Annual report 2014

Nordisk Renting

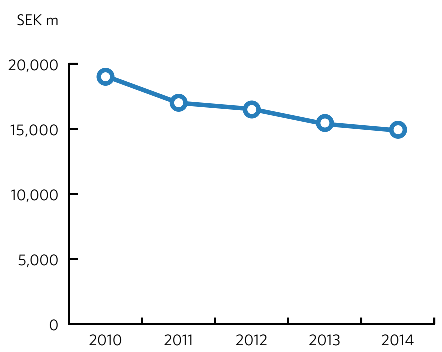
Five-year summary (Group)

(SEK m)	2014	2013	2012	2011	2010
Net sales	1,342	1,166	1,222	1,323	1,297
Operating profit	1,009	870	925	1,056	914
Profit after financial items	416	506	527	583	440
Balance sheet total	14,880	15,383	16,529	17,001	19,064
Equity/assets ratio	34,6 %	34,8 %	31,5 %	30,2 %	24,6 %
Return on equity	5,8 %	7,6 %	8,6 %	9,0 %	7,4 %
Return on total assets	5,0 %	5,6 %	5,7 %	6,1 %	4,7 %
Average number of employees*	15	16	15	19	23

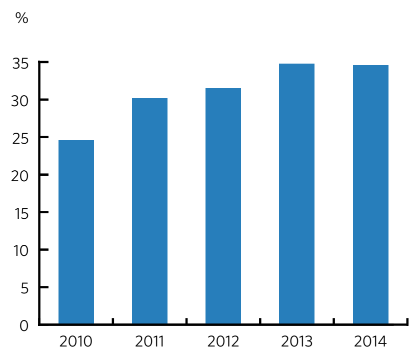
* Under an agreement with The Royal Bank of Scotland Plc (RBS) in the Nordic region, the company acquires services such as finance, customer and business communication, and HR from RBS Nordic Region. The acquired services equate to around 5 man-years.

Profit after financial items

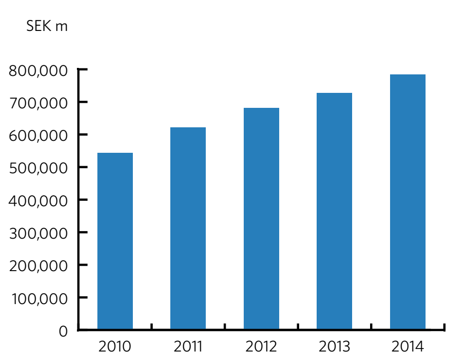
Balance sheet total



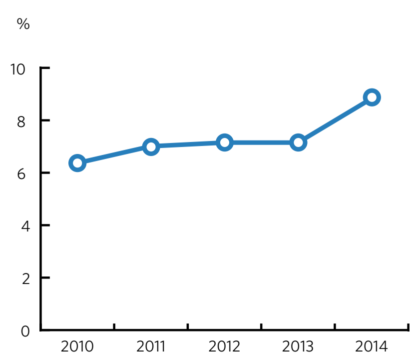
Equity/assets ratio



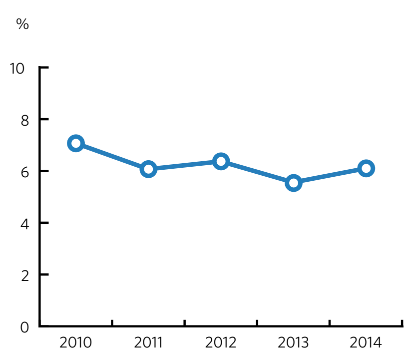
Cash flow from operating activities



Dividend yield [1]



Cost/income ratio [2]

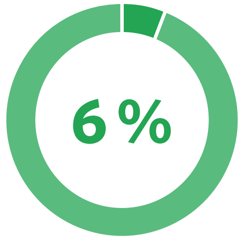


[1] Definition Dividend yield = (Net sales – Property and operating expenses excluding depreciation)/Average property portfolio.
[2] Defined as business, marketing and administrative expenses/gross profit. Income for 2014 has been adjusted by a one-off payment from TeliaSonera for greater comparability.

The year 2014 in brief

- **During the year** the Group's net sales increased to SEK 1,342m (1,166). The increase primarily comprised a one-off rental payment of SEK 247m from TeliaSonera. Adjusted for this non-recurring item, net sales decreased due to a smaller property portfolio and lower market interest rates.
- **Profit after financial items** of SEK 416m (506) decreased by SEK 90m compared to the previous year. The decrease mainly comprised reductions in property value of SEK 262m and lower income from sales of SEK 28m, but it was offset by the increase in net sales, see above. Interest expenses fell by 45m driven by repayment of long-term liabilities.
- **The cash flow** from operating activities amounted to SEK 784m (727).
- **During the year** vital investments were made in existing properties. The overall property portfolio still decreased to SEK 13,542m (14,524), due to disposals of SEK 835m and in addition the value of two properties were adjusted downwards in the accounts.
- **Long-term liabilities** decreased by SEK 300m (1,287). The Group's liquid assets on 31 December 2014 amounted to SEK 697m (364) and unutilised overdraft facilities totalled SEK 491m (491).
- **Equity decreased** to SEK 5,141m (5,349), primarily due to a dividend of SEK 530m. The equity ratio amounted to 35.2 per cent (35.4) including minority shares and to 34.6 per cent (34.8) excluding minority shares.
- **The balance sheet** amounted at year end to SEK 14,880m, which is about the same size as a decade ago.

At a glance



Average Cost/Income Ratio over the last 5 years.

11,8

Invested volume, SEK bn, 2005 – 2014.

Number of properties in Norway, Sweden & Finland.

The company's offering

NORDISK RENTING IS a property-owning company that offers strategic property solutions.

A renting deal entails a company or a public sector body selling its property to Nordisk Renting and then leasing it from us, with an option to buy it back.

The tenant retains access to and influence over strategically important premises.

Capital is freed up for investment in the core business. The debt ratio decreases and access to bank finance remains intact.

The solution is ideal for strong organisations with properties that are of pivotal importance to their activities.

Investing in the future

2014 WAS CHARACTERISED by many development projects with existing customers. Long-term collaborations and strong partnerships are the principal hallmarks of our operation, which is to acquire, own and – alongside the customer – refine properties for long-term leasing.

Nordisk Renting has a very solid financial position and a strong cash flow. This lays a good foundation for increasing business volumes and giving the owners fair returns.

FLEXIBILITY FOR THE customer is one of the core elements of our offering. Having collaborations that are mutually beneficial over many years requires us to be adaptable as customers' operations evolve. For example, additional investments and development projects are normal over the course of a lease term.

"Flexibility for the customer is one of the core elements of our offering, and this has been clear in 2014."

The unique aspect of our offering is that the customers can buy back the property at a predetermined option price. One natural conclusion to a collaboration is therefore that ownership of the property returns to the customer, who is then free to decide on the next step. This often means selling and realising the value of the property, or perhaps a new lease on attractive terms.

INVESTMENTS IN 2014 related to our existing properties. Starting in 2015 we are entering into a phase of higher activity and investment rate on the domestic markets of Sweden, Finland and Norway. New appointments have increased the number of employees in the business organisation by 30 per cent, in order to make a greater impact on the market. The appointments strengthen the company's expertise in putting together customer-specific solutions. Leading-edge expertise in real estate, tax, financing, accounting and legal issues make Nordisk Renting a leading knowledge company in property renting, with highly focused, dedicated employees.

THE TWO LARGEST disposals related to a logistics centre in Järfälla with St Gobain and an office building in Helsinki for NCC.

Nordisk Renting renegotiated its rental agreements with SEB for the property in Sundbyberg, Stockholm, during 2014. SEB will thereby continue to rent all the premises up until the end of 2018. A new agreement was signed up to 2031 for the parts of the property relating to SEB's IT centre. The process of remodelling and refining the property for another company's use has begun.

In 2014, TeliaSonera decided to move out of our building in Farsta, Stockholm, at the end of 2016. In conjunction with the termination the company made a one-off rental payment, which had a positive impact on Nordisk Renting's figures. Planning and preparatory work has also begun on this property.

IN 2015 NORDISK RENTING will have more personal contacts and customer meetings, and will increase its presence in public arenas, digital platforms and printed media. One such arena is Almedalen Week in Visby, a key political forum for players in the public sector.

Alongside close relations with major Nordic corporations, Nordisk Renting has also enjoyed strong links with national, regional and local authorities. We intend to further develop and expand our business collaboration, partly by collaborating on new builds.

THERE IS A GREAT need for funding in the public sector's core areas, but also with regard to considerable pension liabilities and an increasing number of people retiring. Freeing up capital from real estate, while retaining control, is an attractive alternative to raising taxes, increasing debt or selling properties in the conventional way, which creates uncertainty regarding influence over premises that are needed to provide important public services.

BY CREATING LONG-TERM sustainable customer solutions for national, regional and local authorities, Nordisk Renting can also contribute to greater social benefit, where freed-up capital is invested in core operations such as schools, care and health care.

For private sector companies, the main driving force behind a rental solution is to achieve commercial goals and increase the return on equity by focusing on the core operation.

BY DOING BUSINESS with solid partners we minimise our business risks, primarily when it comes to changes in value and rental losses. Customers are often responsible for managing the properties themselves, and this lays a good foundation for offering attractive, competitive rental terms.

Nordisk Renting has been providing rental solutions for several decades, thanks to a stable business concept. After a period of consolidation, with a focus on developing the existing customer portfolio, we are now raising our level of ambition. Our ambition is to develop solutions for more private sector companies and public sector organisations.

Reinhold Geijer,
President and CEO

Administration report

Business concept and description

Nordisk Renting's business concept is to acquire, own and – alongside the customer – refine properties for long-term leasing to financially strong private and public sector business partners in the Nordic region, which have a strategic interest in long-term property leasing ventures. This enables Nordisk Renting to offer customers long-term both operating and finance leases.

The Group's customers mainly comprise large private Nordic companies, but can also be found among the Swedish and Finnish states, local and county authorities, and other public sector entities.

In order to offer the most competitive business solutions, Nordisk Renting conducts its business operations with limited risk exposure. This presupposes long-term leases with financially strong customers and business partners, often in combination with a call option to buy, enabling the customer to retain control over the property and benefit from any future growth in value. Ongoing management of the properties is carried out either by the customer or by another external party. Nordisk Renting is headquartered in Stockholm but also has offices and personnel in Helsinki.

Owners

Nordisk Renting is headquartered in Stockholm but also has offices and personnel in Helsinki. Owners Nordisk Renting AB is a wholly-owned subsidiary of Strand European Holdings AB, reg. no. 556643-7785, based in Stockholm.

Strand European Holdings AB is part of The Royal Bank of Scotland Plc group, reg. no. sc 90312, based at 36 St Andrew Square, Edinburgh EH2 2YB, UK. The British government is the majority owner of RBS.

Significant events during the financial year

During the year, TeliaSonera terminated the lease for an office building in Farsta, Stockholm, and intends to vacate the property at the end of 2016. Nordisk Renting and TeliaSonera reached an agreement during the year regarding the time and conditions for TeliaSonera's vacation of the property. Under the terms of the agreement, TeliaSonera is to pay a one-off rental payment of SEK 247m to Nordisk Renting. In light of the termination of the agreement, the value of the property was adjusted downwards in the accounts.

Nordisk Renting renegotiated the lease with SEB regarding an office building in Rissne, Stockholm, during the year.

Consequently SEB will now rent all the premises until the end of 2018, after which SEB intends to leave the majority of the building. A new lease was signed with SEB until 2031 for premises housing the data centre and accompanying office spaces. In the accounts, the value of the property was adjusted downwards due to SEB's intended relocation.

No new properties were acquired during the year. Investments in existing properties amounted to SEK 98m (164), and properties with a book value totalling SEK 840m (715) were sold. Of the 13 (8) divestments made during the year, 7 (7) were in accordance with existing option agreements. The two largest sales related to a warehouse property in Järfälla where St Gobain was the customer, and an office building in Helsinki where NCC was the customer.

Financial overview

These are Nordisk Renting AB's first annual accounts and consolidated accounts to be prepared in accordance with BFNAR 2012:1 "K3" (the general recommendations of the Swedish Accounting Standards Board for annual accounts and consolidated accounts). See Note 2 for further information.

Five-year overview of the Group's operation, financial position and results

	2014[4]	2013[4]	2012[4]	2011[4]	2010[4]
Net sales	1,342	1,166	1,222	1,323	1,297
Operating profit	1,009	870	925	1,056	914
Profit after financial items	416	506	527	583	440
Balance sheet total	14,880	15,383	16,529	17,001	19,064
Equity ratio (1)	34.6%	34.8%	31.5%	30.2%	24.6%
Return on equity (2)	5.8%	7.6%	8.6%	9.0%	7.4%
Return on total capital (3)	5.0%	5.6%	5.7%	6.1%	4.7%
Average number of employees	15	16	15	19	23

(1) Adjusted equity/Balance sheet total
(2) Profit for the year/Average adjusted equity
(3) (Profit after financial income and expenses + interest expenses)/Average balance sheet total
(4) From 1 January 2014 the company applies BFNAR 2012:1 "K3" (the general recommendations of the Swedish Accounting Standards Board for annual accounts and consolidated accounts). 2013 has been recalculated according to K3.

Group profit

During the year net sales increased to SEK 1,342m (1,166). The increase primarily comprised a one-off rental payment of SEK 247m from TeliaSonera. Adjusted for this non-recurring item, net sales decreased due to a smaller property portfolio and lower market interest rates.

Profit after financial items of SEK 416m (506) decreased by SEK 90m compared to prior year. The decrease mainly comprised write-downs in property value of SEK 262m and lower income from sales of SEK 28m, but it was offset by the increase in net sales. Interest expenses fell by SEK 45m driven by repayment of long-term liabilities.

Liquidity and equity ratio

The cash flow from operating activities including gains from the sale of properties and equipment amounted to SEK 854m (826). Long-term liabilities decreased by SEK 300m (1,287). The Group's liquid assets on 31 December 2014 amounted to SEK 697m (364) and unutilised overdraft facilities totalled SEK 491m (491).

Equity decreased to SEK 5,141m (5,349), primarily due to a dividend of SEK 530m. The equity ratio amounted to 35.2 per cent (35.4) including minority shares and to 34.6 per cent (34.8) excluding minority shares.

Financing

The Royal Bank of Scotland is the company's main financier. Since the parent company is part of The Royal Bank of Scotland, of which the British government is the majority owner, the company's long-term financing is deemed to be secure. As a wholly-owned subsidiary within The Royal Bank of Scotland, Nordisk Renting fulfils all appropriate UK regulatory requirements.

The company also has credit limits with other financiers. At the year-end, external borrowing amounted to SEK 2,118m (2,050).

Five-year review of the parent company's operation, position and financial resultst

	2014[4]	2013[4]	2012[4]	2011[4]	2010[4]
Net sales	11	12	14	14	14
Operating profit/loss	-16	-19	-76	-27	-57
Profit after financial items	342	184	537	222	721
Balance sheet total	7,306	7,546	8,501	8,921	10,477
Equity ratio (1)	46.0%	46.8%	42.6%	38.4%	29.9%
Return on equity (2)	8.8%	5.3%	13.3%	4.1%	20.9%
Return on total assets (3)	8.7%	5.8%	7.1%	4.2%	7.0%
Average number of employees	12	14	13	16	18

(1) Adjusted equity/Balance sheet total
(2) Profit for the year/Average adjusted equity
(3) (Profit after financial income and expenses + interest expenses)/Average balance sheet total
(4) From 1 January 2014 the company applies BFNAR 2012:1 "K3" (the general recommendations of the Swedish Accounting Standards Board for annual accounts and consolidated accounts).Figures for 2013 have been recalculated in accordance with K3 for comparison purposes.

Parent company profit

Profit for the year after financial items of SEK 342m (184) increased by SEK 158m compared to prior year. The increase is primarily a result of higher profit from shares in Group companies of SEK 217m due to a one-off rental payment from TeliaSonera, and higher dividends from subsidiaries of SEK 91m. The increase is offset by decreased interest income due to lower exchange rate differences compared to the previous year.

Significant events after the reporting period

There have been no significant events since the end of the reporting period.

Significant risks and uncertainties

The company's operation, financial results and position are affected by business risks, operational risks and financial risks.

More prominent business risks are changes in the value of the property holdings, as well as leasing losses when premises stand vacant. These are mitigated primarily by the Group entering into long-term leasing agreements with financially strong parties, which have a strategic interest in the property.

All of the Group's properties are insured at full value, or at an estimated replacement cost.

The Group's operational risks are managed within the framework of The Royal Bank of Scotland's Group-wide risk programme, which entails the company's internal control environment being tested and assessed on a quarterly basis.

Financial risks refer primarily to interest rate, exchange rate and liquidity risk and are dealt with as defined in the financial and risk policy adopted by the Board. For further information about handling financial risks, see Note 4.

Anticipated future development

Nordisk Renting's business focus remains unchanged, and the company expects to be able to consolidate its position on the market in 2015.

At the end of 2014, six new people were recruited as part of Nordisk Renting's strategy to further strengthen its presence in both Sweden and Finland. Three of these began their employment in 2014. A stronger presence will be achieved through deeper relations with existing and new customers alike.

A number of activities to raise Nordisk Renting's visibility will be carried out in 2015, including the launch of a new website and production of new sales material.

Financial instruments

Information regarding the company's financial instruments, goals and applied principles for financial risk management, along with a description of applying hedge accounting, can be found in Note 4 Derivatives and financial instruments. The Note also contains disclosures and a description of risks.

Non-financial disclosures

Employees

Nordisk Renting is part of The Royal Bank of Scotland's Group-wide equality plan. The Group works for diversity in all areas.

Environment

The company conducts no operations that are hazardous to the environment.

Proposed distribution of profits (SEK)

Parent company

The following earnings are at the disposal of the Annual General Meeting:	
Profit brought forward from previous year	2,617,571,571
Profit for the year	303,349,085
	2,920,920,656

The Board and the Chief Executive Officer propose that:	
to be paid to the shareholders as a dividend	530,000,000
to be carried forward	2,390,920,656

The Board's statement pursuant to Chapter 18 Section 4 of the Companies Act on the proposed dividend

The Board considers the proposed distribution of profits to be justifiable taking into consideration the requirements which the nature, scope and risks of the operation, both with regard to the company and the Group, place on the size of the equity, and the company's and the Group's consolidation requirements, liquidity and position in general. The dividend exceeds profit for the year by SEK 226m, however the cash flow from operating activities is SEK 254m greater. Following the proposed dividend, the Group's equity ratio would amount to 32.1 per cent, which is deemed satisfactory.

For further information on the parent company's and the Group's results and position, refer to the following income statements and balance sheets, to the equity reports, cash flow statements and Notes. All amounts are in thousands of SEK unless otherwise stated.

Consolidated income statement

(KSEK)	Note	2014	2013
Net sales	5, 6	1,342,470	1,166,361
Property and operating expenses	5, 6	-396,084	-398,920
Gross profit		**946,386**	**767,441**
Business and marketing expenses		-19,360	-19,344
Administrative expenses		-23,115	-24,009
Other operating income		2,912	20,673
Other operating expenses		-5,054	-
Profit from shares in associated companies	17	36,908	25,949
Profit from sale of property and shares	10	70,457	98,907
Operating profit	7, 8, 9, 19	**1,009,134**	**869,617**
Profit from financial investments			
Profit from other securities and receivables classified as non-current assets	11	-262,392	-
Other interest income and similar income	12	16,141	29,546
Interest expenses and similar expenses	13	-347,137	-392,750
Profit after financial items		**415,746**	**506,413**
Tax on profit for the year	14	-112,203	-107,236
Profit for the year	28	**303,543**	**399,177**

Consolidated balance sheet

(KSEK)	Note	31 Dec 2014	31 Dec 2013
ASSETS			
Non-current assets			
Property, plant and equipment			
Investment property	15	11,676,855	12,619,082
Equipment	16	2,732	1,260
		11,679,587	**12,620,342**
Financial assets			
Shares in associated companies	17	351,447	343,056
Other securities held as non-current assets		–	13
Deferred tax asset	18	3,343	1,748
Finance lease agreements	19	1,865,055	1,904,827
Other long-term receivables		100,000	1,578
		2,319,845	**2,251,222**
Total non-current assets		**13,999,432**	**14,871,564**
Current assets			
Accounts receivables		59,392	85,369
Tax receivables		–	23,229
Other receivables		104,185	10,458
Prepaid expenses and accrued income	20	19,803	29,092
		183,380	**148,148**
Cash and bank		**697,028**	**363,557**
Total current assets		**880,408**	**511,705**
TOTAL ASSETS		**14,879,840**	**15,383,269**

Consolidated balance sheet

(KSEK)	Note	31 Dec 2014	31 Dec 2013
EQUITY AND LIABILITIES			
Equity			
Share capital		129,600	129,600
Additional paid in capital		25,980	25,980
Other equity inc. profit for the year		4,985,708	5,193,338
Equity attributable to shareholders of the parent company		**5,141,288**	**5,348,918**
Minority shareholding		**94,001**	**94,032**
Total equity		**5,235,289**	**5,442,950**
Provisions			
Deferred tax liability	18	225,175	213,550
		225,175	**213,550**
Long-term liabilities	21		
Liabilities to credit institutions		2,118,084	2,050,303
Liabilities to Group companies		6,882,107	7,247,662
Other long-term liabilities		30,345	32,947
		9,030,536	**9,330,912**
Current liabilities			
Accounts payable		3,249	4,416
Liabilities to Group companies		697	684
Tax liabilities		23,321	-
Other current liabilities		51,714	60,367
Accrued expenses and deferred income	22	309,859	330,390
		388,840	**395,857**
TOTAL EQUITY AND LIABILITIES		**14,879,840**	**15,383,269**
MEMORANDUM ITEMS	26		
Pledged assets		**2,429,285**	**2,347,081**
Contingent liabilities		**-**	**-**

Consolidated statement of changes in equity

		Equity attributable to shareholders of the parent company					
(KSEK)	Note	Share capital	Additional paid in capital	Other equity inc. profit for the year	Total equity attributable to shareholders of the parent company	Minority shareholding	Total equity
Opening balance 1 January 2013		**129,600**	**25,980**	**5,056,270**	**5,211,850**	**94,032**	**5,305,882**
Profit for the year				399,177	399,177		**399,177**
Changes in carrying amounts of assets and liabilities:							
Changes in cumulative translation adjustment				-31,586	-31,586		**-31,586**
Hedging of foreign investment				24,970	24,970		**24,970**
Tax effect of hedging of foreign investment				-5,493	-5,493		**-5,493**
Total changes in value		**–**	**–**	**-12,109**	**-12,109**	**–**	**-12,109**
Transactions with shareholders:							**–**
Dividends				-250,000	-250,000		**-250,000**
Total transactions with shareholders		**–**	**–**	**-250,000**	**-250,000**		**-250,000**
Closing balance 31 December 2013		**129,600**	**25,980**	**5,193,338**	**5,348,918**	**94,032**	**5,442,950**

		Equity attributable to shareholders of the parent company					
(KSEK)	Note	Share capital	Additional paid in capital	Other equity inc. profit for the year	Total equity attributable to shareholders of the parent company	Minority shareholding	Total equity
Opening balance 1 January 2014		**129,600**	**25,980**	**5,193,338**	**5,348,918**	**94,032**	**5,442,950**
Profit for the year				303,543	303,543		**303,543**
Changes in carrying amounts of assets and liabilities:							
Changes in cumulative translation adjustment				82,823	82,823		**82,823**
Hedging of foreign investment				-82,046	-82,046		**-82,046**
Tax effect of hedging of foreign investment				18,050	18,050		**18,050**
Total changes in value				**18,827**	**18,827**		**18,827**
Transactions with shareholders:							
Dividends				-530,000	-530,000		**-530,000**
Repayment of minority share					–	-31	**-31**
Total transactions with shareholders		**–**	**–**	**-530,000**	**-530,000**	**-31**	**-530,031**
Closing balance 31 December 2014		**129,600**	**25,980**	**4,985,708**	**5,141,288**	**94,001**	**5,235,289**

Consolidated cash flow statement

(KSEK)	Note	2014	2013
Operating activities			
Profit after financial items		415,746	506,413
Adjustments for items not included in the cash flow:			
Depreciation/amortisation and impairments		621,057	365,939
Capital gains from sales		-70,457	-98,907
Unrealised exchange rate differences		-9,978	8,471
Share of profit of associated companies		-36,908	-25,949
Other items not affecting cash flow		–	9,077
Income tax paid		-48,157	-96,768
Cash flow from operating activities before changes in working capital		**871,303**	**668,276**
Cash flow from changes in working capital			
Decrease (+)/increase (-) in current receivables		-61,459	62,156
Decrease (-)/increase (+) in current liabilities		-26,278	-3,634
Cash flow from operating activities		**783,566**	**726,798**
Investing activities			
Acquisition of subsidiaries		–	14,337
Divestment of subsidiaries		892,455	798,494
Acquisition of and investments in investment properties		-91,261	-147,453
Sale of investment properties		–	14,720
Acquisition of equipment, fixtures and fittings		-1,876	-73
Sale of equipment, fixtures and fittings		4	14
Change in financial assets		50,304	70,413
Cash flow from investing activities		**749,018**	**750,452**
Financing activities			
Loans raised		29,459	698,784
Loan repayments		-716,193	-2,080,060
Dividend paid		-530,000	-250,000
Cash flow from financing activities		**-1,216,734**	**-1,631,276**
Cash flow for the year		**315,850**	**-154,026**
Cash and cash equivalents at beginning of year		**363,557**	**527,955**
Exchange rate differences in cash and cash equivalents		**17,621**	**-10,372**
Cash and cash equivalents at end of year		**697,028**	**363,557**
Supplementary disclosures			
Interest paid		-352,073	-370,792
Interest received		20,665	7,055
Dividends from associated companies		50,000	-

Parent company income statement

(KSEK)	Note	2014	2013
Net sales	5, 6	11,048	11,946
Gross profit		11,048	11,946
Business and marketing expenses		-13,408	-13,897
Administrative expenses		-16,009	-17,249
Other operating income		2,403	3
Operating profit	7, 8, 9, 19	**-15,966**	**-19,197**
Profit from financial investments			
Profit from shares in Group companies		308,140	91,065
Profit from other securities and receivables classified as non-current assets	11	134,997	44,220
Other interest income and similar income	12	218,769	350,918
Interest expenses and similar expenses	13	-304,010	-282,683
Profit after financial items		**341,930**	**184,323**
Appropriations	23	13,400	40,000
Tax on profit for the year	14	-51,981	-34,030
Profit for the year		**303,349**	**190,293**

Parent company balance sheet

(KSEK)	Note	31 Dec 2014	31 Dec 2013
ASSETS			
Property, plant and equipment			
Equipment	16	2,604	1,110
		2,604	**1,110**
Financial assets			
Shares in Group companies	24	2,583,216	2,605,246
Receivables from Group companies		3,857,752	4,331,440
Shares in associated companies	17	220,000	220,000
Deferred tax asset	18	5,181	157
		6,666,149	**7,156,843**
Total non-current assets		**6,668,753**	**7,157,953**
Accounts receivable		2,400	2
Receivables from Group companies		274,462	135,296
Tax receivables		–	39,603
Other receivables		130	51
Prepaid expenses and accrued income	20	3,547	5,137
		280,539	**180,089**
Cash and bank		**356,812**	**208,219**
Total current assets		**637,351**	**388,308**
TOTAL ASSETS		**7,306,104**	**7,546,261**

Parent company balance sheet

(KSEK)	Note	31 Dec 2014	31 Dec 2013
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (1,296,000 shares)		129,600	129,600
Statutory reserve		25,920	25,920
		155,520	**155,520**
Non-restricted equity			
Retained earnings		2,617,572	2,957,279
Profit for the year		303,349	190,293
		2,920,921	**3,147,572**
Total equity		**3,076,441**	**3,303,092**
Untaxed reserves	25	**366,302**	**296,302**
Provisions			
Deferred tax liability	18	55,406	54,848
		55,406	**54,848**
Long-term liabilities	21		
Liabilities to Group companies		3,402,814	3,404,290
Other long-term liabilities		282	30,620
		3,403,096	**3,434,910**
Current liabilities			
Accounts payable		2,118	3,758
Liabilities to Group companies		357,478	391,327
Income tax liabilities		6,595	–
Other current liabilities		3,730	21,076
Accrued expenses and deferred income	22	34,938	40,948
		404,859	**457,109**
TOTAL EQUITY AND LIABILITIES		**7,306,104**	**7,546,261**
MEMORANDUM ITEMS	26		
Pledged assets		**–**	**–**
Contingent liabilities		**81,356**	**96,399**

Parent company report of change in equity

(KSEK)	Share capital	Statutory reserve	Profit/loss brought forward	Profit for the year	Total equity
	Restricted equity		*Non-restricted equity*		
Opening balance 1 January 2013	**129,600**	**25,920**	**2,737,866**	**469,413**	**3,362,799**
Distribution of previous year's profit			469,413	-469,413	**-**
Profit for the year				190,293	**190,293**
Transactions with shareholders:					
Dividends			-250,000		**-250,000**
Total transactions with shareholders	**–**	**–**	**-250,000**	**–**	**-250,000**
Closing balance 31 December 2013	**129,600**	**25,920**	**2,957,279**	**190,293**	**3,303,092**

Share capital (1,296,000 shares with a quota value of SEK 100)

	Share capital	Statutory reserve	Profit/loss brought forward	Profit for the year	Total equity
	Restricted equity		*Non-restricted equity*		
Opening balance 1 January 2014	**129,600**	**25,920**	**2,957,279**	**190,293**	**3,303,092**
Distribution of previous year's profit			190,293	-190,293	**-**
Profit for the year			303,349		**303,349**
Transactions with shareholders:					
Dividends			-530,000		**-530,000**
Total transactions with shareholders	**–**	**–**	**-530,000**	**–**	**-530,000**
Closing balance 31 December 2014	**129,600**	**25,920**	**2,920,921**	**–**	**3,076,441**

Parent company cash flow statement

(KSEK)	Note	2014	2013
Operating activities			
Profit after financial items		341,930	184,323
Adjustments for items not included in the cash flow:			
Depreciation/amortisation and impairments		382	284
Capital gains from sales		-16,040	–
Unrealised exchange rate differences		41,090	-11,393
Other items not affecting cash flow		-84,996	-52,524
Income tax paid		-10,249	-50,007
Cash flow from operating activities before changes in working capital		**272,117**	**70,683**
Cash flow from changes in working capital			
Decrease (+)/increase (-) in current receivables		-56,653	125,188
Decrease (-)/increase (+) in current liabilities		-58,845	17,335
Cash flow from operating activities		**156,619**	**213,206**
Investing activities			
Acquisition of subsidiaries		–	14,337
Divestment of subsidiaries		38,070	–
Change in lending to Group companies		558,684	710,460
Acquisition of equipment, fixtures and fittings		-1,876	–
Change in financial assets		–	-7,558
Cash flow from financing activities		**594,878**	**717,239**
Cash flow for the year			
Cash and cash equivalents at beginning of year		-82,882	-935,721
Exchange rate differences in cash and cash equivalents		-530,000	-250,000
Cash and cash equivalents at end of year		**-612,882**	**-1,185,721**
Cash flow for the year		**138,615**	**-255,276**
Cash and cash equivalents at beginning of year		**208,219**	**471,966**
Exchange rate differences in cash and cash equivalents		**9,978**	**-8,471**
Cash and cash equivalents at end of year		**356,812**	**208,219**
Supplementary disclosures			
Interest paid		-108,242	-96,308
Interest received		135,108	134,421
Dividends from associated companies		50,000	–

Notes

Note 1 General information

Nordisk Renting AB is a limited company with its registered office in Stockholm, Sweden, company registration number 556066-2578. The company and its subsidiaries' ("the Group's") business concept is to acquire, own and – alongside the customer – refine properties for long-term leasing to financially strong private and public sector business partners in the Nordic region, which have a strategic interest in long-term real estate ventures.

The parent company of the largest Group of which Nordisk Renting is a subsidiary is The Royal Bank of Scotland Plc, reg. no. sc 90312 based at 36 St Andrew Square, Edinburgh EH2 2YB, UK. The foreign parent company's consolidated accounts can be obtained via Nordisk Renting AB.

Note 2 Accounting and valuation principles

The company applies the Swedish Annual Accounts Act (1995:1554) and BFNAR 2012:1 (the general recommendations of the Swedish Accounting Standards Board for annual accounts and consolidated accounts, known as "K3").

K3 applied for the first time

This is the first year the company is applying K3 and since the consolidated accounts present a year of comparison figures, 1 January 2013 has been established as the official date of transition to K3. The company previously applied the Annual Accounts Act and the general advice and recommendations of the Swedish Accounting Standards Board and FAR (the institute for the accounting profession in Sweden), as well as recommendations and statements of the Swedish Financial Accounting Standards Council where relevant.

The transition to K3 is being reported in accordance with the regulations in chapter 35 regarding the first-time application of K3, which demand that companies apply K3 retroactively. Consequently, the figures for 2013 have been recalculated in accordance with K3 for comparison purposes. There are, however, a number of voluntary and obligatory exceptions from this general rule, designed to facilitate the transition to K3. An outline of how the company has applied these exceptions, including a description of how the Group's financial results and position have been affected by the transition to K3 and a summary of changes made to the accounting principles, is presented in Note 28.

Consolidated accounts

The consolidated accounts include the parent company Nordisk Renting AB and those companies over which the parent company directly or indirectly has a controlling interest (subsidiaries). A controlling interest entails the right to formulate another company's financial and operational strategies with the purpose of obtaining financial advantages. When assessing whether any controlling interest exists, consideration should be paid to the possession of financial instruments which may potentially give a right to vote, and which may without delay be utilised or converted to equity instruments which give a right to vote. Account should also be taken of whether the company has the possibility to govern the operation through an agent. A controlling interest normally exists when the parent company directly or indirectly holds shares that represent more than 50 per cent of the votes.

The income and expenses of a subsidiary company are included in the consolidated accounts from the time of acquisition until such a time as when the parent company no longer has a controlling interest over the subsidiary. See the section headed 'Business combinations' below for recognition of the acquisition and sale of subsidiaries.

The accounting principles for subsidiaries are the same as those for the Group. All intra-Group transactions, dealings and unrealised gains and losses attributable to intra-Group transactions have been eliminated in preparing the consolidated accounts.

Business combinations

Business combinations are recognised using the acquisition method.

The purchase price for the business combination is measured at fair value at the time of acquisition, which is calculated as the sum of the fair values at the time of acquisition for transferred assets, incurred or assumed liabilities, and issued equity instruments and expenditure directly related to the business combination. The purchase price also includes fair value at the time of acquisition for the assets or liabilities that are the result of contingent consideration provided that, at the time of acquisition, it is probable that the purchase sum will be adjusted at a later point in time and that the amount can be estimated in a reliable manner.

The cost for the acquired unit is adjusted on the balance sheet date and when the final purchase price is established, although no later than one year after the time of acquisition.

A provision pertaining to expenditure for restructuring the acquired unit's operation is included in the acquisition analysis only to the extent that the acquired unit meets the conditions for reporting a provision even before the time of acquisition.

Goodwill and negative goodwill

In the case of business combinations where the total of the purchase price, fair value of minority shares and fair value at the time of the acquisition of former shareholdings exceeds the fair value at the time of acquisition of recognizable acquired net assets, the difference is recognised as goodwill in the consolidated balance sheet. If the difference is negative, the value of identifiable assets and liabilities should be reviewed. Negative goodwill which corresponds to anticipated future losses is taken up as income as the losses arise.

Changes in shareholdings

The acquisition or sale of shares in companies that are subsidiaries both before and after the change are recognised as a transaction between owners, and the effect of the transaction is reported directly in equity.

When the parent company loses a controlling interest over a subsidiary, all shares are deemed sold and the profit or loss that arises from the sale is recognised in the consolidated income statement. If any shares remain after the sale, they are recognised as per chapter 11 on financial instruments measured based on cost, or chapter 14 on associated companies. The cost is the fair value at the time of selling.

Shares in associated companies

An associated company is a company where the Group has a significant but not controlling interest. This normally comprises companies where the Group has 20-50 per cent of the votes. Shares in associated companies are reported in accordance with the equity method.

In applying the equity method, an investment in an associated company is initially recognised as the cost of the asset. The carrying amount is then increased or decreased based on the Group's share of the associated company's profit after the time of acquisition. Dividends received from the associated company reduce the carrying amount of the investment. It may also be necessary to adjust the carrying amount to reflect changes in the associated company's equity.

If the Group's share in an associated company's losses equals or exceeds the carrying amount of the shares in the associated company, the carrying amount is reduced until it reaches zero. Further losses are recognised as a provision only to the extent that the owning company has a legal obligation or informal obligation to cover the losses, or if the owner company has made payments on behalf of the associated company. If the associated company reports a profit in the financial year to come, the owner company should only report its share of the profit when it exceeds the share of the losses that have not been reported by the owning company.

A share in the associated company's profit after tax is recognised as "Profit from shares in associated companies" in the consolidated income statement.

Changes in shareholdings

If further shares are acquired in a company that is an associated company both before and after the acquisition, the shares that were owned before the acquisition are not revalued. If shares in an associated company are sold so that significant influence no longer exists, all shares are deemed sold and the profit or loss from the sale is recognised in the consolidated income statement. If any shares remain after the sale, they are recognised as per chapter 11 on financial instruments measured based on cost. The cost is the fair value at the time of selling.

Income

Income is recognised at the fair value of the payment that is or will be received, with deductions for value-added tax, discounts, returns and similar.

The Group's income primarily comprises lease income from leasing agreements; see also below under Leasing agreements. All income from leasing agreements, whether financial or operational, is recognised in net sales. For properties on a pure leasing basis, which are financial, net sales consist of the interest portion of the leasing fee.

Dividend and interest income

Dividend income is recognised when the owner's right to receive payment has been established.

Interest income is recognised over the interest term, applying the effective interest method. The effective interest is the interest that makes the present value of all future inward and outward payments during the fixed interest term equal to the carrying amount of the receivable.

Leasing agreements

A finance leasing agreement is one in which the financial risks and benefits associated with owning an asset are in all essentials transferred from the lessor to the lessee. Other leasing agreements are classified as operational leasing agreements.

The Group as lessee

The Group only has operational leasing agreements where the Group is the lessee. Leasing fees for operational leasing agreements are expensed on a straight line basis over the lease term, unless another systematic approach better reflects the user's economic benefit over time.

The Group as lessor

On initial recognition, the lessor recognises a finance leasing contract as a receivable in the balance sheet. The recognised amount corresponds to the net investment in the leasing agreement. The net investment is equal to the leased object's fair value, as the agreement is entered into including any direct expenses that arise from entering into the agreement. The lessor distributes the financial income from a finance leasing agreement in such a way that an equal return is obtained in each period of the company's net investment.

Leasing income from operational lease agreements is taken up as income on a straight line basis over the leasing period, unless another systematic approach better reflects how the economic benefits attributable to the object decrease over time.

Foreign currencies

The parent company's presentation currency is the Swedish krona (SEK).

Translation of items in foreign currencies

On each closing day, monetary items in foreign currencies are translated at the exchange rate on the closing day. Non-monetary items, which are measured at historical cost in a foreign currency, are not translated. Exchange rate differences are recognised in operating profit/loss or as a financial item based on the underlying business event, in the period they arise, the exception being transactions comprising hedges which fulfil the conditions for hedge accounting of cash flows or net investments.

Net investments in foreign operations

A monetary item which is a receivable or liability in a foreign operation, where settlement is neither planned nor likely in the foreseeable future, is deemed to be a part of the Group's net investment in the foreign operation. Exchange rate differences relating to monetary items that are a part of the company's net investment in foreign operations and which are measured based on cost are recognised in the Group's translation reserve as equity. On divestment of a net investment in foreign operations, the exchange rate difference is recognised in the income statement.

Translation of subsidiaries and foreign operations

When preparing the consolidated accounts, the assets and liabilities of foreign subsidiaries are translated into SEK at the closing day exchange rate. Income and expense items are translated at the average exchange rate for the period, unless the rate has fluctuated significantly during the period, whereby the rate on the transaction date is used. Any translation differences that arise are recognised in equity and transferred to the Group's translation reserve. On divestment of a foreign subsidiary, such translation differences are recognised in the income statement as part of the capital gain/loss.

Loan expenses

Loan expenses relating to borrowed capital attributable to the purchase, design or production of an asset that takes considerable time to complete before it can be used or sold are included in the asset's cost, until such time as the asset is completed and ready for its intended use or sale.

Other loan expenses are recognised in the income statement in the period they arise.

Remuneration to employees

Remuneration to employees in the form of salary, bonuses, paid holiday, paid sick leave etc., as well as pensions, is recognised as it is earned. Pensions and other remuneration to employees after the end of employment are classified as defined contribution or defined benefit pension plans. In all essentials, the Group has defined contribution pension plans. There are no other forms of long-term remuneration to employees.

Defined contribution plans

With defined contribution plans, the Group pays set fees to a separate, independent legal entity and has no obligation to pay further fees. The Group's accounts are expensed as the benefits are earned, which generally coincides with the time at which premiums are paid.

Income tax

The tax expense is the total of current tax and deferred tax.

Current tax

Current tax is calculated from the taxable income for the period. Taxable income differs from the profit reported in the income statement, as it has been adjusted for non-taxable income and non-deductible expenses, and for income and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated based on the tax rates in force on the closing day.

Deferred tax

Deferred tax is recognised for temporary differences between the carrying amount of assets and liabilities in the financial statements, and the taxable value used when calculating the taxable income. Deferred tax is recognised using the balance sheet method. Deferred tax liabilities are recognised for virtually all taxable temporary differences, and deferred tax assets are recognised for virtually all deductible temporary differences to the extent that it is likely that the amounts can be used towards future taxable surpluses. Deferred tax liabilities and tax assets are not recognised if the temporary difference is attributable to goodwill.

Deferred tax liability is recognised for taxable temporary differences attributable to investments in subsidiaries, except in cases where the Group can control the time for reversing the temporary differences and it is not obvious that the temporary difference will be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each closing day and reduced to the extent that it is no longer likely that sufficient taxable income will be available for use, in whole or in part, towards the deferred tax asset.

The measurement of deferred tax is based on how the company, on the closing day, is expected to recover the carrying amount for the corresponding asset, or clear the carrying amount for the corresponding liability. Deferred tax is calculated based on the tax rates and tax rules that have been decided before the closing day.

Deferred tax assets and tax liabilities are offset when they refer to income tax charged by the same tax authority, and when the Group intends to settle the tax with a net amount.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when the tax is attributable to transactions recognised directly in equity. In such cases, the tax too should be recognised directly in equity. For current and deferred tax arising when recognising business combinations, the tax effect should be reported in the acquisition calculation.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any write-down.

The cost includes the purchase price, expenses directly related to bringing the asset to the location and into the condition required for it to be used, and estimated costs for dismantling and removal of the asset and restoration of its location. Additional expenses are only included in the asset or recognised as a separate asset when it is likely that future economic benefits associated with the item will be received by the Group, and that the cost of the asset can be measured in a reliable manner. All other costs for repairs and maintenance and additional expenses are recognised in the income statement for the period when they arise.

When the difference in consumption of a tangible asset's significant components is deemed considerable, the asset is divided up into its components.

The Group's expenses for investments in properties are paid in connection with tenant-related adjustments which are made when a new lease is signed or an existing one renegotiated. These investments are recognised in the balance sheet and are depreciated over the estimated useful life, which generally corresponds to the term of the lease agreement. The Group does not normally have any additional expenses for property management as the tenant is responsible for such expenses as per the lease agreement. For properties with external management agreements, expenses for these are deemed to be equal to ongoing repair and maintenance. The Group does not therefore normally have any further expenses regarding new components or component replacements during the term of the lease agreements.

With the above in mind, the components in the properties owned by the Group are deemed in all essentials to have the same useful lives.

Depreciation of property, plant and equipment is expensed in such a way that the asset's value less its estimated residual value at the end of its useful life is depreciated over its estimated useful life. If an asset is divided into different components, each component is depreciated separately over its useful life.

Depreciation begins when the tangible asset is brought into use.

The Group's investment property with associated plant and machinery, equipment, fixtures and fittings and for which option agreements have been entered into, is written down according to individual annuity plans to the agreed option price for each asset.

For other investment properties, depreciation is carried out according to individual annuity plans based on the value of the building. The annuity plans are adapted to the property in question and take account of the property's location, condition, lease term and other factors.

Alarm installation is depreciated on a straight line basis over 20 years. Other equipment, fixtures and fittings are subject to straight line depreciation over five years.

The useful life of land is infinite, so land is not depreciated.

Estimated useful lives and depreciation methods are reviewed if there is any indication that anticipated consumption has changed significantly compared to the estimate on the previous closing day. When the company changes its assessment of useful lives, any residual value of the asset is also reviewed. The effects of these changes are recognised prospectively.

Property, plant and equipment of minor value or which may be assumed to have an economic life of three years at most are recognised as a cost on initial recognition, provided the company can make the equivalent deduction according to the Swedish Income Tax Act.

Removal from the balance sheet

The carrying amount of a tangible asset is removed from the balance sheet in the event of scrapping or disposal, or when no future economic benefits are anticipated from the use or scrapping/disposal of the asset or component. The profit or loss arising when a tangible asset or component is removed from the balance sheet is the difference between what may be received, less deductions for direct selling costs, and the carrying amount of the asset. The capital gain or loss arising when a tangible asset or component is removed from the balance sheet is recognised in the income statement under other operating income or other operating expenses.

Write-down of non-current assets

On each closing day, the Group analyses the carrying amounts of tangible and intangible assets to establish whether there is any indication that the assets have decreased in value. If this is the case, an estimate is made of the asset's recoverable amount to establish the value of a potential write-down. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount for the cash-generating unit to which the asset belongs.

The recoverable amount is either fair value less cost to sell, or value in use, whichever is higher. Fair value less cost to sell is the price the Group expects to be able to receive from a sale between knowledgeable, independent parties who have an interest in seeing the transaction through, less any costs that are directly related to the sale. When calculating the value in use, the estimated future cash flow is discounted to present value with a discount rate before tax that reflects the current market valuation of the time value of money and the risks associated with the asset. To calculate the future cash flows, the Group has used a budget for the next five years.

If the recoverable amount of an asset (or cash-generating unit) is established to be a lower value than the carrying amount, the carrying amount of the asset (or cash-generating unit) is written down to the recoverable amount. A write-down is to be immediately expensed in the income statement.

On each closing day, the Group assesses whether the previous write-down is no longer justified. If this is the case, the write-down is reversed in part or in whole. When a write-down is reversed, the carrying amount of the asset (or cash-generating unit) increases. The carrying amount after reversal of a write-down may not exceed the carrying amount that would have been established had the asset (or cash-generating unit) not been written down in previous years. A reversal of a write-down is recognised directly in the income statement.

Financial instruments

A financial asset or liability is recognised in the balance sheet when the Group becomes a party to the contractual terms of the instrument. A financial asset is derecognised from the balance sheet when the contractual right to the cash flow from the asset ceases or is settled, or when the Group loses control over it. A financial liability, or part of a financial liability, is derecognised from the balance sheet when the contractual obligation is fulfilled or ceases in some other way.

On initial recognition, current assets and current liabilities are measured at cost. Long-term receivables and long-term liabilities are measured at amortised cost on initial recognition. Loan expenses are distributed over a period of time as part of the loan's interest expense according to the effective interest method (see below).

After initial recognition, current assets are measured at the lower of cost and net selling price on the closing day. Current liabilities are measured at the nominal amount.

Long-term receivables and long-term liabilities are measured at amortised cost after initial recognition.

Amortised cost

Amortised cost refers to the amount at which the asset or liability is initially recognised with deductions for repayments, additions or deductions for accumulated distribution over a period of time according to the effective interest method of the initial difference between the paid/received amount, and the amount to pay/receive on the due date, and with deductions for write-downs.

The effective interest is the interest which, when discounting all future anticipated cash flows over the anticipated term, results in the initial carrying amount for the financial asset or financial liability.

Derivative instruments

The Group enters into derivative transactions with the aim of managing currency, interest and inflation risks. Derivative instruments are recognised at the lower of cost and net selling price. Derivative instruments with a negative value which are not hedging instruments when applying hedge accounting (see below) are measured at the amount which is most favourable for the company if the obligation is settled or transferred on the closing day.

Hedge accounting

The Group applies hedge accounting. The hedged item is not reassessed if there is an opposite change in value in the hedging instrument. Premiums paid or received when the hedging instrument is acquired are to be distributed over the term of the hedging instrument.

The Group has interest swaps to hedge the interest risk associated with leases that have a fixed interest rate or a fixed rent in a particular currency. Paid and received interest on hedging instruments in the same period as the interest on the hedged item is recognised.

The Group uses currency futures and loans in foreign currencies to hedge net investments in foreign currency. The hedging instrument and the hedged item are recognised at the closing day rate in the consolidated accounts. The effective portion of the reassessments is recognised directly in equity. The remainder is recognised in the income statement.

To hedge the inflation risk in the rental income, the Group has CPI swaps. Paid and received index adjustments on hedging instruments are recognised in the same period that the index adjustment on the hedged item is recognised.

Write-down of financial assets

On each closing day, the Group assesses whether there is any indication that one or more financial assets have decreased in value. Such indications might for example be significant financial difficulties on the counterparty's part, breach of agreement, or a likelihood that the counterparty will go bankrupt.

The write-down is calculated as the difference between the asset's carrying amount and the higher of fair value less cost to sell and the present value of the company management's best opinion of the future cash flows the asset is expected to bring.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits with banks and other credit institutions, as well as other short-term liquid investments that can readily be converted to cash and are subject to an insignificant risk of fluctuation in value. To be classified as cash and cash equivalents, the term may not exceed three months from the time of the acquisition.

Provisions

Provisions are recognised when the Group has an existing obligation (legal or informal) as a result of an event which has taken place, it is probable that an outflow of resources will be necessary to settle the commitment, and the amount can be estimated in a reliable way.

A provision is reassessed on each closing day and adjusted so that it reflects the best approximation of the amount required to settle the existing commitment on the closing day, taking account of risks and uncertainties associated with the commitment. When a provision is calculated by estimating the payments that are expected to be necessary to settle the commitment, the carrying amount corresponds to the present value of these payments.

Where a part or the whole of the amount needed to settle a provision is expected to be paid by a third party, this compensation is to be reported separately as an asset in the consolidated balance sheet when it is as good as certain that it will be received if the company settles the commitment and the amount can be calculated in a reliable way.

Contingent liabilities

A contingent liability is a possible commitment arising from events that have taken place, and the existence of which will only be confirmed by one or more uncertain future events, that are not entirely within the company's control, occurring or failing to occur, or an existing commitment arising from events that have taken place, but which is not recognised as a liability or provision since it is not likely that an outflow of resources will be required to settle the commitment, or the scale of the commitment cannot be calculated with sufficient reliability. Contingent liabilities are recognised as memorandum items in the balance sheet.

Contingent assets

A contingent asset is a possible asset arising from events that have taken place, and the existence of which will only be confirmed by one or more uncertain future events, that are not entirely within the company's control, occurring or failing to occur. A contingent asset is not recognised as an asset in the balance sheet.

Cash flow statement

The cash flow statement shows the Group's changes in cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The recognised cash flow only includes transactions that have involved disbursements or receipts of cash.

Parent company's accounting principles

Transition to K3

The parent company previously applied the Annual Accounts Act and the general advice and recommendations of the Swedish Accounting Standards Board and FAR (the institute for the accounting profession in Sweden), as well as recommendations and statements of the Swedish Financial Accounting Standards Council where relevant. The parent company's transition to K3 is presented in Note 28.

The differences between the parent company's and the Group's accounting principles are described below:

Subsidiaries

Shares in subsidiaries are recognised at cost. Dividends from subsidiaries are recognised as income when the right to receive a dividend is deemed certain and can be calculated in a reliable way.

Shares in associated companies

Shares in associated companies are recognised at cost less any write-down. Dividends from shares in associated companies are recognised as income in the income statement.

Group contributions

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

Hedge accounting

In cases where external interest-bearing liabilities in a currency other than SEK are used to hedge the currency risk in investments in subsidiaries, the liabilities are recognised at the exchange rate on the day the hedge was taken out.

Taxes

In the parent company, untaxed reserves are recognised inclusive of deferred tax liability. In the consolidated accounts, however, untaxed reserves are divided into deferred tax liability and equity.

Note 3 Critical accounting estimates and assessments

Important sources of uncertainty in estimates

Below is a description of the most important assumptions regarding the future, and other important sources of uncertainty in estimates on the closing day, which entail a significant risk of considerable adjustments in carrying amounts for assets and liabilities over the next financial year.

The company management assesses the useful life of property, plant and equipment at each report occasion based on condition, the lease term and any options that are in place. Changes in useful lives affect the figures in the form of altered depreciation in subsequent periods.

Important assessments when applying the Group's accounting principles

The following section outlines the most important assessments, apart from those that include estimates (see above), which the company management has made when applying the Group's accounting principles and which have the greatest impact on the amounts provided in the financial statements.

The company continuously monitors the situation to ensure that the non-current assets do not have a book value that exceeds the recoverable amount. Assessing the recoverable amount requires assumptions and estimates to be made about the future. Should the actual outcome deviate from the assessed amounts, this could lead to a write-down of the book values.

Note 4 Derivatives and financial instruments

The Group has derivative contracts in the form of interest swaps, currency futures and CPI swaps.

Currency risk

Currency risk refers to the risk that the fair value or future cash flows fluctuate as a result of altered exchange rates. The Group has operations on several geographical markets and in several currencies, and is therefore exposed to currency risk. Exposure to currency risks originates partly in payment flows in foreign currencies (transaction exposure), from translation of balance sheet items in foreign currencies (balance exposure), and when translating the income statements and balance sheets of foreign subsidiaries to the Group's presentation currency, which is the Swedish krona or SEK (translation exposure).

The Group's in and outflows primarily consists of SEK and EUR. The Group is therefore affected by fluctuations in these currencies' exchange rates to a limited extent. The Group does not hedge cash flows in foreign currencies.

The balance exposure primarily relates to EUR and NOK. The currency exposure in the balance sheet is not hedged. However, parts of the exposure below comprise hedging instruments.

The Group's and the parent company's balance exposure is outlined below:

	Group		*Parent company*	
Currency	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
KEUR	2,198	-70	826	932
KNOK	3,039	4,380	1,820	2,197

The Group's holdings in foreign operations means that net assets are exposed to currency risks. Currency exposure for net investments in foreign currencies is managed partly through borrowing and partly through entering into forward agreements in the same currencies as the net investments. These instruments are identified as hedging of net investments. The Group's translation exposure is outlined below:

	Group	
Currency	**31 Dec 2014**	**31 Dec 2013**
KEUR	228,112	221,202
KNOK	412,078	381,658
KDKK	434	438

The external loans used to hedge net assets in NOK amount to KNOK 400,344 (379,461) on the closing day. The internal loans used to hedge net assets in EUR amount to KEUR 99,318 (99,318) on the closing day. The Group's holding of currency futures used to hedge net assets in EUR amount to KEUR 127,967 (120,952) on the closing day. The Group's holding of currency futures used to hedge net assets in NOK amount to KNOK 9,000 (0) on the closing day.

Interest risk

Interest risk refers to the risk that the fair value or future cash flows will fluctuate as a result of altered market rates of interest. The Group is primarily exposed to interest risk through its rental income for financial leasing agreements. Some of the lease agreements are subject to variable interest while others have fixed interest. The latter include both fixed interest and fixed rent in the respective currency (SEK, EUR and NOK).

For lease agreements with variable interest the Group has variable financing, which means an economic hedge where the interest risk in the rent matches the interest risk in the variable borrowing.

For lease agreements with either fixed interest or fixed rent in the respective currency, the Group has an interest risk and has therefore entered into interest swap agreements. On the closing day the Group had interest swap agreements with a nominal amount of KSEK 85,329 (121,275) and KEUR 73,641 (76,811). Hedge accounting is applied. The Group is also affected by altered market rates of interest as a result of the derivative instruments held to hedge the currency exposure (see above).

CPI or inflation risk

CPI or inflation risk refers to the risk that future cash flows will fluctuate as the result of an altered CPI. Some of the lease agreements contain CPI clauses, which means the level of rent is calculated based on the CPI index. To hedge this risk the Group has entered into CPI swaps, which means the Group swaps variable CPI for fixed CPI. On the closing day the Group had CPI swap agreements with a nominal amount of KSEK 67,576 (86,355) and KEUR 17,368 (17,368). Hedge accounting is applied.

Liquidity risk

Liquidity risk refers to the risk that the Group has problems meeting its commitments relating to its financial liabilities. Since the parent company is part of The Royal Bank of Scotland, of which the British government is the majority owner, the liquidity risk is not deemed significant.

Kreditrisk

Credit risk refers to the risk that the counterparty in a transaction causes the Group a loss by not fulfilling its contractual obligations. The Group's exposure to credit risk can primarily be attributed to accounts receivable and positive derivatives.

The Group's and parent company's maximum exposure to credit risk is deemed to equate to the carrying amounts of all financial assets. The maximum credit risk amounts to KSEK 183,380 (148,148) for the Group and KSEK 6,077 (44,793) for the parent company.

Fair value of derivatives

Fair value of derivatives identified as hedging instruments

	Group		*Parent company*	
	31 Dec 2014	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
Currency futures	8,033	-7,721	–	–
Hedging of net investmentsr				
Interest swaps	-211,564	-130,000	–	–
Hedging of interest risk				
CPI swaps	-62,443	-110,084	–	–
Hedging of inflation risk				
Total	**-282,040**	**-247,805**	**–**	**–**

Fair value of derivatives not held as hedging instruments

	Group		*Parent company*	
	31 Dec 2014	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
Currency futures	-579	197	-10,939	-14,880
Interest swaps	–	–	-26,099	-13,802
CPI swaps	–	–	-18,261	-30,341
Total	**-579**	**197**	**-55,299**	**-59,023**

Note 5 Break-down of net sales

	Group		*Parent company*	
Net sales by geographic market	**2014**	**2013**	**2014**	**2013**
Sweden	827,400	616,951	11,048	11,946
Norway	75,886	66,147	–	–
Finland	439,184	483,263	–	–
Total	**1,342,470**	**1,166,361**	**11,048**	**11,946**

Gross profit by type of management

Group 2014

	Lease agreements	**Management agreements**	**Total**
Net sales, operational agreements	1,245,759	13,661	1,259,420
Net sales, financial agreements	51,148	31,902	83,050
Total	**1,296,907**	**45,563**	**1,342,470**
Property and operating expenses	-100,236	3,419	-103,655
Operating surplus	**1,196,671**	**42,144**	**1,238,815**
Depreciation/ amortisation	-289,581	-2,848	-292,429
Gross profit	**907,090**	**39,296**	**946,386**

Group 2013

	Lease agreements	**Management agreements**	**Total**
Net sales, operational agreements	1,060,620	17,178	1,077,798
Net sales, financial agreements	54,647	33,916	88,563
Total	**1,115,267**	**51,094**	**1,166,361**
Property and operating expenses	-93,282	-4,424	-97,706
Operating surplus	**1,021,985**	**46,670**	**1,068,655**
Depreciation/ amortisation	-297,020	-4,194	-301,214
Gross profit	**724,965**	**42,476**	**767,441**

Note 6 Purchases and sales within the same Group

	Group		*Parent company*	
	2014	**2013**	**2014**	**2013**
Sales	0.0 %	0.0 %	75.0 %	74.0 %

Note 7 Information regarding auditor fees

	Group		*Parent company*	
	2014	**2013**	**2014**	**2013**
Deloitte AB				
Audit engagement	1,824	1,687	1,053	1,035
Audit services in addition to audit engagement	–	90	–	90
Other services	139	415	139	397
Total	**1,963**	**2,192**	**1,192**	**1,522**

Audit engagement refers to the auditor's fee for the statutory audit. This includes auditing the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and CEO, as well as fees for audit advice provided in connection with the audit engagement.

Audit service in addition to audit engagement refers to other quality assurance services that are to be performed in accordance with statutes, the company's articles of association, regulations or agreements.

Other services refer to expenses not classified as audit engagement, audit business in addition to audit engagement or tax advice.

Note 8 Number of employees, salaries, other remuneration and payroll overheads

	2014		*2013*	
Average number of employees	**Number of employees**	**Of whom men**	**Number of employees**	**Of whom men**
Parent company				
Sweden	12	7	14	10
Total in parent company	**12**	**7**	**14**	**10**
Subsidiaries				
Finland	3	2	2	1
Total in subsidiaries	**3**	**2**	**2**	**1**
Total in Group	**15**	**9**	**16**	**11**

	Group		Parent company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Gender distribution of senior executives on the closing day				
Women:				
Other people in the company's management inc. CEO	1	1	1	1
Men:				
Board members	3	3	3	3
Other people in the company's management inc. CEO	5	4	5	4
Total	**9**	**8**	**9**	**8**

Under an agreement with The Royal Bank of Scotland Plc (RBS) in the Nordic region, the company acquires services such as finance, customer and business communication, and HR from RBS Nordic Region. The acquired services equate to around 5 man-years.

	2014		2013	
Salaries, other remuneration etc.	Salaries and other remuneration	Payroll overheads (of which pension costs)	Salaries and other remuneration	Payroll overheads (of which pension costs)
Parent company	14,789	5,702	13,124	7,286
		(1,179)		(2,751)
Subsidiaries	1,683	1,485	1,467	560
		(540)		(476)
Total in Group	**16,472**	**7,187**	**14,591**	**7,846**
		(1,719)		**(3,227)**

	2014		2013	
Distribution of salaries and other remuneration between Board members and employees	Board of Directors and CEO (of which bonuses and similar)	Other employees	Board of Directors and CEO (of which bonuses and similar)	Other employees
Parent company	2,403	12,386	2,101	13,306
	(766)	(751)	(704)	(726)
Subsidiaries	–	1,683	–	1,300
Total in Group	**2,403**	**14,069**	**2,101**	**14,606**
	(766)	**(751)**	**(704)**	**(726)**

Salaries and other remuneration to the CEO and Board members	Salaries and other remuneration	Of which bonuses	Payroll overheads	Of which pension costs
CEO	1,828	(766)	1,252	(545)
Board of Directors	575	–	–	–

Pensions

The Group's cost for defined contribution pension plans amounts to KSEK 1,477 (2,972). The parent company's cost for defined contribution pension plans amounts to KSEK 1,179 (2,751). The Group's cost for defined benefit pension plans amounts to KSEK 242 (255). The parent company's cost for defined benefit pension plans amounts to KSEK 0 (0).

KSEK 545 (570) of the Group's and parent company's pension costs pertains to the CEO. Pension costs for the Board of Directors amount to KSEK 0 (0).

Agreement regarding severance pay

There is a mutual notice period between the company and CEO of 6 months. In the event of the contract of employment being terminated by the company, the CEO is awarded severance pay equivalent to 18 months' pay. The severance pay is not netted against other income. In the event of contract of employment being terminated by the CEO, no severance pay is awarded.

There is a mutual notice period between the company and other senior executives of 3–6 months. There is no agreement regarding severance pay.

Note 9 Depreciation and impairment of property, plant and equipment

	Group		Parent company	
	2014	2013	2014	2013
Property and operating expenses	554,822	301,214	–	–
Business and marketing expenses	186	129	174	127
Administrative expenses	221	159	208	157
Total	**555,229**	**301,502**	**382**	**284**

Note 10 Profit from sale of property and shares

	Group	
	2014	2013
Sale of properties	–	4,620
Sale of shares in Group companies	65,911	94,287
Reversal of accrued expenses	4,546	–
Total	**70,457**	**98,907**

Note 11 Profit from other securities and receivables classified as non-current assets

	Group		Parent company	
	2014	2013	2014	2013
Dividend	–	–	134,997	44,220
Write-downs	-291,859	–	–	–
Reversal of write-downs	29,467	–	–	–
Total	**-262,392**	**–**	**134,997**	**44,220**

Note 12 Other interest income and similar income

	Group		Parent company	
	2014	2013	2014	2013
Interest income	7,051	8,951	6,299	8,005
Interest income, Group companies	5,119	8,615	115,118	140,131
Other financial income	–	9,366	3,640	28,973
Exchange rate differences	3,971	2,614	93,712	173,809
Total	**16,141**	**29,546**	**218,769**	**350,918**

Note 13 Interest expenses and similar expenses

	Group		Parent company	
	2014	2013	2014	2013
Interest expenses	-35,543	-39,261	-665	-2,236
Interest expenses, Group companies	-311,646	-336,078	-103,304	-98,943
Other financial expenses	-6,111	-8,334	-5,596	-6,172
Exchange rate differences	6,163	-9,077	-194,445	-175,332
Total	**-347,137**	**-392,750**	**-304,010**	**-282,683**

Note 14 Tax on profit for the year

	Group		Parent company	
	2014	2013	2014	2013
Current tax	-116,229	-93,619	-56,447	-39,522
Deferred tax	4,026	-13,617	4,466	5,492
Tax on profit for the year	**-112,203**	**-107,236**	**-51,981**	**-34,030**

Reconciliation of the year's tax expense

	Group		Parent company	
	2014	2013	2014	2013
Recognised profit before tax	415,746	506,413	355,330	224,323
Tax according to tax rate for the parent company (22 %)	-91,465	-111,411	-78,173	-49,351
Effect of other tax rates in foreign subsidiaries	195	-8,508	–	–
Non-deductible expenses	-51,682	-2,273	-1,536	-699
Non-taxable income	11,902	5,572	30,716	9,871
Temporary differences	27,814	5,126	-471	3,256
Temporary differences from change in tax rate	96	8,583	–	-28
Other	-6,365	-4,668	–	1,827
Total	**-109,505**	**-107,579**	**-49,464**	**-35,124**
Adjustments recognised in the current year referring to current tax in previous year	-2,698	343	-2,517	1,094
Recognised tax expense for the year	**-112,203**	**-107,236**	**-51,981**	**-34,030**

Note 15 Investment property

Group 2014

	Land and buildings	Construction in progress	Plant and machinery	Equipment, fixtures and fittings	Total
Opening balance acquisition cost	13,765,826	163,087	397,780	371,189	14,697,882
Purchases	43,383	47,638	–	240	91,261
Sales/disposals	-1,087,857	–	-24,976	-21,447	-1,134,280
Construction now in use	215,066	-215,066	–	–	–
Translation differences for the year	346,372	4,566	21,064	446	372,448
Closing balance accumulated acquisition cost	**13,282,790**	**225**	**393,868**	**350,428**	**14,027,311**
Opening balance depreciation/amortisation	-1,734,518	–	-185,251	-131,713	-2,051,482
Sales/disposals	293,196	–	7,576	15,338	316,110
Depreciation/amortisation according to plan for the year	-219,020	–	-13,098	-13,475	-245,593
Depreciation/amortisation surplus	-20,817	–	–	–	-20,817
Translation differences for the year	-36,382	–	-11,673	-274	-48,329
Closing balance accumulated depreciation/ amortisation	**-1,717,541**	**–**	**-202,446**	**-130,124**	**-2,050,111**
Opening balance write-downs	-27,318	–	–	–	-27,318
Sales/disposals	15,227	–	–	–	15,227
Reversed write-downs	3,447	–	–	–	3,447
Write-downs for the year	-291,859	–	–	–	-291,859
Translation differences for the year	158	–	–	–	158
Closing balance accumulated write-downs	**-300,345**	**–**	**–**	**–**	**-300,345**
Closing balance residual value	**11,264,904**	**225**	**191,422**	**220,304**	**11,676,855**
Of which cost for land	**1,366,605**				
Tax assessment values, land and buildings (in Sweden)	2,199,831				
of which land	482,368				

Group 2013

	Land and buildings	Construction in progress	Plant and machinery	Equipment, fixtures and fittings	Total
Opening balance acquisition cost	14,514,739	56,705	392,357	354,783	15,318,584
Purchases	16,362	124,919	1,008	19,685	161,974
Sales/disposals	-825,972	–	-994	–	-826,966
Construction now in use	–	-14,521	–	–	-14,521
Translation differences for the year	60,697	4,016	5,409	-3,279	58,811
Closing balance accumulated acquisition cost	**13,765,826**	**163,087**	**397,780**	**371,189**	**14,697,882**
Opening balance depreciation/amortisation	-1,602,150	–	-169,301	-121,796	-1,893,247
Sales/disposals	150,186	–	906	–	151,092
Depreciation/amortisation according to plan for the year	-258,227	–	-12,158	-12,596	-282,981
Depreciation/amortisation surplus	-18,233	–	–	–	-18,233
Translation differences for the year	-6,094	–	-4,698	2,679	-8,113
Closing balance accumulated depreciation/ amortisation	**-1,734,518**	**–**	**-185,251**	**-131,713**	**-2,051,482**
Opening balance write-downs	-29,829	–	–	–	-29,829
Translation differences for the year	2,511	–	–	–	2,511
Closing balance accumulated write-downs	**-27,318**	**–**	**–**	**–**	**-27,318**
Closing balance residual value	**12,003,990**	**163,087**	**212,529**	**239,476**	**12,619,082**
Of which cost for land	**1,435,849**				
Tax assessment values, land and buildings (in Sweden)	2,462,100				
Of which cost for land	585,298				

For investment properties corresponding to a book value of SEK 6,053m (6,465), agreements were drawn up for future pre-emptions or purchase options. The average remaining term of lease to the next option or pre-emption point was 4.6 (4.3) years.

The fair value for all investment properties amounts to SEK 12,077m. All properties have been valued by DTZ Sweden AB, an independent valuer. The valuation has been performed in a uniform way and based on a cash flow model. The value of property holdings is calculated as the total present value of the operating surplus plus the present value of the assessed residual value. The residual value comprises the total present value of the operating surplus for the remaining economic life. In addition there is the assessed market value of undeveloped land and building rights. The starting point for the valuation has been an individual assessment for each property of both the future earning capacity and the market's return requirements.

The following significant assumptions have been used:

Assumptions about cash flow

When assessing the properties' future earning capacity, in addition to an inflation assumption, the following factors have been taken into account: any changes in the level of rent based on each contract's rent and due date compared to the estimated current market rent, changes in the level of let occupancy, and property expenses. Property expenses refer to costs for operation, maintenance, property tax and property administration.

Assumptions about return requirements

The return requirement on capital is individual to each property and based on assumptions about the real rate of interest, inflation and risk premium. The risk premium is individual to each property and can be divided into general and individual risk. The general risk is an addition because a property investment is not liquid to the same extent as a bond, and because the asset is dependent on general economic development. The individual risk is specific to each property and comprises a weighted assessment of the property's category, its location, the property's position within the location taking into account the property's category, whether the property is correctly laid out, suited to its purpose and makes efficient use of the surface area, its technical standard, the composition of the contract, whereby factors such as the length, size and number of the contracts are taken into account and, where applicable, adjustments for site leasehold.

The residual value is discounted by return on total capital less growth equating to inflation with the aim of not assuming perpetual real growth. To gain an idea of the market's return requirements, the company tracks completed property transactions on the market. If there are no transactions in a particular location or for a particular property type, comparison information is instead obtained from a similar location or property type.

Comparison figures regarding information about fair value of investment properties do not have to be provided the first time K3 is applied.

During the year the Group set up loan expenses as an asset under cost.

Note 16 Equipment

	Group		Parent company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Opening balance acquisition cost	4,069	15,816	2,527	14,371
Purchases	1,876	73	1,876	-
Sales/disposals	-112	-11,858	-107	-11,844
Translation difference	96	38	–	-
Closing balance accumulated acquisition cost	**5,929**	**4,069**	**4,296**	**2,527**
Opening deprecation amortisation according to plan	-2,809	-14,327	-1,417	-12,977
Sales/disposals	107	11,844	107	11,844
Depreciation amortisation according to plan for the year	-384	-288	-382	-284
Translation difference	-111	-38	–	-
Closing balance accumulated amortisation depreciation according to plan	**-3,197**	**-2,809**	**-1,692**	**-1,417**
Closing balance residual value	**2,732**	**1,260**	**2,604**	**1,110**

Note 17 Shares in associated companies

	Group		Moderföretaget [2]	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Opening balance carrying amount	343,056	341,052	220,000	220,000
Profit shares in associated companies [1]	58,015	18,745	–	-
Dividends	-50,000	–	–	-
Translation differences	376	-16,741	–	-
Closing balance carrying amount	**351,447**	**343,056**	**220,000**	**220,000**

[1] Share in the associated company's profit after tax.
[2] During the financial year the parent company received dividends from associated companies amounting to KSEK 50,000 (0). These have been recognised as income in the income statement.

Group

				Book value	
Company name	**Proportion of equity**	**Share of voting power**	**No. of shares**	**31 Dec 2014**	**31 Dec 2013**
Airsides Properties AB	50 %	50 %	500	351,447	343,056
Total				**351,447**	**343,056**

			Share in profits [1]	
Company name	**Reg. no.**	**Registered office**	**2014**	**2013**
Airsides Properties AB	556597-6965	Stockholm	58,015	18,745
			58,015	**18,745**

Parent company

				Book value	
Company name	**Proportion of equity**	**Share of voting power**	**No. of shares**	**31 Dec 2014**	**31 Dec 2013**
Airsides Properties AB	50 %	50 %	500	220,000	220,000
Summa				**220,000**	**220,000**

Company name	**Reg. no.**	**Registered office**
Airsides Properties AB	556597-6965	Stockholm

Note 18 Deferred tax asset and deferred tax liability

	Group		Parent company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Deferred tax asset				
Option premiums	163	339	69	157
Derivatives	1,767	–	5,112	-
Other provisions	1,413	1,409	–	-
Total deferred tax asset	**3,343**	**1,748**	**5,181**	**157**
Deferred tax liability				
Properties	104,257	114,994	38,234	42,392
Equipment	40,331	33,370	14,514	12,456
Tax allocation reserve	80,587	65,186	–	-
Derivatives	–	–	2,658	-
Total deferred tax liability	**225,175**	**213,550**	**55,406**	**54,848**

The tax rate for calculating deferred tax is 22.0 per cent (22.0) for Sweden, 20.0 per cent (20.0) for Finland, 27.0 per cent (27.0) for Norway and 23.5 per cent (24.5) for Denmark.

Note 19 Leasing agreements

Operational leasing agreements – lessee

The Group is a lessee through operational leasing agreements regarding office premises. Leasing fees expensed during the year for operational leasing agreements total KSEK 8,667 (9,043) in the Group and KSEK 7,723 (7,512) in the parent company. Future minimum fees regarding non-terminable operational leasing agreements fall due as follows:

	Group		Parent company	
Due date:	**2014**	**2013**	**2014**	**2013**
Within one year	7,522	7,343	6,002	5,822
Later than one year but within five years	19,378	21,636	18,238	18,976
In over 5 years	3,117	4,155	3,117	4,155
Total	**30,017**	**33,134**	**27,357**	**28,953**

Operational leasing agreements – lessor

The Group is a lessor through operational leasing agreements regarding properties. Variable fees primarily relate to the variable interest component in the leasing fee and invoiced ongoing costs. Variable fees included in income for the financial year total KSEK 128,097 (129,152) in the Group. See Note 15 for changes to book value. Future minimum fees regarding non-terminable operational leasing agreements fall due as follows:

	Group	
Due date	**2014**	**2013**
Within one year	1,818,920	918,197
Later than one year but within five years	6,308,882	5,224,119
In over 5 years	2,377,925	5,281,608
Total	**10,505,727**	**11,423,924**

The company has based these data on the situation at the end of 2014.

Finance leasing agreements – lessor

The Group has entered into finance leasing agreements for properties. The lease terms vary from 1 to 26 years. Variable fees primarily relate to the variable interest component in the leasing fee and invoiced ongoing costs. Variable fees included in the income for the year 2014 amount to KSEK 29,663 (31,560) in the Group.

	Group	
	31 Dec 2014	**31 Dec 2013**
Unearned financial income	273,924	319,309
Non-guaranteed residual value	266,598	266,598
Long-term portion	910,516	1,154,365
Current portion	263,485	56,363
Total	**1,174,001**	**1,210,728**

The company has based these data on the situation at the end of 2014.

Book values for finance leasing agreements

	Group	
	31 Dec 2014	**31 Dec 2013**
Opening balance acquisition cost	1,904,827	1,983,084
Purchases	6,785	2,040
Sales/disposals	-36,901	-39,332
Repayments for the year	-65,829	-64,437
Construction now in use	-2,316	-1,968
Translation differences	58,489	25,440
Total	**1,865,055**	**1,904,827**

Note 20 Prepaid expenses and accrued income

	Group		*Parent company*	
	31 Dec 2014	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
Accrued interest income	3,295	9,104	242	13,622
Prepaid operating costs	16,508	19,988	3,305	3,581
Effect of retroactive application, K3	–	–	–	-12,066
Total	**19,803**	**29,092**	**3,547**	**5,137**

Note 21 Long-term liabilities

	Group		*Parent company*	
	31 Dec 2014	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
Long-term liabilities which fall due for payment later than five years after the closing day:				
Liabilities to credit institutions	2,118,084	2,050,303	–	–
Liabilities to Group companies	4,926,457	4,934,095	2,195,844	2,331,148
Other liabilities	30,143	32,046	125	157
Total	**7,074,684**	**7,016,444**	**2,195,969**	**2,331,305**

The Group's utilised bank overdraft facilities amount to KSEK 0 (0) and are included under Liabilities to credit institutions. The limit for the bank overdraft facilities amounts to KSEK 490,839 (490,675).

The parent company's utilised bank overdraft facilities amount to KSEK 0 (0) and are included under Liabilities to credit institutions. The limit for the bank overdraft facilities amounts to KSEK 490,839 (490,675).

Note 22 Accrued expenses and deferred income

	Group		*Parent company*	
	31 Dec 2014	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
Accrued salary	2,709	1,181	2,709	1,181
Accrued holiday pay	1,653	1,727	1,303	1,485
Accrued payroll overheads	971	1,299	756	1,187
Accrued interest expenses	69,845	77,712	28,484	33,598
Prepaid rental income	227,359	240,303	–	–
Other items	7,322	8,168	1,686	3,497
Total	**309,859**	**330,390**	**34,938**	**40,948**

Note 23 Appropriations

	Parent company	
	2014	**2013**
Group contributions received	132,400	100,500
Group contributions paid	-49,000	-6,500
Change in tax allocation reserve	-70,000	-54,000
Total	**13,400**	**40,000**

Note 24 Shares in Group companies

	Parent company	
	31 Dec 2014	31 Dec 2013
Opening balance acquisition cost	2,605,246	2,597,688
Acquisitions during the year	–	7,558
Sales/disposals	-22,030	-
Closing balance	**2,583,216**	**2,605,246**

				Book value	
Company name	**Portion of equity**	**Share of voting power**	**No. of shares**	**31 Dec 2014**	**31 Dec 2013**
IR IndustriRenting AB	100 %	100 %	400,000	2,822	2,822
Nordisk Specialinvest AB	100 %	100 %	5,060	838	838
Nordisk Renting HB	100 %	100 %		–	-
Nordisk Renting Kapital AB	100 %	100 %	1,000	249	249
Nordisk Renting A/S	100 %	100 %	5	520	520
Nordisk Renting Oy	100 %	100 %	10,000	950,340	950,340
Nordisk Renting AS	100 %	100 %	1,000	399,600	399,600
Svenskt Fastighetskapital Holding AB	100 %	100 %	100	100	100
Nordisk Renting Facilities Management AB	100 %	100 %	1,000	100	100
Nordiska Strategifastigheter Holding AB	100 %	100 %	1,000	940,214	940,214
Bil Fastigheter i Sverige AB	100 %	100 %	2,000	250,378	250,378
Mons Investment AB	100 %	100 %	10,000	7,558	7,558
Förv bol Predio 3 KB	100 %	100 %		–	-
Forskningshöjden KB	100 %	100 %		7,500	7,500
Optimus KB	100 %	100 %		1,000	1,000
Läkören KB	100 %	100 %		Liquidated	-
Eurohill 4 KB	100 %	100 %		20,996	20,996
KB Eurohill	100 %	100 %		–	-
Agrasjö Fastighets KB	100 %	100 %		Sold	500
Bong Fastigheter KB	100 %	100 %		1,000	1,000
IT´s Farsta KB	100 %	100 %		–	-
Daltrean KB	100 %	100 %		Sold	21,530
Lerumskrysset KB	100 %	100 %		–	-
Braheberget KB	100 %	100 %		–	-
Brödmagasinet KB	100 %	100 %		–	-
Gårdlundabjörnen KB	100 %	100 %		Sold	-
Läkten 1 KB	100 %	100 %		–	-
Tingsbrogården KB	100 %	100 %		–	-
Stora Kvarnen KB	100 %	100 %		1	1
Total				**2,583,216**	**2,605,246**

Company name	Reg. no.	Registered office
IR IndustriRenting AB	556288-4428	Stockholm
Nordisk Specialinvest AB	556100-8631	Stockholm
Nordisk Renting HB	916631-9559	Stockholm
Nordisk Renting Kapital AB	556548-0802	Stockholm
Nordisk Renting A/S	15129573	Köpenhamn
Nordisk Renting Oy	745.445	Helsingfors
Nordisk Renting AS	986953388	Oslo
Svenskt Fastighetskapital Holding AB	556590-7291	Stockholm
Nordisk Renting Facilities Management AB	556632-9925	Stockholm
Nordisk Strategifastigheter Holding AB	556641-0055	Stockholm
Bil Fastigheter i Sverige AB	556486-9278	Stockholm
Mons Investment AB	556527-4106	Stockholm
Förv bol Predio 3 KB	916624-2173	Stockholm
Forskningshöjden KB	916620-1393	Stockholm
Optimus KB	916620-1450	Stockholm
Eurohill 4 KB	916533-7636	Blekinge
KB Eurohill	969622-6381	Stockholm
Bong Fastigheter KB	969655-5763	Stockholm
IT's Farsta KB	969622-6399	Stockholm
Lerumskrysset KB	969646-1939	Stockholm
Braheberget KB	969655-6738	Stockholm
Brödmagasinet KB	916620-1419	Stockholm
Läkten 1 KB	969694-5568	Stockholm
Tingsbrogården KB	969694-5394	Stockholm
Stora Kvarnen KB	969729-1822	Stockholm

Note 25 Untaxed reserves

	Parent company	
	31 Dec 2014	31 Dec 2013
Tax allocation reserve Tax 11	96,802	96,802
Tax allocation reserve Tax 12	82,500	82,500
Tax allocation reserve Tax 13	63,000	63,000
Tax allocation reserve Tax 14	54,000	54,000
Tax allocation reserve, financial year 2014	70,000	-
Total	**366,302**	**296,302**

Note 26 Memorandum items

	Group		Parent company	
Pledged assets	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
Real estate mortgages	2,429,285	2,347,081	–	–
Total	**2,429,285**	**2,347,081**	**–**	**–**

	Group		Parent company	
Contingent liabilities	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
Liabilities in subsidiary partnerships	–	–	81,356	96,399
Total	**–**	**–**	**81,356**	**96,399**

The Group has pledged assets in subsidiaries as security for loans from credit institutions. The parent company is responsible for its subsidiary partnerships' external liabilities in line with corporate agreements.

Note 27 Disclosures regarding related parties

Strand European Holdings AB, registered office Stockholm, owned 100 per cent of the shares in Nordisk Renting AB at the beginning of 2014. Strand European Holdings AB is a wholly-owned subsidiary of The Royal Bank of Scotland Plc. Interest expenses relating to loans from The Royal Bank of Scotland amounted to SEK 312m (336) during the year. The debt to The Royal Bank of Scotland amounted to SEK 6,882m (7,248) on 31 December 2014.

Transactions between the company and its related parties have taken place on market terms.

See Note 26 Memorandum items for information about pledged assets and contingent liabilities. There is further information about the parent company's holdings in subsidiaries in Note 24 and associated companies in Note 17.

Note 28 Transition to K3

Nordisk Renting AB previously applied the Annual Accounts Act and the general advice and recommendations of the Swedish Accounting Standards Board and FAR (the institute for the accounting profession in Sweden), as well as recommendations of the Swedish Financial Accounting Standards Council where relevant. From 1 January 2014 Nordisk Renting AB prepares its annual accounts and consolidated accounts in accordance with the Annual Accounts Act and BFNAR 2012:1 "K3" (the general recommendations of the Swedish Accounting Standards Board for annual accounts and consolidated accounts).

1 January 2013 has been established as the official date of transition to K3. The transition to K3 is being reported in accordance with chapter 35 regarding the first-time application of K3. The main rule in K3 chapter 35 requires that companies apply all recommendations retrospectively when establishing an opening balance. There are, however, certain obligatory and voluntary exceptions from the retroactive application. Nordisk Renting AB has chosen to apply the following voluntary exceptions:

The rules on business combinations are applied prospectively to acquisitions carried out from the official transition date of 1 January 2013.

The assessed effects on transition to K3 for the Group and the parent company are presented and quantified in the following tables.

Impact on equity in the Group on transition to K3

	Restricted equity	Non-restricted equity	Total equity
The closing balance on 31 Dec 2012 according to the adopted balance sheet	**525,839**	**4,686,011**	**5,211,850**
Impact on transition to K3:			
Financial instruments – derivatives	–	–	–
Opening balance sheet 1 Jan 2013 according to K3	**525,839**	**4,686,011**	**5,211,850**
Closing balance on 31 Dec 2013 according to previous accounting principles	**638,972**	**4,719,023**	**5,357,995**
Impact on transition to K3:			
Financial instruments – derivatives	–	-9,077	-9,077
Closing balance on 31 Dec 2013 according to K3	**638,972**	**4,709,946**	**5,348,918**

The above reconciliation of effects on equity for the Group refers solely to the portion attributable to the parent company's shareholders. Under K3, the minority shareholding is recognised as a part of total equity. It was previously recognised on a separate row. As a result of the transition to K3, there has therefore been a reclassification which has affected equity by KSEK 94,032 on 1 January 2013 and by KSEK 94,032 on 31 December 2013. The transition has only entailed a reclassification in the balance sheet and has not, therefore, had an effect on the minority shareholding in monetary terms.

Impact on equity in the parent company on transition to K3

	Restricted equity	Non-restricted equity	Total equity
The closing balance on 31 Dec 2012 according to the adopted balance sheet	**155,520**	**3,275,963**	**3,431,483**
Impact on transition to K3:			
Financial instruments – derivatives	–	-68,684	-68,684
Opening balance sheet 1 Jan 2013 according to K3	**155,520**	**3,207,279**	**3,362,799**
Closing balance on 31 Dec 2013 according to previous accounting principles	**155,520**	**3,207,952**	**3,363,472**
Impact on transition to K3:			
Financial instruments – derivatives	–	-9,077	-9,077
Closing balance on 31 Dec 2013 according to K3	**155,520**	**3,147,572**	**3,303,092**

Derivatives in connection with the transition to K3

In connection with the transition to K3, derivatives which are not hedging instruments are recognised at the lower of cost and net selling price. This has affected both the Group's and parent company's financial statements as per the amounts shown above. In 2103 the application of this principle affected profit by KSEK -9,077 in the Group and KSEK +8,304 in the parent company.

Group contributions in connection with the transition to K3

The transition to K3 has resulted in changes to rules on Group contributions. Under previous accounting principles, Group contributions received and paid were both recognised in equity. Under K3, group contributions received and paid are recognised as appropriations. The comparison figures have been reclassified. The new principle has not, however, had any effect on equity on transition to K3.

Board of Directors

Sven-Åke Johansson

Chairman of Nordisk Renting AB during two ownership periods: Nordea 1992 – 2003 and RBS 2003 – 2014.

Göte Dahlin

Deputy Chairman of Nordisk Renting AB since 2001. Board member since 1998 Formerly CEO of Nordisk Renting AB (1986 until October 2001).

Nick Jordan

Board member of Nordisk Renting AB since 2007.

Reinhold Geijer

Board member of Nordisk Renting AB since 2001. CEO of Nordisk Renting AB since 2001.

Senior Executives

Reinhold Geijer

President and CEO

Ulrika Grundén

CFO

Ian Harcourt

Head of Client Management

Lennart Ingefeldt

Senior Client Manager

Charlotta Wallman Hörlin

Chief Legal Officer

Johan Salin

Head of Tax

Anna Fall

Head of Marketing & Communication

Auditor's report

To the annual meeting of the shareholders of Nordisk Renting AB (publ) Corporate identity number 556066-2578

Report on the annual accounts and consolidated accounts
I have audited the annual accounts and consolidated accounts of Nordisk Renting AB for the financial year 2014-01-01 – 2014-12-31.

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

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

Auditor's responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

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

Report on other legal and regulatory requirements

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Nordisk Renting AB for for the financial year 2014-01-01 – 2014-12-31.

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

My 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 my audit. I conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion on the Board of Directors' proposed appropriations of the company's profit or loss, I 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 Companies Act.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Opinions

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

Stockholm, 6 March 2015

Jan Palmqvist
Authorized Public Accountant

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Nordisk Renting

Box 14044, Strandvägen 1, SE-104 40 Stockholm, Tel: +46 8 506 198 00
Eteläesplanadi 12, FI-00130 Helsinki, Tel: +358 9 720 6080