586**	**17,357,900**

Note 4 Operating income and expenses

The Parent Company

SEK 121,920 thousand (105,367) of operating income relate to sales of administrative services to subsidiaries, which corresponds to 99% (99) of turnover. SEK 5,789 thousand (5,914) of operating expenses relate to purchases from subsidiaries, which corresponds to 6% of total purchases (10).

Note 5 Rental income

The Group

All leases are classified as operational leasing agreements. The due date structure relating to those leases which do not involve terminable operational leasing agreements appears from the table below. The due date structure relates only to properties providing social services. Residential leases have termination on three months notice from the tenant’s side.

Annual rent, SEK million	*2015*	*2014*
Due date within1-5 years	196,188	177,434
Due date within 6-10 years	111,300	68,470
Due date within11-15 years	191,858	165,359
Due date within 16-20 years	193,265	210,302
Due date within 21-25 years	14,118	5,075
	706,729	**626,640**

The average contractual period amounts to 10.5 years for 2015 and 11.4 years for 2014. For all leases which do not involve terminable operational leasing agreements, the average contractual period amounts to 9.4 years for 2015 and 10.4 years for 2014.

Note 6 Segment reporting Group

The Group

Rikshem's division into segments is made up of the asset classes residence and properties providing social services. This division corresponds to the internal reporting structure. The distribution of profit/loss is made relating to the income statement items which are included in the net operating income as well as the receivable values. No division is made relating to the remaining income statement items since these are common to the Group. The posts in the balance sheet are allocated to investment properties in their respective segments. Other assets as well as liabilities and shareholders' equity are adjudged to be common to the Group and are therefore not allocated.

	Residences		*Properties prov. soc. services*		*Total*	
Total return	*2015*	*2014*	*2015*	*2014*	*2015*	*2014*
Rental income	**1,225,726**	**1,096,578**	**813,769**	**594,643**	**2,039,495**	**1,691,221**
Operating expenses	-383,388	-344,193	-183,642	-116,782	-567,030	-460,975
Maintenance	-96,921	-109,497	-50,142	-46,637	-147,063	-156,134
Administration	-72,750	-69,309	-33,841	-27,817	-106,591	-97,126
Property tax	-23,786	-21,745	-3,183	-1,935	-26,969	-23,680
Total property expenses	**-576,845**	**-544,744**	**-270,808**	**-193,171**	**-847,653**	**-737,915**
Net operating income	**648,881**	**551,834**	**542,961**	**401,472**	**1,191,842**	**953,306**
Change in value of investment properties	1,217,222	929,162	638,410	332,590	1,855,632	1,261,752
Total return	**1,866,103**	**1,480,996**	**1,181,371**	**734,062**	**3,047,474**	**2,215,058**

All incomes relate to Sweden. For both the years 2014 and 2015 there in no single tenant which accounts for 10% or more of the incomes.

	Allocated by segment		*Unallocated items*		*Total*	
Profit/loss statement	*2015*	*2014*	*2015*	*2014*	*2015*	*2014*
Net operating income	1,191,842	953,306	-	-	1,191,842	953,306
Central administration	-	-	-89,952	-42,959	-89,952	-42,959
Interest income and similar items	-	-	7,223	2,416	7,223	2,416
Interest rate expenses and similar items	-	-	-533,465	-533,575	-533,465	-533,575
Profit/loss from joint ventures	-	-	4,269	82	4,269	82
Change in value properties	1,855,632	1,261,752	-	-	1,855,632	1,261,752
Change in value derivatives	-	-	74,609	-452,590	74,609	-452,590
Profit/loss before tax	**3,047,474**	**2,215,058**	**-537,316**	**-1,026,626**	**2,510,158**	**1,188,432**

	Residences		*Properties prov. soc. services*		*Total*	
Balance sheet	*2015*	*2014*	*2015*	*2014*	*2015*	*2014*
Investment properties *	19,724,533	14,586,345	12,284,210	10,573,774	32,008,743	25,160,119
** of which the year's investments*	*1,200,255*	*459,539*	*480,018*	*324,600*	*1,680,273*	*784,139*

All assets are located in Sweden For more information on investments, acquisitions and sales, see note 15.

Note 7 Fee and cost reimbursement to auditors

	01/01/2015 - 31/12/2015	*01/01/2014 - 31/12/2015*
The Group/The Parent Company		
Auditing assignment		
Ernst & Young AB	-2,637	-2,361
	-2,637	**-2,361**
Other services		
Ernst & Young AB	-168	-312
	-168	-312
Total	**-2,805**	**-2,673**

Auditing assignment means review of the annual report and the bookkeeping as well as the Board of Directors' and the Chief Executive Officer's management, other assignments which the business's auditors are to undertake as well as advice or other assistance which is brought about by observations in such review or in the carrying out of such other assignments. The fee in addition to the auditing assignment is divided in appropriate cases into the items auditing work in addition to the auditing assignment, tax advice and other services.

Note 8 Number of employees, wages, fees and benefits to the Board of Directors and other leading officers

			01/01/2015 - 31/12/2015			01/01/2014 - 31/12/2015
Average number of employees						
The Group	*Women*	*Men*	*Total*	*Women*	*Men*	*Total*
Sweden	56	91	147	55	85	140
The Parent Company	*Women*	*Men*	*Total*	*Women*	*Men*	*Total*
Sweden	54	80	134	53	78	131

Division by gender in the management of the business			*31/12/2015*			*31/12/2014*
	Women	*Men*	*Total*	*Women*	*Men*	*Total*
The Board of Directors	2	4	6	1	4	5
Other leading officers	2	4	6	2	2	4

Wages, other compensation and social expenses	*01/01/2015 - 31/12/2015*		*01/01/2014 - 31/12/2015*	
	Wages, fees and benefits	*Pensions*	*Wages, fees and benefits*	*Pensions*
The Group				
Chairman of the Board of Directors	-500	–	-500	–
Chief Executive Officer		-714		-1,094
Basic wage	-3,347		-3,377	
Benefits	-55		-58	
Deputy Chief Executive Officer		-600		-589
Basic wage	-1,985		-1,981	
Benefits	-23		-24	
Other leading officers 4 persons (2)		-1,981		-660
Basic wage	-5,718		-2,671	
Benefits	-79		-62	
Incentive wages	-1,838		–	
Other employees		-9,041		-3,672
Basic wage	-62,461		-53,954	
Benefits	-788		-870	
Incentive wages	-9,912		–	
Total	-86,706	-12,336	-63,497	-6,015
Social expenses including pension expenses	-42,757		-25,621	
Total wages, other compensation and social expenses	**-129,463**		**-89,118**	
The Parent Company				
Chairman of the Board of Directors	-500	–	-500	–
Chief Executive Officer		-714		-1,094
Basic wage	-3,347		-3,377	
Benefits	-55		-58	
Deputy Chief Executive Officer		-600		-589
Basic wage	-1,985		-1,981	
Benefits	-23		-24	
Other leading officers 4 persons (2)		-1,784		-565
Basic wage	-5,718		-2,123	
Benefits	-79		-53	
Incentive wages	-1,838		–	
Other employees		-8,400		-5,779
Basic wage	-56,646		-50,354	
Benefits	-507		-732	
Incentive wages	-8,926			
Total	-79,624	-11,498	-59,202	-8,027
Social expenses including pension expenses	-38,832		-25,601	
Total wages, other compensation and social expenses	**-118,456**		**-84,803**	

Board of Directors
The 2015 Annual Meeting of Shareholders decided that compensation was to be paid in the amount of SEK 500 thousand to the Chairman of the Board of Directors for the time until the 2016 Annual Meeting of Shareholders as well as that no compensation was to be paid to the other directors.

Chief Executive Office and Deputy Chief Executive Officer
Compensation and benefits
Compensation and benefits to the Chief Executive Officer and the Deputy Chief Executive Officer were determined by the Board of Directors. Compensation to the Chief Executive Officer and Deputy Chief Executive Officer consists of basic salary, no variable compensation was been paid for 2015. Benefits are automotive benefits.

Termination compensation
A reciprocal termination notice period of six months exists between the company and the Chief Executive Officer and Deputy Chief Executive Officer. Pursuant to the employment agreement, termination compensation of 12 months salary will be paid to the Chief Executive Officer, and six months salary will be paid to the Deputy Chief Executive Officer, in the event of termination from the company's side. The termination compensation is to be deducted from other income. In the event of termination from the employee's side, no termination compensation will be paid.

Pension
Pension age for Chief Executive Officer and Deputy Chief Executive Officer is 65. Pension benefits for Chief Executive Officer and Deputy Chief Executive Officer amount to 30 percent of fixed gross salary.

Termination of Deputy Chief Executive Officer's employment
Since Ilija Batljan was separated in December 2015 from the assignment as Deputy Chief Executive Officer, the company and Ilija Batljan, after the end of the financial year, reached an agreement that Ilija Batljan's employment would end on 15 July 2016. For the time until then, salary and benefits will be paid in accordance with the existing employment agreement, but with leave of absence from work. Beyond that no special termination compensation will be paid. In connection with the agreement, the parent company Rikshem Intressenter AB acquired Ilija Batljan's convertibles.

Other leading officers
Other leading officers consists of four salaried employees (two), Chief Management, CFO, HR-Chief and Communications Chief. The compensation to other leading officers consists partly of a basic salary and partly of a variable profit/loss related part which is based on the Group's return of shareholders' equity. For full payment it is required that the Group's return on shareholders' equity exceed 20 percent. The profit/loss based compensation can amount at maximum to four to six months salaries. The variable compensation underlies pensions. Benefits are principally automobile benefits.

Other employees
Compensation to other employees consists partly of a basic salary and partly of a variable profit/loss based part. For fourteen key persons in addition to the leading officers, the profit/loss based compensation is based on the Group's return on shareholders' equity. For full payment it is required that the Group's return on shareholders' equity exceed 20 percent. The compensation can amount at maximum to four to six months' salaries. The variable compensation is the basis of pensions. Benefits are automotive benefits.

For the other employees the profit/loss based compensation is based on the properties' total return as well as on certain individual factors. For full payment it is required that the median total return during a three year period exceed 7 percent. The result based compensation can amount at maximum to two months' salary, but not exceed SEK 75,000. The profit-loss based compensation underlies pensions. Benefits are automotive benefits.

Note 9 Operational leasing agreements - Rikshem as lessor

	01/01/2015 - 31/12/2015	*01/01/2014 - 31/12/2015*
The Group		
Due within 1 year	-3,148	-5,016
Due within 2- 5 years	-10,697	-12,901
Due later than 5 year	-29,162	-6,861
	-43,007	**-24,778**
The Parent Company		
Due within 1 year	-2,533	-2,657
Due within 2- 5 years	-7,893	-4,857
Due later than 5 year	-1,335	–
	-11,761	**-7,514**

Future leasing fees relate to agreements entered into relating to site-lease rents, operational automobile leasing agreements and leases with external lessors.

Note 10 Amortization of property, plant and equipment

	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2015
The Group		
Inventories, tools and installations	-3,012	-2,851
	-3,012	**-2,851**
The Parent Company		
Inventories, tools and installations	-2,858	-2,731
	-2,858	**-2,731**

Note 11 Profit/Loss from interests in Group companies

	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2015
The Parent Company		
Profit/loss interests in limited partnerships	119,046	96,768
Profit upon sale of interests in subsidiaries	-15	329,617
	119,031	**426,385**

Note 12 Profit or loss from participations in joint ventures

	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2015
The Group		
Profit upon sale of interests in joint ventures	–	270
Share of profit/loss in associated businesses	4,269	-188
	4,269	**82**
The Parent Company		
Profit upon sale of interests in joint ventures	–	270
	–	**270**

For more information on holding in joint ventures, respectively, see note 20.

Note 13 Interest income and similar income statement items

	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2015
The Group		
Interest income, external	6,314	2,416
Other financial incomes	909	–
	7,223	**2,416**
The Parent Company		
Interest income, Group businesses	553,077	918,868
Interest income, external	452	795
Other financial incomes	893	1
	554,422	**919,664**

Note 14 Interest expenses and similar income statement items

	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2015
The Group		
Interest rate expenses, owner loans	-230,344	-200,883
Interest rate expenses, external	-285,027	-312,001
Unrealised change in value in financial instruments	-1,890	-
Other financial expenses	-16,204	-20,691
	-533,465	**-533,575**
The Parent Company		
Interest rate expenses, Group businesses	-274,079	-283,436
Interest rate expenses, external	-281,473	-270,436
Unrealised change in value in financial instruments	-6,200	-
Other financial expenses	-16,010	-22,661
	-577,762	**-576,533**

Note 15 Actual value of investment properties

The Group

31/12/2015	*Residences*	*Properties prov. soc. serv.*	*Total*
Initial reported value	14,586,346	10,573,773	25,160,119
Change in value	1,217,222	638,410	1,855,632
Investments	1,200,255	480,018	1,680,273
Acquisitions	2,979,089	927,400	3,906,489
Sales	-258,378	-335,393	-593,771
Reported value at year end	**19,724,534**	**12,284,208**	**32,008,743**

31/12/2014	*Residences*	*Properties prov. soc. serv.*	*Total*
Initial reported value	12,824,390	7,157,443	19,981,833
Change in value	929,162	332,590	1,261,752
Investments	459,539	324,600	784,139
Acquisitions	1,577,646	2,777,306	4,354,952
Sales	-1,204,391	-18,166	-1,222,557
Reported value at year end	**14,586,346**	**10,573,773**	**25,160,119**

	2015	*2014*
Unrealised changes in value	1,806,390	1,142,996
Realised changes in value	49,242	118,756
	1,855,632	**1,261,752**

The changes in property holdings

The year's investments in existing inventory amounted to SEK 1,680 million (784), of which the greater part related to rebuilding and ROT renovations. Included in the investment amount are loan payments made in an amount of SEK 15.6 million (4.6). The loan payments have been calculated on the basis of the respective quarter's average interest rate. During the year, properties were purchased in Kalmar, Luleå, Malmö, Norrtälje, Sigtuna, Stockholm, Upplands Väsby and Västerås for a total of SEK 3,906 million (4,355). SEK 927 million of the purchases related to properties providing social services and SEK 2,979 million related to residences. The year's sales amounted to SEK 594 million (1,223). The sales have occurred at levels which on average exceed the estimated actual value at the start of the year by 24 percent.

Contractual obligations

In the Group there are contractual obligations which have not yet been reported in the balance sheet. These obligations relate to acquisitions and investments in order to complete commenced new construction or ongoing total renovations of existing properties.

	31/12/2015	*31/12/2014*
Acquisitions	2,091,700	219,914
New production	488,016	698,292
Rebuilding	430,393	849,655
	3,010,109	**1,767,861**

Valuation model

Actual value for investment properties has been calculated by means of a cash flow based valuation model. Actual value has been calculated as current value of operating surpluses during the calculation period with deduction of remaining investments as well as supplements for current value of estimated residual value at the end of the calculation period. The analysis of future operating surpluses covers a calculation period of at least 5 years. Estimated value of land and building rights is added to cash flow based value. Actual value has thus been estimated pursuant to IFRS 13 level 3.

The property inventory's actual value at the end of 2015 has been estimated by means of external valuations. The assumptions about calculated interest and direct return requirements of decisive importance for estimating actual value. These parameters are based on the external valuations experienced-based judgements at the market's demands for return on investment for comparable properties. Actual value for land and building rights has been estimated by means of area price analyses. Risk and profit deductions are made depending on whether detailed plans have been adopted or not.

Valuation parameters by property category

	Residences	*Properties prov. soc. serv.*
Direct return requirements	2,80-5,80	3,40-7,60
Average direct return requirements, %	4.20	5.40
Rental value, SEK/sq m on average	1,120	1,421
Property expenses	Individual, based on actual expenses and experience of comparable objects	Individually, based on actual expenses and experience with comparable objectster

Valuation procedure

Rikshem retains two well regarded external valuation institutes in order to estimate actual value at the end of the year for all investment properties. Internal valuations of actual value are made quarterly. At the turn of the year, internal controls of estimated actual value are made, in connection with which change of non-observable input data is analysed against internally available information. All evaluations take into account maximal and best use of the properties, respectively.

The property inventory's value

Actual value has been estimated at SEK 32,009 million (25,160), which corresponds to a value change of SEK 6,849 million (5,178). Investments, purchases and sales are responsible net for SEK 4,993 million (3,917) of the change and the year's valuation change is responsible for SEK 1,856 million (1,262) of the change. The value increase reflects the change which has occurred in the properties' cash flow and direct return requirements. SEK 19,725 million of the aggregate value relates to residences and SEK 12,284 million relates to properties providing social services.

Sensitivity analysis
Property valuations are estimates made in accordance with accepted principles based on certain assumptions. The value range which is stated as 5-10 percent reflects the uncertainty which exists in the assumptions and estimates which are made. For Rikshem, an uncertainty in value range of +/- 5 percent corresponds to a value range of +/- SEK 1,260 million.

The table below reports how the value is affected in the event of a change in certain parameters that are central to the valuation. The table provides a simplified picture since it is not credible that a single parameter is changed in isolation.

Amounts in SEK million	*Residences*	*Prop. providing soc. serv.*
Direct return requirements and discount interest rate +0.25 units	- 888	- 480
Direct return requirements and discount interest rate -0.25 units	+ 1 003	+ 530
Rent value +/- SEK 50/sq m	+/- 1 300	+/- 568
Rent value +/- 5%	+/- 1 397	+/- 780
Net operating income +/- 5%	+/- 812	+/- 552

Note 16 Change in value in financial derivative instruments

	01/01/2015 - 31/12/2015	*01/01/2014 - 31/12/2015*
The Group		
Unrealised changes in value, derivatives	82,139	-452,590
Unrealised changes in value, derivative coupled to convertible	-7,530	–
	74,609	**-452,590**

Note 17 Taxes

	01/01/2015 - 31/12/2015	*01/01/2014 - 31/12/2015*
The Group		
Current tax	-3,308	-2,868
Current tax referable to received Group contributions	50,975	38,689
Deferred tax	-593,816	-214,370
	-546,149	**-178,549**
Difference between reported tax cost and tax cost based on applicable tax rate		
Reported profit before tax	2,510,158	1,188,431
Tax according to applicable tax rate	-552,235	-261,455
Tax effect of non-taxable incomes and non-deductible expenses, net	504,452	273,987
Tax effect of changed deficit deduction	44,475	23,289
Current tax on the profit/loss for the year	**-3,308**	**35,821**
Change in deferred tax relating to properties	-530,850	-291,051
Change in deferred tax relating to financial instruments	-16,725	100,302
Change in deferred tax relating to untaxed reserves	-2,067	-1,845
Change in deferred tax relating to deficit deduction	-44,475	-23,289
Change in deferred tax relating to other items	301	1,513
Change in deferred tax in profit/loss statement	**-593,816**	**-214,370**
Effective tax rate	21.8%	15.0%
The Parent Company		
Current tax	30,093	-41,174
Deferred tax	-34,134	-41,911
	-4,041	**-83,085**
Difference between reported tax cost and tax cost based on applicable tax rate		
Reported profit before tax	6,580	721,400
Tax according to applicable tax rate	-1,448	-158,708
Tax effect of non-taxable incomes and non-deductible expenses, net	51,691	107,722
Tax effect of changed deficit deduction	-20,150	9,812
Current tax on the profit/loss for the year	**30,093**	**-41,174**
Change in deferred tax relating to properties in limited partnerships	-55,646	-32,404
Change in deferred tax relating to financial instruments	299	636
Change in deferred tax relating to deficit deduction	21,213	-10,143
Change in deferred tax in profit/loss statement	**-34,134**	**-41,911**
Effective tax rate	61.4%	11.5%

Note 18 Inventories, tools and installations

	31/12/2015	31/12/2014
The Group		
Accumulated acquisition values		
At the start of the year	14,394	14,713
Acquisitions	–	83
New acquisitions	3,577	2,841
Sales and discards	-1,570	-3,243
	16,401	14,394
Write-offs		
At the start of the year	-8,066	-6,369
Acquired write-offs	–	-68
Sales and discards	1,085	1,222
The year's write-offs according to plan	-2,987	-2,851
	-9,968	-8,066
Reported value at year end	**6,433**	**6,328**
The Parent Company		
Accumulated acquisition values		
At the start of the year	12,572	12,601
New acquisitions	3,488	2,757
Sales and discards	-1,524	-2,786
	14,536	12,572
Write-offs		
At the start of the year	-6,604	-4,961
Acquired write-offs	1,060	1,088
The year's write-offs according to plan	-2,853	-2,731
	-8,397	-6,604
Reported value at year end	**6,139**	**5,968**

Note 19 Interests in Group businesses

	31/12/2015	31/12/2014
The Parent Company		
Accumulated acquisition values		
At the start of the year	1,604,734	2,051,614
Acquisitions	50	50
Sales	-	-446,930
Shareholder contributions	285,021	–
Profit/loss share in LP	119,046	96,768
Profit/loss share in LP withdrawn	-119,046	-96,768
Reported value at year end	**1,889,805**	**1,604,734**

Specification of the company's holding of shares and interests in Group business

Subsidiaries	*Reg. No.*	*Registered office*	*Number interests*	*Share in % 1)*	*Reported value*
Rikshem Cityfastigheter AB	556761-8029	Stockholm	1,000	100	35,180
Rikshem Fastigheter AB	556793-1281	Stockholm	1,000	100	1,120
Rikshem Fålhagen AB	556713-4100	Stockholm	1,000	100	22,049
Rikshem Enheten AB	556299-6388	Stockholm	5,000	100	104,930
Rikshem Nordan AB	556312-4642	Solna	265,000	100	361,952
Rikshem Bostäder Holding AB	556856-2911	Stockholm	50,000	100	58,557
Rikshem Samhold AB	556856-2929	Stockholm	50,000	100	76,920
Rikshem Uppsala KB	969646-7290	Stockholm		99	943,843
Rikshem Fastighetsutveckling AB	556912-1493	Stockholm	500	100	133
Rikshem BRF-utveckling AB	556971-2846	Stockholm	500	100	50
Rikshem JV Holding AB	559015-8928	Stockholm	50,000	100	285,071
					1,889,805

1) Ownership interest in the capital is referred to, which also agrees with the proportion of the votes in the total number of shares

Note 20 Interests in joint ventures

	31/12/2015	*31/12/2014*
The Group		
At the start of the year	27,211	28,129
Acquisitions	734,361	606
Additions	325,337	–
Profit/loss share	4,269	82
Other	-15,612	-1,606
Reported value at year end	**1,075,566**	**27,211**

	2015		2014	
Companies	Profit for the year	*our interest*	P. for the year	*our interest*
Nya Valsta Centrum AB	10,017	*5,459*	-1,589	*393*
Farsta Stadsutveckling KB	18,508	*-997*	-	-
Boostad Bostad AB	-386	*-193*	-	-
VärmdöBostäder AB	88,641	-	-	-
Folkhem Trä AB	-	-	-1,162	*-581*
Studentstaden AB, sale of interests	-	-	-	*270*
Profit/Loss for the year	**116,780**	***4,269***	**-2,751**	***82***
Other comprehensive income	-	-	-	-
The year’s total profit/loss	**116,780**	***4,269***	**-2,751**	***82***

Specification of the company’s holding of shares and interests in joint ventures

Joint Ventures	*Reg. No.*	*Reg. office*	*Capital interest*	*No. of interests*	*Reported value*
Nya Valsta Centrum AB	556800-2884	Stockholm	49%	490	27,806
Farsta Stadsutveckling KB	969622-6399	Stockholm	50%	500	314,739
Boostad Bostad AB	559021-1313	Stockholm	50%	25,000	19,614
VärmdöBostäder AB	556476-2176	Stockholm	49%	12,250	703,375
Bergagårdshöjden JV AB	559025-7571	Kalmar	50%	500	10,032
					1,075,566

Financial information in summary, essential holdings

	Farsta Stadsutveckling KB	**VärmdöBostäder AB**
	2015	*2015*
Income	156,556	167,780
Income from management operations	151,363	47,869
Write-offs	-9,198	–
Change in value properties	-77,580	73,872
Profit/loss share	-44,130	–
Interest income	4	73
Interest expenses	-18,404	-15,341
Tax expenses	16,453	-17,832
Profit/Loss for the year	**18,508**	**88,641**
The year’s comprehensive income	*18,508*	*88,641*
	2015-12-31	*2015-12-31*
Non-current assets	976,453	2,158,460
Current assets	570,416	15,296
Liquid assets	1,572	60,404
Assets	**1,548,441**	**2,234,160**
Shareholders’ equity	630,295	1,555,314
Long-term financial liabilities	909,889	587,510
Other non-current liabilities	–	33,058
Short-term financial liabilities	–	9,580
Other current liabilities	8,257	48,698
Shareholders’ equity and liabilities	**1,548,441**	**2,234,160**

Both companies were acquired in 2015 which is why some comparative figures are not presented.

Note 21 Non-current receivables

	31/12/2015	31/12/2014
The Group		
Initial booked value	148,700	–
Future receivables	105,764	148,700
Deductible receivables	-130,600	–
	123,864	**148,700**

Non-current receivables referring to reserve receivables No write-down need is considered to exist for non-current receivables.
Average term amounts to 3.5 years.

	31/12/2015	31/12/2014
The Parent Company		
Initial booked value	77,000	–
Future receivables	36,000	77,000
Deductible receivables	-75,000	–
	38,000	**77,000**

Non-current receivables referring to reserve receivables No write-down need is considered to exist for non-current receivables.
The receivables have a remaining term of 2.2 years

Note 22 Accounts receivable

	31/12/2015	31/12/2014
The Group		
Receivables from tenants	19,197	17,210
Reserve for uncertain receivables	-11,291	-9,334
	7,906	**7,876**
The Parent Company		
Accounts receivable	128	18

Booked value of accounts receivables agrees with actual value since the time of payment of customer receivables is near.

Accounts receivables allocated by age

	31/12/2015	31/12/2014
The Group		
Accounts receivables not yet due	5,017	2,042
Due <30 days	724	5,103
Due 31>	2,165	731
Total of accounts receivables not written down	**7,906**	**7,876**

Note 23 Receivables from the parent company

	31/12/2015	31/12/2014
The Group		
Future items	652,189	–
Deductible items	-104,560	–
	547,629	**–**

Note 24 Prepaid expenses and accrued income

	31/12/2015	31/12/2014
The Group		
Accrued income	44,792	45,703
Accrued interest rate receipts	3,156	501
Accrued insurance reimbursement	600	2,643
Pre-paid insurance premiums	3,835	3,196
Pre-paid operating expenses	2,775	2,658
Other pre-paid expenses	959	14,703
	56,117	**69,404**
The Parent Company		
Accrued income	40,240	40,000
Accrued interest rate receipts	101	–
Pre-paid insurance premiums	315	340
Other pre-paid expenses	1,052	576
	41,708	**40,916**

Note 25 Deferred tax

	31/12/2015	31/12/2014
The Group		
Deferred tax relating to deficit deductions	-47,789	-92,265
Deferred tax referable to properties	1,461,717	930,867
Deferred tax referable to financial instruments	-109,321	-126,046
Deferred tax referable to other items	5,169	2,057
	1,309,776	**714,613**

	31/12/2015	31/12/2014
The Parent Company		
Deferred tax relating to deficit deductions	-22,116	-903
Deferred tax referable to properties	148,134	92,488
Deferred tax referable to financial instruments	–	299
	126,018	**91,884**

Note 26 Interest bearing liabilities

	31/12/2015	31/12/2014
The Group		
Convertible debenture loans	41,780	48,640
Owner loans	–	3,007,120
Bond loans	8,174,676	6,497,609
Liabilities to credit institutions	6,812,752	5,806,351
Commercial paper	6,044,588	3,895,193
	21,073,796	**19,254,913**

Liabilities to credit institutions with due dates later than 5 years amount to SEK 298,500 thousand. Remaining liabilities come due with 1-5 years from the balance sheet date. For further information refer to note 3 Financial instruments and risk management.

Convertible debenture loans

All convertible debenture loans, with an aggregate nominal value of SEK 50 million, which were taken out in 2011, were repurchased during the year from the parent company Rikshem Intressenter AB, the Chairman of the Board of Directors, the Chief Executive Officer, and the Deputy Chief Executive Officer, and in addition from a leading officer. The repurchases for an aggregate of SEK 118 million were at market terms. The Group's own capital has, as a result of the repurchases, been reduced by SEK 70 million.

At an extra meeting of shareholders on 23 September 2015 Rikshem decided to take out a convertible debenture loan for nominally SEK 45 million from the Chief Executive Officer and Deputy Chief Executive Officer with a term of 5 years. The convertible was subscribed for at market terms and at a premium of 10 percent and the total amount subscribed for amounted to SEK 49.5 million. The convertibles subscribed for can in accordance with the main rule be converted to shares during the period 1 August to and including 31 August 2020 at a price of SEK 9,387.51, limited in that the convertible value can never exceed 200 percent of the total subscription amount.

The convertible debenture loan has, in accordance with IAS 39, been reported partly as a derivative liability, partly as an interest-bearing liability based on a number of terms and conditions and where the primary cause has been adjudged to be that there is no one fixed price in order to establish the number of shares. The derivative portion amounted at 31 December 2015 to SEK 13,920 thousand(-).

The convertible debenture loan's derivative portion has been valued as a purchase option, based on Black & Scholes model for option valuation. The assumptions which have been made in the evaluation of risk-free interest rates and volatility are based on the circumstances applicable to Rikshem and to other comparable companies which are listed on stock exchanges. The convertible debenture loan's derivative portion has been valued in accordance with IFRS valuation hierarchy Level 3 and the interest rate derivative has been valued in accordance with level 2.

	31/12/2015	31/12/2014
The Parent Company		
Convertible debenture loans	41,780	48,640
Bond loans	8,174,676	6,497,609
Liabilities to credit institutions	3,752,029	3,787,328
Commercial paper	6,044,588	3,895,193
Liabilities to Group businesses	–	3,007,120
	18,013,073	**17,235,890**

Note 27 Provision for pensions

The Group

Rikshem uses three different service pension agreements in the Group: the ITP plan, Avtalspension SAF-LO and Bankernas Tjänstepensionsavtal, the BTP plan. The service pension agreements are collectively agreed pension plans. As relates to the ITP plan, ITP1 applies which, like Avtalspension SAF-LO, is a defined contribution pension plan. In these defined contribution pension plans, premiums are paid in and the employee himself or herself can affect their management. The premiums are based on the income underlying the pension. The cost of the pension premiums is reported in the period to which the premium relates and Rikshem has thereby fulfilled its undertaking with respect to the employee.

The BTP plan is a defined benefit plan, with a supplementary defined contribution part at 2% of wages. The defined benefit pension plan means that the employee is guaranteed a pension benefit which is based on the final wages in the event of full service for at least 360 months. The defined benefit pension obligation is valued in accordance with Projected Unit Credit Method (PUCM). The defined benefit undertakings are funded by means of payment of pension premiums to pensions insurance in SPP.

One part of Rikshem's pension obligations pursuant to the ITP plan which are defined benefit, however, are secured by means of insurance in Alecta. Pursuant to an opinion from the Financial Reporting Council, UFP 10, this is a defined benefit pension plan which covers several employers. Rikshem has not had access to such information as would make it possible to report obligations secured in Alecta as a defined benefit plan. It is therefore reported as a defined contribution plan. During 2015 and 2014 no pension insurance was obtained in Alecta. Anticipated fees for 2016 amount fo SEK 0.

Alecta's surplus can be allocated to those obtaining insurance and/or to the insured. In December 2015 Alecta's surplus in the form of the collective consolidated level was 153% (143% in Dec 2014). The collective consolidated level is made up of the market value of Alecta's assets in percent of the insurance obligations calculated in accordance with Alecta's technical insurance calculation assumptions, which do not agree with IAS 19. According to Alecta's policy, the consolidation level must lie between 125 and 155%.

For employees who have annual wages exceeding 10 income base amounts, Alternative BTP is applied. This is a defined contribution solution for the part of the wages which exceeds 7.5 income base amounts. The employee himself or herself chooses the management form for these premiums. The cost is reported in the period to which the premium relates and Rikshem has thereby fulfilled its obligation with respect to the employee for this part of the pension benefits.

Pension expenses in the profit/loss statement	Note	*31/12/2015*	*31/12/2014*
Cost relating to service during the current year		-113	-720
Interest rate cost, net		-138	-96
Reduction/Settlement § 8	**A**	731	1,815
Total benefit determined expenses		**480**	**999**
Cost of paid special wages tax		-77	-334
Defined contribution expenses		-12,816	-7,014
Cost of paid special wages tax		-3,109	-1,702
Total pension expenses		-12,336	-6,015
Total pension expenses including cost of paid special wages tax		-15,522	-8,050
Pension expenses is other comprehensive income			
Actuarial profit (+)/ loss (-) on the undertaking's current value, experience based	**B**	1,829	673
Actuarial profit (+)/ loss (-) on the undertaking's current value, financial assumptions		1,614	-4,026
Actuarial profit (-)/ loss (+) on the undertaking's current value, demographic assumptions		-	-627
Return on the managed assets		-292	281
Total pension cost (-)/pension receipt (+) in other comprehensive income		**3,151**	**-3,699**

A. During 2014 and 2015 the employees have been offered the opportunity to leave the defined benefit BTP2 plan and enroll in the defined premium BTP1 plan. A large number of employees have accepted the offer. At 31 December 2015, there is one employee remaining in the defined benefit BTP2 plan. The expenses of the future accruals has thus gone done. This reduction lowers the current value of the pension liability by SEK 0.7 million (1.8).

B. Actuarial profit 2015 and 2014 is referable to a number of colleagues having gone over to the defined premium BTP1 plan. This has meant that 94% of the previously active insurance has been paid up.

Net liabilities defined benefit pensions

The Group	NOTE	*31/12/2015*	*31/12/2014*
Change in pension obligations			
Current value of defined benefit pension obligations			
Initial balance	C	19,511	16,010
Cost relating to service during the current year		113	720
Interest rate cost of pension obligations		588	654
Payment of benefits directly from managed assets		-139	-38
Actuarial profits(-)/losses(+) on pension undertakings	D	-3,443	3,979
Reduction/Settlement §8 profits (-)/losses (+)		-731	-1,815
Pension obligation current value, ending balance	C	**15,899**	**19,510**
Change in managed assets, actual value			
Actual value of managed assets, initial balance		14,758	12,337
Interest rate receipts		450	558
Premium payments from the employer		216	1,619
Payments of benefits		-139	-38
Return on managed assets	E	-292	281
Actual value of manage assets, ending balance		**14,993**	**14,757**
Net undertaking in balance sheet		906	4,753

C. The present value of the pension obligation includes a special payroll tax, calculated as present value of special payroll tax calculated on annual difference between the pension obligation valued pursuant to PUCM and the paid up pension obligation with SPP's technical insurance assumptions.

D. The current profit for 2015 depends on a high discount interest rate which provides an actuarial financial profit of SEK 1.6 million and experience-based actuarial profits of SEK 1.8 million. The actuarial loss for 2014 depended on a reduced discount interest rate (SEK 4.2 million) and change to the mortality table DUS14 (SEK 0.7 million). Also during 2015 a large number of colleagues changed to the defined premium BTP1 plan. The change lowers the expenses of future paid up insurance which lowers the present value of the liability and contributes to an experience-based actuarial profit of SEK 1,824 thousand (674).

E.

Return on managed assets	*31/12/2015*	*31/12/2014*
Actual return of managed assets	159	838
Interest income on managed assets	-450	-558
	-291	**280**

Managed assets is made up of pension insurance in SPP. Managed assets are exposed to market risk.

Managed assets in SPP, divided in %	*31/12/2015*	*31/12/2014*
Shares	8	11
Interest bearing investments	86	84
Alternative investments	6	5
Total managed assets	**100**	**100**

As relates to information on the allocation of managed assets, this information has been obtained from SPP. A suballocation of assets which have a listed price on an active market and other assets cannot be presented in the absence of information for such a subdivision.

Technical insurance calculation assumptions

The technical insurance evaluations of Rikshem's defined benefit pension obligations and pension expenses are based on the assumptions which follow below.

Actuarial assumptions	*31/12/2015*	*31/12/2014*	*31/12/2013*	*31/12/2012*
Discount interest rate, %	3.4	3.0	4.0	3.5
Future annual wage increases, $	3.0	3.0	3.0	3.0
Change in income base amount, %	3.0	3.0	3.0	3.0
Inflation, %	2.0	2.0	2.0	2.0
Life expectancy assumption	DUS14	DUS14	FFFS 2007:31	FFFS 2007:31
Personnel turnover, %	3.0	3.0	3.0	3.0
Average remaining service time, years	9.1	17.0	19.4	20.5
Anticipated weighted average duration for the obligation's current value, years	19.2	25.0	19.0	24.3

The discount interest rate is determined in accordance with IAS 19 with reference to first class business bonds which are traded on a functioning market by means of reference to the Swedish housing bonds market. Life expectancy assumptions follow the grounds of the Swedish Financial Supervisory Authority in accordance with FFFS 2007:31.

Life expectancy assumptions follow till 31 December 2013 the grounds of the Swedish Financial Supervisory Authority in accordance with FFFS 2007:31.
DUS 14 is an updating of DUS06, gathered by Swedish Insurance. DUS 14 has not yet been set up in an FFFS.

The BTP plan contains a possibility for early severance between 62 and 65 years of ago, conditioned upon the employee at that point remaining in service. The calculations relating to this undertaking are based on the assumption that 20% will utilise this possibility at 62 years of age. A great difference in outcome compared with the above-given assumptions, like a change in assumptions, brings about changes in pension expenses, pension undertakings and also cash flow to the extent premiums are changed when the defined benefit undertakings are secured by means of occupational pension insurance. The prognosis for premium payments in 2016 relating to defined benefit pension undertakings amounts to SEK 36 thousand.

The discount interest rate is the assumption that there is reason to change everything since the market interest rates will change. The average term (duration) for the defined benefit pension undertakings affects how much the undertakings will be changed in the event of a change in interest rate. The weighted average term is 19 years.

Note 28 Checking account credit

	31/12/2015	*31/12/2014*
The Group		
Granted credit limit	200,000	200,000
Unutilised portion	-200,000	-200,000
Utilised credit amount	**–**	**–**
The Parent Company		
Granted credit limit	200,000	200,000
Unutilised portion	-200,000	-200,000
Utilised credit amount	**–**	**–**

Note 29 Accrued expenses and deferred income

	31/12/2015	*31/12/2014*
The Group		
Prepaid rental income	236,454	204,329
Accrued operating expenses	66,428	54,706
Accrued personnel expenses	31,666	9,709
Accrued interest rate expenses	54,436	48,593
Accrued stamp tax	88,687	14,672
Other items	13,380	2,252
	491,051	**334,261**
The Parent Company		
Accrued interest rate expenses	53,437	48,375
Accrued personnel expenses	26,610	7,421
Other items	13,572	2,032
	93,620	**57,828**

Note 30 Transactions with affiliates

Affiliates	Transactions
The parent company's owners	During the year, shareholder contributions of SEK 3,433 have been received, which have financed the repayment of outstanding owner loans as well as payment of interest and interest rate difference reimbursement on the loans.
Board of Directors	For information on compensation, see note 8. The Board of Directors has participated in a convertible program directed towards the company's leading officers, see further note 26 interest-bearing liabilities. No member of the Board of Directors has, in addition thereto, directly or indirectly carried out any business transaction with Rikshem.
Chief Executive Office and Deputy Chief Executive Officer	For information on compensation, see note 8. The Chief Executive Officer and Deputy Chief Executive Officer have participated in a convertible program, see further note 26 Interest-bearing liabilities. Apart from repurchase of convertible debenture loans and subscription for convertible debenture loans, no leading officer has carried out, directly or indirectly, any business transaction with Rikshem.

Note 31 Adjustments for items which are not included in the cash flow

	31/12/2015	*31/12/2014*
The Group		
Write-offs	3,012	2,851
Write-downs of inventory	–	1,100
Borrowing costs	-1,842	-1,721
Revaluation of convertible	-66,228	845
Pension expenses	-695	-2,619
	-65,753	**456**
The Parent Company		
Write-offs	2,858	2,731
Borrowing expenses	2,293	–
	5,151	**2,731**

Corporate Governance Report - Rikshem AB (publ)

Rikshem AB (publ) (”Rikshem” or the “Company”) is a Swedish corporation.

Rikshem is not covered by the Swedish code for company management or any other corporate governance code, and therefore follows those rules on company management which derive from law or other governing material. Rikshem during 2014 caused promissory notes under the Company’s MTN program to be listed on Nasdaq Stockholm (the Stockholm Stock Exchange) and therefore also follows its regulatory structure for issuers.

This is Rikshem’s corporate governance report prepared in accordance with the Annual Reports Act relating to the year 2015.

Shareholders
Rikshem’s share capital amounts to SEK 99,727,900 divided into 997,279 shares with one vote each.

All of Rikshem’s shares are owned by Rikshem Intressenter AB, 556806-2466. Rikshem Intressenter AB, in turn, is owned 50% each by Fourth Swedish National Pension Fund and AMF Pensionsförsäkring AB.

Articles of Association
In addition to legislation, the articles of association constitute a central document relating to management of the Company. From Rikshem’s articles of association it appears, among other things, that the Company’s name is Rikshem AB (publ) and that the Company is publicly held and has its registered office in Stockholm. The purpose of the Company’s business is, directly or indirectly, through wholly or partly owned companies, or through purchased services, to develop and manage real estate, as well as thereby to operate a unified business including among other things the provision of services associated with real estate. The Board of Directors shall consist of at least three and at most ten members with at most ten substitute members.

The articles of association do not contain any provisions on the appointment or discharge of members of the board of directors or on amendments to the articles of association.

Annual Meeting of Shareholders
Shareholders have the right to make decisions on Rikshem’s business at meetings of the shareholders. At meetings of the shareholders every shareholder entitled to vote without limitation may vote for the full number of shares represented. The annual meeting of shareholders is held in Stockholm during the first half of the year.

On 26 March 2015, Rikshem held its annual meeting of shareholders in Stockholm. All shareholders were present at the meeting. Mats Mared, Chairman of the Board of Directors, was elected chairman of the meeting. The meeting decided, among other things, to re-elect Mats Mared as Chairman of the Board of Directors, to re-elect Magnus Eriksson, Ulrika Malmberg Livijn, and Peder Hasslev as directors, and to elect Martin Tufvesson, Olof Nyström and Ebba Hammarström as regular new members. In connection with the annual meeting of shareholders, Mats Hederos left the Board of Directors. It was further decided that a fee is to be paid the Chairman of the Board of Directors of SEK 500,000 per year and that no fee shall be paid to the other members of the Board of Directors. The members of the Board of Directors and the Chief Executive Officer were granted freedom for liability.

Board of Directors
The Board of Directors of Rikshem has, since the annual meeting of shareholders in 2015, consisted of 7 members chosen at the annual meeting of shareholders for the time until the end of the next annual meeting of shareholders. The members of the Board of Directors represent knowledge of real estate as well of finance and law. The Company’s Chief Executive Officer is not part of the Board of Directors. In November 2015, board member Martin Tufvesson died, after which the number of members was 6.

The work of the Board of Directors is governed, among other things, by the Swedish Companies Act, the articles of association and work regulations which the Board of Directors adopts annually for its work.

Pursuant to the Swedish Companies Act the Board of Directors is ultimately responsible for Rikshem’s organisation and management. In the Board of Directors’ work regulations, which are adopted annually at the organisational meeting of the Board, there are stated among other things the forms of the Board’s work relating to, inter alia, Board meeting minutes, the Chairman’s and the Chief Executive Officer particular tasks., They also include provisions on how employment conditions for persons in leading positions are to be decided upon. The Chairman is responsible, pursuant to the work regulations, for evaluation of the Board of Directors’ work. The secretary of the Board of Directors is the chief legal officer of Rikshem.

Authorisation to the Board of Directors relating to shares
The shareholders’ meeting has, with the exception of what follows from the terms and conditions of the Company’s convertible debenture loans, not provided any authority to the Board of Directors entailing that the Company is to issue new shares or acquire its own shares.

The Chief Executive Officer and the management group
The Chief Executive Office is responsible for the ongoing management taking into account the directions and instructions which were adopted by the Board of Directors and which, among other things, appear from the CEO instruction and the Board’s work regulations. Rikshem’s management group consisted during 2015 of the CEO, deputy CEO, as well as the chief Business Development, chief Management, CFO, communications chief and HR chief. In March Sofia Ljungdahl, chief Project and Cooperative Housing development left the Company and the management group and in September Jennie Wolmestad joined as communications chief. In December 2015, the Board of Directors decided to separate Ilija Batljan from the position of Deputy Chief Executive Officer.

Auditor
At the annual meeting of shareholders on 26 March 2015, Ernst & Young AB was chosen as auditor for the time until the end of the next annual meeting of shareholders. The auditor principally responsible is Magnus Fredmer, certified public accountant.

Internal control of the financial statements.

The Board of Directors is responsible, pursuant to the Swedish Companies Act, for the internal control. This report on Rikshem's internal control relates to Rikshem's financial statements. The internal control builds on documented policies, guidelines, instructions, divisions of responsibility and divisions of work such as the Board of Directors' work regulation, CEO instruction, decision and attestation order and financial policy, etc., all of which are aimed at ensuring a clear division of responsibility for efficient management of the business's risks. Compliance with these steering documents is followed up and evaluated continuously Rikshem has investigated its essential business procedures, among other reasons for the purpose of identifying and eliminating risks. Risks are further identified and managed in the business planning and budgeting procedures for each of the units and for the Company as a whole.. In addition, an estimate of financial risk is made with its starting point in the profit/loss statement and the balance sheet, where items are evaluated from the standpoint of risk and materiality.

Control activities of financial statements are based on risk estimates and are built into the Company's procedures. The procedures are evaluated on an ongoing basis in order to ensure quality and that applicable laws and requirements are complied with.

The independent review which the Chairman of the Board of Directors initiated in December 2015 was delivered to the Board of Directors on 19 February 2016. In the summary of the review's report, which was made available on the company's homepage, the reviewer makes a number of recommendations as a result of the observations in the review's report. The Board of Directors, as a result of the recommendations, initiated measures embracing among other things a review of the company's governing document.

For both the internal and the external release of information there is an adopted Communication Policy which ensures that the Company provides correct information to the market.

The internal control of the financial statements is deemed to be suited to the purpose of Rikshem's organisation.

Signing of the annual report

The Board of Directors and the Chief Executive Officer ensure that the annual report is prepared in accordance with generally accepted accounting principles. The annual report provides a true picture of the position and profit/loss of the business, and the report of the board of directors provides a true overview of the development of the business's activity, position and profit/loss as well as describing essential risks to which the business is exposed. The Group report has been prepared in accordance with the international accounting standards which are referred to in the European Department and the council's regulation, EG, No. 1606/2002 of 19 July 2002 on application of international accounting standards. The Group report provides a true picture of the position and profit/loss of the Group, and the report of the board of directors provides a true overview of the development of the Group's activity, position and profit/loss as well as essential risks to which the Group and the companies included in Group are exposed.

Stockholm 11 March 2016

Mats Mared
The Board of Directors' Chairman

Jan-Erik Höjvall
Chief Executive Officer

Ulrika Malmberg Livijn

Olof Nyström

Magnus Eriksson

Peder Hasslev

Ebba Hammarström

Our auditor's opinion was delivered on 11 March 2016

Ernst & Young AB

Magnus Fredmer
Certified Public Accountant

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's report

To the annual meeting of the shareholders of Rikshem AB (publ), corporate identity number 556709-9667

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Rikshem AB (publ) for the year 2015 except the corporate governance report on pages 37-38.

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 2015 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 2015 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 Rikshem AB (publ) for the year 2015. We have also performed a statutory review of the corporate governance report.

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 and that the corporate governance report stated at page 37-38 is prepared in accordance to the Annual Accounts 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.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm 11 March 2016
Ernst & Young AB

Magnus Fredmer

Authorized Public Accountant