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ALM EQUITY IN BRIEF

BUSINESS CONCEPT
ALM Equity ab (publ) is a real estate development company. The Company acquires, structures, develops and sells projects, especially residential projects.

GOAL
The goal is to maximize the total sales value of each individual real estate project, through conceptualization, development and optimization of the property’s tenure, thereby achieving a high, risk-adjusted return and appreciation of property value for ALM Equity.

VISION
ALM Equity’s vision is to create good profitability in our real estate projects and to be a leader in conceptualization.

BUSINESS
ALM Equity is a public company listed on NASDAQ OMX First North. Current operations started in 2006 and the Company is headquartered in Stockholm. The Company’s geographic markets are concentrated to the Great Stockholm Metropolitan Area.

PROJECT CATEGORIES
The Company has three distinct business areas:
• Residential projects
• Plan projects
• Project properties

OUR CUSTOMERS
Homebuyers, real estate companies, construction companies and seekers of commercial premises.

BUSINESS MODEL
• Each real estate project is independent of every other project in the ALM Equity Group, since each project has its own corporate structure and financing.
• Most projects are run in joint-venture form, where ALM Equity assumes project management responsibility.
• Each project is adapted to its own prerequisites and is controlled in a cost-efficient manner.
• The Company’s organizational structure is characterized by its small number of own associates a partner organization.

FINANCING MODEL
• All projects must be fully financed.
• No cross-guarantees or loans among the project companies.
• A debt-free Parent Company.
• Projects are often financed in joint venture form.
• The margin in each project must be high.
• Liquid funds are invested on a short-term basis.

INVESTMENT STRATEGY
• Clear focus on long-term growth.
• Create a project portfolio with emphasis on the Greater Stockholm Metropolitan Area.
• Create a balanced project portfolio aimed at a diversified mix of potential customers.
• Grow the development rights portfolio on a short- and long-term basis, by acquiring approved development rights and by managing our own plan projects.

SHARES
ALM Equity has two classes of shares outstanding: 10,154,600 common shares and 3,045,593 preferred shares. At year-end 2014 the Company had 301 holders of common shares and 640 holders of preferred shares. The total number of shareholders is 694.

SHARERHOLDER GOAL
The goal is to give the shareholders the highest possible risk-adjusted return on equity.

OUR CO-OPERATION PARTNERS
Private property owners, investors, real estate companies, brokers, real estate management companies, construction companies, municipalities, land owners, marinas, architects, interior designers and hotel operators.

PROJECT PORTFOLIO
ALM Equity’s property portfolio can be divided into five geographic areas: The Greater Stockholm Metropolitan Area, Uppsala, Mälardalen, Central Sweden west and the East Coast south. The total property portfolio consists of 40* projects divided into 24 residential projects, 13 plan projects and 3 project properties.

* Status per April 2015.
**HISTORY OF OPERATIONS**

**2006**
ALM Equity starts its operations through a reverse merger with T-Book Holding. The company’s new business is real estate development with emphasis on housing. A new board of directors and new management are appointed. In connection with the reverse merger, seven property projects were acquired in a non-cash transaction. By year's end the project portfolio contains 16 projects.

**2007**
The Company's development gets under way and the Company completes four residential projects and vacates one project property. By year's end the project portfolio contains 20 projects.

**2008**
The year is marked by economic crisis in the world. Four residential projects are completed and by year's end the project portfolio contains 17 projects.

**2009**
The Company's strategy is modified towards larger projects, more metropolitan locations and dwellings for earners of normal incomes. Two residential projects are completed and by year's end the project portfolio contains 19 projects.

**2010**
Expansion continues and 10 projects are added during the year. Two residential projects are completed and by year's end the project portfolio contains 27 projects.

**2011**
Increased focus on plan projects and new strategies. At an extra meeting of the shareholders in July, the Board of Directors decides to increase the Company's share capital by just over MSEK 100 through a bonus issue. One residential project is completed and by year's end the project portfolio contains 32 projects.

**2012**
The Company's share were listed on NASDAQ OMX First North. The Company developed its strategy further and decided to invest in plan projects by acquiring raw land. The head office moves to Jacobsbergsgatan in Stockholm. Three residential projects are completed and by year's end the project portfolio contains 39 projects.

**2013**
The Company increases its emphasis on Stockholm, where central locations near the underground and cross-link are preferred. MSEK 150 is infused in the Company in the form of a private placement of preferred shares. ALM Equity is awarded the distinction of Gasell Company by financial daily Dagens Industry. Two residential projects are completed and by year's end the project portfolio contains 41 projects.

**2014**
The plan and residential portfolio grew with a focus on the Greater Stockholm Metropolitan Area. A record number of housing units were in production by year's end, 741 to be exact. Two new issues of preferred shares added approximately MSEK 90 to the Company's capital for the purpose of financing new projects. Two residential projects are completed and one project property was sold. By year's end the project portfolio contains 40 projects.
IMPORTANT EVENTS DURING THE YEAR

• Revenue amounted to MSEK 895.7 (364.5) and profit was MSEK 142.7 (50.6), equivalent to SEK 12.12 (4.14) per common share.
• At year-end equity amounted to MSEK 803.6 (551.8), equivalent to SEK 43.02 (28.62) per common share and SEK 122.10 (122.10) per preferred share. By year-end the equity ratio stood at 41 (42) percent and liquid funds amounted to MSEK 114.0 (183.3).
• By year’s end the residential portfolio contained potential building area of 155,200 (124,100) sqm, of which ALM Equity’s share was 104,000 (83,600) sqm. The plan portfolio contained 182,000 (141,000) of potential building area, of which ALM Equity’s share was 93,700 (73,800) sqm. The project property contained approximately 21,400 (22,800) sqm, of which ALM Equity’s share was 6,300 (7,700) sqm.
• Approximately 26,900 sqm development rights were acquired in the Greater Stockholm Metropolitan area for the residential portfolio, of which ALM Equity’s share was approximately 13,450 sqm.
• 202 (464) residences were sold during the year, of which ALM Equity’s share was 168 (247).
• 30 (64) residences were completed and occupied during the year. Construction was started on 7 projects with a total of 286 (464) residences.
• At year’s end the number of residential units in production amounted to 741 (485).
• Two plan projects were acquired in the Stockholm area, containing approximately 48,500 sqm of planned development rights, of which ALM Equity’s share was 25,500 sqm, subject to the detailed zoning plans gaining legal force.
• Three detailed zoning plans gained legal force during the year and 11,300 sqm where therefore moved from the plan portfolio to the residential portfolio. ALM Equity’s share was approximately 10,250 sqm.
• One project property of approximately 1,400 sqm was sold during the year. ALM Equity’s share was 100 percent.
• Two private placements were completed, raising approximately MSEK 90 after issuing costs for the Company.

IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

• A plan project in Kista with about 750 residences and 10,000 sqm retail and service space was acquired, subject to a detailed zoning plan (100 percent ownership) gained legal force.
• A plan project in Aspudden with about 130 residences was acquired through land allocation (100 percent ownership).
• After year-end binding agreements have been made to sell all 740 residential units in housing projects Skalden and Poeten in Solna, intended for management (50 percent ownership).
• Sale of residential properties Stake 5 and Östra Krikhagen; 3 in central Uddevalla.
• The Board of Directors proposes a dividend of 1 preferred share per 100 common shares held, through a bonus issue rather than cash dividend, equivalent to a value of approximately SEK 1.20 (0.60) per common share. The Board of Directors further proposes a cash dividend of SEK 8.40 (8.40) per preferred share to be paid in quarterly instalments of SEK 2.10 (2.10).
PRESIDENT’S STATEMENT:
GROWTH WITH GOOD
FINANCIAL ORDER

A RECORD YEAR
During 2014 the Company delivered growth as well
as profit at record levels. The work involved in gearing
up, refining and focusing the portfolio has generated
results.
Revenue in the amount of MÅEK 895 and a result of
MÅEK 143, and production under way of 741 residen-
ties are at record levels, all-time high in the Company’s
history. The combination of a growing project portfolio
and a high rate of production makes the future look
bright.

CONTINUED GROWTH
During the first part of 2015 the housing market was
the best since 2007 in the market where we are active.
Close to 1,500 of the total residential portfolio of
almost 3,000 homes are out for sale.
Thanks to good results and successful capital
procurements during 2013/14 our financial position
has never been better, which constitutes a good
foundation for further growth. The total residential
portfolio grew by almost 50 percent during 2014.
Expansion has continued into the beginning of 2015,
as we have acquired a property in Kista with a gross
area of 56,000 sqm. The plan for the property calls for
creation of 750 homes and 10,000 sqm of retail and
service area at the ground level with a new detailed
zoning plan. Also during the first quarter, we have
obtained a land allocation in Aspudden where about
130 homes are planned to be built.
A part of our growth strategy has been to focus on
utility housing in areas with good communications in
Stockholm, where market demand is the strongest.
At the same time we have chosen to phase out of our
smaller projects in peripheral locations.

NEW VENTURES
During the spring of 2015 we displayed our projects
Lilla Tellus and The Brick at MIPIM, the annual
property and investor fair in Cannes. Our venture
involving conversion of an office area into a lively
residential environment will create close to 1,000 new
homes for young adults at Telefonplan.
In Enköping we launched a new concept during the
year where youths will be able to rent flats and once
they have saved enough for the down-payment they
will get the right to buy the rented home.

THE FUTURE
Organizationally and financially the Company has laid
a stable foundation. We stand well prepared to capita-
lize on the structural shortage of housing in the Greater
Stockholm Metropolitan Area, which is our primary
market, thereby creating further growth.
External changes can change the situation rapidly.
The introduction of faster repayment of housing loans
will have a negative effect on new production since
most buyers take out new loans. It should be the other
way around with respect to amortization requirements.
No amortization on new production to promote
financing of housing construction and amortization
of existing loans to rein in speculation in the housing
market.
Despite all uncertainties we are optimistic about the
future and plan to continue growing and adapt to the
new conditions that may become a part of our reality.
We will not back into the future but instead continue
to listen to what the market wants and try to create
new products that are in line with today’s societal
development.
CREATIVITY AND CLARITY MAXIMIZES VALUE

ALM Equity works with real estate development by analysing potential acquisitions, structuring, financing, managing and selling different types of projects: residential projects, plan projects and project properties.

The goal for every real estate project is to maximize the value in the marketplace, through conceptualisation, development and optimisation of the property’s use and tenure. In order to succeed in these pursuits, the Company’s focus is on analysis, conceptualisation and risk management. Each project is conform to its own prerequisites and is totally independent of and separate from other projects in the ALM Equity Group, through its own corporate structure and financing.

Projects are run primarily in the form of joint ventures, where ALM Equity has project management responsibility. The Company’s organisational structure is one of an appropriate number of some 25 associates together with a large partner organisation consisting of selected external competencies and co-operation partners, whose services are procured as needed.

This flexibility and the opportunity of actually providing the best prerequisites to each project has resulted in a situation where ALM Equity, as opposed to many other housing development companies, does not have its own construction operations, real estate agents, architects and designers on staff. At the inception of each project, we choose our partners based on analysis of housing form, customer group, etc.

The micro position follows the market. Very limited possibilities of affecting the pricing structure. twins with the micro level. The micro position follows the market. Very limited possibilities of affecting the pricing structure. twins with the micro level.

ALM Equity has a clear strategy for risk management in plan projects. A detailed zoning plan determines the use of buildings, land and water areas, and entitles the right to build in accordance with the plan.

ANALYSIS

At the time of acquisition, an in-depth business analysis is performed of the projects’ prerequisites and the current market situation, which in turn constitutes the basis for developing the maximum added value and the best concept. By carefully analysing and structuring the projects in adapted corporate structures, transparency is achieved as well as financial feasibility in each and every project, and the right partners are engaged.

CONCEPTUALISATION

ALM Equity’s projects are characterized by strong conceptualisation. The basic idea is to produce homes/projects with added value, adapted to target groups and market. Focus is on architecture, layout, design and execution. A lot of effort goes into identifying existing and new target groups and adapting the homes and products accordingly. It is all about blending content, activities and housing forms and to offering added value in the form of moorings, hunting rights, stable space, etc. An alternative may be to have a stringent design model, well adapted to the target groups, rather than a multitude of different options, or adding services to the building in the form of a gym or other activity appreciated by the potential residents. The notion of carfree living is a consistent theme in many of our projects.

RISK MANAGEMENT

Profitable growth and low risk-taking is ALM Equity’s fundamental business philosophy. In concrete terms, this means that risk is limited at several stages – financially as well as operationally – and in these efforts the Company is no stranger to unconventional

INVESTMENT STRATEGY

The Company’s investments are based on seeking to achieve long-term growth by creating a balanced project portfolio with focus on the Greater Stockholm Metropolitan Area. The content of the portfolio must be diversified and must be aimed primarily at people with normal incomes in each respective area, but also at a slightly higher segment. The portfolio’s growth in the near and long term will take place through new acquisitions of approved development rights and by running our own plan projects. The Company’s emphasis will be on investing in projects of at least 5,000 sqm.

MANAGEMENT STRATEGY

Since the Company’s core business is not long-term management of the properties it owns, but rather project development, ALM Equity’s management strategy is based on optimising management in the short and medium term until the development process begins. Focus is on managing the properties in a cost- and energy-efficient manner until they are fully developed. In exceptional cases, where the project development phase is very long, a long-term plan is put in place already at the time of acquisition.

THE PHASES OF REAL ESTATE DEVELOPMENT

Successful project development assumes competence in everything from handling land and property acquisition, planning processes, selling, production and customer management. ALM Equity possesses experience in mastering this totally in a value-creating way, not least by close contact with our partner organisation and our end customers. Depending on project type, the projects evolve through several phases.

R – RISK LEVELS OF THE PROCESS IN RESIDENTIAL PROJECTS

Risk level Project phase
R1 Use has been agreed upon/sold. Procurement started and completion of construction.
R2 More than 75% of the project’s residences sold.
R3 Building permit / permission of the authorities granted.
R4 Land with existing detailed zoning plan.*
R5 Raw land with existing OP or DOP.*

R – RISK LEVELS OF PLAN PROJECTS

Risk level Project phase
R1 Approved detailed zoning plan.****
R2 Planning work in consultation/exhibition phase.
R3 Raw land/building with positive plan notice.**
R4 Raw land with existing OP or DOP.**
R5 Raw land/building with positive plan notice.**

M – PROJECT’S MICRO POSITION

M1 Unique micro position. Possibility of affecting the pricing structure. twins with the micro level. The micro position follows the market. Very limited possibilities of affecting the pricing structure. twins with the micro level.

M2 Unique micro position. Possibility of affecting the pricing structure. twins with the micro level. The micro position follows the market. Very limited possibilities of affecting the pricing structure. twins with the micro level.

M3 Micro position with special or size of dwelling. Limited possibilities of affecting the pricing structure. twins with the micro level. The micro position follows the market. Very limited possibilities of affecting the pricing structure. twins with the micro level.

M4 The micro position follows the market. Very limited possibilities of affecting the pricing structure. twins with the micro level. The micro position follows the market. Very limited possibilities of affecting the pricing structure. twins with the micro level.

M5 Unique micro position with activities: boat docks, service, etc. linked to the object. No comparable objects. Major possibilities of affecting the pricing structure. twins with the micro level. The micro position follows the market. Very limited possibilities of affecting the pricing structure. twins with the micro level.

* A detailed zoning plan determines the use of buildings, land and water areas, and entitles the right to build in accordance with the plan.

** A plan notice is a municipal resolution that reports the municipality’s intentions and objectives in a matter dealing with planning.

**** Approved detailed zoning plan.****

***** An overview plan (OP) contains the basics of future building development. A detailed overview plan (DOP) further clarifies the municipality’s future intentions for the land area.

R – RISK LEVELS OF THE PROCESS IN PROJECT PROPERTIES

Risk level Project phase
R1 Procurement started.
R2 Procurement started and completion of construction.
R3 Refinement process started.
R4 Existing building.
R5 More than 75% of the project’s new use has been agreed upon/sold.
Three project categories:

Three areas with focus on long-term growth

Real estate development broadly means altering the prerequisites or style of a property, thereby raising its value. One reason for ALM Equity’s successes in this area is creativity and an ability to see solutions that maximise the value of the various projects. This may mean entirely new housing concepts, expanded or more efficient tenant-owner’s rights and commercial space, or emphasizing residences for special and niched target groups. At the time of acquisition, the Company always has a clear vision of how to develop the property to yield a maximum return.

ALM Equity operates in three distinct business areas within real estate development:

• Residential projects
• Plan projects
• Project properties

The size of the investments, their value development phases, risk management and time factors are all different in the three sub-areas, but common to them all is that they consist of complex and capital-intensive processes.

Residential projects

In this project category, ALM Equity owns or acquires detail-zoned properties with approved development rights that allow selling of new or rebuilt single-family homes, second homes and flats in multi-family dwellings.

The development rights of the residential projects are carried as assets in the consolidated balance sheet under the heading “Development properties”. In cases where the residential projects have existing operations and an operating net, this is stated separately.

Value development

Land acquisition and idea phase are very important in housing development. Finding attractive development rights at the right price and developing housing and residential areas that appeal to customers is crucial to the ability of engaging in project development profitably. Value development occurs in steps as land use is defined and changed, for example by rebuilding and remodeling, new construction, conversion from one use to another, or concentration. Appreciation is mainly created when a housing concept is developed where ALM Equity defines how the highest value expressed in SEK/sqm can be created for end customers. The value of the property increases by developing for each individual the concept that attracts the most potential buying power. The Company attaches great importance to conceptualisation for the right target group, in the form of architectural solutions, value added and design. In the selling process itself, the communication with potential customers is a crucial success factor. Since ALM Equity sells residences at the drawing stage – and the Company thus has no finished product to show – great demands are placed on marketing and presentation. It is a matter of as clearly as possible visualising the projects and its advantages in a realistic way.

ALM Equity’s planned residences are found mostly in strong housing markets, such as Telefonplan,
Bromma, Solna, Sundbyberg, Sollentuna, Vällingby, Hässelby and Uppsala. Projects are aimed primarily at large segments such as young adults and earners with normal incomes.

Many of the planned housing units satisfy buyers’ requirements for good communications, seaside location and proximity to services. Rising housing prices in the Greater Stockholm Metropolitan Area have forced many housing seekers ever further away, to Mälardalen for example, and good communications have transformed these areas into attractive housing environments within convenient commuting distance. This widening of the metropolitan areas has made new housing markets interesting. At the same time we see a clear trend that makes central near-city locations, such as Telefonplan, highly attractive.

Once a project has a detailed zoning plan with defined development rights, some uncertainties/risks are limited and the element of time becomes shorter than for plan projects. Projects are nevertheless greatly affected by the current situation in the housing market and the construction industry.

**PLAN PROJECTS**

In this project category ALM Equity acquires unplanned properties, or properties with an existing detailed zoning plan that the Company believes has potential for appreciation by changing the detailed zoning plan. The purpose of plan projects is to support the Company’s housing development over the medium and longer term. The planning stage covers the period from when the detailed planning work began, until the time when a new detailed zoning plan has gained legal force and the development rights have been defined. The development rights are then moved to the Company’s Residential project portfolio or the Project property portfolio.

The development rights of the plan projects are carried as assets in the consolidated balance sheet under the heading “Development properties”. In cases where the residential projects have existing operations and an operating net, this is stated separately.

**Value development**

Increase in value occurs by the creation of entirely new development rights, or by conversion or refinement of existing development rights. On the basis of concept development, ALM Equity identifies how a property’s value can be raised through a detailed-plan change that creates expanded development rights, or allows a new way of using the property. The focus is on creating attractive tenant-owner’s rights adapted to identified end customers. ALM Equity manages the detailed planning process in order to maximise a new property value, at the same time as existing areas of use are utilized to the greatest possible extent. Value creation is at its strongest during the planning process, when land use for raw land is defined. It is at this phase that the development rights are concretised as to content.

In 2012 has established Svensk Markförvaltning AB together with partners for the purpose of acquiring land assets (raw land) suitable for future detailed-plan change to mostly housing. The company has made two acquisitions encompassing 4.3 hectares of land in Salem/Södertälje and Österåker. ALM Equity’s stake in SMF is 41.24 percent. ALM Equity will manage the detailed zoning plan process with a goal of maximizing property value at the same time as the existing area of use will be utilized to the greatest extent possible. ALM Equity will be responsible for project management and administration, from acquisition until completed development right approval. The goals is for projects to be covered by a detailed zoning plan within three to five years. When the plan projects have gained legal force and new development rights have been created, ALM Equity will have the right to drive the project development to the next phase within the ALM Equity Group.

**PROJECT PROPERTIES**

The project properties category includes built-up properties with varying types of business that offer opportunities for development by conceptualisation to create higher values. Buildings are usually used for present purposes during the development stage in order to generate an operating surplus until development is started, or the building is rebuilt to its new use as shopping centre, housing, offices, industry or hotel.
Risk Management Within the Categories

By diversifying the investments in three different project categories business areas, the Company’s risks are limited both financially as well as operationally. We have identified and closely monitor different project risks in the following areas:

Residential projects – Market risk, contract risk, financing risk, interest rate risk and customer risk.

Plan projects – The risk that the planning process is delayed, or that a new detailed plan is not approved.

Project properties – Market risk, contract risk, financing risk, interest risk, customer risk and disturbance risk.

Refer also to section “Risk and risk management”, pages 71-73.
ALM Equity started production on five housing projects during the year totalling 286 residences (of which ALM Equity’s share was 217 units). Two projects with 30 residences were completed (of which ALM Equity’s share was 14 units). As of year-end eleven projects and 741 residences were in production (of which ALM Equity’s share was 454 units). In addition to the housing production ALM Equity is active in a major refurbishing project of Kvarnen-gallerian in Uppsala involving relocation of tenants and making the facility more modern and better utilized.

Our projects are varied, both pure new production, renovation and additions. Common for them all is that everything that is done is procured via turnkey contracts and that we only work with well-known parties of a certain size.

For new production projects Stadsterrassen and Linbana 1 and 2 in Enköping we use Andersson Company Byggnads AB, who is also responsible for building our townhouses in Stadshusparken, the Mälarutsikten high rise in Hässelby, and new construction and refurbishing of Fyrlotsen, Lidingö.

The small-scale town house and atrium house production at Slottsallén is being built by Serneke. At Lampfabriken and BJQ 53 PEA is responsible for the conversion from offices to residential units. Nils Hedström Byggnads AB is responsible for rebuilding Pepparkakshuset in Sundbyberg.
FINANCING MODEL:

AVOIDING UNNECESSARY RISKS

Real estate development is capital intensive and associated with higher risk than traditional building activity. To allow rapid growth with limited capital investment, ALM Equity has developed a financial model that minimizes risks and ensures capital flows in project development. The goal of ALM Equity’s financial operations is to support the Company’s project development, to utilise capital and cash flows in such a way that operating activities are not subjected to financial risks, and to manage perceived risks so that exposure to them is minimised. ALM Equity’s financial strategy is to closely link cash flows in each ongoing project to the Company’s funding, interest rate risk and need for equity capital. In this way we gain the best control of the financial risks.

FULLY FINANCED PROJECTS

A basic principle is that all projects must be fully financed at the outset. No loans may be made or collateral passed between the various project companies, all of which must stand on their own feet. In this way we do not risk that possible problems in individual projects spread to other parts of the Group. One further security factor is that the Parent Company in this way can be kept debt-free and therefore can be utilised for new business. Risk analysis and financing structure is determined for each project jointly by ALM Equity, its banks, other financial institutions and partners. All financing is done in the project companies against collateral in the projects to the greatest extent possible.

FINANCING FORMS

Projects are financed by bank loans, promissory note loans, equity and owner loans. In order to handle larger volumes and to increase growth, ALM takes in partners in the projects. This can take the form of loans, where external partners, in addition to interest, get a portion of the future value-added gain. Other forms of financing are covered and non-covered loan instruments, and in some projects parts of the development costs are financed by preferred shares redeemable when the project has been completed and sold. The different financing forms vary over time and among projects, depending on the risk phase in which the project finds itself. The margins must be high in every project.

An important element of risk management is that we together with our financial partners develop a financing plan for the project, which then gets its unique financial structure linked to flows generated by the project. This plan also takes into account all other risks in the project. This ensures that every project is fully financed, at all times, with its own capital structure. Liquid funds are deposited with banks or similar institutions on a short-term basis.

ALM EQUITY’S FINANCIAL MODEL

(ASSET LIABILITY MANAGEMENT)

• All projects must be fully financed.
• No cross-guarantees or loans between project companies.
• No debt in the Parent Company.
• Joint ventures the preferred method of financing projects.
• The margin in each project must be high.
• Liquid funds to be invested with short maturity.

Each project carries itself and is fully financed.
In many ways 2014 was a fragmented year. At the same time as the Swedish stock market surpassed its all-time-high and housing prices reached new record heights, there was political and economic unrest both domestically and in our immediate area. Sweden's ongoing recovery from the 2009 recession began to feel fragile with an uncertain parliamentary situation with discussions about a potentially re-election, low inflation, risk of a housing bubble and new demands for upgrading of the Swedish defence.

By year end the repo rate was at 0.00 percent and in the beginning of 2015 the Riksbanken lowered the rate further, which means that the current repo rate is ~0.25 percent in an effort to boost the non-existing rate of inflation. The target rate of 2 percent. The lowering of interest rates will likely mean that the Swedish mortgage loan mountain will grow faster, thereby also raising the risk for a housing bubble. This has prompted the Financial Supervisory Authority to suggest new repayment requirements expected come into force during 2015.

In Europe the economic recovery is slow and compared with some other major cities, has experienced near stagnation growth for a number of years. The EU reports relatively beneficial GDP growth of just over 2 percent for 2014. The forecast for 2015 indicates GDP growth of around 2.5-3.0 percent, an unemployment rate of around 7.5 percent and an increase in the number of employed of about 1.5 percent. Sweden, a small, export-dependent country, is strongly affected by the weak economy in the surrounding world. A major contributing factor behind the growth forecast is the record magnitude of household assets and strong consumption.

For ALM Equity the economic and political uncertainty had minimal effect during the past year. Strong household finances and confidence in the future made for good sales levels for our projects. The supply of capital is stable as both investors see real estate as a secure investment.

**A STRONG HOUSING MARKET**

The 2014 housing market was distinguished by strong demand, many closings, perceived low supply, and a resulting sharp rise in prices. Real estate agents for new production as well as the second-hand market bear witness to fast turn-around, a lot of people showing up at open-house events, rapid and strong bidding, objects selling like hot cakes and record prices.

Project upon project reach their sales targets and construction is started, all of which is evidenced in Swedish statistics, which show sharp increases in construction activity in Sweden. Inventories of unsold units have declined sharply. On the buyers' side there is evidence of low supply and situations where objects are sold before they are put on the market. Prices for tenant owners' rights and single-family homes increased by as much as 12 percent in Stockholm and by 9 percent nationwide, all according to Svensk Mäklarstatistik.

The forecast for 2015 predicts more of the same. We will see if and how the proposed repayment requirements will affect the market, but given the housing shortage in major metropolitan areas, demand going forward and together with the historically low interest rates and weak supply during the past several years resulting from lock-in effects, we can expect continued high rates of turnover and, probably, high prices.

**STRONG GROWTH AND INCREASED CONSTRUCTION ACTIVITY IN STOCKHOLM**

Preliminary data from SCB indicate that construction is on the rise and that during 2014 construction began on 38,500 housing units, which is an increase by as much as 27 percent compared to 2013. New production construction in Sweden is now within the estimated annual need of 35,000-40,000 units.

The largest increment is believed to be needed in the metropolitan region. This is clearly manifested in the Greater Stockholm Metropolitan Area as the townscape in the city as well as the surrounding suburbs is marked by new construction and half-completed buildings. Stockholm is definitely expanding beyond its traditional boundaries – primarily to the south thanks to the growing popularity of these parts.

In total there are some 30 major city development projects in Stockholm, either in progress or planned. Everything from completion of Hammarby Sjöstad to the development of new parts of town, such as Norra Djurgårdsstaden, Hagastaden and Älvsafältet. The need in Stockholm County is estimated to be 10,000 housing units per year for ten years and by 2030 140,000 dwellings are planned to be built in the City of Stockholm.

**ALM EQUITY CONTINUES TO CONCENTRATE ON STOCKHOLM**

Stockholm County and the City of Stockholm are together a powerful growth engine and one of the fastest growing five regions in Europe. Urbanisation draws people from other parts of the country at the same time as more babies are born and the population ages. ALM Equity believes in Stockholm's continued development and keeps its focus on the area by acquiring new approved development rights and plan projects. Our projects must be close to good communications, such as underground, cross-link or commuter trains.

Development rights were acquired during the year in Sundbyberg and Solna and we increased our exposure to Telefonom by purchasing more planned development rights in plan project Lilla Tefus. We have also completed an agreement with AMF Fastigheter, with whom we will be promoting a detailed zoning plan for project Jakob Mindre to develop premium dwellings next to the Opera House in downtown central Stockholm. After year-end the expansion of our plan portfolio continued with acquiring land allocation from the City of Stockholm in the nearby Aspudden suburb, and the acquisition of Kista Square Gardens in Kista. These new acquisitions are expected to comprise 880 residences and 53,500 sqm of development rights, of which ALM Equity's share is 100 percent. These acquisitions have been partly financed by two private placements of preferred shares. The projects are aimed at young adults, as well as first-time buyers, families with children and couples without children. Jakob Mindre will be an exclusive project with, hopefully, record prices, whereas the other projects are aimed more at earners of normal income. The trend of urbanisation and the low supply of housing together with a low level of interest rates and higher disposable income make us firm believers in stable tenant owner's rights prices going forward.

**OUR PROJECTS 2014**

Market demand for ALM Equity's dwellings was strong during the year and this resulted in the start-up of construction on five projects with 286 housing units, of which ALM Equity's share is 217 units. By year-end a total of 741 housing units were under construction of which ALM Equity's share was 454, which is an all-time high for the Company. The year before the number was 485, of which ALM Equity's share was 247. The sales rate was 84 percent as of year-end.

**WHAT MAKES US DIFFERENT FROM OTHER PLAYERS**

We set a course for the future with clear conceptualisation, a customer focus, a well thought-out business strategy and credible financing models. Each individual project is treated as a unique product relative to our other projects. This is a prerequisite for creating interesting and exciting housing. Many of our competitors do the exact opposite and focus on construction systems and standardisation to streamline production and make it more efficient.

The four largest housing developers in Sweden – JM, NCC, Peab and SKANSKA – are distinguished by large organisations with their own housing development and construction arms. These companies represent a significant portion of the country's housing production and JM stands out as the largest housing developer with focus on housing, while the other also have other major areas of activity in office, plant and road construction.

In the segment just below we find mid-size players, such as HSB, Riksbanken, Ikano Bostad, Järntorget, Besqub, Einar Matsson and Veidekke, all of whom concentrate on development and construction of tenant owner's rights and rental units, but also construction project management and real estate management. In addition to these players there are small, regional actors with good local knowledge, who do one or a few projects as a complement to their regular business. ALM Equity differs in several respects from the large housing and construction companies in terms of project orientation, organisation, project design and size. ALM Equity also differs from the medium-sized developers in that we have a streamlined core operation with its focus on real estate and housing development, eliminating construction, construction project management and real estate management services as business areas. ALM Equity has established itself in its own niche in the market in terms of operating areas, organisational structure and financing – the Company's value creation occurs primarily at the real estate development stage, what we call the "conceptualisa-
Depending on project and business area, ALM Equity has different types of end customers. It may be a matter of a private housing buyer who buys a flat, a real estate company that buys a property for the purpose of managing it on a long-term basis, a construction company that buys a project that we have conceptualised to complete the construction work, or municipalities and commercial players who are looking for housing or premises adapted to their specific needs. In order to deliver attractive products to these different customer groups, we have to be responsive and active in the market.

The Company has a broad responsibility towards private customers to be helpful and to make the process easy for customers to acquire a place to live – which often is the biggest deal a private individual will make in his or her lifetime. Since many of the projects are aimed at the first-time buyers’ market, extra good understanding for that situation is required.

CUSTOMER FOCUS

It should feel well thought-through, carefully selected and worry-free for the customer to purchase and live in a home produced by ALM Equity. Customer focus and responsiveness to customer needs is the be all end all. What distinguishes a home from ALM Equity is that it is typically highly conceptualised towards distinct target groups – such as our product “Instegsboende” [= entry-level housing], well thought-out and well-planned homes with service and design perfectly adapted to young adults and first-time buyers.

NKI

In order to strengthen ALM Equity’s customer focus, the Company joined the industry’s large survey, Nöjd Kund Index (NKI) (Satisfied Customer Index) and has begun to measure customer satisfaction in housing projects delivered. This is an effective tool for feedback with comments on the product, but also on the process involved in acquiring a dwelling from ALM Equity. It is important to gain knowledge about how customers perceive the brand, associates, the finished product, the buying process and the partner organisation in the form of real estate agents, banks and builders. An important part of the survey is to measure how well the customers’ expectations are fulfilled, which becomes a good metric for how well we communicate with the customer and deliver on our promises.

VIP CUSTOMERS

We reach many of our customers via our own contact networks and ALM Equity’s VIP customer directory. To be a VIP customer with ALM Equity means that the customer gets information about when and where we will be building new homes, before they are released for sale to the general public. Our VIP customers get newsletters with current information about our residential projects and priority to our homes. Customers can register at the Company’s website, or by personally contacting us. To be a VIP customer with ALM Equity is free of charge.

FUNISHINGS AND DESIGN

Furnishings and design are important parts of planning a home and weights heavily in the selection process for same. ALM Equity has consistently chosen not to work with standardized interior design styles and models. Instead we develop a well thought-out specific interior design for each project, concurrent with identifying the target group and working with the conceptualisation. The design lines then permeate all interior fixtures for kitchen, bathroom, walls, handles and knobs, etc.

CUSTOMER CARE

With a growing number of projects and their size, the scope of customer care also expands as well as follow-up of the Company’s customer care efforts. In order to meet the increased need the Company hired several assistant project managers during the year to fill this need.
The city block of Kvarnen is one of ALM Equity’s most exciting, complex and many-faceted projects. The project involves transformation of an entire city block in central Uppsala and touches upon the existing housing structure and retail space, design of exterior architecture, infill of new buildings, changing the town’s pedestrian routes and – ultimately – development of an entire neighbourhood and downtown Uppsala. Next to Uppsala’s new landmark building UKK – Uppsala Konsert & Kongress at Vaksala Torg – we will be elevating the faded 1980s buildings with new exteriors, open up the closed-in base floor towards the shopping arcade, add unique rooftop panorama housing and modernise and develop the Kvarnen shopping arcade with its 5,500 square meters of space.

Uppsala is growing

Faith in the future is strong in Uppsala thanks to population as well as economic growth. Between 2011 and 2030 the municipality is expecting the population to grow by as much as 25 percent. The municipality is prioritising housing construction to satisfy permanent households, but also to cater to the group of university students, who now and historically are an important part of Uppsala. Population growth and economic expansion in turn leads to vitalisation of the retail trade and the restaurant industry. For several years the municipality has been planning to develop Uppsala’s city centre by strengthening the link between the areas west and east of the railways. In recent years there have been major changes in the east, with a new travel centre and enhanced cultural offerings in the form of UKK, which together with open air markets with their Saturday flea markets have contributed to giving a new identity to Vaksala Torg. A new main boulevard is being built with wider sidewalks, flags, improved lighting and several public transportation stops. Most new housing construction in Uppsala is taking place around the Vaksala Torg area with its proximity to communications within Uppsala, a few minutes walking distance to the travel centre, good service, food and culture, the area’s potential is striking.

From outer area to the very centre

For a long time Uppsala’s conurbation was confined to a strictly defined area planned in the middle of the 17th Century and whose outer limits in the form of barn streets and a city moat at one time constituted the town’s duty border with the countryside. For a long time the area around Vaksala Torg was this boundary and the then Vaksala tollhouse was a mere a stone’s throw from the Kvarnen city block.

What happened when the old duty border was crossed and construction on the former farm land began is an important chapter in the building history of Uppsala. It is all about how the eastern parts of town emerge and how we got a separate district for burghers and workers, physically separated from the old town with its dominating presence of academic and ecclesiastical institutions by the railway.

The expansion began in the beginning of the 19th Century. Industrialisation made its foray in town, with the establishment of manufacturers and a rapidly growing population. Urbanisation gained momentum. In the area north and east of Vaksalagatan several business were established, such as distilleries and brick factories. From the 1880s there was a mill here that developed into a leading producer of flour and semolina. The company grew into a major group with subsidiaries such as Uppsala Attiksfabrik och Sidenväveri in the vicinity of Njord. In the beginning of the 1930s the large mill building was erected with its adjoining eight-story silos along Väderkvarnsgatan.

Almost one hundred years later the cityscape has changed. Only the Kvarnen name reminds us of a bygone industrial era. Instead we now see a medley of typical 1980s complex with a galleria and retailing at the ground level and a covered courtyard with several buildings. Looking closely one will find two beautiful and well preserved turn-of-the-century buildings embedded in the city block.
UNIQUE PANORAMA HOUSING

We will be adding two floors on top of the existing buildings and create unique penthouse flats with a panorama view of all of Uppsala. Project Uppsala Panorama is aimed at the exclusive buyer who wants something extra in terms of space, terraces, large window areas and views. Housing construction on top of existing buildings in a developed city centre spells multiple challenges for the project, not only in terms of technical solutions and economy, but also by the fact that store owners and residents of the area will be affected by the construction activity. It will therefore be extra important that all development in the area contributes to creating added value for all parties and to make the area more attractive overall and a joyful part of town.

KVARNEN CHANGING SHAPE

After many years in the same old suit it is time to renew the wardrobe. A little more comfortable, a little more modern, a little more stylish. Looking at the trends in commerce one will find that large shopping malls in the periphery of Sweden’s cities is where the action is. This is where people increasingly by their clothing, fashions and electronics. Internet commerce is also growing and attracting buyers of everything from consumer goods to clothing furniture and electronics. The climate for commerce close to cities has become harsher and developers must increasingly find new ways of competing. Current trends in commerce in combination with Kvarnen’s existing strong tenants in the form of Uppsala’s most acclaimed ICA Supermarket and Systembolaget have led us in the direction of a concept focusing on food and service. The watchwords for the galleria have become: “Quality, proximity and service”. The concept means that we are focusing on finding players in everyday commerce and food, but with elements of real finesse, all packaged in in a real urban and trendy environment that is tied in with the development in the city, matching the growing trendy feeling that characterises the eastern side of downtown Uppsala. Personality in the form of smaller and local players, blended in with well reputed chains, such as ICA and Kronans Apotek will create a feeling that everything the town has to offer is available at Kvarnen.

Development and leasing work is far from finished, but bit by bit a good mix of stores is assembled. There are also continuous upgrading of technical systems and store locations are being modified and given a needed facelift, which contributes to making this commercial site more lively and an obvious place for food and service. During 2014 Kvarnengallerian was awarded the distinction of being the year’s landlord by Kronans Apotek for “With a humble image, conceptual new thinking, a driving force of quality and service this commercial site will reflect a modern style for stores and restaurants.”

INFILL AND AN OPENED STRUCTURE GIVES A LIFT TO THE STREET ENVIRONMENT

Like in many other Swedish towns that have grown in stages, parts of the city block has been demolished and rebuilt at different times. Within the block there is therefore a gap that breaks the structure of the block towards the street and contributes nothing to the town environment than a place to park cars. The future infill building will strengthen the galleria’s identity, interact with the next-door turn-of-the-century building and tie together the whole block into a more unified whole. Here and in the rest of the development it is the term “alive” that permeates the vision for the future city block as we want to open up what has been closed up and inaccessible. Instead of a closed-off city block we let transparency share the life behind the façade. Both the development of the gap site and a new façade for the commercial site contribute in a major way to such a development. New entryways and an opened pedestal floor provide opportunities for new types of stores, store locations and business hours. The transformation of Uppsala’s Vaksala Torg and the proposed arrangements for the streetscape create new opportunities for more attractive commerce and good communications for residents as well as visitors.
One of the things that makes ALM Equity a special company in the industry, and adds to its competitive advantage, is the mix of unique projects in the portfolio and the effort to identify exciting and fruitful cooperation adapted to each individual project, which adds that little extra. It applies to everything from financial solutions to choice of architect, real estate agent and builder.

Depending on project, we use different types of cooperation and partners. Over the years some of these partnerships have deepened, which is good for the joint effort and makes the projects more secure and predictable. At the same time it is the mix of different partnerships that makes the Company and the projects grow and become exciting.

Over the years we have enjoyed good partnerships with the likes of Sandell & Sandberg, Gerth Wingårdh, Bergkrantz Arkitekter, Tengbom, White, Megaron, SWECO, TEMA and Tovatts arkitekter.

In order to sell our projects we usually use a local real estate agent. Our partnerships extend from the local offices of the large firms with nationwide coverage, such as Svensk Fastighetsförmedling, Fastighetsbyråen, Mäklarhuset and Skandiamäklarna, to the more local and niched agents, such as Bjäre mäklaren, Alexander White and Skeppsholmen.

When choosing builder we work with some important selection criteria. It is important that the company is sufficiently large for the project in terms of sales and knowledge, that the company is comfortable with the form of contract we use and offers strong warranty coverage as well as security conditions.

We work primarily with the large builders, PE AB, NCC and Kungsfiskaren, but we also use a few selected builders in the intermediate segment, such as Andersson Company Byggnads AB, Värmdö Bygg and Hedström AB.
Together with Sweden’s best architects and designers, we create unique housing adapted to the prerequisites of each project and customer demand. Below we present a selection of our clever creators.

**MEGARON ARKITEKTER**

For many years we have been dedicated ourselves to good architecture that makes people happy. It is often a matter of offices that are to be converted to homes or hotels. Or other premises that are to be transformed into functional and inspiring offices. We also create entirely new buildings. Common to all our projects is that they strive for sustainable, long-term solutions that contribute to a well-functioning harmonic whole.

**WHITE ARKITEKTER**

White is Scandinavia’s largest architectural office with more than 750 associates in Sweden, Denmark, Norway and England. The firm has competence in areas such as architecture, landscape architecture, interior design, urban planning, as well as environment and sustainability. White is employee-owned and integrates economic, social and ecological responsibility in its projects. The firm was established in 1951 by Sidney White and has its head office in Göteborg.

**MARGE ARKITEKTER**

Marge Arkitekter was established in 2002 and quickly became known as the young bureau representing contemporary architectural development in Sweden. The firm has a detailed and extensive referral portfolio with private as well as commercial and public projects. Marge Arkitekter works with architecture of all types – from urban planning, homes and commercial buildings to interior and product design. Common for all projects is a spatially and exploratory architecture characterized by innovative interpretation and new ways of using materials.

**BSK ARKITEKTER**

BSK Arkitekter has been around since 1966 and the firm is active as architects for urban construction, building construction and interior design at all stages. The firm has assignments in the fields of housing, offices, health care facilities, colleges and the judiciary. BSK Arkitekter’s aim is to create value through conceptually strong architecture developed together with our customers.

**KIRSH + DEREKA ARKITEKTER**

Kirsh + Dereka Arkitekter was established in 2011 and has experience from a number of different assignments such as housing, office, commerce and urban planning. The focus of the firm is awareness of social, economic and energy sustainability. After many assignments with tenant owner’s rights and student housing this focus has developed into certainties. To create attractive environments with these basic values is the driving force of the firm.

**MAP STOCKHOLM**

MAP Stockholm was founded in 2008 and works with project initiation, urban development, property development and new construction with a focus on the Stockholm market.

**ALMA ARKITEKTER**

ALMA arkitekter works with everything from urban planning projects to house planning. ALMA works to promote humanistic architecture that looks to the needs of the individual as well as society’s structure and development. All projects, of all sizes, are permeated by thinking of the life between the houses. This places humans, the user in focus.

**BRUNNBERG & FORSHED**

Brunnberg & Forshed is one of Sweden’s oldest architectural firms and has always had the expressed goal of putting human needs at the centre. The firm specializes in urban development, housing, workplaces and interior design. The ambition is to create locally adapted architecture with timeless qualities.
UNIQUE PROJECTS IN CO-OPERATION WITH SWEDEN’S BEST ARCHITECTS

PROJECT PORTFOLIO

HOUSING PROJECTS
BJG 53, STOCKHOLM
KANOTBRYGGAN, GRÖNDAL
SLOTTSALLÉN, BROMMA
SLOTTSVILJONNA-BROMMA
RINKKERPETTARESSEN, RINKKYR
VÄLLINGBY PARKSTAD, VÄLLINGBY
MÄLARPROJEKTEN, HÄSSELBY STRAND
SILVERDALÉN, SOLLENTUNA
INGENTING, SOLNA
DUVBÖET, SUNDBYBERG
PEPPARKAKAN, SUNDBYBERG
FYLLOTSEN, LIDINGÖ
ELFVIK STRAND, LIDINGÖ
VAKALA PANORAMA, UPPSALA
KVARNENHÖRNET, UPPSALA
EDDAHUSET, UPPSALA
LINBANAN, ENKÖPING
PAUSFÅGELN, ENKÖPING
SLOTTSHOLMEN, VÄSTERVIK
BJÄRETERRASSEN 2, TOREKOV
GULDKAGGEN, GOTLAND
OAXEN KALKSILO 1 & 2, SÖDERTÄLJE
SJÖVILLAN 5, SÖDERTÄLJE
SJÖVILLAN 7, SÖDERTÄLJE
KALKATELJÉN, SÖDERTÄLJE
KALMAGASINET, SÖDERTÄLJE
KALKLABORATORIET, SÖDERTÄLJE

PLAN PROJECTS
JAKOB MINDRE, STOCKHOLM
LILLA TELLUS, TELEFONPLAN
THE BRICK, STOCKHOLM
ASPUDDEN ENTRÉ, HÄGERSTEN
ARCHIMEDES, BROMMA
KISTA SQUARE GARDEN
SICKLA ALLÉ, NACKA
EKTORP, ÖSTERÅKER
HÖGANTORP, SALEM/SÖDERTÄLJE
STADSJÄLTE, UDDEVALLA

PROJECT PROPERTIES
SICKLA NACKA
KVARNENGALLERIAN, UPPSALA
KVARNENHÖRNET, UPPSALA
KANOTBRYGGAN, GRÖNDAL

On the shoreline of Lake Mälaren in popular Gröndal ALM Equity will build exclusive flats with large balconies and terraces in sizes of one to four rooms and kitchen. The entire area is under conversion from office area to a residential environment with a playground, pre-school, canoe and dock life. Along the waterfront there will be a seafront promenade that ties together Gröndal in a nice way. Responsible architect is MAP Stockholm. Estimated occupancy in 2017.

Property name: Paddeln 1 och Gröndal 1:1
Location: Gröndal, Stockholm
development right: 3,200 m²
Number of homes: 45
Ownership stake: 100%
Micro position: M3
Risk level: R3

BJG 53, STOCKHOLM

Near Stureplan in Central Stockholm the 1920s property Såpsjudaren 14 is in the process of being rebuilt. After completion of the detailed zoning plan for the property the current office space is being converted into exclusive residences designed by the architectural firm of SandellSandberg. Occupancy is planned for 2015.

Property name: Såpsjudaren 14
Location: Stockholm
Development right: 3,276 m²
Number of homes: 19
Ownership stake: 43.7%
Micro position: M2
Risk level: R1
In the northern part of Rinkeby the City of Stockholm and other players have initiated a major transformation effort. The E18 motorway has been decked over and on that deck a residential area, Rinkebyterassen, with sweeping views of Jarvafältet is being developed. The new homes are planned in accordance with a common theme the variations in façade expression. There will be a total of 350 to 400 flats in 12 buildings. ALM Equity’s share is six buildings with an estimated 240 flats. The land will be developed in six stages and the first buildings are planned to be built in 2015 with occupancy in 2016. Development is together with Byggvesta, who will be producing tenant owner’s rights. Responsible architect is Kirsh + Derek Arkitekter.

Property name: Akalla 4:1  
Location: Rinkeby, Stockholm  
Development right: 12,000 m²  
Number of homes: 240  
Ownership stake: 100%  
Micro position: M2  
Risk level: R3  

In the middle of the beautiful palace part next to Ulfsunda Slott, ALM Equity is building a new exciting residential area designed by SandellSandberg, classic townhouses with a modern touch and exciting atrium houses with a glassed-in atrium. The exterior design is typical Sandell, at the same time as it harmonises well with the adjacent environment. All houses will have a private garden and a carport – living close to the city with peaceful surroundings! Construction has started on all three phases with occupancy during spring and summer 2015.

Property name: Prästgården 3–6  
Location: Bromma, Stockholm  
Development right: 7,099 m²  
Number of homes: 73  
Ownership stake: 42.5%  
Micro position: M2  
Risk level: R1  

On the eastern side of the magnificent palace alley, 8 semi-detached homes are planned. Just like the terrace houses on the palace alley, these semi-detached houses were designed by SandellSandberg. The houses will have three levels of living quarters and will have the character of detached villas. Each home will have storage facilities and a patio. South of the houses a new park is planned, while to the north the park will be restored to regain its contact with Ulvsundasjön. Occupancy is planned for 2016.

Property name: Prästgården 7  
Location: Bromma, Stockholm  
Development right: 2,064 m²  
Number of homes: 16  
Ownership stake: 42.5%  
Micro position: M2  
Risk level: R3  

In Vällingby Parkstad ALM Equity will be developing an entirely new residential complex consisting of two- and three floor city townhouses with flats of different sizes around Vattenfall’s former headquarters in Råcksta. A shopping centre and communications are right next-door and the area will have a pre-school, school, a grocery store and other services. Development will be in four stages with the first houses in Stadshusparken planned to be built in the autumn of 2014 with occupancy in 2016. The townhouses, inspired by Amsterdam with a touch of British fifties style, will be built with a private garden and all flats will have either a balcony or a terrace. Responsible architect is Brunnberg & Forshed.

Property name: Vattenfallet 15 mfl  
Location: Vällingby, Stockholm  
Development right: 14,365 m²  
Number of homes: 150  
Ownership stake: 100%  
Micro position: M3  
Risk level: R1
MÄLARPROJEKTEN, HÄSSELBY STRAND
Right in the middle of Hässelby Strand Centrum ALM Equity will be building homes in two stages – Mälarutsikten and Mälarterassen with a fantastic location next to communications, service, nature and a scenic view of Lake Mälaren. Mälarutsikten consists of 127 homes with two and three rooms plus kitchen in an 18-storey building with occupancy in 2016 and Mälarterassen with 176 homes with occupancy in 2017. At Mälarterassen there will also be a grocery store. One minute’s walk to the underground and buses, and a two-minute walk to Lake Mälaren and nature. Responsible architect is Andreas Lönnroth of Lönnroth Arkitektur.

Property name: Mynktabinettet 1 m.fl.
Location: Hässelby strand, Stockholm
Development right: 11,347 m²
Number of homes: 303
Ownership stake: 100 %
Micro position: M3
Risk level: R3

SILVERDALEN, SOLLENTUNA
At the best location in the area, in direct proximity to the waters of Edsviken, ALM Equity will be developing the last part of the popular Silverdal residential neighbourhood. The area is located less than 10 kilometres from downtown Stockholm, close to E4, commuter trains, nature and water. Silverdal has been built as a garden city containing schools as well as workplaces. The area is popular among families with children. ALM Equity will be developing the area in four separate stages with a total of 87 homes in different forms of town houses, semi-detached houses and flats. Some old barns and farm houses will be preserved and fitted out as homes. Estimated occupancy starting in 2016.

Property name: Malajen 1 mfl
Location: Silverdal, Sollentuna
Development right: 10,065 m²
Number of homes: 87
Ownership stake: 100 %
Micro position: M3
Risk level: R4
In the old area around the Ingenting forest in Solna, ALM Equity is building 740 small flats specially adapted for young adults. The homes will be built in two stages – Skalden and Poeten – a stone’s throw for buses and underground. Occupancy of both stages is planned to take place by the end of 2016. The housing to be built is co-ordinated with one of Sweden’s most important historic buildings from the Modernist era, the National Bacteriological Laboratory, designed by Gunnar Asplund, the architect. People will live here with excellent common facilities in the form of a gym and a café in the building. Responsible architect is Megaron Arkitekter.
DYUBOET, SUNDBYBERG

In project Duvboet an existing office building is being converted to a modern well-formed residential building with an excellent location in central Sundbyberg. Flats of varying size are planned to be built, together with town penthouses on the roof. Construction is expected to begin in May of 2015 and occupancy is planned for 2017. Responsible architect is Andreas Lönroth of Lönroth Arkitektur.

PEPPARKAKSHUSET, SUNDBYBERG

In central Sundbyberg lies C.R. Nybergs Ljodampsfabrik, built in 1891 and historically valuable in its design. The building lends a special character to the entire area and will be rebuilt into unique residences with a mix of modern and exclusive turn-of-the-century character. Responsible architect is Megaron Arkitekter. Construction is under way and occupancy is planned for 2015.

FYRLOTSEN, LIDINGÖ

Fyrlotse is the other part of the collection of properties that ALM Equity acquired in Larsberg towards the end of 2010. Like the competed project Lidingöfyren, Fyrlotse will, after conversion and renovation, offer well-planned small flats. Construction is underway with planned occupancy in 2015.

ELFVIK STRAND, LIDINGÖ*

In scenic Elfvik on Lidingö ALM Equity is developing conference centre facility Skogshem & Wijk – designed by Anders Tengbom – together with the owner of the hotel and conference centre operation. Wingårds Arkitekter is creating modern hotel bungalows in the austere spirit of the existing buildings.

*DURING 2015 THE EXISTING BUILDINGS WERE LEASED TO AN EXTERNAL PARTY.
VAKSALA PANORAMA, UPPSALA

With a mile-wide panorama view over the existing buildings and Kvarngallerian at Vaksala Torg ALM Equity will be building unique penthouses. Construction will be in stages with the first occupancy in 2016. Responsible architect is Werket arkitektur.

Property name: Kvarngårdet 35
Location: Uppsala
LOA/BOA: 5,000 m²
Number of homes: 70
Ownership stake: 25%
Micro position: M4
Risk level: R4

KVARNENHÖRNET, UPPSALA

In order to create some unity in this city block, and to help succeed with the Kvarngallerian project, ALM Equity made a complementary purchase of the neighbouring property Kvarngården 35:3 in 2012. The property will constitute an important element of the development of the city block, with attractive shops, offices and homes. The property will consist of a characteristic building from the late 19th Century, mainly consisting of homes, but there are also some offices and retail space. The total rentable area is 1,810 sqm.

Property name: Kvarngårdet 35:3
Location: Uppsala
LOA/BOA: 790 m²
Number of homes: 10
Ownership stake: 25%
Micro position: M4
Risk level: R4
In the middle of central Enköping lies the city block of Fältskären, currently serving as a parking lot, the so-called Pausparkeringen. The Municipality of Enköping in 2010 named a development company, half owned by ALM Equity and half by Andersson Company, as winner of a land allocation contest for the block. The municipality and the development company have together drawn up a new detailed zoning plan for the property, to contain housing, commercial space and a garage. The vision is to concentrate the town centre and to design a block that contributes to a lively urban environment.

Property name: Kvarteret Fältskären
Location: Enköping
Development right: 6,329 m²
Number of homes: 131
Ownership stake: 50%
Micro position: M4
Risk level: R3
On a unique property with an unbeatable seaside location and interesting history, ALM Equity and Björn Ulvaeus will be creating the vision Meeting Place Slottsholmen. A full-of-life location with exclusive flats of varying size with unobstructed view in all directions, generous balconies and terraces, designed furniture packages, your own boat berth, and different forms of service. Responsible architect is SandellSandberg.

**Property name:** Slottsholmen 1 i Västervik  
**Location:** Västervik  
**Development right:** 4,558 m²  
**Number of homes:** 80  
**Ownership stake:** 30 %  
**Micro position:** M1  
**Risk level:** R3

> "When the audience flocks to or from the ruin, when the boat people wander towards town, and when the Kullbacka visitors walk by on the sea-front, there is the tired old house at Slottsholmen, empty and abandoned. Everything is behind it. It’s as if the place is waiting for something, for someone. Here, where people should get together, they walk past without stopping."  

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**Björn Ulvaeus**
BJÄRETERRASSEN 2, TOREKOV

ALM Equity is developing Bjäreterrassen together with the well-known Torekov architect and designer Stephan Gip. Modern holiday living with characteristic Skåne village feeling – stuccoed houses with steep roof angles and clay brick. Without compromise when it comes to aesthetics, offering and convenience. Each residence includes a well-planned and easy-to-maintain plot. Bjäreterrassen is divided into four stages. The first stage was completed in 2013.

<table>
<thead>
<tr>
<th>Property name:</th>
<th>Varan 9:2</th>
<th>Location:</th>
<th>Båstad</th>
<th>Development right:</th>
<th>5,040 m²</th>
<th>Number of homes:</th>
<th>56</th>
<th>Ownership stake:</th>
<th>50 %</th>
<th>Micro position:</th>
<th>M1</th>
<th>Risk level:</th>
<th>R4</th>
</tr>
</thead>
</table>

GULDKAGGEN, GOTLAND

In the former Wärdhuset Guldkaggen – a seaport warehouse from the 17th Century at the port of Burgsvik in south Gotland – ALM Equity will develop care-free, leisure-time living in direct proximity to the sea. The detail plan approved allows ALM Equity to construct 15 leisure-time residences in the present main building, ten seaside cottages and two terrace houses. ALM Equity has parcelled out the property into three parts, which has increased the project’s flexibility.

<table>
<thead>
<tr>
<th>Property name:</th>
<th>Öja Bobbenarve 1:79 m.fl.</th>
<th>Location:</th>
<th>Gotland</th>
<th>Development right:</th>
<th>1,127 m²</th>
<th>Number of homes:</th>
<th>24</th>
<th>Ownership stake:</th>
<th>80 %</th>
<th>Micro position:</th>
<th>M1</th>
<th>Risk level:</th>
<th>R3</th>
</tr>
</thead>
</table>

OAXEN KALKSILO 1 & 2, STOCKHOLM’S ARCHIPELAGO

On the island of Oaxen in Stockholm’s southern archipelago ALM Equity, together with Andersson & Co, intends to create unique a unique living concept in six lime silo structures with an industrial touch and a spectacular location next to the water. The residences will be designed taking great care to preserve the area’s architecture and environment. The project is divided into three phases of construction, with three silos at a time.

<table>
<thead>
<tr>
<th>Property name:</th>
<th>Oaxen 1:44 m.fl.</th>
<th>Location:</th>
<th>Södertälje</th>
<th>Development right:</th>
<th>2,730 m²</th>
<th>Number of homes:</th>
<th>56</th>
<th>Ownership stake:</th>
<th>70 %</th>
<th>Micro position:</th>
<th>M1</th>
<th>Risk level:</th>
<th>R4</th>
</tr>
</thead>
</table>

SJÖVILLAN 5

15 planned houses offer exclusive and unique living next to the sea, with a fantastic view overlooking Himmerfjärden. The Aros Arkitekter firm has created a modern industrial design with iron-vitriol covered wooden paneling and barren outdoor space without lawns, in keeping with the character of the surroundings. The seaside lots will have water rights.

<table>
<thead>
<tr>
<th>Property name:</th>
<th>Oaxen 1:41, 1:53–56</th>
<th>Location:</th>
<th>Södertälje</th>
<th>Development right:</th>
<th>1,800 m²</th>
<th>Number of homes:</th>
<th>15</th>
<th>Ownership stake:</th>
<th>100 %</th>
<th>Micro position:</th>
<th>M1</th>
<th>Risk level:</th>
<th>R4</th>
</tr>
</thead>
</table>

OAXEN SKÄRGÄRDSHAMN, STOCKHOLM’S ARCHIPELAGO

In addition to the lime silos at Oaxen, ALM Equity is creating unique and luxurious seaside living space next to the shoreline. ALM Equity has been seeking an amendment to the zoning plan for the former lime works on the island, and this has resulted in 25 buildable lots, 21 of which are seaside lots and four in close proximity to the shoreline. Construction will take place in stages. Already before, ALM Equity has built Kalk Palais on the property.

The project includes five residential projects:

- **KALKATELJÉN**: Three sea-side lots with studio-inspired residences.
- **KALKMAGASINET**: Modern terrace houses next to an existing sweet-water dam.
- **KALKLABORATORIET**: Residences in the existing lime laboratory in the area.

<table>
<thead>
<tr>
<th>Property name:</th>
<th>Oaxen 1:41</th>
<th>Location:</th>
<th>Södertälje</th>
<th>Development right:</th>
<th>1,800 m²</th>
<th>Number of homes:</th>
<th>15</th>
<th>Ownership stake:</th>
<th>70 %</th>
<th>Micro position:</th>
<th>M1</th>
<th>Risk level:</th>
<th>R4</th>
</tr>
</thead>
</table>

SJÖVILLAN 7

Seven lake-front lots with unique seaside villas.
PLAN PROJECTS
Development right is expressed in saleable housing and other premises area above ground.

JAKOB MINDE, STOCKHOLM*
At Jakobstorg, right next to the Opera House, ALM Equity has acquired a beautiful office property from AMF Fastigheter. The parties will together promote a detailed planning process to allow conversion to exciting city dwelling at one of Stockholm’s best locations. The building was originally designed by architect Adolf Melander and was built in the late 19th Century.

Property name: Jakob Mindre 5
Location: Stockholm
Development right: 2,500 m²
Number of homes: 30
Ownership stake: 100%
Micro position: M1
Risk level: R2

*Possession will be taken once the detailed zoning plan has gained legal force.

LILLA TELLUS, TELEFONPLAN*
In the classic industrial environment at Telefonplan a new many-faceted part of town is emerging in one of Stockholm’s most creative areas. ALM Equity’s vision is to develop 1,120 homes with smart planning solutions in different sizes to attract first-time buyers as well as young adults and families with children. The City Planning Administration and White arkitekter is together drawing up a new detailed zoning plan for the old office and industrial area. The aim is to give the area new life and to create a lively area for a target group that wants to promote new thinking and who want to be part of their housing and local environment. An innovative part of town, where there is also room for residents as well as visitors in the form of social services, cultural activities, stores, restaurants, hotels and, not least, every-day meeting places along with walking- and bicycle-friendly trail that unites the entire part of town. The plan is expected to gain legal force during 2016, followed by start of construction.

Property name: Timotejen 28 mfl
Location: Stockholm
Development right: 46,525 m²
Number of homes: 1,120
Ownership stake: 56.3%
Micro position: M3
Risk level: R2

*Possession will be taken once the detailed zoning plan has gained legal force.
THE BRICK - TELEFONPLAN*

Telecoms company Ericsson has gradually moved out of neighbouring project Lilla Tellus and the large office building is considered to be obsolete as office building. Here ALM Equity in 2016 will create about 350 two-room flats in the existing office building and will also build an adjoining property with some 250 studio flats. The detailed zoning plan is expected to gain legal force, followed by start of construction.

Property name: Del av Timotejen 19
Location: Telefonplan, Stockholm
Development right: 26,000 m²
Number of homes: 600
Ownership stake: 50%
Micro position: M3
Risk level: 2.2

*Possession will be taken once the detailed zoning plan has gained legal force.
ALM Equity has obtained land allocation from the City of Stockholm for housing in Aspudden. A detailed zoning plan for approximately 310 homes will be sought for the Lådöholmen 1:1 and the Skärsliparen 2 properties to create an entryway to Midsommarkransen, thereby extending Aspudden and moving its entryway closer to the city proper. ALM Equity’s share is estimated to be 130 homes. The detailed zoning plan is expected to gain legal force in 2018.

<table>
<thead>
<tr>
<th>Property name:</th>
<th>Skärsliparen 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location:</td>
<td>Stockholm</td>
</tr>
<tr>
<td>Development right:</td>
<td>9,100 m²</td>
</tr>
<tr>
<td>Number of homes:</td>
<td>130</td>
</tr>
<tr>
<td>Ownership stake:</td>
<td>100%</td>
</tr>
<tr>
<td>Micro position:</td>
<td>M4</td>
</tr>
<tr>
<td>Risk level:</td>
<td>R4</td>
</tr>
</tbody>
</table>

Archimedes, Bromma*

In Bromma ALM Equity is developing the Archimedes 1 property by having the detailed zoning plan amended together with the City of Stockholm and Brostaden. The property is located in the Ulvsunda area, located between Bromma Blocks and Bällstaviken. It consists of three separate buildings. Two of the buildings were built in the beginning of the 20th Century and are intended for industry/warehouse and the third building was built in 1979 and is used for offices. The rentable space is 18,000 sqm. The objective is to change usage from office and industry to a housing block with some 600 to 650 homes totalling approximately 25,000 sqm. Responsible architect is BSK Arkitekter.

<table>
<thead>
<tr>
<th>Property name:</th>
<th>Archimedes 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location:</td>
<td>Bromma, Stockholm</td>
</tr>
<tr>
<td>Development right:</td>
<td>25,000 m²</td>
</tr>
<tr>
<td>Number of homes:</td>
<td>625</td>
</tr>
<tr>
<td>Ownership stake:</td>
<td>100%</td>
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<tr>
<td>Micro position:</td>
<td>M3</td>
</tr>
<tr>
<td>Risk level:</td>
<td>R3</td>
</tr>
</tbody>
</table>

*Possession will be taken once the detailed zoning plan has gained legal force.
HÖGANTORP, SALEM/SÖDERTÄLJE

Via SMF, ALM Equity acquired Högantorps gård in 2012 with south-western exposure to Lake Mälaren. The environment at Högantorp and its old manor-house consists of beautiful cultural landscape. The remaining buildings are from the 19th Century. The surrounding land consists mainly of good-quality forest land. The goal is to develop parts of the property through a changed detailed zoning plan. Aside from creating lots for single-family homes in a beautiful country setting, the ambition is to seek development rights for the main building and its wings at Högantorps gård

Property name: Högantorp 3:8 m.fl.
Location: Salem/Södertälje
Markareal: 350 ha
Development right: 30,000 m²
Number of homes: 250
Ownership stake: 16.5% via SMF
Micro position: M4
Risk level: R5

STADSFJÄLLET, UDDEVALLA

An acquisition made by ALM Equity in 2007 included a large parcel of land of 74,937 square metres outside Uddevalla. The area is outside the zoned area and consists of forest land and lots for locating smaller buildings. Future use of the area is for light industry or housing. The planning work is suspended for the moment.

Property name: Stadsfjälet 1:77
Location: Uddevalla
Markareal: 7,5 ha
Ownership stake: 64%
Micro position: M4
Risk level: R5

EKTORP, ÖSTERÅKER

Via SMF, ALM Equity has acquired properties Ektorp 2:1 in Skärgårdshuvud in the Municipality of Österåker. The tract is about 35 kilometres north-east of Stockholm City, close to nature and the archipelago. The detailed zoning work will be performed in two stages, the first of which has been started.

Property name: Ektorp 2:1 m.fl.
Location: Österåker, Stockholm
Markareal: 83 ha
Development right: 42,000 m²
Number of homes: 350
Ownership stake: 41.24% via SMF
Micro position: M4
Risk level: R4

SICKLA ALLÉ, NACKA

During 2012 ALM Equity acquired a management property in Nacka. The good location from a communications viewpoint, adjacent to the Järla Sjö station of Saltsjöbanan, makes the central parts of Nacka and Stockholm accessible in a matter of minutes. The property contains a fully rented office building. There is great demand for space-efficient flats for young adults in the area and ALM Equity is hoping to create a development right allowing both residential and office space under a new detailed zoning plan.

Property name: Sicklásn 361:1
Location: Nacka
Development right: 19,000 m²
Number of homes: 138
Ownership stake: 47.5%
Micro position: M3
Risk level: R4

KISTA SQUARE GARDEN, KISTA*

Next to Kista Galleria ALM Equity has acquired an office property with the intention of promoting a detailed zoning plan involving conversion of the building to about 750 homes with commerce and offices on the ground floor. The building was originally constructed in 1985 and was designed by Ahrom Fahlsten. The area is undergoing major change where the existing office environment is being partially replaced by homes and service.

Property name: Skaholt 1
Location: Kista, Stockholm
Development right: 44,000 m²
Number of homes: 750
Ownership stake: 100%
Micro position: M4
Risk level: R4

*Possession will be taken once the detailed zoning plan has gained legal force.

Property name: Sicklásn 361:1
Location: Nacka
Development right: 19,000 m²
Number of homes: 138
Ownership stake: 47.5%
Micro position: M3
Risk level: R4

Property name: Ektorp 2:1 m.fl.
Location: Österåker, Stockholm
Markareal: 83 ha
Development right: 42,000 m²
Number of homes: 350
Ownership stake: 41.24% via SMF
Micro position: M4
Risk level: R4

Property name: Stadsfjälet 1:77
Location: Uddevalla
Markareal: 7,5 ha
Ownership stake: 64%
Micro position: M4
Risk level: R5

Property name: Sicklásn 361:1
Location: Nacka
Development right: 19,000 m²
Number of homes: 138
Ownership stake: 47.5%
Micro position: M3
Risk level: R4

*Possession will be taken once the detailed zoning plan has gained legal force.
Project Properties

Sickla, Nacka

During 2012 ALM Equity acquired a management property at Sickalön in Nacka. The good location from a communications viewpoint, adjacent to the Järla Sjö station of Saltsjöbanan, makes the central parts of Nacka and Stockholm accessible in a matter of minutes. The property contains an office building rented to specialist dental clinic. There is great demand for space-efficient flats for young adults in the area and ALM Equity intends to create a development right allowing both residential and office space under a new detailed zoning plan.

Property name: Sicklaön 361:1
Location: Nacka
LOA: 1,435 m²
Ownership stake: 47.5%
Micro position: M3
Risk level: R4

Kvarnenhörnet, Uppsala

During 2012 ALM Equity and Andersson Company acquired the Kvarngärdet 35:3 property, next to Kvarnengallerian. The acquisition is supplementary to Kvarnengallerian, which the parties have owned since July 2011. The property will be an important part of the development of the area, with attractive shops, offices and homes. The property consists of a characteristic building from the late 19th Century, mostly residential, but there are also some offices and shops. The total rentable space is 1,810 sqm.

Property name: Kvarngärdet 35:3
Location: Uppsala
LOA/BOA: 1,810 m²
Number of homes: 5
Ownership stake: 25%
Micro position: M4
Risk level: R4

Kvarnengallerian, Uppsala

Together with Andersson Company, ALM Equity is in the process of modernising and developing Kvarnengallerian near Vaksala Torg and the concert hall in Uppsala. The ambition is to develop the galleria into a meeting place that offers a comprehensive range of good quality fast-moving consumer goods stores for those who live and work in the immediate area. The property consists of six residential buildings on top of a common galleria on the ground level. The original buildings are from the 1920s and the remaining buildings were added in 1984. Total rentable space is about 16,500 sqm, of which shops, restaurants and other premises occupy 5,600 sqm and the existing residential space approximately 11,000 sqm, consisting of 160 flats.

Property name: Kvarngärdet 35
Location: Uppsala
LOA/BOA: 16,535 m²
Number of homes: 160
Ownership stake: 25%
Micro position: M4
COMPLETED PROJECTS

BOHUSBRYGGAN, ORUST
In 2006 ALM Equity rebuilt the apartment hotel at Ellis Brygga on the island of Orust, creating 23 tenant-owner’s rights flats. Dream seaside living at a very attractive location by the sea in the charming resort village of Ellis with its fantastic archipelago. Each residence has a patio and a private boat berth directly outside the door. The property was completed in May 2007.

KALK PALAIS, OAXEN, STOCKHOLM ARCHIPELAGO
By the sea on the island of Oaxen in Stockholm’s southern archipelago, ALM Equity completed ten split level tenant owner’s right terrace houses during June 2007. A unique and luxurious living concept where each flat has a balcony and a plot with patio. The project constitutes the first phase of ALM Equity’s project Oaxen Skärgårds hamn.

REPET, VISBY
Inside Visby’s ring-wall, ALM Equity bought an older stone house, which was converted into six residences and a common area. The project was completed in August 2007.

STADSHOTELLET, ENKÖPING
At Stora Torget in Enköping, ALM Equity has converted the new principal hotel in town into 20 modern tenant-owner’s rights flats and other premises. The project was completed in September 2007.

SJÖHJÄLTTEN 2, SOLLENTUNA
ALM Equity acquired the Sjöhjälten 2 property in Sollentuna in 2006 for the purpose of developing and managing the property. When the property was sold the occupancy rate was 94 percent and total rental revenue amounted to MSEK 4.5 annually. The project was completed in September 2007.

KÖRGÖSSEN, FRUÄNGEN
On Ellen Keys gata in Fruängen south of Stockholm, ALM Equity has built a five-storey building with 47 smaller flats with balconies and patios. The property is centrally located at Fruängen Centrum. The project was completed in June 2008.

PENSELDRAGET, MIDSSOMMARKRANSEN
In the middle of the lively Telefonplan part of town, ALM Equity has built 14 new-production, high quality flats with exciting design and planning. The building was designed by Lönroth Arkitektur and is located in the middle of an area with functional style buildings protected as historically important. Since most of the buildings in the area contained small flats, we chose to build three- and four-room flats. The project was completed in December 2008.

VALLA SJÖGLÄNTA, TJÖRN
Valla Sölglänta, a former school, on the island of Tjörn on the west coast of Sweden, was acquired together with a local partner during autumn 2006. The property is rural and offers idyllic living with good communications to schools, stores, trade and industry. The property was converted to attractive terrace houses and flats with a balcony or its own patio. The project was completed in 2008.

TRÄGDÄRSTERASSEN, SEGELTORP
In Segeltorp, with surrounding old single-family home buildings and neighbouring Zetas Trädgård, ALM Equity has created a building right totalling about 720 sqm together with Bergkranz Arkitekter. There are six flats in an existing building and two new terrace houses. The development right was sold to a private builder in 2008.

UTSIKTEN, NORRTÄLJE
At the very centre of Norrtälje, just two city blocks from the harbour, ALM Equity has developed a property with a demolition permit for the existing building and a building permit for a residential building containing 43 flats designed by Bergkranz Arkitekter. In May 2009 ALM Equity the project was sold to a local privately owned construction and real estate company.

SMÖGENBADEN, SOTENÄS
Way out on the cliffs of the island of Smögen in the Bohuslän archipelago, ALM Equity has built an exclusive housing project with a total of 26 flats. Abako arkitekter designed the project, which was nominated for the 2009 architecture prize of the Municipality of Sotenäs. The project was completed in September 2009.

FLYGPLANSFABRIKEN & COBRAN, TELEFONPLAN
Flygplansfabriken, which was part of the purchase of Tvållåganan 11, is a four-storey industrial building from 1935 with a light, stuccoed façade. The building was sold in 2010. Cobran consists of an industrial building where the detailed zoning plan allows building rights for housing. The building right was sold to a smaller real estate development company in the beginning of 2010.
Seaside is aimed at residents who appreciate the modern, convenient and close-to-nature archipelago lifestyle, a mere 20 minutes from downtown Stockholm. A total of 32 semidetached houses designed by Tengbom arkitekter. The project also includes a private beach and lake-front cottages with a wood-fired sauna. The project was completed in 2011.

Insteget, Telefonplan.

At Telefonplan, just outside the inner city boundaries, ALM Equity has built 255 dwellings suited for young adults and 12 other premises. ALM Equity acquired the property in 2009. The ambition with Insteget was to create good homes with smart planning, balconies and personal design concepts. In addition to dwellings, the property is comprised of premises for a gym and other premises. Construction on the project was started in 2010 and was completed in 2012.

Kyrkklockan, Eskilstuna.

Kyrkklockan in Eskilstuna, is a project consisting of 24 modern flats in an existing office building. The house was originally designed by architect Per-Gösta Ericsson and was completed in 1967. The exterior of the house has a new look as the façade has been slurried brick and was completed in 1967. The exterior of the house was originally designed by architect Per-Gösta Ericsson and was completed in 1967. The exterior of the house has a new look as the façade has been slurried brick and was completed in 1967. The project was completed in 2011.

Lidingöfyrén, Lidingö.

Lidingöfyrén is a part of the housing in Lidingö that ALM Equity acquired from John Mattson Fastighets AB at the end of 2010. After the acquisition the property was parcelled out into two parts, Lidingöfyrén and Frylötsten. Lidingöfyrén consists of 109 flats, most of which offer a large balcony with south-western exposure towards the property’s yard. The concept consists of well-planned flats with modern design lines. The project was completed in 2012.

Bjäreterrassen 1, Torekov.

Together with the well-known Torekov architect Stephan Gip, ALM Equity has built the first 18 houses in project Bjäreterrassen. Modern leisure-time living with a characteristic Skåne village feeling – stuccoed houses with steep roof angles and clay brick and well-planned and easy-to-care-for garden. Bjäreterrassen 1 was completed in 2013.

Östra Kråkhagen 4, Uddevalla.

The Ostra Kråkhagen 4 property in central Uddevalla was sold in 2013 to a tenant-owners’ society. The property consists of a classic brick building with a total of 13 residential flats, most of which are large parade residences. The property was vacated in June 2013.

Stake 5, Uddevalla.

The Stake 5 property is a building characteristic of the early 1960s period. The building is located in central Uddevalla and contains 12 residential flats and two commercial spaces. The property was vacated in the spring of 2015.

Stadsterrasser 1 & 2, Enköping.

In central Enköping ALM Equity has built a modern housing block with 100 flats equipped with balconies, patios and terraces. Responsible architects were Megaron Arkitektur and BA Byggkonsult. The project was divided into two phases with completion during spring 2013 and 2015.

Seaside Värmö, Mörtnäs.

Seaside Värmö was completed in 2012.

Stake 5, Uddevalla.

The Stake 5 property is a building characteristic of the early 1960s period. The building is located in central Uddevalla and contains 12 residential flats and two commercial spaces. The property was vacated in the spring of 2015.

Nihilästen, Eskilstuna.

During 2008 ALM Equity implemented a separation of the residential part from the office part of Nihilästen 8, now Kyrkklockan. Nihilästen 11 now contains a property with only rental flats – 16 in number of 70-90 sqm each. During the autumn of 2014 the Nihilästen rental property was sold to a local real estate company. The property is neighbouring project to Kyrkklockan. The property was vacated in the autumn of 2014.
ALM Equity is constantly subjected to all kinds of risks that may affect the Company’s future business, earnings and financial position.

Transaction-related Risks

ALM Equity makes a number of acquisitions and divestments every year. That is part of the Company’s ongoing business and by its nature involves some uncertainty, on the part of both the buyer and the seller.

In-depth examination of existing documentation and analysis of the legal process are required elements of the acquisition process. The veracity and completeness of all documentation is critically important and must be investigated and confirmed. Environmental conditions and technical shortcomings are other risks, and when acquiring real estate companies there are the added risks of tax issues and legal disputes. It is therefore critically important that the right competence is available in the organisation and that external competence is engaged when required. At ALM Equity, we feel that adequate competence exists to make acquisitions and to integrate such acquisitions into the business. When properties are sold, it is normal for the seller to provide certain guarantees with respect to the validity of contracts, environmental risks, etc. When selling property companies, it is also normal practice to guarantee that no tax disputes or other legal disputes exist that may become a future burden for the company. Such guarantees are typically limited as to time. It is important for such guarantees to be correctly worded; in the opinion of ALM Equity, the Company possesses adequate competence to judge and word such guarantees.

Counterparty Credit Risk in Transactions

ALM Equity’s primary counterparty risk lies mainly in suppliers and partners proving to be unable to fulfil their obligations or payments as agreed. The counterparty risk is evaluated in every purchase transaction and agreements are complemented as needed with security or collateral in the form of guarantees, insurance, sureties, pledges, parent-company guarantees, or similar.

ALM Equity continually monitors and evaluates the financial position of its counterparties.

Change in Value of the Project Portfolio

ALM Equity is exposed to changes in the market, which in turn affect the market value of the project portfolio. In order to evaluate the market value of its properties, ALM Equity uses internal project appraisal processes that capture the value of the end product relative to acquisition cost and costs of adjustments over time, as well as external market valuations.

Financing

ALM Equity’s financing consists primarily of equity, and interest-bearing and non-interest-bearing liabilities. The interest-bearing and non-interest-bearing liabilities are held directly by the Group’s property-owning subsidiaries and associated companies. Counterparties are Swedish commercial banks, customers, and private investors. In some cases, the loan agreements contain covenants stipulating special undertakings, such as maintenance of Loan-to-Value (LTV). This means that the lender has the right to immediate repayment of credits granted, or to impose a change in terms, in the event that obligations are not met by the borrower.
To a large extent, ALM Equity has been able to have covenants eliminate in its financing agreements and the Company is in compliance with all agreed-upon financial obligations. In all project financing the lenders have a right to receive repayment before the Parent Company receives repayment – so-called subordination agreements.

**LIQUIDITY RISK**
ALM Equity has a positive cash flow from operating activities and the need for financing for 2015 has been satisfied. ALM Equity strives to have large portion as possible of short-term interest-bearing financing, falling due upon completion of projects. All financing is normally earmarked for a certain purpose and is not available until the project is launched. The Company is given financing limits for its construction projects, so new borrowing increases gradually over a project cycle, whenupon the loans are repaid when the project is completed. ALM Equity also strives to finance fully its projects over a project cycle before the project starts. This way of operating is deemed to effectively minimise the Company’s liquidity risk. For added security, ALM Equity has liquidity in the Parent Company to protect the projects in case of needs for liquidity infusions.

**INTEREST RATE RISK**
Interest expense is one of the Company’s largest cost items. Interest risk is attributable to the development of current interest rate levels and changes that affect ALM Equity’s financing costs. In order to limit the interest rate risk in the projects, defined as the risk for profit and cash flow effects because of changes in market interest rates, and to augment the predictability of our residential projects, ALM Equity uses different forms of interest rate derivatives.

ALM Equity always finances its projects with variable-interest-rate loans over a project cycle. In an effort to reduce the interest risk in the form of commitments to buyers of projects, derivative contracts are always entered into in the form of interest rate swaps and forward rate agreements (FRA).

**CHANGE IN VALUE OF FINANCIAL DERIVATIVES**
The financial derivatives used to hedge projects are typically FRA:s and swaps, carried at cost in the balance sheet. The FRAs and swaps are linked to individual projects and are moved with the projects when they are sold.

**OPERATIONAL RISKS**
ALM Equity’s business is project-related. Each project is unique in terms of size, design, environment and financing. Careful analysis and risk planning in each individual case is therefore of the essence. For acquisitions ALM Equity always obtains legal advice and tax expertise. When acquiring existing buildings, technical expertise is engaged for any required technical surveys and the need for environmental examination is evaluated.

ALM Equity creates a concept for each project. There is the risk that the concepts developed for the projects are based on erroneous price assumptions, or that the concept is not to the taste of the market. These risks are minimized by good market analysis, surveys via brokers and real estate agents, etc.

**INTEREST RATE RISK**
ALM Equity has only a small core organisation and therefore outsources many external services. The operational risk in managing the projects may, for instance, involve the choice of real estate agent, consultants, architect, etc. Since selling usually is based on renderings, great demands are placed on the skill and competence of real estate agents. In a recession, it is likely that this type of residential selling will be hit harder than the selling of move-in ready housing for immediate delivery.

The choice of architect/project manager is also a critical factor in the projects, as is the form of construction contract and construction contractor. Deficient project management and bad sourcing documentation can lead to increased costs for alterations and additional work. Rising materials prices may also render projects more expensive to a varying degree depending on construction contract form.

Construction is normally not started until 75 percent of residences have been rented, sold or guaranteed. ALM Equity guarantees unsold residences – that is acquires them and holds them as management inventory, guaranteeing the payment of fees, etc. The selling and rental rate is in covariance with the margin on each project. Typically, the risk in the investment is minimized in practice when sales have reached a certain set level. Since the Company usually has several projects in progress at the same time, the Board of Directors makes an aggregated assessment of all projects in progress. Construction on some projects may thus start before the 75-percent level is reached on the condition that the Company’s total guarantee responsibility is lower than 75 percent. As of 31 December 2014, 84 percent (93 percent) of residential projects in progress were sold. At year-end ALM Equity guaranteed the purchase of homes for a total of SEK 70.0 (40.0) million. The guarantee refers to any unsold homes at the time the project is ready for occupancy.

ALM Equity tries to manage all aforementioned risks proactively. Regarding the risk of obsolete project concepts, concept ideas are always tested with real estate agents and others who work close to the market. Within the framework of its existing operations, ALM Equity may be subjected to losses in its operating activities due to deficient routines, a lack of control and fraud. Efficient administrative systems, good internal control, competence development, and access to reliable valuation and risk models are a sound basis for reducing operational risks. ALM Equity is constantly working to improve its security and control.

**ORGANISATIONAL RISK**
The Company has a relatively small organisation, which means dependence on individuals and associates. ALM Equity’s future development is highly dependent on the skill, experience and engagement of management and other key associates. The Company could be negatively affected if one or more of these key individuals were to leave their employment. ALM Equity has entered into employment contracts with associates on terms and conditions deemed to be in tune with the market. A growing number of employees have contributed to reducing this risk in recent years.

**ENVIRONMENTAL RISK**
According to the environmental legislation, the basic premise for responsibility for pollution and other environmental damage is that the responsibility lies with the practitioner. ALM Equity conducts no business requiring a special permit under environmental legislation. However, there may be, or may have been, tenants conducting activities requiring such permit.

If the practitioner is unable to perform or pay for after-treatment of the property, it is the responsibility of the acquirer who knew or should have known of any deficiency to perform clean-up. This means that under certain circumstances ALM Equity may become responsible for remedial action on land, water areas or ground water. Such demands may have a negative effect on ALM Equity.

At present, no significant environmental claims have been made against ALM Equity or any of the Group companies, nor has ALM Equity identified any significant environmental risks. In connection with conversions, major renovations, demolitions, etc. environmental studies are always performed to ensure that any hazardous waste, such as asbestos, PCB, mercury, tar adhesive, etc. is handled in the best possible way. Costs for this are estimated in connection with acquisitions based on prior experience with similar buildings and projects and are included in the project cost estimates.

**TAXES AND CHANGES IN LEGISLATION**
ALM Equity has accumulated tax loss carryforwards. Ownership changes involving a change in controlling influence may give rise to limitations, wholly or partially, in the ability to utilise these carryforwards. The possibility of utilising the tax loss carryforwards may also be affected by changes in legislation. The Company pays real estate taxes on all its properties. Changes in legislation or legal usage, for instance with respect to rental, acquisition and environmental legislation, may also have negative consequences for the Company.
CONTROL ACTIVITIES
Risks identified in the financial reporting are handled via the Company’s control structures and result in a number of control activities. These control activities are aimed at preventing, discovering and correcting errors and deviations and include, for example, analytical follow-up at several levels in the organization. Risk management is built into the Company’s processes and different methods are used to assess and limit known and unknown risks. The Board of Directors approves the financial reporting of business transactions, power-of-attorney and authority structures, corporate signatory rules, joint group definitions, templates, reporting tools, and accounting and valuation policies. The Board of Directors also issues guidelines and instructions for financial reporting, and all these guidelines are available to all staff members. Risk management is conducted in a number of control activities. These control activities include risk identification, assessment, prevention and control, and include, for example, the process of defining risks, reporting risks, and updating risk management documentation. These activities are conducted on a quarterly basis by the various functions of the organization, as well as corporate management, and include risk identification, assessment, prevention and control. The process of defining risks, reporting risks and updating risk management documentation are conducted on a quarterly basis by the various functions of the organization, as well as corporate management. The process of defining risks, reporting risks and updating risk management documentation are conducted on a quarterly basis by the various functions of the organization, as well as corporate management. The process of defining risks, reporting risks and updating risk management documentation are conducted on a quarterly basis by the various functions of the organization, as well as corporate management. The process of defining risks, reporting risks and updating risk management documentation are conducted on a quarterly basis by the various functions of the organization, as well as corporate management.

INFORMATION AND COMMUNICATION
The purpose of ALM Equity’s information and communication policy is to ensure effective and correct reporting. The Company’s insider policy and financial policy also deal with information and communication regarding the financial reporting. Policies and guidelines regarding the financial reporting, and updates and amendments, are made available and known to affected personnel. The Board of Directors receives additional information about risk management, internal control and financial reporting from the auditors via information at Board of Directors meetings with the auditors present.

GOVERNANCE AND FOLLOW-UP
Ongoing follow-up of results is performed at several levels in the Company, both at project level and a consolidated level. Follow-up is done against budget and forecasts. Results are analysed by the project department as well as by the financial department. Reporting is done to the President and the Board of Directors. The Company’s auditors must report directly to the Board of Directors as instructed by the Annual General Meeting. The auditors must report their findings from the audit and their assessment of the internal control. These observations are then reported to the Board of Directors at the next-following Board of Directors meeting. The Board of Directors takes minutes of these reports and then follows up the minutes at a later meeting.

NEED FOR INTERNAL AUDITING
ALM Equity has a relatively small organisation where financial, accounting, as well as rental administration are handled by the Company’s offices in Stockholm. Follow-up of earnings and balance sheet items is performed on a quarterly basis by the various functions as well as by corporate management. All in all this means that it cannot be deemed warranted to have a separate unit for internal auditing.

ANNUAL GENERAL MEETING
The General Meeting of Shareholders is the Company’s highest decision-making body. At General Meetings of Shareholders, all shareholders have an opportunity of exercising the influence over the Company their respective shareholding represents. The meeting was held on 22 May 2014, in Stockholm. Among the resolutions passed at the Meeting were the following:

• A dividend of SEK 8.40 per preferred share to be paid quarterly.
• A bonus issue by which the Company issues 1,000,000 preferred shares.
• A dividend of SEK 4.00 per preferred share to be paid quarterly.
• A bonus issue by which the Company issues 1,000,000 preferred shares.
• A dividend of SEK 8.40 per preferred share to be paid quarterly.
• Fulfil the assignment of reporter, and in that context make well-founded proposals for decisions. When deemed appropriate, the President may delegate the assignment of reporter in individual items on the agenda to another person subordinate to the President.

• Ensure that the Board of Directors continuously is furnished with the information needed to monitor the Company’s financial position, liquid position and development, and in other respects fulfill all reporting obligations regarding financial circumstances in accordance with the provisions of the instruction regarding financial reporting to the Board of Directors.

• Be responsible for proper documentation of obligations, agreements or other legal acts entered into by the Company in a way that does not conflict with Swedish or foreign binding provisions, including competition rules within EU and similar bodies of regulations.

• Monitor compliance with goals, policies and strategic plans for the Company adopted by the Board of Directors and ensure that such goals, policies and plans are referred to the Board of Directors for updating or review.

OPERATIONAL GOVERNANCE

According to its investment strategy, ALM Equity intends to continue growing by acquiring properties and by investing in existing properties. The Company invests in properties that fulfil the Group’s requirements and plans are referred to the Board of Directors and ensure that such goals, policies and plans are referred to the Board of Directors for updating or review.

The following were appointed as members of the Nomination Committee:

Johan Unger and Joakim Alm have special responsibility for matters of compensation and related issues.

The Nomination Committee shall hold its mandate until a new Nomination Committee has been appointed. No fees shall be paid to members of the Nomination Committee.

The Nomination Committee may within itself, and through temporary appointment of additional member/members, designate a for appointing auditor specially elected nomination committee. In the case of such designation, this must also be published in accordance with the provisions set forth above. In this way, all shareholders will be informed of which persons can be contacted in matters concerning nomination. A member shall vacate his or her membership of the Nomination Committee if the shareholder who has appointed such member is no longer one of the three largest shareholders, whereupon next shareholder in line in terms of ownership shall be offered to appoint a member. However, unless there are compelling reasons for a change of the composition of the Nomination Committee, there shall be no change in the composition of the Nomination Committee if only minor changes in voting power have occurred or if the change occurs later than two months before the Annual General Meeting. A shareholder who has appointed a representative to serve on the Nomination Committee shall have the right to dismiss such member and appoint a new representative to be a member of the Nomination Committee.

Duties of the Nomination Committee:

The Nomination Committee shall prepare and submit proposals to the Annual General Meeting for:

a) Election of Chair to lead the proceedings at the Meeting;

b) Election of directors and, as the case may be, any other special committee that the Annual General Meeting resolves to appoint;

c) Election of auditor and, as the case may be, deputy auditors;

d) Fees to directors, auditors and, as the case may be, to members of any other special committee that the Annual General Meeting resolves to appoint, and;

e) Any changes in the procedure for appointment of a nomination committee.

The Chair of the Board of Directors shall, in an appropriate manner, inform the Nomination Committee of the competence profile and methods of working of the Board of Directors. At the request of the Nomination Committee, the Company shall make available personnel resources as secretarial help to facilitate the work of the Nomination Committee. Where necessary, the Company shall also be responsible for reasonable expenses for external consultants deemed necessary by the Nomination Committee for the Nomination Committee to fulfil its assignment.

The following were appointed as members of the Nomination Committee for the period ending upon adjournment of the 2015 Annual General Meeting:

Johan Alm (Chairman), Gerard Versteegh, Johan Wachtmeister and Maria Wideroth.

Meetings:

The Nomination Committee shall convene when required to enable it to fulfil its assignment, but at least once annually. Notice of meeting shall be issued by the Chair of the Nomination Committee (except in the case of the first meeting which shall be convened by the Chair of the Board of Directors). Any member may demand that the Committee shall be convened. The Nomination Committee forms a quorum if not less than three members participate. However, issues may not be decided upon unless, as far as possible, all members have had an opportunity of participating when such is dealt with. The Nomination Committee’s decision shall be the opinion voted by more than half of the members present, or in the case of a split vote, the opinion seconded by the Chair of the Nomination Committee.

A report of the work of the Nomination Committee shall be published on the Company’s website well in advance of the regularly scheduled Annual General Meeting.

Amendment of these instructions: The Nomination Committee shall on an ongoing basis evaluate these instructions and the work of the Nomination Committee and propose amendments to these instructions that the Nomination Committee considers appropriate.

COMPANIES

No committees have been appointed within the Board of Directors, but there is a delegated distribution of responsibility in certain areas where the directors are responsible for issues where they possess expertise and about which they get assignments to prepare for Board of Directors meetings.

AUDITING ISSUES

Johan Unger and Joakim Alm have special responsibility for issues regarding auditing of the Company’s operations and related issues.

INVESTMENT ISSUES

Johan Wachtmeister and Gerard Versteegh have special responsibility for matters of investment and related issues.

COMPENSATION ISSUES

Maria Wideroth and Joakim Alm have special responsibility for matters of compensation and related issues.

AUDIT COMMITTEE

The Company has no special audit committee. Instead the entire Board of Directors constitutes an audit committee. Together, the Board of Directors shall function as an audit committee assigned to maintain and render more effective controls over the Company’s accounting and financial reporting policies and procedures. The Board of Directors held two meetings with the auditors during 2014 where minutes were taken. On the agenda for these meetings was the “auditors’ examination of the Company’s financial reporting and the Company’s internal control.”

The auditors shall audit the Company’s Annual Accounts and accounting records, and the management by the Board of Directors and the President. The auditors shall be present and submit their report at the meeting during which the decision is made by the Board of Directors to adopt the annual accounts for the preceding operating year. After each financial year the auditors shall submit an audit report to the Annual General Meeting. The 2014 Annual General Meeting chose authorised auditing firm Ernst & Young AB with Authorised Public Accountant Jonas Svensson as chief auditor together with Authorised Public Accountant Ingerman Rindseth for the period ending with the 2015 Annual General Meeting. Ingmar Rindseth has been chief auditor since 2007 and Jonas Svensson since 2014. The Company’s auditors were present at two Board of Directors Meetings in ALM Equity during 2014.
The Company shall deliver prompt, correct, relevant and reliable information to existing and potential shareholding and other investors. The Company publishes interim reports quarterly, and a year-end report for the full operating year. ALM Equity uses NASDAQ OMX First North and its own website to deliver information to the stock market promptly. Information about significant events is published in the form of separate press releases.

Trading

ALM Equity AB (publ) shares are traded on NASDAQ OMX First North since 8 June 2012.

Symbol, common share: ALM
Symbol, preferred shares: ALM PREP

Important Information about First North

First North is an alternative marketplace operated by the stock exchanges that are part of NASDAQ OMX. It does not have the same legal status as a regulated market. Companies listed on First North are governed by First North’s rules and not by the legal requirements of the stock market. Compliance with these guidelines is very important for maintaining the capital market’s and the public’s trust. All insiders must adhere to the insider policy, their related parties and any other persons who are informed that they are subject to the policy. All employees and consultants are required to report insider information to ALM Equity’s President.

Certified Adviser

Certified Adviser for ALM Equity AB is Erik Penser Bankaktiebolag.
Penser Bankaktiebolag
Biblioteksgatan 9
Box 7405
SE-103 91 Stockholm
SWEDEN
www.penser.se
Telephone: +46-8-463 80 00

Policy Documents

The Company’s Board of Directors has adopted the following policies: financial policy, information policy, insider policy, dividend policy and equality plan. In addition, the Board of Directors on an annual basis takes a stand on any revisions of instructions for the President, for financial reporting and for the rules of procedure for the Board of Directors. Policies shall be revised as required to ensure that all policies are current and support the set purposes and goals of the business.

Financial Policy

The financial policy provides guidelines and rules for how the ALM Equity’s financial operations should be run. It is adopted by the Board of Directors and determines how the various risks in the financial operations are to be mitigated, and identifies which risks ALM Equity is permitted to take. The financial policy lays down the distribution of responsibility and administrative rules and shall also function as guidance in the daily work of personnel in the finance function. ALM Equity’s Group companies are subject to the financial policy.

Information Policy

ALM Equity’s information policy was developed to meet the requirements on companies listed on NASDAQ OMX First North, Stockholm. The purpose of ALM Equity’s information policy is to ensure that all stock market players get prompt, correct, relevant and reliable information about the Company. The information policy must be adhered to by all employees, directors and external consultants. Information to the Company’s environment is provided primarily in the form of press releases and financial reports.

Insider Policy

The purpose of ALM Equity’s insider policy is to provide guidelines for how the Company should handle insider information in such a way that the Company, or its employees, do not commit violations against laws and regulations for issuers, or good practice in the stock market. Compliance with these guidelines is very important for maintaining the capital market’s and the public’s trust. All insiders must adhere to the insider policy, their related parties and any other persons who are informed that they are subject to the policy. All employees and consultants are required to report insider information to ALM Equity’s President.

Dividend Policy

ALM Equity is a growth company and until further notice the Company intends to invest surplus liquidity in the business. Dividend proposals are based on the Company’s liquid position and estimated future financial position, taking the current state of the market into account. The ambition is to declare a dividend on at least the preferred shares each year.

Equality Plan

According to the Swedish Equal Opportunities Act all employees with more than ten or more employees are obliged to develop a plan for its equality work. ALM Equity’s goal with its own equal opportunities plan is that women and men shall have the same rights, opportunities and obligations in all aspects of their working lives. Working conditions, education and advancement opportunities shall be independent of gender and wages shall be equal within ALM Equity.

Other Information Regarding Board of Directors and Management

There are no conflicts of interest between the Board of Directors and management on the one hand and the Company on the other. Directors Gerard Versteegh, Johan Unger and Johan Wachtmeister are independent (according to the definition in The Swedish Code of Corporate Governance) relative to ALM Equity as a company and major shareholders. The Chair of the Board of Directors, Maria Wideroth is considered to be independent however, since a company in which she is a part owner has assisted with consultation services to ALM Equity’s subsidiaries and associated companies during the year in an amount of MSEK 4.4, including expenses.

Compensation to the Board of Directors and Members of Senior Management

The Annual General Meeting held 22 May 2014 resolved to pay directors fees totalling SEK 180,000, divided with SEK 60,000 going to the Chair of the Board of Directors and SEK 40,000 to each of other directors elected by the Annual General Meeting who are not employees of ALM Equity. Executive directors have the right to invoice the Company for the director’s fee. No compensation additional to the directors’ fee is paid to the Board of Directors. The fee to the auditors is paid in accordance with approved invoice.
ALM Equity is a company driven by entrepreneurial spirit. In order to maintain the velocity, seize on exciting ideas and maintain creativity, the Company is built with a small core organisation that buys the services needed for each individual project. In this way the organisation remains flexible and can be adapted to the varying size of projects and the circumstances in each case.

Decision paths are short and issues are dealt with promptly. Over the years ALM Equity has built a network of co-operation partners well versed with our way of thinking and operating, as well as with our quality demands. Our own project managers play an important role in the organisation. They not only manage projects, but must also be able to adapt the network organisation as needed. When recruiting new project managers, ALM Equity always tries to find candidates with specialist knowledge. In this way we are able to build a broad base of expertise, which is invaluable at the procurement phase and in evaluating external services, and which makes it possible for us to work professionally and in a structured manner.

During 2014 ALM Equity expanded its organisation by hiring additional project managers to handle the growing project portfolio. There are further expansion plans for 2015.

BOARD OF DIRECTORS & AUDITORS

According to ALM Equity’s Articles of Association the Board of Directors shall consist of a minimum of three and a maximum of five directors, with a maximum of three alternates. The directors and alternates are appointed annually by the Annual General Meeting for the time ending with the adjournment of the next-following Annual General Meeting. The Board of Directors consists of five directors. The Board of Directors shall follow the business and actively support the Company’s development. The Board of Directors is composed of members with competence and experience from, among other fields, business development, the real estate industry, financing, and capital market issues.

Re-elected at the 2014 Annual General Meeting were Maria Wideroth, Joakim Alm, Johan Unger, Johan Wachtmeister and Gerard Versteegh. Maria Wideroth was re-elected to serve as Chair of the Board of Directors. Ernst & Young was re-elected with Jonas Svensson to serve as the Company’s chief auditor together with Ingmar Rindstig as the Company’s auditors.

INGMAR RINDSTIG

The Company’s Chief Auditor since 2007 when Ernst & Young was selected as auditing firm. Authorised Public Accountant at Ernst & Young, where he is head of the real estate sector unit, EY Real Estate. Major auditing assignments: Atrium Ljungberg AB, Besqab Projekt och Fastigheter AB, Corem, D. Carnegie AB, Einar Mattson AB, Failjebostäd, JM AB, Special-fastigheter AB and Vasakronan AB. Ownership in ALM Equity: No holding

JONAS SVENSSON

The Company’s Chief Auditor since 2014 when Ernst & Young was selected as auditing firm. Authorised Public Accountant and Partner of Ernst & Young. Chairman of the Board of the Swedish Institute of Authorised Public Accountants. Major auditing assignments: Atrium Ljungberg AB, Besqab AB, Citicon AB, John Matson Fastighetsföretagen AB, Odd Molly International AB, Strukton Rail AB. Ownership in ALM Equity: No holding
BOARD OF DIRECTORS & AUDITORS

MARIANNE WIDEROTH
Chair of the Board of Directors. Bachelor of Law at the Stockholm University. Attorney, Chair and Partner of Lundqvist Advokatbyrå. Has been active at law firms since 1998 and specialises in real estate law. Maria Wideroth is also Chair of, among other, EFIB, Enskilda Fastighetsägare i Bromma AB and real estate company and contractor Frentab.
Ownership in ALM Equity privately/via family: 6,800 common shares and 818 preferred shares.

JOAKIM ALM

JOHAN UNGER

JOHAN WACHTMEISTER

GERARD VERSTEEGH
Director. Bachelor of Science (Econ.) at Uppsala University. Executive Chairman and principal owner and founder of Commercial Estates Group Limited, London, and Chairman/ Director of a number of related companies. Member of the Advisory Board of Greyrock Real Estate LLP, London. Ownership in ALM Equity: 990,894 common shares and 76,618 preferred shares.

CAROLINA KARLSTRÖM
Accounting Manager. Accountant via IHM Business School. Previously active as financial administrator and environment co-ordinator in the engineering industry. Ownership in ALM Equity: 700 common shares and 75 preferred shares.

MANAGEMENT & STAFF

JOAKIM ALM
President and Chief Executive Officer. See under Board of Directors.

URBAN ERIKSSON

LOUISE EKLUND
Executive Vice President. Bachelor of Science (Econ.) at Stockholm’s University with concentration on financing and real estate. Active in the real estate industry since 2002, with ALM Equity since 2007. Ownership in ALM Equity: 5,870 common shares and 674 preferred shares.

EMELI LJUNGHUSEN
Senior Project Manager. Graduate Master of Science in surveying from Lund College of Technology. Previously worked with project management at the City of Stockholm Development Office. Ownership in ALM Equity: No holding.

CARL JÖNSSON
Senior Project Manager. Graduate Master of Science in Civil and Environmental Engineering. Previously worked with sales, service and management of commercial properties. Ownership in ALM Equity: No holding.
INGMAR NABSETH
Project Manager. Master of Science, Civil Engineering, from Royal Institute of Technology, Stockholm. Previously worked with property appraisal at City of Stockholm Development Office. Ownership in ALM Equity: No holding.

OLLE LUNDQUIST
Project Manager. Graduate real estate broker. Previously active at NCC Boende with 9 years of experience in different functions in sales and project management. Ownership in ALM Equity: No holding.

EMMA EMBRETSEN

MARIA MAJTORP

JOHANNES BOLVEDE

MALIN EKWALL
Finance Manager. Master of Science, business economics. Has studied languages, rhetoric and pedagogy. Previously active in insurance, finance and logistics with roles as product manager. Ownership in ALM Equity: 200 common shares and 75 preferred shares.

KARIMA MALKI
Office Manager/Financial Administrator. Multi-year experience in the service sector as barista, site manager, product/finance assistant and in recent years as HR Manager. Ownership in ALM Equity: No holding.

HELENA KELLHEIM
Finance Manager. Linguist at Stockholm’s University and Uppsala’s University. Worked in accounting since 1999. Ownership in ALM Equity, via company: 1,200 common shares and 98 preferred shares.

ANDREAS BEXELL
Bachelor of Science (Econ.) at Linköping’s University with concentration on financing and accounting. Studied abroad at Monash University – Kuala Lumpur, Malaysia. Ownership in ALM Equity: No holding.

CATHARINA SVENSON
Finance Manager. Master of Science, business economics. Has studied languages, rhetoric and pedagogy. Previously active in insurance, finance and logistics with roles as product manager. Ownership in ALM Equity: No holding.

KARIMA MALKI
Office Manager/Financial Administrator. Multi-year experience in the service sector as barista, site manager, product/finance assistant and in recent years as HR Manager. Ownership in ALM Equity: No holding.
EMMA WESTFELDT

MATHILDA WAHLBERG
Project Manager. Twofold M.Sc. in project management at Chalmers University of Technology and Northumbria University, and Technical Candidate in Business Development at Chalmers University of Technology. Previous experience in business development at SKANSKA. Ownership in ALM Equity: No holding.

SIMON SVENSSON
Project Manager. Bachelor of Science (Econ.) at Lund’s University. Has also studied financing at University of Sydney. Ownership in ALM Equity: No holding.

EMMA ENBERG
Deputy Project Manager. Several years of experience as office and reception manager. Most recently at Trivselhus. Prior experience as assistant real estate broker. Ownership in ALM Equity: No holding.

HARI BAJGORIC
Assistant Project Manager. Graduate real estate manager. Has previously worked in sales, customer care and service. Experience as manager of tenant owner’s associations. Ownership in ALM Equity: No holding.

KRISTINA FORSGREN
Assistant Project Manager. Ten years of experience of real estate brokerage in sales and administration. Ownership in ALM Equity: No holding.
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THE ALM EQUITY SHARE

The share capital of ALM Equity AB amounts to SEK 132,001,930 as of 31 December 2014 divided on 10,154,600 common shares and 3,045,593 preferred shares. Each common share entitles its holder to ten votes and each preferred share entitles its holder to one vote at general meetings of shareholders. Each shareholder entitled to vote for the full number of shares owned or represented without limitation. From 8 June 2012 the Company’s shares are listed on NASDAQ OMX, First North. The closing bid price on 31 December 2014 was SEK 116.25 per common share and SEK 114 per preferred share, respectively. This translates to appreciation during 2014 by 73.5 percent. Based on the 2014 closing prices, ALM Equity’s market capitalisation as of 31 December 2014 was approximately MSEK 123.1. For 2014 the dividend yield on the common share consisted of 1 preferred share per 200 common shares held through a bonus issue. The dividend on the preferred share amounts to SEK 8.40 per year, disbursed quarterly.

Two private placements totalling 818,455 preferred shares were floated during 2014, yielding a net of approximately MSEK 90,612. For 2014 the dividend yield on the common share consisted of 1 preferred share per 200 common shares held through a bonus issue, which is equivalent to approximately SEK 1.20 (0.60) per common share. The Board of Directors further proposes a dividend of SEK 8.40 (8.40) per preferred share to be paid quarterly in an amount of SEK 2.10 (2.10).

DIVIDEND POLICY

ALM Equity is a growth company and for the time being the intention is to invest surplus liquidity in the business. Dividend proposals will be based on the Company’s liquid position and its expected future financial position, taking the prevailing economic position into account. The ambition is to declare at least a dividend on the preferred shares. For 2014 the Board of Directors has decided to propose to the Annual General Meeting a dividend of 1 preferred share per 100 common shares in the form of a bonus issue, which is equivalent to approximately SEK 1.20 (0.60) per common share. The Board of Directors further proposes a dividend of SEK 8.40 (8.40) per preferred share to be paid quarterly in an amount of SEK 2.10 (2.10).

SHAREHOLDERS AS OF 31 DECEMBER 2014

<table>
<thead>
<tr>
<th>Number of common shares</th>
<th>Number of preferred shares</th>
<th>Proportion of share capital</th>
<th>Proportion of votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joakim Alm, incl. companies, family</td>
<td>5,837,623</td>
<td>483,971</td>
<td>47.8%</td>
</tr>
<tr>
<td>and insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Koppornaset AB</td>
<td>1,304,279</td>
<td>184,530</td>
<td>11.2%</td>
</tr>
<tr>
<td>Gerhard Versteegh and family</td>
<td>990,894</td>
<td>76,638</td>
<td>8.0%</td>
</tr>
<tr>
<td>Johan Wachtmeister, incl. companies and family</td>
<td>754,400</td>
<td>71,546</td>
<td>6.2%</td>
</tr>
<tr>
<td>John Rosén</td>
<td>548,975</td>
<td>100,612</td>
<td>4.9%</td>
</tr>
<tr>
<td>Johan Unger and family</td>
<td>151,580</td>
<td>5,935</td>
<td>1.0%</td>
</tr>
<tr>
<td>Other shareholders</td>
<td>566,860</td>
<td>2,123,281</td>
<td>20.3%</td>
</tr>
<tr>
<td>Total:</td>
<td>10,154,600</td>
<td>3,045,593</td>
<td>100%</td>
</tr>
</tbody>
</table>

**) The graph is adjusted for restructuring of the preferred share capital.

MRKT PRICE OF THE COMMON SHARE 6/8/12-3/17/15

Market price of the preferred shares 6/8/12-3/28/14

DIVOLUTION OF SHARE CAPITAL

<table>
<thead>
<tr>
<th>Year</th>
<th>Transaction</th>
<th>Increase in number of shares outstanding</th>
<th>Increase in common share capital, SEK</th>
<th>Total common share capital, SEK</th>
<th>Number of common shares outstanding</th>
<th>Increase in preferred share capital, SEK</th>
<th>Total preferred shares outstanding</th>
<th>Number of preferred shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>Formation of company</td>
<td>1,000</td>
<td>100,000</td>
<td>100,000</td>
<td>1,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1998</td>
<td>New issue</td>
<td>400</td>
<td>40,000</td>
<td>40,000</td>
<td>1,400</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1998</td>
<td>Bonus issue</td>
<td>3,600</td>
<td>360,000</td>
<td>360,000</td>
<td>5,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1998</td>
<td>Split</td>
<td>495,000</td>
<td>–</td>
<td>495,000</td>
<td>500,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1998</td>
<td>New issue</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>600,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1999</td>
<td>New issue</td>
<td>5,400,000</td>
<td>–</td>
<td>5,400,000</td>
<td>6,000,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1999</td>
<td>New issue</td>
<td>1,983,000</td>
<td>198,300</td>
<td>1,983,000</td>
<td>7,983,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2006</td>
<td>New issue</td>
<td>61,011,483</td>
<td>611,148,3</td>
<td>6,899,483</td>
<td>68,994,483</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2006</td>
<td>New issue</td>
<td>32,550,719</td>
<td>3,255,071,9</td>
<td>10,154,502</td>
<td>101,545,202</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2007</td>
<td>Reverse split</td>
<td>–91,390,672</td>
<td>–100,000</td>
<td>9,800</td>
<td>–10,154,500</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2011</td>
<td>Bonus issue, preferred shares</td>
<td>1,015,453</td>
<td>–</td>
<td>10,154,530</td>
<td>101,545,300</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2013</td>
<td>New issue, rounding of preferred shares</td>
<td>3</td>
<td>–</td>
<td>–</td>
<td>30</td>
<td>101,545,330</td>
<td>1,015,456</td>
<td>–</td>
</tr>
<tr>
<td>2013</td>
<td>New issue, rounding of preferred shares</td>
<td>70</td>
<td>700,0</td>
<td>10,155,230</td>
<td>10,154,600</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2013</td>
<td>Reduction, preferred shares</td>
<td>–253,864</td>
<td>–</td>
<td>–</td>
<td>–2,538,640</td>
<td>99,006,690</td>
<td>761,592</td>
<td>–</td>
</tr>
<tr>
<td>2013</td>
<td>Bonus issue, preferred shares</td>
<td>50,773</td>
<td>–</td>
<td>–</td>
<td>507,730</td>
<td>99,514,420</td>
<td>812,365</td>
<td>–</td>
</tr>
<tr>
<td>2013</td>
<td>New issue, preferred shares</td>
<td>1,364,000</td>
<td>–</td>
<td>–</td>
<td>13,640,000</td>
<td>113,154,420</td>
<td>2,176,365</td>
<td>–</td>
</tr>
<tr>
<td>2014</td>
<td>Bonus issue, preferred shares</td>
<td>50,773</td>
<td>–</td>
<td>–</td>
<td>507,730</td>
<td>113,662,150</td>
<td>2,272,138</td>
<td>–</td>
</tr>
<tr>
<td>2014</td>
<td>New issue, preferred shares</td>
<td>273,000</td>
<td>–</td>
<td>–</td>
<td>2,730,000</td>
<td>116,392,150</td>
<td>2,500,138</td>
<td>–</td>
</tr>
<tr>
<td>2014</td>
<td>New issue, preferred shares</td>
<td>545,455</td>
<td>–</td>
<td>–</td>
<td>5,454,550</td>
<td>121,846,700</td>
<td>3,045,593</td>
<td>–</td>
</tr>
</tbody>
</table>
ADMINISTRATION REPORT

The Board of Directors and the President of ALM Equity AB (publ), corporate identity number 556549-1650, hereby submit their annual accounts and consolidated financial statements for 2014.

BUSINESS

Description of ALM Equity AB’s business

ALM Equity AB is a real estate developer. The Company acquires, structures, develops and sells primarily residential projects. The Parent Company is a holding company with indirect ownership in the projects, each of which is structured and financed in separate legal structures with corporations and tenant-owners’ associations without dealings with other projects owned by the Parent Company. With a small core organisation and an extensive external network, subsidiary ALM Equity Management AB is responsible for project management and administration of the projects and for Group management.

Residential projects

As of 31 December 2014 the residential project portfolio contained 24 (23) residential projects with a total potential development area of 135,200 (124,100) sqm, of which ALM Equity’s share was 104,000 (83,600) sqm. As of year-end, ALM Equity’s share is estimated to be approximately 1,900 (1,300) homes.

Current residential projects: Construction was started on 286 (464) tenant owner’s rights during 2014. The total number of homes in production as of year-end was 741 (485) homes. As of 31 December 2014 the plan portfolio contained 12 (8) plan projects with an aggregate potential development right for approximately 182,000 (141,000) sqm, of which ALM Equity’s share was 93,700 (73,800) sqm. ALM Equity’s share at year-end is estimated to be approximately 1,900 homes.

The following changes in the Company’s plan portfolio took place during 2014.

Plan projects

As of 31 December 2014 the plan portfolio contained 12 (8) plan projects with an aggregate potential development right for approximately 182,000 (141,000) sqm, of which ALM Equity’s share was 93,700 (73,800) sqm. ALM Equity’s share at year-end is estimated to be approximately 1,900 homes.

Plan projects acquired:

- Lilla Telhus (ownership stake 56 percent), approximately 46,000 sqm of development right at Telefonplan.
- Jakob Mindre 5, Stockholm (ownership stake 100 percent), approximately 2,500 sqm of development right at Kungsträdgården.

Completed projects:

- Silverdal, Sollentuna (ownership stake 100 percent), 52 homes.
- Gröndal, Stockholm (ownership stake 100 percent), 48 homes.

Acquired residential projects:

- Duvhoet, Sundbyberg (ownership stake 50 percent), 98 homes.
- Skaliden and Poeten, Solna (ownership stake 50 percent), 749 homes.

Approved detailed zoning plans:

- Silverdal, Sollentuna (ownership stake 100 percent), 52 homes.
- Gröndal, Stockholm (ownership stake 100 percent), 45 homes.
- Eddahuset, Uppscala (ownership stake 50 percent), 60 homes.

Project properties

Project properties contained approximately 21,400 (22,800) sqm as of 31 December 2014, of which ALM Equity’s share was approximately 6,300 (7,700) sqm.

Changes in project properties during the year:

- Properties Nils hästen 11 and 12 in Eskilstuna (ownership stake 100 percent) encompassing approximately 1,400 sqm was sold in September.

FINANCIAL INFORMATION

Profit for the period January-December 2014

Net revenue amounted to MSEK 893.7 (564.3), of which residential development accounted for MSEK 881.5 (438.4) and real estate management for MSEK 12.2 (16.3). Operating profit was MSEK 169.0 (69.9). MSEK 143.9 (49.9) of the year’s profit of MSEK 169.0 (69.9) was attributable to the Parent Company’s shareholders, while the proportion of profit of the minority amounted to MSEK –1.2 (0.7). This result includes gains on sales of properties, homes in inventory and undeveloped parts of projects in an amount of approximately MSEK 8.5 (28.3). Virtually the entire increase in revenue and profit is explained by growth of projects in the residential portfolio.

Balance sheet as of 31 December 2014

The balance sheet total amounted to MSEK 1,976 (1,323). The largest asset at the end of the period was development properties with MSEK 1,437 (737). On the liability side interest-bearing loans from credit institutions amounted to MSEK 737 (311). Equity amounted to MSEK 803.6 (501.8).

Two private placement of a total of 818,000 preferred shares were made, adding approximately MSEK 90 after issuing costs to the Company’s capital. The capital infused has been used to finance project acquisitions. The evolution of equity is shown in Note 21. Changes in equity.

The balance sheet total follows the same growth pattern as revenue and profit because the size of the project portfolio has increased correspondingly.

The external capital contributed in the project companies, which amounted to MSEK 991.4 (415.6) at the end of the period, is repaid upon completion of projects. If a project reports a deficit, the repayment is reduced by such deficit. Subordinated interest-bearing loans include borrowed funds in the amount of MSEK 118.3 (43.3), of which ALM Equity’s share is MSEK 63.4 (21.2), which will be converted to shareholder contributions upon start of construction of projects.

The consolidated equity ratio stood at 41.42 percent as of 31 December.

Liquidity, cash flow & financing

The Group’s cash and cash equivalents amounted to MSEK 114.0 (183.3) at the end of the period. Cash flow for the period January-December was MSEK –66.9 (87.6).

Financing of projects is mostly by bank loans, construction loans and shareholder contributions based on our own acquisition and project costing calculations. All project financing is currently on a short-term basis. The interest rate on loan liabilities was in the range of 1.83-4.65 percent as of 31 December, with an average interest rate of 3.42 percent.

Interest rate derivatives have been entered into as of 31 December in a total amount of MSEK 86 at rates of between 2.325 and 2.90 percent, plus the bank’s margin. A more detailed description of interest rate derivatives will be found under the heading financial instruments in Note 1 and in a summarized table of ALM Equity’s interest rate derivatives in Note 22.

Parent Company

Parent Company ALM Equity AB’s profit for the year amounted to MSEK 17.9 (63.8) and held MSEK 50.8 (151.8) in cash and cash equivalents at the end of the period. Guarantees for bank loans and advance payments amounted to MSEK 249.8 (55.0) at the end of the period. Equity amounted to MSEK 438.9 (281.1). The equity ratio on the balance sheet date stood at 98 (96) percent.

Dividend

Instead of a cash dividend the Board of Directors proposes a dividend of 1 preferred share per 100 common shares held, a bonus issue. The value of this dividend based on the redemption value of one preferred share was approximately SEK 1.20 (0.66) per common share. The Board of Directors also proposes a dividend of SEK 8.40 (8.40) per preferred share, to be paid quarterly in an amount of SEK 2.10 (2.10).

WORK OF THE BOARD OF DIRECTORS

ALM Equity AB annually adopts rules of procedure for the Board of Directors and instructions for the President. The rules of procedure set forth, inter alia, the duty of the Board of Directors, the division of responsibility, a meeting plan and identify matters to be brought to the Board of Directors for deliberation. During the year the Company held ten Board of Directors meetings where above all reports to the market, the business situation in the projects and major capital expenditure decisions were dealt with. In addition hereto the directors maintained continual contacts with the Company’s President.

RISKS & UNCERTAINTY FACTORS

The business in ALM Equity is project-related. Virtually every project is unique in terms of size, design, environment, financing, etc. – everything varies from project to project. ALM Equity creates a concept for each project. There is the risk that the concepts developed for projects are based on erroneous sales assumptions, or that the concept is not to the taste of the market.
ALM Equity has a small core organisation of its own and must therefore source a lot of services externally. The operational risks in management of projects may, for example, be the choice of real estate agent. Since sales are usually made based on drawings, great demands are placed on the ability and competence of brokers/agents.

The choice of architects is also a critical success factor in the projects, as is the form of construction contract, and choice of construction contractor. Deficient project planning and bad sourcings documentation can lead to increased costs for alterations and additional work. Rising materials prices may also render projects more expensive to a varying degree, depending on construction contract form.

There are financial risks in the form that it may become more difficult in the future to borrow and finance projects due to a tighter credit market.

ALM Equity applies gradual profit recognition with respect to its projects. A necessary condition for gradual profit recognition is that the outcome can be prognosticated in an accurate manner.

ALM Equity tries to manage the various risks proactively. Regarding the risk for absolute project concepts, concept ideas are tested on agents/brokers and others who work actively and close to the market. ALM Equity also sets high margin requirements internally on projects and already at the time of acquisition has a clear idea for the projects, from start to finish. Regarding sourcings of services, evaluation and quality assurance are constantly at the forefront in the partner organisation. Construction is normally not started until the project is 75 percent sold and the projects are fully financed.

Disputes
ALM Equity has no ongoing disputes.

FUTURE

The foundation for a good future for the Company has been laid. We will be listening to what the market demands and ideas are tested on agents/brokers and others who work to a tighter credit market. The projects are fully financed.

Based on drawings, great demands are placed on the ability and competence of brokers/agents.

The choice of architects is also a critical success factor in the projects, as is the form of construction contract, and choice of construction contractor. Deficient project planning and bad sourcings documentation can lead to increased costs for alterations and additional work. Rising materials prices may also render projects more expensive to a varying degree, depending on construction contract form.

PROPOSED ALLOCATION OF EARNINGS (SEK)

Parent Company

<table>
<thead>
<tr>
<th>Retained earnings</th>
<th>298,607,245</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit for the year</td>
<td>17,823,886</td>
</tr>
<tr>
<td>To be allocated as follows:</td>
<td></td>
</tr>
<tr>
<td>Dividend to holders of common shares</td>
<td>0</td>
</tr>
<tr>
<td>Dividend to current holders of preferred shares</td>
<td>25,589,982</td>
</tr>
<tr>
<td>To be paid to holders of preferred shares</td>
<td></td>
</tr>
<tr>
<td>Issued in the form of a bonus issue*</td>
<td>832,987</td>
</tr>
<tr>
<td>To be carried forward</td>
<td>300,002,183</td>
</tr>
<tr>
<td></td>
<td>316,461,131</td>
</tr>
</tbody>
</table>

* As proposed to the Annual General Meeting by the Board of Directors.

MULTI-YEAR SURVEY

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net result for the year (M SEK)</td>
<td>142,7</td>
<td>50,6</td>
<td>49,2</td>
<td>67,3</td>
<td>24,7</td>
</tr>
<tr>
<td>Earnings per common share before/after dilution (SEK)</td>
<td>12.12</td>
<td>6.12</td>
<td>4.34</td>
<td>6.13</td>
<td>2.43</td>
</tr>
<tr>
<td>Number of common shares outstanding before/after dilution (Thousands)</td>
<td>10,155</td>
<td>10,155</td>
<td>10,155</td>
<td>10,155</td>
<td>10,155</td>
</tr>
<tr>
<td>Dividends (Thousands)</td>
<td>10,155</td>
<td>10,155</td>
<td>10,155</td>
<td>10,155</td>
<td>10,155</td>
</tr>
<tr>
<td>Earnings per preferred share before/after dilution (SEK)</td>
<td>8.40</td>
<td>8.40</td>
<td>5.00</td>
<td>5.00</td>
<td>-</td>
</tr>
<tr>
<td>Number of preferred shares outstanding before/after dilution (Thousands)</td>
<td>3,046</td>
<td>2,775</td>
<td>1,015</td>
<td>1,015</td>
<td>-</td>
</tr>
<tr>
<td>Dividends (Thousands)</td>
<td>2,395</td>
<td>991</td>
<td>1,015</td>
<td>495</td>
<td>-</td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td>19</td>
<td>19</td>
<td>16</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td>Return on equity (%)</td>
<td>31</td>
<td>16</td>
<td>17</td>
<td>32</td>
<td>18</td>
</tr>
<tr>
<td>Return on capital employed (%)</td>
<td>18</td>
<td>14</td>
<td>13</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>Equity per common share before/after dilution (SEK)</td>
<td>43.02</td>
<td>28.62</td>
<td>25.98</td>
<td>21.31</td>
<td>17.77</td>
</tr>
<tr>
<td>Equity per preferred share before/after dilution (SEK)</td>
<td>122.10</td>
<td>122.10</td>
<td>105.00</td>
<td>105.00</td>
<td>-</td>
</tr>
<tr>
<td>Equity ratio (%)</td>
<td>41</td>
<td>42</td>
<td>40</td>
<td>39</td>
<td>32</td>
</tr>
<tr>
<td>Proportion of risk-bearing capital (%)</td>
<td>53</td>
<td>52</td>
<td>55</td>
<td>43</td>
<td>37</td>
</tr>
<tr>
<td>Loan to value ratio (%)</td>
<td>62</td>
<td>50</td>
<td>69</td>
<td>61</td>
<td>69</td>
</tr>
<tr>
<td>Interest coverage ratio</td>
<td>3.8</td>
<td>2.9</td>
<td>3.3</td>
<td>4.2</td>
<td>3.7</td>
</tr>
<tr>
<td>Number of production-started homes (gross)</td>
<td>286</td>
<td>484</td>
<td>85</td>
<td>132</td>
<td>287</td>
</tr>
<tr>
<td>Number of homes in production (gross)</td>
<td>741</td>
<td>285</td>
<td>85</td>
<td>439</td>
<td>287</td>
</tr>
<tr>
<td>Proportion of homes in production sold (%)</td>
<td>84</td>
<td>93</td>
<td>80</td>
<td>90</td>
<td>84</td>
</tr>
<tr>
<td>Number of homes sold (gross)</td>
<td>202</td>
<td>464</td>
<td>73</td>
<td>162</td>
<td>239</td>
</tr>
<tr>
<td>Development area of the residential portfolio (sqm)</td>
<td>155,000</td>
<td>124,000</td>
<td>65,500</td>
<td>73,000</td>
<td>55,000</td>
</tr>
<tr>
<td>ALM Equity’s net share of plan portfolio (sqm)</td>
<td>104,000</td>
<td>83,600</td>
<td>35,700</td>
<td>40,400</td>
<td>38,500</td>
</tr>
<tr>
<td>Planned development right of the plan portfolio (sqm)</td>
<td>182,000</td>
<td>141,000</td>
<td>165,000</td>
<td>47,300</td>
<td>35,700</td>
</tr>
<tr>
<td>ALM Equity’s net share of plan portfolio (sqm)</td>
<td>93,700</td>
<td>73,900</td>
<td>63,500</td>
<td>22,200</td>
<td>18,200</td>
</tr>
<tr>
<td>Area of the project portfolio (sqm)</td>
<td>21,400</td>
<td>22,800</td>
<td>25,000</td>
<td>21,092</td>
<td>4,557</td>
</tr>
<tr>
<td>ALM Equity’s share of the project property portfolio (sqm)</td>
<td>6,300</td>
<td>7,700</td>
<td>9,000</td>
<td>7,542</td>
<td>3,499</td>
</tr>
</tbody>
</table>

*Comparative data for the years 2010-2011 have not be recalculated in connection with the transition to BFNAR 2012:1 (K3).

The data for 2012-2013 have been adjusted, however.

DEFINITIONS:

Proportion of risk-bearing capital – Sum total of equity, plus subordinated debt in percent of total assets.

Return on equity – Profit after taxes, not including minority interest, less dividend on preferred shares, in percent of average capital, less preferred share capital. Return on equity is calculated based on a moving twelve-month calculation.

Return on capital employed – Profit after finance items, with reversal of interest expense, in percent of average capital employed, calculated on a moving twelve-month basis.

Loan to value ratio – Interest-bearing liabilities at the end of the period relative to book value of properties at the end of the period.

Equity per preferred share – Preferential rights of the preferred share upon liquidation of the Company (SEK 120 per preferred share) and the holders’ remaining right to dividend.

Equity per common share – Equity at the end of the period relative to the number of common shares outstanding at the end of the period taking the preferred share capital into consideration.

Earnings per preferred share – Preferred share’s portion of profit equivalent to an annual dividend of SEK 8.40 per preferred share.

Earnings per common share – Profit relative to average number of common shares outstanding, with due consideration taken to the portion of preferred shares’ profit for the period.

Interest coverage ratio – Profit after finance items, divided by financial expense.

Operating margin – Operating profit in percent of revenue.

Equity ratio – Sum total of equity in percent of total assets.

Capital employed – Balance sheet total, less non-interest-bearing liabilities, including deferred tax liabilities.
## Income Statements (SEK Thousand)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014-12-31</td>
<td>2013-12-31</td>
<td>2014-12-31</td>
<td>2013-12-31</td>
</tr>
<tr>
<td>Net revenue</td>
<td>Note 2</td>
<td>869,702</td>
<td>364,496</td>
<td>3,174</td>
</tr>
<tr>
<td>Production and operating expenses</td>
<td>-699,243</td>
<td>-273,770</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gross profit</td>
<td>196,459</td>
<td>90,726</td>
<td>3,174</td>
<td>61,101</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>Note 4, 5</td>
<td>-27,427</td>
<td>-26,851</td>
<td>-5,850</td>
</tr>
<tr>
<td>Operating profit</td>
<td>Note 2, 3, 6</td>
<td>169,032</td>
<td>69,873</td>
<td>-2,966</td>
</tr>
<tr>
<td>Result from financial items</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Result from shares in Group companies Note 7</td>
<td>-5,628</td>
<td>13,220</td>
<td></td>
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<tr>
<td>Result from shares in associated companies Note 8</td>
<td>19,822</td>
<td>-4,581</td>
<td></td>
<td></td>
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<tr>
<td>Interest income and similar items Note 9</td>
<td>7,000</td>
<td>7,514</td>
<td>11,960</td>
<td>6,268</td>
</tr>
<tr>
<td>Interest expense and similar items Note 10</td>
<td>-31,181</td>
<td>-26,768</td>
<td>-50</td>
<td>-343</td>
</tr>
<tr>
<td>Profit after financial items</td>
<td>142,851</td>
<td>50,621</td>
<td>23,138</td>
<td>71,145</td>
</tr>
<tr>
<td>Year-end appropriations</td>
<td>Note 11</td>
<td>-5,284</td>
<td>-7,386</td>
<td></td>
</tr>
<tr>
<td>PROFIT BEFORE TAXES</td>
<td>142,851</td>
<td>50,621</td>
<td>17,854</td>
<td>63,759</td>
</tr>
<tr>
<td>Taxes</td>
<td>Note 12</td>
<td>-102</td>
<td>-67</td>
<td>-</td>
</tr>
<tr>
<td>PROFIT FOR THE YEAR</td>
<td>142,749</td>
<td>50,554</td>
<td>17,854</td>
<td>63,759</td>
</tr>
</tbody>
</table>

### Attributable to

- The Parent Company’s equity holders: 143,980, 49,840, 17,854, 63,759
- Minority interest: -1,240, 714, - | - |

## Cash Flow Statements (SEK Thousand)

### Operating Activities

- Operating profit before finance items: 169,032, 69,785, -2,966, 56,381
- Other items not affecting cash flow: 10,056, 426, - | - |
- Subtotal, cash flow from operating activities: 170,088, 70,301, -2,966, 56,381
- Interest income: 7,000, 7,514, 11,960, 6,268
- Interest expense and other financial expenses: -33,181, -26,768, -50, -343
- Cash flow from operating activities before changes in working capital: 143,907, 51,047, 8,944, 62,506
- Increase/decrease in development properties: -706,980, -255,915, - | - |
- Increase/decrease in project properties: 13,315, 14,958, - | - |
- Increase/decrease in tenant owner’s associations: 25,165, 20,318, - | - |
- Increase/decrease in short-term receivables, etc.: -62,101, -77,961, -186,652, -112,049
- Increase/decrease current operating liabilities: -121,397, 217,989, -3,324, 122
- Cash flow from operating activities: -707,701, -29,964, -181,032, -49,421

### Investment Activities

- Investment in non-current assets: -195, -1,180, - | - |
- Acquisition of subsidiaries and associated companies: - | - | -1,002, -782
- Sale of subsidiaries: - | - | 238, 129
- Group contributions and shareholder contributions rendered: - | - | -15,850, -24,983
- Cash flow from operating activities: -195, -1,180, -16,614, -25,346

### Financing Activities

- Loans raised: 522,030, -17,263, - | - |
- External shareholder contributions: 47,591, -2,566, - | - |
- New issues: 90,375, 146,280, 90,375, 146,280
- Dividends: -21,402, -7,982, 6,259, 13,638
- Cash flow from financing activities: 638,594, 118,669, 96,634, 159,918
- Cash flow for the year: -69,302, 87,525, -101,012, 85,121
- Cash and cash equivalents at beginning of year: 183,285, 95,770, 151,766, 66,615
- Cash and cash equivalents at year’s end: 113,993, 183,495, 59,754, 151,766
### BALANCE SHEETS (SEK THOUSAND)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Group 2014-12-31</th>
<th>Group 2013-12-31</th>
<th>Parent Company 2014-12-31</th>
<th>Parent Company 2013-12-31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>800</td>
<td>995</td>
<td>800</td>
<td>995</td>
</tr>
<tr>
<td>Tangible non-current assets</td>
<td>800</td>
<td>995</td>
<td>800</td>
<td>995</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>800</td>
<td>995</td>
<td>800</td>
<td>995</td>
</tr>
<tr>
<td>Financial non-current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares in Group companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares in associated companies</td>
<td>Note 15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>Note 16</td>
<td>5,023</td>
<td>5,023</td>
<td>28,827</td>
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<tr>
<td>Total non-current assets</td>
<td>5,823</td>
<td>6,018</td>
<td>28,827</td>
<td>30,964</td>
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<tr>
<td>Current assets</td>
<td>1,568,497</td>
<td>907,707</td>
<td>1,568,497</td>
<td>907,707</td>
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<tr>
<td>Development properties</td>
<td>Note 17</td>
<td>1,436,650</td>
<td>737,170</td>
<td>-</td>
</tr>
<tr>
<td>Project properties</td>
<td>Note 18</td>
<td>107,977</td>
<td>112,112</td>
<td>-</td>
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<tr>
<td>Inventory shares in tenant owner’s associations</td>
<td>24,450</td>
<td>49,425</td>
<td>24,450</td>
<td>49,425</td>
</tr>
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<td>Short-term receivables</td>
<td>6,594</td>
<td>6,738</td>
<td>6,594</td>
<td>6,738</td>
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<tr>
<td>Trade receivables</td>
<td>-</td>
<td>-</td>
<td>228,510</td>
<td>102,623</td>
</tr>
<tr>
<td>Due from Group companies</td>
<td>-</td>
<td>-</td>
<td>100,051</td>
<td>78,289</td>
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<td>Due from associated companies</td>
<td>-</td>
<td>-</td>
<td>20,012</td>
<td>19,010</td>
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<tr>
<td>Other receivables</td>
<td>Note 19</td>
<td>269,029</td>
<td>37,926</td>
<td>192</td>
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<tr>
<td>Prepaid expenses and accrued income</td>
<td>Note 20</td>
<td>11,523</td>
<td>8,855</td>
<td>21,368</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>113,993</td>
<td>183,295</td>
<td>50,754</td>
<td>151,766</td>
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<tr>
<td>Total current assets</td>
<td>1,970,546</td>
<td>1,317,047</td>
<td>430,609</td>
<td>344,969</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>1,976,369</td>
<td>1,323,065</td>
<td>459,436</td>
<td>375,933</td>
</tr>
</tbody>
</table>

### EQUITY AND LIABILITIES

#### Consolidated equity

<table>
<thead>
<tr>
<th>Note</th>
<th>2014-12-31</th>
<th>2013-12-31</th>
<th>2014-12-31</th>
<th>2013-12-31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital (10,154,600 shares outstanding)</td>
<td>10,155</td>
<td>10,155</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Preferred capital (3,045,593 shares outstanding)</td>
<td>121,847</td>
<td>113,155</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other contributed capital</td>
<td>191,478</td>
<td>143,556</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other contributed capital including profit for the year</td>
<td>485,597</td>
<td>288,827</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity attributable to the Parent Company’s equity holders</td>
<td>808,726</td>
<td>555,993</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Minority interest</td>
<td>-5,101</td>
<td>-3,861</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Total consolidated equity</td>
<td>803,625</td>
<td>552,132</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Parent Company equity

<table>
<thead>
<tr>
<th>Note</th>
<th>2014-12-31</th>
<th>2013-12-31</th>
<th>2014-12-31</th>
<th>2013-12-31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted equity</td>
<td>-</td>
<td>-</td>
<td>10,155</td>
<td>10,155</td>
</tr>
<tr>
<td>Unrestricted equity</td>
<td>-</td>
<td>-</td>
<td>298,607</td>
<td>174,567</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>17,854</td>
<td>63,759</td>
</tr>
<tr>
<td>Total Parent Company equity</td>
<td>-</td>
<td>-</td>
<td>448,463</td>
<td>361,636</td>
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</table>

#### Provisions

<table>
<thead>
<tr>
<th>Note</th>
<th>2014-12-31</th>
<th>2013-12-31</th>
<th>2014-12-31</th>
<th>2013-12-31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax liability</td>
<td>639</td>
<td>633</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total provisions</td>
<td>639</td>
<td>633</td>
<td>-</td>
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</table>

#### Current liabilities

<table>
<thead>
<tr>
<th>Note</th>
<th>2014-12-31</th>
<th>2013-12-31</th>
<th>2014-12-31</th>
<th>2013-12-31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability to credit institutions</td>
<td>Note 22</td>
<td>736,888</td>
<td>313,194</td>
<td>-</td>
</tr>
<tr>
<td>Other interest-bearing liabilities for projects</td>
<td>Note 22</td>
<td>239,325</td>
<td>140,695</td>
<td>-</td>
</tr>
<tr>
<td>Trade liabilities</td>
<td>71,325</td>
<td>22,376</td>
<td>23</td>
<td>49</td>
</tr>
<tr>
<td>Due to Group companies</td>
<td>-</td>
<td>-</td>
<td>1,625</td>
<td>2,009</td>
</tr>
<tr>
<td>Due to associated companies</td>
<td>-</td>
<td>-</td>
<td>763</td>
<td>5,447</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>97,468</td>
<td>272,430</td>
<td>6,381</td>
<td>4,701</td>
</tr>
<tr>
<td>Accrued expenses and prepaid income</td>
<td>Note 23</td>
<td>27,479</td>
<td>22,105</td>
<td>2,181</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>1,172,085</td>
<td>770,600</td>
<td>10,973</td>
<td>14,297</td>
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</table>

#### TOTAL EQUITY AND LIABILITIES

<table>
<thead>
<tr>
<th>Note</th>
<th>2014-12-31</th>
<th>2013-12-31</th>
<th>2014-12-31</th>
<th>2013-12-31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pledged assets and contingent liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pledged assets</td>
<td>Note 24</td>
<td>979,345</td>
<td>405,048</td>
<td>-</td>
</tr>
<tr>
<td>Contingent liabilities</td>
<td>Note 24</td>
<td>385,308</td>
<td>72,559</td>
<td>249,816</td>
</tr>
<tr>
<td>Total Pledged assets and contingent liabilities</td>
<td>1,976,369</td>
<td>1,323,065</td>
<td>459,436</td>
<td>375,933</td>
</tr>
</tbody>
</table>
NOTES (SEK THOUSAND)

NOTE 1  ACCOUNTING POLICIES

The Company applies the Swedish Annual Accounts Act and the regulatory framework 2012:1 for annual reports and financial statements (K3) of the Swedish Accounting Standards Board. The principles applied differ from those applied in prior years as a consequence of the transition to the K3 regulatory framework.

This is the first time the Company applies the regulatory framework 2012:1 for annual reports and financial statements (K3) of the Swedish Accounting Standards Board. The transition has not entailed significant changes to the financial reporting except for reclassification of minority interest, adjustment of deferred taxes and rebooking of group contributions to year-end appropriations.

Comparative data for 2012 and 2013 have been adjusted. For further information, refer to the specification below Note 21 Change in equity.

Consolidated accounting

The consolidated accounts are compiled in accordance with the Swedish Annual Accounts Act and the regulatory framework 2012:1 for annual reports and financial statements (K3) of the Swedish Accounting Standards Board. The consolidated accounts include the companies and tenant owner’s associations in which the Company, directly or indirectly, holds more than 50 percent of the votes. Acquisitions are consolidated in accordance with the purchase method of accounting, which means that the Parent Company’s carrying value (the acquisition cost) of shares in subsidiaries is eliminated against the subsidiaries’ acquisition values, i.e. equity (including 78.0 percent of untaux reserves). Assets and liabilities in acquired companies are included in the consolidated accounts at market value at the time of acquisition.

Year-end-appropriations and untaux reserves are not reported in the consolidated financial statements. These items are instead divided into equity and deferred taxes. Deferred taxes on year-end-appropriations are reported in the consolidated income statement as tax expense and deferred taxes in untaux reserves are reported as a provision.

Associated companies are holdings in which the Group holds not less than 20 percent of the votes, or in some other way has a controlling influence of the operational and financial management. Holdings in associated companies are generally held as joint ventures. ALM Equity reports joint ventures in accordance with the proportionate method. According to the proportionate method, the Group’s ownership interest in the companies’ revenue and costs, and assets and liabilities, are reported in the Consolidated Income Statement and the Consolidated Balance Sheet, respectively.

Revenue reporting – Gradual profit recognition

The Company applies gradual profit recognition with respect to its residential projects. This means that profit recognition occurs in two steps:

Profit recognition in step 1 occurs when a detailed zoning plan for the development property has gained legal force, when the legal structure with a target tenant-owners’ association has been formed and its financial plan/cost estimate has been approved by the relevant authorities with a reliable economic forecast. Profit recognition is then carried out according to the formula:

(Initial purchase value/prognosticated total sales value) X prognosticated project profit

Example of profit recognition in step 1:

If a property is acquired for 5, the final sales value is 25 and the estimated project profit is 10, step 1 gives profit recognition: (5/25) x 10 = 2

The status of projects accounted for in step 1 is assessed each quarter by management. When projects are reclassified to property, step 1 of the accounting process is reversed. In cases where a project is reconceptualised, the opening values in step 1 of the accounting will be adjusted to new values. When a project has not gone from step 1 to step 2 within two years from the accounting, the opening variables in step 1 of the accounting will be adjusted to reflect current market conditions.

In step 2 of the gradual profit recognition the remaining profit in the project is calculated according to the formula:

(Proportion of sale of project X degree of completion of the construction contract) x prognosticated project profit

Example of profit recognition in step 2:

If 16 of 20 tenant-owner’s rights have been sold and 50 percent of the contract and of the developer’s costs have been sunk, step 2 of the calculation, assuming the same values as in the previous example, will be: (16/20) x (0.5) x (10 – 2) = 3.2

The Company applies the principle of expensing the projects’ interest costs on a current basis.

Revenue from the projects is reported gross in the Income Statement, i.e. at sunk costs plus the gradual profit recognition.

In the Balance Sheet projects are carried as development properties.

Acquisitions and sales

Sales and acquisitions are reported when a purchase contract not subject to counterparty objections exists between buyer and seller.

Tangible non-current assets

Tangible non-current assets are carried at acquisition value, less accumulated depreciation and any impairment. Equipment is depreciated over five years.

Development properties

Development properties and land are carried at accrued expenses, plus earned profit in accordance with the gradual revenue recognition.

Project properties

Project properties and land are carried at acquisition cost and accrued expenses, less any value adjustment.

Financial instruments

Financial instruments are carried at acquisition cost and consist primarily of interest derivatives (swaps) linked present of future underlying loans in the projects. All contracts will transition to target tenant-owners’ association in connection with completion of projects and occupancy by end customers. A swap is an agreement between two parties to exchange interest payments after a specified period of time. Because of the interest rate derivatives entered into by ALM Equity, the Company pays a predetermined interest rate plus the bank’s margin. The purpose of entering into interest rate derivatives is secure the financing cost held in prospect in the financial plan to the project’s end customers upon completion of construction. All interest derivatives carried on the Company’s books were contracted before 1 January 2015. Note 22 contains a summary table of these undertakings.
Taxes
Income taxes consist of current taxes and deferred taxes. Taxes are reported in the income statement, except when the underlying transaction is reported directly against equity, in which case the tax consequent effect is reported in equity.

Current taxes refer to income tax for the current financial year and the portion of income tax for prior years not yet reported. Current taxes are calculated based on the tax rate in effect on the balance sheet date.

Deferred taxes are calculated in accordance with the balance sheet method for all significant temporary differences. A temporary difference exists when the carrying value of an asset or a liability differs from the value for tax purposes. Such a difference may arise for example when an asset is written up or down, or subject to impairment, or when accounting principles applied differ between an individual group company’s accounting and the consolidated accounting.

In the normal case no temporary differences arise between reported values and values for tax purposes attributable to subsidiaries and joint ventures are classified as business-related shares, i.e. where neither a sale or distribution are taxable events. No deferred taxes are therefore reported for such holdings. Deferred tax assets relating to deductible temporary differences and tax-loss carryforwards are reported only to the extent it is probable that it will be possible to utilise them. The value of deferred tax assets is reduced when it is no longer deemed probable that it will be possible to utilise them.

Equity
As of the balance sheet date, external unconditional shareholder contributions have been infused in the partially owned projects (joint ventures) in a total amount of MSEK 546, equivalent to MSEK 191 in consolidated equity. Upon final accounting of profitable projects the capital contributed is repaid on a preferred basis. In cases when a project does not show a profit, the contributed capital is not repaid. In connection with transition to the Kj regulatory framework, minority interests are reported in equity. A corresponding adjustment has been made to the comparative data for 2013.

Receivables and liabilities
Unless otherwise stated above, short-term receivables are carried at the lower of cost and the amount by which they are expected to be collected. Other assets are carried at amounts by which they are expected to be collected.

Leasing
The Group has no finance lease contracts outstanding and operating lease contracts are carried only to a very limited degree. The Company’s rental agreements where the Company is lessee of homes, premises and garage space, are for the most part rental agreements for an indefinite period according to which the lessor has the right to terminate the agreement, normally with 3-9 months’ notice. The same is essentially true in the case of rental agreements where the Company is lessor. Rental agreements for office space expire in 36 months with 9 months’ notice.

Compensation to employees
Compensation to employees includes all types of compensation that the Group provides to its employees. The Group’s compensation includes salaries, holiday pay, bonus and compensation after termination of employment. Recognition occurs as it is earned.

The Parent Company and the Group offers only contribution-defined pension plans classified as plans where premiums are paid and there are no obligations to pay anything over and above these premiums. The expense for contribution-defined pension plans is reported as a cost in the period during which the employee performs the services on which the obligation is based.

Borrowing costs
Borrowing costs are charged to earnings in the period they belong, regardless of how the borrowed funds have been used. Borrowing costs in the residential projects are expensed on a current basis.

Related party disclosures
The Company’s President and family own tenant-owner’s rights in the projects worth MSEK 25.8, acquired at market prices. The Group has paid a total of MSEK 4.4, not including V.A.T., during the year for legal assignments and expenses, primarily in the residential projects, to a company in which the Chair of the Board of Directors is a part owner. All transactions were done at market prices. All other related party transactions are reported in Note 4 Employees and compensation.

Accounting policies – Parent Company
Below are the accounting policies in the Parent Company that differ from those applied in the consolidated financial statements.

Shares in group companies
Shares in group companies are carried at cost, less any impairment losses. Dividends are reported as income, even if the dividend relates to accumulated profits before the time of acquisition. In the typical instance dividends are recognized when the general meeting of shareholders has resolved the dividend and it can be calculated in a reliable manner.

Shares in associated companies and joint ventures
Shares in associated companies and joint ventures are carried at cost, less any impairment losses. Dividends are reported as income, even if the dividend relates to accumulated profits before the time of acquisition.

Group contributions
Group contributions received and rendered are reported as year-end appropriations.

NOTE 2 SEGMENT REPORTING, GROUP

<table>
<thead>
<tr>
<th>Segment</th>
<th>2014 Sales</th>
<th>2013 Sales</th>
<th>2014 Operating profit</th>
<th>2013 Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential development</td>
<td>881,465</td>
<td>348,417</td>
<td>165,133</td>
<td>64,665</td>
</tr>
<tr>
<td>Project properties</td>
<td>14,237</td>
<td>16,079</td>
<td>3,859</td>
<td>5,210</td>
</tr>
<tr>
<td></td>
<td><strong>895,702</strong></td>
<td><strong>364,496</strong></td>
<td><strong>169,032</strong></td>
<td><strong>69,875</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Geographic distribution of sales</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stockholm/Mälardalen</td>
<td>901,083</td>
<td>326,560</td>
</tr>
<tr>
<td>Rest of the country*</td>
<td>-5,381</td>
<td>37,836</td>
</tr>
<tr>
<td><strong>895,702</strong></td>
<td><strong>364,496</strong></td>
<td></td>
</tr>
</tbody>
</table>

*During 2014 the previous step 1 - settlement in Guldkaggen, has been delayed because the project has not reached step 2 within 2 years.
NOTE 3 INTRA-GROUP SALES

SEK 8,998 (1,971) thousand of the year’s total costs for purchases and revenue, respectively, were made to other companies in the Group.

NOTE 4 EMPLOYEES AND COMPENSATION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average number of employees</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Women</strong></td>
<td>11</td>
<td>10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Men</strong></td>
<td>10</td>
<td>8</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21</td>
<td>18</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Personnel expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Board of Directors and President</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Salaries and other compensation</strong></td>
<td>1,008</td>
<td>884</td>
<td>1,008</td>
<td>884</td>
</tr>
<tr>
<td><strong>Social benefits</strong></td>
<td>493</td>
<td>453</td>
<td>493</td>
<td>453</td>
</tr>
<tr>
<td><strong>Pension costs</strong></td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>800</td>
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<tr>
<td><strong>Total</strong></td>
<td>2,301</td>
<td>2,137</td>
<td>2,301</td>
<td>2,137</td>
</tr>
<tr>
<td><strong>Other employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Salaries and other compensation</strong></td>
<td>9,612</td>
<td>7,698</td>
<td>–</td>
<td>–</td>
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<tr>
<td><strong>Social benefits</strong></td>
<td>2,731</td>
<td>2,275</td>
<td>–</td>
<td>–</td>
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<tr>
<td><strong>Pension costs</strong></td>
<td>686</td>
<td>295</td>
<td>–</td>
<td>–</td>
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<tr>
<td><strong>Total</strong></td>
<td>13,029</td>
<td>10,268</td>
<td>0</td>
<td>0</td>
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<tr>
<td><strong>Gender distribution, senior management</strong></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td><strong>Women on the Board of Directors</strong></td>
<td>16%</td>
<td>17%</td>
<td>20%</td>
<td>20%</td>
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<tr>
<td><strong>Men on the Board of Directors</strong></td>
<td>84%</td>
<td>83%</td>
<td>86%</td>
<td>86%</td>
</tr>
<tr>
<td><strong>Women in other senior management positions</strong></td>
<td>33%</td>
<td>33%</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Men in other senior management positions</strong></td>
<td>67%</td>
<td>67%</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

**Parent Company**
The Parent Company’s Board of Directors consists of one woman and four men.

During 2014 the Company’s President was employed by the Parent Company and received salary and pension premiums during the year. Fees to the Board of Directors were paid by the Parent Company as detailed below.

Compensation to the Board of Directors and senior management

Directors’ fees were paid to the Parent Company’s Board of Directors during 2014 in a total amount of SEK 3,029 (2,301) thousand of the year’s total costs for purchases and revenue, respectively.

The President also has the right to a company car.

There are no agreements for severance pay. A mutual period of notice of 12 months has been agreed upon between the President and the Company.

No other compensation, except for reimbursement for expenses, has been paid to the Board of Directors or to members of senior management.

NOTE 5 COMPENSATION TO AUDITORS

By audit assignments is meant auditing of the Annual Accounts and the accounting records and the management by the Board of Directors, other tasks incumbent upon the Company’s auditor to perform, as well as advice or other assistance prompted by observations in the course of such examination, or the execution of other tasks. Everything else is assignments.

<table>
<thead>
<tr>
<th><strong>Audit company</strong></th>
<th><strong>Group 2014</strong></th>
<th><strong>Group 2013</strong></th>
<th><strong>Parent Company 2014</strong></th>
<th><strong>Parent Company 2013</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Audit assignments</strong></td>
<td>3,093</td>
<td>1,511</td>
<td>613</td>
<td>–</td>
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<tr>
<td><strong>Consultancy</strong></td>
<td>121</td>
<td>95</td>
<td>29</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total fees and reimbursements to auditors</strong></td>
<td>3,214</td>
<td>1,606</td>
<td>642</td>
<td>13</td>
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NOTE 6 LEASING AGREEMENTS

**Operationell leasing**

<table>
<thead>
<tr>
<th><strong>Leasing fees recognized as revenue under operational leasing agreements</strong></th>
<th><strong>Group 2014</strong></th>
<th><strong>Group 2013</strong></th>
<th><strong>Parent Company 2014</strong></th>
<th><strong>Parent Company 2013</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leasing fees recognized as costs under operational leasing agreements</strong></td>
<td>2,470</td>
<td>2,413</td>
<td>199</td>
<td>206</td>
</tr>
</tbody>
</table>

*The Parent Company has no operational leasing agreements as lessor, there are in the Group open-ended leases where the customer as a rule has the right to terminate such agreements within 3-6 months.

**The Parent leases a car and its garage space as a benefit to the Company’s President. In addition hereto the Group has leases/rental agreements for premises, printers and a coffee machine which may be terminated with 3-6 months notice.

NOTE 7 RESULTS FROM GROUP COMPANIES

<table>
<thead>
<tr>
<th><strong>Parent Company</strong></th>
<th><strong>2014</strong></th>
<th><strong>2013</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dividend income</strong></td>
<td>–</td>
<td>17,300</td>
</tr>
<tr>
<td><strong>Capital gain/capital loss on disposals</strong></td>
<td>-100</td>
<td>-5</td>
</tr>
<tr>
<td><strong>Impairment</strong></td>
<td>-5,528</td>
<td>-4,075</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-5,628</td>
<td>13,220</td>
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NOTE 8 RESULTS FROM ASSOCIATED COMPANIES

<table>
<thead>
<tr>
<th><strong>Parent Company</strong></th>
<th><strong>2014</strong></th>
<th><strong>2013</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dividend income</strong></td>
<td>272</td>
<td>5,242</td>
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<tr>
<td><strong>Capital gain/loss on disposal</strong></td>
<td>-7</td>
<td>-</td>
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<tr>
<td><strong>Impairment</strong></td>
<td>-8,160</td>
<td>-9,803</td>
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<tr>
<td><strong>Total</strong></td>
<td>19,822</td>
<td>-4,381</td>
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## NOTE 9 INTEREST INCOME AND SIMILAR ITEMS

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<tr>
<th></th>
<th>Group</th>
<th>2014</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>Interest income from Group companies</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other interest income</td>
<td>7,000</td>
<td>7,514</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11,960</td>
<td>6,268</td>
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## NOTE 10 INTEREST EXPENSE AND SIMILAR ITEMS

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense to Group companies</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FX differences</td>
<td>-33,181</td>
<td>-26,768</td>
<td>-3</td>
</tr>
<tr>
<td>Other interest expense</td>
<td>-33,181</td>
<td>-26,768</td>
<td>-30</td>
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## NOTE 11 YEAR-END APPROPRIATIONS

<table>
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<th></th>
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<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group contributions received</td>
<td>-</td>
<td>-5,284</td>
<td>-7,556</td>
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<tr>
<td>Group contributions rendered</td>
<td>-</td>
<td>-5,284</td>
<td>-7,386</td>
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## NOTE 12 TAXES

<table>
<thead>
<tr>
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<th>Group</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current taxes</td>
<td>-96</td>
<td>-48</td>
<td>-</td>
</tr>
<tr>
<td>Writedown of deferred tax liability</td>
<td>-</td>
<td>126</td>
<td>-</td>
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<tr>
<td>Change in deferred tax due to temporary differences</td>
<td>-6</td>
<td>-145</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-102</td>
<td>-67</td>
<td>-</td>
</tr>
<tr>
<td>Reported profit before taxes</td>
<td>142,851</td>
<td>50,621</td>
<td>17,854</td>
</tr>
<tr>
<td>Taxes on reported profit according to current tax rate (22%)</td>
<td>-31,427</td>
<td>-11,137</td>
<td>-3,928</td>
</tr>
<tr>
<td>Tax effect of</td>
<td></td>
<td>-31,427</td>
<td>-11,137</td>
</tr>
<tr>
<td>Non-taxable income</td>
<td>188,002</td>
<td>68,694</td>
<td>6,589</td>
</tr>
<tr>
<td>Other non-deductible expenses</td>
<td>-147,745</td>
<td>-50,221</td>
<td>-2,823</td>
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<tr>
<td>Loss carryforward utilized</td>
<td>-8,926</td>
<td>-7384</td>
<td>162</td>
</tr>
<tr>
<td>Reported taxes</td>
<td>-96</td>
<td>-48</td>
<td>-</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>0,1%</td>
<td>0,1%</td>
<td>0,0%</td>
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### SHARES IN GROUP COMPANIES

#### Parent Company

<table>
<thead>
<tr>
<th>Company</th>
<th>Corporate identity number</th>
<th>Registered office</th>
<th>Shares Stake</th>
<th>Carrying value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reptuman AB</td>
<td>556863-2985</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>675</td>
</tr>
<tr>
<td>E-Travel Europe AB</td>
<td>556540-5858</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>2,539</td>
</tr>
<tr>
<td>Skarvest AB</td>
<td>556255-2310</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>121</td>
</tr>
<tr>
<td>BX Utvecklings AB</td>
<td>556681-5137</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>182</td>
</tr>
<tr>
<td>ALM Equity Admin AB</td>
<td>556691-4056</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>104</td>
</tr>
<tr>
<td>BX Holding AB</td>
<td>556712-6775</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>100</td>
</tr>
<tr>
<td>Byhlästen Holding AB</td>
<td>556883-3108</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>100</td>
</tr>
<tr>
<td>Brf Valborgsmässan</td>
<td>766915-0825</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>100</td>
</tr>
<tr>
<td>S:t Olofsgatan Holding AB</td>
<td>556665-9398</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>100</td>
</tr>
<tr>
<td>BX 3 Holding AB</td>
<td>556712-3053</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>100</td>
</tr>
<tr>
<td>ALM Equity Planfond 1 AB</td>
<td>556716-0907</td>
<td>Stockholm</td>
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</tr>
<tr>
<td>Kalkulöf Holding AB</td>
<td>556758-7315</td>
<td>Stockholm</td>
<td>700 70%</td>
<td>5,670</td>
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<tr>
<td>Eluteria Fastighet AB</td>
<td>556750-6708</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>1,493</td>
</tr>
<tr>
<td>Stadsterrassen Holding AB</td>
<td>556828-8651</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td>100</td>
</tr>
<tr>
<td>Tegelgrundspaket AB</td>
<td>556852-1464</td>
<td>Stockholm</td>
<td>500 50%</td>
<td>50</td>
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<tr>
<td>ALM Equity Management AB</td>
<td>556895-0140</td>
<td>Stockholm</td>
<td>50 50%</td>
<td>50</td>
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<tr>
<td>Archimedes Holding AB</td>
<td>556922-7217</td>
<td>Stockholm</td>
<td>50 50%</td>
<td>50</td>
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<tr>
<td>Coinet Holding AB</td>
<td>556943-7394</td>
<td>Stockholm</td>
<td>100 100%</td>
<td>100</td>
</tr>
<tr>
<td>Prisällen Holding AB</td>
<td>556869-5380</td>
<td>Stockholm</td>
<td>100 100%</td>
<td>100</td>
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<tr>
<td>Rockstan Holding AB</td>
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<td>100 100%</td>
<td>156</td>
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<tr>
<td>Goldudden Holding AB</td>
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<td>100 100%</td>
<td>116</td>
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<tr>
<td>Rinkebyterrassen Holding AB</td>
<td>556963-9445</td>
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</tr>
<tr>
<td>Jakob Minde Holding AB</td>
<td>556971-3026</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td></td>
</tr>
<tr>
<td>Nenets Holding AB</td>
<td>556989-3554</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td></td>
</tr>
<tr>
<td>Pysidian Holding AB</td>
<td>556990-6711</td>
<td>Stockholm</td>
<td>1,000 100%</td>
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<tr>
<td>Pysidian Invest AB</td>
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<td>Stockholm</td>
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<tr>
<td>BRCK Invest AB</td>
<td>559990-2330</td>
<td>Stockholm</td>
<td>500 50%</td>
<td></td>
</tr>
<tr>
<td>Svenska Nyttsbostäder AB</td>
<td>559950-2924</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td></td>
</tr>
<tr>
<td>CC Holding AB</td>
<td>559950-2940</td>
<td>Stockholm</td>
<td>1,000 100%</td>
<td></td>
</tr>
</tbody>
</table>

#### Total shares

<table>
<thead>
<tr>
<th>Company</th>
<th>Corporate identity number</th>
<th>Registered office</th>
<th>Shares Stake</th>
<th>Carrying value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rockstan Holding AB</td>
<td>556949-4007</td>
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<td></td>
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<td>Rockstan Holding 2 AB</td>
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<td>Stockholm</td>
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<td></td>
</tr>
<tr>
<td>Rockstan Holding 3 AB</td>
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<td>Stockholm</td>
<td>500 100%</td>
<td></td>
</tr>
<tr>
<td>Rockstan Holding 4 AB</td>
<td>556949-3975</td>
<td>Stockholm</td>
<td>500 100%</td>
<td></td>
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<tr>
<td>Rockstan Holding 5 AB</td>
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<td>Stockholm</td>
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<td>Rockstan Holding 6 AB</td>
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<td>Stockholm</td>
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<tr>
<td>Rockstan Holding 7 AB</td>
<td>556949-3868</td>
<td>Stockholm</td>
<td>500 100%</td>
<td></td>
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<tr>
<td>Brf Halm Taket 12</td>
<td>766927-4054</td>
<td>Stockholm</td>
<td>1 98%</td>
<td></td>
</tr>
<tr>
<td>Brf Halm Taket 11</td>
<td>766927-4161</td>
<td>Stockholm</td>
<td>1 98%</td>
<td></td>
</tr>
<tr>
<td>Rockstan 2 Grimsby AB</td>
<td>556999-3930</td>
<td>Stockholm</td>
<td>500 100%</td>
<td></td>
</tr>
<tr>
<td>Brf Parkstaden i Riksteck</td>
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<td>Stockholm</td>
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<td>Rockstan 3 Felham AB</td>
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<td>Stockholm</td>
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<tr>
<td>Brf Villingby AB</td>
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<td>Stockholm</td>
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<td>Rocksten 4 Pendleton AB</td>
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<td>Stockholm</td>
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<td></td>
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<tr>
<td>Brf Stadshusparken 2</td>
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<tr>
<td>Company</td>
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<tr>
<td>---------</td>
<td>---------------------------</td>
<td>------------------</td>
<td>--------</td>
<td>-------</td>
</tr>
<tr>
<td>Tivållungan Holding AB</td>
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<td>Säppsjüddaren Holding AB</td>
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<tr>
<td>Svarthäcken Holding AB</td>
<td>556828-8624</td>
<td>Stockholm</td>
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<td>Svarthäcken 3 AB</td>
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<td>Stockholm</td>
<td>500</td>
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<td>Tryckeriet Holding AB</td>
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<td>Stockholm</td>
<td>500</td>
<td>50,0%</td>
</tr>
<tr>
<td>Kvarngårdet Holding AB</td>
<td>556878-6479</td>
<td>Stockholm</td>
<td>500</td>
<td>50,0%</td>
</tr>
<tr>
<td>Vaksala Hörslet Holding AB</td>
<td>556858-9417</td>
<td>Stockholm</td>
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<td>50,0%</td>
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<td>Kvisinge Strand Holding AB</td>
<td>556788-5826</td>
<td>Stockholm</td>
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<td>45,0%</td>
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<tr>
<td>Fast. bol. Slottsholmen 1 Inv AB</td>
<td>556801-9747</td>
<td>Stockholm</td>
<td>300</td>
<td>30,0%</td>
</tr>
<tr>
<td>On Water Hotel &amp; Konferens AB</td>
<td>556941-6315</td>
<td>Stockholm</td>
<td>300</td>
<td>30,0%</td>
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<tr>
<td>Eddyfren Holding AB</td>
<td>556921-3191</td>
<td>Stockholm</td>
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<tr>
<td>Fyrlotsen Holding AB</td>
<td>556912-1444</td>
<td>Stockholm</td>
<td>474</td>
<td>47,4%</td>
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<tr>
<td>Lasseberget AB</td>
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<td>474</td>
<td>47,4%</td>
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<tr>
<td>Lasseberget 1 AB</td>
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<td>Stockholm</td>
<td>474</td>
<td>47,4%</td>
</tr>
<tr>
<td>Lasseberget 2 AB</td>
<td>556908-8999</td>
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<td>Elfvik Strand Holding</td>
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NOTE 16 DEFERRED TAX ASSET

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<th>NOTE 17 DEVELOPMENT PROPERTIES</th>
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<tr>
<td>NOTE 18 PROJECT PROPERTIES</td>
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<tr>
<td>NOTE 19 OTHER SHORT-TERM RECEIVABLES</td>
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NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

| NOTE 21 CHANGES IN EQUITY |

CC Åres Fastigheter AB 556950-2932 Stockholm 500 100.0% 50 –
Bfr Skalden 1 769627-4005 Stockholm 500 100.0% 6 –
Fastighets AB Nada 1 556870-5775 Stockholm 500 100.0% 100 –
Bfr Poeten i Solna 769627-4435 Stockholm 500 100.0% 6 –
Fastighets AB Nada 2 556870-5799 Stockholm 500 100.0% 100 –
Duvredet Holding AB 769627-3239 Stockholm 1 98.0% 6 –
Kranen II AB 556972-1284 Stockholm 500 100.0% 50 –

Accumulated tax loss carryforwards in the Parent Company and wholly owned subsidiaries amounted to just over MSEK 131 at the beginning of 2014. These deficits, which are not limited as to time, can be utilised to reduce taxes on future earnings. Since there is uncertainty as to how long these deficits can be utilised, only a limited portion thereof has been capitalised as a tax asset. Whether or not tax loss carryforwards should be carried as an asset is assessed on a regular basis.

| NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME |

| NOTE 21 CHANGES IN EQUITY |

### Tax loss carryforwards

<table>
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<th>Year</th>
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Closing balance 2012-12-31 111,700 145,870* 112,840 – 370,410

Adjustment due to transition to K3:

- Minority interest – – – 4,575 – 4,575
- Deferred taxes – – – 4,89 – 4,89

Adjusted opening balance 2013-01-01 111,700 145,870* 112,331 – 4,575 365,346

Unconditional shareholder contributions – – – 2,314* – – 2,316

Bonus issue/Redemption of preferred shares – 2,030 – 2,030 – – –

New issue, not including costs 13,640 – 136,400 – 150,040

New issue costs – 3,759 – 3,759 – –

Dividend paid – – – 7,982 – 7,982

Net profit for the year – – – 49,895 – 49,895

Adjustment due to transition to K3:

- Minority interest – – – 714 – 714
- Deferred taxes – – – 145 – 145

Adjusted closing balance 2013-12-31 123,310 143,556* 288,827 – 3,861 551,832

Unconditional shareholder contributions – 47,591* – – 47,591

Bonus issue/Redemption of preferred shares 597 – 90,030 – 90,030

New issue, not including costs 8,185 – 90,030 – 98,215

New issue costs – – – 7,840 – 7,840

Correction relating to prior year – – – 7,500 – 7,500

Dividend paid – – – 21,402 – 21,402

Net profit for the year – – – 143,989 – 143,989

Minority interest – – – 1,240 – 1,240

Closing balance 2014-12-31 132,002 191,147* 485,597 – 5,101 803,045

* External capital contributions in the partially owned project companies. This capital enjoys preference in the event of repayment of unrestricted equity in these entities before any payment of dividend. This means that incremental capital inflows are repaid upon final profit recognition in profitable projects. In the event that a project records a deficit, the repayment is reduced by such deficit.
The reason for entering into these interest rate derivatives is to secure the financing cost held in prospect to end customers upon completion of projects.
AUDIT REPORT

To the Annual General Meeting in ALM Equity AB
Corporate Identity Number 556546-1650

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of ALM Equity AB (publ) for the 2014 financial year. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 92-117.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the President 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 judgment, 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 President, 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 opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Swedish 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 General Meeting 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 audited the proposed appropriations of the company’s profit or loss and the administration of the Board of Directors and the President of ALM Equity AB for 2014.

Responsibilities of the Board of Directors and the President

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 President are responsible for administration under the Swedish Companies Act.

Responsibility of the auditor

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 the Board of Directors’ reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Swedish 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 President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish 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 opinion.

Opinions

We recommend to the Annual General Meeting 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 President be discharged from liability for the financial year.

Stockholm, 20 April 2015
Ernst & Young AB

Jonas Sverrisson
Ingemar Rindstig

AUTHORIZED PUBLIC ACCOUNTANT
AUTHORIZED PUBLIC ACCOUNTANT
CALENDAR

2015
28 May  Annual General Meeting
28 May  Interim Report, January-March
30 June  Record day for dividend to holders of preferred shares
25 August  Semi-annual Report, January-June
30 September  Record day for dividend to holders of preferred shares
25 November  Interim Report, January-September
30 December  Record day for dividend to holders of preferred shares

2016
26 February  Year-end Report 2015
31 March  Record day for dividend to holders of preferred shares

CONTACT INFORMATION

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