

SSM



ANNUAL REPORT

2018

Sweden's leading
developer of smart
and affordable
homes.





41

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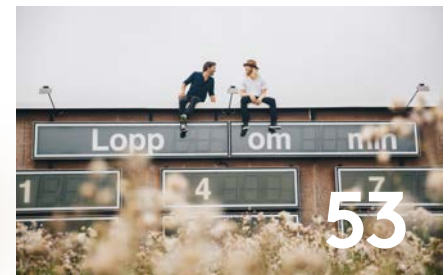
Definitions 140



2



8



53



19



31

DISCLAIMER

SSM is a Swedish company subject to Swedish laws. All values are expressed in Swedish kronor. Figures in parentheses refer to 2017 unless otherwise specified. Market and industry data is based on SSM's own assessments unless otherwise specified. Such assessments are based on the best and latest available facts from published sources.



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By developing smart and affordable homes, we help more people live better, richer lives.

The leading developer of smart & affordable homes

SSM's vision is to open the housing market to as many people as possible. The focus is on developing homes for tomorrow's urbanites – people looking for affordable, well-planned apartments. Homes that are smart rather than cramped. SSM builds innovative and creative solutions into every square meter in homes located close to public transport and the pulse of the city. This is summed up in SSM's motto: Smaller spaces. Larger living.



08 focus on Greater Stockholm

SSM focuses on what is known as the 08 area (Greater Stockholm). More than 25 percent of people employed in Sweden work in this region, which is the country's job and growth engine. At the same time, there is a significant housing shortage. The people who have the hardest time finding a home are inhabitants with average or low incomes, or those who have recently moved to the area.

20-44 tomorrow's urbanites

SSM focuses on urbanites. These are people between the ages of 20 and 44 who live in one and two-person households. They prioritize living in an urban environment with good public rail transport. At the same time, they want to have more money to spend after they've paid the rent.



50:50

a well-balanced mix

SSM strives to develop a balanced mix of housing with 50:50 cooperative apartments and rental units in production. At year-end 2018, 34.7 percent of the company's building rights were designated to be developed into rentals.

1,500

clear target

At the end of 2018, SSM had 1,171 homes in production in seven projects, of which two were rental projects. SSM aims to start production of 300 homes, both rental and cooperative apartments, during 2019 and then step up the pace of development to produce 1,500 homes by 2023.

97

high sales rate

Interest in SSM's homes is high and thousands of people have signed up to indicate interest in the company's projects that are in the planning phase. At year-end, 96.9 percent of all homes in production had been sold. These key figures reflect the high customer satisfaction that SSM has achieved for many years.

>75

Urban Score in all projects

Urban Score is a transparent index developed by SSM to make it easier for homebuyers to make informed housing choices. It also shows the strategic direction of SSM's housing concept. The index measures mobility, everyday services, community and well-being. SSM's projects are designed to have an Urban Score higher than 75 points.



~2

MSEK indicates focus

SSM's strategic goal is for 70 percent of its cooperative apartments to be priced at about 2.0 MSEK. This is what most of the company's target group can afford based on new financial requirements introduced in Sweden during 2018. SSM will achieve this mainly by further optimizing the space in its homes.

6,500

attractive building rights

At year-end, SSM had 6,507 building rights in its focused project portfolio. All close to public transport, most often rail transport. The building rights in the high-quality portfolio are entirely adapted to SSM's housing concept and can easily be converted into both rental units and cooperative apartments.

65

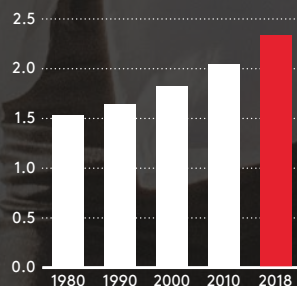
qualified team players

SSM has a fully integrated business model based on the company controlling its entire business process. This means that all 65 of its team members must have a broad knowledge base and work as a team. SSM's culture is characterized by an entrepreneurial spirit with a strong ambition to constantly develop its offering.

635,730
people on the waiting list for
housing in Stockholm

Population growth in Greater Stockholm

Million inhabitants



The population growth in Greater Stockholm is significant. In 2018, it grew by 36,000.

89,000

people actively
seeking rentals

35,000

cooperative apartments
sold in 2018

8,819

cooperative apartments
in multi-unit dwellings
completed (2017)

Stockholm Spurs Movement



RAPID GROWTH Stockholm is Europe's fastest growing capital. Stockholm County currently has more than 2.3 million inhabitants. In the past ten years, the population has increased by more than 300,000. Statistics Sweden predicts that the population of Stockholm County will exceed 3.0 million by about 2040 and most of the growth will be from more and more people moving to the city.

AN UNSUSTAINABLE SITUATION The housing shortage in the Stockholm region is critical. During 2018, the number of people on the Stockholm Housing Agency's (SB) waiting list for a rental apartment grew by 39,559 to 635,730 people, of which 66 percent were between 18 and 44. Of these, about 14 percent are actively looking for an apartment and the average waiting time is now 10.3 years for an apartment in the county. SB accounts for about half of the county's allocated rentals and during the year, SB allocated 13,455 homes, of which 19.3 percent were new-construction rentals.

STOCKHOLM HAS GROWING PAINS

The region surrounding Stockholm's capital is Sweden's job and growth engine. In the past ten years, the population in Stockholm County has grown by almost 100 people per day. And the high rate of people moving to the city is expected to continue for at least 20 more years. At the same time, the highly strained housing market is seriously inhibiting continued growth.

MORE HOUSING IS NEEDED. PERIOD

For many years, the number of new homes being built has lagged behind population growth. This has led to the current housing shortage in Greater Stockholm. The people most affected are young adults at the start of their careers. This in turn affects the entire country since these individuals are the future of Sweden. New construction of homes for this target group is therefore especially important.

SMALLER SPACES. LARGER LIVING

SSM focuses on developing homes for this group: tomorrow's urbanites. SSM aims to help more people live better, richer lives. The solution is smart, affordable homes with the maximum functionality built into each square meter. Homes near public transport so the big city is within easy reach.

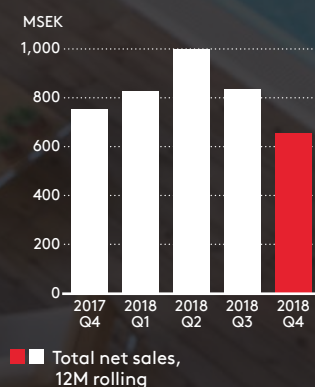
FROM VISION TO REALITY

SSM's vision is a Stockholm where more people can afford to live well and enjoy life. And the company is working at a high tempo to make this happen. At year-end, SSM had more than 1,171 cooperative apartments and rental units in production. In the coming years, SSM aims to start production of 1,500 homes a year. By creating possibilities for tomorrow's urbanites to prosper, SSM too will grow.

2018 how it went

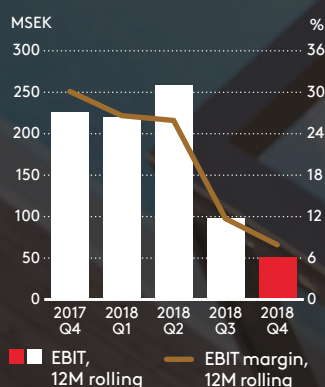
The slowdown in the housing market in Greater Stockholm that began in the second half of 2017 continued into 2018 before stabilizing somewhat. Viewings at SSM's projects continued to attract high interest from homebuyers, but sales processes took longer. That said, the company's sales rate for ongoing production continued to be at a market-leading level.

Total net sales



Net sales amounted to 652.5 MSEK (753.8). Sales were mainly from the Turbinhallen joint venture design-build project that neared completion at the end of the year.

EBIT & EBIT margin

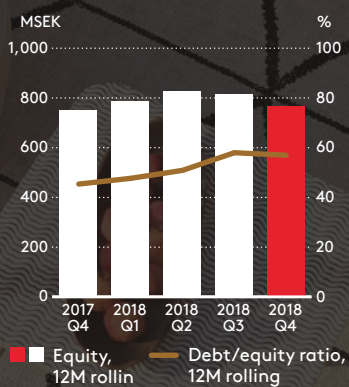


EBIT decreased during the year, totaling 51.8 MSEK (226.7) which is mainly explained by lower gross sales and increased project costs. The EBIT margin was 7.9 percent (30.1).

Net sales totaled 652.5 MSEK (753.8) mainly from turnover from the Turbinhallen joint venture design-build project as well as occupied cooperative apartments in The Tube, a project managed entirely by SSM, where revenue was recognized. The EBIT margin was 4.9 percent (15.7) and is chiefly attributable to a greater share of design-build turnover and the write-down of -13.5 MSEK in the Clustret project. Costs for sales and administration dropped to -51.4 MSEK (-73.8). Measures to gradually reduce the company's cost base were implemented during the year. On the balance sheet date, SSM had 6,507 building rights (6,938) in its project portfolio, of which 1,171 (1,414) were homes in production. The sales rate for cooperative apartments in production was 96.9 percent (97.0). At the end of the year, unsold homes in production were valued at 83.2 MSEK (143.0). These are expected to be completed between 2020 and 2023.

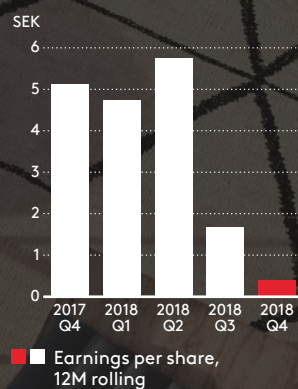


Equity and debt/equity ratio



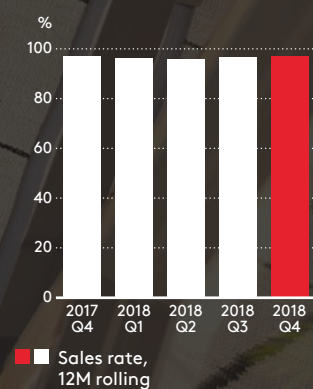
On the balance sheet date, equity was 766.7 MSEK (751.5) and the debt/equity ratio increased to 57.0 percent (45.4), which gives SSM a stable financial position.

Earnings per share



Earnings per share amounted to 0.39 SEK (5.12).

Sales in ongoing production



The sales rate for cooperative apartments in production was 96.9 percent (97.0).

500,000 more Stockholmers by 2030

SSM has an attractive niche market position in smart and affordable housing. Despite market turbulence in 2018, Stockholmers' need for affordable housing is great. This indicates that there is a long-term underlying demand for SSM's homes.

The housing market continued to be cautious in 2018, although it gradually stabilized somewhat. Tougher amortization requirements, limitations on debt ratios and high internal interest calculations at banks increased the financial difficulties of SSM's target group. Quite simply, it has become harder and to some extent even impossible for many young adults and single-person households to acquire a home. More and more people are being forced into the expensive and insecure secondary market or, like many young people today, living with their parents. This, of course, is not sustainable.

50 PERCENT RENTALS & MORE FOCUSED COOPERATIVE APARTMENTS

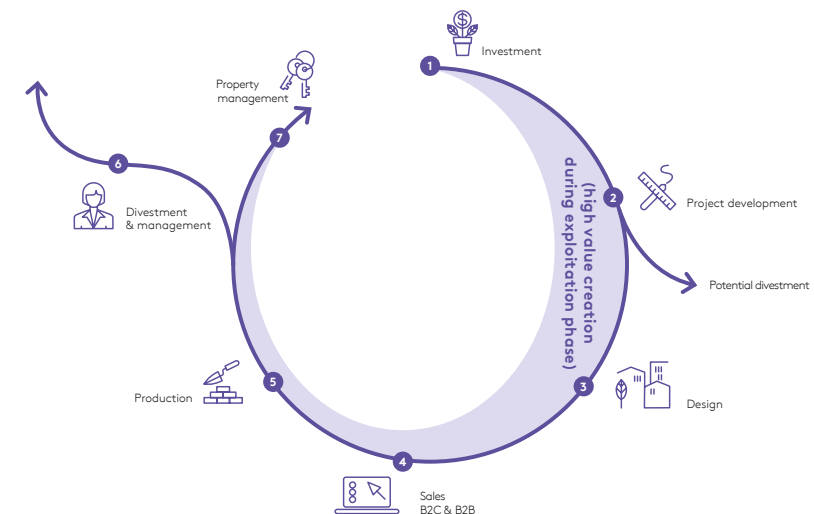
At SSM, we noticed changes in our customers during the year, as the average age for new customers started to reach 40. Based on the increasingly tough reality for our target group, SSM adapted the company's strategy and housing concept at the end of 2018, changes that will also impact the near future.

One important change concerns the company's strategic product mix. SSM now intends to increase the proportion of rentals to 50 percent of its project portfolio.

The second important adjustment was to set the maximum price level of cooperative apartments at around 2.0 MSEK in projects where sales have started. This

has been made possible by redesigning the units to make them smaller and more space-efficient. Initially, about 70 redesigned apartments were relaunched in early 2019. The customer response has been positive so far and SSM's goal is for approximately 70 percent of its cooperative apartments going forward to be priced under 2.0 MSEK.

FOCUSED ACQUISITIONS & PRODUCTS CREATE VALUE





SSM's position in combination with our adjusted strategy means that we're well equipped to manage short-term challenges and at the same time also take advantage of the long-term benefits that come from good underlying demand in the market.

COMPLETED PROJECTS SOLD OUT, 96.9% SALES RATE IN ONGOING PRODUCTION

During the year, tenants moved into 515 cooperative apartments in the Bromma Tracks, The Lab, The Tube and Turbinhallen projects. At the end of the year, there were no unsold housing rights in projects in the final stages of completion. The sales rate for cooperative apartments in production was 96.9 percent. The value of unsold cooperative apartments in production that will be completed between 2020 and 2023 totaled 83.2 MSEK. During the year, 101 booking agreements were signed, which is about half of the num-

ber signed in 2017. Buying hesitancy is a clear reflection of the prevailing market conditions and the target group's strained financial situation when buying a home. This has meant that we did not reach the necessary sales rate to start any new cooperative apartment projects during the year. To be able to start production of cooperative apartments at a lower sales level, we amended the company's bond terms during the year. The change, however, assumes that the sales rate in all of the company's cooperative apartment projects is at least 60 percent.

TWO RENTAL PROJECTS IN PRODUCTION, ONE PROJECT SOLD

During the year, SSM started production of the company's first two rental projects, Täby Turf and Sollentuna Quarters, which comprise 272 homes. An agreement was also signed with the housing company Willhem to sell Täby Turf through forward funding for 473.0 MSEK.

SSM has an attractive portfolio of rental apartments in highly competitive areas. We expect continued strong growth in the rental market as a result of long-term and planned conversions of rentals into cooperative apartments in existing municipal housing companies' operations.

1.

LONG-TERM STRONG MARKET

Although the housing market may fluctuate over time, demand for more affordable housing in the Stockholm region will continue to be high going forward. Each year, more than 35,000 to 40,000 cooperative apartments are sold in this area. More than half of these are one and two-room apartments. Stricter amortization requirements mean that demand for apartments of this size will likely increase further. SSM's focus on a target group aged 20 to 44 is well aligned with this trend.

2.

FOCUSED ACQUISITIONS

The high housing prices in downtown Stockholm make it virtually impossible for tomorrow's urbanites to find affordable places to live. This is why SSM focuses on developing affordable housing at a convenient distance from the city center, but at the same time within walking distance of the subway or commuter train so it is easy to get to the city. SSM has an attractive portfolio of building rights that meet these requirements. The company sees strong growth in the market for rental apartments and aims to achieve a 50:50 balance between rental units and cooperative apartments in its continued production.

3.

AGILE PRODUCT DEVELOPMENT

Based on its "smaller spaces, larger living" concept, SSM works constantly to develop housing that offers smart solutions instead of cramped living. Multi-use-of-space increases value for customers. Surface areas are kept down and thus also prices. SSM's goal is for 70 percent of the cooperative apartments it produces to cost about 2.0 MSEK. The company's new index, Urban Score, helps buyers make informed housing choices based on their finances and on sustainability. At the same time, it also shows the strategic direction of the company and helps ensure continued sustainable development.

4.

IMPROVED EFFICIENCY

SSM has a repeatable and scalable business model. The procurement process is transparent and there is a clear connection between purposes and activities. This increases efficiency and reduces costs. Thanks to structured and regular reporting, deviations can be quickly detected and remedied. And since the company controls the entire process by using its own employees, there are no silos between different suppliers that can interfere with this streamlined way of working.

STRONG PORTFOLIO OF BUILDING RIGHTS OPTIMIZED FURTHER IN 2018

In the spring of 2018, an early consultation took place within the framework of planning for Tellus Towers. This formed the basis for the Stockholm City Council's decision in January 2019 to continue planning work and to hold consultations in the fall of 2019. After many years of development work, we're now starting to see progress in realizing what for the southern suburbs of Stockholm and the capital is an important project. Since 2017, the project has been run as a joint venture with the international real estate investment com-

pany Partners Group and SSM has also been negotiating with other international market participants regarding the project's hotel operations and design-build contract. The goal is to finalize plans in 2019.

At the end of 2018, The Swedish Land and Environment Court revoked the city plan for Bromma Boardwalk which meant that SSM was no longer liable to pay the purchase price of 500 MSEK.

In January 2019, SSM and the seller of the Clustret project agreed to terminate the project after the Municipality of Järfälla decided to discontinue planning

work for the property and to instead integrate it into another larger project. As a result, SSM was no longer liable to pay the purchase price of 182.0 MSEK.

GOOD LIQUIDITY, COST-EFFICIENCY PROGRAM FOR INCREASED SHORT-TERM PROFITABILITY

In accordance with Nasdaq's recommendations, SSM has applied the completed-contract method for cooperative housing projects retrospectively from the fourth quarter 2018.

SSM's operating profit and operating margin for the year were lower than in

2017, amounting to 51.8 MSEK and 7.9 percent respectively. This is due to lower gross profits and higher project costs. Costs for wages decreased by -15.0 percent in 2018 and prior to 2019, a cost-saving program was initiated to reduce central costs by 50.0 percent, or 25.0 MSEK.

Thanks to the year's positive cash flow, the company's liquidity is good and the changes brought about by the Bromma Boardwalk and Clustret projects benefited the company's financial position considerably, also in terms of liquidity. The debt/equity ratio at year-end was 57.0 percent.

SUSTAINABILITY, A NATURAL PART OF SSM'S VALUE CREATION & CONCEPT

Sustainability is a natural part of SSM's value creation and concept. Being able to own a home creates security and is an important component of a long-term sustainable society. During the year, SSM became a signatory member of the UN Global Compact and its ten principles covering human rights, labor, environment and anti-corruption which have been well integrated into our business strategy for some time. During the year, we developed relevant and quantitative targets linked to seven of the sustainable development

goals. Our housing projects comply with the Sweden Green Building Council's Silver standards and over the year, we developed our housing concept further by launching our fully transparent index, Urban Score, that makes it easier for homebuyers to make more informed and sustainable housing choices. Our goal is for all of our projects to have an Urban Score higher than 75. All in all, we have a relevant and customer-friendly platform to continue optimizing our sustainability work.

AN UNBALANCED HOUSING MARKET

Urbanization is a global and continuing trend. With its 2.3 million inhabitants, Greater Stockholm is one of the fastest growing regions in Europe. In 2030, that is, in just eleven years, the population is expected to increase to 2.8 million according to RUFS 2050. This is leading to an extensive underlying housing shortage in the region that, above all, is impacting young adults and households with low or average incomes. New construction of smart and affordable housing with various forms of tenancy is an important part of the solution. In addition to new construction, it is also imperative to create incentives to better utilize existing

housing. Today, there are clear obstacles to entering and exiting the market that inhibit natural and desired mobility.

Taken all together, Stockholm is a stable market and the need for new housing will continue to be significant in the long term once the market recovers.

POSITION & ADJUSTED STRATEGY CREATE A GOOD PLATFORM FOR GROWTH

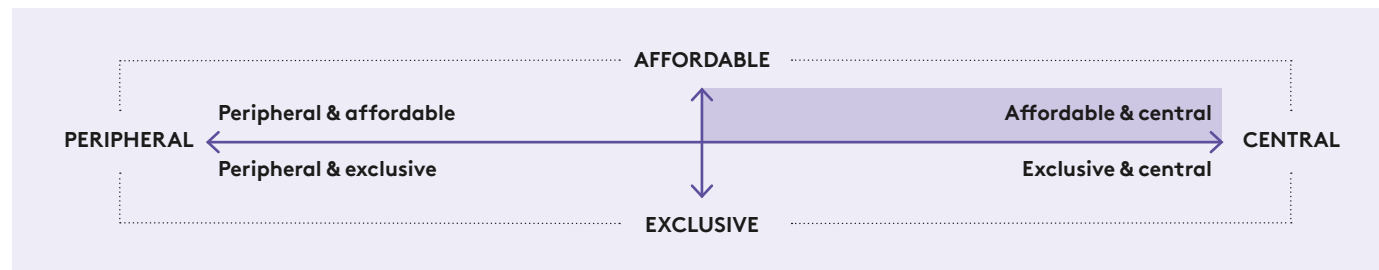
SSM's position in combination with our adjusted strategy means that we're well equipped to manage short-term challenges and at the same time also take advantage of the long-term benefits that come from good underlying demand in the market.

SSM's strong portfolio of building rights underlines this. SSM's goal for 2019 is to start production of 300 homes. By 2023, we aim to produce 1,500 homes a year.

To close, I'd like to express my special thanks to all of SSM's dedicated employees who persevered during this year and who play an important role in helping us achieve our goals.

Mattias Roos
President & CEO

ATTRACTIVE NICHE MARKET



1–2 room homes, multi-use-of-space

Today, living a socially and environmentally sustainable lifestyle with a high degree of freedom has higher status than ever. This is what SSM builds into its offering of smart, affordable urban homes for tomorrow's urbanites.

SSM has a clear vision. Many more people should be able to access – and afford – great homes. The target group SSM focuses on is tomorrow's urbanites, people age 20 to 44 living in one and two-person households. Based on this vision and target group, SSM offers a housing concept built on smart and affordable homes, both rental units and cooperative apartments. To realize its vision, SSM places high demands on designing smart, space-efficient and affordable homes close to public rail transport.

SMART HOMES WITH ROOMS WITHIN ROOMS

The average Stockholmer has less living space than the average Swede, which is a natural result of the higher housing prices and rents in the city. SSM has taken this into account by focusing on developing smart housing. By smart housing, SSM means homes that are space efficient

and multifunctional. Homes where it is possible to enjoy several rooms within a room in increasingly smaller spaces. Within the framework of the Tellus Towers project, extensive development work has been carried out to optimize the multifunctionality of the homes, innovative solutions that SSM intends to introduce when planning other projects.

AFFORDABLE HOMES OPEN DOORS

For SSM, affordable housing means homes that people with average incomes and students on student allowances can afford. SSM's goal is for about 70 percent of the company's cooperative apartments to cost approximately 2.0 MSEK. In February 2019, the company launched about 70 cooperative apartments in this price range. Within the framework of affordable housing, SSM also includes access to shared spaces and everyday services and proximity to good communications.

Tenants in SSM's projects can enjoy many cost-effective, shared functions that they otherwise would not be able to afford themselves. Not only that, SSM's focus on building close to public transport means that people can also save money by not needing to own a car or bike.

VARIED FORMS OF TENANCY, MORE ATTRACTIVE URBAN ENVIRONMENTS

Less than 40 percent of the country's housing is currently rented, and the proportion of rentals has been decreasing constantly in the past 20 years, according to Statistics Sweden. SSM believes that mixed forms of tenancy contribute to safer, more attractive and more vibrant areas. This is why the company aims to produce a relevant variety of cooperative apartments, rental units and student housing to help create more pleasant urban environments.



To set clear goals and a strategic direction for continued development, and also to help consumers make informed housing choices, SSM has developed the unique Urban Score index. The index measures mobility, everyday services, community and well-being in SSM's projects. All of SSM's projects should have an Urban Score higher than 75.

URBAN SCORE

To continue developing a housing concept that is relevant to the needs of its target group, SSM relies on an index that the company has developed: the Urban Score index. In general, the index measures the quality of life a home offers related to total household income. It makes it easier for homebuyers to make informed housing choices that are also socially and environmentally sustainable. The index uses not only standard parameters such as proximity to public transport and everyday services, but also other important elements such as community and well-being.

100 POINTS MAX

The Urban Score index is based on SSM's sustainability strategy and urban consumers' preferences. The maximum score for a project is 100 points. To best correspond to the preferences of SSM's target group and to help reduce the need for private cars in the metropolitan area, the mobility parameter constitutes a total of 40 points. For a project to be attractive to the target group, SSM aims for its projects to score higher than 75 points. The Urban Score index adds another dimension to SSM's motto: Smaller spaces. Larger living: Smarter choices.





EVERYDAY SERVICES (20 POINTS)



MOBILITY (40 POINTS)



COMMUNITY (20 POINTS)

TELLUS TOWERS	100
WEST SIDE SOLNA	100
BROMMA TRACKS	100
THE LAB	100
ROSTERIET	100
METRONOMEN	99
PLATFORM WEST	97
TENTAFABRIKEN	94
TÄBY MARKET	91
ELVERKET NACKA	91
TÄBY TURF (RENTALS)	91
TURBINHALLEN	90
KOSMOPOLITEN	90
SOLLENTUNA HILLS	88
ND STUDIOS	82
THE TUBE	82



WELL-BEING (20 POINTS)



How does this choice
affect my personal
finances?
What's included in
the monthly fee?

MOBILITY (40 POINTS)

This parameter is the most important for reducing the need for private cars in the Greater Stockholm area, which is in line with the preferences of SSM's target group. Tenants in SSM's projects should be able to travel easily and in a climate-friendly way, without having to own a car. The Urban Score index assesses the distance and time it takes to get downtown by public transport and bike.

EVERYDAY SERVICES (20 POINTS)

SSM aims to offer tenants the best chances to balance everyday life as well as opportunities to lower their carbon footprint. The Urban Score index takes into account proximity to local town centers, everyday services and healthcare facilities. It also assesses whether there are circular economy services within the project or nearby.

COMMUNITY (20 POINTS)

SSM's tenants should feel safe and welcome in their neighborhoods. They should also be able to access shared spaces to relax with friends and family. The Urban Score index measures projects based on the variety of meeting places in each project and the immediate area as well as proximity to restaurants, cafés, shared spaces and cultural offerings.

WELL-BEING (20 POINTS)

Sustainable housing also includes being able to enjoy recreation and better health. The Urban Score index shows how well SSM's projects live up to these expectations by assessing the distance to green areas as well as opportunities to exercise on the property or in the immediate area, both indoors and out.

West Side Solna – an urbanite’s paradise



MOBILITY

PROXIMITY TO PUBLIC TRANSPORT

1.9 km to commuter train or light rail.
500 m to subway.
170 m to bus stop.

TIME TO CITY CENTER

8 min by public transport to nearest communication hub.
26 min by bike.

ACCESS TO CARPOOL

Carpool in project.
Charging facilities for electric vehicles near building.

ACCESS TO BIKES

Indoor bike parking.

EVERYDAY SERVICES

PROXIMITY TO SERVICES

240 m to grocery stores and services.
1.5 km to town square.
1.5 km to liquor store.
240 m to postal services/post office boxes.
Within delivery area for groceries/takeout food.
High-speed internet.
Tool-sharing services within 1 km.

HEALTHCARE

1.5 km to medical center/general practitioner.

ACCOMMODATIONS

1.0 km to hotel/other accommodations.

CIRCULAR SERVICES

Recycling facilities in project.
Re-use service in area.



COMMUNITY

BUILT-IN MEETING PLACES

Shared spaces, courtyard and pool.

EATERIES

100 m to restaurants, cafés and bakery.

EXPERIENCES

700 m to movie theater.
900 m to concert hall/theater/museum/gallery.
1,000 m to library.

VARIETY OF FORMS OF TENANCY

Different of types of tenancy and a varied neighborhood.

WELL-BEING

GREEN AREAS

Park.
Square.
Dog park.

INDOOR ACTIVITIES

Pool.
Gym/fitness/yoga center.
Racket sports hall.
Gymnasium.

OUTDOOR ACTIVITIES

Field/court for sports (soccer, basketball, volleyball, etc.).
Playground/athletic area.

All distances are approximate.

6,500 building rights

As the leading residential developer in its niche, SSM is well positioned to grow its portfolio of cooperative apartments in the area surrounding Greater Stockholm. The company has shown that it can acquire new building rights over time with true potential to be converted into attractive housing.

SSM constantly evaluates a wide variety of projects. These range from smaller projects of around 100 apartments to larger, more complex projects such as Tellus Towers, which will offer more than 1,200 homes. At year-end, SSM's portfolio included 6,500 building rights.

AFFORDABLE & CENTRAL

For a large part of the 2000s, the focus in the housing industry was on developing exclusive and centrally-located homes. The prices of these homes, however, put them well out of reach of most people, not least tomorrow's urbanites. SSM focuses on the "affordable & central" segment. "Affordable" means a small home that still offers maximum functionality. "Central" does not mean that the homes are necessarily located downtown, but that they are conveniently located close to public transport, making it easy for people to reach the city center. SSM's strategy for acquiring building rights is based on these two parameters, which reflect the main preferences of SSM's target group.

REALITY SPEAKS A CLEAR LANGUAGE

At the end of 2018, SSM had 28 projects under development or production. The map on page 20 shows how these projects are clustered along the most important municipal communication lines. In its development work, SSM has identified and prioritized a number of municipalities that are particularly receptive to and relevant for its concept. This is mainly because they have a high proportion of inhabitants in the 20 to 44 age group living in single-person households or households without children.

TAKING DIRECT ACTION

SSM is building its portfolio by acting proactively in the market. Almost 90 percent of acquisitions are made through direct contact with landowners who, after evaluation, are considered to be able to offer properties that fit the SSM model. Two-thirds of SSM's acquisitions come from private owners and one-third from municipal land allocations.

SSM's objective is for the portfolio to correspond to four to five years' volume.

STRONG PARTNERSHIPS

SSM has a history of successfully entering into and running joint ventures with external partners. This illustrates both the commercial attractiveness of SSM's projects and the company's documented ability to develop them. Thanks to joint ventures, SSM can create opportunities to run several large and complex projects at the same time, especially larger complex projects that require high financing capacity. An example of this is Tellus Towers. The joint venture model is also used for acquiring building rights. Currently, about half of the company's building rights are covered by joint ventures. SSM strives for an even distribution between projects run in-house and JV partnerships.



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50 percent rentals and a sharper cooperative housing concept for SSM's target group.

1,171 homes in production

At year-end, SSM had 1,171 homes in production in seven different projects. The sales rate for these was 96.9 percent. At the beginning of 2019, sales were ongoing for 561 cooperative apartments in eight different projects. Production has started for some while the others will start in 2019 or 2020.

SSM has a focused project portfolio. The starting point is offering tomorrow's urbanites affordable and well-planned homes. This demands functional and innovative solutions that maximize all available space. Equally important is proximity to public transport so that tenants can enjoy quick and easy access to everything the big city has to offer. And in these areas, SSM delivers.

100 PERCENT CONVENIENT

Whether they're completed, in production, in the process of being sold or in the planning phase, all of SSM's homes have one common geographic criterion: they are all located within convenient walking distance of subway or commuter train stations, as shown on the following map.

SELECTION OF COMPLETED HOMES

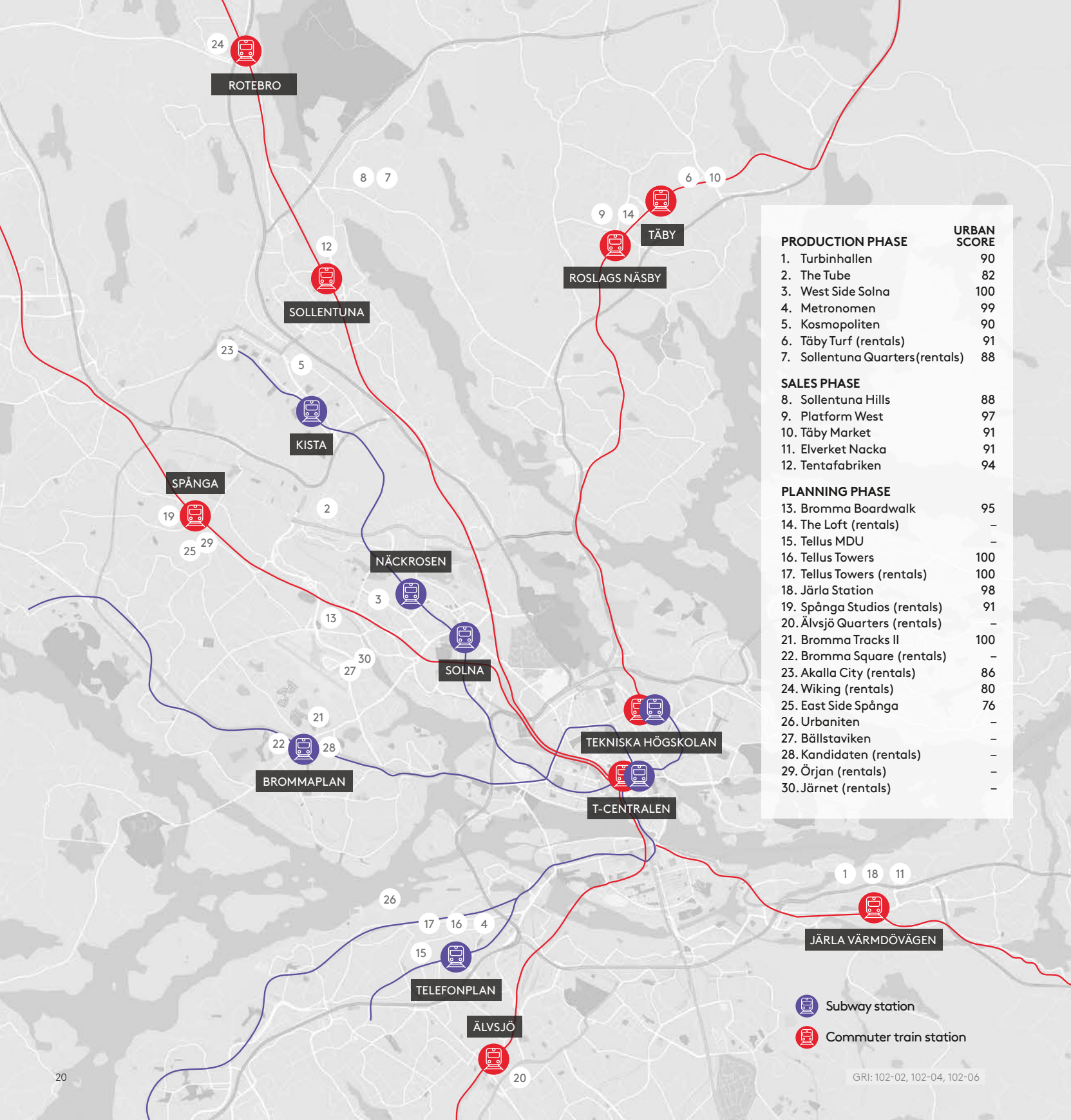
Project	Location	Number of homes	Type	Planned occupation	Cooperation
The Lab	Solna	266	Co-op	2016-17	Alecta
Bromma Tracks	Brommaplan	249	Co-op	2017	SSM
Rosteriet	Liljeholmen	225	Co-op	2016	Alecta
Twin House	Djursholm	30	Student co-op	2016	Student Hill
ND Studios	Norra Djurgården	46	Co-op	2016	SSM
Flygplansfabriken	Telefonplan	73	Co-op	2015	SSM
Kungsterrassen	Sätra	72	Co-op	2015	SSM
Mälärhöjdsparken	Fruängen	71+85	Co-op	2012-14	Index International

HOMES IN PRODUCTION



Project	Location	Number of homes	Type	Planned occupation	Cooperation
Turbinhallen	Järla Sjö	205	Co-op	2017-18	Profi Fastigheter
The Tube	Ursvik, Sundbyberg	50	Rental	2018	SSM
West Side Solna	Solna	252	Co-op	2019-20	Alecta
Metronomen	Telefonplan	188	Co-op	2020	Partners Group
Kosmopoliten	Kista Äng	204	Co-op	2021-22	SSM
Täby Turf	Täby	178	Rental	2021	Sold to Willhem
Sollentuna Quarters	Sollentuna	94	Rental	2021	SSM

PROJECTS WHERE SALES HAVE STARTED

Project	Location	Number of homes	Type	Planned occupation	Cooperation
Sollentuna Hills	Sollentuna	94	Co-op	2021-2022	SSM
Platform West	Täby	109	Co-op	2021	SSM
Täby Market	Täby	90	Co-op	2022	SSM
Elverket Nacka	Nacka	168	Co-op	2021-2023	Libu Invest
Tentafabriken	Sollentuna	72	Student co-op	2020	Student Hill



	URBAN SCORE
PRODUCTION PHASE	
1. Turbinhallen	90
2. The Tube	82
3. West Side Solna	100
4. Metronomen	99
5. Kosmopoliten	90
6. Täby Turf (rentals)	91
7. Sollentuna Quarters (rentals)	88
SALES PHASE	
8. Sollentuna Hills	88
9. Platform West	97
10. Täby Market	91
11. Elverket Nacka	91
12. Tentafabriken	94
PLANNING PHASE	
13. Bromma Boardwalk	95
14. The Loft (rentals)	-
15. Tellus MDU	-
16. Tellus Towers	100
17. Tellus Towers (rentals)	100
18. Järla Station	98
19. Spånga Studios (rentals)	91
20. Älvsjö Quarters (rentals)	-
21. Bromma Tracks II	100
22. Bromma Square (rentals)	-
23. Akalla City (rentals)	86
24. Wiking (rentals)	80
25. East Side Spånga	76
26. Urbaniten	-
27. Bällstaviken	-
28. Kandidaten (rentals)	-
29. Örjan (rentals)	-
30. Järnet (rentals)	-

-  Subway station
-  Commuter train station

Completed homes

THE LAB

urban
score 100

266 cooperative apartments in Solna. 81 percent are one or two-room units of 35–69 m². The project includes a number of shared spaces such as a large rooftop terrace with a spa area and a bike room. Adjacent to the rooftop terrace there is also a shared space for private parties or events. The property also has three commercial premises. The project was run by SSM in cooperation with Alecta and is sold out. Tenants moved in between the fourth quarter 2016 and the third quarter 2017.

BROMMA TRACKS

urban
score 100

249 cooperative apartments in five buildings conveniently located near the Brommaplan communication hub. 86 percent are one and two-room units of 31–61 m². Each unit has a private balcony or patio. There is also a shared outdoor pool and a patio. The property is also just a stone's throw from lush green areas. The units are sold out and tenants moved in during 2017.

ROSTERIET

urban
score 100

225 cooperative apartments in Liljeholmen located in an urban area that was the city's first industrial suburb and also included a coffee roasting company. It is within walking distance of Hornstull and Liljeholmstorget and in direct proximity to public rail transport. 66 percent of the homes are one and two-room units of 36–76 m². Most have private balconies or patios and many have views of Lake Trekanten. The project is sold out and the first tenants moved in during

2016. The project was run by SSM in cooperation with Alecta.

TWIN HOUSE

urban
score 82

The first student housing project in Stockholm in the form of cooperative apartments. The project consists of 30 units in Djursholm divided between two buildings. The homes are studios of 22–35 m² designed with the needs of the modern student in mind. The property is close to public rail transport and offers parking for different types of vehicles. Tenants moved in during 2016. The project was run by Studentbacken, a joint venture between SSM and Student Hill.

ND STUDIOS

urban
score 82

ND stands for Norra Djurgården and the project consists of 46 cooperative apartments located beside the Husarviken National City Park, the Husarviken waterway and the local gasworks. It is also close to downtown Stockholm and has good public transport. The apartments are between 30–51 m². ND Studios is environmentally certified and complies with the Sweden Green Building Council's Gold standards. It also offers environmentally friendly features such as garbage disposal units in the kitchens. The units also have a private balcony or patio. The project is sold out and tenants moved in during 2016.

FLYGPLANSFABRIKEN

urban
score 82

Flygplansfabriken is named after the timber aircraft that were produced in the Telefonplan area during the early 20th century. The project consists of 73 cooperative apartments of which the majority are one and two-room units of 29–69 m². Many have a balcony or patio and the units on the top floor have large terraces. The project is sold out and tenants moved in during 2015.

KUNGSTERRASSEN

urban
score 82

The Kungsterrassen project in Sättra consists of 72 cooperative units with direct connection to the subway. The apartments are 40–83 m². Shared spaces include a spa on the rooftop terrace as well as a community room adjacent to the terrace. Kungsterrassen was nominated as Stockholm's Building of the Year 2015 and highlighted as a good example of high-quality, economical architecture. The project is sold out and tenants moved in during 2015.

MÄLARHÖJDSPARKEN

urban
score 82

Mälärhöjdsparken is located in Fruängen and consists of two projects of 71 and 85 cooperative apartments respectively. 67 percent are one and two-room units between 40–62 m². Shared spaces include a communal pool and an outdoor area with kitchen facilities. The project is sold out and tenants moved in during 2012 and between 2013 and 2014. The project was run by SSM in cooperation with Index International.



FLYGPLANSFABRIKEN



ROSTERIET



ND STUDIOS



KUNGSTERRASSEN



THE LAB



TWIN HOUSE



BROMMA TRACKS



MÄLARHÖJDSPARKEN

Homes in production

COOPERATIVE APARTMENTS

TURBINHALLEN

urban
score 90

The Turbinhallen project started in 2015 in Gustaf de Laval's factory from 1911 on Lake Järta. It includes 205 cooperative apartments that showcase the area's industrial history. Most units are 33–65 m². All of the units have access to shared spaces that include an indoor gym and spa. The project is sold out and tenants started moving in between the end of 2017 and the third quarter 2018. The project is a joint venture with Profi Fastigheter.

THE TUBE

urban
score 82

50 cooperative apartments of which 86 percent are one and two-room units of 35–46 m² located in an urban area in Ursvik, Sundbyberg. The project is close to public rail transport and ample recreational opportunities including sports facilities as well as running and cross-country ski trails. Shared spaces include a rooftop terrace and a community room and there is also a carpool. The project is sold out and tenants moved in during the first half of 2018.

WEST SIDE SOLNA

urban
score 100

252 cooperative apartments centrally located near the subway, shopping and the shore of Lake Ulvsunda, which offers recreation opportunities. The buildings will be six to eight stories high and 91 percent of the units will be 23–56 m². Most of the

homes will have a private balcony. Shared spaces include a terrace and an outdoor pool. On the lower floors, there is space for cafés and stores. The project is almost sold out and tenants are expected to move in during the third quarter 2019. The project is a joint venture with Alecta.

METRONOMEN

urban
score 99

188 cooperative apartments, of which 91 percent are one and two-room units of 29–63 m² with private balconies. Social spaces include a shared rooftop terrace. The property is located at Telefonplan, a lively urban area under development. The area is also home to the Konstfack University College of Arts, Crafts and Design and the Hyper Island college for digital media. Tenants are expected to move in from the first quarter 2020. The project is a joint venture with Partners Group.

KOSMOPOLITEN

urban
score 90

204 cooperative apartments near Kista Äng. 87 percent are one and two-room units of 24–65 m². Most have a private balcony or patio. All of the units have access to shared spaces including an outdoor gym, outdoor pool, orangery, generous bike parking, carpool, charging stations for electric vehicles and cold storage facilities for grocery deliveries. The project had a sales rate of 89.2 percent at the end of 2018.

RENTAL UNITS

TÄBY TURF

urban
score 91

178 rental apartments located on the former racetrack in the new Täby Park district, just minutes from the Roslagsbanan light rail station. Most of the homes will be one and two-room units, and there will be several three-room apartments as well. The buildings will have different characters and designs and offer views of a pleasant square with a marketplace and outdoor cafés. Shared spaces include a greenhouse connected to a large rooftop terrace.

SOLLENTUNA QUARTERS

urban
score 88

94 rental apartments in Väsjön, a new neighborhood in Sollentuna for urbanites who want to combine an active outdoor life with the vibe of the big city. The project includes five buildings that will offer homes ranging from one to three-room units, most of which will be two-room apartments. There will also be a lush courtyard, access to car and bike pools and charging stations for electric vehicles. The project is located close to public transport and commuter trains as well as the planned cable car.



TURBINHALLEN 1



6 TÄBY TURF



5 KOSMOPOLITEN



3 WEST SIDE SOLNA



METRONOMEN 4



2 THE TUBE



7 SOLLENTUNA QUARTERS

Rental projects

BROMMA SQUARE



110 rental apartments at Brommaplan, 85 percent of which are one and two-room units. The project is located close to green spaces and public transport and there are plans to build direct access to the subway platform. It is also within cycling distance of the city and there are plans to build bike workshops and parking for 700 bikes. Brommaplan is also an important hub for Stockholm's bus lines. There are many stores and services in the immediate area and a large shared rooftop terrace will offer space for socializing. Some units will overlook the vibrant square, which also offers services and restaurants.

KANDIDATEN



104 rental apartments (student housing) located 400 m from the Brommaplan subway station. The units will be studio apartments of about 26 m². The area, which is under development, is a commercial and public service center and a public transport hub. There will also be plenty of opportunities for recreation, with parks and green areas within walking distance.

THE LOFT



120 rental apartments (student housing) 300 m from the Roslags Näsby light rail station and 200 m from the bus terminal with service to Stockholm's Östra Station. The units will be studios of about 26 m². Shared spaces include a courtyard,

laundry facilities and common room on the ground floor. The area is under development and will be an attractive entry-way to Täby, with lively streets and variety of buildings.

SPÅNGA STUDIOS



173 rental apartments beside Spånga commuter train station, 400 m from a shopping center and close to sports facilities including a tennis hall and a variety of health clubs. The homes will be one to four-room units, mostly one and two-room apartments that have a balcony. On the street level, there will be commercial space and the garage will offer charging stations for electric vehicles. Shared spaces include a rooftop terrace that will offer urban gardening opportunities, a car and bike pool and a moving trolley.

ÄLVSJÖ QUARTERS



516 rental apartments just 200 m from Älvsjö station, one of Sweden's largest communication hubs. 85 percent of the homes will be one and two-room units, most of which will have a balcony. Shared spaces include a large attractive courtyard with greenery and a pool. There will also be a garage with parking spaces available for rent as well as a daycare center on the ground floor.

SOLLENTUNA QUARTERS & TÄBY TURF



See page 23 for information about these rental projects now being produced.

RENTAL PROJECTS UNDER DEVELOPMENT

Project	Location	Number of homes	Planned occupation	Cooperation
The Loft (JV)	Täby	120	2022	Student Hill
Akalla City	Akalla	190	2022	SSM
Spånga Studios	Spånga	173	2023	SSM
Wiking	Sollentuna	150	2022	SSM
Älvsjö Quarters	Älvsjö	516	2025	SSM
Kandidaten (JV)	Bromma	104	2023	Student Hill
Bromma Square (JV)	Bromma	110	2024	SSM
Tellus MDU (JV)	Telefonplan	18	2024	Partners Group
Tellus Towers (58) (JV)	Telefonplan	305	2025	Partners Group
Örjan	Spånga	101	2025	SSM



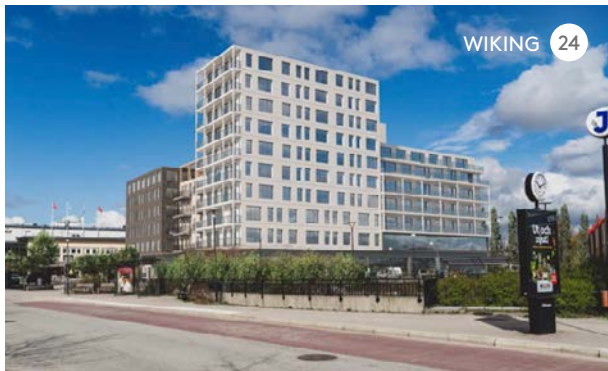
BROMMA SQUARE 22



6 TÄBY TURF



19 SPÅNGA STUDIOS



WIKING 24



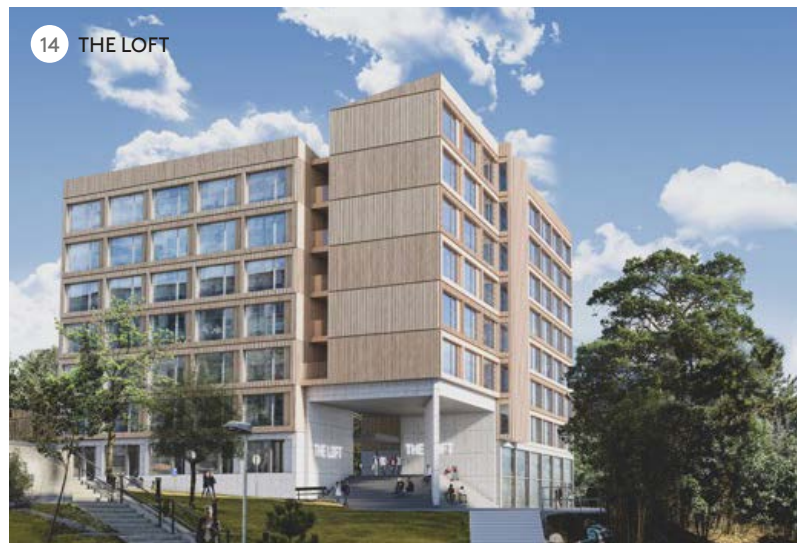
7 SOLLENTUNA QUARTERS



20 ÄLVSJÖ QUARTERS



KANDIDATEN 28



14 THE LOFT

Projects where sales have started

SOLLENTUNA HILLS

urbanscore 88

188 cooperative apartments in the growing urban area near Lake Väsjön, nature and sports and recreational areas. 86 percent of the homes will be one and two-room units of 38–72 m². Each unit will have a private balcony, French balcony or private patio. Shared spaces include a lush courtyard with an outdoor spa, a lounge area and barbecue facilities as well as a car and bike pool and bike workshop. Sales began in May 2017 and the first tenants are expected to move in between 2021 and 2022.

PLATFORM WEST

urbanscore 97

109 cooperative apartments at Täby's main communication hub at the junction of the Roslags Näsby light rail station in a new green, vibrant urban area under development with schools, squares and parks. 86 percent of the homes will be 26–50 m² and most will have their own balcony or patio. Shared spaces include a rooftop terrace and lush inner courtyard. The ground floor includes plans for commercial space on the new square, with possibilities for restaurants with outdoor dining. Sales began in May 2017. The first tenants are expected to move in towards the end of 2021.

TÄBY MARKET

urbanscore 91

90 cooperative apartments conveniently located 400 m from the Galoppfältet light rail station. The apartments will range from one to three-room units, most of which will have private balconies. 91 percent will be one and two-room apartments of 32–49 m². The units in the project are being redesigned to make them smaller. Shared spaces include a rooftop terrace, a lush courtyard, a car and bike pool, a charging station for electric vehicles, a bike workshop and laundry facilities. The building will comply with the Sweden Green Building Council's Silver standards. Sales began in September 2017 and tenants are expected to move in during 2022.

ELVERKET NACKA I

urbanscore 91

168 cooperative apartments attractively located in the new, emerging Nacka City area in western Sicklaön, just outside of Stockholm. The vision for the new development is to create a cohesive and vibrant neighborhood that offers both parks and green spaces along with public squares and outdoor dining. The area will eventually be accessible via the blue line of the Stockholm subway (Nacka Forum station). The project will include nine buildings of five to nine stories. 83 percent of the units will be 28–69 m² and most will have a private balcony. The units in the project are being redesigned to make them smaller. Shared spaces include

rooftop terraces, lush courtyards, a car and bike pool, an electric vehicle charging station and a bike workshop. Sales started in October 2017 and the first tenants are expected to move in during 2021.

TENTAFABRIKEN

urbanscore 94

72 student housing units. The project is attractively located on the Sollentuna town square, close to public transport. Most of the homes will be studios of 24 m² with storage space directly adjacent to each residence. There will also be a number of larger one and two-room units of 49 m². Most will have private balconies or patios and shared spaces include rooftop terraces. Sales began in October 2017 and the first tenants are expected to move in during 2020. The project is being run by Studentbacken, a joint venture with Student Hill.

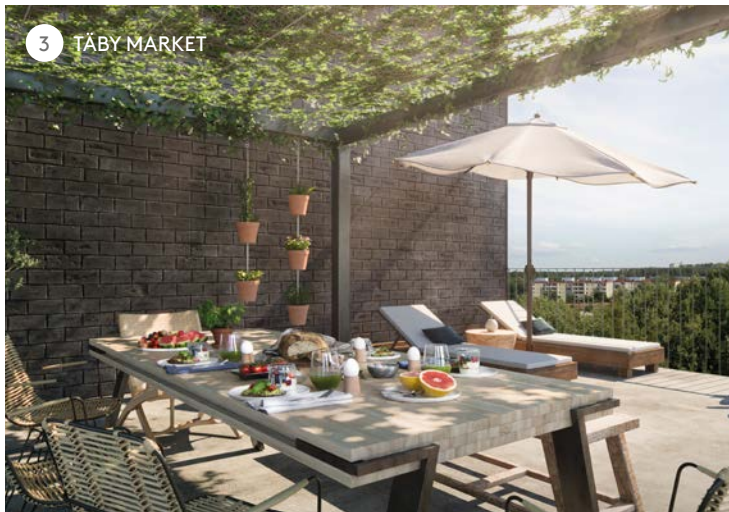
PROJECTS WHERE SALES HAVE STARTED



SOLENTUNA HILLS 1



4 ELVERKET NACKA I



3 TÄBY MARKET



2 PLATFORM WEST



TENTAFABRIKEN 5



3 TÄBY MARKET

GRI: 102-02, 102-04, 102-06

1,200 sky-high homes

Tellus Towers will offer Stockholmers more than 1,200 innovative and much-needed homes, not to mention lofty living. The two 78 and 58-story towers will place Tellus Towers among the highest residential buildings in northern Europe. Thanks to vertical – and radical – thinking, the project requires no more surface area than the land corresponding to two medium-sized house plots.

A NEW HUB TO THE SOUTH

A rapidly growing Stockholm needs to build higher. Tellus Towers is a sustainable and resource-efficient way to use space using very little land and enabling thousands of Stockholmers to live in a unique complex. At the same time, it will grace the southern part of the city with a landmark that will also be an interesting new hub. Directly adjacent to the project is a fine-meshed network of public transport. The project was nominated for the 2018 YIMBY (Yes In My Back Yard) prize awarded annually to a person or organization that has contributed positively to making Stockholm a more sustainable and vibrant urban center.

MORE SPACE IN EACH ROOM

The buildings, which include a seven-story multi-dwelling unit, have been designed by award-winning architect Gert Wingårdh. The layout is based on Hong-Kong-based architect Gary Chang's multi-use-of-space concept that maximizes smaller spaces, transforming them from cramped to smart. For example, sliding walls create rooms within rooms and the bathroom door doubles as a walk-in

closet. Most of the homes will be between 36 and 55 m². The project has an Urban Score of 100 points.

MORE LIVING FOR THE MONEY

In total, Tellus Towers will include 706 cooperative apartments, 323 rental units and 205 condominiums for e.g. hotel/long-stay. In addition, there will be commercial space on the ground floor as well as a daycare center and a garage. 60 percent of the homes will be one-room units and the rest will have two rooms. At the top of the towers, there will be a terrace, a rooftop bar and a sky bar with a spectacular view of Stockholm. Tellus Towers will also house restaurants and a visitor center. In addition, tenants will enjoy an attractive service and concierge concept that includes a spa, gym, restaurants, room service, babysitting, dry cleaning and other everyday services.

SOLID PARTNERS

SSM has documented experience of successful joint ventures with external partners. And Tellus Towers illustrates this. SSM's partner in the Tellus Towers project is the internationally known Partners

Group, which has 19 offices worldwide.

The design-build contract will also be developed in partnership with an international participant with solid know-how when it comes to building skyscrapers. Negotiations are currently ongoing with a handful of international hotel operators with strong brands. And the commercial space on the ground floor will be occupied by retailers in tune with urbanites' needs.

MOVING FORWARD

The specificity and size of a project like Tellus Towers demands collaboration and consideration of the interests of many stakeholders. SSM is focused on forward thinking, sustainable urban planning and enabling the first tenants to move in during 2025. Interest in Tellus Towers is extremely high. To date, 18,000 individuals have shown interest in buying a home and 9,000 are interested in rentals.



27,000
people have signed
up for Tellus Towers

YIMBY
nominated for the
2018 YIMBY Prize

65 professional team players

SSM has a small but highly qualified team. The company's streamlined and fully integrated business model based on managing the entire business process means that everyone needs to work together. This is reflected in the relationships and cooperation between employees, customers and other stakeholders.

ALL FOR ONE, ONE FOR ALL

SSM is a small, highly specialized organization. This makes the company agile. Decisions can be made without unnecessary administration and operations can be adapted efficiently when external factors change. SSM's culture is also characterized by an entrepreneurial spirit. Thanks to its clear business idea, the company can continue to blaze new trails based on its ambition to develop and strengthen its offering. Operations span from breaking ground to tenants moving in. This demands the teamwork of SSM's 65 employees as well as their broad expertise and know-how. About 70 percent of SSM's employees work directly on the company's projects while the others work in more supportive functions and corporate areas.

A VALUE-DRIVEN CULTURE

SSM is characterized by clear shared values and professionalism, and individuals are encouraged to take initiative and responsibility in their work. Decisions are made throughout the



organization, which takes advantage of employees' skills and experience while creating a strong level of commitment. To ensure SSM's continued success, all employees have proper insight into and participate in the company's strategies and goals. They understand the value of their roles and how they can influence and contribute to business development and a high rate of achieving their Targets.

SPECIALIZED SKILLS, SOLIDARITY, MOTIVATION

These three words summarize the spirit that imbues SSM's operations. By specialized skills, SSM means that the company is and shall remain a leader in its industry niche. To consolidate and strengthen this position, a continuous focus on innovations – both technical and commercial, major and minor – is required, which makes SSM's offering unique.

Solidarity means that all employees work as a team, both internally and with partners and suppliers. Having mutual respect and a desire to inspire and act in harmony creates a dynamic working environment.

"WHAT MAKES YOUR ORGANIZATION A GREAT PLACE TO WORK?"



There's a friendly atmosphere between colleagues and managers. Everyone is treated as an equal.



We have a good mix of ages and personalities, which means that there are many different characteristics and skills under the same roof.



We have a credible and sustainable vision with a team of the best people!

Motivation is the commitment and energy that drive SSM's employees in their daily work and allow them to enjoy successes while learning from setbacks. Everyone should feel that they are part of and contribute to SSM's business as a whole.

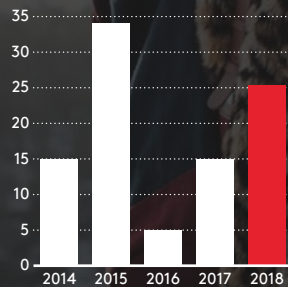
EXPERTISE LEADS TO SUCCESS

SSM is active in an industry with fierce competition for talent. This is why it is critical for SSM to invest in and retain skilled employees. Each employee has a professional development plan that is evaluated through mandatory annual performance reviews as well as regular feedback between employees and managers. Professional development is ensured through exchanging experiences, internal and external training and individual learning.

In 2018, SSM's employees underwent 1,240 hours of training, which corresponds to about 19 hours per individual. During the year, the company also held performance reviews with all employees to secure equal and relevant professional development for everyone.



Employee turnover, %



Number of employees and consultants



YES!

These three positive letters stand for Younger Engaged SSM-ers, the name of a program that provides professional support for and helps develop younger employees. Through planned networking and sharing of skills, these people get the opportunity to play an important role early on in their employment and be integrated into SSM's day-to-day operations in a natural way. They get to take part in structured meetings across the company, which leads to increased understanding of both the product portfolio and their own important role in the company. During 2018, participants took part in team-building activities, toured the company's projects and walked a mile with the CEO and the company's Business Development Manager.

65 PROFESSIONAL TEAM MEMBERS

2018 was a year of challenging external market conditions that affected SSM and its employees. Nevertheless, SSM succeeded in retaining and continuing to

recruit valuable key people. At year-end, SSM had 65 employees, of which 98.5 percent were full-time employees covered by collective agreements. At the end of 2018, SSM's staff was made up of 38.5 percent women and 61.5 percent men. Work attendance in the Group during the year was 96.9 percent of regular working hours and staff turnover was 25.3 percent.

STRAINED HOUSING MARKET IMPACTED EMPLOYEES

Each year, the company engages Great Place to Work to measure how satisfied its employees are. During the year, the index was 63, which is significantly lower than in 2017. The result can largely be explained by the rapid changes that took place in the housing market, which led to stress and changes within the organization. SSM needs satisfied employees to create value and to recruit and retain employees. Measures to improve employee satisfaction have been implemented, including more frequent informational meetings and social activities.

CLEAR GUIDELINES

Being employed by or working for SSM involves both rights and obligations. These are regulated by SSM's internal policies and Code of Conduct. SSM's general standpoint is that everyone has equal value and therefore must be respected and treated fairly. Diversity is encouraged and discrimination is never tolerated.

When asked whether they feel they are treated equally regardless of ethnic origin, gender, sexual orientation, age or disability, the majority of employees responded in the 2018 survey that they feel there is equal treatment within the Group. SSM has zero tolerance of bullying and harassment and in 2018, no cases of harassment or discrimination were reported.

DIVERSITY

Category of employment, %	Age			Men	Women
	<30	30-50	>50		
Executive Management Team	-	25.0	75.0	75.0	25.0
Managers with employee responsibility	-	66.7	33.3	66.7	33.3
Managers without employee responsibility	-	-	100.0	50.0	50.0
Employees	10.2	65.3	24.5	59.2	40.8
Total number of employees	7.7	58.5	33.8	61.5	38.5
Board of Directors	-	14.3	85.7	85.7	14.3

NUMBER OF EMPLOYEES

Type of employment	Men			Women		Total
	Men	Women	Total	Men	Women	
Permanent contract	40	24	64			
Temporary contract	1		1			
Consultants	5	2	7			
Total	46	26	72			
Full-time employees	40	24	64			
Part-time employees	1		1			
Total	41	24	65			

EMPLOYEE TURNOVER

	Age		
	<30	30-50	>50
New hires			
Men	1	2	4
Women	-	2	1
Completed employment			
Men	2	6	4
Women	1	2	2



EXPERTISE & DIVERSITY

Historically, the construction industry has been largely male dominated, although discussions about how to change this are ongoing on a political level. In 2018, the Swedish government set a goal for 2030 that 25 percent of all new employees in the construction industry should be women. SSM's recruiting process is focused on skills and experience, but it also strives to create a workplace characterized by diversity. The company uses various approaches to attract more women. SSM also strives to achieve a good gender and age distribution and does not accept situations where any of its employees, customers, cooperative partners, suppliers or others are subjected to any form of degrading differential treatment.

INJURIES & ILLNESSES

	Number
Number of registered cases of ill health	3 employees on sick leave
Number of incidents at production sites	4
Number of registered injuries	1

AVERAGE NUMBER OF TRAINING HOURS

Category of employment	Men	Women	Total per category
Executive Management Team	16.7	12.0	15.5
Managers with employee responsibility	20.0	16.0	18.7
Managers without employee responsibility	56.0	4.0	30.0
Employees	22.6	14.4	19.3
Total	21.8	14.5	

UPDATED POLICIES

In 2018, SSM updated most of its policies, which were then adopted by the board. Regarding diversity, SSM's Board of Directors is ultimately responsible for ensuring the implementation of and compliance with the Diversity Policy throughout the Group. The policy also ensures that SSM's salaries are always based on equal pay for work of equal value. During the year, two cases of unfounded wage differences were remedied after wage mapping was carried out.

FOCUS ON HEALTH & WELLNESS

To contribute to employee health and maintain a high degree of work attendance, SSM makes substantial investments in employee wellness. SSM encourages physical activities both at and outside of work, including providing access to free weekly exercise sessions, offering a wellness subsidy and encouraging employees to participate in various sporting competitions.

At staff events, there is often some type of voluntary physical activity or lecture on the importance of health in achieving a high quality of life.

COOPERATION FOR A SAFE & SECURE WORK ENVIRONMENT

According to the stakeholder dialogs on SSM's sustainability initiatives, safety and security was ranked as the most important individual area.

SSM's clear goal is to prevent incidents, accidents and ill health and to create a good physical, psychologically and socially sound, enjoyable and stimulating work-place for all.

Work environment initiatives are carried out according to SAM (systematic work environment management) and SBA (systematic fire prevention) and include regular meetings with safety representatives and the HR manager as the employer representative. Safety inspections are conducted weekly at construction sites.

COMPREHENSIVE PREVENTIVE SAFETY MEASURES

Since SSM's projects are design-build contracts, extensive and preventive work environment efforts are required. The general terms and conditions of design-build contracts make it clear that the subcontractor must comply with the work and safety regulations established by the customer. SSM requires that the supplier always be able to guarantee that there is a supervisor on site responsible for ensuring that adequate protective equipment is used by all workers. Information about health and safety at work and the

importance of using safety equipment is always available on all sites where the company has operations.

SSM's general terms and conditions for design-build contracts also require that there is at least one English-speaking supervisor who is able to communicate with the end customer and supervisors. To further ensure clarity at work sites, everyone working on SSM's construction projects must complete basic work environment coordinator for the execution of the work (BAS-U) or work environment coordinator for planning and design (BAS-P) training arranged by Byggmästareföreningen (the Builders' Association). The supplier is further bound to follow SSM's Supplier Code of Conduct, which has extensive guidelines on health and safety.

FOLLOW-UP ON ACCIDENTS & INCIDENTS

Unfortunately, it is never possible to fully ensure that no accidents occur, despite far-reaching preventive efforts and ongoing follow-up. In the event of an accident or incident, SSM complies with the general regulations on reporting of incidents and accidents.

In 2018, there were four incidents and one minor work-related accident that did not require medical treatment. During the year, SSM further enhanced the safety measures covered by its contracts by implementing the Lean system.

100 percent integrated sustainability



Sustainability is fully integrated into SSM's offering. The company is constantly working to be at the forefront of development and sustainable production. Low environmental impact combined with high quality and functionality is the concept behind SSM's attractive homes, and SSM works resolutely to live up to sustainability requirements.

SSM maintains a circular financial plan starting in the design phase of a housing project in order to develop housing and neighborhoods that add value for urban and environmentally aware customers.

SUSTAINABLE HOMES

Thanks to the Urban Score index developed by SSM, the company can ensure a uniform and sustainable offering early in the process. SSM aims to develop homes close to rail-bound public transport. Projects often include car and bike pools as well as facilities for charging electric vehicles. Tenants also enjoy more bike parking in their garages than what is standard on the market in general. SSM also has energy-efficient installation systems and long-term, smart management solutions. The company's comprehensive

environmental policy has been adopted by the board and the department head for projects is operationally responsible for its implementation in the organization.

COMPREHENSIVE ENVIRONMENTAL CERTIFICATION

SSM's overall environmental certification goal is for all projects to comply with the Sweden Green Building Council's Silver standards. This includes energy consumption, thermal power, energy generation and emissions. The company's Scope 1, 2 and 3 emissions have been calculated based on the cars operated by SSM, the electricity and district heating SSM buys both for offices and construction sites and business travel. The year 2018 is used as the base year since in previous years, SSM could only base calculations on electricity

consumption. The company is also constantly exploring ways to make housing projects more energy efficient.

STRUCTURED CONSTRUCTION PROCESS

SSM uses 100 percent green electricity from hydroelectric power in its construction. For material use, SSM's general provisions apply to design-build contracts. These include requirements for building product certification according to BASTA, a clear chemical list and documentation and instructions for CE marking. SSM operates under the Planning and Building Act, complies with Swedish environmental legislation and support the precautionary principle. SSM's projects always follow the urban environment program for each respective city. In 2018, there were no

WASTE MANAGEMENT

	Hazardous waste	Non-hazardous waste	Total (kg)
Landfill	-	28,137.4	28,137.4
Energy recovery	202.0	281,775.5	281,977.5
Recycling	185.0	235,133.8	235,318.8
Incineration	3.0	-	3.0
Total (kg)	390.0	545,046.7	545,436.7

0.4 tons

hazardous waste transported.

16.3 tons

CO₂e in Scope 2.

violations of environmental laws or regulations.

OPTIMIZED RECYCLING

SSM strives for optimal recycling of used building materials, especially wood, metal and stone. For example, recovered fillers are reused. In 2019, the company will implement VICO, a system that will make it easier to measure material use and reduce unnecessary waste.

SSM primarily uses municipal water, which is returned to the municipal sewage system for regular treatment. Any groundwater that must be removed

because of its construction projects is pumped into a local onsite sewage treatment system and later reintroduced into the municipal system. SSM always works in accordance with municipal environmental goals and ensures that it never has a negative impact on any water supply. In 2018, SSM used 29,496 m³ of municipal water.

RESPONSIBLE WASTE MANAGEMENT

Construction results in waste that can be classified as hazardous and non-hazardous. This is why SSM has well-developed procedures for handling waste. SSM

always ensures that hazardous waste which can lead to land contamination is managed by a professional waste disposal operator and the company, working with suppliers, systematically monitors the amount of waste. During 2018, 0.4 tons of hazardous waste was transported from SSM's construction sites. Other household waste from properties where SSM has operational responsibility is managed and sorted by the relevant municipality.



ENERGY USE

Energy use	MWh
Electricity	52.7
District heating	213.8
m ³	
Water	29,496.0
Water from production	280.0 ¹⁾
Water use at offices	

¹⁾ Standard calculation from suppliers.

EMISSIONS

	Metric tons CO ₂ e
Scope 1	254.7
Diesel	252.3
Gasoline	2.3
Hybrid (gasoline + electricity)	0.04
Scope 2	16.3
Electricity	0.0 ¹⁾
District heating	16.3 ²⁾
Scope 3	10.5
Air	10.3
Boat	0.2
Bus	0.01

¹⁾ Location-based: 6.5 tons CO₂e.
Market-based: 0 tons CO₂e

²⁾ Location-based: 17.8 tons CO₂e.
Market-based 16.3 tons CO₂e

Space-efficient
design means
energy-efficient
homes



4 clear financial targets

SSM has four financial targets. They aim to achieve satisfactory profitability in the company's projects and a strong, sustainable balance sheet. All to give shareholders a good return. Due to the cautious market in 2018, SSM met only one of its four goals: a debt/equity ratio of 57.0 percent.

>25%
return on equity

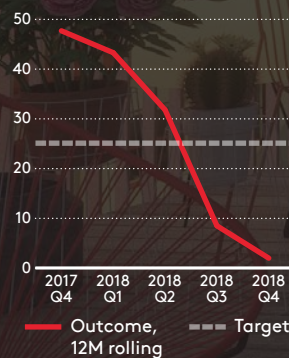
>20%
EBIT margin



>30%
equity ratio

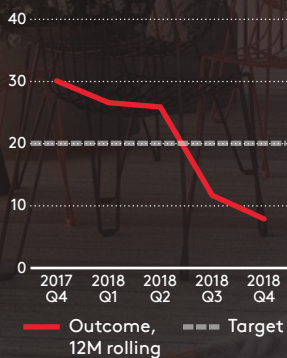
2x
interest coverage ratio

Return on equity > 25%



Return on equity was 2.0 percent (47.7).

EBIT margin > 20%

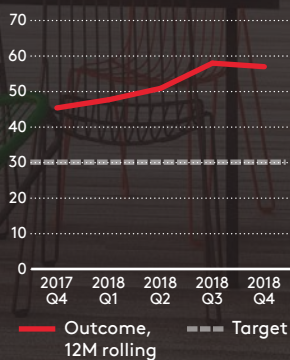


EBIT margin was 7.9 percent (30.1).

The Group's operating profit for the period was 51.8 MSEK (226.7), chiefly due to the lower gross profit and other income. Operating profit for the year, adjusted for non-recurring expenses of -13.5 MSEK, was 65.3 MSEK. Operating profit for 2017, adjusted for the impact on the profit from the establishment of a joint venture with Partners Group of -145.6 MSEK and an item affecting comparability of 8.7 MSEK, was 89.8 MSEK. The adjusted operating margin for both periods was 10.0 percent (11.9).

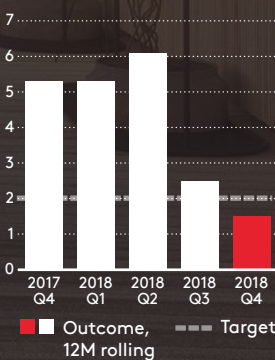


Equity ratio > 30%



The debt/equity ratio at the end of the year was 57.0 percent (45.4).

Interest coverage ratio > 2x



The interest coverage ratio was 1.5x (5.3).

In 2017, capital tied up was considerably affected by several housing cooperative projects in production under SSM's own management. This did not occur to the same extent in 2018, as the housing cooperative projects in question were completed, resulting in a reduction in capital tied up. In 2018, loans from credit institutions were considerably affected due to the gradual completion of SSM's own housing cooperative projects where down payments were used to amortize the loans.

ADJUSTMENT OF PREVIOUSLY APPLIED ACCOUNTING POLICIES FOR DEVELOPMENT OF COOPERATIVE APARTMENTS

Due to the changed consolidation principle for housing associations, the point in time when project revenue and project costs are recognized has also changed. Revenue arising out of the letting and transfer of a housing cooperative property is recognized at the time when control is transferred to the buyer, which usually occurs when the individual owner of a cooperative apartment takes possession of the apartment.

4 clear sustainability targets

To extend the sustainability perspective from local activities to global contributions, during the year, SSM evaluated the company's objectives in relation to the UN's 17 Sustainable Development Goals.

UN'S SUSTAINABLE DEVELOPMENT GOALS, SDGS

SSM currently has a good platform for realizing the company's sustainability agenda based on the sustainability strategy that the company adopted in 2017 and the Urban Score index, an index developed by SSM. The index is not only a strategic tool for the company, but also a means for homebuyers to make informed housing decisions. The company's production also meets the criteria for BASTA and the Sweden Green Building Council's Silver certification.

To contribute to a sustainable society globally, SSM has reviewed the 17 SDGs to identify where the company can have an effective

and positive impact. SSM has chosen to focus on seven of the UN SDGs: gender equality (Goal 5), affordable and clean energy (Goal 7), decent work and economic growth (Goal 8), reduced inequalities (Goal 10), sustainable cities and communities (Goal 11), responsible production and consumption (Goal 12) and peace, justice and strong institutions (Goal 16).

ACTIVE & SYSTEMATIC WORKFLOW

Progress towards achieving the company's goals is followed up annually and presented in a GRI report in SSM's Annual Report. In 2019, the company aims to make follow-up more systematic.



SSM IS PART OF THE LOCAL COMMUNITY

- Stockholm Business Region
- Stockholms Byggmästareförening
- Bofrämjandet
- Stockholms Stadsmission

1. SOCIALLY & ENVIRONMENTALLY SUSTAINABLE HOMES THAT MORE PEOPLE CAN AFFORD



7. AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy.



11. SUSTAINABLE CITIES AND COMMUNITIES
Make cities inclusive, safe, resilient and sustainable.



12. RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns.

2. DIVERSE & EQUAL OPERATIONS



5. GENDER EQUALITY
Achieve gender equality and empower all women and girls.



10. REDUCE INEQUALITIES
Reduce inequality within and among countries.

3. SAFE & SECURE WORKPLACES



8. DECENT WORK AND ECONOMIC GROWTH
Promote inclusive and sustainable economic growth, employment and decent work for all.



12. RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns.

4. ETHICAL OPERATIONS WITH HIGH CUSTOMER INTEGRITY



16. PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

1. SOCIALLY & ENVIRONMENTALLY SUSTAINABLE HOMES THAT MORE PEOPLE CAN AFFORD

SSM's vision is to develop homes that more people can afford to live in. SSM will realize this by offering smart and affordable cooperative apartments, rental units and student housing. People with regular jobs and average incomes and those on student allowances should be able to afford SSM's homes. This forms the basis for the company's decisions regarding acquisitions, development and production of homes. As many more people can afford SSM's homes, our housing projects contribute to the ever-important social integration needed in society and in the Greater Stockholm area, where SSM is currently active. By offering attractive shared spaces and

services in housing projects, more people are also able to access services that would be difficult to achieve using their own finances. Shared spaces and services also make it easier for residents to get to know each other, providing an extra dimension of safety and well-being. SSM operates projects on its own or through partnerships to create safe and social neighborhoods around its housing projects. We are all responsible for taking care of our environment for future generations, and SSM takes responsibility by producing climate-friendly homes and acquiring building rights in areas served by public rail transport.

SSM's goals

- 70 percent of co-ops where sales have started should cost ~2.0 MSEK.
- 100 percent of projects should have an Urban Score above 75.

Identified relevant SDGs



Relevant targets

- 7.3** Double the global rate of improvement in energy efficiency.
- 11.1** Safe and affordable housing.
- 12.2** Sustainable management and efficient use of natural resources.
- 12.4** Environmentally sound management of chemicals and all wastes throughout their life cycle.

SSM contributes to the targets by:

7.3 Double the global rate of improvement in energy efficiency

- Measuring and monitoring energy consumption in operations.
- Measuring the operations' emissions in Scopes 1, 2 and 3.
- Making it easier for tenants to increase their understanding of their energy consumption and its impact on society.

11.1 Safe and affordable housing

- Developing and offering smart and affordable homes with different forms of tenancy.
- Offering homes close to public transport, everyday services, shared services and recreation.
- Making it easier for consumers to make informed decisions using SSM's Urban Score index.

12.2 and 12.4

- Including car and bike pools and charging stations for electric vehicles in projects.
- Making a car-free everyday life possible by developing homes close to public rail transport.
- Promoting sustainable waste management in buildings as well as in completed projects.

Outcomes

70 percent of SSM's co-ops where sales have started should cost ~2.0 MSEK.

2018	2017
20.6%	16.8%

100 percent of projects should have an Urban Score above 75.

2018	2017
100.0%	Index launched in 2018

2. DIVERSE & EQUAL OPERATIONS

SSM shall constantly strive to increase gender equality and diversity in its operations and projects. The company realizes that to ensure a sustainable organization in the future, it must value a diverse workforce within all areas of the organization. The company acts to ensure that everyone feels included, welcome and safe, that they all have equal value and that they are treated equally in every

situation. In 2019, SSM intends to evaluate the possibility of fully meritocratic recruitment processes and to offer trainee positions to marginalized groups. The company develops and offers smart and affordable homes that more people can afford, which is a way of extending the equality perspective to also include society, as more people are able to enter the housing market.

SSM's goals

- 50 percent female managers.
- 100 percent equal gender distribution of training hours.

Identified relevant SDGs



Relevant targets

- 5.5** Ensure women's full and effective participation and equal opportunities for leadership and decision-making.
- 10.2** empower and promote the social, economic and political inclusion of all.

SSM contributes to the targets by:

5.5 Ensure women's full and effective participation and equal opportunities for leadership and decision-making

- Conducting an annual salary survey to promote gender-equal salary development.
- Employing a high percentage of women as managers.
- Ensuring an equal gender distribution of training for all employees.

10.2 Empower and promote the social, economic and political inclusion of all

- Offering homes with various forms of tenancy that more people can afford.
- Implementing a Diversity Policy and a Code of Conduct.
- Covering all employees by relevant health insurance.

Outcomes

50 percent female managers.

2018	2017
37.5%	15.0%

100 percent equal gender distribution of training hours.

2018	2017
39.9%	Not measured

3. SAFE & SECURE WORKPLACES

SSM conducts systematic and integrated work environment management aimed at providing a physically, psychologically and socially safe work environment for all Group employees. SSM has the same work environment requirements for contractors and

other partners. Furthermore, SSM's employees shall have regular individual and role-related professional development opportunities based on the requirements of the business.

SSM's goals

- No accidents or incidents in operations.
- Employee satisfaction index score above 75.

Identified relevant SDGs



Relevant targets

- 8.8** Protect labor rights and promote safe and secure working environments for all workers.
- 12.1** Implement the 10-year framework of programs on sustainable consumption and production.

SSM contributes to the targets by:

8.8 Protect labor rights and promote safe and secure working environments for all workers

- Adding the Supplier Code, which covers human rights, the environment, labor law and anti-corruption, to all new agreements in sales and construction.
- Ensuring that the majority of SSM's suppliers have signed the Supplier Code.
- Having zero tolerance for discrimination.

12.1 Implement the 10-year framework of programs on sustainable consumption and production

- Integrating the sustainability strategy fully in SSM's business.
- Disseminating knowledge on sustainable consumption and a sustainable lifestyle through SSM's Urban Score index.
- Becoming a signatory to the UN Global Compact.

Outcomes

No accidents or incidents in operations.

2018	2017
1 accident	0

Employee satisfaction index score above 75.

2018	2017
63	82

4. ETHICAL OPERATIONS WITH HIGH CUSTOMER INTEGRITY

SSM promotes high ethical standards throughout its operations. The company has zero tolerance for corruption. There is an increased risk of unethical business practices in the industry, especially among suppliers, subcontractors and small companies that may not have the same procedures in place as large companies to prevent improprieties. SSM respects human rights and shall ensure that there is no child labor, slave labor or other human rights violations in the operations or supply chain. These efforts were initiated in 2018 and will be fully implemented in 2019. At present, most of SSM's suppliers are based in Estonia, Finland, Germany and Sweden. The majority of the company's purchases relate to production. The supplier base consists of manufacturers,

wholesalers, construction contractors and consultants. To support innovation and create advantages related to volume, the company reduced its supplier base in 2018 by 38.5 percent, from 940 suppliers to 578. There were no incidents of corruption or legal action related to anti-competitive behavior violations of anti-trust and monopoly legislation in 2018. During the design, construction and sales phases, SSM has administrative responsibility for personal data about customers and potential customers. SSM is responsible for adequately protecting Group information based on protection value, considering availability, confidentiality, traceability and accuracy.

SSM's goals

- All new and existing suppliers shall sign SSM's Supplier Code of Conduct.
- No breaches of customer privacy in operations.

Identified relevant SDG



Relevant targets

- 8.8** Protect labor rights and promote safe and secure working environments for all workers.
- 16.5** Substantially reduce corruption and bribery in all their forms.
- 16.10** Ensure public access to information and protect fundamental freedoms.

SSM contributes to the targets by:

8.8 Protect labor rights and promote safe and secure working environments for all workers

- See Safe & secure workplaces on page 49.

16.5 Substantially reduce corruption and bribery in all their forms

- Having an Anti-Corruption Policy that applies to all employees.
- Having a Supplier Code of Conduct that also covers anti-corruption.
- Offering managers and employees anti-corruption training.

16.10 Ensure public access to information and protect fundamental freedoms

- Having a Privacy Policy that describes how the company processes personal data.
- Training managers and employees on how to process personal data correctly.
- Having relevant and reliable systems in place that ensure secure customer data processing.

Outcomes

All new and existing suppliers shall sign SSM's Supplier Code of Conduct.

2018	2017
86.7% production purchasing category	Process initiated

No breaches of customer privacy in operations.

2018	2017
0	0

Stakeholder views create a solid foundation

As a housing developer, SSM knows that a solid foundation is necessary for a solid structure. A miscalculation or poorly tightened detail may have dire consequences. This is why it is important for the company to ensure that its sustainability investments and focus areas have the support of stakeholders already in the strategic construction phase.

REINFORCING THE SUSTAINABILITY STRATEGY THROUGH STAKEHOLDER DIALOGS

To focus SSM's sustainability initiatives on areas that are important to the company and its external and internal stakeholders, a materiality analysis was conducted in the fall of 2017. The stakeholders were identified through a survey of groups with the greatest interest in the company's operations and groups that currently have the greatest impact on the company's business. These were identified as follows:

- Board of Directors
- Management team
- Employees
- Existing and potential customers
- Students
- Interest organizations
- Investors and analysts
- Municipalities

METHODOLOGY & OUTCOME

The analysis was based on focus groups with interest organizations, in-depth interviews with municipal administrators and survey responses from a wider group of stakeholders. The organizations interviewed included the Swedish Property Federation, the Swedish Union of Tenants, the Swedish Construction Federation, the Swedish Green

Building Council and the Stockholm Chamber of Commerce. The most significant findings from the stakeholder dialogs were:

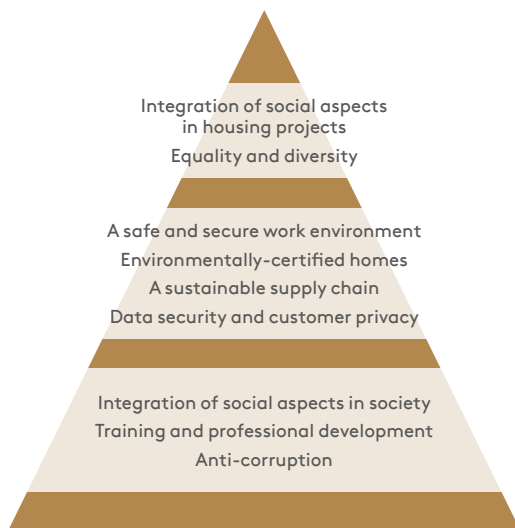
- 83 percent of SSM's customers believe that investments in sustainability are important. Customer comments included energy classification of white goods, waste sorting and facilities for bulky waste, investments in solar cells and opportunities for urban gardening.
- All in all, a safe and secure work environment was ranked as the most important aspect.
- Other high priority areas are environmentally-certified homes, equality and a sustainable supply chain.

The stakeholder dialogs were supplemented by an impact analysis based on parameters such as SSM's presumed impact in the area, the area's potential impact on the company, such as reputational or commercial risk, scientific consensus on climate impact and the current organizational status vis-à-vis existing and forthcoming legislation. Following this, the information was evaluated based on long-term value creation for SSM and externally. The results of the analysis have provided SSM with proper guidance on the focus areas

(sustainability aspects) that are important to focus on. The next materiality assessment will be carried out in the spring of 2020.

The responses from the stakeholder dialogs were summarized in a materiality analysis. This resulted in an adjustment of SSM's sustainability aspects where two aspects were merged and two aspects were reformulated. Finally, the sustainability areas were prioritized according to the diagram below.

The areas identified correspond to the parts of SSM's operations that are associated with the greatest risk or that have the greatest potential. The outcome is in line with SSM's sustainability positioning and the company's social initiatives within residential properties and neighborhoods. In 2018, the stakeholder dialog and impact analysis were combined into the matrix on the right.



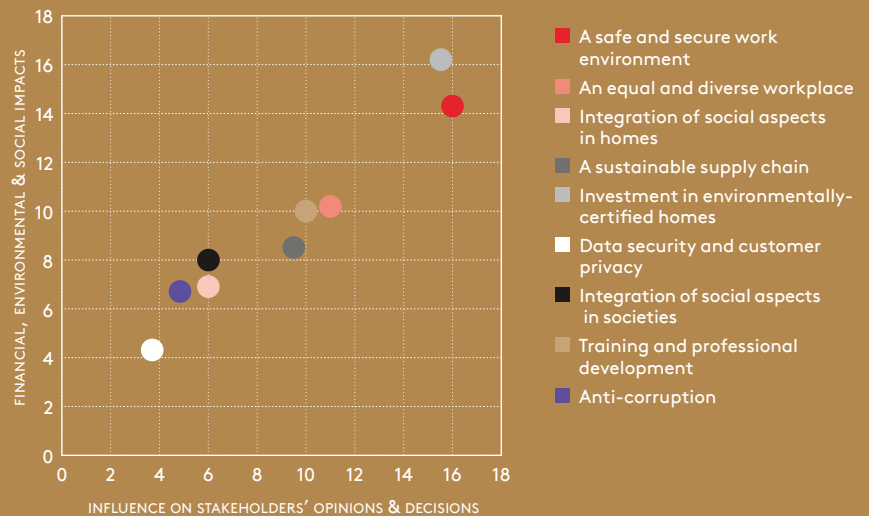
” Sustainability issues are a natural part of SSM’s business and decision-making process – the company’s vision and Urban Score sharpen our focus and make us even stronger.

MEMBER OF EXECUTIVE MANAGEMENT TEAM

” SSM makes it easy for tenants to make smart housing choices.

CUSTOMER

Materiality matrix



About the Sustainability Report



SUSTAINABILITY REPORT

The Sustainability Report is an integrated annual and sustainability report, which means that all statutory sustainability aspects and GRI indicators are included in the report where appropriate, with a concluding GRI content index. GRI indicators can also be identified in the page footer on each page it appears on. The report covers the Group's entire operations, including subsidiaries, and refers to the period from January 1 to December 31, 2018. This report has been prepared in accordance with the GRI Standards: Core Option, the principles for Communication on Progress and the Swedish Annual Accounts Act (1995:1554). This document is SSM's first Communication on Progress. SSM has treated its sustainability efforts as an integrated part of the company's strategic direction and ongoing operations for many years. As the reporting scope was expanded in 2018, environmental data has 2018 as the base year. Over the year, SSM has developed goals and linked them to the 17 UN Global Sustainability Goals. Information on this is available on pages 49–54.

DATA COLLECTION

Employee data is stated as the number of employees (headcount) and has been obtained from the HR system. Only SSM

employees are included in the scope; contracted parties, such as subcontractors, are not included. Energy has been stated in kilowatt hours. Carbon dioxide (Scopes 1, 2 and 3) has been calculated based on factors from the GHG protocol and from suppliers. Waste has been stated in kilograms and metric tons. Data on water consumption has been provided in cubic meters and is based on the estimated annual consumption from the suppliers. Approximately 1 percent of water consumption is an estimated amount based on the company's office space. The data on the year's water consumption may therefore be adjusted in the next report to reflect actual water consumption. Information on water and waste from one project has been excluded, as no system had been established to capture data from the project.

Data on environment-related key ratios has been collected from a third-party supplier and SSM's own metrics. SSM has developed its own key ratio for the materiality aspect "Integration of social aspects of housing projects" by measuring the Urban Score of the projects. For GRI 301-1 and 301-2, SSM's process for sustainable construction and housing is described. Due to extensive changes to the General Data Protection Regulation in 2018, the company decided to postpone the implementation of a whistle-blowing function. Until further notice, employees should refer to the HR Officer or their immediate manager. Data for material consumption is chiefly linked to the company's subcontractors and a system for collecting data of this nature is expected to be developed in 2019. For questions related to the report, please contact ir@ssmliving.se.

DEFINITION OF THE STATUTORY SUSTAINABILITY REPORT

In accordance with the Annual Accounts Act chapter 6 section 11, SSM has chosen to prepare its Sustainability Report as a report separate from the Annual Report and to report on its business model, sustainability risks, policies, governance and management, human rights, employees, social issues, environment and anti-corruption on pages 53–57.

GRI index

GRI STANDARD INDICATORS

Description	Page	Compliance	Comments ²⁾
GRI 102: General Disclosures			
Organizational Profile			
102-01 Name of the organization	Page 63	●	
102-02 Activities, brands, products and services	Pages 5, 19–30	●	AAA: Business model
102-03 Location of headquarters	Pages 79, 117	●	
102-04 Location of operations	Pages 19–30, 79	●	AAA: Business model
102-05 Ownership and legal form	Pages 63, 94–96	●	AAA: Business model
102-06 Markets served	Pages 19–30, 79	●	AAA: Business model
102-07 Scale of the organization	Pages 34, 70–78	●	
102-08 Information on employees and other workers	Page 34	●	
102-09 Supply chain	Page 50	●	
102-10 Significant changes to the organization and its supply chain	Pages 50, 130	●	
102-11 Precautionary Principle or approach	Page 38	●	
102-12 External initiatives	Page 45	●	
102-13 Membership of associations	Page 45	●	
102-14 Statement from senior decision-maker	Pages 8–11	●	
102-15 Key impacts, risks and opportunities	Pages 45–50, 58–62	●	AAA: Sustainability risks
Ethics and Integrity			
102-16 Values, principles, standards and norms of behavior	Pages 31–32	●	AAA: Policies
Governance			
102-18 Governance structure	Pages 118, 129	●	

UN Global Compact

Principle 1 – Page 50
 Principle 2 – Page 50
 Principle 3 – Page 34
 Principle 4 – Page 50

Principle 5 – Page 50
 Principle 6 – Pages 34, 48
 Principle 7 – Page 38
 Principle 8 – Pages 37–39

Principle 9 – Pages 37–39
 Principle 10 – Page 50

Description	Page	Compliance	Comments ²⁾
Stakeholder Engagement			
102-40 List of stakeholder groups	Page 51	●	
102-41 Collective bargaining agreements	Page 34	●	
102-42 Identifying and selecting stakeholders	Page 51	●	
102-43 Approach to stakeholder engagement	Pages 51–52	●	
102-44 Key topics and concerns raised	Pages 51–52	●	
Reporting Practice			
102-45 Entities included in the consolidated financial statements	Page 53	●	
102-46 Defining report content and topic Boundaries	Page 53	●	
102-47 List of material topics	Page 51	●	
102-48 Restatements of information	Page 53	●	
102-49 Changes in reporting	Page 53	●	
102-50 Reporting period	Page 53	●	
102-51 Date of most recent report	Page 53	●	
102-52 Reporting cycle	Page 53	●	
102-53 Contact point for questions regarding the report	Page 53	●	
102-54 Claims of reporting in accordance with the GRI Standards	Page 53	●	
102-55 GRI content index	Pages 54–56	●	
102-56 External assurance	Page 57	●	

● Fulfilled ● Partially fulfilled

MATERIALITY ASPECTS

Description	Page	Compliance	Comments ²⁾
GRI 200 Economic Standards			
Anti-corruption			
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 50, 68	
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	Page 50	● AAA: Counteracting corruption
	205-3 Confirmed incidents of corruption and actions taken	Page 50	● AAA: Counteracting corruption
Anti-competitive Behavior			
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Page 50	
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Page 50	● AAA: Counteracting corruption
GRI 300 Environmental Standards			
Materials			
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 37–39	
GRI 301: Materials	301-1 Materials used by weight or volume	Pages 37–39	◐ AAA: Environment Referred to MA
	301-2 Recycled input materials used	Pages 37–39	◐ AAC: Environment Referred to MA
Energy			
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 37–39	
GRI 302: Energy	302-1 Energy consumption within the organization	Page 39	● AAA: Environment Only energy used in SSM's own operations
Water and Effluents (2018)			
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 37–39	
GRI 303: Water and Effluents	303-5 Water consumption	Page 39	◐ AAA: Environment Only water used in SSM's own operations
Emissions			
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 37–39	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Page 39	● AAA: Environment
	305-2 Energy indirect (Scope 2) GHG emissions	Page 39	● AAA: Environment
	305-3 Other indirect (Scope 3) GHG emissions	Page 39	● Only CO ₂ emissions from SSM's own operations
Effluents and Waste			
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 37–39	
GRI 306: Effluents and Waste	306-2 Waste by type and disposal method	Page 38	● AAA: Environment
	306-4 Transport of hazardous waste	Page 38	● AAA: Environment SSM did not import, export or handle hazardous waste during 2018
Environmental Compliance			
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 37–39	
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	Page 38	● AAA: Environment

¹⁾ 103-1 Explanation of the material topic and its boundary
103-2 The management approach and its components
103-3 Evaluation of the management approach

²⁾ AAA means the indicator's correlation with the Annual Accounts Act

● Fulfilled ◐ Partially fulfilled

Description		Page	Compliance	Comments ²⁾
GRI 400 Social Standards				
Employment				
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 31–36		
GRI 401: Employment	401-1 New employee hires and employee turnover	Page 34	●	AAA: Environment
Occupational Health and Safety (2018)				
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 36, 49		
GRI 403: Occupational Health and Safety	403-9 Work-related injuries	Pages 35, 49	◐	
	403-10 Work-related ill health	Pages 35, 49	◐	AAA: Respect for human rights Excluding contractors and subcontractors
Training and Education				
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 31–36, 48		
GRI 404: Training and Education	404-1 Average hours of training per year per employee	Page 35	●	
	404-3 Percentage of employees receiving regular performance and career development reviews	Pages 32–34	●	AAA: Employees
Diversity and Equal Opportunity				
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 31–35, 48		
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Page 34	●	AAA: Employees
Non-discrimination				
<i>GRI 103: Management Approach</i>	103-1/-2/-3 ¹⁾	Pages 31–35, 48		
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Page 34	●	AAA: Employees & respect for human rights
Customer Privacy				
<i>GRI 103: Management Approach</i>	103-1/-2 /-3 ¹⁾	Pages 54, 130		
GRI 418: Customer Privacy	418-1 Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	Page 50	●	AAA: Counteracting corruption AAA: Social conditions
Urban Score				
SSM 1	Urban Score for the project	Pages 13–16		

¹⁾ 103-1 Explanation of the material topic and its boundary
103-2 The management approach and its components
103-3 Evaluation of the management approach

²⁾ AAA means the indicator's correlation with the Annual Accounts Act

● Fulfilled ◐ Partially fulfilled

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in SSM Holding AB (publ),
corporate identity number 556533-39022

ENGAGEMENT AND RESPONSIBILITY

The Board of Directors is responsible for the statutory sustainability report for the year 2018 on pages 53-56 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12, The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards

on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINIONS

A statutory sustainability report has been prepared.

Stockholm, April 17, 2019

Ola Salemyr
Authorized Public Accountant

Risks and risk management

Business operations are associated with risks as well as opportunities. SSM faces different kinds of risks, such as risks associated with the external environment and operational and strategic risks that may affect the company's ability to implement strategies and meet goals. If managed properly, risks may create opportunities and result in competitive advantages.

RISK MANAGEMENT PROCESS

The ultimate responsibility for ensuring that risk management processes and procedures have been put in place rests with the Board of Directors. SSM's Board of Directors has established clear work processes and rules of procedure for its work and for the committees of the Board of Directors. An important part of the work of the Board of Directors is to prepare and approve a fundamental framework and policies. In addition to the Rules of Procedure for the Board of Directors and the Instructions to the CEO, these include several policies, such as the Code of Conduct, the Supplier Code, the framework for risk management and internal control, the Investment Policy, the Finance Policy, the Anti-Corruption Policy, the Information Security Policy, the Communication Policy and the Insider Policy. All employees are obliged to comply with the control environment's internal and external frameworks. The purpose of these policies is to lay the foundation for good internal control and achieve and maintain high ethical standards throughout the Group.

Furthermore, the Board of Directors has ensured that the organizational structure provides clear roles, responsibilities and procedures that further the effective management of the operations' risks and allow goals to be met. As part of the

responsibility structure, the Board of Directors shall evaluate the performance and results of the operations through a report package that is suited to the purpose and contains outcomes, forecasts, business plans, risk monitoring and analyses of important key ratios. As a step in strengthening internal control, SSM has opted to compile the governance documents in a Finance Handbook. The Finance Handbook provides a clear picture of existing policies, regulations and procedures with impact on the contents and quality of the financial reporting.

REINFORCED RISK MANAGEMENT PROCESSES IN 2018

The risk management process consists of surveying and assessing risks, structures and procedures for analysis and follow-up, internal control and audit for control and insurance cover.

In 2018, several measures were implemented to improve the risk management process further. A clarification of the responsibility for anti-corruption efforts, strengthened self-inspections to prevent fraud and an Information Security Policy are examples of reinforced anti-corruption and security measures. SSM's systematic work to prevent accidents and incidents was also strengthened by introducing lean management

processes that also monitor health and safety on construction sites.

To secure its project development, SSM monitors the external environment and surveys the municipalities' priorities and requirements in connection with land allocations on a regular basis.

The significant risks faced by SSM and the company's strategies to manage these risks are described in the matrix on pages 60–62.

RISK ASSOCIATED WITH OTHER PARTICIPANTS IN JOINT VENTURES

The Group depends on having good relationships with partners and on well-functioning agreed structures for decision-making and cooperation. The Group's cooperation with participants in joint ventures is regulated in cooperation agreements and/or special shareholder agreements, which include provisions on profit and loss sharing, financing obligations, transfer prohibitions, decision-making and provisions for handling deadlocks in decision-making between parties.

SSM company carries out a thorough due diligence investigation of future cooperative partners and evaluates them regularly.

DISPUTES & LEGAL PROCEEDINGS

From time to time, SSM is involved in legal proceedings with housing associations, contractors, suppliers, cooperative partners and external parties within the scope of the Group's day-to-day operations. Such disputes may involve defects or deficiencies in sold homes, the acquisition or divestment of properties, construction or conversion of homes or other agreements and labor disputes. SSM has Group-wide policies as well as guidelines and systems with standard agreements. Disputes over a certain value are handled on the Group level.

INSURANCE COVER

External experts are engaged to review the regular balance between SSM's own and insured risk in the insurance program.

FINANCIAL RISKS

Information about the Group's Finance Policy, exposure to and management of financial risks is provided in Note 15, Financial risk management.

		Risk management	Comments/outcomes in 2018
Risks associated with the external environment			
Dependent on the business cycle	Customer purchasing power and demand are affected by the general economic situation, salary developments and unemployment rates.	Customer segments with a genuine housing need and agile actions with the possibility to switch between rental and cooperative apartments. An economic downturn also offers more opportunities to acquire building rights and facilitates certain purchases.	Over the year, SSM optimized its customer offering so that a larger share of cooperative apartments are priced at less than 2.0 MSEK. This offers flexibility, as the project portfolio remains profitable even if apartments are converted into rental units.
Purchasing power	Demand for housing depends on customer purchasing power, which is affected by policy decisions such as amortization requirements, the ability to deduct interest, mortgage caps, etc.	A high rate of sales prior to production starts, monitoring policy discussions and trends and flexibility in project planning.	Customers still need housing even if there is a recession or if their purchasing power is reduced. An increased proportion of rental units in 2018.
Policy decisions	City plans, infrastructure, etc. are key to completing planned exploitations. Dependent on policy decisions; may change compared with original plans.	Monitoring policy developments and discussions, ongoing dialog on regulation and the granting of permits.	Over the year, adaptations and activities were primarily carried out to moderate consumers' changed financial situations due to public policy decisions.
Sustainability requirements	Certification requirements and other sustainability-related requirements may be more stringent than the standard building specifications due to specific requirements in certain municipalities.	Surveying municipal priorities, management and requirements associated with land allocations prior to acquisitions and planning work.	The company is in constant dialog with affected municipalities to drive sustainable urban development. In 2018, for example, developments in the Platform West project occurred in dialog meetings with Täby municipality.
Competition	SSM's ability to acquire and develop building rights, and therefore its future profitability, is affected by competition and by SSM's competitiveness.	Continually analyzing the competitive environment. Ensuring an attractive offering for the target group.	SSM's offer is regularly adjusted to ensure that it remains attractive to the target group.
Climate & environmental impact	Climate change may affect the basic conditions for future construction projects: storms, drought, increased humidity and lower groundwater levels, etc.	Continuous efforts to limit the use/reuse of water. Preventive efforts to reduce impact on the climate and the environment.	Over the year, SSM linked its sustainability goals to the UN's SDGs, moving from local activities to having a global impact.
Strategic risks			
Delimited customer segment & geographic market	A clearly delimited geographic market and a delimited customer segment. The customer segment is financially vulnerable.	The customer segment has a genuine need for housing. A geographic market with strong underlying growth. Investment in smart and affordable homes in attractive locations at affordable price and rent levels.	As a step in adapting the supply to the customer group's changed purchasing power, SSM has increased the proportion of rental projects. In the future, the aim is to increase the proportion of cooperative apartments that cost around 2.0 MSEK.
Joint ventures	If a cooperative partner no longer can/wants to continue the cooperation, this may limit SSM's development opportunities.	Long-term cooperation in the form of joint ventures with well-established, long-term cooperative partners.	SSM did not enter any new joint ventures in 2018.
Preliminary sales	The risk that customers cannot/no longer want to complete the transaction once a project has been completed.	Binding agreements with customers.	In all projects that were completed in 2018, buyers took possession and moved in. SSM is monitoring developments in current court cases and awaiting ruling, which will set a precedent.
Acquisition of building rights	The acquisition of building rights in attractive areas is a prerequisite for an attractive offering.	Participation in land allocation competitions and internal work on project development and ideation.	In 2018, work to optimize the project portfolio meant that SSM withdrew from several projects and converted housing cooperative projects into rental projects.

		Risk management	Comments/outcomes in 2018
Strategic risks, cont.			
Mortgage commitments from banks	Preliminary sales mean that a customer's ability to enter into the contract is subject to a mortgage commitment from a bank.	High internal requirements on sales rates before sales to reduce project risk.	In 2018, SSM initiated discussions with banks to facilitate credit ratings and mortgage commitments for potential customers.
Information security risks	Handling customer data in a way that prevents abuse and ensures that it is managed safely.	Establishing procedures and working methods to manage information in business processes and associated system support to establish an information security management system that will eventually meet ISO/IEC 27000 standards.	In January 2018, the Board of Directors adopted an Information Security Policy. The Executive Management Team was strained and responsibilities were allocated in the organization.
Operational risks			
Fraud	The risk of fraud, forgery, identity theft, etc. that makes the customer unable to complete the transaction.	Stronger self-inspection of customers before entering into agreements, obtaining credit history, etc.	Self-inspection efforts continued. The weakening housing market has reduced incentives to commit fraud.
Building process	Defective planning and execution may cause delays and make a project more expensive. Design and construction defects may lead to hidden defects, damage, deficiencies, etc.	Quality and environmental work. Verifying compliance with policies, regulations, etc. Site management is carried out by SSM's own employees.	Continuous streamlining of material supply and the chain of subcontractors. Lean management processes were introduced during the year.
Supply chain	Violations of human rights, labor law, environmental law and environmental requirements and corruption in the supply chain may cause financial and reputational damage to SSM.	Surveys and risk assessments related to suppliers and subcontractors. Strategic long-term cooperation agreements and careful surveying of the supply chain.	In 2018, efforts aimed at reducing the number of suppliers began, and a process for sustainable supply chains was initiated. The Supplier Code of Conduct was added to most new agreements.
Anti-corruption	Bribery may lead to incorrect decisions and cause financial and reputational damage to SSM.	Surveying risks in the supply chain. The Code of Conduct, the Supplier Code and the Anti-Corruption Policy apply to employees as well as subcontractors.	The Anti-Corruption Policy was revised in 2018. The Chief Legal Officer is now in charge of anti-corruption.
Unsold homes	Completed homes that have not been sold but remain under SSM's management may eliminate returns and limit the potential of future projects.	The required sales rate of 50.0% in a project before production can begin reduces the risk of unsold homes when the project is completed.	There were no unsold homes in completed projects at the end of 2018.
Health & safety and respect for human rights	Accidents and occupational injuries may cause harm or death for employees and subcontractors and result in human suffering and financial damage. Unreasonable terms of employment by a subcontractor or its supplier may cause financial and reputational damage.	Systematic work environment management is used to prevent the risk of accidents and incidents. Continued implementation of the Work Environment Policy and Supplier Code and monitoring compliance with these policies.	The lean management processes introduced in 2018 includes monitoring of health and safety on construction sites. This also covers subcontractors. An evaluation of the sustainable supply chain management system was initiated.
Employees	Difficulties recruiting and retaining skilled employees may reduce the ability to complete projects.	Active efforts to promote gender equality and diversity. Internal recruitment programs to secure resources and skills.	There is a general recruitment problem in the industry. Efforts were made in 2018 to develop management support for intermediate managers, a common way of working and reconciliation with all employees. The proportion of female managers increased during the year.

		Risk management	Comments/outcomes in 2018
Financial risks			
Financing risk	This is the risk that SSM may not be able to refinance operations or finance investments, which may cause financial damage and eliminate returns.	A supply of capital that is stable in the long term by diversifying maturities, financing, etc. and adopting a minimum rating level for creditors in accordance with the Finance Policy.	General developments in the market for property developers also affected the conditions for financing during the year.
Liquidity risk	A lack of cash and cash equivalents may prevent SSM from meeting payment obligations.	Having cash and cash equivalents corresponding to 100% of net investments and working capital requirements at all times.	The Group was able to maintain good liquidity over the year due to its strong cash flow.
Currency risk	Exchange rate fluctuations may affect SSM's performance and financial position.	Hedging the Group's net exposure on a quarterly basis; risk limits are stated in the Finance Policy.	Currency exposure was limited during the year.
Interest rate risk	Interest rate fluctuations may have a negative impact on cash flows and performance. There is a direct risk through SSM and an indirect risk through housing associations.	The policy for fixed interest periods and interest rate risk is outlined in the Finance Policy and aims to minimize the interest expense based on the given risk limits.	The gradually reduced portfolio of interest-bearing liabilities limited the interest rate exposure.
Credit & counterparty risk	If creditors, customers or suppliers cannot meet their obligations, SSM may suffer financial damage.	Obtaining credit history of customers and carefully surveying suppliers.	As SSM's own housing cooperative projects in production were gradually completed over the year, this risk has been reduced.

Administration Report

The Board of Directors and CEO of SSM Holding AB (publ) 556533-3902 (the “Company”) hereby submit the Annual Report and consolidated accounts for the January 1–December 31, 2018 financial year. Unless otherwise stated, the information refers to the Group (the “Group” or “SSM”).

OPERATIONS OF THE GROUP

SSM is the leading property developer within its niche in the Greater Stockholm region and for the last 25 years, it has participated in the development of many attractive residential areas, such as Telefonplan and Fruängen. Projects have varied in size and complexity. Since 2009, the Group has acted as a general contractor and taken full responsibility for housing development projects by acquiring, developing, selling and building apartments. SSM has an industrial base of experience with a network of subcontractors, material suppliers, property owners and real estate agents. The acquisition and development process is executed only if conditions exist to refine the building right into attractive homes for the Group’s target customers. During the process, the possibility to optimize the number of apartments on the property than originally planned often arises. SSM’s portfolio on December 31, 2018 included 6,507 building rights (6,938), all in central locations close to public transportation hubs and with the potential to be developed into smart and affordable homes.

SSM aims to start the production of approximately 300 homes in 2019 and will gradually increase this number so that the production of least 1,500 homes is started by 2023. SSM Holding AB (publ) is the Parent Company in the Group, which is comprised of directly and indirectly owned subsidiaries (see Note 9, Participations in Group companies). Over time, the company has chosen to cooperate with other companies and investors in joint ventures. These associated companies are not consolidated in the Group (see Note 10, Participations in joint ventures). SSM views cooperation as an effective way of managing project risk and returns and sharing funding commitments in project development.

MARKET DEVELOPMENT

The operations of the company are affected by general macroeconomic developments in Sweden and in the housing market and by the supply of building rights in Stockholm. The market for residential development is driven by supply and demand for housing, particularly by factors such as access to labor, popula-

tion growth and households’ purchasing power. Key measures of market development include GDP, inflation, interest rates and employment. From a macroeconomic perspective, Swedish GDP growth in 2018 is expected to reach approximately 2.3 percent (Statistics Sweden) and inflation was 2.0 percent (Statistics Sweden, CPIF) in January 2019, which is in line with the Swedish Central Bank’s inflation target of 2.0 percent. The Bank of Sweden’s repo rate was negative throughout 2018.

The Greater Stockholm housing market is characterized by an enduring structural housing shortage. The rate of urbanization, sluggish property chains within the existing housing stock, a shortage of rental properties and an extensive shortage of new construction projects combined have created a housing shortage. Most importantly, there is a shortage of homes for people with normal or low incomes and those who are moving to Stockholm and looking for their first home. The year was characterized by uncertainty regarding the development of the housing market and the housing prices in the Greater Stockholm area.

The Swedish Central Bank's first interest rate hike in seven years also contributed to the cautious mood. The increased amortization requirement introduced on March 1, 2018, the debt-to-income limit and the banks' internal estimates have made it increasingly hard for the citizens of Stockholm to fund their purchases of homes in order to enter the housing market. SEB's Housing Price Indicator from January 14, 2019 fell for the fourth consecutive month, confirming the major uncertainty that prevails in the housing market.

According to real estate consultancy Svensk Mäklarstatistik, average housing prices in Stockholm stabilized in 2018 from the decline that occurred in the autumn of 2017. In the fourth quarter 2018, there was a certain negative development in price levels for smaller homes, but the market is too uncertain for any conclusions to be drawn in this respect. The average price for cooperative apartments fell by -5.9 percent over the year to 54,813 SEK (58,293). The average price level for one-

and two-room apartments fell by -5.7 percent to 61,393 SEK (65,124) in 2018. Cooperative apartments of less than 45 m² fell by -5.3 percent to 72,421 SEK (76,487).

From a macroeconomic perspective, the Swedish GDP forecast for 2019 is estimated to be approximately 1.5 percent (Handelsbanken) and inflation is expected to remain in line with the Swedish Central Bank's 2.0 percent target (Handelsbanken, CPIFI). The Swedish Central Bank is expected to continue its normalization of the policy interest rates in 2019.

DEVELOPMENT OF OPERATIONS IN 2018

Over the year, SSM started the production of its two first rental apartment projects, Täby Turf and Sollentuna Quarters, with a total of 272 rental units. Agreements have also been concluded to sell 178 apartments through forward funding in the Täby Turf project to the property company Willhem for 473.0 MSEK. The Bromma

Tracks, Turbinhallen and The Tube projects were completed during the year with 504 cooperative apartments, all of which have been sold and occupied. Seven projects, corresponding to 1,171 (1,414) cooperative apartments, were in production at year-end. The sales rate for cooperative apartments in ongoing production remains at a market leading level and was 96.9 (97.0) at year-end. Of the 5,336 building rights in the portfolio for which production has not yet begun, 57.7 percent are currently planned to be developed into cooperative apartments and the remaining 42.3 percent are set to become rental units. In February, SSM's joint venture company Studentbacken was granted a land allocation for 100 student housing units in Bromma that will be rental units. The project will be called Kandidaten.

In March and April 2018, the City Planning Administration of Stockholm carried out early consultation for the continued work on the area surrounding central Telefonplan in Stockholm. The consultation also included the Tellus

Project portfolio	2018	2017	2016	2015	2014
Acquired building rights	100	1,935	2,951	513	887
Completed cooperative apartments	515	255	46	73	157
Homes where production has started	1,171	1,414	1,479	1,287	813
<i>Of which rental units where production has started</i>	272	-	-	-	-
Number of sold cooperative apartments	101	247	224	549	700
Accumulated number of sold cooperative apartments in production	871	1,371	1,427	1,249	773
Share of sold cooperative apartments in production, %	96.9	97.0	96.5	97.0	95.0

Towers project. See also Note 31, Events after the reporting date.

On June 20, 2018, SSM obtained the bondholders' consent to amend the project undertaking in the terms and conditions of the bond. After this adjustment, SSM may begin production of the project on condition that the share of binding pre-purchase agreements for all of SSM's cooperative apartments under production is at least 60 percent. If SSM cannot reach this threshold, SSM may still initiate the production of projects if binding pre-purchase agreements have been signed for at least 50 percent of all cooperative apartments in the relevant project.

In December, SSM communicated its intent to adjust its strategic product mix, which means that that in the coming years, the Group will increase the production of rental units from 30 to 50 percent. At the same time, price levels were adjusted to approximately 2.0 MSEK

in most projects where sales have begun. In the future, the goal is for approximately 70 percent of the company's cooperative apartments to be priced at about 2.0 MSEK. This change aims to strengthen SSM's offering aimed at young adults and single-person households. On December 14, 2018, the Land and Environment Court of Appeal repealed the decision to adopt the city plan for Bromma Boardwalk. The payment of the purchase price was conditional upon the finalization of the city plan and the subdivision of the property no later than February 28, 2019. Accordingly, the conditions could not be met during the given timeframe, which also meant that SSM is no longer under any obligation to pay the purchase price. The purchase price for the project was 500 MSEK, of which SSM has paid 10 MSEK in cash. SSM is maintaining a dialog with the other party, Niam, based on the new conditions for the project. The cash portion of the

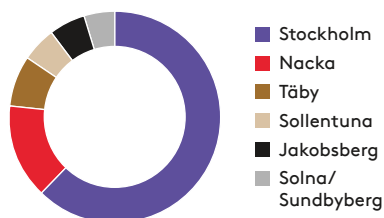
purchase price will be repaid to SSM unless the parties agree otherwise.

NEW ACCOUNTING PRINCIPLE FOR HOUSING DEVELOPMENT THROUGH HOUSING ASSOCIATIONS

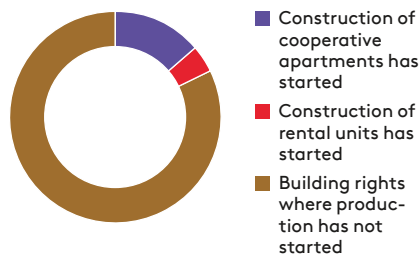
In 2018, Nasdaq Stockholm initiated a dialog with listed housing developers regarding the application of IFRS 15 and the grounds for assessing whether housing associations are independent or not. On December 10, SSM and the other listed housing developers received Nasdaq's final conclusions, which included criteria and a presumption for the assessment of whether housing associations are independent and should be included in the consolidated accounts.

IFRS is a principle-based regulatory framework, and its application requires assessments that may often lead to different possible conclusions. To date, SSM has been of the view that housing associations are independent, and SSM has therefore not included them in the consolidated accounts. SSM's accounting principles for housing development through housing associations have also been described in the company's financial reports. In the light of the criteria and new presumption expressed by Nasdaq, SSM considers in its renewed analysis that the company can exercise a controlling influence on the housing associations, which should therefore be consolidated. Due to the changed assessment, SSM decided to adapt its accounting for housing cooperative projects, with retrospective application, as of the interim report for the fourth quarter of 2018.

Project portfolio by geographic distribution



Project portfolio by project status



The changed principle of consolidation for housing cooperatives also affect the point in time at which the revenue and costs of housing cooperative projects should be recognized. Revenue arising out of the letting and transfer of a housing cooperative property is recognized at the time when control is transferred to the cooperative apartment buyer, which usually occurs when the individual owner takes possession of the home. At this point in time, SSM's right to be paid for the apartment in question also arises. See also Notes 2, Accounting policies and 30, Retroactive recalculation of financial reports.

NET SALES AND PROFIT/LOSS

Net sales in the group totaled SEK 652.5 million during the period (753.8). Sales in the period chiefly consisted of construction contract-related sales in relation to the Turbinhallen joint venture project, which was completed during the year. Occupied cooperative apartments for which revenue has been recognized comprise homes from The Tube, a project managed entirely by SSM. The gross margin in the period was 4.9 percent (15.7). The lower gross margin was partly due to project-related impairment losses of -13.5 MSEK in the fourth quarter for the Clustret project. The lower gross margin is otherwise mainly due to the high proportion of construction contract turnover during the year. The cost of sales and administration dropped to -51.4 MSEK (-73.8). The previous year contained an item affecting comparability of -8.7 MSEK for costs related to the IPO. Measures aimed at gradually reducing costs were

implemented in the first six months of 2018 and have generated cost savings during the year. Measures include a general reduction in the number of consultants in the production organization and reduced development costs for projects that are not yet in production.

Participations in joint ventures amounted to 64.3 MSEK (36.6). The increase in participations in joint ventures during the period was due to the year's cooperative apartments in the Turbinhallen project, which were completed during the period. These apartments are now occupied and revenue has been recognized. Participations in joint ventures declined due to increased costs of -19.0 MSEK in the joint ventures with Partners Group, primarily due to increased forecasted costs for the Metronomen project. See also Note 10, Participations in joint ventures for a condensed income statement and balance sheet. Other operating income was 6.9 MSEK (145.6). During the period, an additional deduction was made for the future earn-out for the transfer of the Tellus Towers project to the joint venture with Partners Group, of which 6.9 MSEK was recognized as income in the second quarter 2018. Of the comparative period's revenue, 145.6 MSEK constitutes the initial impact on the profit from the Partners Group transaction in connection with the establishment of the joint venture. The Group's operating profit for the period was 51.8 MSEK (226.7), primarily due to the lower gross profit and other income according to the independent variables provided above. The operating margin was 7.9 percent (30.1). The

year's operating profit, adjusted for non-recurring expenses over the gross profit of -13.5 MSEK, was 65.3 MSEK. The operating profit for the comparative period, adjusted for the impact on the profit from the establishment of a joint venture with Partners Group of -145.6 MSEK and an item affecting comparability of 8.7 MSEK, was 89.8 MSEK. The adjusted operating margin for both periods amounted to 10.0 percent (11.9). Profit for the period was 15.3 MSEK (188.7). The net financial expense was -30.3 MSEK (-37.9) while the year contained a provision for estimated additional taxes of -5.3 MSEK (0.0).

TOTAL ASSETS AND EQUITY

On the balance sheet date, SSM had 1,171 homes (1,414) in production. The sales rate for cooperative apartments in production was 96.9 percent (97.0). The value of homes in production for which no binding pre-purchase agreements had been signed at the end of the quarter was 83.2 MSEK (143.0). These homes are expected to be completed in 2020-2023 based on current production planning. Capital tied up in project properties, completed homes, joint ventures and claims on joint ventures was 877.7 MSEK (1,154.2) on December 31, 2018. In 2017, capital tied up was considerably affected by several housing cooperative projects in production under SSM's own management, which did not occur to the same extent in 2018, as the housing cooperative projects in question were completed, resulting in a reduction in capital tied up. The asset side of the balance sheet was reduced by 309.8 MSEK compared with

December 31, 2017. The Group's equity was SEK 766.7 MSEK (751.5) on the balance sheet date and the debt/equity ratio increased to 57.0 percent (45.4), giving SSM a stable financial position.

FINANCING AND DEBT

SSM's operations are capital intensive and access to capital is a basic condition required to develop the Group further. In addition to equity, the Group currently uses two external sources of funding: bonds and loans from credit institutions. The Group's interest-bearing liabilities were 493.0 MSEK (729.0) on the balance sheet date, of which the bond loan accounted for 396.4 MSEK (393.5). In 2018, loans from credit institutions were considerably affected due to the gradual completion of housing cooperative projects managed entirely by SSM where the down payments have been used to amortize the loans. Cash and cash equivalents amounted to 274.8 MSEK (346.1) on December 31, 2018. In addition, the company has access to unused credit facilities of 20.0 MSEK (20.0). Also see Note 15, Financial risk management and Note 23, Borrowing.

CASH FLOW

Cash flow from operating activities was 172.4 MSEK (26.2) from January to December 2018 and -2.8 MSEK (46.0) in the fourth quarter 2018. The strong cash flow during this twelve-month period is mainly the result of the the gradual completion of SSM's own cooperative housing projects during the year. Cash flow from financing activities was -239.6 MSEK

(288.7) in the same period, due to the repayment of the long-term financing of completed housing cooperative projects run entirely by SSM.

SEASONAL VARIATIONS

SSM's operations are not significantly affected by seasonal variations. However, larger projects may have a material effect on sales and profit/loss in individual quarters, depending on when the projects are started and completed. This effect on sales and profit/loss should therefore be considered over a longer life cycle.

PARENT COMPANY

The Parent Company had limited operations in 2018. Profit for the period was 46.0 MSEK (1.4). The year's improved profit was chiefly the effect of increased profits from shares and participations in Group companies. Assets mainly comprise participations in and receivables from Group companies, which amounted to 1,025.3 MSEK (926.6) at the end of the period. Equity was SEK 643.1 MSEK (597.2) on the balance sheet date.

The Parent Company had 3 employees (3) at the end of the period, one of which was the CEO.

SHARES AND SHARE CAPITAL

According to the Articles of Association, the share capital shall be no less than 30,100,000.0 SEK and no more than SEK 120,400,000.0 SEK divided into no fewer than 30,100,000 and no more than 120,400,000 shares. The company's registered share capital on the balance sheet date, December 31, 2018, was 39.3 MSEK

divided into a total of 39,252,542 registered shares. There is one share class in the company and each share has a quota value of 1 SEK (1). The shares in the company have been issued pursuant to Swedish law and are denominated in SEK. The shares are fully paid and freely transferable. Each share in the company confers a right on the holder to one vote at the general meeting, and each shareholder is entitled to vote for all shares in the company held by the shareholder. All shares confer an equal entitlement to dividends and to the company's assets and potential surplus in the event of liquidation. At the end of the period, shares corresponding to 68.9 percent of the capital and votes in the company were held by Eurodevelopment Holding AG. No other owner held more than 10.0 percent of the capital and votes.

RISKS AND UNCERTAINTIES

SSM's operations are affected by a number of external factors, the effects of which on the results and financial position can be controlled to a varying degree. When assessing the future development of the Group, it is important to consider risk factors alongside opportunities for profit growth. The main risks to which the Group's operations are exposed include strategic risks such as negative macro-economic developments and reduced demand for housing as well as operational risks such as price and project risks. SSM is also exposed to a number of financial risks, including risks relating to the Group's liquidity and debt financing. The objective of the Group's risk management is to

identify, measure, control and limit the risks in its operations. More information about the company's risk management is provided on pages 58–62 of SSM's 2018 Annual Report as well as in Note 15, Financial risk management.

SUSTAINABILITY REPORT

Sustainability is an integrated part of SSM's operations and is therefore an integrated part of SSM's Annual Report. In accordance with Chapter 6, Section 11 of the Annual Accounts Act, SSM has chosen to prepare its Sustainability Report as a report separate from the Annual Report. The definition of the statutory sustainability report can be found on pages 53–57 of this document. The Diversity Policy is described in the Corporate Governance Report.

HEALTH AND SAFETY

SSM maintains properly implemented and solid health and safety routines in the form of systematic work environment management to prevent the risk of accidents and incidents at the company's workplaces. The construction industry is one of the industries with the highest number of accidents, and in 2018, SSM worked proactively on updating the company's Work Environment Policy and the Supplier Code of Conduct in charge of design-build contracts. In 2018, there was one work-related accident.

ENVIRONMENTAL IMPACT

SSM's environmental initiatives include the company's internal operations, the company's building processes and

the production of sustainable homes that make it easy for the tenants to lead climate-friendly lives. SSM uses 100.0 percent green energy and invests substantially in promoting a sustainable lifestyle for its customers. In 2018, SSM also updated its Environmental Policy and ensured high environmental requirements on its suppliers through its Supplier Code of Conduct.

ANTI-CORRUPTION

There is bribery in the industry, and the company takes active preventive measures. SSM's Code of Conduct, the special Anti-Corruption Policy and the Supplier Code of Conduct –all updated and adopted by the Board of Directors in 2018 –clarify the company's zero tolerance for any type of corruption. Both SSM's Code of Conduct and Supplier Code of Conduct must be signed to ensure ethically correct business conduct in all situations involving SSM.

THE SUPPLY CHAIN

In 2018, SSM continued its efforts to survey the supply chain. SSM has noted environmental, labor law and corruption risks in the company's supply chain, which includes more than 550 suppliers. SSM's Supplier Code of Conduct is based on the Ten Principles of the UN Global Compact, which cover all sustainability areas: human rights, labor, environment and anti-corruption. In 2018, the Supplier Code of Conduct was appended to all new production agreements, and the company also began to collect signatures from suppliers already under contract.

Further efforts involving the supply chain will continue in 2019 and going forward.

EMPLOYEES

SSM has strengthened its organization in recent years. The average number of employees in the Group was 71 (70) people in 2018, of which 26 (27) were women. The number of employees is related to production volumes. Since the fourth quarter 2017, SSM has gradually decreased its use of consultants and a greater share of the work within SSM's project organization has been carried out by SSM's own employees. Through natural resignations, the number of employees in the company was lower in the fourth quarter of 2018. Attendance at work in the Group was 96.9 percent (98.6) of regular working hours and employee turnover was 25.3 percent (14.7) over the year. For more information, see Note 6, Remuneration to employees. During the year, an annual employee survey conducted by Great Place to Work resulted in an Employee Satisfaction Index score of 63 (82). SSM promotes a workplace that values gender equality and diversity. SSM's Code of Conduct and its Diversity Policy demonstrate the company's continued efforts to promote inclusion and guarantee equal treatment. SSM also uses training in a systematic manner to ensure sufficient internal resources and the expertise required to meet future challenges facing sustainable housing market participants. In 2018, performance reviews were held with all SSM employees to survey and ensure skills, development and job satisfaction.

GUIDELINES FOR REMUNERATION TO SENIOR OFFICERS

At the annual general meeting to be held on May 15, 2019, guidelines for the remuneration of senior executives will be presented. These guidelines will apply until the 2020 Annual General Meeting. The guidelines shall apply to remuneration and other terms of employment for the CEO and other senior executives of SSM. At present, there are eight senior executives of SSM, including the CEO. The Board of Directors is allowed to deviate from the guidelines adopted by the annual general meeting for specific reasons in a particular case. The proposal is included in its entirety in the Corporate Governance Report. For information on the remuneration to the CEO and other senior executives, see also Note 6, Remuneration to employees.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is a separate part of SSM's 2018 Annual Report and is not a part of the formal Annual Report. For more information, please see the corporate governance section in this report or ssmlivinggroup.com, where the Corporate Governance Report is provided as a separate document.

SIGNIFICANT EVENTS AFTER YEAR-END

Significant events after the end of the financial year are stated in Note 31, Events after the reporting date.

FUTURE DEVELOPMENT

The urbanization trend, sluggish property chains, the shortage of rental units and the comprehensive shortage of new construction underpins the structural housing shortage in the Stockholm region, which is set to last for years. The macroeconomic situation with an expected fall in GDP growth and slowly increasing interest rates is causing uncertainty regarding developments in the housing market and housing prices in the Greater Stockholm area. However, the underlying trend with continued strong demand for homes in the region is expected to continue, especially in the rental segment.

SSM has stable finances, an attractive portfolio of building rights, a customer base with a genuine need of homes, an effective project organization and profitability in its current projects. The Group is therefore well equipped for the future. SSM is continuing its work to realize its business plan, which extends to 2023. In 2019, SSM aims to start production

of approximately 300 homes, and then gradually increase production to 1,500 homes by 2023. The aim is to produce 50 percent cooperative apartments and 50 percent rental units. The company sees a continued strong demand for smart and affordable homes with attractive shared spaces, in central locations close to public transport.

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors' proposal to the 2019 Annual General Meeting regarding the appropriation of profits is provided in Note 29, Appropriation of profits.

Financial statements

The Group's statement of comprehensive income

MSEK	Note	2018	2017
Net sales	3, 7	652.5	753.8
Expenses for production and management	4	-620.4	-635.6
Gross profit		32.0	118.2
Sales and administration expenses	5, 6, 7, 8, 13, 14	-51.4	-73.8
Participations in joint ventures	10	64.3	36.6
Other operating income		6.9	145.6
Operating profit		51.8	226.7
Finance income	11	12.2	6.4
Financial expenses	11	-42.5	-44.2
Net financial items		-30.3	-37.9
Profit before tax		21.4	188.8
Income tax	12	-6.2	-0.1
PROFIT FOR THE PERIOD		15.3	188.7
<i>Profit attributable to</i>			
Parent Company shareholders		15.3	188.7
Non-controlling interests		0.0	0.0
		15.3	188.7

No Group items are reported in Other comprehensive income, so the total comprehensive income is consistent with the profit for the period.

	Note	2018	2017
Earnings per share (SEK)		0.39	5.1
Number of shares at the end of the period	22	39,252,542	39,252,542
Average number of shares during the period		39,252,542	36,820,223

The registered number of shares at the end of the period was 39,252,542. On January 23, 2017, the Swedish Companies Registration Office registered a 100:1 share split and the number of shares after the split amounted to 30,100,000. Earnings and equity per share have been calculated based on the number of shares after the split.

The Group's statement of financial position

MSEK	Note	12/31/2018	12/31/2017
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Software	13	2.9	0.9
Total intangible assets		2.9	0.9
<i>Property, plant and equipment</i>			
Machinery and equipment	14	0.3	0.5
Total property, plant and equipment		0.3	0.5
<i>Financial assets</i>			
Holdings in joint ventures	10	140.3	81.3
Receivables from joint ventures	7, 16	253.5	212.5
Other non-current receivables	7, 16, 17	102.0	88.0
Total financial assets		495.8	381.7
Deferred tax assets	12	-	-
Total non-current assets		499.0	383.1
Current assets			
<i>Inventories</i>			
Project properties	18	467.0	675.7
Completed homes	18	-	31.1
Total inventories		467.0	706.9
<i>Other current assets</i>			
Accounts receivable	16, 19	42.3	19.3
Recognized, non-invoiced revenue		1.0	-
Receivables from joint ventures	7, 16	16.9	153.6
Tax receivables		1.0	0.5
Other receivables	7, 16, 19	32.7	35.8
Prepaid expenses and accrued income	20	9.6	8.7
Cash and cash equivalents	16, 21	274.8	346.1
Total current assets		845.2	1,270.9
TOTAL ASSETS		1,344.2	1,654.0

cont. The Group's statement of financial position

MSEK	Note	12/31/2018	12/31/2017
EQUITY AND LIABILITIES			
Equity	22		
Share capital		39.3	39.3
Other contributed capital		506.5	506.5
Retained earnings, including profit for the year		220.9	205.7
Equity attributable to Parent Company shareholders		766.7	751.4
Non-controlling interests		0.0	0.0
Total equity		766.7	751.5
Liabilities			
<i>Non-current liabilities</i>			
Bond loans	15, 16, 23	396.4	393.5
Liabilities to credit institutions	15, 16, 23	–	335.5
Other non-current liabilities	16	–	0.7
Provisions	26	7.7	12.5
Deferred tax liabilities	12	0.5	0.5
Total non-current liabilities		404.6	742.7
<i>Current liabilities</i>			
Liabilities to joint ventures		0.1	0.1
Liabilities to credit institutions	15, 16, 23	96.6	–
Accounts payable	15, 16	27.5	66.8
Provisions	26	12.5	4.3
Current tax liabilities	12	2.5	2.7
Other liabilities	16, 24	10.6	59.1
Accrued expenses and prepaid income	25	23.1	26.8
Total current liabilities		172.9	159.8
TOTAL LIABILITIES AND EQUITY		1,344.2	1,654.0

For information on the Group's pledged assets and contingent liabilities, see Note 27, Assets pledged and contingent liabilities.

The Group's statement on changes in equity

MSEK	Note	Attributable to the shareholders of the Parent Company			Non-controlling interests	Total equity
		Share capital	Other contributed capital	Retained earnings		
Equity, January 1, 2017		30.1		271.2	0.0	301.3
Changed accounting principle				-260.7		-260.7
New opening balance		30.1		10.5	0.0	40.6
<i>Comprehensive income</i>						
Profit for the year				188.7	0.0	188.7
Total comprehensive income				188.7	0.0	188.7
<i>Transactions with shareholders</i>						
New issue in connection with the IPO		9.2	530.8			540.0
IPO-related transaction costs			-24.3			-24.3
Share-based payments				6.5		6.5
Total transactions with shareholders		9.2	506.5	6.5		522.1
EQUITY, DECEMBER 31, 2017		39.3	506.5	205.7	0.0	751.4
<hr/>						
Equity, January 1, 2018		39.3	506.5	205.7	0.0	751.4
<i>Comprehensive income</i>						
Profit for the year				15.3	0.0	15.3
Total comprehensive income				15.3	0.0	15.3
<i>Transactions with shareholders</i>						
Total transactions with shareholders					0.0	0.0
EQUITY, DECEMBER 31, 2018		39.3	506.5	220.9	0.0	766.7

The Group's cash flow statement

MSEK	2018	2017
Cash flows from operating activities		
Operating profit	51.8	226.6
Items not affecting liquidity	-15.8	-136.4
Loss recognized in joint ventures	-64.3	-36.6
Dividend received from joint ventures	87.2	42.0
Interest received	1.7	0.5
Interest paid	-40.9	-51.4
Income taxes paid	-0.3	-0.6
Cash flow before changes in working capital	19.3	44.2
<i>Cash flows from changes in working capital</i>		
Decrease/increase in project properties	263.8	-35.0
Decrease/increase in accounts receivable	-14.4	10.1
Decrease/increase in other current receivables	-13.1	-6.3
Decrease/increase in accounts payable – trade	-39.7	-23.4
Decrease/increase in current liabilities	-43.5	36.5
Total change in working capital⁽¹⁾	153.1	-18.1
Cash flows from operating activities	172.4	26.1
Cash flows from investing activities		
Investments in intangible assets	-2.6	-0.8
Investments in property, plant and equipment	-0.0	-0.5
Investments in financial assets	-90.6	-188.2
Divestments of financial assets	89.1	154.6
Cash flows from investing activities	-4.1	-34.9
Cash flows from financing activities		
Capital contribution	-	515.7
Dividend	-0.1	-
Increase in non-current liabilities	-0.5	139.4
Repayment of non-current liabilities	-239.1	-366.4
Cash flows from financing activities	-239.6	288.7
Decrease/increase in cash and cash equivalents	-71.3	279.9
Cash and cash equivalents at the beginning of the period	346.1	66.2
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	274.8	346.1

The Parent Company's statement of comprehensive income

MSEK	Note	2018	2017
Net sales	3	21.2	21.3
Expenses for production and management		-0.2	-
Gross profit		21.0	21.3
Sales and administration expenses	4, 5, 6	-33.5	-40.9
Operating loss		-12.5	-19.6
Earnings from shares and participations in Group companies		50.0	20.0
Interest income and similar items	11	44.1	36.8
Interest expenses and similar profit/loss items	11	-35.6	-35.7
Profit after financial items		46.0	1.4
Tax	12	-0.0	0.0
PROFIT FOR THE PERIOD		46.0	1.4

There are no items for the Parent Company reported as other comprehensive income, which means that the total comprehensive income is the same as the profit for the period.

The Parent Company's balance sheet

MSEK	Note	12/31/2018	12/31/2017
ASSETS			
<i>Non-current assets</i>			
Participations in Group companies	9	472.3	472.3
Receivables from Group companies	7	503.0	402.8
Other receivables	17	3.0	3.0
Total non-current assets		978.3	878.1
<i>Current assets</i>			
Accounts receivable		0.2	-
Receivables from Group companies		50.0	51.4
Receivables from joint ventures		0.6	-
Tax receivables		0.2	0.2
Prepaid expenses and accrued income	20	1.9	1.8
Cash and bank balances		28.4	80.6
Total current assets		81.2	134.1
TOTAL ASSETS		1,059.5	1,012.2
MSEK			
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital		39.3	39.3
Share premium reserve		506.5	506.5
Share-based payments		4.6	4.6
Non-restricted equity		46.8	45.4
Profit for the year		46.0	1.4
Total equity		643.1	597.2
<i>Non-current liabilities</i>			
Other non-current liabilities	15, 16, 23	396.4	393.5
Total non-current liabilities		396.4	393.5
<i>Current liabilities</i>			
Liabilities to Group companies		1.7	-
Accounts payable	15, 16	3.6	3.0
Other liabilities	24	5.1	4.9
Accrued expenses and prepaid liabilities	21, 25	9.6	13.7
Total current liabilities		20.0	21.5
TOTAL EQUITY AND LIABILITIES		1,059.5	1,012.2

For information on pledged assets and contingent liabilities, see Note 27, Assets pledged and contingent liabilities.

The Parent Company's changes in equity

MSEK	Note	Restricted equity	Share premium reserve	Non-restricted equity	Total
		Share capital		Retained earnings	
Equity, January 1, 2017		30.1		45.4	75.5
<i>Comprehensive income</i>					
Profit for the year				1.4	1.4
Total comprehensive income				1.4	1.4
<i>Transactions with shareholders</i>					
New issue in connection with the IPO		9.2	530.8		540.0
IPO-related transaction costs			-24.3		-24.3
Share-based payments				4.6	4.6
Total transactions with shareholders		9.2	506.5	4.6	520.3
EQUITY, DECEMBER 31, 2017		39.3	506.5	51.4	597.2
Equity, January 1, 2018		39.3	506.5	51.4	597.2
<i>Comprehensive income</i>					
Profit for the year				46.0	46.0
Total comprehensive income				46.0	46.0
<i>Transactions with shareholders</i>					
Total transactions with shareholders					0.0
EQUITY, DECEMBER 31, 2018		39.3	506.5	97.4	643.1

The Parent Company's cash flow statement

MSEK	2018	2017
<i>Cash flows from operating activities</i>		
Operating loss	-12.5	-19.6
Items not affecting liquidity	-	4.6
Interest received	44.1	36.8
Interest paid	-32.8	-32.8
Income taxes paid	0.0	-0.1
Cash flow before changes in working capital	-1.1	-11.2
<i>Cash flows from changes in working capital</i>		
Decrease/increase in other current receivables	0.7	-4.6
Decrease/increase in accounts payable – trade	0.6	1.2
Decrease/increase in current liabilities	-2.2	4.6
Total change in working capital ¹⁾	-0.9	1.2
Cash flow from operating activities	-2.1	-10.1
<i>Cash flows from investing activities</i>		
Investments in financial assets	-50.2	-435.2
Cash flows from investing activities	-50.2	-435.2
<i>Cash flows from financing activities</i>		
Capital contribution	-	515.7
Cash flows from financing activities	-	515.7
Decrease/increase in cash and cash equivalents	-52.2	70.4
Cash and cash equivalents at the beginning of the period	80.6	10.2
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	28.4	80.6

Notes

NOTE 1 General information

SSM Holding AB (publ), corporate identity number 556533-3902, is a public limited liability company registered in Stockholm, Sweden. The street address of the head office is Torsgatan 13, 111 23 Stockholm, and the postal address is Box 517, 101 30 Stockholm, Sweden. The company is the Parent Company of the SSM Group. The company's shares are traded on Nasdaq Stockholm's main market (Small Cap). The Parent Company's operations consist of Group-wide functions, the CEO organization and administrative functions. The organization of project and property management is performed by the Group's subsidiaries. The Parent Company does not directly own property. SSM acquires, develops, sells and produces residential property in the Stockholm region. The 2018 Annual Report and consolidated financial statements were approved for publication by the Board of Directors on April 16, 2019 and will be presented for adoption by the Annual General Meeting on May 15, 2019. All amounts are reported as SEK million unless otherwise stated. Figures in brackets are for the previous year.

NOTE 2 Summary of significant accounting policies

The key accounting policies applied in these consolidated financial statements are set out below.

Basis for preparing the reports

The consolidated financial statements for the SSM Group have been prepared in accordance with IFRS (International Financial Reporting Standards), as adopted by the EU, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the cost method. The key accounting policies applied in these consolidated financial statements are set out below. The Parent Company's financial statements have been prepared in accordance with RFR 2 Reporting for Legal Entities and the Swedish Annual Accounts Act. In cases where the Parent Company applies different accounting policies than the Group, this is stated separately at the end of this note. The preparation of financial statements in accordance with IFRS requires the use of certain key accounting estimates. It also requires management to make certain assessments when applying the Group's accounting policies. Refer to the section on key estimates and assessments in this note.

New and amended accounting policies

New or amended accounting standards and interpretations of existing standards that were applied for the first time in the financial year beginning on January 1, 2018 or later are described below:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments entered into force on January 1, 2018 and contains rules on accounting, classification, measurement, impairment, derecognition, offsetting and hedge accounting. The standard was adopted by the EU in November 2016 and fully replaces IAS 39 Financial Instruments: Recognition and Measurement. The major changes are found in 3 areas: classification and measurement, impairment and hedge accounting. Having completed its review of the standard, the Group has arrived at the conclusion that the introduction of IFRS 9 will not have any impact on the Group's financial statements except for increased disclosure requirements. In accordance with IFRS 9, SSM has chosen not to apply the standard retrospectively and has therefore not restated the comparative figures in the financial reports for 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 has replaced IAS 18 Revenue and IAS 11 Construction Contracts and associated interpretations. The new standard entails a new revenue recognition model (a 5-step model) based on the control of when a good or service is transferred to the customer. The basic principle is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 introduces a 5-step model:

- Step 1 Identify the contract
- Step 2 Identify the performance obligations
- Step 3 Determine the transaction price
- Step 4 Allocate the transaction price to each performance obligation
- Step 5 Recognize revenue when a performance obligation is satisfied (at a point in time or over time)

The Group's revenue chiefly comes from a single revenue stream, i.e. housing development for housing associations. The standard also entails increased disclosure requirements, which are presented in Note 3, Revenue from Contracts with Customers. SSM has analyzed the Group's contracts and cooperation with housing associations to determine how revenue from project development of residential properties should be reported. Due to the changed principle regarding the consolidation of housing associations, the point in time when SSM recognizes the total revenue from the project development, i.e. the revenue from the sale of land, design and construction is affected. This work has resulted in a change of the accounting principles regarding the percentage of completion method previously applied by the Group. Revenue arising out of the letting and transfer of a residential property is recognized at the point in time when control is transferred to the homebuyer, which is usually when the individual owner of a cooperative apartment takes possession of the home. In accordance with IAS 8, the changed application has been adjusted retrospectively. For this reason, SSM has restated the comparative figures retrospectively for 2017. See also Note 30, Retrospective recalculation of financial reports.

New and amended accounting policies not yet applied

New or changed standards adopted by the EU and interpretations of existing standards that shall be applied to financial years beginning later than January 1, 2018 and that are considered to be relevant to the Group are stated below. None of these have been applied prematurely:

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases and will be applied as of the financial year beginning on January 1, 2019. The lease model for lessees in IFRS 16 means that nearly all leases will be recognized in the statement on financial position. The right of use (the lease asset) and the liability will be measured as the present value of all future lease payments. The income statement will include depreciation of the right of use and interest expenses. There is no need to include short-term leases (12 months or less) and leases with low-value underlying assets in the statement on financial position. These will be included in operating profit/loss in the same way as current operating leases. Cash flow from financing activities will be affected in future periods, as repayments on lease liabilities will be classified as cash flow from financing activities. For lessors, IFRS 16 does not entail any material changes. In 2018, SSM analyzed the Group's leases and evaluated the effect of the new standard on the Group's financial statements. The standard will affect the Group's reporting of operating leases. Operating leases refer to cars and office premises. Leases for premises contain indexation of future rents and certain other variable fees. Other than that, only low-value leases have been identified, such as leases of office equipment and similar. Low-value leases and leases with a term of less than 12 months will be recognized as expenses on a straight-line basis over the lease term. SSM has not applied IFRS 16 in advance but will apply the standard as of January 1, 2019. The Group intends to apply the simplified transition method, the modified retrospective approach, and will not restate comparative figures. Rights of use will be measured with an amount corresponding to the lease liability (adjusted for prepaid and accrued leasing fees). In its application of IFRS 16, the Group has used the following practical solutions, which are allowed according to the standard:

- The same discount rate has been used for a portfolio of leases with reasonably similar characteristics. In SSM's case, there is only one "portfolio" of leases, referring to cars leased by the Group;
- Operating leases with a remaining term of less than 12 months from January 1, 2019 have been reported as short-term leases;
- Direct acquisition costs for rights of use have been eliminated during the transition; and
- Historical information has been used when determining the term of a lease where there is an option to extend or terminate the lease.
- The Group has also decided not to apply IFRS 16 to agreements that have not been identified as leases in accordance with IAS 17 and IFRIC 4.
- SSM is also a lessee of site leaseholds, which means changed reporting under IFRS 16. The change will not have any impact on profit/loss, but site leasehold fees are reclassified on the income statement from an operating expense in Expenses for production and management to an estimated financial item of 0.4 MSEK in net financial expenses. The balance sheet will also be affected, as the present value of future site leasehold fees will be recognized as an asset and a liability. As of January 1, 2019, the liability and the asset for site leasehold fees amount to approximately 12.0 MSEK.

For leases, the Group will report rights of use totaling approximately 44.0 MSEK as at January 1, 2019 and lease liabilities of 44.0 MSEK (after adjustments for prepaid and accrued leasing fees recognized as at December 31, 2018). The reporting of leases with SSM as the lessor will remain unchanged in all material respects.

Consolidated financial statements

Subsidiaries

Subsidiaries are companies over which the Group has a controlling influence. The Group controls a company when it is exposed to or has the right to the variable returns from its stake in the company and is able to influence the return through its influence in the company. Subsidiaries are included in the consolidated accounts as of the date on which control is transferred to the Group. They are excluded from the consolidated accounts as of the date that the controlling influence ceases. The purchase method of accounting is used to account for the Group's business acquisitions. The purchase price for the acquisition of a subsidiary is the fair value of the transferred assets and liabilities and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities that are a result of an agreement on contingent consideration. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business acquisition are measured initially at their fair values on the date of acquisition. The amount by which the purchase price exceeds the fair value of the acquired identifiable net assets is recognized as goodwill. If the amount is less than the fair value of the acquired subsidiary's assets, in the event of a "bargain purchase," the difference is recognized directly in the statement of comprehensive income. Intra-Group transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. The accounting policies for subsidiaries differ where appropriate from the Group's policies in order to ensure a consistent application of the Group's policies.

Sale of subsidiaries

When the Group no longer has a controlling influence, each remaining holding is measured at fair value at the time when its controlling influence ceases. The change in the carrying amount is recognized in the income statement. The fair value is used as the initial carrying amount and represents the basis for the continued recognition of the retained investment as an associate company, joint venture or financial asset.

Holdings in joint ventures

Joint ventures are companies where the Group, through cooperation agreements with one or more parties, has joint control over the management of the company. Holdings in joint ventures are recognized in accordance with the equity method. Under the equity method, the investment is initially measured at the acquisition value and the carrying amount is then increased or decreased to take into consideration the Group's share of the profits or losses after the acquisition date. The Group's share of the profits arising after the acquisition is recognized in the income statement and its share of changes in other comprehensive income after the acquisition is recognized in other comprehensive income, with a corresponding change in the holding's carrying value. When the Group's share in a joint venture's losses amounts to or exceeds its holding, including any unsecured receivables, the Group does not recognize further losses unless the Group has incurred legal or informal obligations or made payments on behalf of joint ventures. At the end of each reporting period, the Group tests whether objective evidence of

impairment exists for the investment in joint ventures. If so, the Group calculates the impairment as the difference between the joint ventures' recoverable amount and the carrying value, and recognizes the amount in "Profit participations in joint ventures" in the income statement.

Profits and losses from "upstream" and "downstream" transactions between the Group and its joint ventures are recognized in the consolidated financial statements only to the extent that they correspond to unrelated companies' holdings in the joint venture. Unrealized losses are eliminated, unless the transaction provides evidence that the transferred asset is impaired. The accounting policies that apply in joint ventures have been changed where necessary to guarantee a consistent application of the Group's policies.

Translation of foreign currency

Functional currency and reporting currency

The different entities of the Group use the local currency as the functional currency, as the local currency has been defined as the currency used in the primary economic environment in which the relevant entity primarily operates. In the consolidated accounts, Swedish krona (SEK) is used, which is the Parent Company's functional currency and the Group's reporting currency.

Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency at the exchange rates that apply on the transaction date. Exchange gains and losses resulting from the settlement of such transactions and from converting monetary assets and liabilities denominated in foreign currencies at the rate on the balance sheet date are recognized in operating income in the income statement.

Revenue recognition

Group revenue consists of income and profit from project development of cooperative apartments, construction contract income, rental income from real property and the sale of project properties. Revenue is recognized net of VAT and discounts, and after the elimination of intra-Group sales.

Property revenue

The leases are classified in their entirety as operating leases in accordance with the "Cash flow statement" section below. Property income and rent discounts are recognized on a straight-line basis in the income statement based on the terms of the lease. Advance rent is recognized as prepaid property revenue. Revenue from the early termination of leases is recognized as income in the period in which the compensation is received, in cases where no other action is required on the part of SSM.

Income from the sale of property

SSM recognizes revenue and expenses from acquisitions and divestments of properties at the time when the risks and benefits have been transferred to the buyer, which normally coincides with the completion date. Variable transaction prices are not regarded as revenue to the extent that it is highly likely that a future reversal of the revenue will not occur in future periods. Consideration is also given to circumstances that may affect the outcome of the transaction, and which are outside the control of the seller and/or buyer. The criteria for revenue recognition are applied separately to each transaction.

Properties developed as housing projects as part of SSM's operations are reported as described in the section Revenue and profit from the project development of cooperative apartments.

Revenue and profit from the project development of cooperative apartments

SSM's development of homes in the Stockholm region chiefly has the form of a construction contract with a housing association as the client. Until now, the Group has been of the view that housing associations are independent, and they have therefore not been included in the consolidated accounts. In connection with the change to IFRS 15 Revenue from Contracts with Customers, SSM also made a new analysis to assess the accounting-related effects on the company's entire housing development business. Considering a number of factors, as well as the criteria and presumption expressed by Nasdaq Stockholm, this work has caused the Group to change its previously applied accounting principles regarding the percentage of completion method. According to SSM's analysis and assessment, the company can exercise control over the association, which should therefore be consolidated during production and until the owners of the cooperative apartments become members of the association and a board comprised of tenants is appointed. Due to the changed consolidation principle for housing associations, the point in time of SSM's revenue recognition has also changed. Instead of recognizing revenue over time, revenue should be recognized at a specific point in time. Previous periods have been restated pursuant to IAS 8. For this reason, SSM has restated the comparative figures retrospectively for 2017. See also Note 30, Retrospective recalculation of financial reports. According to SSM's assessment, agreements concluded with housing associations and owners of cooperative apartments shall be recognized as combined agreements, as pricing and risks are regarded as a whole and considered to constitute a distinct performance undertaking. This means that the total project development revenue, i.e. related to the sale of land, design and construction, are reported at a single point in time. Revenue arising out of the letting and transfer of a residential property is recognized at the point in time when control is transferred to the homebuyer, which is usually when the individual owner of a cooperative apartment takes possession of the home. At this point in time, SSM's right to be paid for the apartment in question also arises. The recognized revenue is based on the actual revenue from the sold housing project, and it is recognized when the owner of each apartment takes possession. Recognized revenue per sold home is based on a proportion of the apartment's total cost at completion of the project. During the construction period, accrued costs are recognized as an asset in the item Project properties, and the housing association's liabilities are recognized as short-term or long-term interest-bearing liabilities in SSM's balance sheet.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision-maker. The highest executive decision-maker is the function responsible for allocating resources and assessing the performance of the operating segments. SSM has identified one operating segment, which is the Group as a whole. The assessment is based on the Executive Management Team being the "highest executive decision-maker" and follows-up on the Group as a whole, as no division by geography or division by business area/product category are applicable. The financial reporting is based on a Group-wide functional organizational and management structure.

Current and deferred tax

The period's tax expenses consist of current and deferred tax. The current tax costs are calculated on the basis of the tax rules decided upon, or decided upon in practice, on the date of the balance sheet, in the countries where the Parent Company and its subsidiaries operate and where taxable revenue is generated.

Deferred tax is recognized in accordance with the balance sheet method for all temporary differences arising between the taxable value of assets and liabilities and their carrying amount in the consolidated accounts. However, if the temporary differences arose from the initial recognition of assets and liabilities that constitute an asset acquisition, no deferred tax is reported. Deferred income tax is calculated based on tax rates that have been decided or announced on the balance sheet date and are expected to apply when the affected deferred tax asset is realized or the deferred tax liability is settled. Deferred tax liabilities on loss carryforwards are recognized insofar as it is likely that future tax surpluses will be available against which the deficit can be utilized. Since the Group has not reported any taxable profit in recent years, there are currently no loss carryforwards included on the consolidated balance sheet. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and tax liabilities, deferred tax assets and tax liabilities relate to taxes charged by the same taxation authority and relate to either the same taxable entity or different taxable entities and there is an intention to settle the balances through net payments.

Intangible assets

Intellectual property rights

Development costs for IT systems that provide improved future earnings are capitalized and carried at their acquisition value. Capitalized expenses for IT systems are amortized over their useful life, which is considered to be the period the systems are market-efficient. The useful life for the current capitalization is assessed to be 3 years. Capitalized development costs are tested for impairment if events or changes in circumstances indicate a possible impairment. Any impairment is recognized immediately as an expense.

Property, plant and equipment

Other property, plant and equipment

Other property, plant and equipment is recognized at the cost of acquisition less depreciation. Included in the cost of acquisition are expenditures that can be directly attributed to the acquisition of the asset. Additional expenses are added to the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset are expected to benefit the Group and the acquisition value of the asset can be measured reliably. The carrying value of a replaced part is removed from the balance sheet. All other forms of repair and maintenance are recognized as an expense in the income statement in the period in which they are incurred. Every part of a tangible asset with an acquisition value that is significant in relation to the total acquisition value of the asset is depreciated separately. Depreciation of other tangible assets are made on a straight-line basis over 3 to 5 years. The residual value and useful life of the assets are tested at the end of every reporting period and adjusted where necessary. The carrying amount of an asset is immediately written down to its recoverable value if the carrying amount of the asset exceeds its estimated recoverable value. Gains and losses on the disposal of a tangible asset are determined by comparing proceeds from

the sale with the carrying amount and recognized under other operating income or other operating expenses in the income statement.

Depreciation

Depreciation is performed on a straight-line basis according to the estimated useful life, or utilization rate, taking into account any residual value at the end of the period. For machinery and equipment, the depreciation period is normally between 5 and 10 years. IT investments are depreciated and amortized over 3 years. Land is not depreciated. The valuation of an asset's residual value and useful life is made annually. The carrying amount of a tangible asset is removed from the statement of financial position upon scrapping or divestment or when no future financial benefits are expected from the use or divestment of the asset.

Depreciation of non-financial fixed assets

Assets that are written off are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized, amounting to the sum with which the asset's carrying amount exceeds its recoverable value. The recoverable value is the asset's fair value less the sales costs or its value in use, whichever is higher.

When tested for impairment, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash generating units).

Leasing

The Group as lessee

The Group holds leasing agreements for copiers, vehicles, office furniture and office premises. IFRS 16 Leases replaces IAS 17 Leases and will be applied as of the financial year beginning on January 1, 2019. The new standard means that nearly all leases will be recognized in the statement on financial position. The right of use (the lease asset) and the liability will be measured as the present value of all future lease payments. The income statement will include depreciation of the right of use and interest expenses. There is no need to include short-term leases (12 months or less) and leases with low-value underlying assets in the statement on financial position. These will be included in operating profit/loss in the same way as current operating leases. Cash flow from financing activities will be affected in future periods, as repayments on lease liabilities will be classified as cash flow from financing activities.

The Group as lessor

For lessors, IFRS 16 does not entail any material changes. Leases where essentially all the risks and benefits are associated with ownership and accrue to the lessor are classified as operating leases. On this basis, all of the Group's leases are classified as operating leases. Properties that are let out under operating leases are included in the project properties item.

Inventories

Inventories comprise properties where SSM develops projects, which are classified as project properties and completed homes. The acquisition value of the project properties includes expenses for land acquisition and planning/property development, as well as expenditure for new constructions, extensions or conversions. Expenditure for borrowing costs is capitalized in relation to ongoing projects. Other borrowing costs are expensed as incurred. Project properties are recognized continuously in the balance sheet at the acquisition value or the net realizable value, whichever is lowest, i.e. the realizable value (market value)

after deducting the estimated costs of completion and direct selling expenses. The net realizable value of project properties is based on project assessments prepared internally, where assumptions are made regarding the project's expected revenue and expenses with associated sensitivity analyses. The project's future cash flows are discounted using a discount rate factor. A positive present value means that the project is expected to make a profit.

IFRS 9 Financial Instruments

General principles

A financial asset or financial liability is reported in the balance sheet when the Group becomes a party to the instrument's contractual terms and conditions. A financial asset is derecognized from the balance sheet when the contractual right to the cash flow from the asset ceases to exist, is settled or when the Group loses control over it. A financial liability, or a part of a financial liability, is derecognized from the balance sheet when the agreed commitment has been met or ceases to exist in any other way.

Classification and measurement

Financial assets are classified according to the business model within which the asset is held and the asset's cash flow character. If the financial asset is held within the scope of a business model the aim of which is to collect contractual cash flows ("hold to collect") and the agreed terms and conditions for the financial asset at given times give rise to cash flows that only consist of payments of the principal and interest on the outstanding principal, the asset is recognized at amortized cost. If instead the business model's objectives can be reached both by collecting contractual cash flows and selling financial assets ("hold to collect and sell"), and the agreed terms and conditions for the financial asset at given points in time give rise to cash flows that only consist of payments of the principal and interest on the outstanding capital amount, the asset is recognized at fair value in Other comprehensive income. All other business models ("other"), where the objective is speculation, holdings for trading or where the nature of the cash flows exclude other business models entail recognition at fair value through the income statement. The Group applies the business model "hold to collect" for receivables from joint ventures, other non-current receivables, accounts receivable, cash and cash equivalents and financial assets recognized in other receivables. The Group's financial assets are initially recognized at fair value and thereafter at amortized cost, applying the effective interest method, reduced by a provision for depreciation. Financial liabilities are measured at fair value through the income statement if they consist of a conditional purchase price to which IFRS 3 is applied, are held for trading or are initially identified as liabilities at fair value through the income statement. Other financial liabilities are measured at amortized cost. Accounts payable refer to obligations to pay for goods and services that have been acquired from suppliers in the current operations. Accounts payable are classified as financial liabilities measured at amortized cost. Accounts payable are initially recognized at fair value and thereafter at amortized cost (according to the effective interest method if maturity exceeds 3 months). The carrying value for accounts payable – trade is assumed to correspond to their real value as this item is short-term in nature. Bond loans and liabilities to credit institutions are classified as financial liabilities valued at amortized cost. Borrowing is initially recognized at fair value, net of transaction costs, and thereafter at amortized cost. Any difference between the amount received (net of transaction costs) and the amount to be repaid is

recognized in Other comprehensive income, distributed over the term of the loan, applying the effective interest method. Borrowing is included in current liabilities, unless the Group has an unconditional right to postpone payment of the liability for at least 12 months after the reporting date. The carrying value of the Group's borrowings is assumed to correspond to their fair value because the loans have no transaction costs and a floating market rate. Borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred. Transaction costs for the signing of framework agreements for the credit facility are treated as a cost to secure access to financing. The transaction costs are recognized as a non-current receivable in the balance sheet and are expensed in the income statement over the facility's term of 5 years.

Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

- The fair value of financial assets and liabilities that are traded in an active market is determined based on quoted market price.
- The fair value of other financial assets and liabilities is determined according to generally accepted valuation methods, such as discounting of future cash flows and use of information obtained from current market transactions.
- For all financial assets and liabilities, the recognized value is considered to be a good approximation of the fair value, unless otherwise stated.

Amortized cost and the effective interest method

Amortized cost for a financial asset is the amount to which the financial asset was measured when first reported less the principal amount, plus accumulated depreciation using the effective interest method of any difference between the principal and the outstanding principal, adjusted for impairment. The recognized gross value of a financial asset is the amortized cost for the financial asset before adjustments for potential loss provisions. Financial liabilities are recognized at amortized cost using the effective interest method or at fair value through the income statement. The effective interest rate is the interest rate that, when discounting all future expected cash flows over the expected maturity, results in the initially recognized value for the financial asset or financial liability.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and recognized at a net amount in the balance sheet only where there is a legal right to offset the amounts recognized and it is intended to settle them with a net amount or to simultaneously realize the assets and settle the liability. The Group does not offset financial assets and liabilities. The Group does not offset financial assets and liabilities.

Impairment

The Group reports a loss provision for expected credit losses on financial assets valued at amortized cost. Each balance date, the Group recognizes the change in expected credit losses since initial recognition in profit/loss. For all financial assets, the Group shall measure the loss provision at an amount corresponding to 12 months' expected credit losses. For financial instruments where the credit risk has increased considerably since initial recognition, a reserve based on credit losses for the asset's entire maturity is recognized (the general model). The purpose

of the impairment requirement is to recognize expected credit losses for the remaining maturity of all financial instruments where the credit risk has increased considerably since initial recognition, either according to an individual or a collective assessment, considering all reasonable and verifiable information, including forward-looking information. The Group acquires expected credit losses on a financial instrument in a manner that reflects an objective and probability-weighted amount determined by evaluating an interval of possible outcomes, the time value of money and reasonable and verifiable information on present conditions and forecasts of future economic conditions. For accounts receivable and contract assets, there are simplifications allowing the Group to recognize expected credit losses for the remaining maturity of the asset. The Group's greatest exposure to credit risk consists of cash and cash equivalents, receivables from joint ventures, accounts receivable and contract assets. Cash and cash equivalents and receivables from joint venture are included in the general method for impairment. The exception for low credit risk is applied to cash and cash equivalents. The Group's accounts receivable and contract assets are included in the simplified model for impairment. When estimating expected credit losses, accounts receivable and contract assets are grouped according to geography.

Expected credit losses for accounts receivable and contract assets are estimated using a provision matrix based on prior events, present conditions and forecasts of future economic conditions and the time value of money, if applicable.

The Group defines default as it being unlikely that the counterparty will meet its obligations due to indicators such as financial difficulties and missed payments. Nonetheless, there is default if the payment is more than 90 days overdue. The Group will write off a receivable if it is considered that there are no possibilities of future cash flows.

IFRS 39 Financial Instruments

General principles

The purchase and sale of financial assets is recognized on the business day when the Group undertakes to buy or sell the asset. Financial instruments are initially recognized at fair value plus transaction costs. Financial assets are derecognized from the balance sheet when the right to receive cash flows from an instrument has expired or been transferred and the Group has transferred nearly all risks and benefits associated with the ownership. Financial liabilities are removed from the balance sheet when contractual obligations are met or otherwise removed. Financial assets available for sale are recognized at acquisition value when the fair value cannot be determined reliably. Loans and accounts receivable and other financial liabilities are recognized after the acquisition date at amortized cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and recognized at a net amount in the balance sheet only where there is a legal right to offset the amounts recognized and it is intended to settle them with a net amount or to simultaneously capitalize the assets and settle the liability.

Classification

The Group classifies its financial assets and liabilities in the following categories: loans and accounts receivable and financial liabilities measured at amortized cost. The classification depends on the reason for which the financial asset or liability was acquired.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are non-derivative financial assets having fixed or fixable payments that are not listed on an active market. They are included in current assets, with the exception of items with a due date of more than 12 months after the balance sheet date, which are classified as non-current assets. The Group's "loan receivables and accounts receivable" consist of receivables from joint ventures, other non-current receivables, accounts receivable, recognized non-invoiced revenues, cash and cash equivalents and financial instruments recognized under Other receivables. Accounts receivable are recognized initially at fair value and subsequently at amortized cost using the effective interest method, less any provision for impairment. Impairment of assets recognized at amortized cost (loan receivables and accounts receivable): At the end of each reporting period, the Group assesses whether there is objective evidence of impairment for a financial asset or a group of financial assets. A financial asset or group of financial assets is impaired and should be written down only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and if this event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably. The impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The asset's carrying amount is written down and the impairment loss is recognized in the consolidated income statement under "Sales and administration expenses."

If the impairment decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated income statement under "Sales and administration expenses."

Financial liabilities at amortized cost

Accounts payable – trade are financial instruments and refer to obligations to pay for goods and services acquired in day-to-day business from suppliers. Accounts payable – trade are classified as current liabilities if they fall due within one year. If not, they are recognized as non-current liabilities. Accounts payable are initially recognized at fair value and subsequently at amortized cost for longer maturities (at least 3 months) using the effective interest method. The carrying value for accounts payable – trade is assumed to correspond to their real value as this item is short-term in nature. Bond loans and liabilities to credit institutions are financial instruments and are recognized initially at fair value, net of transaction costs. Borrowings are subsequently recognized at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the loan period using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. The carrying value of the Group's borrowings is assumed to correspond to their fair value because the loans have no transaction costs and a floating market rate. Borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred. Transaction costs for the signing of framework agreements for the credit facility are treated as a cost to secure access to financing. The transaction costs are recognized as a non-current receivable in the balance sheet and are expensed in the income statement over the facility's term.

Cash and cash equivalents

Cash and cash equivalents are financial instruments and include, in both the balance sheet and in the cash flow statement, bank deposits with maturities within 3 months of the acquisition date.

Borrowing costs

General and specific borrowing costs that are directly attributable to the purchase, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are recognized as part of the acquisition value of such assets. Capitalization ceases when all the activities necessary to prepare the asset for its intended use or sale are essentially completed. Financial income incurred when specifically-borrowed funds are temporarily invested while waiting to be used for financing the asset reduces the loan costs that can be capitalized. All other borrowing costs are expensed as incurred.

Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are recognized, net of tax, in equity as a deduction from the proceeds from the issue.

Dividend

Dividends to the shareholders of the Parent Company are recognized as liabilities in the consolidated financial statements in the period the dividends are approved by the Parent Company's shareholders.

Provisions

Provisions are measured at the present value of the amount expected to be required to settle the obligation. A pre-tax discount rate that reflects current market assessments of the time-dependent value of money and the risks specific to the provision is used for this purpose. The increase in the provision that is due to the passage of time is recognized as an interest expense.

Provisions for guarantees

Provisions for future expenses related to guarantees are recognized at the amount required to settle the obligation. Guarantee provisions that normally amount to 10,000 SEK per apartment are charged to the project on completion and are recognized as they are expected to arise for each project. The majority of guarantee provisions run until the guarantee inspection, which is carried out after 2 years.

Remuneration to employees

The Group companies have various plans for post-employment benefits, including defined benefit and defined contribution pension plans.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay further contributions if the legal entity does not have sufficient assets to pay all employee benefits relating to employee service in the current or previous periods. A defined benefit pension plan is a pension plan that does not have defined contributions. The distinguishing feature of defined benefit plans is that they define an amount of pension benefit that an employee will receive on retirement, usually based on one or more factors such as age, years

of service and salary. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions are paid. The contributions are recognized as personnel expenses when they fall due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments may benefit the Group. For salaried employees, the ITP 2 plan's defined benefit pension commitments for retirement and household pensions are secured through insurance from Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Accounting for pension plan ITP 2 financed through insurance from Alecta, this is a defined benefit plan that covers multiple employers. For the financial years in question, the company have not had access to the information required to report its proportional share of the plan's obligations, plan assets and costs, which means that the plan could not be recognized as a defined benefit plan. The pension plan ITP 2, which is secured through insurance from Alecta, is therefore recognized as a defined contribution plan. The premium for the defined benefit retirement and household pension is calculated individually and is in part dependent on salary, previously earned pension and expected remaining service.

Termination benefits

Termination benefits are payable when an employee is dismissed by the Group before the normal retirement date or when an employee accepts voluntary resignation in exchange for such benefits. The Group recognizes termination benefits on the following dates, whichever is earliest: (a) when the Group no longer has the option to withdraw the offer of compensation; and (b) when the company recognizes costs for restructuring that is within the scope of IAS 37 and which involves the payment of severance pay. In the event that the company has made an offer to encourage voluntary resignation, the termination benefits are estimated based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to present value.

Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into account the profit attributable to the company's shareholders after certain adjustments. The Group recognizes a provision when there is a legal obligation or an informal obligation due to previous practice.

Share-based payments

In 2017, the Group had share-based compensation plans where the company received services from employees as consideration for the Group's equity instruments. Information on these plans is provided in Note 6, Remuneration to employees.

Contingent liabilities

Contingent liabilities consist of existing obligations relating to events that have not been recognized as a liability or provision. The reason is that it is unlikely that an outflow of resources will be required to settle the obligation and that the size of the obligation cannot be estimated with sufficient certainty.

Cash flow statement

The cash flow statement is prepared using the indirect method. This means that the operating profit or loss is adjusted for the effects of transactions of a non-cash nature during the period and any income or expense associated with investing or financing cash flows.

Related party transactions

Related parties are defined as companies in the Group as well as companies where closely associated natural persons have control, joint control or significant influence. Associated natural persons are defined as members of the Board of Directors, senior executives and close family members of such persons. Purchases and sales between related parties are conducted on market terms. Related party transactions are disclosed if they have occurred, i.e. if there has been a transfer of resources, services or obligations, whether compensation has been paid or not.

Key estimates and assessments

The preparation of the accounts and the application of various accounting standards are usually based on the Group management's assessments or on assumptions and estimates considered to be reasonable under the current conditions. These judgments and estimates are normally based on historical experience, but also on other factors, including expectations of future events. Judgments and estimates are evaluated regularly and those that involve a considerable risk of significant adjustments to the recognized value of assets and liabilities in the next financial year are outlined below. The decision to change accounting principles for the consolidation of housing associations and the revenue recognition related to them means that as of the fourth quarter 2018, the Group has changed the way it makes estimates and assessments that are of material importance, see also Note 30, Retrospective recalculation of financial reports.

Development of cooperative apartments

In connection with the change to IFRS 15 Revenue from Contracts with Customers, SSM also analyzed and assessed the accounting-related effects on the company's entire housing development business. This work has resulted in a change of the accounting principles regarding the percentage of completion method previously applied by the Group. In a renewed assessment, SSM has noted that the purpose of creating a housing association is to create a platform that allows SSM to attract potential homebuyers to the residential building developed by SSM, and which SSM intends to complete in accordance with the prepared specification. Considering a number of factors including the criteria and the presumption expressed by Nasdaq Stockholm, SSM has made the assessment that it can exercise control over the association and that it therefore should be consolidated during construction until the owners of the cooperative apartments become members of the association and a board comprised of tenants has been appointed. Due to the changed principle whereby the association is consolidated, the time when SSM recognizes revenue also changes; instead of recognizing revenue over time, revenue shall be recognized at a point in time. Previous periods have been restated pursuant to IAS 8, see also Note 30. According to SSM's assessment, agreements concluded with housing associations and owners of cooperative apartments shall be recognized as combined agreements, as pricing and risks are regarded as a whole and considered to constitute a distinct performance undertaking. This means that the total project development revenue, i.e. related to the sale of land,

design and construction, are reported at a single point in time. Revenue arising out of the letting and transfer of a residential property is recognized at the point in time when control is transferred to the homebuyer, which is usually when the individual owner of a cooperative apartment takes possession of the home. The recognized revenue is based on the actual revenue from the sold housing project, and it is recognized when the owners of each apartment take possession. Recognized revenue per sold home is based on a proportion of the apartment's total cost at completion of the project. During the construction period, accrued costs are recognized as an asset in the item Project properties, and the housing association's liabilities are recognized as long-term interest-bearing liabilities in SSM's balance sheet.

Inventories – project properties

Project properties are recognized continuously in the balance sheet at acquisition value or net realizable value, whichever is lowest. The value of project properties may be affected by changed conditions for the timely implementation of the project or by changes to the cost estimate of the project. The risk of changed assessments of the value of project properties may also arise if the company cannot complete a project according to plan and instead divests a project property prematurely. According to the assessment at the end of the accounting period, there is no impairment, based on the internal valuations and sensitivity analyses that have been carried out.

Earn-out for Tellus Towers

The carrying value for the earn-out for the Tellus Towers project is based on the agreement the company entered into with an external party. The assessed value of the earn-out is also largely based on the Group management's judgments and estimates, based on management's insight and knowledge of conditions, decisions and activities in the ongoing city plan process and the various activities conducted by the company in the ongoing project development process. Judgments and estimates are also based on experiences from previous city plan processes and projects carried out by SSM. The evaluation criteria that form the basis for the valuation of the earn-out are based on the terms and conditions of the agreement and comprise 3 valuation factors: (i) the likelihood that a new city plan will be adopted, (ii) the assessment of a minimum level for the scope of the final city plan compared to the currently planned scope, and (iii) the likelihood of reaching the agreed rate of sales for milestones before the new city plan becomes final. If the project cannot be carried out or is altered to such an extent that no earn-out is payable, a potential loss of a maximum of 117.5 MSEK may arise for the Group, based on the recognized impact on profit attributable to the valuation of the earn-out. For the second half of the year, the maximum amount is covered by the reported impact on profit of 57.6 MSEK and the corresponding impact on profit for the deducted assets for the Tellus Towers project less VAT, 59.9 MSEK. The judgments and estimates are regularly evaluated on a quarterly basis. There is a risk that the estimated value of the earn-out will change over time. If the basis of assessment for the implementation of the project changes in a negative or positive direction next quarter, this may have ongoing impact on the profit.

The Parent Company's accounting principles

The Parent Company applies RFR 2 Accounting for legal entities. The Parent Company applies accounting policies that differ from the Group in the cases listed below.

Layout

The income statement and balance sheet follow the layout described in the Swedish Annual Accounts Act. However, the income statement is called the statement of comprehensive income and includes other comprehensive income on a separate page. The statement of changes in equity also conforms to the Group's format but must include the columns stipulated in the Swedish Annual Accounts Act. This results in a difference in designations compared with the consolidated financial statements, primarily with regard to financial revenue and expenses, provisions and equity.

Participations in subsidiaries and joint ventures

Participations in subsidiaries and joint ventures are recognized at their acquisition value, less any impairment losses. The acquisition value includes acquisition-related costs and any earn-outs. When there is an indication that participations in subsidiaries or joint ventures have decreased in value, an estimate is made of the recoverable amount. If this is lower than the carrying amount, an impairment loss is applied.

Impairment losses are reported in Earnings from participations in Group companies and Profit participations in joint ventures.

Group contributions and shareholders' contributions

Shareholders' contributions are reported as an increase in the value of shares and participations in Group companies. The value of the shares and participations in question is then tested for impairment. Both paid and received Group contributions are recorded as balance sheet allocations.

Financial instruments

IFR 9 is not applied in the Parent Company and financial instruments are measured at their acquisition value.

Cash and bank balances

The definition of cash and bank balances covers cash in hand and available balances at banks and similar institutions.

NOTE 3 Revenue from contracts with customers

Group-wide information

The distribution of revenue from all goods and services is as follows:

Net sales distribution Group	2018	2017
Project revenue, contracts	580.7	719.2
Sale of other construction services	42.0	21.7
Sale of other construction goods	13.0	1.8
Other revenue	16.8	11.1
Total	652.5	753.8

Revenue from external customers in Sweden amounted to 652.5 MSEK (753.8) and there was no other revenue from external customers in other countries during the years in question.

The Group primarily recognizes all revenue at a point in time within housing development and as the Group as a whole constitutes a single segment, there is no further distribution of revenue.

The following table shows the total amount of the transaction price distributed over performance undertakings that have not been satisfied (or have been partially satisfied) at year-end. Remaining performance undertakings are defined as the transaction price for concluded binding agreements with homebuyers in projects for which SSM has started production.

Transaction price allocated to remaining performance undertakings	2018
Housing development	1,071.0
Total	1,071.0

The Group expects that 23.6 percent of the transaction price allocated to performance undertakings that had not been satisfied on December 31, 2018 or thereafter will be recognized as revenue in the next reporting period. Of the remaining 76.4 percent, 202.2 MSEK will be recognized as revenue in the 2020 financial year and the remaining 57.5 percent will be recognized as revenue in subsequent periods, from 2021 to 2023.

Contract assets are first generated with the right to payment. For project properties, the right to payment coincides with the customer taking possession, and therefore with payment and revenue. This means that no contract assets are reported.

Contract liabilities	12/31/2018	01/01/2018
Recognized liabilities related to agreements for homes sold	6.0	8.9
Carrying amount	6.0	8.9
of which		
Non-current liabilities	5.6	8.0
Current liabilities	0.4	0.9
Carrying amount	6.0	8.9

A contract liability is generated when a customer pays the consideration, or when SSM is entitled to unconditional consideration (such as a receivable), prior to the point in time when the performance is transferred to the customer. The liability is either recognized when the payment is made or falls due (whichever occurs first). Amounts attributable to property development are liabilities that were generated when the Group carried out work to satisfy its performance undertakings but has received a certain installment according to an agreed payment plan.

The following table shows the proportion of recognized income during the period that was attributable to received down payments that were included in the recognized contract liabilities at the beginning of the year.

Recognized revenue attributable to contract liabilities that were present at the beginning of the year	2018	2017
Sale of homes	0.9	6.4
	0.9	6.4

Otherwise, there are no capitalized liabilities regarding fulfilling or obtaining contracts.

NOTE 4 Expenses classified by type

	Group		Parent Company	
	2018	2017	2018	2017
Changes in inventory of warehouse properties	184.0	221.5	–	–
Subcontracting and services	304.0	293.0	–	–
Raw materials and consumables	40.6	41.9	–	–
Costs for employee remuneration	88.9	87.6	13.8	18.4
Depreciation, amortization and impairment	0.8	1.7	–	–
Shipping and transportation costs	2.9	1.8	–	–
Sales and marketing	10.2	7.7	–	–
Costs for operating leases	9.1	8.0	–	–
Other expenses	31.3	46.2	19.9	22.5
Financial expenses and interest	42.5	44.2	35.6	35.7
Total	714.4	753.6	69.3	76.6

NOTE 5 Remuneration to the auditors

PwC	Group		Parent Company	
	2018	2017	2018	2017
Audit assignment	3.0	1.8	1.0	0.6
Audit activities in addition to the audit assignment	0.4	0.4	–	–
Tax advice	0.0	0.4	–	0.2
Other services	0.7	1.3	0.7	1.2
Total	4.1	3.9	1.8	2.0

The audit assignment includes the examination of the annual financial statements and accounts, as well as the management by the Board of Directors and the CEO, other tasks to be performed by the company's auditor, and consultancy or other assistance arising from observations from such examinations or the implementation of such other tasks. All other work is included in Other assignments.

NOTE 6 Remuneration to employees

	Group		Parent Company	
	2018	2017	2018	2017
Salaries and other remuneration	54.5	59.1	7.1	15.4
Social security contributions	21.6	22.9	4.5	5.8
Pension costs – defined contribution plans	12.8	10.5	2.2	2.1
Total	88.9	92.5	13.7	23.3

Salaries and other remuneration and social security contributions

Board of Directors and Group management	2018	2017
Salaries and other remuneration	13.4	20.4
Social security contributions	6.6	7.7
Pension costs	4.2	3.4
Total Board of Directors and Group management	24.2	31.5
Other employees	2018	2017
Salaries and other remuneration	41.1	38.6
Social security contributions	15.0	15.2
Pension costs	8.6	7.2
Total other employees	64.7	61.0
Group total	88.9	92.5

Guidelines

Fees and other remuneration to the board members, including the Chairman, are determined at the annual general meeting. Fees are payable for Remuneration Committee and Audit Committee work. No fees are payable for Investment Committee work. SSM shall offer remuneration and other terms of employment that allow the company to recruit, incentivize and retain senior executives with the skills required for implementing the company's strategy and achieving its objectives. Market levels and competitiveness shall be overarching principles when determining the remuneration of senior executives in SSM.

Terms for senior executives

The CEO's contract is subject to a mutual notice period of 12 months. Other senior executives in the company are subject to a notice period of 3 to 6 months.

Neither the CEO nor other senior executives is entitled to severance pay.

Pensions for senior executives

The CEO's pension shall be premium based and amount to 30.0 percent of the fixed monthly salary paid out during the year x12.2. The company applies the ITP plan for all employees. Other senior executives receive pension provisions in accordance with the applicable collective bargaining agreement between the Swedish Construction Federation (Sw. *Sveriges Byggindustrier*) and Ledarna (Sweden's organization for managers), the Swedish Association of Graduate Engineers (Sw. *Sveriges ingenjörer*) and Unionen (a Swedish white-collar trade union).

Remuneration to the Board of Directors and senior executives

This year's bonuses were based on the percentage of completion method accounting principle, which means that variable remuneration of 0.0 MSEK (3.2) was paid to the senior executives, including the CEO. Prior to the IPO in 2017, an incentive program for all employees that were employed on December 31, 2016 was terminated. The level of remuneration is based on the period of employment and payments from the program will only be made after a period of employment of

more than 4 years. The program, which was wholly expensed until 2016, presently has a reserve of 8.9 MSEK for future payments and social security contributions. In 2018, 3.4 MSEK (1.4) was paid from the program to all included employees, of which 0.7 MSEK (0.3) was paid to senior executives. The last payment in the program will be made in June 2021.

Of the subsidiaries' salaries and remuneration, 0.0 MSEK (0.0) refers to the CEO and 0.0 MSEK (0.0) refers to the Board of Directors.

SEK 2018	Directors' fees/ salary ³⁾	Variable remuneration	Share-related remuneration	Other benefits ⁴⁾	Pension costs	Total
Chairman Anders Janson	236,664	-	-	-	-	236,664
Board Member Bo Andersson	-	-	-	-	-	-
Board Member Per Berggren	116,664	-	-	-	-	116,664
Board Member Sheila Florell	106,664	-	-	-	-	106,664
Board Member Ulf Morelius	-	-	-	-	-	-
Board Member Ulf Sjöstrand	-	-	-	-	-	-
Board Member Jonas Wikström	133,336	-	-	-	-	133,336
CEO Mattias Roos ¹⁾	3,702,660	22,429	-	134,103	1,144,002	5,003,194
Other senior executives ²⁾	8,798,517	-	-	125,637	3,096,752	12,020,906
Total	13,094,505	22,429	-	259,740	4,240,754	17,617,428

¹⁾ Variable remuneration to the CEO refers to the deviation between the provision made in 2017 for variable remuneration and the amount actually paid in 2018.

²⁾ Maria Boudrie, Chief Legal Officer, and Christer Ljung, Chief Procurement Officer, took office in April 2018. In September 2018, Erik Lemaitre, Chief Business Development, joined the Executive Management Team while Susanne Blomberg, Head of Marketing, and Jan Michelson, CIO, left the Executive Management Team. The employment of Bo Westin, Chief Sales Officer, was terminated before his start date and he received remuneration corresponding to 7 months' salary.

³⁾ As of 2018, board fees are expensed and paid in equal payments of 1/12 every month.

⁴⁾ Other benefits refer to company car, fuel and insurance.

SEK 2017	Directors' fees/ salary ¹⁾	Variable remuneration	Share-related remuneration	Other benefits ²⁾	Pension costs	Total
Chairman Anders Janson	230,000	-	1,212,000	-	-	1,442,000
Board Member Bo Andersson	130,000	-	753,000	-	-	883,000
Board Member Per Berggren	130,000	-	753,000	-	-	883,000
Board Member Sheila Florell	130,000	-	753,000	-	-	883,000
Board Member Ulf Morelius	-	-	-	-	-	-
Board Member Ulf Sjöstrand	-	-	-	-	-	-
Board Member Jonas Wikström	130,000	-	753,000	-	-	883,000
CEO Mattias Roos	4,516,000	3,207,000	-	120,000	1,101,000	8,944,000
Other senior executives	6,554,000	-	1,075,000	1,000	2,266,000	9,896,000
Total	11,820,000	3,207,000	5,299,000	121,000	3,367,000	23,814,000

¹⁾ In 2017, the entire board fee determined by the annual general meeting was expensed.

²⁾ Other benefits include company car, fuel and insurance.

cont. NOTE 6 Remuneration to employees

Nomination Committee has submitted a proposal to the 2019 Annual General Meeting to increase the fees to the Board of Directors as follows: 350,000 SEK to the Chairman of the Board and 175,000 SEK to each board member. It was proposed that the chairman of the Remuneration Committee be paid a fee of 75,000 SEK and each committee member be paid a fee of 50,000 SEK. It was proposed to pay the chairman of the Remuneration Committee a fee of 30,000 SEK and each committee member a fee of 10,000 SEK. After year-end, the decision was made to pay the other senior managers a bonus corresponding to one month's salary, totaling 0.6 MSEK, which will be expensed in 2019. Vacation pay and pension costs will be added to this amount.

Share-based payments

In January 2017, independent board members, senior executives and certain other key people acquired 903,000 share options related to the same number of shares in SSM Holding AB (publ). The options were granted by the holding company Eurodevelopment Holding AG after consideration was paid in respect of the total option premium for the program. The options do not confer any dividend or voting rights.

The share value on the acquisition date of the options was estimated as a weighted average of 3 external indicative valuations of SSM Holding AB (publ), taking into account the illiquidity discount for unlisted companies, as SSM holding AB (publ) was not listed at the time of the issue.

The calculated value on the allocation date was 9.67 SEK per option. The options, however, were acquired at 2.50 SEK per option. The value of the options was calculated using the Black & Scholes valuation model. This takes into account the redemption price, the life of the option, the dilution effect (not essential as it relates to existing shares), the share price on the allocation date and the expected volatility in the share price, the expected yield, the risk-free interest rate for the life of the option and the correlation and volatility for a group of comparable companies.

For options acquired during the year, the following inputs were used in the model:

- the options were paid for by the recipient
- the options related to existing shares; thus, they will not cause any dilution
- maturity was 0.5 years
- redemption price: 31.50 SEK
- allocation date: January 2, 2017
- due date: June 30, 2017
- share price on the allocation date: 40.90 SEK
- expected volatility of the company's share price: 30.0 percent
- expected yield: 0.0 percent
- risk-free interest: -0.9 percent

The expected volatility of the share price is based on an analysis of the actual historical volatility of 10 comparable Swedish companies.

There were no outstanding options on December 31, 2018.

Employees

Average number	Group		Parent Company	
	2018	2017	2018	2017
Women	26	27	1	1
Men	44	43	2	2
Total	70	70	3	3

All employees are employed in Sweden.

Distribution between women and men

	Group		Parent Company	
	2018	2017	2018	2017
Board members				
Women	1	1	1	1
Men	6	6	6	6
Total	7	7	7	7
CEO and other senior executives				
Women	2	2	1	1
Men	6	4	2	2
Total	8	6	3	3

Pension benefits to employees

All of the Group's pension plans are recognized as defined contribution plans, as the Group did not have access to information that allows this plan to be recognized as a defined benefit plan. See information in Note 2, Accounting policies.

The Group's expected charges in 2019 for ITP 2 insurance from Alecta are 8.7 MSEK (9.2). The Parent Company's expected charge for the next reporting period for ITP 2 insurance from Alecta is 1.0 MSEK (1.0). The Group's share of the total expenses for the plan is 0.05476 percent (0.04685). The Group's share of the total number of those actively insured in ITP 2 amounts to 0.00953 percent (0.01073).

The collective consolidation ratio is the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. The collective consolidation ratio is normally allowed to vary between 125.0 percent and 155.0 percent. If Alecta's collective consolidation ratio falls below 125.0 percent or exceeds 155.0 percent, measures must be taken to create conditions for the collective consolidation ratio to return to the normal range. When the collective consolidation ratio is low, one course of action could be to raise the agreed price for new policies and the expansion of existing benefits. When the collective consolidation ratio is too high, one course of action could be to introduce premium reductions. At the end of 2018, Alecta's collective consolidation ratio was 142.0 percent (154.0).

The amounts recognized in the income statement are as follows:

	Group		Parent Company	
	2018	2017	2018	2017
Expenses for defined contribution pension plans, including Alecta	12.8	10.5	2.2	2.1
Total revenue recognition	12.8	10.5	2.2	2.1

NOTE 7 Transactions with related parties

At the end of the period, shares corresponding to 68.9 percent of the capital and votes in SSM Holding AB (publ) were held by Eurodevelopment Holding AG. No other shareholder held more than 10.0 percent of the capital and votes. Other related parties are all subsidiaries within the Group and senior executives in the Group, i.e. the Board of Directors and the Executive Management Team, as well as their family members. Purchases and sales between related parties are conducted on market terms.

The following transactions occurred with related parties:

	Group		Parent Company	
	2018	2017	2018	2017
Sale of services				
Joint ventures	59.0	20.4	0.9	-
Companies with the same owner	0.2	1.0	-	-
Total	59.2	21.4	0.9	-

Consultancy services from companies where a board member of the Parent Company has financial interests:

	Group		Parent Company	
	2018	2017	2018	2017
Purchase of goods and services				
Anders Janson Advokat AB	-	0.4	-	0.4
Bo Group Enterprises	-	0.2	-	0.2
H&P Berggren Properties AB	-	0.2	-	0.2
Total	-	0.8	-	0.8

Transactions include the purchase of services and mainly comprise invoiced fees to board members.

As of 2018, all board fees are paid as salary.

Receivables and liabilities as a result of the sale and purchase of goods and services.

	Group		Parent Company	
	2018	2017	2018	2017
Receivables from related parties				
Joint ventures	54.5	55.1	0.6	-
Group companies ¹⁾	-	-	503.0	454.3
Liabilities to related parties				
Joint ventures	-0.1	-	-	-
Net at year-end	54.3	55.1	503.6	454.3

¹⁾ The Parent Company has reported its total receivables from related parties, including loans.

Receivables from related parties are mainly from sales transactions and fall due based on the ability of the Group to pay for the projects being implemented, although no later than on the completion date of the homes being built. The Group does not hold any collateral for these receivables. The Group has not made any provisions for doubtful receivables for related parties in any of the years in question. The Group also has loans to employees on market terms amounting to 1.8 MSEK.

The liabilities to related parties arise mainly from purchase transactions and fall due 2 months after the date of purchase. The liabilities bear no interest.

Loans from or to related parties:

	2018	2017
Loans to joint ventures from the Group		
Opening balance	288.6	69.1
Loans raised/amortized amount	-80.5	215.2
Interest expenses	7.9	4.3
Closing balance	215.9	288.6

The loan agreements are specific per joint venture and project, but a quarterly interest rate is primarily used.

Assets pledged and contingent liabilities on behalf of related parties

In the Group, collateral in the form of guarantee commitments amounting to a total of 10.3 MSEK (10.3) has been provided on behalf of joint ventures.

Remuneration to other senior executives

See Note 6, Remuneration to employees.

NOTE 8 Leases

Operating leases, lessee

This primarily covers the rental of office premises. The leases are subject to indexation of future rental fees and certain other variable charges. Future minimum lease charges under non-cancellable operating leases that apply at the end of the reporting period fall due for payment as follows:

Group	2018	2017
<1 year	9.1	8.0
1-5 years	17.2	25.7
Total	26.3	33.7
The year's minimum lease payments	8.6	7.0
The year's variable fees	0.5	1.0
Total	9.1	8.0

Costs for operating leases in the Group during the financial year amounted to 9.1 MSEK (8.0).

Operating leases, lessor

This primarily covers the rental of office premises. The leases are subject to indexation of future rental income and certain other variable income. Future rental income under non-cancellable operating leases in force at the end of the reporting period fall due for payment as follows:

Group	2018	2017
<1 year	10.5	5.9
1-5 years	6.3	4.9
Total	16.8	10.8
The year's minimum lease payments	9.7	5.8
The year's variable fees	0.8	0.1
Total	10.5	5.9

The Parent Company did not have any leases during the years in question.

NOTE 9 Participations in Group companies

Parent Company	2018	2017
Opening carrying amount	472.3	92.3
Shareholder contributions	-	380.0
Closing carrying amount	472.3	472.3

Accumulated impairment of participations in Group companies was 0.0 MSEK (0.0).

Subsidiaries in the Group as of December 31, 2018

Company	Corporate identity number	Registered office	Participating interest of the company above	SSM's accumulated participating interest
SSM Holding AB (publ)	556533-3902	Stockholm		
SSM Fastigheter AB	556947-1203	Stockholm	100	100
Aktiebolaget SSM Stockholm 3	559090-3869	Stockholm	100	100
• SSM Marieberg Fast AB	559043-3651	Stockholm	100	100
• Akalla Centrumfastigheter AB	556900-0010	Stockholm	100	100
Aktiebolaget SSM Stockholm A	559062-5231	Stockholm	100	100
Hold C AB	556732-2234	Stockholm	100	100
• SSM Reversen AB	559109-3975	Stockholm	100	100
• SSM Hold Fast 5 AB	556732-2291	Stockholm	100	100
LB SSM Stockholm JV AB	559022-7939	Stockholm	100	100
• SSM LB Stockholm KB	969776-1188	Stockholm	2	100
SSM LB Stockholm KB	969776-1188	Stockholm	98	100
• LB SSM Stockholm Holding AB	559021-7153	Stockholm	100	100
– LBSSM Stockholm Holding 1 AB	559021-7146	Stockholm	100	100
Morgondagens stockholmare AB	556984-2098	Stockholm	100	100
• SSM JV Bolag AB	559105-4514	Stockholm	100	100
– LW SSM JV AB	559105-4720	Stockholm	100	100
• Kommanditbolag Projekt LW SSM	969780-3626	Stockholm	2	100
– Kommanditbolag Projekt LW SSM	969780-3626	Stockholm	98	100
• LW SSM Holding AB	559105-4746	Stockholm	100	100
• LW SSM Exploatering AB	559105-4688	Stockholm	100	100
• LW SSM Hold Projekt 1 AB	559105-4704	Stockholm	100	100
• SSM JV Bromma AB	559065-1328	Stockholm	100	100
– Brommaplan Holding AB	559065-9826	Stockholm	50	50
• Brommaplan Centrum AB	556812-4159	Stockholm	100	50
• Bordduken 7 AB	556812-4175	Stockholm	100	50
SSM Bygg & Fastighets AB	556529-3650	Stockholm	100	100
• Sanda Ängar Holding AB	556817-6407	Stockholm	100	100
– Sanda Ängar Invest AB	556805-6237	Stockholm	80	80
SSM Hold D AB	556925-8618	Stockholm	100	100
• Linneduken 2 AB	556980-2761	Stockholm	100	100
SSM Hold E AB	556984-1660	Stockholm	100	100
• PF West AB	559090-3851	Stockholm	100	100
SSM Hold Musrevinu AB	559114-7946	Stockholm	100	100

Company	Corporate identity number	Registered office	Participating interest of the company above	SSM's accumulated participating interest
• Fastighets AB Sunrutas	559114-7938	Stockholm	100	100
– Morgondagens Urbanit 3 EF	769634-4352	Stockholm	1	100
– Morgondagens Urbanit 4 EF	769634-4402	Stockholm	1	100
• SSM Hold Sunev AB	559114-7920	Stockholm	100	100
– Morgondagens Urbanit 3 EF	769634-4352	Stockholm	98	100
– Morgondagens Urbanit 4 EF	769634-4402	Stockholm	98	100
• SSM Hold Sunutpen AB	559115-1716	Stockholm	100	100
– Morgondagens Urbanit 3 EF	769634-4352	Stockholm	1	100
– Morgondagens Urbanit 4 EF	769634-4402	Stockholm	1	100
SSM Hold Services AB	559051-9459	Stockholm	100	100
• SSM Property Services AB	559051-9467	Stockholm	100	100
SSM Hold Stockholm 1 AB	559027-5409	Stockholm	100	100
• Sollentuna Tallskogen AB	556879-9315	Stockholm	100	100
SSM Hold Stockholm 2 AB	559036-7586	Stockholm	100	100
• Fast 10 Stockholm AB	559036-7511	Stockholm	100	100
• Fastighetsaktiebolaget Älvsjö Quarters	556099-1068	Stockholm	100	100
– Täby Turf Bygg AB	559129-1678	Stockholm	100	100
• Fastighets AB Wiberg	559045-5068	Stockholm	100	100
SSM Hyresbostäder Holding AB	559109-3942	Stockholm	100	100
• SSM Hyresbostäder AB (Hold SSM PG AB)	559109-3918	Stockholm	100	100
– SSM Lägenheter AB (SSM PG 2017 AB)	559109-3926	Stockholm	100	100
– Holdlarus AB	559115-9925	Stockholm	100	100
• SSM Hyres B AB	559143-8964	Stockholm	100	100
– SSM Bromma Boardwalk AB	559140-8751	Stockholm	100	100
– SSM Nacka E AB	559140-8728	Stockholm	100	100
– SSM Platform West AB	559140-8686	Stockholm	100	100
• SSM Hyresbostäder C AB	559129-1710	Stockholm	100	100
– Täby Turf Fastighets AB	559129-1702	Stockholm	100	100
Stockholm Bostadslägenheter AB	556919-4995	Stockholm	100	100
SSM Hold Fastigheter Region AB	559109-4106	Stockholm	100	100
• SSM Hold Fastigheter Uppland AB	559109-4098	Stockholm	100	100
– SSM Spånga Fast AB	559109-4080	Stockholm	100	100
– Basetten Fastighetsbolag AB	556695-7907	Stockholm	100	100
– Fastighets AB Sollentuna Ritsalen	556769-7767	Stockholm	100	100
Sätra Stockholm Fastigheter AB	556866-8049	Stockholm	100	100
Gyllene Ratten Holding AB	556795-1321	Stockholm	100	100

Company	Corporate identity number	Registered office	Participating interest of the company above	SSM's accumulated participating interest
• Gyllene Ratten AB	556773-2804	Stockholm	100	100
Hold JV Nacka AB	559084-9898	Stockholm	100	100
• JV Elverkshuset AB	559084-9914	Stockholm	50	50
Alfa SSM JV AB	556840-4262	Stockholm	50	50
• KB Alfa SSM	969715-3998	Stockholm	2	50
KB Alfa SSM	969715-3998	Stockholm	49	50
• Alfa SSM Holding AB	556840-4239	Stockholm	100	100
– Alfa SSM Bygg AB	556840-9303	Stockholm	100	100
– Alfa SSM BP1 Holding AB	556840-4247	Stockholm	100	100
SSM PG Real Estate S.á.r.l.	B215056	Luxembourg	50	50
• SSM PG Bygg AB	559115-1930	Stockholm	100	50
• Metronomen Telefonplan Finansiering AB	559143-7735	Stockholm	100	50
• Luxembourg Investment Company 181 S.á.r.l.	B215057	Luxembourg	100	50
– Fastighets AB Larus	559003-2602	Stockholm	100	50
– SSM Partners Group 78 AB	559114-8076	Stockholm	100	50
– SSM Partners Group 58 AB	559114-7912	Stockholm	100	50
– SSM Partners Group Rental AB	559114-8118	Stockholm	100	50
– SSM Partners Group Hotel AB	559114-8084	Stockholm	100	50
• Luxembourg Investment Company 182 S.á.r.l.	B215058	Luxembourg	100	50
– SSM Midsommarkransen AB	559062-5199	Stockholm	100	50
– SSM Partners Group Preschool AB	559114-8050	Stockholm	100	50
– SSM Partners Group Commercial AB	559114-8126	Stockholm	100	50
– SSM Partners Group Garage AB	559114-8092	Stockholm	100	50
– SSM Partners Group Allocation AB	559115-1708	Stockholm	100	50
Studentbacken JV AB	556981-6472	Stockholm	50	50
• KB Studentbacken	969773-5182	Stockholm	2	50
KB Studentbacken	969773-5182	Stockholm	49	50
• Studentbacken AB	556878-8268	Stockholm	100	50
• Studentbacken Holding 1 AB	556975-6389	Stockholm	100	50
– Studentbacken Sågtorp AB	556975-9136	Stockholm	100	50
Turbinhallen Utveckling AB	556981-7686	Stockholm	50	50

NOTE 10 Participations in joint ventures

Group	Proportion of capital and votes, %	Consolidated share, %	Number of shares/ participations	Withdrawn part of holding value	
				12/31/2018	31/12/2017
Alfa SSM	50	30			
<i>KB Alfa SSM, 969715-3998</i>	49		49	11.1	42.0
<i>Alfa SSM JV AB, 556840-4262</i> ¹⁾	50		50	-	-
Studentbacken	50	50	50		
<i>KB Studentbacken, 969773-5182</i>	49		49	-	-
<i>Studentbacken JV AB, 556981-6472</i> ¹⁾	50		50	1.1	-
SSM PG Real Estate S.å.r.l. B215056	50	50	506,764,050	-	-
Turbinhallen Utveckling AB, 556981-7686	50	50	250	75.0	-
JV Elverkshuset AB, 559084-9914	50	50	250	-	-
Brommaplan Holding AB, 559065-9826	50	50	25,000	-	40.0
Total dividends received				87.2	82.0

¹⁾ General partner, owns 2.0 percent of the limited partnership in question.

All joint ventures are partnerships aimed at developing housing projects. The consolidated financial statements recognize the items below using the equity method. The Parent Company holds no participations in joint ventures. The tables below show the respective joint ventures' total amounts for tangible holdings. All joint ventures except SSM PG Real Estate S.å.r.l. are registered in Sweden.

As of the reporting date, December 31, 2018, the housing association West Side Solna, a project developed by Alfa SSM JV, has received terminations of pre-purchase agreements from 55 buyers of apartments, of which 54 buyers have also sued the association and requested that the association repay their previously made down payment of SEK 25,000 each. The reasons for termination include the claim that the pre-purchase agreements are invalid.

As of the reporting date, December 31, 2018, the housing association Metronomen, a project developed by SSM PG JV, received terminations of pre-purchase agreements from 61 buyers of apartments, of which 5 buyers have also sued the association and requested that the association repay their previously made down payments of SEK 25,000 each. After the reporting day, 44 of the 61 buyers above have sued SSM and requested repayment of their previously made down payments of SEK 25,000 each. The reasons for termination include the claim that the pre-purchase agreements are invalid.

SSM and the 2 housing associations in question have analyzed the agreements in question in consultation with external lawyers and have arrived at the conclusion that the agreements are valid, that the terminations are unfounded and that the agreements should therefore be carried out. SSM is of the view that the impact on profit is marginal for the Group.

Profit from participations in joint ventures amounted to 64.3 MSEK (36.6).

Condensed income statement	Alfa SSM JV		Student-backen JV AB		SSM PG JV		Turbinhallen Utveckling AB		SSM JV Bromma		SSM Elverkshuset	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net sales	-	599.5	-	19.5	0.2	0.2	414.6	34.1	19.7	19.3	-	-
Expenses for production and management	-7.8	-476.9	-	-11.0	-32.4	-0.1	-258.9	-23.4	-6.2	-5.4	3.0	-
Other operating income	-	-	-	-	-	-	-	-	21.5	-	-	-
Other operating expenses	-0.7	-0.3	-2.8	-3.2	-5.5	-13.7	-0.0	-	-1.4	-1.6	-0.0	-0.0
Operating profit/loss	-8.5	122.3	-2.8	5.3	-37.7	-13.6	155.7	10.7	33.7	12.3	3.0	-0.0
Depreciation, amortization and impairment	-	-	-	-	-	-	-	-	-	-	-	-
Financial income	-	-	-	-	0.0	-	-	-	0.0	-	-	-
Financial expenses	-3.3	-2.2	-0.3	-0.6	-0.3	-0.1	-3.0	-6.5	-10.7	-7.0	-5.0	-
Earnings before tax	-11.8	120.1	-3.1	4.7	-37.9	-13.7	152.7	4.1	23.0	5.2	-2.0	-0.0
Tax on profit for the year	-	-	-	-	-0.1	-0.2	-	-	-4.7	-1.3	-	-
Profit/loss for the year	-11.8	120.1	-3.1	4.7	-38.1	-13.9	152.7	4.1	18.3	4.0	-2.0	-0.0

cont. NOTE 10 Participations in joint ventures

Condensed balance sheet	Alfa SSM JV		Student- backen JV AB		SSM PG JV		Turbinhallen Utveckling AB		SSM JV Bromma		SSM Elverkshuset	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Current assets												
Cash and bank balances	35.0	98.8	3.0	7.1	25.1	21.1	4.3	8.2	4.0	13.0	0.6	4.6
Project properties	477.5	312.8	-	-	541.6	462.1	-	605.7	-	-	417.4	62.7
Other current assets	0.5	1.6	0.3	0.0	8.7	2.7	6.7	0.1	2.4	2.4	0.2	0.3
Total current assets	513.0	413.2	3.3	7.1	575.5	485.9	11.0	614.0	6.4	15.4	418.2	67.6
Current liabilities												
Total current liabilities	-22.2	-31.5	-3.4	-4.1	-42.1	-69.2	-	-153.7	-11.1	-7.3	-	-39.4
Total current liabilities	-22.2	-31.5	-3.4	-4.1	-42.1	-69.2	-	-153.7	-11.1	-7.3	-	-39.4
Non-current assets												
Non-current financial liabilities	-429.3	-286.7	-1.3	-1.2	-325.5	-325.5	-	-452.0	-233.8	-246.6	-412.4	-28.2
Other non-current liabilities	-8.1	-	-	-	-0.4	-	-	-	-7.2	-2.6	-1.8	-
Total non-current assets and liabilities	-437.4	-286.7	-0.3	-0.3	-325.9	-325.5	0.1	-452.0	34.2	3.2	-414.2	-28.2
Net assets	53.4	94.9	-0.5	2.7	207.5	91.2	11.0	8.3	29.4	11.3	4.0	0.0

The information above shows the figures as they are disclosed in the annual reports of joint venture companies, adjusted for the differences in the accounting policies of the Group and the joint venture companies. Assets pledged and contingent liabilities are recognized using the full amount for all joint ventures.

Pledged assets and contingent liabilities in joint ventures	Alfa SSM JV		Student- backen JV AB		SSM PG JV		Turbinhallen Utveckling AB		SSM JV Bromma		SSM Elverkshuset	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Pledged assets	178.0	178.0	-	-	-	-	0.0	228.0	187.5	187.5	350.0	350.0
Contingent liabilities	-	-	-	-	-	-	-	-	-	-	-	-

There are also obligations pursuant to construction contracts and agreements to acquire unsold apartments once production is completed.

The Group's share of the carrying amount in joint ventures

Group	Opening balance		Share in the year's profit/loss		Purchases/shareholders' contributions/capital contributions		Value adjustment of participations in SSM		Carrying amount	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
KB Alfa SSM, 969715-3998	23.8	29.8	-3.6	36.0	-11.1	-42.0	-	-	9.2	23.8
Turbinhallen Utveckling AB, 556981-7686	4.2	2.1	80.3	2.1	-75.0	-	-	-	9.5	4.2
KB Studentbacken, 969773-5182	2.5	-1.0	-1.6	3.5	-1.1	-	-	-	-0.2	2.5
Hold JV Nacka AB, 559084-9898	0.0	0.0	-1.0	-	6.0	-	-	-	5.0	0.0
Brommaplan Holding AB, 559065-9826	5.6	43.6	9.1	2.0	-	-40.0	-	-	14.7	5.6
SSM PG Real Estate S.à.r.l. B215056	45.2	-	-19.0	-6.9	77.5	52.2	-1.6	-	102.1	45.2
Other	-0.1	-0.0	-	-0.0	-	-0.0	0.0	-	-0.0	-0.1
Participations in joint ventures, closing balance									140.3	81.3

NOTE 11 Financial income and expenses

Group	2018	2017
Financial income/interest income		
Interest income on loans	12.2	6.4
Total financial income/interest income	12.2	6.4
Financial expenses/interest expenses		
Interest expense on bond loans	-32.5	-32.4
Interest expense on liabilities to credit institutions	-6.9	-7.0
Other financial expenses	-3.1	-4.8
Total financial expenses/interest expenses	-42.5	-44.2
Net financial items	-30.3	-37.9
Parent Company		
Financial income/interest income		
Interest income on loans	44.1	36.8
Dividends from subsidiaries	50.0	20.0
Total financial income/interest income	94.1	56.8
Financial expenses/interest expenses		
Interest expense on bond loans	-32.5	-32.4
Other financial expenses	-3.1	-3.3
Total financial expenses/interest expenses	-35.6	-35.7
Net financial items	58.5	21.1

NOTE 12 Tax

Income tax	Group		Parent Company	
	2018	2017	2018	2017
Current tax on the profit for the year	6.2	0.0	-	0.0
Deferred tax	0.0	0.0	-	-
Income tax/tax on the profit for the year	6.2	0.0	-	0.0
The differences between the recognized tax costs and the estimated tax cost based on the applicable tax rate are the following:				
	Group		Parent Company	
	2018	2017	2018	2017
Earnings before tax	21.4	188.8	46.0	1.4
Income tax calculated according to the Swedish tax rate	4.7	41.5	10.1	0.3
Tax effects from:				
Non-taxable income	-81.6	-187.8	-11.0	-4.4
Non-deductible expenses	70.1	125.8	-	0.0
Utilization of tax losses not previously recognized	-2.8	-1.8	-	-
Tax losses for which no deferred tax assets were recognized	18.8	22.3	0.9	4.1
Adjustments relating to deficits from previous years	-3.1	0.0	-	-
Income tax/tax on the profit for the year	6.2	0.0	0.0	0.0

For 2018, a provision has been made for estimated additional taxes of -5.3 MSEK (0,0).

Deferred tax

Group	2018	2017
Deferred tax expense related to temporary differences	0.0	0.0
Deferred tax income related to temporary differences	-	-
Total deferred tax in the income statement	0.0	0.0
Deferred tax assets		
Deferred tax receivables to be utilized after more than 12 months	-	-
Total deferred tax assets	-	-
Deferred tax liabilities		
Deferred tax liabilities to be utilized after more than 12 months	0.5	0.5
Deferred tax liabilities to be utilized within 12 months	-	-
Total deferred tax liabilities	0.5	0.5
Deferred tax assets/liabilities, net	-0.5	-0.5

The Parent Company has not had any deferred tax liabilities or tax assets during any of the periods in question.

Changes in deferred tax assets and liabilities during the year, which have been recognized in the income statement without taking offsets made within the same tax jurisdiction into account, are shown in the following table:

Deferred tax assets (+) and tax liabilities (-)

2018	Opening balance	Income statement	Other adjustments	Closing balance
Consolidated percentage of completion	-0.0	-	-	-0.0
Other	-0.4	-	-	-0.4
Total	-0.5	-	-	-0.5
Total deferred tax assets in the balance sheet	-	-	-	-
Total deferred tax liabilities in the balance sheet	-	-	-	0.5
Net deferred tax in the balance sheet	-	-	-	-0.5

2017	Opening balance	Income statement	Other adjustments	Closing balance
Consolidated percentage of completion	-1.1	-0.0	1.1	-0.0
Other	-	-	-0.4	-0.4
Total	-1.1	-0.0	0.6	-0.5
Total deferred tax assets in the balance sheet	-	-	-	-
Total deferred tax liabilities in the balance sheet	-	-	-	0.5
Net deferred tax in the balance sheet	-	-	-	-0.5

Deferred tax assets are recognized for tax loss carryforwards to the extent that it is probable that they can be utilized through future taxable profits. As the Group has not reported any taxable profit in recent years, the Group did not recognize deferred tax assets of 52.5 MSEK (44.5), in respect of losses amounting to 254.9 MSEK (202.3), which can be offset against future taxable profits. Loss carryforwards do not expire at any given time.

According to current regulations, deferred tax should be considered on temporary differences on all assets and liabilities in the balance sheet, except for temporary differences on properties in case of asset acquisitions. In such cases, the differences on the acquisition date should not be considered when calculating deferred tax. Temporary differences in the properties from asset acquisitions amounted to 0.0 MSEK (0.0) on December 31, 2018.

NOTE 13 Intangible assets

Capitalized development costs

Group	2018	2017
Accumulated acquisition values	6.6	4.0
Accumulated amortizations	-3.7	-3.1
Accumulated impairment	-	-
Carrying amount	2.9	0.9

Group	2018	2017
Opening balance	0.9	1.4
Investments	2.6	0.8
Disposals and scrapping	-	-
Amortization for the year	-0.6	-1.3
Carrying amount	2.9	0.9

Amortization expenses of 0.0 MSEK (0.0) are included in the Cost of production and management, and 0.6 MSEK (1.3) are included in Sales and administration expenses.

NOTE 14 Machinery and equipment

Group	2018	2017
Accumulated acquisition values	1.9	1.9
Accumulated depreciation	-1.6	-1.4
Carrying value	0.3	0.5

Group	2018	2017
Opening balance	0.5	0.4
Investments	0.0	0.4
Disposals and scrapping	0.0	-
Depreciation for the year	-0.2	-0.3
Disposals	0.0	-
Carrying amount	0.3	0.5

Amortization expenses of 0.0 MSEK (0.0) are included in the Cost of production and management, and 0.2 MSEK (0.3) are included in Sales and administration expenses.

NOTE 15 Financial risk management

The Group's activities expose it to various financial risks: market risk (including interest rate risk and currency risk), credit and counterparty risk and financing risk. SSM's financial strategy is that the financial operations shall add value to the Group. Financial operations shall be centralized to achieve appropriate control and economies of scale and obtain favorable terms in the financial markets. Negative impact on earnings and cash flow due to short-term fluctuations in the financial markets shall be limited through hedging. Capital efficiency is to be achieved in connection with the capital tied up in operations and the composition of the capital structure. SSM's overall financial objective is to ensure the Group's ability to pay and its financial readiness, as well as to increase the return on equity through both cost-effective and business-like financial management. However, speculation in financial markets, i.e. transactions that increase the financial risks arising from the operating activities, is not acceptable. Risk management is handled centrally within the Group's accounting department in accordance with the financial policy adopted by the Board of Directors. All external financial transactions are conducted or coordinated by the central finance department. Subsidiaries are not authorized to make external financial transactions unless they are expressly approved by the Group's finance director. The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

Market risk

Interest rate risk – the risk that interest rate changes may have a negative impact on the Group's earnings and cash flow. The Group's interest rate risk mainly arises from non-current borrowings, most of which have variable interest. The interest rate risk associated with the Group's financing shall be limited in accordance with the financial targets. The Group has both interest-bearing liabilities and liquid assets that to some extent offset each other in terms of risk. Given the risk limit, the goal is to achieve the lowest interest expense. Interest-bearing assets are primarily used to reduce existing borrowings and the fixed interest periods should therefore not extend further than the next date on which the consolidated loans can be amortized. The interest risk norm for the weighted-average remaining fixed interest period, the duration (including interest rate derivatives), for the Group's financial assets and liabilities shall be twelve months, with consideration for the stream of amortizations. The debt portfolio's interest revenue structure should be spread over time. To allow the effective use of a favorable financing cost by choosing a suitable fixed interest period for the Group's loans, a framework to act is defined, which is referred to as the deviation mandate. This mandate amounts to +/- 6 months, which means that the weighted average remaining fixed interest period may vary between 3 and 15 months. On the balance sheet date, bond loans and debt to credit institutions with variable interest amounted to 493.0 MSEK (729.0), the Group's lending with variable lending rates amounted to 27.4 MSEK (8.3) and the Group's cash and cash equivalents amounted to 274.8 M SEK (346.1). A change in interest rates of +/- 1.0 percent would have an impact of +/- 4.7 MSEK (7.3) on the net interest income.

Currency risk – SSM's operations are exposed to changes in foreign exchange rates. This exposure primarily occurs in connection with purchases in foreign currency (transaction exposure). There are currently no sales in foreign currencies. SSM's policy is to reduce transaction exposure. Transaction exposure covers all future contracted income and

expenses in foreign currencies that give rise to the risk that the Group's profitability may be affected negatively by exchange rate fluctuations. Purchases shall be made in the currency that leads to the lowest purchase price for the Group as a whole. Currency risk is minimized by hedging contracted net exposures to 85.0 percent on a quarterly basis. However, hedging shall only be used if the net exposure in a single currency in a twelve-month period exceeds an amount corresponding to 25.0 MSEK on the Group level. To manage the hedging of foreign currency exposure effectively, the Group's finance department has a mandate to deviate +/- 15.0 percent from the above-mentioned percentage levels. The Group's balance sheet exposure is limited to accounts payable – trade in foreign currency owing to purchases. Otherwise, there are no net assets/liabilities in currencies other than the Group's consolidation currency, SEK (balance sheet exposure). As the balance sheet exposure is limited in scope, the Group's policy is not to hedge the balance sheet exposure.

Credit and counterparty risk

Credit and counterparty risk – the risk that counterparties, both financial and commercial, cannot meet their obligations on time or provide security for their performance. These commitments include all financial transactions where the counterparty's suspension of payments would result in a potential loss. Counterparty risk in SSM's financial operations arises mainly from the investment of surplus liquidity in derivative contracts and credit facility agreements. The counterparty risk must be assessed prior to each transaction. The assessment shall consider net exposure and SSM's total involvement with the counterparty. SSM shall endeavor to spread counterparty risk. To reduce counterparty risk, only approved counterparties may be used. Permitted counterparties when signing credit facilities, derivative instruments and investments are Nordic counterparties with a rating of at least A (S&P) or at least A2 (Moody's). If a counterparty's long-term rating is lowered by one rating below SSM's rating requirement, the CEO must be informed as soon as possible. The Board of Directors must be informed if a counterparty's long-term rating is lowered by more than one rating below SSM's rating requirements. The established credit rules according to the Finance Handbook shall apply to the management of commercial credit risks.

Financing risk

Financing risk – the risk of, at some point, not having access to, or only having access to at an increased cost, funds for refinancing, investments and payments. The Group's policy is to achieve stability in the long-term supply of capital, thereby limiting financing risk. This means that the Group must maintain sufficiently large liquidity reserves, have a steady structure for the maturity of loans and facilities over time and achieve diversification of financing sources and markets. The short-term supply of capital is intended to ensure at all times the Group's ability to pay by maintaining sufficient payment capacity or liquidity reserves. Payment capacity is defined as cash and cash equivalents, financial investments that can be converted into cash within 3 banking days and confirmed unutilized credit lines with a remaining maturity of at least 3 months. Confirmed credit lines refer to lines of credit with an agreed interest margin. The size of the payment capacity is determined by and shall always cover 100.0 percent of the estimated net investments and working capital requirements for the next 6 months. Cash flow forecasts are prepared regularly by the Group's finance department and reported to the Executive Management Team and Board of Directors. The finance department monitors the Group's payment capacity and

liquidity reserves to ensure that the Group is able to meet the requirements of the current operations. To identify payment flows, liquidity/cash flow forecasts shall be prepared monthly, with forecasts for 12, 24 and 36 months or other suitable periods. The table below analyzes the financial liabilities of the Group and the Parent Company, broken down according to the date identified on the balance sheet as the contractual maturity date. The amounts specified in the table are the contractual, undiscounted cash flows. On the balance sheet date, there were no financial liabilities with maturities exceeding the range of 2 to 5 years.

Group	< 6 months	6 months– 1 year	1–2 years	2–5 years
As at December 31, 2018				
Bond loans	16.0	16.0	411.4	–
Liabilities to credit institutions	28.6	68.0	–	–
Accounts payable	27.5	–	–	–
Other current liabilities	10.6	–	–	–
As at December 31, 2017				
Bond loans	16.0	16.0	32.0	413.2
Liabilities to credit institutions	3.2	3.2	303.3	34.0
Accounts payable	66.8	–	–	–
Other current liabilities	59.1	–	–	–
Parent Company				
Parent Company	< 6 months	6 months– 1 year	1–2 years	2–5 years
As at December 31, 2018				
Bond loans	16.0	16.0	411.4	–
Accounts payable	3.6	–	–	–
As at December 31, 2017				
Bond loans	16.0	16.0	32.0	413.2
Accounts payable	3.0	–	–	–

Capital risk management

The Group's target for the capital structure is to secure the Group's ability to continue its operations, so that it may continue generating returns for the shareholders and benefits for other stakeholders and maintain an optimal capital structure to keep capital costs as low as possible. The Group monitors the capital based on the debt/equity ratio. This key ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including the items current borrowings and non-current borrowings in the consolidated balance sheet) less cash and cash equivalents.

Group	2018	2017
Total borrowing	493.0	729.0
Less cash and cash equivalents	-274.8	-346.1
Net debt	218.2	382.9
Equity	766.7	751.5
Net debt/equity ratio	0.3	0.5

NOTE 16 Financial instruments by category

Group 2018	Financial assets measured at amortized cost (Hold to collect)	Financial assets measured at fair value through profit or loss (Other)	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Total carrying amount	Fair value
<i>Financial assets</i>						
Receivables from joint ventures	270.4	–	–	–	270.4	270.4
Other non-current receivables	102.0	–	–	–	102.0	102.0
Accounts receivable	42.3	–	–	–	42.3	42.3
Other receivables	32.7	–	–	–	32.7	32.7
Cash and cash equivalents	274.8	–	–	–	274.8	274.8
Total financial assets	722.1	–	–	–	722.1	722.1
<i>Financial liabilities</i>						
Bond loans	–	–	396.4	–	396.4	400.0
Liabilities to credit institutions	–	–	96.6	–	96.6	96.7
Accounts payable	–	–	27.5	–	27.5	27.5
Other liabilities	–	–	10.6	–	10.6	10.6
Total financial liabilities	–	–	531.1	–	531.1	534.8
Group 2017		Loans and accounts receivable	Financial liabilities measured at amortized cost	Non-financial assets and liabilities	Total carrying amount	Fair value
<i>Financial assets</i>						
Receivables from joint ventures		366.0	–	–	366.0	366.0
Other non-current receivables		88.0	–	–	88.0	88.0
Accounts receivable		19.3	–	–	19.3	19.3
Other receivables		35.8	–	–	35.8	35.8
Cash and cash equivalents		346.1	–	–	346.1	346.1
Total financial assets		855.3	–	–	855.3	855.3
<i>Financial liabilities</i>						
Bond loans		–	393.5	–	393.5	400.0
Liabilities to credit institutions		–	96.6	–	96.6	97.2
Other non-current liabilities		–	0.7	–	0.7	0.7
Accounts payable		–	66.8	–	66.8	66.8
Other liabilities		–	20.6	38.4	59.1	59.1
Total financial liabilities		–	578.3	38.4	616.7	623.7

cont. NOTE 16 Financial instruments by category

Parent Company 2018	Financial assets measured at amortized cost (Hold to collect)	Financial assets measured at fair value through profit or loss (Other)	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Total carrying amount	Fair value
Financial assets						
Receivables from Group compa- nies	553.0	–	–	–	553.0	553.0
Cash and bank balances	28.4	–	–	–	28.4	28.4
Total financial assets	581.5	–	–	–	581.5	581.5
Financial liabilities						
Other non-current liabilities	–	–	396.4	–	396.4	400.0
Accounts payable	–	–	3.6	–	3.6	3.6
Other liabilities	–	–	5.1	–	5.1	5.1
Total financial liabilities	–	–	405.1	–	405.1	408.7

Parent Company 2017	Loans and accounts receivable	Financial liabilities measured at amortized cost	Non-financial assets and liabilities	Total carrying amount	Fair value
Financial assets					
Receivables from Group companies	454.3	–	–	454.3	454.3
Cash and bank balances	80.6	–	–	80.6	80.6
Total financial assets	534.9	–	–	534.9	534.9
Financial liabilities					
Other non-current liabilities	–	393.5	–	393.5	400.0
Accounts payable	–	3.0	–	3.0	3.0
Other liabilities	–	4.9	–	4.9	4.9
Total financial liabilities	–	401.4	–	401.4	407.9

The Group recognizes financial instruments measured at fair value in the statement of financial position. This requires information on the fair value measurement by level in the following fair value hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for the financial assets held by the Group is the current bid price. The Group and the Parent Company hold no financial instruments classified in Level 1.

Level 2 – observable data for the assets or liabilities other than quoted prices included in Level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Group's financial instruments included in Level 2 consist of bonds, liabilities to credit institutions and other non-current liabilities. The Parent Company's financial instruments included in Level 2 consist of bonds and other non-current liabilities.

Level 3 – data for assets or liabilities that is not based on observable market data (i.e. unobservable data). The Group and the Parent Company hold no financial instruments classified in Level 3.

Neither the Group nor the Parent Company has experienced any movements between categories during the periods presented.

Fair value of financial instruments

It is estimated that the fair value of the Group's financial assets and liabilities is the same as the book value. The Group does not use offsetting for any of its material assets and liabilities. There were no transfers between levels or measurement categories in the period.

NOTE 17 Other non-current receivables

Group	2018	2017
Restricted cash	3.0	3.0
Deposits	3.0	3.0
Receivables from housing associations	-	-
Promissory note receivables	96.0	82.0
Total	102.0	88.0

Parent Company	2018	2017
Restricted cash	3.0	3.0
Total	3.0	3.0

NOTE 18 Inventories

Group	2018	2017
Project properties	467.0	667.1
Completed homes	-	31.1
Total inventories	467.0	698.2

During the year, the Group capitalized borrowing costs of 9.5 MSEK (2.9) on qualifying assets in the form of project properties. Capitalized interest was determined by applying the actual interest paid.

NOTE 19 Trade accounts receivable and other receivables

Group	2018	2017
Accounts receivable, gross	43.1	19.3
Provision for accounts receivable	-0.8	-
Other receivables, gross	32.7	35.8
Provision for other receivables	-	-
Accounts receivable and other receivables, net	75.0	55.1

Other receivables and tax receivables, Group	2018	2017
Deposit for shares, gross	30.0	30.0
Provision	-	-
Receivables from housing associations, gross	1.4	-
Provision	-	-
Ongoing projects	1.1	0.2
Provision	-	-
Other receivables	-	1.1
Tax receivables	0.2	4.5
Total	32.7	35.8

There are no collateral or other guarantees for the outstanding accounts receivable on the balance sheet date. Except for accounts receivable, there are no other receivables with overdue payments.

Age analysis of overdue accounts receivable and other receivables:	2018	2017
1-30 days	1.0	0.2
31-60 days	-	16.5
>60 days	1.2	0.1
Total overdue accounts receivable and other receivables	2.3	16.8

The provision for doubtful accounts receivable and other receivables amounted to 0.8 MSEK on December 31, 2018 (0.0). The change in provision for accounts receivable is in all material respects due to increased balances.

The Group has prepared a credit loss matrix based on historic credit losses. No additional provisions for losses have been made, as the estimated loss is insignificant.

NOTE 20 Prepaid expenses and accrued income

Group	2018	2017
Prepaid rental expenses	1.9	2.6
Accrued interest	1.0	-
Other prepaid expenses	0.4	3.1
Prepaid expenses in projects	-	0.2
Accrued income in projects	6.2	2.7
Other accrued income	0.1	-
Total	9.6	8.7

Parent Company	2018	2017
Prepaid rental expenses	1.9	1.6
Prepaid expenses in projects	-	0.2
Total	1.9	1.8

NOTE 21 Cash and cash equivalents and cash and bank balances

	Group		Parent Company	
	2018	2017	2018	2017
Bank deposits	474.8	346.1	28.4	80.6
Total	474.8	346.1	28.4	80.6

The Group has prepared an assessment of the risk of credit losses. No provisions for losses have been made, as the estimated loss is insignificant.

NOTE 22 Equity

Share capital

Ordinary shares, in millions of shares	2018	2017
Issued as at January 1	39.3	0.3
Issued as at December 31 – paid up	39.3	39.3

As of December 31, 2018, the registered share capital was 39,252,542 (39,252,542) shares. All shares are of the same class, conferring the same voting rights and rights to the company's assets and earnings. The shares have a quota value of 1 SEK.

Other contributed capital

Other contributed capital refers to equity contributed by shareholders. This includes share premiums from when the company was founded.

Retained earnings, including profit for the year

Retained earnings comprise the previous year's retained earnings and the profit for the year after the deduction of dividends paid.

Share premium reserve

The share premium reserve comprises the portion of the new issue made at a premium.

Financial targets

Operating margin	20.0%
Return on equity	25.0%
Interest coverage ratio	2
Debt/equity ratio	30.0%

Dividend policy

30.0% of the profit after tax

	Group		Parent Company	
	2018	2017	2018	2017
Equity	766.7	751.4	643.1	597.2
Debt/equity ratio, %	57.0	45.4	60.7	59.0
Return on equity, %	2.0	47.7	7.4	0.4
Interest coverage ratio, multiple	1.5	5.3	2.3	1.0

The target for capital structure is to secure the ability to continue operations and generate returns for the shareholders and benefits for other stakeholders. Based on SSM's financial targets, it is considered that there is adequate scope for the demands posed by the nature, scope and risks of the operations on the Parent Company and the Group's equity and liquidity.

Date	Event	Change in number of shares	Total number of shares	Change in share capital, MSEK	Total share capital, MSEK	Quota value
1994	Incorporation	1,000	1,000	0.1	0.1	-
2004	New issue of shares	300,000	301,000	30.0	30.1	100.0
January 23, 2017	Split 100:1	29,799,000	30,100,000	-	30.1	1.0
April 6, 2017	New issue of shares	9,152,542	39,252,542	9.2	39.3	1.0

NOTE 23 Borrowing

	Group		Parent Company	
	2018	2017	2018	2017
Non-current borrowing				
Bond loans	396.4	393.5	396.4	393.5
Liabilities to credit institutions	–	335.5	–	–
Other non-current liabilities	–	0.7	–	–
Total non-current borrowing	396.4	729.7	396.4	393.5
Current borrowing	96.6	–	–	–
Total borrowing	493.0	729.7	396.4	393.5

Maturity structure:

2018	MSEK	Effective interest rate
< 1 year	96.6	3.52 %
1–2 years	396.4	8.24 %
3–4 years	–	–
Total	493.0	

2017	MSEK	Effective interest rate
< 1 year	–	–
1–2 years	336.2	2.7 %
3–4 years	393.5	8.2 %
Total	729.7	

Bond loans

A corporate bond within a framework of 700.0 MSEK and an initial borrowing of 400.0 MSEK was issued on May 9, 2016. The bond matures on May 9, 2020. The loan requires no amortization and has a coupon rate of STIBOR +8.0 percent, payable quarterly. The terms and conditions of the bond loan stipulate that SSM's equity ratio must exceed 22.5 percent at any time and that the dividend may not exceed 50.0 percent of the previous year's profits. Collateral provided for the bond loan consists of a share pledge of all shares in SSM Fastigheter and all shares in all of SSM Fastigheter's directly-held wholly-owned subsidiaries. Future wholly-owned subsidiaries of SSM Fastigheter shall also be pledged in favor of the bond.

Liabilities to credit institutions

The debt of 96.8 MSEK consists of a working capital facility in property companies:

33.0 MSEK that matures in September 2019 with a disposition rate of STIBOR 3M +2.5 percent, secured by a mortgage on the property Stockholm Herrgård 1. 35 MSEK that matures in December 2019 with a disposition rate of STIBOR +5.5 percent, secured by a mortgage on the property Stockholm Gulmäran 12. 28.8 MSEK that matures in June 2019 with a disposition rate of STIBOR 1M +2.3 percent, secured by a mortgage on the property Stockholm Mariehamn 1.

Overdraft facilities

SSM Bygg och Fastighets AB has a bank overdraft facility of 20.0 MSEK that is subject to renegotiation each calendar year. 0.0 MSEK (0.0) of the overdraft facility was utilized on December 31, 2018.

The overdraft facility is subject to an interest rate of 5.7 percent, which is payable quarterly in arrears. The overdraft facility is charged annually with a contract rate of interest of 0.8 percent. The contract rate of interest is the cost of the right to use the credit facility over a year and is recognized as a financial expense. The company has provided a floating charge of 23.7 MSEK as security for the overdraft facility.

The carrying amount and fair value of non-current borrowing are as follows:

Carrying amount	2018	2017
Bond loans	396.4	393.5
Liabilities to credit institutions	96.6	335.5
Total non-current borrowing	493.0	729.0

Fair value	2018	2017
Bond loans	400.0	400.0
Liabilities to credit institutions	96.8	335.8
Total non-current borrowing	496.8	735.8

The fair value of current borrowing corresponds to the carrying amount, as the discount effect is insignificant. Fair value is based on discounted cash flows using a discount rate corresponding to the estimated effective interest rate for alternative borrowing and is classified in Level 2 of the fair value hierarchy, see Note 16, Financial instruments by category. The difference between the carrying amount and the fair value consists of transaction costs for each credit, distributed over the period of the credit.

NOTE 24 Other liabilities

Group	2018	2017
Employee-related taxes	3.2	3.1
VAT	7.3	4.4
Other current liabilities	0.1	51.6
Group total	10.6	59.1

Parent Company	2018	2017
VAT and employee-related taxes	5.1	4.9
Parent Company total	5.1	4.9

NOTE 25 Accrued expenses and prepaid income

	Group		Parent Company	
	2018	2017	2018	2017
Accrued social security contributions, incl. vacation pay liabilities	9.3	5.8	1.2	0.9
Accrued bonuses	–	6.1	–	4.7
Accrued interest	4.6	4.6	4.6	4.6
Other accrued expenses	9.2	10.2	3.8	3.4
Total	23.1	26.8	9.6	13.7

NOTE 26 Provisions

	2018	2017
Opening balance	16.8	17.2
This year's provisions	10.0	2.2
Utilized during the year	–6.6	–2.6
Closing balance	20.2	16.8
Of which non-current portion	7.7	12.5
Of which current portion	12.5	4.3
Total	20.2	16.8

These provisions are for future employee benefits and the cost of guarantee undertakings for completed contracts and other commitments to customers.

NOTE 27 Assets pledged and contingent liabilities

Assets pledged

As security for issued bonds, shares in SSM Fastigheter AB have been pledged with a consolidated value of 108.3 MSEK (154.2). Property mortgages of 97.2 MSEK (97.2) and floating charges of 23.7 MSEK (23.7) have been provided.

Contingent liabilities

Guarantees of 129.7 MSEK (329.0) for the benefit of joint ventures that are not consolidated in the Group have been provided, of which housing associations controlled by joint ventures constitute 119.4 MSEK (318.7). SSM is occasionally party to a dispute. No ongoing dispute is expected to have a material impact on the Group's financial position and profit.

NOTE 28 Cash flow statement

Items that affected the operating profit but not the cash flow:

Group	2018	2017
Depreciation of property, plant and equipment and amortization of intangible assets	0.8	1.8
Cost of issued bonds	–	6.5
Other income for contingent cash flows	–6.9	–145.7
Changes in provisions	–9.7	–
Other	–	1.0
Total	–15.8	–136.4

Net debt

	2018
Cash and cash equivalents	274.8
Current investments	–
Borrowings – repayable within one year	–96.6
Borrowings – repayable after one year	–396.4
Net debt	–218.3
Cash and cash equivalents and current investments	274.8
Gross debt – fixed interest rates	–
Gross debt – variable interest rates	–493.0
Net debt	–218.3

	Other assets		Liabilities attributable to the financing activities				Total
	Cash and cash equivalents/over-draft facilities	Current investments	Finance leases due within 1 year	Finance leases due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	
Opening balance	346.1	–	–	–	–	–730.2	–384.1
Cash flow	–71.3	–	–	–	–	237.2	165.8
Exchange rate differences	–	–	–	–	–	–	–
Other non-cash items	–	–	–	–	–	–	–
Net debt as at December 31, 2018	274.8	–	–	–	–	–493.0	–218.3

NOTE 29 Appropriation of profits

In accordance with the Parent Company's balance sheet, the following profits are available for the Annual General Meeting to dispose of:

SEK	
Share premium reserve	506,499,490
Retained earnings	51,420,652
Profit for the year	45,957,723
Total	603,877,865

The Board of Directors and the CEO propose that the amount be allocated as follows:

SEK	
To be carried forward	603,877,865

Note 30 Retrospective recalculation of financial reports

In 2018, Nasdaq Stockholm initiated a dialogue with listed housing developers regarding the application of IFRS 15 and the grounds for assessing whether housing associations are independent or not.

On December 10, SSM and several other listed housing developers received Nasdaq's final conclusions, which included criteria and a presumption for the assessment of whether housing associations are independent and should be included in the consolidated accounts. According to the final conclusions, Nasdaq is of the view that certain presumptions regarding the appointment and composition of the board must be met for a housing association to be considered independent. If a housing association cannot be considered independent, it should be included in the consolidated account, and the revenue should be recognized at a specific point of time (when the customer takes control, in connection with the delivery of the cooperative apartment to the individual owner) rather than over time (according to the percentage of completion method).

IFRS is a principle-based regulatory framework, and its application requires assessments that may often lead to different possible conclusions. Previously, SSM considered every housing association with which it had entered into construction contracts as independent and separate legal entities with an independent board. The board's principal responsibilities are to safeguard the interests of the future owners of the

cooperative apartments, adopt a financial plan and enter into agreements on behalf of the housing association. Based on this assessment, housing associations were not previously included in SSM's consolidated accounts. Revenue arising out of the Group's assignment to construct a property on behalf of an association was recognized over time (using the percentage of completion method).

In the light of the new presumption expressed by Nasdaq, SSM analyzed the company's agreements and cooperation with housing associations and assessed the effects on the accounts for the company's entire housing development operation. Having completed the analysis, SSM has decided to adapt its reporting of housing cooperative projects. In accordance with IAS 8, the changed application has been adjusted retroactively, i.e. previous periods have been recalculated.

Due to the changed consolidation principle for housing associations, the point of time of SSM's revenue recognition has also changed. Revenue arising out of the construction and transfer of a residential property is recognized at the point of time when control is transferred to the home buyer, which is usually when the individual owner of a cooperative apartment takes possession of the home. At this point in time, SSM's right to be paid in cash for the cooperative apartment in question also arises. The recognized revenue is based on the actual revenue per home sold within the housing cooperative project, and it is recognized when the owner of each home takes possession. Recognized revenue per sold home is based on the home's proportion of the property's total cost at completion of the project. During the construction period, accrued costs are recognized as inventory assets in the item Project properties, and the housing association's liabilities are recognized as short-term or long-term interest-bearing liabilities in SSM's balance sheet. SSM considers the point of time when the housing association receives the final investment on its long-term interest-bearing financing as the moment when control of the housing association is no longer considerable and, according to Nasdaq's criteria and presumption, the housing association should no longer be included in the Group's consolidated accounts.

Consequently, the changed principle has affected the Group's previously reported income statements and balance sheets. To clarify the effects of the adaptation, recalculated summary income statements and balance sheets have been provided below. In 2017, the balance sheet was considerably affected by several housing cooperative projects in production under SSM's own management, which did not occur to the same extent in 2018 as the housing cooperative projects in question were completed. The change in the company's profit for 2018 is a consequence of the high proportion of completed housing cooperative projects during the year. The effect of the adjustments made are provided below and in the press release of February 6, 2019, with the heading "SSM applies new accounting principle for housing development through housing associations."

	Prior to adjustment	Recalculation effect	After adjustment
	Oct-Dec 2017		Oct-Dec 2017
Net sales	107.3	133.8	241.0
Expenses for production and management	-101.1	-116.6	-217.7
Gross profit	6.2	17.2	23.4
Sales and administration expenses	-18.7	-	-18.7
Other revenue	3.5	-3.6	-0.0
Participations in joint ventures	13.4	-5.6	7.7
Operating profit	4.4	8.0	12.4
Total financial income and expenses	-7.1	-1.1	-8.2
Earnings before tax	-2.7	6.9	4.2
Income tax	0.2	-	0.2
Profit/loss	-2.5	6.9	4.5
Earnings per share, before and after dilution (SEK)	-0.06		0.11
Average number of shares during the period	39,252,542		39,252,542

	Prior to adjustment	Recalculation effect	After adjustment
	Jan-Dec 2017		Jan-Dec 2017
Net sales	516.2	237.6	753.8
Expenses for production and management	-448.2	-187.4	-635.6
Gross profit	68.0	50.2	118.2
Sales and administration expenses	-73.8	-	-73.8
Other revenue	126.5	19.2	145.6
Participations in joint ventures	49.5	-12.9	36.6
Operating profit	170.2	56.4	226.7
Total financial income and expenses	-31.0	-6.9	-37.9
Earnings before tax	139.2	49.6	188.8
Income tax	-0.0	-	-0.0
Profit/loss	139.2	49.6	188.8
Earnings per share, before and after dilution (SEK)	3.78		5.12
Average number of shares during the period	36,820,223		36,820,223

	Prior to adjustment	Recalculation effect	After adjustment
	Jan-Sep 2018		Jan-Sep 2018
Net sales	221.1	373.2	594.2
Expenses for production and management	-193.1	-355.9	-548.9
Gross profit	28.0	17.3	45.3
Sales and administration expenses	-37.7	-	-37.7
Other revenue	13.4	-6.6	6.9
Participations in joint ventures	8.4	62.5	70.9
Operating profit	12.2	73.2	85.4
Total financial income and expenses	-23.1	-	-23.1
Earnings before tax	-10.9	73.2	62.2
Income tax	-0.6	-	-0.6
Profit/loss	-11.5	73.2	61.7
Earnings per share, before and after dilution (SEK)	-0.29		1.57
Average number of shares during the period	39,252,542		39,252,542

	Prior to adjustment	Recalculation effect	After adjustment
	12/31/2017		12/31/2017
ASSETS			
Intangible assets	1.4	-	1.4
Holdings in joint ventures	206.8	-125.6	81.3
Receivables from joint ventures	343.7	22.3	366.0
Other non-current receivables	135.2	-47.2	88.0
Project properties	427.9	279.1	706.9
Accounts receivable	19.3	-0.1	19.3
Recognized, non-invoiced revenue	70.9	-70.9	-
Other receivables	110.6	-65.6	45.0
Cash and cash equivalents	310.2	35.9	346.1
Total assets	1,626.0	28.0	1,654.0
LIABILITIES AND EQUITY			
Total equity	962.6	-211.1	751.4
Other provisions	12.5	-	12.5
Bond loans	393.5	0.0	393.5
Liabilities to credit institutions	97.1	238.4	335.5
Other liabilities	133.4	0.7	134.1
Accrued expenses and prepaid income	26.8	-0.0	26.8
Total liabilities and equity	1,626.0	28.0	1,654.0

	Prior to adjustment	Recalcu- lation effect	After adjustment
	12/31/2016		12/31/2016
ASSETS			
Intangible assets	1.8	-	1.8
Holdings in joint ventures	187.1	-112.7	74.5
Receivables from joint ventures	72.1	5.8	77.9
Other non-current receivables	203.8	-195.1	8.7
Project properties	208.8	647.1	855.9
Accounts receivable	29.4	-	29.4
Recognized, non-invoiced revenue	163.4	-163.4	0.0
Other receivables	105.5	-14.0	91.4
Cash and cash equivalents	63.9	2.3	66.2
Total assets	1,035.8	170.0	1,205.8
LIABILITIES AND EQUITY			
Total equity	301.3	-260.7	40.6
Other provisions	14.4	-	14.4
Bond loans	390.7	-0.1	390.6
Liabilities to credit institutions	132.8	430.3	563.1
Other liabilities	161.1	0.4	161.5
Accrued expenses and prepaid income	35.5	-	35.5
Total liabilities and equity	1,035.8	170.0	1,205.8

Note 31 Events after the reporting date

In January 2019, it was communicated that the Clustret project in Jacobsberg, with approximately 200 building rights, was terminated due to the municipality's changed planning work, following negotiations with the seller. Consequently, SSM is no longer obliged to pay the purchase price of 182.0 MSEK. The received down payment of 20.0 MSEK was returned to SSM in January 2019. The company's effect on profit/loss is -13.5 MSEK, which was charged in its entirety to the fourth quarter 2018.

The Stockholm Urban Planning Committee decided to continue the planning work for Tellus Towers on January 31, 2019. The consultation for the city plan will take place between third and fourth quarter 2019 with a subsequent review period until the plan can be adopted in the fourth quarter 2020.

In February 2019, it was announced that from the Year-end Report for 2018, SSM would apply a new accounting principle for housing development through housing associations. See also Note 30, Retrospective recalculation of financial reports.

The Turbinhallen housing project, which consists of 205 cooperative apartments in Järla Sjö, was completed in 2018. In February 2019, it was announced that there was an increase in costs within the scope of completing the project, which had an impact of -7.8 MSEK on SSM's net profit for the fourth quarter 2018.

Due to an optimization of the organization that had already been carried out by the end of 2018, the Group's total salary costs for 2019 were reduced by -15.0 percent, which corresponds to 14.0 MSEK for a full year. To further reduce the cost base, SSM has initiated a savings program with the aim of reducing the company's overhead costs by 50.0 percent, which corresponds to 25.0 MSEK for a full year.

On February 28, 2019, the housing association Brf Metronomen was sued by 44 buyers who had previously canceled their pre-purchase agreements. The buyers petitioned the Stockholm District Court to order the housing association to repay the down payments of 25,000 SEK made by the buyers, with interest. The financial impact on the Group is considered to be marginal.

Signatures of the Board of Directors

The income statements and balance sheets of the Parent Company and the Group will be presented to the Annual General Meeting on May 15, 2019 for adoption.

The Board of Directors and the CEO affirm that the consolidated accounts were prepared in accordance with the international accounting standards IFRS as adopted by the EU and give a fair presentation of the Group's financial position and performance. The annual accounts were prepared in accordance with generally accepted accounting principles and give a fair pres-

entation of the Parent Company's financial position and performance.

The Administration Report for the Group and the Parent Company provides a fair view of the development of the operations, position and performance of the Group and the Parent Company and describes material risks and uncertainty factors to which the Parent Company and the companies in the Group are exposed.

Stockholm, April 16, 2019

Anders Janson
Chairman

Bo Andersson
Board Member

Per Berggren
Board Member

Sheila Florell
Board Member

Ulf Morelius
Board Member

Ulf Sjöstrand
Board Member

Jonas Wikström
Board Member

Mattias Roos
CEO

Our audit report was submitted on April 17, 2019
Öhrlings PricewaterhouseCoopers AB

Ola Salemyr
Authorized Public Accountant

Auditors' Report

To the general meeting of the shareholders of SSM Holding AB (publ),
corporate identity number 556533-3902

REPORT ON THE ANNUAL ACCOUNTS AND THE CONSOLIDATED FINANCIAL STATEMENTS OPINIONS

We have audited the annual accounts and the consolidated financial statements of SSM Holding AB (publ) for 2018. The annual accounts and consolidated accounts of the Company are included on pages 63-112 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory Administration Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the Parent Company income statement and balance sheet, as well as the consolidated statement of comprehensive income and

the consolidated statement of financial position.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS OF OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The auditors' responsibility according to these standards is described in detail in the section Auditor's Responsibility. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden, and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

OUR AUDIT APPROACH

Emphasis and scope of the audit

We designed our audit by determining materiality and assessing the risks of

material misstatement in the consolidated financial statements. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

It is evident from the Administration Report, the Company's accounting policies and Note 30, that the Company has changes its policy for recognition and revenue recognition of tenant-owner's rights projects. This adjustment has had a significant impact on the Company's accounting and financial reporting and has, therefore, impacted the emphasis of the audit. We have analysed and evaluated the basis of this adjustment and reviewed the Company's retroactive recalculation of its financial reports. In addition to this, we have identified a number of other areas which have been reviewed specifically in our audit. These have significant components of estimates and assessments, and include valuation of real estate in the projects and measurement of additional purchase price.

Housing development is a capital-intensive operation with long lead times. As, usually, liquidity becomes available only when the projects begin to reach the completion stage, there is a requirement of good access to external financing and liquidity in order to maintain the financial sustainability of the projects and secure

their final implementation. We follow and analyse company management's business and liquidity planning on an ongoing basis.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Väsentlighet

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstate-

ments may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements,

both individually and in aggregate on the financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

Accounting for tenant-owner's right projects

As is evident from the Administration Report, SSM has, during 2018, received questions from Nasdaq Stockholm AB (Nasdaq) about, inter alia, the basis of the assessment of the independence of the tenant-owners' associations. In Nasdaq's final report of the 10 December it is stated, among other things, what the independence of the tenant-owners' associations imply, and therefore, the question of consolidating in accordance with IFRS 10 Consolidated Financial Statements.

IFRS is a principle based regulatory framework, the application of which requires assessments, and in which different conclusions are possible in many cases. SSM has previously made the assessment that the tenant-owners' associations are independent and has, therefore, not consolidated them. In the light of the presumption that Nasdaq has expressed, SSM has decided to adjust its accounting, which means that the tenant-owners' associations will be consolidated, which means that SSM's customer currently is the individual buyer of a tenant-owner's right and not, as previously, the tenant-owners' association. This means that SSM's revenue now will be recognised at one point in time, at the finalising of the housing project and the submission to the customer, and not, as before, over time (successively). Comparative figures have been recalculated in accordance with IAS 8. An adjustment of this kind comprise a Key Audit Matter.

For more information, please refer to: Administration Report (page 65),

Note 2 Summary of significant accounting policies, sections *IFRS 15 Revenue from Contracts with Customers, Revenue and profit/loss from project development of tenant-owner's rights, Significant estimates and assessments*

Note 30 Retroactive recalculation of financial reports

Valuation of project real estate

The Group's project real estate have a carrying amount of SEK 467 million. Project real estate are recognised continuously in the balance sheet, to the lowest of cost and net sales value.

The value of the project real estate can be impacted by the market demand for the assets and by changed prerequisites of the finalising of the project. An impairment need occurs if project costs are deemed to exceed project revenue. Furthermore, a need for impairment might occur if the Company does not finalise a project but chooses, instead, to dispose of project real estate. Therefore, in our opinion, the valuation of project estate is a Key audit matter.

For more information, please refer to:

Note 2 the sections Inventories - project real estate and Significant estimates and assessment - *Project real estate*

Note 18 Project Real Estate

How our audit addressed the Key audit matter

During the year, we have discussed with the Company management, the Audit Committee and the Board of Directors the basis of the assessment of the independence of the tenant-owners' association, and read the correspondence from Nasdaq's review and final standpoint in the current matter.

In connection with this, we have communicated our observations and reflections, and we have analysed the Company's assessments and estimates in its renewed analysis of and decision regarding an adjusted principle for the recognition of housing development through tenant-owners associations.

We have evaluated the basis for the adjustment, reviewed the adjusted items and their impact on the consolidated income statements and balance sheets as well as the consolidated cash flow statement. Furthermore, we reviewed and evaluated the information submitted by SSM in, among other places, Note 2 Summary of significant accounting policies Note 3 Revenue from Contracts with Customers and Note 30 Retroactive recalculation of financial reports.

The audit has also included an evaluation of the presentation and disclosures being appropriate and in accordance with IAS 1 Presentation of financial statements and with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In our audit, we have reviewed the cost of acquired project real estate against the agreements and read the terms and conditions of land allocation agreements entered into by the Company. We have also, by way of samples, audited capitalised costs for planning and property development.

Our audit also includes a review and assessment of the Company's project development process and forecast procedures. In connection with the annual accounts, we have obtained and assessed internally prepared assessment of value for project real estate significant in monetary terms based on discounted cash flows of forecast of final cost for each project. We have analysed the assessment of expected returns, discount rate, reasonability of the forecast project outcome and made a reconciliation whether the discounted present value generates a positive project outcome and we have taken part of sensitivity analyses performed.

Our opinion and assessment is that the Company's assumptions and assessments are within reasonable intervals.

Valuation of the supplementary purchase price attributable to the sales of the Tellus Tower project

The carrying amount for the supplementary purchase price attributable to the sales of the Tellus Tower project is SEK 57,6 million and has been calculated based on the agreement which SSM signed within the JV partnership with Partners Group in 2017. The valuation criteria that form the base of the carrying amount is based on the terms and conditions of the agreement, and are largely based on the Company management's estimations and judgments based on the knowledge Company management has of prerequisites, decisions and activities in the ongoing project development process, as well as experience from previous zoning plan processes in which SMM has been involved. Should the project not be possible to finalise, and should it be changed to such a degree that the agreed additional purchase price is cancelled in its entirety, there is a potential negative effect on the Group's profit/loss of a maximum of SEK 117.5 million. The size of the amounts in question, in combination with a great extent of estimations and judgments mean that this is a Key audit matter.

For more information, please refer to:

Note 2 section Significant estimations and judgments – *Additional purchase price Tellus Tower*

In our audit, we have obtained a renewed analysis and valuation of the additional purchase price from the Company.

Our audit also comprised a review of documentation and decision support acts for the Company's own project development, and taken part of the development and decisions by the City of Stockholm in the current zoning plan process.

In connection with the annual accounts, we have read an external valuation report of the estimated market value of the signed land allocation agreement that with the City of Stockholm which SSM has obtained.

We have reviewed SSM's internal valuation model for the assessment of the additional purchase price against agreed valuation criteria, and discussed with the Company management the prerequisites and assumptions on which the valuation is based.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–62 and pages 133–140. Furthermore, the Company has prepared a separate document with reconciliation of Alternative Performance Measures, which has been published on SSM's web page. This report also refers to such other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information, and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU and the Annual Accounts Act. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they 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.

In preparing the annual accounts and the consolidated financial statements, the Board of Directors and the Managing Director are responsible for the assessment of the Company's ability to continue

as a going concern. They disclose, as applicable, matters related to going concern and application of the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors intends to liquidate the Company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the Company's financial reporting process.

AUDITORS' RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence

the economic decisions of users taken on the basis of these annual accounts and consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionens's website: revisorsinspektionen.se/revisornsansvar. This description is a part of the Auditors' Report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SSM Holding AB (publ) for the year 2018 and the proposed appropriations of the Company's profit or loss.

We recommend that the meeting of the General Meeting allocate the profit in accordance with the proposal in the Administration Report and grant the members of the Board and the Managing Director discharge from liability for the financial year.

BASIS OF OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden, and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the Company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITORS' RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company;

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our goal with the audit of the proposal of allocation of the Company's profit or loss, and therefore our opinion thereof is to, with reasonable assurance assess whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect acts and omissions which can give rise to liability to the Company, or that the proposed allocation of earnings or loss is not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration can be found on the web page of The Swedish Inspectorate of Auditors (Revisorsinspektionen): revisorsinspektionen.se/revisornsansvar. This description is a part of the Auditors' Report.

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of SSM Holding AB (publ) by the general meeting of the shareholders on the 15 May 2018 and has been the company's auditor since the 16 June 1997. SSM Holding AB (publ) has been a public interest entity since December 2014.

Stockholm, 17 April 2019

Öhrlings PricewaterhouseCoopers AB

Ola Salemyr
Authorised Public Accountant

2018 Corporate Governance Report

SSM's Corporate Governance strives to create long-term value for its shareholders and other stakeholders by having a sound corporate culture and qualitative foundation for business decisions. The company's continued systematic work to develop internal control during the year improved investment, sales and production decisions in addition to enhancing management and control during the implementation phase of SSM's many projects.

About SSM Holding AB (publ)

SSM is the leading housing developer in Sweden within smart and affordable housing. The company's vision is a housing market with space for as many people as possible. The primary target group is people between the ages of 20 and 44, which SSM calls tomorrow's urbanites.

SSM's homes are characterized by being affordable and space-efficient with a high share of modern shared spaces and services. All of the company's projects are located outside of the city with proximity to public rail transport and they take into account social integration, in and outside of each project.

The company's EBIT in 2018 totaled 51.8 MSEK. At year-end, there were 1,171 homes in production and 6,507 building rights in the project portfolio. SSM aims to produce 50 percent cooperative apartments and 50 percent rental units. In 2019, the company aims to start the production of 300 homes and will thereafter gradually increase production to 1,500 homes by 2023.

SSM Holding AB (publ) is registered with the Swedish Companies Registration Office under corporate identity number 556533-3902. The Board of Directors has its seat in Stockholm. The Group's head office is at Torsgatan 13, 111 23 Stockholm. SSM has been listed on Nasdaq Stockholm's main market since April 6, 2017.

ssmlivinggroup.com

The SSM Group carries out operations in the Greater Stockholm region. The company's Parent Company is SSM Holding AB, a Swedish public limited company whose shares were listed on Nasdaq Stockholm on April 6, 2017.

The governance of SSM is based on the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code (the "Code") and other applicable Swedish laws and regulations. In addition, the company is governed by other internal regulations, including its Articles of Association and policies. The complete Articles of Association are available at ssmlivinggroup.com/corporategovernance.

This Corporate Governance Report has been prepared as part of SSM's application of the Code. SSM did not report any deviations from the Code in 2018. No

breaches of applicable stock exchange rules or good stock market practices by SSM were reported by the Nasdaq Stockholm Disciplinary Committee or the Swedish Securities Council in 2018.

SIGNIFICANT EVENTS IN 2018

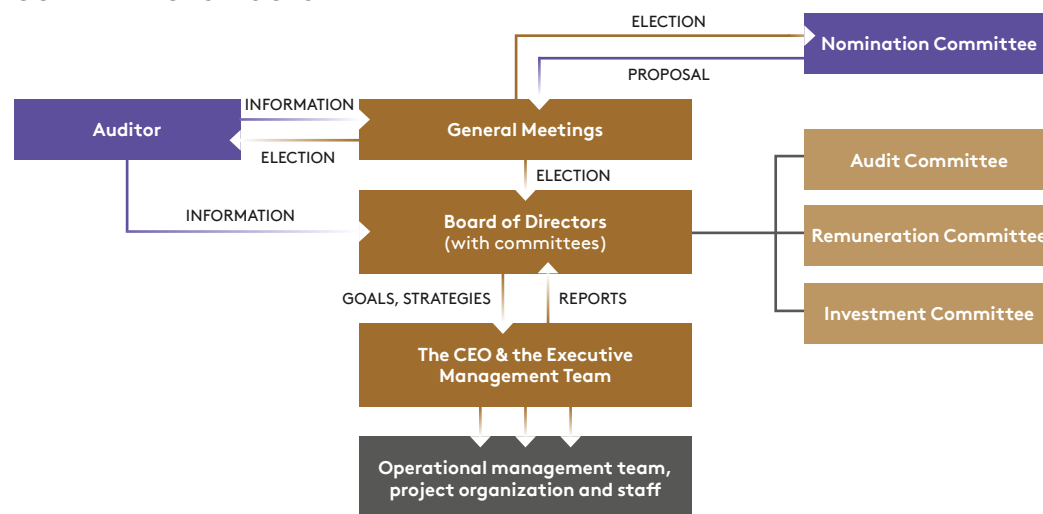
- Monitoring the cautious housing market in Greater Stockholm.
- Change in business strategies to increase the share of rental units in production to 50 percent in the near future.
- Market adaptation of the housing cooperative product to an absolute price of approximately 2.0 MSEK.
- Change in the terms and conditions of the bond to enable the production start for new projects at an earlier stage.
- Sale of the Täby Turf rental unit project to Willhem.

- Review of the company's pre-purchase agreements and management of disputes that have arisen with customers who wish to terminate pre-purchase agreements.
- Continuous adaptation of the company's operations and cost basis to improve profitability and liquidity.

THE SHARE AND SHAREHOLDERS

At the end of 2018, SSM had 2,249 shareholders according to Holdings and Euroclear Sweden AB. Of the total share capital, 13.2 percent was held by Swedish institutions and funds, 73.5 percent by foreign private investors and 11.9 percent by Swedish investors. Eurodevelopment Holding AG is the largest owner with 68.9 percent of the share capital and votes. The shares in Eurodevelopment Holding AG are held by Ulf Morelius (50 percent) and

GOVERNANCE STRUCTURE



Important external governance documents

- Swedish Companies Act
- Nasdaq Stockholm's Rulebook for Issuers
- The Swedish Corporate Governance Code

Important internal governance documents

- Articles of Association
- Rules of Procedure for the Board
- Code of Conduct, Supplier Code, Diversity Policy and Anti-Corruption Policy, Communication Policy, Finance Policy and Information Security Policy
- Framework for risk management, governance and control Finance Handbook and Employee Handbook.

Ulf Sjöstrand (50 percent). The ten largest shareholders represented 88.3 percent of the share capital and the votes in the company.

VOTING RIGHTS

SSM's share capital consists of A shares. On December 31, 2018, the total number of shares was 39,252,542.

DIVIDEND POLICY

SSM's goal is for dividends to correspond to at least 30 percent of the profit for the year. For the 2018 financial year, the Board of Directors proposes a dividend of 0.0 SEK per share. The Board of Directors has made the assessment that the profit for the year should be invested in the company's continued development and growth.

SHAREHOLDERS THROUGH THE GENERAL MEETING

According to the Swedish Companies Act, the general meeting is the company's highest decision-making organ. At the general meeting, shareholders exercise their voting rights on key matters such as the adoption of income statements and balance sheets, the appropriation of profits or losses, the discharge from liability of the board members and the CEO, the election of board members, the appointment of auditors and the remuneration to the Board of Directors and auditors.

SSM's annual general meeting is held in Stockholm during the first six months of the year. The company shall convene the annual general meeting no earlier than six weeks and no later than four weeks prior to the general meeting. According

to the Articles of Association, general meetings are convened by publication in the Swedish Official Gazette (*Post och Inrikes Tidningar*) and by making the notice to attend the meeting available on the company's website. The fact that the meeting has been convened shall at the same time be advertised in the Swedish business daily *Dagens Industri*.

Extraordinary general meetings can be held if the Board of Directors deems it necessary or if requested by the Group auditor or shareholders holding at least 10 percent of all shares in the company.

Relevant documentation for general meetings is available in Swedish and English. It has not been considered necessary, however, for foreign shareholders to monitor or participate in the general meeting by way of simultaneous interpretation of the general meeting documentation, as these shareholders are considered to be represented by Swedish proxies.

To participate in passing resolutions, a shareholder must be present at the general meeting, either in person or by proxy. The shareholder must also have been entered into the share register on a specific date prior to the general meeting and have notified the company of his or her attendance in the proper order. Individual shareholders who would like a specific matter to be addressed at the general meeting can generally request this in good time prior to the meeting by notice to the Board of Directors of SSM at a special address that is published on the Group's website. The last date for such a

request shall be published on the Group's website prior to each general meeting.

Resolutions in general meetings are generally passed by simple majority. However, the Swedish Companies Act stipulates that certain proposals must be approved by a greater majority of the shares represented at the meeting and the given votes.

2018 ANNUAL GENERAL MEETING

At the 2018 Annual General Meeting, 12 shareholders were represented, corresponding to 81.0 percent of the votes. The annual general meeting resolved to adopt the company's income statement and balance sheet for 2017 and the consolidated income statement and balance sheet for 2017 and to appropriate the company's profit in accordance with the proposal from the Board of Directors and the CEO. The board members and the CEO were discharged from liability and the fees to the Board of Directors and the auditors were determined.

Resolutions passed at the 2018 Annual General Meeting:

- A dividend of 0.0 SEK per share for the 2017 financial year.
- Bo Andersson, Per Berggren, Sheila Florell, Ulf Morelius, Ulf Sjöstrand and Jonas Wikström were re-elected as members of the Board of Directors.
- Anders Janson was re-elected as the Chairman of the Board.
- Remuneration to the Board of Directors was determined.

- Remuneration guidelines for SSM's Executive Management Team were approved.

The minutes from the annual general meeting are available at ssmlivinggroup.com/bolagsstyrning.

2019 ANNUAL GENERAL MEETING

SSM's 2019 Annual General Meeting will be held on Wednesday, May 15, 2019 at the showroom of the Tellus Tower project, Tellusgången 3, near Telefonplan in the City of Stockholm.

For more information about the 2019 Annual General Meeting, see page 138 and ssmlivinggroup.com/årsstämma.

NOMINATION COMMITTEE

The annual general meeting adopts the procedure for the election of board members and auditors. The 2017 Annual General Meeting adopted instructions for the Nomination Committee, which shall apply until further notice. The instructions include an approach to the appointment of the Nomination Committee, which consists of four members. The members shall be appointed by each of the three largest shareholders by number of votes that wish to participate in the Nomination Committee, as well as the company's Chairman of the Board.

The Nomination Committee shall be appointed based on shareholder statistics from Euroclear Sweden AB as at the last day of trading of September in the year prior to the annual general meeting and other reliable ownership information provided to the company at such time.

The names of the representatives of the Nomination Committee and of the shareholders represented by them shall be made public as soon as they have been appointed. If the shareholder structure changes during the nomination process, the composition of the Nomination Committee may be changed to reflect this.

The company's Audit Committee shall assist the Nomination Committee in its work to propose the appointment of an auditor. and the Nomination Committee's proposal to the general meeting regarding the appointment of an auditor shall include the Audit Committee's recommendation.

Furthermore, the Nomination Committee shall take into account diversity when composing the Board and strive to nominate board members that together represent a wide range of skills and experience. This procedure is governed by criteria stipulated in the Group's Diversity Policy. Special attention shall be given to achieving a more equal gender representation.

The Nomination Committee's proposal shall be made public no later than in connection with the notice of the annual general meeting. Shareholders who wish to submit proposals to the Nomination Committee may do so by email to nominationcommittee@ssmliving.se.

NOMINATION COMMITTEE FOR THE 2019 ANNUAL GENERAL MEETING

The composition of the Nomination Committee for the 2019 Annual General Meeting is based on the shareholdings on the last trading day in September 2018. At such time, the Nomination Committee

represented approximately 80.5 percent of the total number of shares in SSM. The Nomination Committee was presented in a press release published on October 30, 2018.

The Nomination Committee for the 2019 Annual General Meeting comprises four members:

- Johannes Wingborg, appointed by Länsförsäkringar Fondförvaltning AB; Chairman and Convener.
- Ulf Morelius, appointed by Eurodevelopment Holding AG.
- Peter Lundkvist, appointed by the Third Swedish National Pension Fund.
- Anders Janson, Chairman of the Board of SSM Holding AB.

In its work on nominations for the 2019 Annual General Meeting, the Nomination Committee was of the opinion that the work on the company's Board of Directors is considerable and exacting, as the company faces challenges. With this in mind, the Nomination Committee is of the view that the work in the Board of Directors functioned adequately, which was confirmed by the evaluation of the Board of Directors that was carried out. Considering the workload of the Board of Directors, the Nomination Committee believes it is a strength that all board members have notified their wish to continue, and therefore proposes to allow them to continue serving. Considering the company's operations, its stage of development and other conditions the proposed Board of Directors has a composition suited to the purpose that is characterized by diversity and a wide range of skills and experience.

The diversity policy used by the Nomination Committee is rule 4.1 of the Code. The Nomination Committee is aware of the need to achieve a more even gender distribution in the Board of Directors. The Nomination Committee has the ambition to increase the number of female board members in future years to the level suggested by the Swedish Corporate Governance Board. The proposed Board of Directors meets the independence requirements in the Swedish Corporate Governance Code. Due to the workload of the Board of Directors, an increase has been fees is proposed.

For this reason, the Nomination Committee proposes that the 2019 Annual General Meeting re-elect all board members. The board members proposed for re-election are Bo Andersson, Per Berggren, Sheila Florell, Ulf Morelius, Ulf Sjöstrand, Jonas Wikström and Chairman Anders Janson.

The Nomination Committee continues to strive to propose a Board of Directors that is suitable for the Group's short- and long-term needs in terms of expertise, experience and diversity, where special attention should be given to achieving a more equal gender representation.

The Nomination Committee held two meetings that were recorded in minutes and the members of the committee also corresponded by email and telephone. The members of the Nomination Committee have not received any remuneration from SSM.

A report on the work of the Nomination Committee was submitted in the Nomination Committee's justified statement, which was made public prior to the annual general meeting. Additional information about the Nomination Committee and its work is available on the Group's website at ssmlivinggroup.com/corporategovernance.

The annual general meeting passes resolutions on:

- Adoption of the annual accounts.
- Dividends.
- Appointment of members of the Board of Directors and, if applicable, auditors.
- Remuneration to the Board of Directors and auditors.
- Remuneration guidelines for the Executive Management Team.
- Other matters of importance.

The Nomination Committee's duties include making proposals to the next annual general meeting regarding:

- The chairman of the meeting.
- The board members.
- The Chairman of the Board.
- Fees to the board members.
- Fees for committee work.
- Amendments to the instruction to the Nomination Committee, if required.
- Auditors and audit fees, if a resolution is to be passed in this respect at the next annual general meeting.

COMPOSITION OF THE BOARD OF DIRECTORS

Name	Board member since	Independent	Total remuneration	Attendance at meetings			
				Board meetings	Remuneration Committee	Audit Committee	Investment Committee
Anders Janson (Chairman)	2015	Yes	330,000 SEK	15 (15)	2 (2)	4 (4)	-
Bo Andersson	2016	Yes	Fee refused	10 (15)		3 (4)	-
Per Berggren	2016	Yes	175,000 SEK	15 (15)		4 (4)	-
Sheila Florell	2016	Yes	160,000 SEK	14 (15)	2 (2)		-
Ulf Morelius	2016	No	Fee refused	14 (15)			-
Ulf Sjöstrand	2016	No	Fee refused	15 (15)	2 (2)		-
Jonas Wikström	2016	Yes	200,000 SEK	15 (15)		4 (4)	-

The total annual remuneration is determined by the annual general meeting. As of the 2018 financial year, board fees are expensed and paid in equal payments of 1/12 every month.

BOARD OF DIRECTORS

The Board of Directors has the overarching responsibility for SSM's organization and management.

COMPOSITION OF THE BOARD OF DIRECTORS

According to the company's Articles of Association, the board members elected at the annual general meeting shall be no fewer than three members and no more than ten. SSM's Board of Directors comprises seven regular board members, with no alternate board members. The CEO is not a member of the Board of Directors. At present, the Board of Directors does not have equal gender representation on the Board; only one member of the Board is a woman.

For information on Board members, see pages 133–134. Information about board members is updated regularly on the Group's website at ssmlivinggroup.com.

INDEPENDENCE

The Board of Directors is considered to meet the applicable requirements on independence. The assessment of the independence of each board member is presented in the table below. All board members except Ulf Morelius and Ulf Sjöstrand are considered to be independent. Ulf Morelius and Ulf Sjöstrand are considered to be independent of the company and the management, but not of the major shareholders of SSM.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The main duty of the Board of Directors is to manage the Group's operations on behalf of the owners in such a manner that the shareholders' interests in long-term profitable growth and value creation are met in the best way possible.

The Board of Directors is responsible for the company's organization and the management of the company's affairs, which include responsibility for establishing overarching long-term strategies and objectives, budgets and business plans, adopting guidelines for ensuring that the company's operations create value in the long term, reviewing and adopting annual accounts, making decisions on matters related to investments and sales, capital structure and dividend policy, ensuring that there are control systems in place for monitoring compliance with policies and internal guidelines, ensuring that there are systems for monitoring and controlling the company's operations and risks, material changes to the company's organization and operations, appointing the company's CEO and determining the CEO's salary and other remuneration.

The Board of Directors is also responsible for the company's Diversity Policy. The policy is applied both within the board and management as well as with respect to employees, consultants, suppliers and other contracted parties. The goal of the Diversity Policy is to achieve an equal workplace and a value chain free from discrimination. The Board of Directors has overall responsibility for ensuring that actions are taken to prevent discrimina-

tion and discriminatory behavior, both positive and negative. Follow-up of this work takes place through measurements according to GRI indicators with regard to gender equality and diversity.

The Board of Directors is also responsible for the production, completion and publication of the Group's integrated Annual Report.

The responsibilities of the Chairman of the Board include ensuring that the board members, through the CEO's attentions, continuously receive the information required to monitor the Group's position, performance, liquidity, financial planning and development. The Chairman of the Board shall, in close cooperation with the CEO, monitor the Group's performance and prepare and chair board meetings. The Chairman of the Board is also responsible for ensuring that the Board of Directors evaluates its work annually and that the Board of Directors receives sufficient information to carry out its work in an effective manner.

The Chairman of the Board is also required to complete the assignment given by the annual general meeting regarding the establishment of a Nomination Committee and to participate in its work.

RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS AND BOARD MEETINGS

The Board of Directors complies with the written Rules of Procedure for the Board of Directors, which are revised annually. The Rules of Procedure for the Board of Directors regulate the division of tasks and responsibilities between the Board

THE WORK OF THE BOARD OF DIRECTORS IN 2018



of Directors, the Chairman of the Board and the CEO. In 2018, diversity aspects were added to the Rules of Procedure. The Board of Directors also adopts instructions to the committees of the Board of Directors and to the CEO.

According to the Rules of Procedure for the Board of Directors, the Chairman's work shall include:

- Organizing and distributing the work of the Board of Directors.
- Ensuring that the Board of Directors completes its tasks and has relevant knowledge of the company.
- Ensuring that the work of the Board of Directors is carried out in an effective manner.
- Ensuring that the resolutions of the Board of Directors are implemented in an effective manner.
- Ensuring that the Board of Directors performs an annual evaluation of its work.

The Rules of Procedure for the Board of Directors also include detailed instructions to the CEO and other corporate functions regarding matters that require the approval of the Board of Directors. These instructions include the highest amounts that various decision-making bodies within the Group are allowed to approve for credit limits, investments and other expenditures.

The Board of Directors shall also ensure that the board as a collegiate body has relevant knowledge within sustainability in terms of human rights, labor law, environment, anti-corruption and diversity aspects.

According to the Rules of Procedure for the Board of Directors, a statutory board meeting shall be held immediately after the annual general meeting. At this meeting, resolutions shall be passed regarding the appointment of members of the committees of the Board of Directors and regarding SSM's signatory powers. In addition, the Board of Directors shall generally hold seven regular board meetings per year. The Board of Directors shall meet according to an annual schedule to be determined in advance. Four of these meetings shall be held in connection with the publication of the Group's annual and interim reports. Additional meetings, including conference calls, shall be held as needed.

THE WORK OF THE BOARD OF DIRECTORS IN 2018

The Board of Directors held 15 meetings over the year. All of the meetings except one were held in Stockholm. The participation of each board member in these meetings is shown in the table on page 121.

All meetings held during the year followed an agenda that was provided to the board members in advance of each board meeting along with documentation for each item on the agenda. The meetings generally last for a half or full day to provide sufficient time for presentations and discussions. Since April 2018, SSM's Chief Legal Officer is the secretary of the Board.

At each regular board meeting, the CEO reports on the Group's performance and financial position as well as the outlook for the coming quarters. Acquisitions of new projects and the progress

of existing projects are also addressed. Senior executives also provide an overview of strategic areas in connection with the Board of Director's annual strategy days and ad hoc, as required.

IMPORTANT BOARD MATTERS IN 2018

- Resolution on an adjusted business strategy and product offering.
- Adoption of a five-year business plan, with increased production of rental units in the near future and sustainability goals in line with the UN Global Compact.
- Resolution to begin production of the Täby Turf and Sollentuna Quarters rental unit projects.
- Resolution to acquire building rights and to sell Täby Turf.
- Resolution on the change of accounting principles for revenue recognition of housing cooperative projects. See also Note 30, Retrospective recalculation of financial reports, and the audit report for further details.
- Resolutions regarding SSM's existing policies and the adoption of an Information Security Policy.
- Submitting a proposal to the annual general meeting for dividends for the 2018 financial year.

EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS

The Board evaluated its work during the year. This evaluation concerns the procedure and working environment as well as the main direction of the work of the Board. The evaluation also focuses on the Board's access to and need for special

expertise. The evaluation is used as a tool for the development of the work of the Board and also constitutes support for the Nomination Committee's work. During the evaluation, all board members were interviewed by an external party. The evaluation was discussed at a board meeting. The results of the evaluation were also presented to the Nomination Committee by the Chairman of the Board.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has established a Remuneration Committee, an Audit Committee and an Investment Committee.

The work of the committees of the Board of Directors is primarily of a preparatory and advisory nature, but in special situations, the Board of Directors may delegate the power to make decisions to its committees. The matters addressed at committee meetings shall be recorded in minutes and reported to the Board of Directors at the next meeting. The committee members and their chairmen shall be appointed at the statutory board meeting held immediately after the election of the board members.

REMUNERATION COMMITTEE

The Remuneration Committee comprised Anders Janson (chairman), Sheila Florell and Ulf Sjöstrand.

The main task of the Remuneration Committee is to prepare the Board of Directors' decisions in matters related to remuneration principles, remuneration and other terms of employment for the company management, to monitor and evaluate ongoing programs as

well as programs concluded during the year for variable remuneration to senior executives, as well as the application of the guidelines for remuneration to senior executives that must be adopted by the annual general meeting according to law and applicable remuneration structures and levels in the company.

The Remuneration Committee shall meet at least twice a year and additional meetings may be held as needed. In 2018, the Remuneration Committee held two meetings.

Important matters raised included proposals for remuneration to the CEO, resolutions regarding remuneration to new members of the Executive Management Team, reviews and resolutions regarding changes to the remuneration of members of the Executive Management Team and guidelines for the remuneration of the Executive Management Team for 2018. SSM's HR manager is the secretary of the committee meetings.

AUDIT COMMITTEE

In 2018, the Audit Committee comprised Jonas Wikström (chairman), Bo Andersson, Per Berggren and Anders Janson.

The main responsibility of the Audit Committee is to ensure that the company's financial statements are prepared in accordance with legislation, regulations and policies. Among other things, the committee shall provide recommendations to the Board of Directors to ensure the reliability of the reporting, monitor the effectiveness of internal control, keep up to date regarding the audit, monitor the auditor's independence and assist in the

preparation of proposals to the annual general meeting regarding the appointment of auditors. The Audit Committee is also tasked with supporting the Nomination Committee with proposals for the appointment of external auditors.

The Audit Committee shall meet at least four times a year. The committee held four meetings during 2018. The external auditor reports to the committee at every regular meeting. The Group's Finance Director participated in all meetings during the year and the Group's Chief Communications & IR Officer participated in meetings associated with the interim, year-end and annual reports. The Group's Chief Financial Officer is the secretary of the committee.

INVESTMENT COMMITTEE

In accordance with the Rules of Procedure of the Board of Directors, the board has appointed a separate Investment Committee. In 2018, the Investment Committee included all board members, with Anders Janson as the chairman. The members of the committee and its chairman are appointed by the Board of Directors once a year.

The Investment Committee can make decisions within the scope of the investment volume decided by the Board of Directors. The Board of Directors' decision shall be renewed after every investment, acquisition or divestment is carried out within the set mandate and at each regular board meeting.

The Investment Committee shall meet at least four times a year. In 2018, all investment decisions were made within the scope of the regular board meetings, so the committee held no meetings.

The Remuneration Committee's tasks include the following:

- Preparing and evaluating remuneration guidelines for the Executive Management Team.
- Preparing and evaluating goals and principles for variable remuneration.
- Preparing terms and conditions for pensions, terminations, severance pay and other Executive Management Team benefits.
- Preparing and evaluating long-term incentive programs.

The Audit Committee's tasks include the following:

- Reviewing financial reports.
- Monitoring the effectiveness of internal control, including risk management, in respect of the financial reporting.
- Reviewing certain credit limits.
- Staying informed of the external audit and evaluating the work of the external auditor.
- Informing the Board of Directors of the result of the external audit, in what way the audit contributed to the reliability of the financial reporting and the function filled by the committee in this process.
- Reviewing and, when applicable, giving prior consent when the external auditors are engaged for services other than audit services.
- Evaluating the objectivity and independence of the external auditors.

The Investment Committee's tasks include the following:

- Making decisions on property and project investments in accordance with the Board's decision regarding investment volumes and other instructions that the Board may provide from time to time.
- A proposal has been made to dissolve this committee in connection with the 2019 Annual General Meeting.

EXTERNAL AUDITORS

At the 2018 Annual General Meeting, PricewaterhouseCoopers AB (PwC) was re-appointed as the company's external auditor for the time until the 2018 Annual General Meeting. Ola Salemyr, Authorized Public Accountant, is the accountant in chief for the audit of SSM. Ola Salemyr does not have any assignments in other companies that would affect his independence as the auditor of SSM.

PwC submits the auditors' report for SSM Holding AB, the annual accounts of the company's subsidiaries and the consolidated financial statements and management of SSM Holding AB. The auditor also conducts a review of the Interim Report for the third quarter.

The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

FEES TO THE AUDITORS

PWC	2018	2017	2016
Fees for the audit assignment	3.0	1.8	1.3
Fees for audit activities in addition to the audit assignment	0.4	0.4	
Fees for tax advice	0.0	0.4	0.9
Other services	0.7	1.3	0.8
Total fees	4.1	3.9	3.0

For more information on fees to auditors and assignments performed for the Group, see Note 5, Remuneration to the auditors.

THE CEO AND THE EXECUTIVE MANAGEMENT TEAM

The CEO is subordinate to the Board of Directors and responsible for the company's day-to-day management and operations. The division of work between the Board of Directors and the CEO is stated in the Rules of Procedure for the Board of Directors and the instruction to the CEO.

The CEO is appointed by the Board of Directors and is responsible for managing the operations in accordance with the Board of Directors' guidelines and directions. The CEO reports at board meetings and is responsible for ensuring that board members regularly receive the information required to monitor the company and the Group's position, performance, liquidity and development. The Board of Directors evaluates the work of the CEO annually.

The CEO appoints the other members of the Executive Management Team, leads their work and makes decisions in consultation with them. The Executive Management Team held 18 regular meetings and regular reconciliation meetings regarding specific events and activities.

The Executive Management Team is composed of the CEO and the Chief Business Development, the Head of Project Department and Sales, the Head of Production Department and Procurement, the Chief Legal Officer, the Chief Financial Officer, the Finance Director and the Chief Communications & IR Officer.

AN EXPERIENCED AND DIVERSIFIED EXECUTIVE MANAGEMENT TEAM

SSM's Executive Management Team has extensive experience and expertise from different industries, creating an excellent platform for the company's continued development and growth. All members of the Executive Management Team are Swedish citizens. Two of the eight members are women.

REMUNERATION OF BOARD MEMBERS AND SENIOR EXECUTIVES

REMUNERATION OF BOARD MEMBERS AND THE COMMITTEES OF THE BOARD OF DIRECTORS

Fees and other remuneration to the board members, including the Chairman, are determined by the annual general meeting. At the 2018 Annual General Meeting, it was resolved that a fee of 300,000 SEK would be paid to the Chairman of the Board and 150,000 SEK to the other board members. The chairman of the Audit Committee received a fee of 50,000 SEK and each committee member received a fee of 25,000 SEK. The chairman of the Remuneration Committee received a fee of 30,000 SEK and each committee member received a fee of 10,000 SEK. No fees were paid for work on the Investment Committee.

For more information about remuneration to the members of the board, see Note 6, Remuneration to employees.

Due to the workload of the Board of Directors, the Nomination Committee proposes the following increase in fees to the members of the Board of Directors

to the 2019 Annual General Meeting: 350,000 SEK to the Chairman of the Board and 175,000 SEK to each board member. It is proposed that the chairman of the Remuneration Committee be paid a fee of 75,000 SEK and each committee member be paid a fee of 50,000 SEK. It is proposed to pay the chairman of the Remuneration Committee a fee of 30,000 SEK and each committee member a fee of 10,000 SEK.

GUIDELINES FOR REMUNERATION OF THE CEO AND OTHER SENIOR EXECUTIVES

GENERAL

The remuneration and benefits of the Executive Management Team are prepared by the Remuneration Committee and resolved by the Board of Directors. SSM shall offer remuneration and other terms of employment that allow the company to recruit, incentivize and retain senior executives with the skills required for implementing the company's strategy and achieving its objectives. Market levels and competitiveness shall be overarching principles when determining the remuneration for senior executives in SSM.

SENIOR EXECUTIVES

Senior executives include the CEO and other executives reporting to the CEO that are members of the Executive Management Team. At present, SSM's senior executives include the CEO, the Chief Business Development, the Head of Project Department & Sales, the Head of Production & Procurement, the Chief Legal Officer, the Chief Financial Officer,

the Finance Director and the Chief Communications & IR Officer (i.e. eight people in total).

REMUNERATION

The remuneration to SSM's senior executives consists of:

- Fixed remuneration
- Variable remuneration
- Pension
- Other customary benefits

FIXED REMUNERATION

Fixed remuneration shall be based on market conditions and be determined with consideration for the qualitative performance of the employee. Fixed remuneration is normally reviewed once a year.

VARIABLE REMUNERATION

Variable remuneration may comprise a variable cash element and long-term variable remuneration in the form of shares and/or share-related instruments in the company.

The distribution between fixed remuneration and variable remuneration shall be in proportion to the employee's position and duties. Total remuneration shall be in line with market conditions, competitive and reflect the employee's area of responsibility and the complexity of the position.

Variable remuneration includes vacation pay and is pensionable income. The CEO is entitled to an annual bonus corresponding to 2 percent of the company's operating profit, including financial income from jointly-owned

companies. The bonus may not exceed 12 fixed monthly salaries for the last bonus-qualifying financial year. The other senior executives participate in an incentive program according to which they have the possibility to receive an annual bonus corresponding to no more than four fixed monthly salaries. Variable remuneration is based on the outcome of the Group's operating profit and growth.

SHARE-RELATED INCENTIVE PROGRAMS IN CONNECTION WITH STOCK EXCHANGE LISTING

In 2018, there were no long-term incentive programs at SSM. However, Eurodevelopment Holding AG issued call options for shares in the company to its board members (excluding Ulf Morelius and Ulf Sjöstrand) as well to the CEO and other senior executives and certain key employees in the Group prior to the IPO in 2017. For a detailed description of the option program, please see the company's stock market prospectus at ssmlivinggroup.com.

PENSIONS

The CEO's pension shall be premium based and amount to 30 percent of the fixed monthly salary paid out during the year x12.2. The company applies the ITP plan for all employees. Other senior executives receive pension provisions in accordance with the applicable collective bargaining agreement between the Swedish Construction Federation (Sw. *Sveriges Byggindustrier*) and Ledarna (Sweden's organization for managers), no the Swedish Association of Graduate

Engineers (Sw. *Sveriges ingenjörer*) and Unionen (a Swedish white-collar trade union).

OTHER BENEFITS

Other benefits shall constitute a limited value in relation to the total remuneration and correspond to what normally occurs at comparable operators.

TERMINATION OF EMPLOYMENT AND SEVERANCE PAY

The CEO's employment with the company is subject to a mutual notice period of 12 months. Other senior executives of the company are entitled to a notice period of three to six months. Neither the CEO nor other senior executives is entitled to severance pay.

OTHER

The Board of Directors is allowed to deviate from the guidelines adopted by the annual general meeting for specific reasons in a particular case.

PROPOSAL FOR NEW GUIDELINES

The Board of Directors proposal for guidelines for the remuneration to senior executives remain essentially unchanged from 2018. The guidelines shall apply to employment contracts entered into after the annual general meeting and to any amendments to the existing terms. The guidelines shall apply to the CEO and other senior executives at SSM. These guidelines will remain in force until the 2020 Annual General Meeting.

THE BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROL

SSM's internal control structure has been designed to ensure correct and reliable financial reporting and accounting in accordance with applicable laws and regulations, accounting standards and other requirements on listed companies. The control structure adds value by clarifying roles and responsibilities, improving process efficiency, increasing risk awareness and improving supporting documentation for decisions.

This report was prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code.

The report has been reviewed by the Company's auditor.

SSM has opted to limit the description of the internal control to describing internal control related to financial reporting, in accordance with item 7.4 of the Swedish Corporate Governance Code.

The internal control structure is based on Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This framework covers four main areas: control environment, risk assessment, control activities, information and communication and monitoring activities.

Neither the described internal control environment nor the content within each area should be regarded as static, but rather be adapted to changes in SSM's operations and external environment.

The Board of Directors has overarching responsibility for establishing an effective system for internal control and risk

management. The responsibility for maintaining an effective control environment and continuous internal control and risk management efforts has been delegated to the CEO. SSM's Finance Director is responsible for ensuring that the monitoring and work on SSM's internal control is conducted in accordance with the form determined by the Board of Directors and the CEO. The Board of Directors has established an Audit Committee for its financial reporting, which assists the Board of Directors with regard to relevant policies and significant accounting policies applied by the Group.

CONTROL ENVIRONMENT

The control environment forms the basis of internal control of financial reporting. As an essential element of the control environment, decision paths, authorities and responsibilities must be clearly defined and communicated between different levels of the organization, and governance documents in the form of internal policies, guidelines and handbooks must be available.

SSM's Board of Directors has established clear work processes and Rules of Procedure for its work and for the committees of the Board of Directors. An important part of the work of the Board of Directors is to prepare and approve a fundamental framework and policies. These include the Rules of Procedure for the Board of Directors, instructions to the CEO, the resolutions procedure, the Code of Conduct, the Supplier Code, the framework for risk management and internal control, the Investment Policy,

the Finance Policy, the Anti-Corruption Policy, the Information Security Policy, the Communication Policy and the Insider Policy. All employees are obliged to comply with the control environment's internal and external frameworks. The purpose of these policies is to lay the foundation for good internal control and achieve and maintain high ethical standards throughout the Group.

Furthermore, the Board of Directors has ensured that the organizational structure provides clear roles, responsibilities and procedures that further the effective management of the operations' risks and allow goals to be met. As part of the responsibility structure, the Board of Directors shall evaluate the performance and results of the operations through a report package that is suited to the purpose and contains outcomes, forecasts, business plans, risk monitoring and analyses of important key ratios.

As a step in strengthening internal control, SSM has opted to compile the governance documents in a Finance Handbook. The Finance Handbook provides a clear picture of existing policies, regulations and procedures with impact on the contents and quality of the financial reporting.

RISK ASSESSMENT

SSM continuously strives to survey, assess and manage the risks to which the company is exposed. Risk management is an integrated part of the decision-making at all levels within SSM. It is included as a natural part of the company business processes and is constantly adapted to

changes in the company's operations and external environment. SSM has identified a number of main processes for risk management. Each process has been assigned a process owner who is responsible for ensuring proper efficiency and good internal governance and control within the scope of the process. A minimum requirement is that any control activities performed must include the key risks identified within the Group. Each process owner shall report identified shortcomings and measures four times a year to the Finance Director, who manages and coordinates the continuous internal control and risk management efforts and reports on the status to the Group management.

An assessment of the risk of errors in the financial reporting is performed annually for every line of the income statement and the statement of financial position. Any items that are significant taken together and are subject to an increased risk of errors, which are called critical items, are identified and illustrated in a risk map. Any processes and associated internal control related to the items identified as critical are subject to special review to minimize risk.

As a result of the annual review, the Board of Directors decides which risks are considered significant and must be considered to ensure good internal control in the financial reporting.

CONTROL ACTIVITIES

The most important risks are managed through control activities set out in the company's governance documents. The aim of the control activities, which occur

at several levels within the organization, is to discover, prevent and manage risks within the organization and operations and to discover, prevent and correct any errors and deviations in the reporting. Control activities include weekly follow-up on booked and sold homes, quarterly reconciliations in project activities, project development decision gates, attestation and approval procedures, verifications, bank and account reconciliation, analytical monitoring of items in the income statement and balance sheet on the Group level, automatic controls that have been built into the IT systems and controls in the underlying IT environment.

SUSTAINABILITY

To manage and control sustainability, SSM has implemented a Code of Conduct, a Supplier Code of Conduct, a Work Environment Policy, a Diversity Policy and an Anti-Corruption Policy. These documents are based on the UN Global Compact and those of its underlying principles that are of relevance to each policy. Each policy has clear ownership, including escalation steps leading up to the Group management. The Code of Conduct and Supplier Code of Conduct must be signed to indicate consent to compliance with each document. Each sustainability area also has an aspect owner, who ensures internal control according to the following structure:

- Employees: HR manager
- Health and safety: HR manager and Head of Project Department
- Environment: Head of Project Department & Sales

- Anti-Corruption: Chief Legal Officer
- Human rights: HR manager, Head of Project Department and Chief Procurement Officer

SSM's Board of Directors is ultimately responsible for the Diversity Policy. The Diversity Policy is based on Principle 1 of the UN Global Compact and includes diversity aspects such as age, gender, gender identity, ethnic or religious affiliation, faith, disability or sexual orientation. Diversity shall be considered, respected and reflected throughout the Group.

INFORMATION AND COMMUNICATION

Communication with SSM's stakeholders is governed by a Communication Policy that provides guidelines on how such communication should be conducted. The purpose of the policy is to ensure good and professional dissemination of information and correct and complete compliance with all disclosure requirements.

Internal communication is carried out through management team meetings on the Group and operational levels and through the line organization. Information and communication on risks and controls within the Group contributes to ensuring well-founded business decisions. Internal communication also aims to make each employee understand SSM's values and business operations. In addition to ad hoc gatherings, SSM holds project presentations every second month, information meetings in connection with the interim reports and regular communications via the Group intranet to achieve the aim of having informed employees.

The part of SSM's governance documents in the form of policies, guidelines and handbooks that involves financial reporting is chiefly communicated via the intranet and the Group's Finance Handbook. The Finance Handbook is published on the intranet and updated regularly, based on changes in SSM's operations and changes driven by external requirements.

FOLLOW-UP

The Company shall regularly conduct evaluations to ensure effective internal governance and control and to identify how well goals have been met through implemented changes. Any deficiencies related to governance, control and risk management shall be communicated to the affected process owners, who are responsible for undertaking corrective measures, as well as to the management and Board of Directors to the extent appropriate.

Financial monitoring occurs quarterly on the Group level. Monitoring is carried out against the budget, the previous year and the most recent forecast. A forecast is prepared quarterly in connection with the quarterly accounts. Performance is analyzed by the finance department, analyses of deviations are carried out and potential measures are implemented. The Director of Finance reports to the CEO, who submits financial reports to the Board of Directors on a quarterly basis. The Audit Committee regularly receives the management's financial reporting and the auditor's opinions and follows up on any

deficiencies and proposed measures put forward.

The Board of Directors regularly evaluates the information submitted by the CEO. To ensure an effective management process, the Board of Directors continuously reviewed the CEO's work during the year. No senior executives participated in these reviews.

INTERNAL AUDIT

The Board of Directors has assessed that in addition to existing processes and functions for internal control, SSM does not require a separate internal audit function. Monitoring is carried out by the Board of Directors and the Group management and the level of control is currently considered to meet the requirements of the Group. An annual assessment is made of whether an internal control function is required to maintain good control within SSM.

ACTIVITIES IN 2018

A summary of SSM's main internal governance and control activities in 2018 is provided below:

- Procurement of a new ERP system.
- Implementation of GDPR; introduction of support processes, training of management and employees and distribution of operational responsibility in the organization.
- Continued implementation of COSO's framework:
 - Adding documentation for controls within prioritized processes;
 - Design and documentation of formal procedures for monitoring control

activities;

– Improvements to the internal control in the project development process by implementing a process based on lean management with a focus on quality, deliveries and costs.

- The organization was strengthened by the following recruitments:
 - Head of Information Security, Chief Legal Officer, Chief Procurement Officer and Project Controller.
- Governance documents were revised and adopted by the Board of Directors:
 - Code of Conduct, Supplier Code, Anti-Corruption Policy, Work Environment Policy, Finance Policy, Environmental Policy, Information Security Policy, Communication Policy and Insider Policy.
- Initiated the work on ensuring respect for human rights in the entire supply chain. An increased share of SSM's suppliers signed the Supplier Code.
- An improved purchase process focused on cooperation between the procurement function and production.

PLANNED ACTIVITIES IN 2019

- Planned commissioning of the new ERP system.
- Activities aimed at increasing the understanding of information security risks, through standardization, improved procedures and improvements to the IT infrastructure.
- COSO's framework:
 - Further development and improvements to the control activities in prioritized processes to increase the number

of automated controls and further develop risk management.

– Transfer to a continuous monitoring of control activities except for the project development process, which is already subject to continuous monitoring.

– Self assessment of the maturity of the internal governance and control in accordance with COSO.

- Ensuring the respect for human rights and that there is no child labor, forced or compulsory labor or other human rights violations through the implementation of a comprehensive solution for sustainable supply chains in the form of requirements, risk evaluation, follow-up and inspections.
- Continued work on implementing the Supplier Code of Conduct among SSM's suppliers.
- Training employees on sustainability issues, focusing on sustainable supply chains.

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in SSM Holding AB (publ),
corporate identity number 556553-3902

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the year 2018 on pages 117–131 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, April 17, 2019

Öhrlings PricewaterhouseCoopers AB

Ola Salemyr
Authorised Public Accountant

Board of Directors



Anders Janson

Chairman of the Board since 2015. Chairman of the Remuneration Committee and member of the Audit Committee. Member of the Nomination Committee.

Born: 1954.

Education: Bachelor of Law, Stockholm University.

Other assignments: Lawyer. Chairman of Netnod Internet Exchange i Sverige AB. Board member of Eurid Services AB and Internetkompetens i Sverige AB.

Previous experience: Board member Akelius Residential Property AB and assignments in SSM's subsidiaries.

Shares: 175,000 shares.

Independent in relation to the company, its leading decision-makers and largest shareholders.



Bo Andersson

Board member since 2016. Member of the Audit Committee.

Born: 1955.

Education: BA, Stockholm University, Advanced Management Program, Harvard Business School.

Other assignments: President & CEO Yazaki Corporation North and South America, Europe and Africa.

Previous experience: CEO of OAO AvtoVAZ and OAO GAZ. Procurement and management experience as Purchasing Director at SAAB, GM and as board member of Autoliv.

Shares: 142,795 shares

Independent in relation to the company, its leading decision-makers and largest shareholders.



Per Berggren

Board member since 2016. Member of the Audit Committee.

Born: 1959.

Education: M. Eng. Royal Institute of Technology, Stockholm. Financial education from Stockholm University.

Other assignments: Board member of Castellum AB, Fasticon Kompetens Holding AB and Slättö Förvaltning AB.

Previous experience: CEO of Hemsö and Jernhusen. Management roles within Drott, Faberge and Skanska.

Shares: 110,000 shares, of which 5,000 are held via companies.

Independent in relation to the company, its leading decision-makers and largest shareholders.



Sheila Florell

Board member since 2016. Member of the Remuneration Committee.

Born: 1965.

Education: Bachelor of Law, Stockholm University.

Other assignments: Chief Legal Counsel at Vasakronan and member of Vasakronan's corporate management team.

Previous experience: Board assignments in Vasakronan AB subsidiaries. Alternate board member Lars Johansson Consulting AB.

Shares: 105,000 shares.

Independent in relation to the company, its leading decision-makers and largest shareholders.

CVs and shareholdings are stated as at April 16, 2019.



Ulf Morelius

Board member since 2016. Owner representative in the Nomination Committee.

Born: 1958.

Education: Upper secondary school economist.

Other assignments: Partner and board member of Eurodevelopment Holding AG.

Previous experience: CEO and board member of SSM. Board assignments in SSM subsidiaries. Entrepreneur and founder of SSM. 30 years of industry experience within property development and previous roles as purchasing director.

Shares: 13,514,528 shares via Eurodevelopment Holding AG and 20,000 shares held privately.

Independent in relation to the company and its leading decision-makers. Not independent in relation to the company's largest shareholders.



Ulf Sjöstrand

Board member since 2016. Member of the Remuneration Committee.

Born: 1947.

Education: Construction engineer.

Other assignments: Partner, board member and CEO of Eurodevelopment Holding AG.

Previous experience: Founder of SSM. Founder and previous owner of property companies in Småland. In the 1970s and 1980s, employed at Skanska's hotel projects in St. Petersburg and Baghdad.

Shares: 13,514,528 shares via Eurodevelopment Holding AG and 10,000 shares held privately.

Independent in relation to the company and its leading decision-makers. Not independent in relation to the company's largest shareholders.



Jonas Wikström

Board member since 2016. Chairman of the Audit Committee.

Born: 1972.

Education: MBS, Uppsala University.

Other assignments: Chairman of the Board of Ramblin Brands Ltd.

Previous experience: Fund manager at Catella Fondförvaltning. Founder and CEO WR Capital. Management roles within ABG Sundal Collier and Alfred Berg.

Shares: 133,000 shares.

Independent in relation to the company, its leading decision-makers and largest shareholders.



AUDITOR



Ola Salemyr

ÖhrlingsPricewaterhouse-Coopers AB (PWC). Authorized Public Accountant. Auditor-in-Chief. **Born:** 1969.

CVs and shareholdings are stated as at April 16, 2019.

Group management



Mattias Roos

CEO. Management role since 2012.

Born: 1973.

Education: M.Sc.Eng., KTH Royal Institute of Technology, Stockholm, B.Sc.Eng., University of Gävle.

Previous experience: Head of Business Development and Transactions, Department Head Stockholm at NCC Boende AB, Project Manager at NCC, Project Leader at Besqab and JM.

Other assignments: Board assignments in SSM subsidiaries.

Shares: 903,000 shares.



Maria Boudrie

Chief Legal Officer. Management role since 2018.

Born: 1967.

Education: Bachelor of Law, Stockholm University.

Previous experience: Member of the Swedish Bar Association and Partner at Hamilton Advokatbyrå, associate at KLegal Advokatbyrå, business lawyer at KPMG and Legal Clerk at the Administrative Court of Appeal in Stockholm.

Other assignments: –

Shares: 100 shares.



Johan Ellertson

Head of Project Department & Sales. Management role since 2013.

Born: 1964.

Education: Technical College Graduate.

Previous experience: CEO of IQuity AB and Vice President RCC Stockholm AB. Project Manager and Project Leader at NCC Boende AB, JM AB and Skanska AB.

Other assignments: –

Shares: 31,000 shares.



Ann-Charlotte Johansson

Chief Communications, Sustainability & IR Officer. Management role since 2016.

Born: 1968.

Education: International MBS, Uppsala University, Legal studies, Stockholm University.

Previous experience: VP Communications and Investor Relations at Scandic Hotels Group. Senior Advisor at Hallvarsson & Halvarsson and Intellecta Corporate. Communications & Fundraising Manager at Swedish Red Cross, Communications Manager at GE Money Bank, IR Manager TradeDoubler, Regional Manager Framfab, consultant with Accenture and communications role at Nasdaq Stockholm.

Other assignments: –

Shares: 25,000 shares.



Erik Lemaitre

Chief Business development.
Management role since 2018.

Born: 1968.

Education: Diploma Building Economics, École Saint-Lambert, Paris. Executive Management for Construction & Real Estate, SSE Executive Education, Stockholm.

Previous experience: NCC, Nexity and own business.

Other assignments: –

Shares: 30,000 shares.



Christer Ljung

Chief Procurement Officer.
Management role since 2018.

Born: 1965.

Education: Studies in business administration with a specialization in logistics, Gothenburg University, and studies at MIT and INSEAD.

Previous experience: VP Industrialization and VP Purchasing at Schneider Electric Buildings AB and Head of Purchasing and Logistics at Volvo Aero Engine Services AB.

Other assignments: –

Shares: –



Ola Persson

Chief Financial Officer.
Management role since 2013.

Born: 1969.

Education: Bachelor of Business, Uppsala University, Master of International Business, University of South Carolina, diploma in financial analysis, Stockholm School of Economics.

Previous experience: Founder, CEO and CFO at PWPantbank and CEO and board member at Mondial Asset Management Group and Investment Manager, Alliance Capital Partners.

Other assignments: Board and management assignments for SSM subsidiaries. Board member and CEO, iBoP AB.

Shares: 49,800 shares.



Casper Tamm

Finance Director.
Management role since 2016.

Born: 1961.

Education: MBS, Lund University.

Previous experience: CFO at Swedol AB, Finance Director at Teracom and Finance Manager Dow Chemical Nordics. Board member at Nima-Maskinteknik AB, Swedol Förvaltning AB and Fastighetsaktiebolaget Pistolvägen 4.

Other assignments: Chairman of HACEI AB.

Shares: 28,000 shares.

CVs and shareholdings are stated as at April 16, 2019.

2 years on the stock exchange

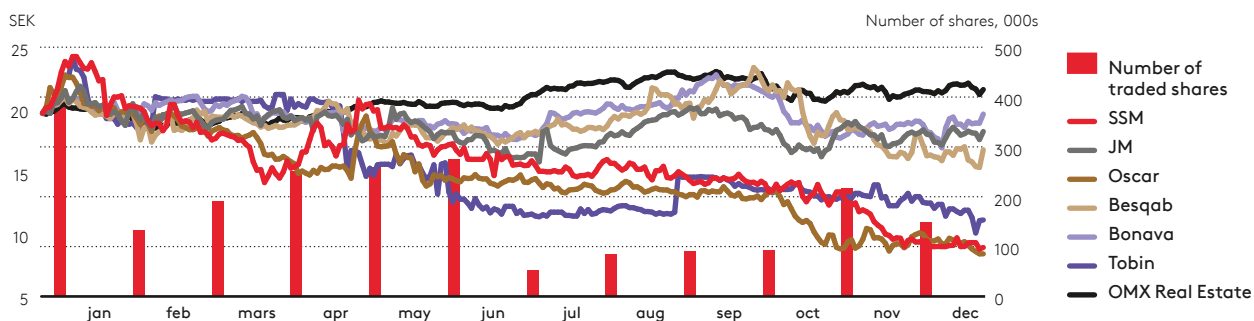


SSM has been listed on Nasdaq Stockholm since April 6, 2017. SSM's share is listed in the Small Cap segment and in the Real Estate sector index.

PRICE TREND

2018 was another volatile year for the Stockholm Stock Exchange. After a quiet first half year, the summer was weak followed by a widespread decrease in share prices. The OMX Stockholm fell by 14.3 percent during the last quarter of the year and for the full year 2018, the decline was -7.7 percent. The sector index for real estate companies, OMX Real Estate, showed positive development and ended the year 9.7 percent higher as investors sought out less cyclical and more stable companies. There were differences between the various sub-sectors within the index: the shares of property management companies rose while housing developers showed weaker performance.

Share price trend, Jan 1 – Dec 28, 2018



SHARE TURNOVER

During 2018, a total of 2.2 million SSM shares were traded (7.0) with a value of 37.2 MSEK. This corresponds to an average turnover rate of approximately 5.6 percent (17.8). Some 97.7 percent of this trading was on Nasdaq Stockholm, and trading on other marketplaces accounted for 2.3 percent of turnover. The higher turnover in 2017 is due in part to the turnover of 2.6 million shares in April 2017 in connection with the IPO on April 6. The average turnover rate on Nasdaq Stockholm's Small Cap list dropped during the year to 50.8 percent (66.9).

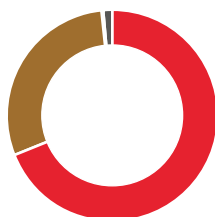
SHARE CAPITAL & OWNERSHIP STRUCTURE

SSM's share capital amounts to 39.3 MSEK divided into 39,252,542 shares conferring one vote each. At the end of 2018, SSM had 2,249 known shareholders (2,482), of which Eurodevelopment AG was the largest with 68.9 percent of the votes and capital. Eurodevelopment AG is owned by the company's founders, Ulf Morelius and Ulf Sjöstedt, who each own 50 percent. The ten largest owners controlled a total of 88.3 percent of the votes and capital (88.1). The total Swedish ownership increased slightly to reach 29.7 percent of the capital (28.7) and votes, of which Swedish institutions held 13.2 percent.

DIVIDEND & DIVIDEND POLICY

SSM has adopted a dividend policy with a dividend payout rate above 30 percent of the earnings per share from the 2017 financial year. The Board's assessment continues to be that the profit should be invested in the company's continued development and growth. The proposed dividend, therefore, is unchanged at SEK 0 per share (0).

Geographic distribution of owners, %



- Switzerland, 68.9%
- Sweden, 29.7%
- Finland, 0.1%
- Other, 1.3%

Owners by category, %



- Swedish institutions, 13.2%
- Swedish private investors, 11.9%
- Foreign institutions, 0.1%
- Other foreign investors, 74.8%

10 LARGEST OWNERS

	Number of shares	Share of capital and votes, %
Eurodevelopment AG	27,029,056	68.90
Länsförsäkringar Fonder	3,611,255	9.20
Weland Holding AB	1,019,828	2.60
Tredje AP-fonden	933,578	2.40
Mattias Roos	903,000	2.30
Avanza Pension	375,058	1.00
Bengt Malmegård	274,342	0.70
XACT Fonder	185,553	0.50
Anders Janson	175,000	0.40
Handelsbanken Liv Försäkring AB	170,492	0.40
Total 10 largest owners	34,677,162	88.30
Other	4,575,380	11.7
Total	39,252,542	100.0

ANALYSTS FOLLOWING SSM

Stefan Andersson, SEB

stefan.e.andersson@seb.se

Tobias Kaj, ABG Sundal Collier

tobias.kaj@abgsc.se

Philip Hallberg, ABG Sundal Collier

philip.hallberg@abgsc.se

SHARE DATA

Ticker symbol	SSM
ISIN	SE0009663511
Trading lot	1 share
List	Nasdaq Stockholm Small Cap
Sector index	OMX Stockholm Real Estate

Information to the shareholders

ANNUAL GENERAL MEETING

The 2019 Annual General Meeting will be held on Wednesday, May 15 at 13:00 CET at the Tellus Towers showroom at Tellusgången 3 (Telefonplan), 126 26 Hägersten, in the Municipality of Stockholm.

NOTICE OF ATTENDANCE AT THE ANNUAL GENERAL MEETING

Shareholders wishing to attend the Annual General Meeting must be included in the share register maintained by Euroclear Sweden AB no later than Thursday, May 9, 2019 and notify their intention to attend the Annual General Meeting to the company via Computershare AB, c/o SSMs årsstämma 2018, Box 610, 182 16 Danderyd, Sweden.

The notice should contain the name, personal or corporate identity number, address and telephone number of the shareholder and any accompanying assistants (max 2). Shareholders attending by proxy shall state the name and the corporate or personal identity number of the proxy. To participate in the Annual General Meeting, shareholders whose shares are nominee-registered must temporarily register the shares in their own names with Euroclear Sweden AB. Shareholders should inform the nominees well in advance of notifying their attendance.

NOTICE CONVENING

THE ANNUAL GENERAL MEETING

The Annual General Meeting is convened through a notice on the company's website and an announcement in the Official Swedish Gazette (*Post- och Inrikes Tidningar*). The fact that the notice has been published will be announced in Dagens Industri.

Any documents that are to be presented at the Annual General Meeting will be made available on the company's website at least three weeks prior to the Annual General Meeting and on the day of the Annual General Meeting.

NOMINATION COMMITTEE FOR THE ANNUAL GENERAL MEETING 2019

Johannes Wingborg, Länsförsäkringar Fondförvaltning AB (chairman and convener)
Ulf Morelius, Eurodevelopment Holding AG
Peter Lundkvist, Third Swedish National Pension Fund
Anders Janson, Chairman of the Board

FINANCIAL CALENDAR 2019

Interim Report	
January–March 2019	May 15, 2019
Interim Report	
January–June 2019	August 28, 2019
Interim Report	
January–September 2019	November 19, 2019

CONTACT DETAILS

Ann-Charlotte Johansson
Chief Communications, Sustainability & IR Officer
ann-charlotte.johansson@ssmliving.se

Definitions

Number of outstanding shares

Number of shares registered at the end of the period, adjusted for the share split.

Total assets

Sum of assets.

Booked apartments

The number of apartments that have been reserved by signing a booking agreement where the buyer has also paid the booking fee.

Gross margin

Gross profit in relation to net sales.

Gross profit

Net sales less the cost of production and management.

Equity per share

Equity attributable to the Parent Company shareholders in proportion to the number of shares outstanding at the end of the period, adjusted for the share split.

Quick ratio

Current assets excluding inventories, divided by current liabilities at the end of the period.

Net sales joint ventures

Total net sales for SSM's joint ventures.

Net sales including joint ventures

Net sales for the Group and for joint ventures.

Earnings per share after tax

Profit after tax in relation to the average number of outstanding shares.

Return on equity

Profit after tax in relation to average equity.

Interest cover ratio

Profit after financial revenue in relation to financial expenses.

Operating margin

Operating profit as a percentage of net sales.

Operating profit

Profit before financial items.

Debt/equity ratio

Total debt in relation to equity.

Solidity

Equity in relation to total assets at the end of the period.

Dividend per share, SEK

Dividend in Swedish kronor in relation to the number of shares outstanding at the end of the period, adjusted for the share split.

Total employees

Number of contracted employees at the end of the period.

Total apartments in production

Number of apartments on which production has started but not yet finished.

Total completed apartments

Number of apartments in projects where revenue was recognized during the period.

Project optimization

Changes in the number of building rights in the company's previously acquired projects during the period.

Building right

The forecast for the most recent period regarding the number of apartments in the company's projects that can be developed in the company's projects.

Project

When the company has acquired or entered into an agreement regarding a binding acquisition or option to acquire, directly or indirectly, a property with the intention of developing it into housing.

Accumulated number of sold apartments

Total number of apartments in production that are sold through pre-purchase agreements or grant agreements to a housing association or commercial property owner.

Sold apartments

Number of apartments sold during the period through binding pre-purchase agreements or grant agreements.

Sold share in production

Number of apartments sold compared to the number of apartments in production.

SSM applies the guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APMs). The guidelines aim to make APMs in financial reports more comprehensible, reliable and comparable, thereby increasing their usefulness. According to these guidelines, an APM is a financial measurement of historical or financial performance, financial position, financial results or cash flows other than financial measurements defined or specified in the applicable financial reporting framework, IFRS and the Swedish Annual Accounts Act. Reconciliation of APMs is available at ssmlivinggroup.com



Smaller spaces.
Larger living.



SSM



ssmliving.se
ssmlivinggroup.com