

ANNUAL REPORT 2018

Victoria Park AB (publ)

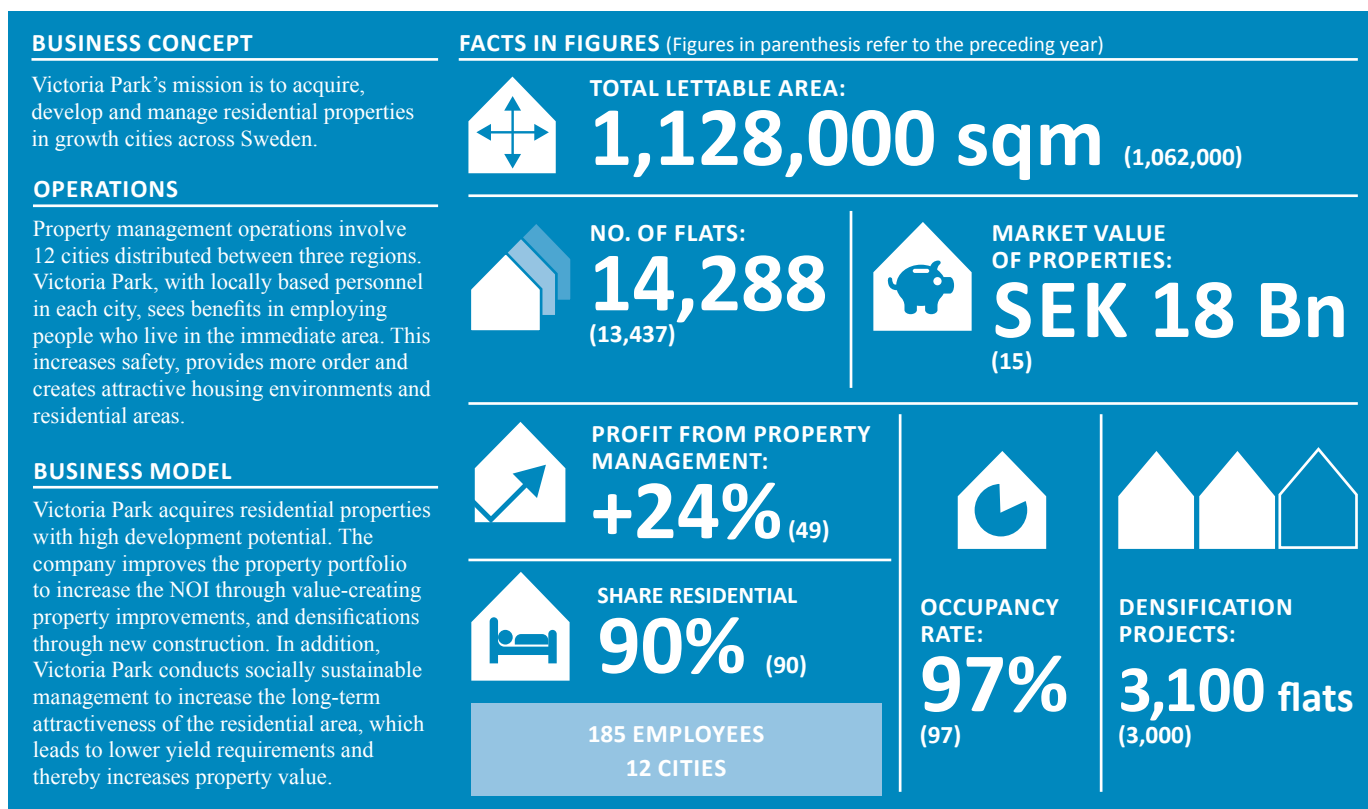


VICTORIA PARK®

In the event of discrepancies between this Annual Report and the Swedish Annual Report, the Swedish version shall prevail.

VICTORIA PARK AT A GLANCE

Victoria Park is a property company listed on Nasdaq Stockholm, Mid Cap, with a focus on residential properties in growth cities across Sweden. The property portfolio amounts to 1,128,000 sqm, comprising 14,288 flats, with a market value of SEK 18.1 Bn. Through long-term management and social responsibility for more attractive residential areas, Victoria Park aims to create value for residents, employees, shareholders, society and other stakeholders.



OUR REGIONS



REGION STOCKHOLM
No. of flats: 6,259



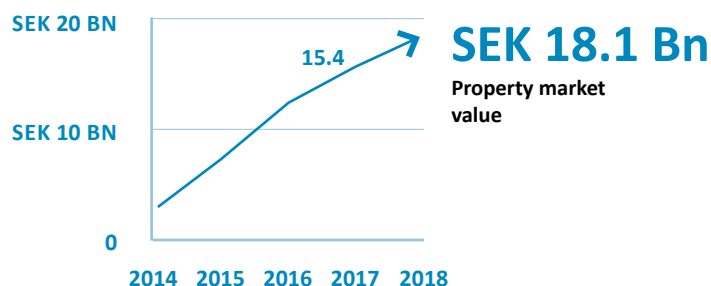
REGION GOTHENBURG
No. of flats: 2,371



REGION MALMÖ
No. of flats: 5,658

INCREASED MARKET VALUE

The company has experienced robust expansion in recent years and posted high growth in, for example, revenues, net operating income and net asset value. In 2018, the market value increased from SEK 15.4 Bn to SEK 18.1 Bn, primarily through value-creating management with subsequent value increases and acquisitions.



FAVOURABLE PROPERTY MARKET



A substantial housing shortage and limited new residential construction are creating opportunities for Victoria Park to continue to develop its properties in growth cities resulting in an extended service life and increased NOI. The property market remains extremely favourable, with high demand for residential portfolios. Demand for rental units has, if anything, strengthened and we have noted some spare capacity in the construction sector, which is positive for Victoria Park's new construction. Low interest rates and good access to capital, as well as the limited supply of residential properties, continue to drive property prices and market values upward.

VONOVIA NEW MAJOR OWNER

VONOVIA

In 2018, the German housing company Vonovia became a new major owner in Victoria Park. Vonovia views Victoria Park as one of the leading housing companies in Sweden, providing an important platform for continued growth in the Swedish market.

An extraordinary general meeting on 24 July elected representatives from Vonovia onto the Board of Directors of Victoria Park. Rolf Buch, CEO of Vonovia, was appointed Chairman. At year-end 2018, Vonovia controlled over 81 percent of shares and votes in Victoria Park.



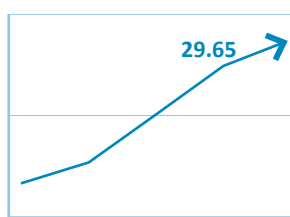
NET ASSET VALUE PER SHARE:

+ 17%

SEK 40

SEK 20

0



2014 2015 2016 2017 2018

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2018 IN BRIEF

Q1

- ✓ Victoria Park acquires 285 flats in the Malmö region for SEK 333 M.
- ✓ Victoria Park discontinues lifestyle property segment as part of streamlining operations to the management of rental properties.

Q2

- ✓ Victoria Park acquires 327 flats in the Malmö region for SEK 465 M.
- ✓ Zoning plan for 570 new flats in Linköping becomes final.
- ✓ COO and Deputy CEO Per Ekelund assumes as CEO, CFO Tommy Åstrand as deputy CEO and Ola Svensson as new COO.
- ✓ US Starwood Capital Group submits bid for Victoria Park of approximately SEK 8.6 Bn. Following an independent valuation opinion, the Board's Bid Committee rejected the bid.
- ✓ Starwood announces that the company had acquired 24.4 percent of shares and around 32.1 percent of votes in Victoria Park.
- ✓ Victoria Park receives new bid from the German property company Vonovia of approximately SEK 9.6 Bn. The Board's Bid Committee recommends shareholders to accept the bid.
- ✓ Vonovia announces that the company had acquired 63.8 percent of shares and around 58.7 percent of votes in Victoria Park.

Q3

- ✓ Construction starts on about 60 new flats in Växjö with occupancy scheduled for 2019, through remodelling of unutilised areas and the construction of a new residential building.
- ✓ Victoria Park utilises part of the company's expanded loan facility with existing lenders totalling SEK 1.4 Bn for the repayment in advance of a SEK 400 M bond loan.
- ✓ An extraordinary general meeting elects a new Board of Directors, with Rolf Buch, CEO of Vonovia, as Chairman.
- ✓ Vonovia acquires Starwood's shareholding in Victoria Park and owns then 81 percent.

Q4

- ✓ Victoria Park acquires 223 flats in Örebro for SEK 220 M.
- ✓ Victoria Park publish a profit for the financial year 2019.
- ✓ Victoria Park signs an agreement to acquire 2,340 flats in Stockholm and Gothenburg. The closing is preliminarily scheduled for 1 April 2019.

Prior 2019 AGM

For the 2018 financial year, the Board of Directors proposes no dividend on ordinary shares 2018 (SEK 0.40) and a dividend of SEK 20.00 (20.00) per preference share.

KEY FIGURES

	2018	2017	2016	2015	2014
Revenues, SEK M	1,190	1,062	832	622	298
Net operating income, SEK M	672	570	419	314	128
Profit from property management, SEK M	406	328	220	155	36
Profit after tax, SEK M	1,224	1,901	1,217	1,240	368
Earnings per share, SEK	4.95	7.83	5.20	5.29	1.50
Equity per share, SEK	28.96	24.36	16.91	11.45	5.87
Net asset value per share, SEK	34.66	29.65	20.08	13.41	6.46
Cash flow per share, SEK	1.67	1.43	1.00	0.73	0.26
Equity/assets ratio, %	39.3	37.8	33.8	35.1	39.0
Loan-to-value ratio, %	51.4	52.5	57.3	55.8	54.9
Interest-coverage ratio, multiple	3.2	2.9	2.6	2.4	1.7
Market value, SEK Bn	18.1	15.4	12.3	7.3	3.1



Statement from CEO Per Ekelund

PROPERTY VALUE TARGET ACHIEVED AND MAJOR ACQUISITIONS PROVIDE A PLATFORM FOR CONTINUED GROWTH

HOW WOULD YOU SUMMARISE 2018 FOR VICTORIA PARK?

2018 was another successful year for Victoria Park. We undertook the largest transaction in the company's history through the acquisition of 2,340 flats in Stockholm and Gothenburg for SEK 4.7 Bn, with closing in 2019 and therefore reach our long-term goal of a property value of SEK 20 Bn. Another milestone was that the German company Vonovia became our new principal owner. The bidding battle with the US company Starwood indicates that we have an attractive business model built on secure investments with solid returns. We began the construction of 30 flats in Växjö and renovated 1,200 flats, equal to 100 flats per month. We also carried out our first customer survey, which offered a good indication of the areas we can improve in our property management, for example with respect to service to our residents. Finally, we divested the Lifestyle property segment, since we believe it is important to streamline our operations, which are now entirely focused on rental properties in "million housing programme" areas.

In this context, I would like to take this opportunity to warmly thank our employees for all of their exceptional hard work – without your strong commitment we would never have achieved such excellent results.

WHAT HAS BEEN ACHIEVED IN TERMS OF STANDARD-ENHANCEMENT INVESTMENTS, DENSIFICATION AND SOCIALLY SUSTAINABLE MANAGEMENT?

We renovated 1,200 flats and thereby reached our goal. Through our rolling ROT programme, we are improving housing environments and extending the service life of our properties as well as creating safe and attractive residential areas. We can charge negotiated rents that are between 30 to 40 percent higher than before the renovation but still much lower compared with new construction. This corresponds to between 7 and 8 percent in yield on the total investment.

Densification is taking place within our existing properties, primarily by utilising green areas and unutilised parking spaces, which is a cost-efficient way to expand our portfolio and generate value. The new buildings make the residential area more attractive for residents in nearby properties and boosts the entire residential area. During the year, we began constructing 30 rental flats in Växjö. In total, we have more than 3,000 flats in densification projects at various phases, of which 570 flats in Linköping that will be constructed over the next five to seven years.

Work has continued unabated with socially sustainable management. We have some 40 employees who live in or near our residential areas. They work in our local offices together with customer coaches and environment caretakers. These local ties help to create a constructive dialogue with residents, which provides greater security and reduces vandalism in our residential areas. Overall, this creates significant value for individuals, the company and society.

HOW DO YOU VIEW YOUR ECONOMIC PERFORMANCE?

The economic performance has exceeded our expectations. Our revenues increased by taking possession of properties in Örebro, Gothenburg and Malmö and also through our high rate of renovation with the subsequent rent increases, as well as the construction of new flats in existing buildings through the conversion of unutilised spaces, such as cellars and storage spaces. Our costs are largely in line with budget and we successfully reduced costs through energy-saving measures. Consequently, we improved our net operating income from SEK 570 M to SEK 672 M. The market value of our properties increased to approximately SEK 16,000 per sqm compared with SEK 14,000 per sqm in the preceding year.

HOW DO YOU VIEW YOUR ACQUISITIONS?

The acquisition of 2,140 flats in Haninge, Stockholm, and 200 flats in Mölndal, Gothenburg, from Akelius Residential Property for SEK 4.7 Bn is the largest transaction in the company's history. The acquisition was made possible by our principal owner Vonovia's strong financial position. This prestigious acquisition took place in two of Sweden's strongest growing regions and, therefore, makes our property portfolio more attractive. The acquisition of 223 flats in Örebro was welcome as we needed to increase our size in the city to achieve a critical mass in property management. The acquisition in Malmöregion with over 600 flats was positive as we could add additional properties to our portfolio and can benefit from economies of scale in our property management.

HOW STRONG IS YOUR FINANCIAL POSITION?

In the autumn of 2018, we signed an agreement to extend lines of credit with existing lenders. Full exercise of the new agreements would free up almost SEK 1.4 Bn at the same time as the average interest would decrease. We also repaid in advance a bond loan of SEK 400 M. Financing of the acquisition in Stockholm and Gothenburg will be largely carried out using new refinancing and property loans on acquired properties. Vonovia's financial muscle is offering us the conditions to continue growing in 2019.

HOW IMPORTANT IS VONOVIA AS PRINCIPLE OWNER OF THE COMPANY AND OPERATIONS?

Vonovia is Europe's largest residential property company managing some 400,000 flats. It understands our business and is highly positive to our business model. Having Vonovia as principle owner provides us with certain synergies in areas such as financing and purchasing. The fact that Rolf Buch himself, CEO of Vonovia, has become our Chairman shows that it views Victoria Park as a strategically important investment. Vonovia has also stated that it wants Victoria Park to continue to grow in Sweden, which it considers a promising property market.

HOW DO YOU VIEW DEVELOPMENTS IN THE PROPERTY MARKET AND THE SIGNALS FOR 2019?

I believe the transaction volume will remain essentially unchanged compared with 2018. So far, sales have mainly been of individual properties, though we can probably expect more structural transactions as small property companies find it more difficult to find funding, which will lead to takeovers by larger players.

I also expect slightly higher rent increases in general in 2019, as interest rates are rising and rent levels are higher on the political agenda.

WHAT WILL BE VICTORIA PARK'S TARGETS AND FOCUS FOR 2019?

We will continue grow as much as we can with the aim of acquiring property for further SEK 1 Bn. We are also planning to maintain the same rate of renovation while we streamline costs through energy savings and synergies in purchasing and administration. Based on the customer survey, we will also improve our service to residents. Taken together, there is every chance that 2019 could be yet another successful year for Victoria Park.

Malmo, 29 march 2019



Per Ekelund, CEO



Statement from Chairman Rolf Buch

CONTINUED SUBSTANTIAL DEVELOPMENT POTENTIAL FOR VICTORIA PARK



Victoria Park's operations noted a favourable performance in 2018. The company created shareholder value through standard-enhancement investments, social sustainable management and densification. The high pace of renovation, involving about 1,200 flats, made a strong contribution to the positive financial results. With closing in 2018, Victoria Park acquired properties containing over 800 flats, portfolios with a relatively large share of unrenovated flats. The company also completed refinancing of SEK 1.4 Bn and repaid in advance a bond loan of SEK 400 M, which will reduce financial expenses in 2019.

ROBUST PROPERTY MARKET

The Swedish property market remained robust during the year. Low interest rates continued to have a positive effect on the market and there is still a substantial shortage of housing in growth cities in Sweden. The price drop that occurred in the market for tenant-owned flats in Stockholm, and mainly affected the higher price segment, had no adverse impact on the rental market where Victoria Park operates. Victoria Park sees continued robust demand and has many applicants to its flats. The slowdown in the market for tenant-owned flats has resulted in some spare capacity in the construction sector, which is positive for Victoria Park's project planning operations and rolling ROT programme. Overall, Victoria Park is growing, not least through rising demand for housing due to the substantial migration into growth cities where the company has a presence.

BUSINESS MODEL GENERATES VALUE

As a new principal owner, we are impressed by Victoria Park's business model, with its value-creating investments and social sustainable management. The property portfolio is being renovated and the company's social involvement cultivates calm and attractive residential areas. Many of the residential areas also have large densification potential, which increases opportunities for residents who are interested in climbing the property ladder through a mixture of building types and forms of tenure. During the year, Victoria Park began its first densification project with construction starting of 30 flats in Växjö. Herein lies vast potential to create value for the company – with the possibility to create over 3,000 new housing units through densification.

STRONG FINANCIAL POSITION

Victoria Park has created a strong financial position with an equity/assets ratio and loan-to-value ratio that exceed its financial targets by a wide margin. The company also has a very good relationship with its banks, which understand the value of Victoria Park's business model – a fact that was evident in the advantageous refinancing of SEK 1.4 Bn. Victoria Park has excellent opportunities to continued development potential through its strong finances, high pace of renovation, and its portfolio that still has a large share of unrenovated flats.

FOCUS FOR THE BOARD

I was appointed Chairman of the Board of Directors in conjunction with the extraordinary general meeting in July. During 2018, the Board focused on issues such as acquisitions, valuation, refinancing, reviewing existing policies – including finance, IT and communication – and bidding processes.

POSITIVE MARKET OUTLOOK

My outlook for the Swedish housing market remains positive for 2019. All signs indicate that demand for rental units will remain strong. After the general election, we also have a positive view of the municipal sales process, with Victoria Park as a natural partner in light of its strong social involvement.

VONOVIA'S VIEW OF VICTORIA PARK

From Vonovia's perspective, we have a highly positive view of Victoria Park. We see that the company will provide a platform for continued growth in Sweden. Victoria Park's performance and results are impressive, and we want this growth to continue. Vonovia's support can provide even better conditions to accelerate Victoria Park's growth – not least by using Vonovia's experience and know-how on property acquisitions and integration. Through our history and experience of industrialisation, standardisation and scalability of property operations, we believe that Victoria Park is the perfect platform for continued consolidation of the Swedish market, which can make the company even more successful and benefit all stakeholders.

Malmö, 29 march 2019

Rolf Buch, Chairman



Strategy

VICTORIA PARK'S GROWTH

Victoria Park's strategy is based on investments in growth cities, the development of the existing property portfolio and a social sustainable management.

**BUSINESS CONCEPT**

Victoria Park is to acquire, develop and manage residential properties in growth cities in Sweden.

GOALS

OVERALL GOALS

- » Generate growth in net asset value, excluding dividends on ordinary shares, that over time averages at least 15 percent.
- » Generate growth in profit from property management that over time averages at least 12 percent per year.
- » Own assets with a market value of at least SEK 20 Bn by the end of 2020.

FINANCIAL GOALS

- » Maintain an equity ratio of at least 30 percent.
- » Maintain a long-term loan-to-value ratio of 65 percent at the most.
- » Maintain an interest-coverage ratio of at least 2.0.

STRATEGY

To achieve these goals, Victoria Park is to:

- » Prioritise investments in “million housing programme areas” in growth cities, with a geographic focus on southern and central Sweden.
- » Develop the existing property portfolio – focusing on standard-enhancement measures and densification projects through new construction.
- » Create and improve values through long-term and sustainable property management with a social dimension.
- » Have a local social involvement by establishing cooperation with authorities, municipalities and non-governmental organisations.

BUSINESS MODEL THAT GENERATES VALUE

Our business model is based on the development potential of our properties. Based on our portfolio of existing and acquired properties, we approach management in three ways:

Standard-enhancement investments: We adopt a standardised renovation process that gives our flats a standard comparable with a newly built tenant-owned flat. Renovations are carried out when the flats are vacated. Newly renovated flats have the same high standard as newly built flats, but considerably lower rent. The potential for value growth of the portfolio is considerable since 64 percent of the flats are unrenovated and we have a churn rate of 17 percent.

Conversion is another type of standard-enhancement measure. Secondary areas such as storage, basement and long-term vacant premises are converted into new flats.

Yet another standard-enhancement measure involves cost-saving investments to lower climate impact and improve energy efficiency. Examples include improvements in the ventilation systems, installation of motion-sensor LED lighting, additional insulation in attics, weather forecast-controlled heating centres, and systems for individual water metering.

Social sustainable management: Our social sustainable management aims to build a relationship with the residents and create a sense of inclusion in their own building and neighbourhood. By extension, this creates quieter, safer and more attractive residential areas. Victoria Park has area offices in its various districts staffed with its own employees. Every year, we employ environment caretakers and residential coaches, most of whom are residents living in our districts who have been unemployed for an extended period of time. We also have a broad local social involvement that involves extensive cooperation with authorities, municipalities, organisations and property owners.

Densification: We also densify our districts to increase the lettable area and create a more attractive residential area. Victoria Park invests in a mix of building types, forms of tenure, street spaces and open spaces. This creates more attractive residential areas and makes it possible for our tenants to climb the housing ladder within the neighbourhood.

ACQUISITIONS

We are expanding our portfolio through the acquisition of properties in growth cities in southern and central Sweden. These properties, built in the 1960s and 1970s, have high development potential. For establishments in new districts, the objective is a portfolio of at least 500 flats in order to realise a cost-effective management organisation.



Victoria Parks Goals and Results

GOALS AND RESULTS

In 2018, Victoria Park met all of its overall and financial goals. In certain cases, the outcome was better than in the year-earlier period. At year-end 2018, the company's property value amounted to SEK 18.1 Bn compared with the target of SEK 20 Bn by the end of 2020.

OVERALL GOALS

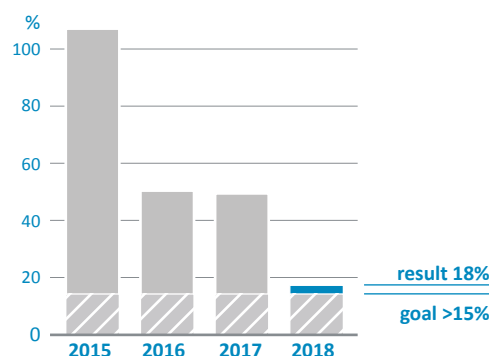
NET ASSET VALUE

GOAL
>15%

Generate growth in net asset value, excluding dividends on ordinary shares, that over time averages at least 15 percent.

RESULT
18%

The increase is primarily attributable to the value-enhancement investments in the properties, increased profit from property management and the valuation of building rights.



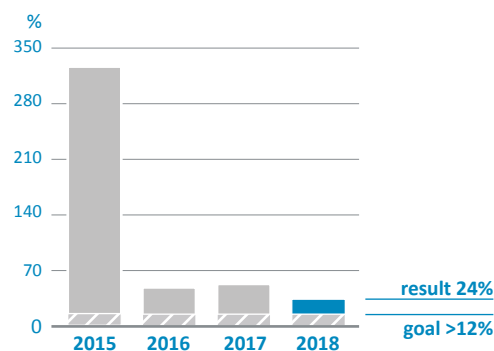
PROFIT FROM PROPERTY MANAGEMENT

GOAL
>12%

Generate growth in profit from property management that over time averages at least 12 percent per year.

RESULT
24%

Value-enhancement investments with subsequent rent increase and investments in energy-saving measures that give lower operating expenses contribute to improved profit from property management. Property acquisitions also contributed to the increase in profit from property management.



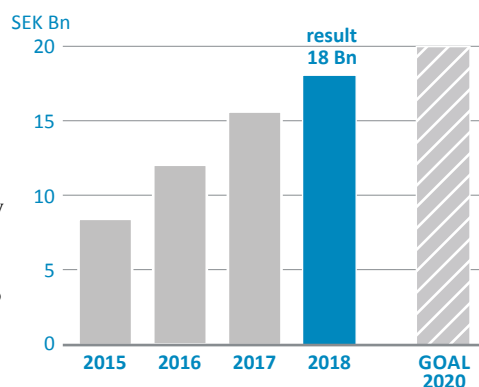
PROPERTY VALUE

GOAL
>SEK 20 BN

Own assets with a market value of at least SEK 20 Bn by the end of 2020.

RESULT
SEK 18 BN

The increase in property value was primarily due to our business model with value-enhancement investments and acquisitions. Lower yield requirements in the market also contributed to a minor part of the increase.



FINANCIAL GOALS

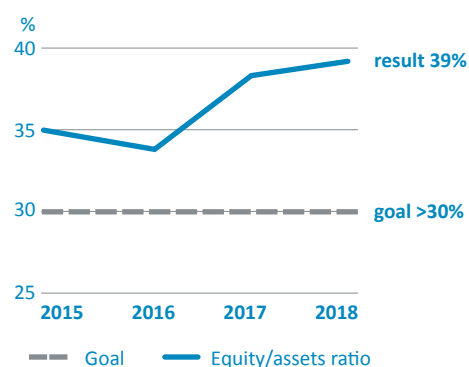
EQUITY/ASSETS RATIO

GOAL
>30%

Maintain an equity ratio of at least 30 percent.

RESULT
39%

Our equity/assets ratio is well above the goal. Victoria Park's business model strengthens the equity/assets ratio and lowers the loan-to-value ratio. This is mainly because the company's property development is largely self-financed. Value-enhancement investments lead to increased net operating income, which in turn generates a higher property value.



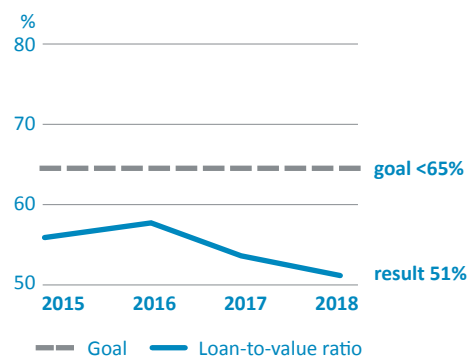
LOAN-TO-VALUE RATIO

GOAL
<65%

Maintain a long-term loan-to-value ratio of 65 percent at the most.

RESULT
51%

The property portfolio's strong value growth, through standard-enhancement investments and a slightly lower yield requirement, contributed to a lower loan-to-value ratio, which is well below the target for maximum borrowing.



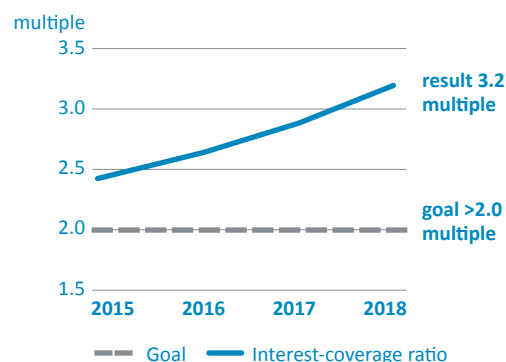
INTEREST-COVERAGE RATIO

GOAL
>2.0 multiple

Maintain an interest-coverage ratio of at least 2.0.

RESULT
3.2 multiple

The improved interest-coverage ratio is driven by improved profit from property management and lower average interest expenses.



The share

CONTINUED STRONG INCREASE IN NET ASSET VALUE

Victoria Park is listed on the Nasdaq Stockholm Mid Cap list. The company has three types of shares: Class A and B ordinary shares, and preference shares. The company's market capitalisation at 31 December 2018 amounted to SEK 9,071 M, up 22 percent from 2017 when the value was SEK 7,460 M. Following the bid for Victoria Park, the German property company Vonovia held more than 81 percent of the total number of shares and votes in the company by the end of 2018.

Victoria Park shares are traded on Nasdaq Stockholm Mid Cap. Victoria Park was listed in 2007 on Nasdaq OXM First North but has been listed on Nasdaq Stockholm since December 2013. During the year, a total of 84 (61) million Victoria Park shares were traded at a value of SEK 3,120 M (1,785). 100 percent of the trading took place on Nasdaq Stockholm.

SHARE CAPITAL

Victoria Park's share capital amounted to SEK 26.8 M (26.8) at year-end. During the year, a total of 982,150 Class A shares were converted to 982,150 Class B shares, which reduced the total number of votes by 883,935.

After these changes, the total number of shares amounts to 243,906,359, of which 77,075,229 are Class A ordinary shares, 165,799,083 are Class B ordinary shares, and 1,032,047 are preference shares, with a total number of votes of 93,758,342.00. The quotient value per share is SEK 0.11. Each Class A share carries one voting right and each Class B or preference share carries one tenth of a voting right. Each qualified voter may vote for all owned and represented shares at the Annual General Meeting. Victoria Park has no holdings of its own ordinary or preference shares.

Dividend policy

- » Dividends to ordinary shareholders are to be proposed each year at 25 percent of the pre-tax profit, with exceptions for changes in value and with consideration given to Victoria Park's potential acquisitions and financial position.
- » Dividends to holders of preference shares are to be paid in accordance with the Articles of Association, entailing an annual dividend of SEK 20.00 per preference share in quarterly payments of SEK 5.00.

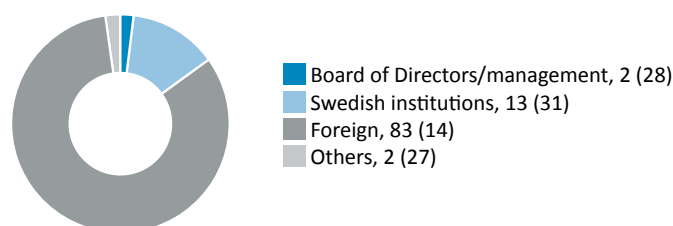
DIVIDENDS

Since Victoria Park recently signed an agreement for its largest acquisition to date, the Board of Directors has resolved, according to the dividend policy considering the company's opportunities for acquisitions and financial position, to propose to the Annual General Meeting that no dividend be paid for the financial year 2018 (SEK 0.40) regarding the ordinary shares. For the preference shares, the Board proposes a dividend of SEK 20.00 (20.00).

KEY FIGURES PER ORDINARY SHARE AFTER DILUTION, SEK

	2018 31 dec	2017 31 dec
Profit after tax	4.95	7.83
Equity	28.96	24.36
Net asset value	34.66	29.65
Cash flow	1.67	1.43
Dividends (2018 proposed)	-	0.40

OWNERSHIP ORDINARY SHARES, %



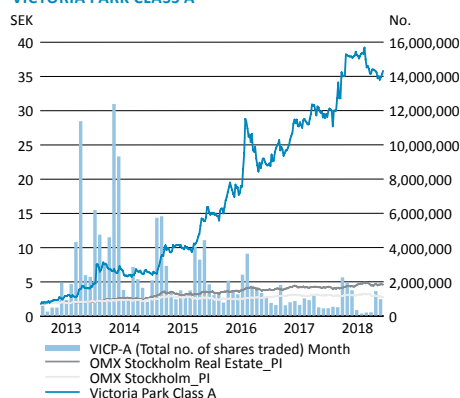
	Price paid. SEK		No. of shareholders	
	2018 31 dec	2017 31 dec	2018 31 dec	2017 31 dec
Class A shares	35.80	29.50	1,456	2,921
Class B shares	36.20	29.40	3,260	6,360
Preference shares	300.00	302.00	671	1,884



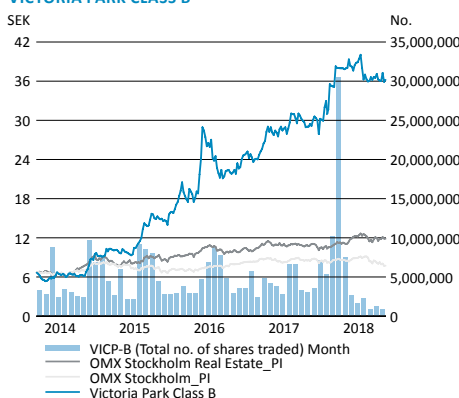
NET ASSET VALUE:

+ 17%

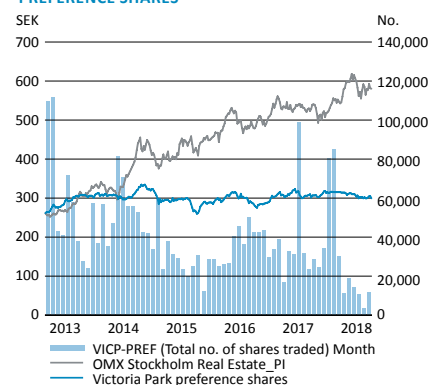
VICTORIA PARK CLASS A



VICTORIA PARK CLASS B



PREFERENCE SHARES



Victoria Park's share price for the Class B share closed on 28 December at SEK 36.20, corresponding to a percentage growth of 23 percent during the year. This is comparable to the OMX Stockholm property index which rose by 10 percent during the same period.

SHAREHOLDERS AS AT 31 DECEMBER 2018

The information refers to holdings belonging to shareholders and/or related parties, known changes.

Name	Class A shares	Class B shares	Preference shares	Total no. of shares	Capital, %	Voting rights, %
Deutsche Annington Acquisition ¹⁾	35,967,384	102,134,569	772,063	138,874,016	56.9	49.3
Homestar Investco AB ¹⁾	27,074,397	32,486,304		59,560,701	24.4	32.3
Danir AB ²⁾	8,435,198	10,764,946		19,200,144	7.9	10.1
Lansforsakringar Fastighetsfond		6,661,278		6,661,278	2.7	0.7
Ninalpha AB ²⁾	1,800,000	3,500,000		5,300,000	2.2	2.3
Handelsbanken Sverigefond, Index		809,638		809,638	0.3	0.1
Försäkringsaktiebolaget, Avanza Pension	377,867	347,550	11,565	736,982	0.3	0.4
SEB Sverige Indexfond		607,788		607,788	0.2	0.1
Clearstream Banking S.a., W8IMY		583,490	2,000	585,490	0.2	0.1
SEB Hållbarhetsfond Sverige Index		525,081		525,081	0.2	0.1
Others	3,420,383	7,378,439	246,419	11,045,241	4.5	4.5
Total	77,075,229	165,799,083	1 032,047	243,906,359	100.0	100.0

1. Wholly-owned subsidiary of Vonovia SE.

2. Danir AB and Ninalpha AB have issued call options to Vonovia SE regarding a total of 24,500,144 ordinary shares, under which Vonovia SE has the right to acquire the shares. The call options can be exercised in the period 15-29 May 2019.

WARRANTS

Victoria Park has a warrant programme adopted by the 2017 AGM. The options were sold at market value in accordance with the Black & Scholes' pricing model. Following the Vonovia SE becoming the largest owner of Victoria Park due to its takeover bid, Vonovia offered and acquired the total of 2,361,000 warrants. The options entitle holders to subscribe to Class B ordinary shares in the spring of 2020 for SEK 33.80 per share. If all warrants are exercised, the number of ordinary shares will increase by a total of 2,361,000 Class B shares.

BONDS

In June 2016, a bond of SEK 600 M was issued with a four-year maturity period and variable interest rate of Stibor 3M + 450 points. Investors included banks, pension funds, private companies and individual investors. Both bonds are listed on Nasdaq Stockholm, where trading only takes place via Swedish banks and stockbrokers. Victoria Park repayed a bond loan of SEK 400 M in September 2018.

Final issues for the year were registered on 29 October at a highest price of 104.0 percent (101.64), corresponding to a margin of approximately 180 basis points (435) at the time.

The market

HOUSING DOMINATES TRANSACTIONS IN THE PROPERTY MARKET

Several structural transactions and a larger share of international investors contributed to the increase in transaction volume from SEK 147 Bn to SEK 153 Bn in 2018. The housing segment accounted for more than one third of all transactions. Housing shortages remain in most municipalities throughout Sweden and are most acute in metropolitan regions and college and university cities.

CONTINUED HIGH RATE OF ACTIVITY IN THE TRANSACTION MARKET WHERE HOUSING DOMINATES

The total volume in the transaction market increased during the year to SEK 153 Bn (147). The number of transactions amounted to 430, compared with 517 in 2017. December was an intensive month for transactions, totalling SEK 22 Bn (28). The metropolitan regions accounted for approximately 64 percent of the total transaction volume and Greater Stockholm accounted for no less than 41 percent.¹

International investments are on the rise since the Swedish property market offers stronger risk-adjusted returns compared with several other markets in the rest of Europe. Foreign investors accounted for 27 percent (23) of the transaction volume during the year, which is the largest percentage since 2007.²

The Swedish housing market is estimated at 180 million sqm (177)³ and the housing segment grew during the year from 26 to 34 percent of the annual transaction volume and amounted to SEK 51 Bn. In 2018, the retail segment declined from 18 to 13 percent compared with 2017. The offices segment has recovered slightly and accounted for 22 percent (18) of the total volume, corresponding to SEK 34 Bn.⁴

FALLING PRICES FOR TENANT-OWNED FLATS AND RISING DEMAND FOR RENTAL UNITS

The market situation for tenant-owned flats remains uncertain following a rise in the risk of investing in newly built tenant-owned flats and selling is taking longer, which has resulted in price reductions and occasionally the conversion of tenant-owned flat projects into rental units. This development has strengthened demand for rental units and queues at local housing authorities have grown sharply during the year. In the rental market, average rent increased by 2.4 percent (2.2) during the year, while prices for tenant-owned flats continued to fall. Statistics indicate that prices decreased by approximately 0.4 percent during the year and 2.1 percent in the final quarter.⁵ Price reductions were reported for approximately 7.6 percent of all newly built tenant-owned flats and square metre prices decreased 7.4 percent during the year.⁶

SUSTAINED POPULATION GROWTH AND CONTINUING HOUSING SHORTAGE

At the end of 2018, Sweden had a population of ten million, which is an increase of 1.1 percent from the previous year. The population is expected to grow by just over 100,000 people each year and to pass eleven million

inhabitants ten years from now. This growth is being fuelled by higher immigration than emigration and annual birth rates that exceed death rates.⁷

The National Board of Housing, Building and Planning's 2018 Housing Market Survey reveals that 243 municipalities state that they have a shortage of housing. Young people and recent immigrants are worst affected by the housing shortage, but elderly people who wish to move to more suitable housing are also having difficulties finding something new.⁸ According to the construction forecast from the National Board of Housing, Building and Planning, population growth will require a rate of new construction of an average of 66,900 new homes between 2018 and 2025.

No fewer than 93 percent of the population resides in a municipality with a housing shortage, even if the problem is worst in metropolitan regions and university cities. The main shortage is for rental flats with two to three rooms, but there is also a shortage of single-family houses and tenant-owned flats.⁹

NEED FOR MORE AND VARIED NEW RESIDENTIAL CONSTRUCTION

The National Board of Housing, Building and Planning expects the rate of construction to endure and increase in 2019. It forecast that construction would commence on 84,000 housing units in 2018 and 90,000 housing units in 2019.¹⁰ According to SCB, construction began on approximately 39,100 flats in the first three quarters of 2018, which is a decrease of 16 percent.

However, the rate of construction is not keeping pace with population growth. There is a shortage of housing for financially weak households and only one third of the flats built since 2010 were rental units. In 2017, government investment aid was introduced to stimulate the construction of smaller rental units and student housing with reasonable rents. During 2018, some 270 investment applications were approved, which according to the National Board of Housing, Building and Planning corresponds to 10,000 new rental units.¹¹ As a result of the Riksdag's Framework Decision on the government budget, the investment subsidy was scrapped on 1 January 2019 but will probably be reintroduced during the year. The Swedish housing market requires a comprehensive development agenda to build additional, new rental units with low rents so the supply can become more adapted to demand and more varied than it is today.¹²

1. Newsec
2. Newsec
3. SCB
4. Newsec
5. Svensk Mäklarstatistik
6. BooliPro

7. SCB
8. National Board of Housing, Building and Planning
9. National Board of Housing, Building and Planning
10. National Board of Housing, Building and Planning
11. National Board of Housing, Building and Planning
12. Newsec



**SWEDEN'S LARGEST PRIVATE OWNERS OF
RESIDENTIAL PROPERTIES 2018**

	Sqm	Market share
Stena	1.8 million	1.0%
Willhem	1.7 million	0.9%
Rikshem	1.7 million	0.9%
Heimstaden	1.7 million	0.9%
Balder	1.6 million	0.9%
Hembla	1.5 million	0.9%
Victoria Park	1.0 million	0.6%
Akelius	0.9 million	0.5%

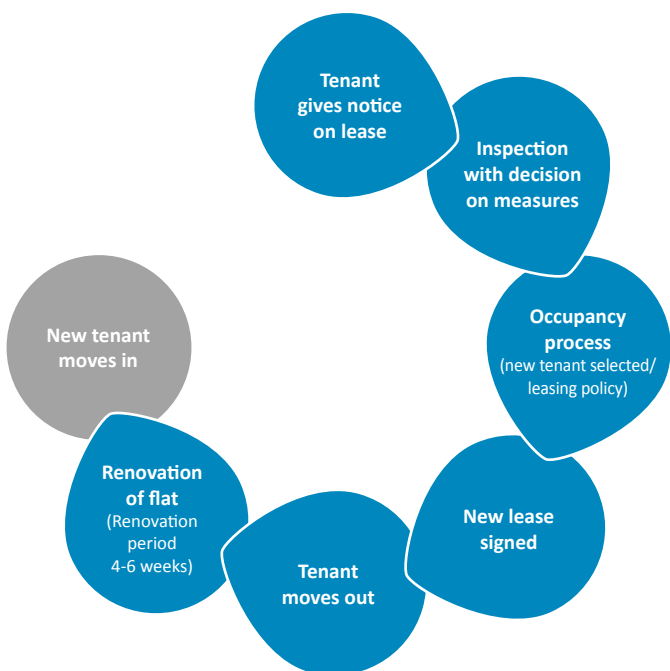
Source: Newsec

ACQUISITIONS PROVIDE A BASIS FOR CONTINUED RENOVATIONS AND VALUE-CREATING MANAGEMENT

In 2018, Victoria Park expanded its property portfolio through acquisitions of 835 flats. The total number of flats amounts to 14,288 with a market value of SEK 18.1 Bn. As we renovate a large number of flats every year, we continue to acquire more residential properties in growth cities in southern and central Sweden to retain a high development potential.

As the proportion of renovated flats only amounts to 36 percent, we will continue to acquire and renovate in order to continuously strengthen NOI and increase value growth. The main potential we see is in "million housing programme areas" where we know our development model can make a big difference. More information is available here about how our property portfolio developed during the year.

ROLLING ROT RENOVATION



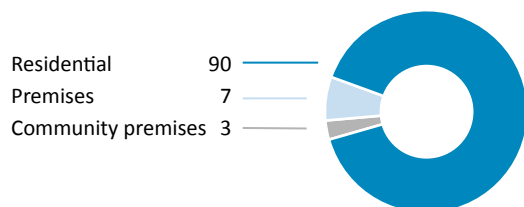
NO. OF RENOVATED FLATS 2018:

1,200 (1,200)

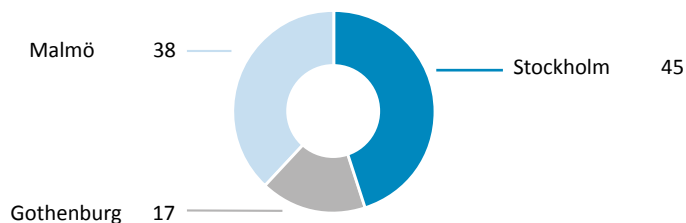
VICTORIA PARK'S PROPERTY PORTFOLIO AT 31 DECEMBER 2018

DISTRIBUTION OF PROPERTIES

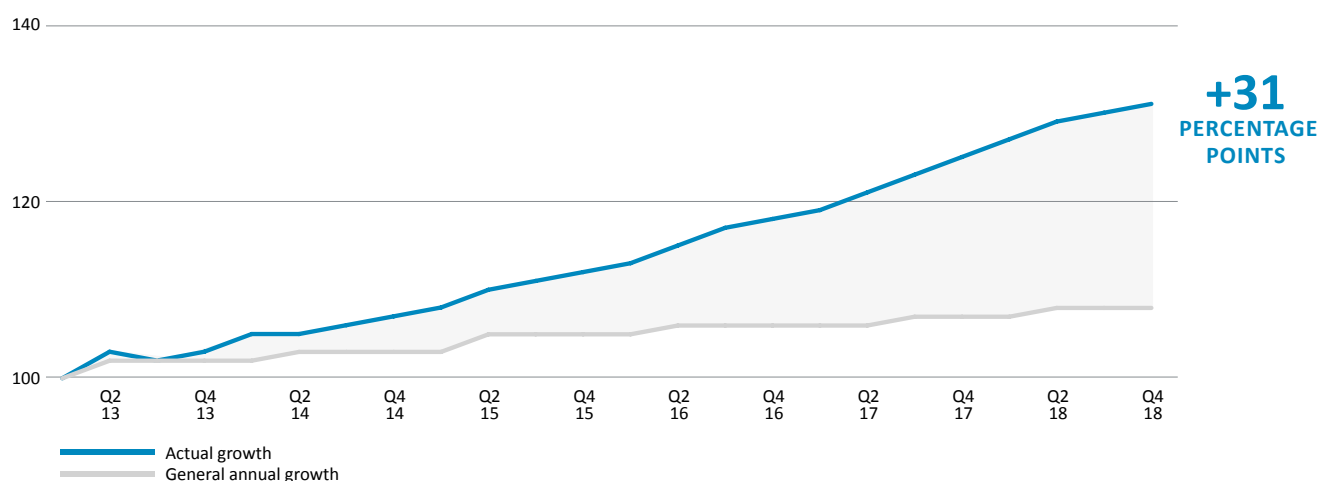
Lettable area, %



Rental value by region, %



RENTAL VALUE GROWTH FOR RESIDENTIAL UNITS



Due to value-creating investments and completed utility valuation, Victoria Park's rental value per sqm has increased by 31 percentage points since year-end 2012, compared with 8 percentage points which is the general annual increase.

97%

Economic
occupancy rate

17%

Churn rate

64%

Percentage of
unrenovated flats

Management regions	Number of			Lettable area, '000 sqm			Rental value		Rental revenues, SEK M	Economic occupancy rate, %	Churn rate, %
	properties	flats	renovated flats	Total	Residential	Premises	SEK M	SEK per sqm			
Region Stockholm	98	6,259	2,440	510	481	28	575	1,127	554	97	18
Region Göteborg	17	2,371	548	190	154	36	216	1,138	212	98	10
Region Malmö	111	5,658	2,087	429	380	49	481	1,122	469	98	18
Total	226	14,288	5,075	1,128	1,015	113	1,271	1,127	1,236	97	17

Value-creating investments

INVESTMENTS TO CREATE ATTRACTIVE RESIDENTIAL AREAS

Victoria Park's business model is based on the development potential of our properties. Through the use of standard-enhancing investments, social sustainable management and densification, we can create attractive residential areas with substantial value for the company, the individual and for society.

Victoria Park conducts value-creating investments in its property portfolio. The portfolio primarily comprises properties from the 60s and 70s, and these have substantial development potential. Our well-developed and standardised renovation process enables us to improve housing environments, streamline operations and extend the service life of the properties.

In 2018, we invested over SEK 700 M in rolling ROT and energy efficiency. In addition, maintenance costs amounted to SEK 100 M.

ROLLING ROT RENOVATION – BETTER LIVING ENVIRONMENT AND HIGHER REVENUES

Many of our properties are in need of extensive renovation. Instead of renovating an entire building, requiring the relocation of all tenants, Victoria Park performs renovation when the flats are vacated. The Rolling ROT Renovation programme is at the core of our efforts to cultivate calm, safe and attractive residential areas.

Following renovation, the flats have a considerably higher standard that is comparable with a new tenant-owned flat. These flats also have much higher rent. Rolling ROT allows Victoria Park to charge negotiated rents that are between 30 to 40 percent higher than before the renovation but still much lower compared with new construction. This corresponds to about 8 percent in yield on the total investment.

The aim is to renovate approximately 100 flats per month or a total of 1,200 flats per year. During 2018, 1 200 flats were renovated through rolling ROT.

In addition to standard-enhancing investments in flats, Victoria Park carried out a number of upgrades in individual flats. These include the installation of washer/dryers, kitchen and bathroom renovation, and balcony glazing that are carried out as optional upgrades by tenants. Other investments include the installation of entrance telephones, access control systems with tags for laundry rooms and storage spaces, and the installation of fibre.

INVESTMENTS IN ENERGY-EFFICIENCY

The age and standard of the property portfolio means energy-efficiency measures have a significant impact on both operations and resource consumption. During the year, Victoria Park invested in LED lighting projects, electricity optimisation and new heating control systems. We also installed individual water metering in several properties during the year. Individual metering provides tenants with a tool to measure their water consumption and to alter behaviour if necessary. This type of investment has a major impact on consumption. In addition, we initiated pilot projects with solar panels. Read more about our energy initiatives in the section "Sustainable development" on page 40.

PLANNED AND ROUTINE MAINTENANCE

Victoria Park is undertaking a series of maintenance initiatives in its portfolio. Most of these initiatives are conducted as part of planned maintenance. This refers to specific measures, such as reroofing and laying asphalt, which are highly important for the property. These may also concern the maintenance of facades, stairwells and rebuilding laundry rooms and playgrounds. In addition to planned initiatives, extensive routine maintenance is also conducted. This mostly concerns rectifying faults, such as repairing washing machines, entrance doors and fridge/freezers.

ENERGY EFFICIENCY AND FIBRE ROLLOUT IN 2019

In 2019, Victoria Park will intensify work with energy efficiency. During the year, we introduced instruments to identify major consumers and thereby also enable measures to reduce consumption. In 2019, we will install open fibre networks in selected properties in Växjö, Trelleborg, Markaryd and Örebro in collaboration with ITUX. During 2018, we called for the utility valuation of properties in, for example, Malmö, Växjö and Karlskrona.

Alongside investments and maintenance activities, the dialogue with our residents is important if we are to be an attractive landlord. During the year, we therefore conducted our first customer survey, which offered us concrete answers to what residents are satisfied with and what we can do better. Insights from the survey will form the basis of our development efforts in 2019 and we are looking into how we can improve service for our customers, says Ola Svensson, COO of Victoria Park.



Social sustainable investments

SOCIAL SUSTAINABLE MANAGEMENT BUILDS VALUE

Alongside property-improvement measures, Victoria Park's development model is based on social responsibility. The purpose of the social sustainability investments is to change and improve life in our residential areas – together with residents. With our local presence and customer dialogue, we make a difference and help to create more attractive residential areas.

The basis for the social sustainable management is to create a dialogue with residents. We achieve this, for instance, through our local offices, where we have our own management personnel, and with the assistance of our environment caretakers and customer coaches, who are often residents in the area. These local ties create the conditions for a constructive dialogue and trust that results in greater security and less vandalism in our residential areas.

CONSIDERABLE SOCIAL BENEFITS WITH SOCIAL SUSTAINABILITY INITIATIVES

Since 2013, we have recruited residents who have been unemployed for a long time in our Victoria Park programme as a complement to the more traditional management organisation. The programme is for a fixed term as customer coach or environment caretaker for 12 to 18 months. This is a long-term initiative that helps to improve dialogue in our areas and offers participants new experiences and prospects to enter the labour market. In 2018, 28 people were employed and 23 completed the programme. Since the start in 2013, 73 percent have joined the workforce or took up studies immediately on completion of the programme.

It is important to assess our actions in order to further refine our work and to-date we have had two external reviews carried out.

In 2017, national economist Ingvar Nilsson, together with behavioral scientist Eva Nilsson Lundmark, carried out an external study and wrote "Behind the Financial Statements", a report concerning the Victoria Park programme. From a 20-year perspective, the combined gain for society that comes from breaking the social exclusion for these individuals is about SEK 120 M.

In 2018, Ingvar Nilsson and Eva Nilsson Lundmark wrote a more comprehensive qualitative and quantitative report on our entire social sustainability initiative at Herrgård in Rosengård, Malmö.

The report "Constant dropping wears away a stone" shows remarkably positive and significant effects. The situation has improved in a variety of different areas, including a sharp decrease in criminality and more people in work.

The Swedish reports as well as English summaries of the reports are available for download at www.victoriapark.se.

Read more about Victoria Park's social improvements in the section "Sustainable development" on page 34.

WE MAKE A DIFFERENCE

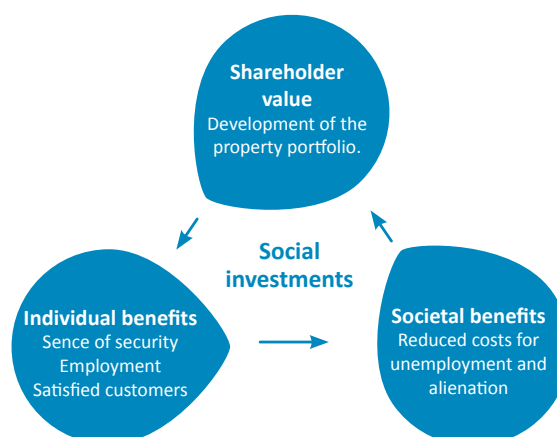
Positive societal effects, 2013-2018

Our work in Herrgård, Malmö during 2013-2018 has had a substantial impact. The report "Constant dropping wears away a stone" shows several significant and positive effects as following:

- » **Decrease in criminality** -38%
- » **Higher employment rate**.... +10 percentage points
- » **Reduction in financial aid** -18%
- » **Higher voter turn-out** +11 percentage points

Statistics from the Electoral Authority, the Rescue Services, Police and Malmö City.

VALUE OF SOCIAL INVESTMENTS



Densification

POTENTIAL FOR 3,100 NEW RESIDENTIAL UNITS THROUGH DENSIFICATION

As part of its development model, Victoria Park is pursuing densification projects to create new residential units with a variety of forms of tenure and increase the attractiveness of its existing portfolio. In 2018, Victoria Park began the construction of its first densification project in Växjö, but more densification projects are planned for the coming years.

DEVELOPMENT OF BUILDING RIGHTS PORTFOLIO

We can contribute new housing to the market through new production by making an inventory of our existing portfolio and by conducting acquisitions of properties with densification potential. We are working systematically to identify areas, such as parking spaces and premises, with the potential to be converted into new housing.

Work with densification is a strategically long-term initiative that often extends for several years and is conducted in close collaboration with the municipalities. Obtaining a zoning plan and building permit may take several years. Victoria Park currently owns a significant building permit portfolio with projects at various phases. The company's total densification potential has grown during the year and now amounts to 3,124 flats with a market value of SEK 267 M. During the year, we began the construction of a densification project for 30 new rental flats in Växjö. In addition, the zoning plan for 570 new flats in Linköping became final and a building permit is granted for the initial phase of 87 flats. Work with zoning plans began in Karlskrona, Nyköping and Eskilstuna.

DENSIFICATION PROJECTS

Municipality	No. of flats	GFA sqm	New detailed plan required	Planning in process	Land ready for development
REGION STOCKHOLM					
Linköping	570	50,000			
Stockholm	172	14,500			
Eskilstuna	550	42,000			
Nyköping	90	6,000			
Eskilstuna	750	55,000			
Linköping	330	25,000			
REGION GOTHENBURG					
Gothenburg	216	18,500			
Borås	16	1,000			
REGION MALMÖ					
Växjö	30	2,500			
Malmö	24	1,600			
Karlskrona	250	20,000			
Växjö	96	6,500			
Kristianstad	30	2,000			
Total	3,124	244,600			

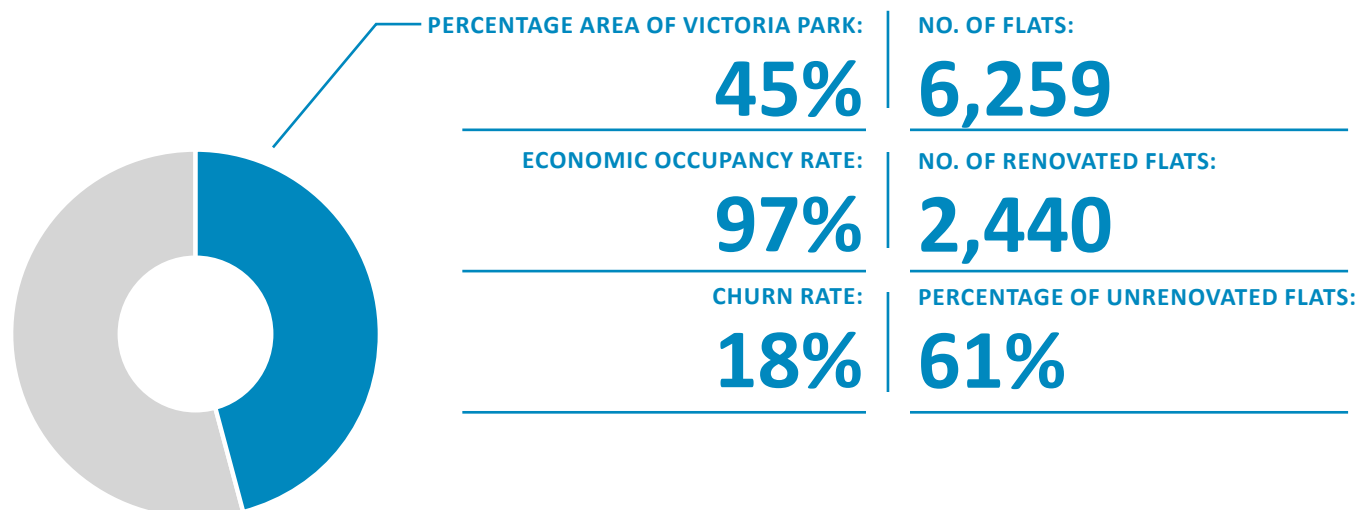




Victoria Park's regions

REGION STOCKHOLM

Region Stockholm, Victoria Park's largest region, comprises the business units Eskilstuna, Linköping, Nyköping, Stockholm and Örebro. The percentage of housing amounts to 94 percent.



VALUE-CREATING INVESTMENTS

In 2018, we renovated 600 flats and made upgrades through optional housing features and the installation of a new entrance system, post-boxes and motion-sensor LED lighting. In addition, we made the heating centres more effective, insulated the attics and installed new windows. Individual water metering was installed in properties in Nyköping.

At the end of the year, Victoria Park acquired and took possession of 223 flats in Örebro, thereby enhancing its development potential in the region, since the portfolio is fully leased and unrenovated.

The supplementary acquisition allowed us to move the district office to converted premises where we also opened a new local office to strengthen our presence and service to customers in the neighbourhood.

Property area	Lettable area, '000 sqm	Housing, '000 sqm	No. of flats
Eskilstuna	241	229	3,065
Linköping	122	115	1,428
Nyköping	49	45	611
Stockholm	50	45	536
Örebro	48	47	619
Region Stockholm	510	481	6,259
Victoria Park total	1,128	1,015	14,288

MORE HOUSING THROUGH DENSIFICATION

We are at present conducting densification projects for 2,400 flats in Eskilstuna, Linköping, Nyköping and Stockholm. Given the extreme demand for housing in the region, densification is an attractive way to further develop our existing portfolios. Rental and market values increase when undeveloped land is converted into housing.

During 2018, the zoning plan for 570 flats in Linköping became final and a building permit is granted for an initial phase of 87 flats. Construction is scheduled to commence in the first half of 2019, with occupancy set to begin in December 2020. Building new housing on under-utilised parking spaces allows us to create an even more attractive area.





NYKÖPING



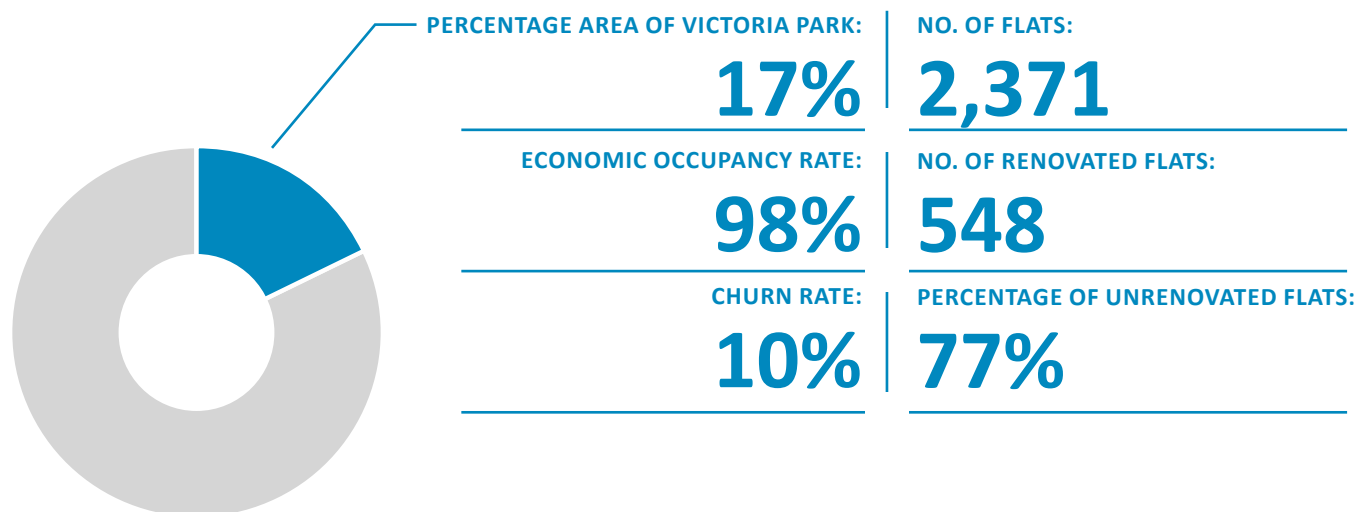
MIA, AREA MANAGER ESKILSTUNA



LINKÖPING

*Victoria Park's regions***REGION GOTHENBURG**

Region Gothenburg comprises the business units Borås and Gothenburg. The percentage of housing in the region amounts to 81 percent, with other areas consisting mainly of community-related activities through long-term leases with the City of Gothenburg.

**VALUE-CREATING INVESTMENTS**

In 2018, we renovated 150 flats and made upgrades through optional housing features, installing new entrance systems, upgrading ventilation and heating systems, upgrading the ventilation and constructing a new laundry room in Borås, and installing new laundry equipment in Gothenburg. In addition, fences and playgrounds were painted to create a more pleasant outdoor environment.

During the year, we reached an agreement with the Swedish Union of Tenants in Gothenburg regarding the level of renovation rents and for maintenance contracts concerning facade renovation for current residents.

Property area	Lettable area, '000 sqm	Housing, '000 sqm	No. of flats
Borås	61	58	922
Gothenburg	129	96	1,449
Region Gothenburg	190	154	2,371
Victoria Park total	1,128	1,015	14,288

MORE HOUSING THROUGH DENSIFICATION

In Gothenburg and Borås, we currently plan to build 250 new flats on existing land and within the applicable zoning plan. New development will make the residential area more attractive. By offering a variety of housing in one and the same area, we are laying the foundation for our tenants to remain in the area. We can accelerate the rate of renovation on our current portfolio as tenants move to the new flats.





MOHAMAD, CRAFTSMAN,
BORÅS



VICTORIA PARK'S REGIONS

BORÅS

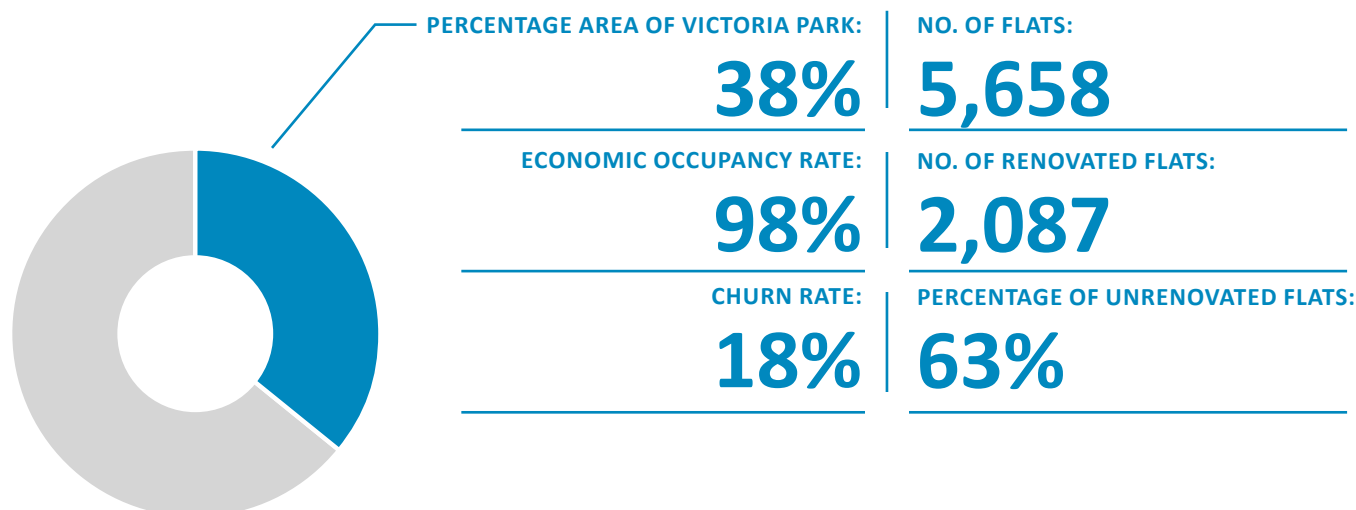


GOTHENBURG

Victoria Park's regions

REGION MALMÖ

Region Malmö comprises the business units Karlskrona, Kristianstad, Malmö, Markaryd and Växjö. The region is Victoria Park's second largest in terms of lettable area, numbers of flats, rental value and property value.



VALUE-CREATING INVESTMENTS

In 2018, we renovated 400 flats and made upgrades through optional housing features, the installation of a new entrance system and new windows. We also made the heating centres more effective, insulated attics and installed motion-sensor LED lighting. In addition, individual watermetering was installed in a property in Karlskrona.

We invested in adapting premises for community activities to improve public services in the region. A family health clinic in Malmö, planning for housing adapted to the needs of the elderly in Markaryd, and the renovation and subsequent re-opening of a local neighbourhood centre in Karlskrona helped to make our residential areas more pleasant and attractive.

Property area	Lettable area, '000 sqm	Housing, '000 sqm	No. of flats
Karlskrona	99	81	1,347
Kristianstad	38	38	583
Markaryd	57	51	770
Malmö	162	148	2,074
Växjö	73	62	884
Region Malmö	429	380	5,658
Victoria Park total	1,128	1,015	14,288

During the year, the portfolio was expanded with more than 600 flats in Malmö and the surrounding area. The portfolio is fully leased and unrenovated, which enhances the development potential in the region. Additional staff have been employed in the management organisation in Malmö to uphold service and development work. During 2018, we called for the utility valuation of properties in, for example, Malmö, Växjö and Karlskrona.

DENSIFICATION

We are at present conducting densification projects for 400 flats in Karlskrona, Kristianstad and Växjö, the majority of which are in an ongoing planning process.

During the year, we began the construction of 30 new rental flats in Växjö in an existing property, which is expected to be completed in autumn 2019.

Victoria Park holds 25 percent of the associated company Rosengård Fastighets AB with approximately 1,700 flats in Malmö. The company will drive the zoning agenda to realise Culture Casbah, which will help to develop and vitalise the neighbourhood by, among other things, linking Rosengård closer to the central parts of Malmö.



VÄXJÖ



MALMÖ



KARLSKRONA

Sustainable Development

SUSTAINABLE DEVELOPMENT

Victoria Park is a property company with a business model that has a clearly integrated sustainability process whereby we can contribute towards the creation of substantial value – for society, people and the environment – in the long term. A business focusing on responsibility, profitability and sustainability is a prerequisite that enables us to fulfil our commitments to our owners, employees, customers and other stakeholders. The section “Sustainable development” presents Victoria Park’s sustainability report and covers the Group’s operations for the 2018 financial year.

STRATEGY AND GOVERNANCE

A sustainable development model

The sustainable development agenda is an ongoing process that is an important part of our business development. Victoria Park’s business concept is to acquire, own and develop properties that were built approximately 50 years ago within the framework of the “million housing programme”. We have evolved a development model where we make comprehensive investments as a means of extended the service life of buildings, and to make the area into a highly attractive place to live.

Code of Conduct – a moral code

Since 2013, we have conducted a series of investments intended to promote more sustainable and profitable operations, and our sustainability agenda has also become more systematic and strategic along the way.

Our sustainability work is based on our business model and also on the principles and guidelines in our Code of Conduct. The company’s Board of Directors adopted the Code of Conduct in 2015, and it is reg-

ularly revised. The Code is based on international conventions and the ten principles of the UN Global Compact initiative and is supplemented with Victoria Park’s core values. In addition to the Code of Conduct, Victoria Park has a number of policies and guidelines such as its work environment policy, diversity policy and salary policy.

The Code of Conduct is a moral code for all employees and we expect fairness and honesty in order to guarantee responsible business. We also expect our partners and suppliers to share our fundamental values and to act in compliance with the Code of Conduct.

We endeavour to work inclusively and to use collaboration and partnership to identify and effect joint solutions that contribute to Sweden’s implementation of the 2030 Agenda’s goals.

Responsibility

Victoria Park’s Group management has overall responsibility for the organisation’s sustainability agenda and the chief human resources officer (CHRO) has been part of Group management since 2017.

2018

- ✓ National economist Ingvar Nilsson and behavioral scientist Eva Nilsson Lundmark compiles the report about the development in Herrgård 2013-18.
- ✓ Implementation of the Code of Conduct among suppliers and partners.
- ✓ Customer survey launched.
- ✓ Launch of central whistleblower committee with external whistleblower service.
- ✓ Initiation of operations management systems.
- ✓ Implementation of central safety committee.
- ✓ Expansion of energy and environmental optimisation.
- ✓ Pilot project initiated with solar panels.
- ✓ 1,200 flats renovated.

2017

- ✓ Publication of the report Behind the Financial Statements.
- ✓ Mapping and development of measurable sustainability goals.
- ✓ Initiation of core value efforts towards a sense of community and efficiency.
- ✓ The CHRO joins Group management.
- ✓ Expansion of systematic work environment efforts.
- ✓ Mapping of purchasing with respect to sustainable material choices.
- ✓ 1,200 flats renovated.

2016

- ✓ Enhancement of the sustainability section of the Annual Report.
- ✓ Implementation of the Code of Conduct for employees.
- ✓ Management training launched.
- ✓ Extensive environmental measures are taken – greater resource efficiency in terms of water and electricity.

2015

- ✓ Victoria Park’s Code of Conduct is adopted.
- ✓ Continued training and health-promoting activities.
- ✓ Extensive environmental measures are taken – renovation, additional insulation and weather forecast-controlled heating system.

2014

- ✓ Implementation of strategic and systematic work environment efforts.
- ✓ Extensive environmental measures are taken – replacing windows and renovating kitchens and bathrooms.
- ✓ Launch of ongoing energy monitoring.

2013

- ✓ The Victoria Park programme is launched.
- ✓ The long-term property-improvement agenda begins.

COOPERATION WITH STAKEHOLDERS

Victoria Park has contact with a variety of people every day – residents, suppliers and contractors, municipal officers, employees, financiers and shareholders. All of them have different expectations and demands. How we respond and behave in dealing with these stakeholders is central in terms of our brand and our future. Transparency and clarity, commitment, a businesslike approach and foresight are important to strengthening trust in the company. Consequently, an external whistleblower service was launched that is available to all of Victoria Park's stakeholders.

Through constructive and transparent dialogue, we learn about and gain an understanding of the issues that are important to our stakeholders. The dialogue with our stakeholders takes place in our day-to-day operations but also in clearly defined and established channels and meetings.

Victoria Park is actively involved in the social debate and receives many questions from the media and other members of the community concerning social sustainability initiatives and socially sustainable urban development.

FIRST CUSTOMER SURVEY

During the autumn, we conducted our first Group-wide resident survey. The survey encompassed all 14,000 flats, and had a response rate of 53 percent. The aim of the survey was to receive a better picture of how our customers look upon us as landlord and gain feedback on how we live up to their expectations.

STAKEHOLDER	KEY ISSUES, REQUIREMENTS AND EXPECTATIONS	VALUE CREATED	OCCASIONS FOR DIALOGUES, MEETINGS AND CHANNELS
Society	Societal development Housing and urban development Jobs Sustainability efforts	Good housing Safe living environment Jobs Tax revenue	Network and cooperation projects Study visits Media Almedalen Week
Residents	Responsible and attractive landlord Good and safe housing Good service and accessibility Good outdoor and indoor environment	The Victoria Park programme Higher housing standard Safe residential areas Network and cooperation projects	Personal interaction Local offices My pages Customer survey Network and cooperation projects Whistleblower service
Employees	Responsible employer Equal pay Work environment issues Wellness activities Skills development Equal opportunities and diversity	Wellness activities Training/education opportunities Incentive programmes Introduction programme	Workplace meetings Performance reviews Mentorship programme Skills development Kick-offs Whistleblower service
Owners	Long-term value growth Fulfilment of financial goals Dividends Risk elimination Code of Conduct and ethics Sustainability issues	Confidence Risk elimination National economic reports on Victoria Park's social sustainability initiatives	Interim reports Press releases Annual General Meeting Media Surveys from funds
Banks and financiers	Risk elimination Fulfilment of financial goals – such as equity/assets ratio, loan-to-value ratio and interest-coverage ratio	Interest expenses to banks and lenders	Interim reports Press releases Annual General Meeting Media Regular status meetings
Suppliers	Responsible business partner Code of Conduct and ethics activities	Sustainable relationships Sustainable and profitable affairs Knowledge sharing	Victoria Park's procurement tool VITEC Project and work meetings Whistleblower service

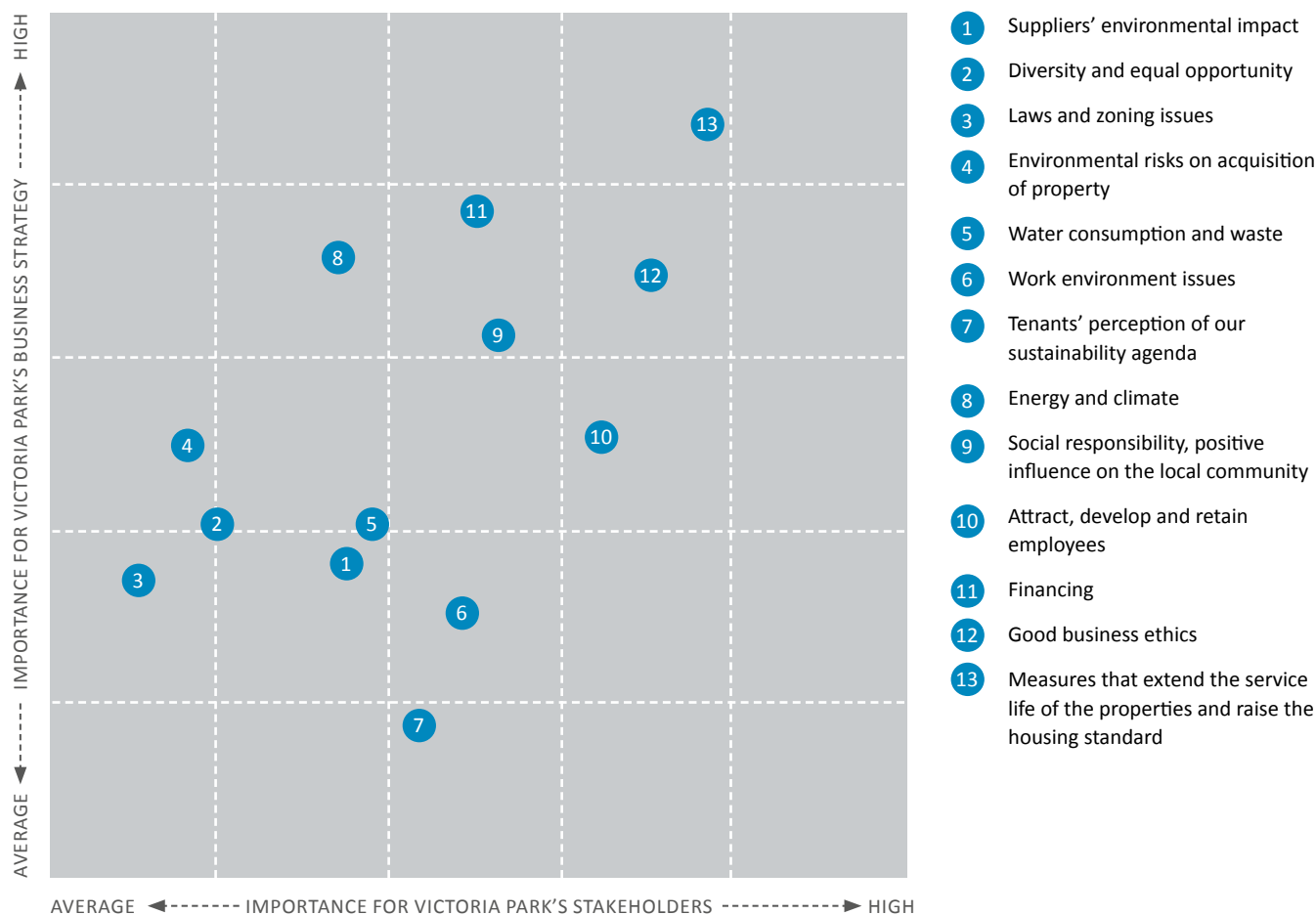
KEY SUSTAINABILITY ISSUES

We have mapped out the sustainability issues that are most important to our operations and our stakeholders in order to obtain a comprehensive picture of those issues. Our analysis is based on the Global Reporting Initiative (GRI) and our internal assessment of both risks and opportunities and shows that our sustainable development initiatives should target:

- » Standard-enhancement measures and social responsibility – Social responsibility combined with business advantages by investing in growth cities, investing in standard-enhancement measures and introducing socially sustainable management in these areas (refer to the Materiality Analysis: 7; 9; 11; 13).
- » Attractive employer – Offer a progressive work environment for employees (refer to the Materiality Analysis: 2; 6; 10).
- » Ethics – Apply good business ethics and prevent corruption (refer to the Materiality Analysis: 3; 11; 12).
- » Reduced environmental impact – Extend the service life of the properties, enhance efficiency and reduce resource consumption, improve sorting of waste at source, select “green” construction material and involve the residents in our environmental efforts (refer to the Materiality Analysis: 1; 4; 5; 8; 13).

MATERIALITY ANALYSIS

Sustainable development issues of particular importance for Victoria Park and the Group’s stakeholders.



The Materiality Analysis was performed by Victoria Park's management team in cooperation with external experts. Some 20 aspects in the field of sustainable development were analysed and prioritised. The diagram shows the aspects deemed relevant to the Group's strategic sustainability agenda.

SUSTAINABLE DEVELOPMENT GOALS

Striving for tangible and measurable goals

In 2015, a Group-wide and strategic task began to map out the operations from a sustainability perspective. In 2016 and 2017, we endeavoured to make this sustainability work more tangible by formulating clear goals and identifying measurable key figures to see how the operations developed over time. The sustainability goals complement our overall strategic and financial goals and are an important benchmark for how well we manage our tasks on behalf of a number of different stakeholders.

In 2018, we continued to enhance our sustainability work based on Sweden's ambitions to implement the 2030 Agenda into all areas of society. This also guides Victoria Park in pursuing its sustainability agenda in terms of how we as a company want and can contribute towards a sustainable society. In the same manner, we endeavour to work inclusively and in collaboration and partnership to identify joint solutions – regardless of whether these concern environmental impact, unemployment or equal opportunities – that contribute to Sweden's implementation of the 2030 Agenda's goals.

We are continuing to follow up the goals that have now been formulated and adopted and to add new goals to better govern and thereby also prioritise our actions in line with the 2030 Agenda.

OUTCOME AND GOALS 2018 (Outcome in 2017 in brackets)

Victoria Park exceeds the goals for Employees and Environment, meets the goals for Social Responsibility regarding renovated apartments and the percentage that has joined the workforce or studies immediately on completion of the programme. In the sections that follow, you can read more about our sustainability work with a focus on Social Responsibility, Employees and Environment.

SOCIAL RESPONSIBILITY

No. of new employees in the Victoria Park-programme:



GOAL: 30

OUTCOME: 28 (27)

Percentage of those who, since the start in 2013, joined the workforce or took up studies after completing the programme:



GOAL: 70%

OUTCOME: 73% (79)



No. of renovated flats:

GOAL: 1,200

OUTCOME: 1,200
(1,200)

EMPLOYEES



Attendance:

GOAL: > 70%

OUTCOME: 84% (79)

ENVIRONMENT



Electricity savings, kWh per sqm

GOAL 2018: 3%

OUTCOME: 4% (4)

GOAL 2019: 3%

Normal-year corrected heating savings, kWh per sqm



GOAL 2018: 1%

OUTCOME: 5% (1)

GOAL 2019: 2%



Water savings, m³ per sqm

GOAL 2018: 3%

OUTCOME: 5% (3)

GOAL 2019: 3%



CO₂ emissions savings, CO₂ per sqm

GOAL 2018: 1%

OUTCOME: 3% (2)

GOAL 2019: 2%

2030 AGENDA AND ITS 17 GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT

The 2030 Agenda and its 17 global goals for sustainable development were adopted by the UN in 2015. These goals address such issues as bringing an end to poverty and hunger, securing the right to clean drinking water and sanitation, and education – goals that are to be fulfilled by 2030. Sweden has a declared ambition to be a global role model in the transition to a more sustainable society using the 2030 Agenda as a base. One important success factor in the implementation of the agenda is the wide-ranging involvement of society as a whole. This is conditional upon collaboration between various members of the community to achieve joint solutions.

Sustainable development

SOCIAL RESPONSIBILITY

Socially sustainable management is central to Victoria Park's management model and provides the foundation for our sustainability agenda. By building sustainable relationships between companies, the individual and society, we can create commitment and inclusion that provide a more sustainable urban and societal development. This is encouraging more people to become involved in their housing, creating quieter, safer and more attractive residential areas.

CREATE INCLUSION AND COMMITMENT

Our portfolio of properties lies primarily in "million housing programme areas" where unemployment rates are often higher and social integration is lower than average in Sweden. Many properties built within the "million housing programme" in the 1960s and 1970s are in need of maintenance and renovation. Our development model is based on initiatives involving property-improvement investments and socially sustainable investments. This makes it possible to increase the value of our property portfolio at the same time as we can change lives, and create new opportunities, for many of the people who live in our areas. This model creates substantial value for companies, the individual and society.

Involvement and relationships are built through our presence. It is important to be present in the residential areas in everyday situations. Our local management organisation and our local offices are important tools to achieve a close dialogue with our customers and to build long-term relationships.

Social sustainability initiatives

Since 2013, Victoria Park has recruited the long-term unemployed, mainly among residents in our residential areas, and employed them for a fixed term in the Victoria Park programme. This is a long-term initiative that has been developed based on the characteristics of our property portfolio. It also fulfils an important function as a role model and complements the more traditional management organisation.

The participants are offered jobs as an environment caretaker or customer coach for a period of 12 to 18 months, giving them a chance to enter the labour market. The programme, which is financed by Victoria Park with support from the Swedish Public Employment Service, has been expanded as the property portfolio has grown. In 2018, 28 people were employed and 23 completed the programme. Since the start in 2013, 73 percent have joined the workforce or took up studies after completing the programme.

Flat renovations

To increase the value of the portfolio and extend the service life of the properties, Victoria Park conducts extensive standard-enhancement investments through the rolling ROT programme. This means that the flats are renovated successively by churn rate and only after tenants have given us notice on lease and moved out. No residents are forced to move due to renovation. The rent is also fixed and predictable for the new resident who moves in. The renovated flats are of a high standard, comparable with a new tenant-owned flat, but with a much lower rent. The renovation work makes the area more appealing and attracts residents who have stable finances at the same time as existing residents can climb the property ladder without needing to leave their neighbourhood. This gradually strengthens the social capital in the area. In addition to standard-enhancement investments in flats, Victoria Park conducts a number of upgrades in individual flats that are carried out as optional upgrades by residents.

Local commitment and cooperation

Alongside our own social sustainability initiatives, we also cooperate with authorities, municipalities, organisations and property owners at various levels and on different projects and issues. These initiatives are primarily intended to support our residents and our neighbourhoods and mainly encompass activities such as neighbourhood days, homework assistance, football school and local collaborations with Drömmarnas Hus, Panncentralen, Hyresgästföreningen, and others.

Our ambition is also to work with contractors who have a social clause in local procurements. Through these agreements, we require that the contractors employ residents from our area for the assignment. In this way, our partners also help reinforce the residents' involvement in their neighbourhood.

One example of collaboration between the public and private sectors is a new family health clinic in Malmö, where office premises at ground level were transformed into important, local public services – making the facility more convenient and attractive for residents.

Initiatives with measurable effects

Our continuous initiatives for individuals and the property portfolio are made via Victoria Park's management organisation and we thereby lay the foundation for long-term commitment and continuity in our areas.



**ALEJANDRO AND
GABRIELLE, RESIDENTS
IN LINKÖPING**



“Corporate profits and interests do not necessarily preclude society’s interests. These two interests can go hand in hand, says Ingvar Nilsson, national economist and co-author of the reports “Behind the Financial Statements” and “Constant dropping wears away a stone”.

NATIONAL ECONOMIST INGVAR NILSSON

National economist Ingvar Nilsson has dedicated 40 years to studying the price society pays for alienation and exclusion. By applying the method of socioeconomic accounts, it is possible to measure pre-emptive initiatives such as prevention, rehabilitation and cooperation between various stakeholders in societal terms. Ingvar Nilsson is a popular lecturer and his clients are primarily players in the public sector, such as ministries, authorities, municipalities and county councils.

Areas containing a portfolio requiring renovation are seen by Victoria Park as having substantial development potential. Through our development model, we can contribute towards a positive development in socio-economically disadvantaged areas, benefitting the individual, society and companies. It is important to assess our actions in order to further refine our work and to-date we have had two external reviews carried out.

In 2017, national economist Ingvar Nilsson, together with behavioral scientist Eva Nilsson Lundmark, carried out an external study and wrote “**Behind the Financial Statements**”, a report concerning the Victoria Park programme. The results reflect both commercial and socioeconomic benefits. The economic value of the 23 people who have become employed after participating in the Victoria Park programme is significant. From a 20-year perspective, the combined gain for society that comes from breaking the social exclusion for these individuals is about SEK 120 M.

In 2018, Ingvar Nilsson and Eva Nilsson Lundmark wrote a more comprehensive qualitative and quantitative report on our entire social sustainability initiative at Herrgårdén in Rosengård, Malmö. In the report, “**Constant dropping wears away a stone**” they analyse the effects of our initiatives in the area between 2013 and 2018. The report shows remarkably positive and significant effects. The situation has improved in a variety of different areas, including a sharp decrease in criminality and more people in work. A clear direct societal impact include a reduced dependency on benefits. As more people are employed as environment caretakers or customer coaches, this leads to indirect societal impacts such as greater self-esteem and employability, to improved safety in the area and to a reduction in social tension. This also

WE MAKE A DIFFERENCE

Our work in Herrgårdén, Malmö during 2013-2018 has had a substantial impact. The report “Constant dropping wears away a stone” shows several significant and positive effects as following:

- » **Decrease in criminality -38%**
- » **Higher employment rate....+10 percentage points**
- » **Reduction in financial aid -18%**
- » **Higher voter turn-out+11 percentage points**

entails a number of business effects, such as less vandalism and lower maintenance costs, which impacts building management. These social sustainability initiatives have a number of positive effects – a more varied customer base, greater diversity among residents, a more attractive residential area and not least the resulting positive value growth for the property portfolio.

The Swedish reports as well as English summaries of the reports are available for download at www.victoriapark.se.



FARDOWSA, ENVIRONMENT CARETAKER IN NYKÖPING

ENVIRONMENT CARETAKERS

Environment Caretakers receive practical training and are tasked with keeping the residential areas well-maintained and tidy by taking care of the properties’ public spaces, including stairwells, basements and laundry rooms as well as waste sorting rooms and outdoor environments. Their presence cultivates conditions for building relationships with the residents and allows misunderstandings to be settled through dialogue. The Environment Caretakers are often seen as a role model by other tenants and this increases the likelihood of attracting residents who have a favourable influence.

Sustainable development

EMPLOYEES

As a result of a rapid rate of expansion with high growth, Victoria Park's organisation has grown substantially in recent years. Growth in the number of employees has increased the need for a strong corporate culture and shared values. Clear job descriptions and internal processes in combination with communication and leadership are needed to stimulate independence.

ORGANISATION

Most of our employees work close to the customer as part of our property management operations. The management organisation is currently represented in 12 cities, divided into three geographic regions – Stockholm, Gothenburg and Malmö. There are a number of Group-wide functions, gathered together at the head office in Malmö, that support the management organisation.

Local management handles the rental of flats, service of properties, and property management using its own personnel. These may differ depending on the size of the area, the property holdings and local circumstances. A local presence ensures that we are truly on location in the residential areas. Local offices are present in all locations and act as a venue for day-to-day meetings between residents. In addition to our own personnel, Victoria Park works to a certain extent with select contractors for maintenance and repairs.

CULTURE AND CORE VALUES

Our corporate culture is distinguished by our proximity to our customers, and our organisation is therefore highly decentralised. High accessibility and an unbureaucratic approach with short decision-making processes contribute to a culture that is problem-solving oriented and accountable. This imposes demands on good internal communication and on leadership.

In 2017, Victoria Park initiated a Group-wide value agenda. Shared values are fundamental to a common approach and to enable us to perform our operations in a manner that is successful and produces favourable results. Our internal core value project resulted in the following value words: As My Own, Committed, and Neat and Tidy.

These value words are to pervade everything we do and act as a guiding compass, in all situations. In the organisation, the shared values guide our daily work and strengthen unity within our organisation. In relation to the world around us, the value words are used to clarify what the brand stands for, with the aim of building trust and long-term relationships with customers, shareholders and other stakeholders.

Organisational integration and business processes

Victoria Park's portfolio and organisation have grown as a result of acquisitions. For our organisation, acquisitions involve either taking over existing personnel or recruiting a new local organisation. It is therefore important that new personnel quickly receive an introduction and understanding of our business processes, the way we work and our values.

During the year, we focused on developing the business processes in our core operations. The aim is to ensure high quality and ongoing development as well as compliance with follow-up. This also encompasses how we work with documentation and address new legal requirements. Through the internal processes, we can ensure that we work in a con-

sistent manner throughout the organisation, regardless of geographical location or function. The result is a more efficient organisation as all employees know what to do and what is expected of them. Clear processes facilitate both handovers and the introduction of new employees. In 2018, we successfully recruited and swiftly introduced new employees to our existing local organisations through acquisitions in Malmö and the surrounding area and through supplementary acquisitions in Örebro.

DIVERSITY AND EQUAL OPPORTUNITY

Victoria Park endeavours to be an inclusive workplace that empowers our employees to feel they can be themselves, regardless of age, gender, ethnicity and sexual preference. Our Code of Conduct clearly condemns all forms of discrimination, which also includes customers, suppliers and partners.

The most important criteria for selection in the recruitment process are the individual's knowledge, experience, motivation and personal qualities. Our customers must also recognise themselves in our organisation and we therefore strive to recruit employees with a connection to our residential areas. Through diversity in our organisation, we can build and enhance our relationships with our residents.

Everyone is to have the same personal development and career opportunities at Victoria Park. Accordingly, the company is devoted to working with the potential that diversity and an even gender distribution can add to its operations.

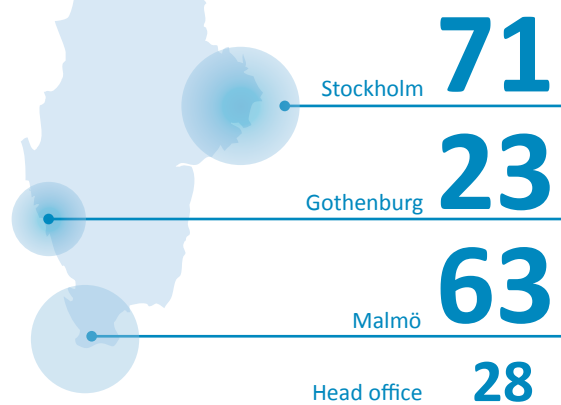


LETTING OFFICER GUNILLA AND
CUSTOMER COACH AKKAD, ESKILSTUNA

DISTRIBUTION OF EMPLOYEES, POSITION AND GENDER 31 december 2018

	Men	Women
Employed covered by collective bargaining agreements	96	5
Salaried employees	25	35
Managers	14	10
Total	135	50
of which in the Victoria Park-programme	33	1

NO. OF EMPLOYEES PER REGION



185
EMPLOYEES
(162)

27% (30) WOMEN

42% (43)
FOREIGN BACKGROUND,
OF WHICH 37 NON-NATIVE (36).¹

42%
FEMALE MANAGERS (53)



ON THE BOARD OF DIRECTORS:

14% WOMEN (38)

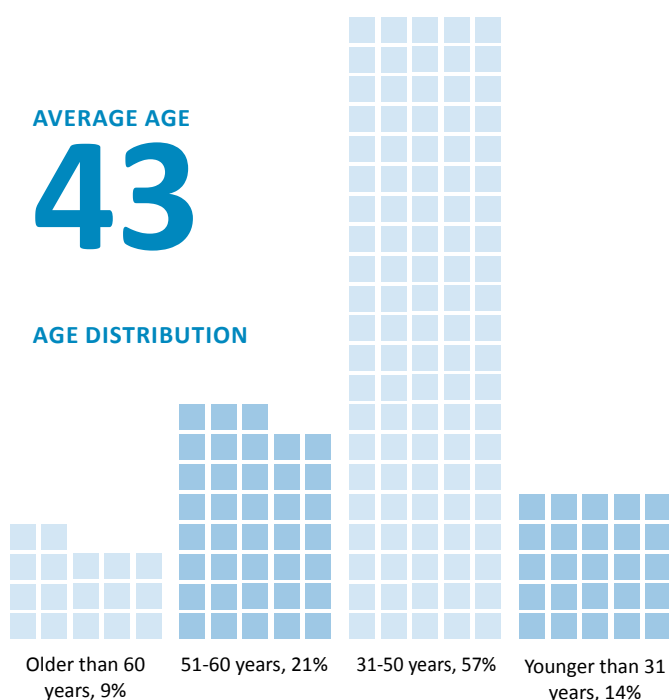
IN GROUP MANAGEMENT:

25% WOMEN (25)

AVERAGE AGE

43

AGE DISTRIBUTION



1. The percentage of registered individuals in Sweden between the age of 16 and 64 of foreign background amounts to 28 percent (27). Statistics Sweden, Individuals with foreign backgrounds are defined as individuals who are: born abroad or born in Sweden with both parents born abroad.

DEVELOPMENT, WORK ENVIRONMENT AND HEALTH

Attractive employer and pre-emptive initiatives

Victoria Park endeavours to be an attractive employer. We aim to offer our employees a progressive work environment that promotes job satisfaction and a healthy lifestyle. As employer, we strive to foster both commitment and performance on the part of both the individual and the operations in general.

Certain challenges arise as a result of our rapid growth. Issues include implementing our management model in the properties we take possession of, new recruitments in conjunction with reinforcement of the organisation, natural personnel turnover or continuous skills development. All new employees receive an employee introduction and attend a course in our way of working.

We view continuous skills development as one prerequisite for successful and competitive operations. It is therefore about identifying opportunities and addressing both employee expectations for skills development and Victoria Park's supply needs. Every year, we review our overarching structure of expertise to ensure that we can meet demands moving forward. Many of our employees are specialists in property maintenance and we therefore run annual specialised thematic courses for lessors, facility managers and property technicians.

Victoria Park looks upon leadership as an important factor in creating employee commitment and job satisfaction in the workplace, but not least in generating long-term success. We expect our managers to encourage employees to be independent and responsible in order to stimulate growth and achievement. Victoria Park's management training focuses on developing and strengthening leaders as positive examples. Through the use of a coaching approach, our managers help to create a workplace where both the individual and the team can develop – where we work together to achieve excellent results and long-term profitability.

Health-promotion efforts and rehabilitation

A proactive wellness agenda to prevent ill-health and promote well-being is part of our responsibility as an employer. Our health-promotion efforts include health exams and a wellness subsidy. In 2018, we intensified our strategic work environment agenda to uphold a high attendance level and for an effective rehabilitation process. These efforts include a central safety committee that encompasses all circumstances at a workplace: social, organisational and physical conditions.

ETHICS AND RESPONSIBLE BUSINESS

Our success depends on our operations continuing to be conducted in a responsible manner, which is the basis of our Code of Conduct. We subscribe to the ten principles of the UN Global Compact on human rights, labour law, environmental issues, ethics and corruption. It is a question of living up to both requirements and expectations. The Code of Conduct, business systems, procedures, policies, training and financial follow-up are important tools for preventing corruption in day-to-day work.

Accordingly, we have chosen to clarify our expectations in terms of responsible business, fairness and honesty among our employees in our Code. We expect the same from our business partners. Following laws and current rules goes without saying for us. We therefore have zero tolerance for any deviations from the Code of Conduct.

In instances when someone – an employee or external partner – observes any form of irregularity in our procedures, or if an employee or someone else acts in contravention of our Code of Conduct, they are encouraged to report the matter to their supervisor or their supervisor's manager. An incident report may result in disciplinary measures including both cancellation and prosecution.

In 2018, we established an external whistleblower service as part of our endeavour to ensure the correct application of our Code of Conduct and to simplify the reporting of any irregularities. The service is available to employees, customers and partners and to other Victoria Park stakeholders. Anyone wishing to remain anonymous may submit a report that is processed by an external party for proper follow-up. In 2018, Victoria Park observed infringements of the Code of Conduct that have since been handled in accordance with the procedures for incident reports, and measures have been taken.

	2018	2017	2016	2015	2014
No. of employees	185	162	148	121	80
No. of women	50	48	49	46	32
Average age	43	42	49	46	32
Attendance (0-5 sick days during the year), %	84	79	70	74	76
Total absence, %	3.9	2.7	2.7	3.7	4.2
of which, short-term absence, %	2.7	2.0	2.6	2.5	2.2
of which, long-term absence, %	1.2	0.7	0.1	1.2	2.0



**CUSTOMER COACH AHMED
WITH RESIDENT, MALMÖ**



**CARETAKER
GIRMA, ESKILSTUNA**



**PROPERTY MANAGER HENRIK (ESKILSTUNA), VLORA
(MALMÖ) AND NATHALIE (ESKILSTUNA).**

Sustainable development

ENVIRONMENT

By extending the service life of the properties and improving their environmental performance, Victoria Park contributes to a more effective use of resources. Our activities primarily centre on energy, climate, water, choice of material and waste. During the year, our investments included smart control systems, which resulted in improvements in energy efficiency and a reduction in carbon emissions. Long-term sustainable measures generate business and environmental benefits while customers gain a considerably higher standard and quality housing.

ENERGY AND CLIMATE

Our properties use energy primarily for heating, ventilation, laundry rooms and lighting in public spaces. Nearly 90 percent of our energy consumption relates to district heating, with electricity accounting for the remainder, which comprises 100 percent fossil-free electricity. In addition, tenants use electricity for lighting, household appliances and home electronics. This electricity use is not normally included in the rent and is therefore not registered by Victoria Park. Our ambition is to further improve energy efficiency in the portfolio. We are achieving this, for example, through new technology, better insulation and smart control systems.

Back in 2015, Victoria Park started an ambitious project for energy and environmental optimisation using weather forecast-controlled heating. In early 2018, weather forecast-controlled heating was installed in about 5,000 flats but during the year the majority of our 14,300 flats were connected to a cloud service offering optimisation on an ongoing basis. The system entails climate-controlled heating and that the indoor environment is adapted to the outdoor temperature. Through connected buildings and smart control systems, Victoria Park can offer a better indoor environment for all residents, cut operating expenses and reduce its impact on the environment. The environmental benefits from this project are primarily energy savings and a reduction in CO₂ emissions.

These comprehensive investments have helped to increase energy efficiency and the key figure (kWh per sqm) is moving in a positive direction. For comparable portfolios, Victoria Park reduced electricity consumption by 4 percent in 2018 and normal-year corrected heating consumption by 5 percent without a negative impact on the housing environment for residents.

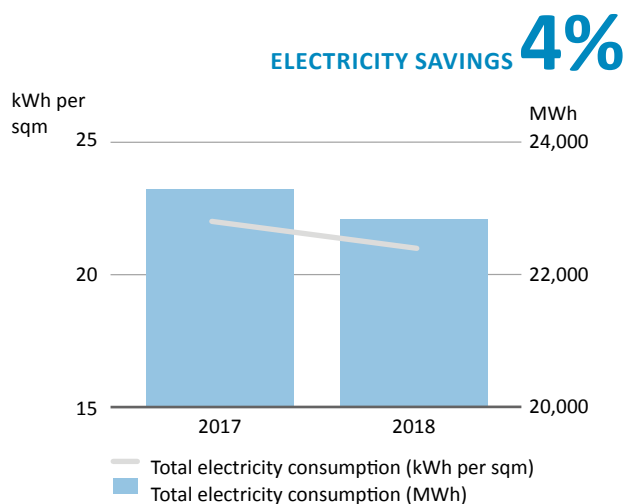
Victoria Park is continuously taking various measures to reduce its impact on the climate and primarily CO₂ emissions from electricity use. The age and standard of the property portfolio means energy-efficiency measures have a significant impact. By renovating and improving our portfolio, we are extending the service life of the buildings – instead of building new ones – and are thereby reducing our CO₂ emissions from a life-cycle perspective.

The energy-saving measures in the properties contribute to lower CO₂ emission levels. In 2018, Victoria Park invested approximately SEK 100 M in energy- and water saving measures. The key figure for climate impact (CO₂ per sqm) indicates a positive trend, and our measures are contributing to the goal of reducing climate impact. For comparable portfolios, CO₂ emissions declined by 3 percent during the year.

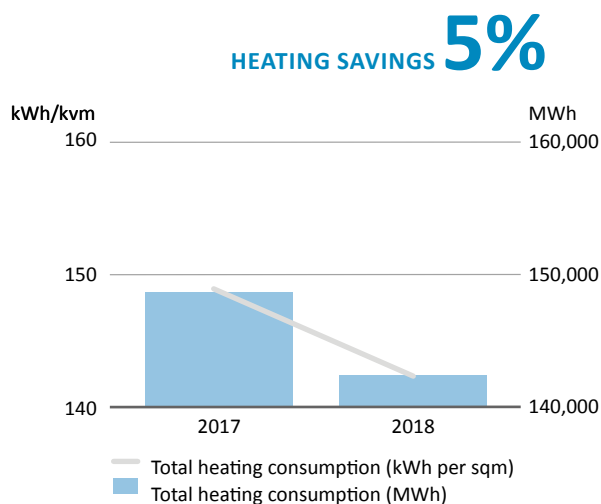
Many of our properties have favourable conditions for photovoltaic installations, with large and unutilised roof areas that face south. At the end of 2018, a test project started with solar panels in Malmö and an installation is planned in Stockholm to create a separate local energy supply in the longer term. This initiative is expected to lead to their own production a total of 200,000 kWh per year.

WATER

Reducing water consumption is a priority and saving measures are regularly implemented in the entire portfolio. As part of our standard-enhancing renovations of kitchens and bathrooms, water-efficient taps and toilets are installed in almost 1,200 flats per year, which has a significant effect on consumption. Our water project also includes replacing the plumbing and relining sewers.



For comparable portfolios, Victoria Park reduced electricity consumption by 4 percent (4) in 2018.



For comparable portfolios, normal-year corrected electricity consumption declined by 5 percent (1) in 2018.

Victoria Park – energy, water and carbon dioxide ¹	2018	2017	2016	2015
Electricity (kWh per sqm)	21.0	21.7	23.1	23.1
Electricity (MWh)	23,700	23,000	23,500	16,100
Heating (kWh per sqm)	142	147	147	157
Heating (MWh)	160,100	156,200	149,700	109,000
Water consumption, (m ³ per sqm)	1.8	1.9	2.0	1.9
Water consumption, (m ³)	2,037,870	2,002,800	2,003,500	1,333,700
Total energy consumption (kWh per sqm)	163	169	170	188
Total energy consumption (MWh)	183,700	179,200	173,200	125,000
CO ₂ emissions (CO ₂ per sqm)	0.019	0.02	0.02	0.02
CO ₂ emissions (tonnes)	19,694	21,504	20,784	15,012

1. The use of energy and water on a full-year basis refers to the property portfolio that Victoria Park owned at 31 December of each year. Heating of the properties is normal-year corrected. Tenants' household electricity is included in the electrical energy for a few properties. Properties owned during parts of the year are included in the report and full-year consumption has been estimated.

Installation of individual water metres is an effective way to reduce water consumption. We have positive experiences from both Karlskrona and Nyköping, where more than 600 flats were fitted with individual meters in 2018. Old installations were also replaced in Växjö and Gothenburg. Individual meters is a fairer system where the tenant pays after actual consumption. With detailed information about their water consumption, they can then influence this themselves through their behavior. This type of investment has a major impact on both behaviour and the climate. On average, we are seeing a more than 20-percent saving in water in the relevant housing portfolios, which is making a substantial contribution to the long-term goal of reducing water consumption. At the end of 2018, we also carried out a water saving project in Karlskrona. All flats in a property in the town were fitted with water-efficient equipment mounted on mixer taps and an inventory was conducted of leaks. Follow-up of the outcome to take place in 2019. For comparable portfolios, Victoria Park reduced water consumption by 5 percent in 2018.

BUILDINGS, MATERIAL AND WASTE

In conjunction with renovations and remodelling, Victoria Park applies quality contractor procurements that take into account environmental aspects such as energy efficiency, choice of material and hazardous chemicals. It is a matter of following current construction regulations in combination with the continued pursuit of improvements in the quality and sustainability of all our projects. An environment-oriented risk

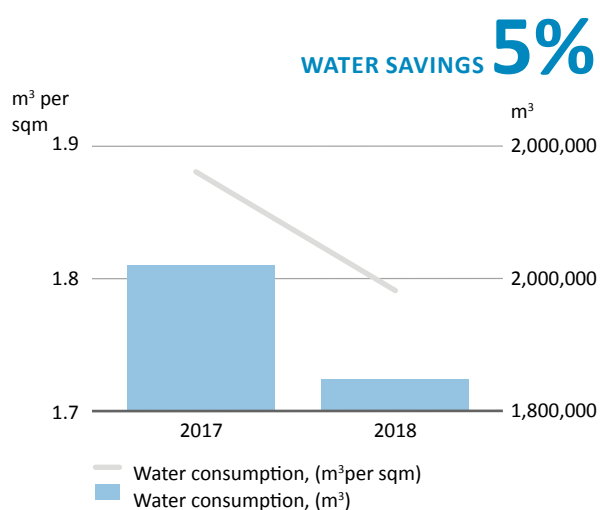
analysis is conducted of acquisitions that includes mapping out possible occurrences of pollution and toxic substances in the buildings.

Renovations are preceded by an extensive planning process. We have drawn up clear guidelines, whether it concerns replacing a floor, repainting, replacing kitchen fittings or a new security door, to ensure active material choices for a sustainable renovation process and an environmentally friendly product for our residents.

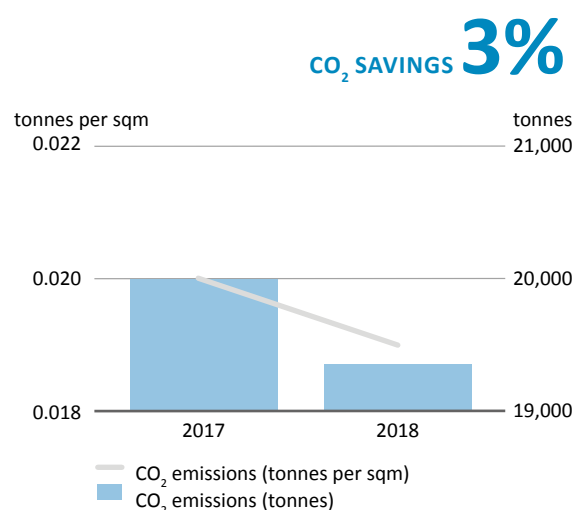
Proper waste management is highly important, both for the environment and for well-being in our neighbourhoods. Our overall goal is to contribute to more sorting at source and lower waste quantities. Our success rests on the municipal infrastructure for waste and the residents' attitudes toward waste issues. Our aim is therefore to make it easy for tenants to manage waste through training and information. Our Customer Coaches and Environment Caretakers strive continuously to spread information and raise awareness about good waste management.

Continued initiatives in 2019 and onward

In 2019, Victoria Park will intensify its work with energy efficiency through the expansion of photovoltaic installations, the continued implementation of energy and environmental optimisation and the installation of more individual water meters as well as a switch to LED lighting in public spaces.



For comparable portfolios, Victoria Park reduced water consumption by 5 percent (3) in 2018.



For comparable portfolios, CO₂ emissions declined by 3 percent (2) in 2018.

VALUATION

Victoria Park's property portfolio is measured at fair value in accordance with IFRS. The value of the properties was based on externally and internally conducted evaluations. Internal valuations are conducted each quarter with an individual assessment of each property and the value it could be sold for in the market.

Independent valuation institutions are used to carry out an external valuation of the entire property portfolio at least once a year to verify and assure the quality of the internal valuations. Victoria Park has engaged Savills Sweden and Bryggan Fastighetsekonomi since 2014, and the entire property portfolio was appraised three times in 2018.

CHANGES IN VALUE

At 31 December, the market value of the properties was SEK 18,086 M (15,440), corresponding to SEK 15,793 per sqm (14,319). During the period, a total of SEK 729 M (612) was invested in existing properties with a focus on property-improvement measures for a higher technical standard, resulting in an increase in net operating income and positive changes in value. Lower yield requirements in the market also contributed to a minor part of the increase. Changes in value for the period affected profit in an amount of SEK 916 M (2,016), excluding deferred tax. The weighted yield requirement was 4.16 percent (4.25) at 31 December. Low interest rates and good access to capital as well as considerable interest in residential properties are driving up property prices.

VALUATION METHOD

The primary method used is cash flow estimates in which the present value of net operating income, investments and residual values are calculated. The calculation period is adjusted according to the remaining term of existing leases, and varies between five and 20 years. The estimated future net operating income was obtained from existing rental revenues and operating and maintenance costs adapted to expected changes in rental and vacancy rates and market-based rental terms. An assessment is also made of the local area's future development and the

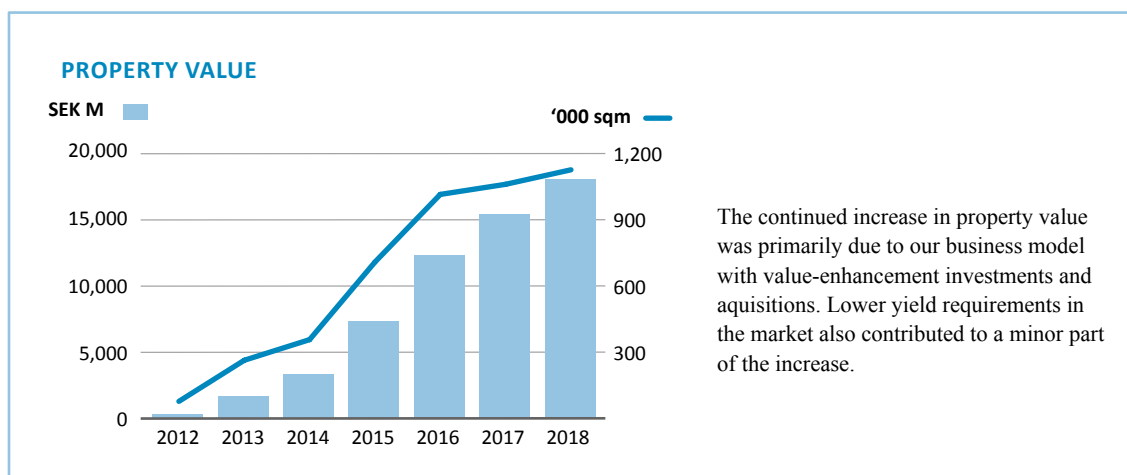
property's position within its market segment. The value-impacting parameters used in the internal measurement correspond to the external appraiser's interpretation of how a presumptive buyer in the market would reason. Part of the quality-assurance activities, which include following up the actual outcome of operating and maintenance costs, approved future investments and the long-term vacancy rate, involves carrying out ongoing follow-ups of the correlation between internal and external valuations and realised sales prices.

VALUATION ASSUMPTIONS

The following assumptions and judgements were used in the external valuation on 31 December 2018:

- » The rate of inflation during the calculation period was assumed to be 2.0 percent for 2019.
- » The rent trend is deemed to normally follow the assumed rate of inflation over the long term.
- » Average operating and maintenance costs, excluding property tax and site leasehold fees, have been assumed at SEK 448 per sqm.
- » The residual value was calculated using an average yield requirement of 4.16 percent.

As to the valuation of building rights, progress of the planning processes is regularly evaluated. At present, Victoria Park's total densification potential is estimated at 244,600 GFA sqm, comprising more than 3,124 flats, distributed between the categories of land ready for development, planning in process and new detailed plan under development. Victoria Park's building rights, according to the summary on page 22, have been assessed at SEK 267 (227) M.



FINANCING

Victoria Park conducts capital-intensive operations. In 2018, equity increased by approximately SEK 1,105 M, mainly due to comprehensive income for the year. Acquisitions during the year and the repayment of bonds were financed through refinanced and new bank loans and with equity.

Victoria Park's operations are financed using both equity and external loans to gain a favourable return on equity. The distribution between these is dependent on costs for the different forms of financing, which is reflected in the property assets' estimated risk and the lenders' pricing and demands on equity.

REFINANCING MODEL

To finance the company's rolling ROT programme, Victoria Park uses a well-functioning financing model. The company implements value-enhancement investments by renovating its properties, which results in an improved standard, increased rents and a higher market value. The company can then loan up to 65 percent of the higher market value at a low cost. In other words, Victoria Park can free up capital that can be reinvested in the properties.

EQUITY

At 31 December, Victoria Park's equity amounted to SEK 7,285 M (6,180), with an equity/assets ratio of 39.3 percent (37.8). Equity increased during the year as a result of comprehensive income for the year of SEK 1,224 M (1,901) and decreased by SEK -118 M (-93) following the dividend to holders of ordinary and preference shares.

INTEREST-BEARING LIABILITIES

The Group's interest-bearing liabilities amounted to SEK 9,541 M (8,573) at 31 December. During the year, an extended credit limit of SEK 1,387 M has been agreed with two existing banks. Of this extended credit line, SEK 604 M has been used for including repayment of a bond of SEK 400 M. The Group's loan portfolio increased during the year following two acquisitions financed through bank loans and equity. The loan-to-value ratio was 51.4 percent (52.5) and is far below the company's financial goal of a maximum of 65 percent.

The loans are divided between five Nordic banks with whom the company has created good and trusting relations. As collateral for the loans, Victoria Park has pledged properties, shares in subsidiaries and Parent Company guarantees. Collateral is often supported with guarantees and the fulfilment of an equity/assets ratio, loan-to-value ratio and interest-coverage ratio. The table below shows the covenants at Group level and the fulfilment of these. In addition, individual companies in the Group have their own covenants. On the balance-sheet date, Victoria Park fulfilled all obligations.

	Equity/ assets ratio, %	Loan-to- value ratio, %	Interest- coverage ratio, multiple
Covenants	> 28	< 70	> 1.5
Outcome 31 Dec 2018	39	51	3.2

Victoria Park is aiming for balanced interest rates and tied-up capital to secure the day-to-day cash flow. The balance between long and short fixed-interest terms is determined by conditions in the fixed-income market, the company's ability to manage periods of high interest rates and the Board's desired risk level. Victoria Park's capital tie-up period was 4.3 (4.2) years at year-end. Victoria Park strives for an even liability maturity structure. The average interest rate for the Group's total interest-bearing liabilities, including fixed income derivatives and interest-rate caps, was 1.8 percent (2.0) at year-end. The fixed-rate period, including fixed income derivatives and interest-rate caps, was 1.9 (2.0) years. The share of loans with interest hedged through derivatives, interest-rate caps or a fixed interest rate amounted to 55.5 percent (50.1).

FINANCIAL POLICY

Financing operations in Victoria Park are conducted in accordance with the rules and guidelines established each year by the Board of Directors.

The financial policy's overall goals are to:

- » Secure good access to funds to meet Victoria Park's payment obligations at any given time.
- » Achieve the best possible net financial items within the scope of the resolved risk level and within given risk limits.
- » Identify and secure good management of financial risks arising in Victoria Park.
- » Secure access to requisite financing at the best possible terms within the scope of the resolved risk level.
- » Ensure that financing activities are conducted using a good internal control.

To limit the financing risk, the following guidelines must be followed:

- » A liquidity reserve must be available at any given time.
- » A maximum of 30 percent of liabilities may mature within a single 12-month period.
- » The number of lenders for bank loans should amount to at least three, with no single lender responsible in the long term for more than 50 percent of the total outstanding bank loan volume.
- » An even liability maturity structure is to be sought after.
- » Refinancing should be initiated not later than six months prior to maturity.
- » Financing for acquisitions is to be secured before Victoria Park enters into the acquisition. Alternatively, the acquisition is to be contingent on financing.

Loan portfolio

	2014	2015	2016	2017	2018
Average interest rate, %	3.4	2.2	2.2	2.0	1.8
Capital tied-up, year	3.3	5.6	4.4	4.2	4.3
Fixed-interest, year	3.3	2.9	2.3	2.0	1.9

RISKS AND RISK MANAGEMENT

The Victoria Park Group's operations, financial position and earnings could change either positively or negatively due to risks and uncertainties. Some of the most important risks, the company's exposure to these risks, and Victoria Park's risk management are described below.

OPERATIONAL RISKS

RENTAL REVENUES, RENTAL TRENDS AND ECONOMIC OCCUPANCY RATE

Description

Victoria Park's earnings are impacted by revenues, which in turn are influenced by several factors. For example, Victoria Park is dependent on customers paying the agreed rent on time. However, there remains a risk that customers may cancel their payments or not fulfil their obligations in some other manner, which could have both a direct negative effect on earnings, in the form of unpaid rent, and an indirect negative effect, due to lower property values. In addition to tenants' payment capacity, rental revenues could be affected by other factors, such as the economic occupancy rate of the properties and the possibility of charging market-based rent. The economic occupancy rate and rent level are governed by factors including the general economic climate, the rate of production of new properties, changes in infrastructure, population growth and employment rate. Changes in these factors could lead to a higher vacancy rate with the risk of declining rent levels.

Exposure

Victoria Park believes that the risk of lost rental revenues is small since the vacancy rate of the company's property portfolio is very low. One of the reasons for this is the housing shortage in the metropolitan regions in which Victoria Park operates. At the end of 2018, the economic occupancy rate was 97.2 percent (97.0), and remaining vacancies mainly comprised unleased parking spaces and churn rate vacancies, as a result of the rolling ROT programme. Often, hundreds of applicants can apply for Victoria Park's flats after completed renovation.

Management

Victoria Park's leasing policy, combined with the company's development model that adds value to the properties and the residential area, limits the risk of declining rental revenues and a lower economic occupancy rate. The company's ongoing efforts to improve the standard of housing and the utility valuation called for by Victoria Park on parts of the property portfolio enable Victoria Park to continuously raise the company's rent level and thereby exceed the annual general rent increase. Victoria Park's development model attracts new customer groups with a higher payment capacity.

In order to rent housing with Victoria Park, applicants must have no record of non-payment and good references from previous landlords. Applicants and co-applicants must be over 18 years old and have a fixed income from work, pension or student funding that can be verified with a validated certificate. Victoria Park does not have a housing queue, which creates a qualitative lease process while the risk of a higher vacancy rate is restricted further. To minimise the risk of rent not being paid, the Group enforces a strict policy regarding debt collection, payment respite times and instalment plans.

OPERATING AND MAINTENANCE COSTS

Description

Operating expenses largely comprise tariff-based expenses, such as costs for heating, water, electricity and waste management. Due to seasonal variations, heating costs rise during the winter months. Maintenance costs are related to measures aimed at upholding a property's standard in the long term. These costs are expensed when they concern repairs. Other additional costs related to value-enhancement maintenance are capitalised as they arise.

Exposure

Several products and services for operations can only be purchased from a single company, which may influence the price. Insofar as any cost increases are not compensated through the regulation of leases, or rent increases from the renegotiation of lease agreements, this could have a negative impact on Victoria Park's financial position and earnings.

The need for unforeseen, extensive renovations as well as higher prices for such renovation could lead to significantly increased maintenance costs, which could have a negative impact on Victoria Park's financial position and earnings.

Management

Victoria Park makes continuous efforts to improve its operating expenses, such as heating and electricity consumption, including such measures as energy-efficiency investments, smart maintenance, ongoing property-improvement measures and close dialogue with residents to increase their awareness and involvement.

Victoria Park endeavours to sign central agreements for a more efficient procurement process and, to the greatest extent possible, not make itself dependent on contractors. For major contracts, a tender bid is requested from three contractors that are independent of each other. Through its use of long-term maintenance plans, Victoria Park limits the risk of unforeseen and extensive maintenance costs.

TAXES AND CHANGES IN LEGISLATION

Description

One large cost item for property companies is property tax. Changes to corporate tax and property tax as well as other state and municipal duties may impact conditions for the company's operations. It cannot be ruled out that tax rates could change in the future or that other changes may take place that influence property ownership and its current structure. Since the Group owns a large percentage of housing in the portfolio, VAT is also a significant cost item as it is not deductible on housing. Residential property management is strongly influenced by legislation, such as rules concerning rent levels, residential environments and housing allowance.

In 2018, new rules were adopted for the amount of interest expenses that can be deemed tax deductible. Overall, the new rules mean interest expenses up to 30 percent of taxable EBITDA are tax deductible.

The property company's profit before net financial items differs from taxable EBITDA owing to the amortisation reported in the legal entities but which is reversed in the Group as the properties in the Group are recognized at fair value.

In Victoria Park, there is an additional material component that separates taxable EBITDA from Profit before net financial items. This component is the property improvements for which annual claims are made for direct deductions and which are a significant amount in Victoria Park.

Victoria Park has analysed the effects and assesses that a large portion of the Group's interest expenses will not be tax deductible, which will increase effective tax in the Group. However, tax payment is not expected to be required for a number of years given that Victoria Park is of the opinion that it can utilise loss carryforwards.

Exposure

Victoria Park has loss carryforwards at its disposal. The utilisation of these loss carryforwards, together with the opportunity for tax depreciation and tax deductions for certain property investments, means that tax liabilities only occur to a limited extent. Changes to tax legislation or practice entailing, for example, changes in opportunities for tax depreciation or the utilisation of loss carryforwards, may lead to changes in the company's future tax situation. This could have an adverse impact on the company's financial position and earnings.

New or amended laws and regulations or changes to the application of existing laws and regulations pertaining to housing rental may entail increased costs, which could have an adverse impact on the company's operations, financial position and earnings.

Management

Victoria Park is optimising its tax situation by utilising tax depreciation, making tax deductions for certain investments, utilising existing tax loss carryforwards and making Group contributions. Victoria Park has engaged the external independent tax consultancy company Svalner Skatt & Transaktion.

FINANCIAL RISKS

FINANCING

Description

Financing risk is defined as the risk of, at any given time, not having access, or only having access at a higher cost, to funds for refinancing, investments and the operating activities.

The company's investments are largely financed by funding from credit institutions, in addition to equity. The company's operating activities are normally financed by cash flow but if the trend deviates from the company's expectations, financing may need to be secured through loans

in order to carry out maintenance, for example. Financing via loans entails that Victoria Park is exposed to financing, interest rate and credit risk. For further information, see Note 3.

Exposure

Should the company fail to obtain necessary capital on acceptable terms for the company, this could have a negative impact on its operations, financial position and earnings. On 31 December 2018, the company's average capital tie-up period was 4.3 years (4.2).

Collateral has been pledged to lenders in the form of properties, shares and internal promissory notes. The Group's loan agreements include special obligations, such as the loan-to-value ratio, interest-coverage ratio and equity/assets ratio. In the event that these obligations are not met, the creditor normally has the right to demand early repayment of the granted credits, utilise its lien in pledged assets, demand an extra repayment or submit a request to amend the conditions. If the company is forced to acquire further financing, for example, due to demands for early repayment or extra repayment, or if creditors demand amended conditions, this could have a negative impact on the Group's financial position and earnings. It should be noted that Victoria Park, had fulfilled all conditions of the Group's loan agreements by the end of the accounting period.

In addition, political decisions on changes to capital-adequacy regulations or similar commitments could lead to austerity measures in the credit market and consequently to changed financing options.

Management

To limit the financing risk, the following guidelines must be followed:

- » A liquidity reserve must be available at any given time.
- » A maximum of 30 percent of liabilities may mature within a single 12-month period.
- » The number of lenders for bank loans should amount to at least three, with no single lender responsible in the long term for more than 50 percent of the total outstanding bank loan volume.
- » An even liability maturity structure is to be sought after.
- » Refinancing should be initiated not later than six months prior to maturity.
- » Financing for acquisitions is to be secured before Victoria Park enters into the acquisition. Alternatively, the acquisition is to be contingent on financing.

Refinancing

To finance the company's rolling ROT programme, Victoria Park uses a well-functioning financing model. The company implements value-enhancement investments by renovating its properties, which results in an improved standard, increased rents and a higher market value. The company can then loan up to 65 percent of the higher market value at a low cost. In other words, Victoria Park can free up capital that can be reinvested in the properties. A calculation example shows that an investment of SEK 500 M with a yield of 8 percent increases net operating income by SEK 40 M. With a yield requirement of 4.16 percent, this totals a valuation of SEK 960 M. Borrowing 65 percent of this value increase can free up capital amounting to SEK 625 M, which can be reinvested in Victoria Park's properties.

INTEREST-RATE RISK

Description

Interest-rate risk is defined as the risk that developments in the fixed-income market could have an adverse impact on Victoria Park. Interest-rate risk refers to the risk associated with Victoria Park's current interest expenses and costs for interest-rate hedges.

Exposure

Interest expenses are primarily affected by the level of current market interest rates and the credit institutions' margins and by the strategy the company chooses when fixing the interest terms. Political decisions on changes to capital-adequacy regulations or similar commitments could lead to austerity measures in the credit market and consequently to changed interest expenses. Market interest rates remained negative in 2018, which to a certain extent had a positive impact on the company's interest expenses since certain credits are based on STIBOR 3M. The average interest rate for the Group's total interest-bearing liability, including interest-rate swaps and interest-rate caps, was 1.8 percent (2.0) on 31 December 2018. The fixed-rate period, including interest-rate swaps and interest-rate caps, was 1.9 (2.0) years. The share of interest-rate hedged loans via derivatives or fixed interest was 55.5 percent (50.1). Market interest rates are mainly affected by the expected rate of inflation. In times of rising inflation expectations, interest rates may be expected to increase, and in times of declining inflation expectations, interest rates may be expected to decline.

For a borrower, shorter fixed-interest terms entail a higher cash-flow sensitivity, which is considered to be a higher risk. Lower fixed-interest terms increases stability but can also be a disadvantage when market interest rates decline.

In the short term, Victoria Park hedges against interest-rate fluctuations by using interest-rate hedges in the form of interest-rate swaps and interest-rate caps, but in the long term interest-rate fluctuations affect the company's earnings and cash flow.

Sensitivity analysis – interest expenses including derivatives

Change in loan interest annual basis, percentage points	Cost change, SEK M
0.50	-24
-0.50	3
0.25	-9
-0.25	2
0.15	-3
-0.15	2

Management

According to Victoria Park's financial policy, the aim of interest-rate risk management is to achieve the desired level of stability in Victoria Park's total cash flow. The interest-rate risk strategy comprises a balanced combination of variable interest and fixed-interest terms. The balance between long and short fixed-interest terms is determined by conditions in the fixed-income market, Victoria Park's ability to manage periods of high interest rates and the Board's desired risk level. However, in selecting a strategy, it must be ensured that potential changes in the market value of the interest-rate hedges required to meeting the proposed strategy do not risk leading to unacceptable effects on equity. The standard portfolio established by the Board for Victoria Park's aggregated portfolio and the maximum permitted deviation from this are presented below.

Intervall (%)	<1 year	>1 year <3 years	>3 years <5 years	>5 years <7 years	>7 years <10 years
Standard portfolio	35	30	30	5	0
Maximum percentage falling due	50	45	45	10	10
Minimum percentage falling due	20	15	15	0	0
Outcome 31 Dec 2018	45	24	26	4	0

VALUE OF PROPERTIES

Description

Victoria Park measures its property holdings at fair value according to IAS 40 Investment Property, meaning that the consolidated carrying amount of the properties corresponds to their estimated market value. This means that a decrease in market value for Victoria Park's properties will adversely impact the Group's earnings.

The value of investment properties may be affected by the estimates and assumptions made by company management, and the actual outcome may differ from such estimates. Both company-specific deteriorations, such as higher vacancy rates, greater or unforeseen maintenance and investment requirements, and lower rent levels, and market-specific deteriorations, such as higher yield requirements and cost of capital, could result in negative realised and unrealised changes in value, which may have an adverse effect on Victoria Park's financial position and earnings. Unrealised changes in value also impact the Group's earnings since it now applies IFRS.

Exposure

Sensitivity analyses – property possessed

Parameter	Change in assumption, %	Value adjustment, SEK M
Market rate	5.00	1,464
Market rate	-5.00	-1,457
Operating and maintenance costs	-5.00	611
Operating and maintenance costs	5.00	-604
Yield, residual value	0.25	-833
Yield, residual value	-0.25	950

Management

In accordance with Victoria Park's business model, properties are primarily acquired in growth districts with low vacancy rates, as demand for housing has been high and is expected to remain so. Victoria Park possesses extensive expertise in property and project development. Victoria Park's development model includes making investments to improve standards in connection with terminated leases. Furthermore, Victoria Park engages in socially sustainable property management where residents are involved in creating safe and attractive residential areas. The company improves the properties and the residential areas with a subsequent expected increase in market value.

Victoria Park performs internal valuations of the properties when the interim reports are prepared. Victoria Park engages independent valuation institutions to carry out an external valuation of the entire property portfolio at least once a year to verify and assure the quality of the internal valuations. Two external valuations of the entire property portfolio were performed by Savills Sweden and Bryggan Fastighetsekonomi in the 2017 financial year, most recently at year-end. This is one way of ensuring the correct market value in accordance with IFRS 13. Part of the quality-assurance activities involves carrying out ongoing follow-ups of the correlation between internal and external valuations and realised sales prices.

OTHER RISKS

TRANSACTIONS

Description

Property acquisitions are part of Victoria Park's operations. These are associated with risk and uncertainty. Risks associated with the acquisition of property include environmental conditions and technical problems. Technical problems pertain to the risk conditions associated with the technical operation of properties, such as the risk of construction defects, contamination and other hidden defects or deficiencies. Should any of these risks materialise, this could have a negative impact on the company's business, financial position and earnings. The acquisition of property companies also entails legal and tax risks related to historical circumstances in the company.

Exposure

The risk of problems pertaining to environmental conditions and technical problems in the acquired property portfolio is small and the state of the properties fulfil prevailing laws and regulations.

Future political decisions concerning changes to the taxation of transactions may impact Victoria Park's financial position and earnings.

Management

Ahead of acquisitions, technical, legal, financial and environmental due diligence is conducted using external, independent consultants.

ENVIRONMENT AND SUSTAINABILITY

Description

According to applicable environmental legislation, the person or persons responsible for contamination and other environmental damage is the business operator or operators who have caused the contamination or damage. If such a business operator cannot perform or pay for the reclamation of a property, the property owner may be held responsible. This means that under certain conditions, claims could be made against Victoria Park.

Other environmental-related risks include raised energy prices, tax and similar cost increases as well as the risk of flooding and other forms of extreme weather.

Exposure

The company's properties are primarily built in the 1960s, 1970s and 1980s. Environmental contaminants, particularly PCB and radon, sometimes occur in properties built in the 1950s, 1960s and 1970s. This could mean that Victoria Park may be forced to perform investigations that could impact the company's earnings, and it cannot be ruled out that further measures may be required in view of the investigations. It should be noted that Victoria Park's properties from the 1960s and 1970s are normally built on agricultural land, which reduces the risk of contamination and environmental damage.

Victoria Park conducts no business that requires special environmental permits, but property management and property development may entail an environmental impact. Currently, there is no knowledge of any material environmental claims that may influence the company's position.

Management

Ahead of acquisitions, environmental due diligence is conducted by external, independent environmental consultants. With the aim of changing life in the area and creating attractive residential areas, socially sustainable management is a key part of Victoria Park's strategy and forms the basis of the company's sustainability agenda. Sustainability work also includes investments in energy-saving solutions, with the ambition to reduce the company's environmental footprint with a focus on enhancing housing quality and reducing operating expenses. Work on energy-efficiency

improvements and a generally sound cost control are good ways to also manage any future energy price increases or tax increases. The company has insurance that covers damage caused by flooding and other forms of bad weather.

SOCIAL RISKS

Description

Victoria Park is investing in properties in the "million housing programme" areas in growth cities in Sweden. The areas are often home to socially vulnerable groups and there is a heightened risk of social exclusion, unemployment and criminality.

Exposure

Since part of Victoria Park's business model involves investing in "million housing programme" areas, there is a risk of social unrest in the areas where the company owns properties.

Management

Victoria Park works with socially sustainable management in its property portfolio. This includes recruiting environment wardens and residential coaches to establish a dialogue with residents and create security and order in the areas. Social sustainable management also includes collaboration with the Swedish Public Employment Service and other authorities and organisations. Furthermore, the company signs construction contracts that include a social clause, entailing that service suppliers to Victoria Park's properties aim to recruit unemployed people from the residential areas. The company also strives to improve security in the properties and the areas using everything from access control systems to lighting. Along with social sustainable management, the renovation of properties creates more secure and calmer areas with increased satisfaction and improved residential environments.

DEPENDENCE ON KEY PERSONNEL

Description

Victoria Park's future development depends to a great extent on the knowledge, experience and commitment of company management and other key personnel. If one or more key personnel were to leave the company and the company was unable to replace these personnel, this could have a negative impact on the company's operations, financial position and earnings.

Exposure

Victoria Park is in many respects a young organisation, which has largely grown through corporate acquisitions. The company's dependence on key personnel decreases as the company grows. Between 2014 and 2018, the number of employees increased from 80 to 185. At 31 December 2018, 27 percent of employees were women. During the same four-year period, the number of managers with HR responsibility doubled from ten to 24. As of 31 December 2018, 42 percent of these managers were women.

Management

One success factor for Victoria Park is to attract and retain skilled and dedicated employees. A healthy work environment offering opportunities for inclusion in the development of the organisation, general satisfaction with the workplace, market-based employment terms and skills development results in development of both the individual and the company. Appropriate administrative systems, well-established processes and routines, adequate internal control and skills development, and access to reliable valuation and risk models also help to reduce the operational risks that may arise if one or more key personnel were to leave the Group.

MORE ABOUT THE OPERATIONS

OPERATIONS

Victoria Park is a property company listed on Nasdaq Stockholm, Mid Cap, with a focus on residential properties in growth cities across Sweden. By engaging in sustainable development and assuming social responsibility for more attractive residential areas, Victoria Park creates value for residents, employees, shareholders, society and other stakeholders.

MISSION AND BUSINESS MODEL

Victoria Park owns, develops and acquires residential properties with significant value potential in growth cities in Sweden. Victoria Park develops its properties through standard-enhancement investments, social sustainable management and densification. Development work means we can create attractive residential areas, increase the value the property portfolio and create opportunities and value for both the individual and society.

GOALS

Victoria Park's overall goals are to

- » Generate growth in net asset value, excluding dividends on ordinary shares, that over time averages at least 15 percent per year.
- » Generate growth in profit from property management that over time averages at least 12 percent per year.
- » Own assets with a market value of at least SEK 20 Bn by the end of 2020.

Victoria Park's financial goals are

- » Equity/assets ratio of at least 30 percent.
- » Long-term loan-to-value ratio of 65 percent at the most.
- » Interest-coverage ratio of at least 2.0.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- » Property portfolio increased by over 800 flats through the acquisition of housing in Malmö and Örebro.
- » Construction started on about 60 new flats in Växjö with occupancy scheduled for 2019, through remodelling of unutilised areas and the construction of a new residential building.
- » Zoning plan for 570 new flats in Linköping became final.
- » Victoria Park discontinued its lifestyle property segment as part of streamlining operations to the management of rental properties.
- » Victoria Park utilised part of the company's expanded loan facility with existing lenders totalling SEK 1.4 Bn for the advance repayment of a SEK 400 M bond loan.
- » The company converted a total of 982,150 Class A ordinary shares to 982,150 Class B ordinary shares.
- » COO and Deputy CEO Per Ekelund was appointed CEO, and CFO Tommy Åstrand was appointed Deputy CEO. Ola Svensson was recruited as new COO.
- » US Starwood Capital Group submitted a bid for all of the shares in Victoria Park, valued at approximately SEK 8.6 Bn. Following an independent valuation opinion, the Board's Bid Committee rejected the bid. Starwood acquired 32 percent of the votes in Victoria Park.
- » The German property company Vonovia submitted a bid for all of the shares in Victoria Park, valued at approximately SEK 9.6 Bn. The Board's Bid Committee recommended shareholders to accept the bid. Vonovia acquired 59 percent of the votes in Victoria Park and later also acquired Starwood's shareholding in Victoria Park.

- » An Extraordinary General Meeting elected a new Board of Directors, with Rolf Buch, CEO of Vonovia, as Chairman.
- » In December, Victoria Park signed an agreement to acquire 2,340 flats in Stockholm and Gothenburg with possession scheduled for 1 April 2019.

PROPERTY PORTFOLIO

As of 31 December 2018, Victoria Park's property portfolio amounted to 1,128,000 sqm (1,062,000), comprising 1,015,000 sqm of residential units and 113,000 sqm of commercial premises. One third of the commercial premises accommodate some type of activity related to the public sector. The economic occupancy rate was 97.2 percent (97.0) and remaining vacancies mainly comprised unleased parking spaces and turnover vacancies. The rental value amounted to SEK 1,271 M (1,144) and the market value to SEK 18,086 M (15,440).

FINANCIAL TREND

Revenues

The Group's revenues for the year totalled SEK 1,190 M (1,062). The increase was primarily due to the high rate of investment, annual general rental negotiations and the acquisition of new portfolios.

Costs

Property costs for the period amounted to SEK -518 M (-492). The increased costs are largely due to the substantial growth in the property portfolio. Costs associated with the property management operation include operating expenses, maintenance costs, property tax and insurance as well as other administrative costs. Operating expenses mainly comprised the use of heating, water and electricity, and waste management. Due to seasonal variations, heating costs rise during the winter months.

Net operating income

The net operating income for the period was SEK 672 M (570).

Profit from property management

Administrative costs amounted to SEK -83 M (-66) and mainly consist of personnel costs, Group-wide costs and marketing and selling expenses. The increase is solely the result of non-recurring costs, SEK -19 M, related to the bidding processes from Starwood and Vonovia. Net financial items for the period amounted to SEK -182 M (-176). The increase was mainly associated with the expanded financing in connection with acquisitions during previous year, which was partly offset by lower interest expenses in conjunction with the refinancing of existing loans and a bond redemption. Profit from property management for the period amounted to SEK 406 M (328).

Tax

The tax effect for the period was a negative SEK 115 M (-522), and comprised both deferred tax attributable to changes in the value of properties and derivatives, and changes in the Group's remaining tax loss carryforwards. Current tax only occurs in exceptional circumstances, due to opportunities for tax depreciation, tax deductions for certain investments, the utilisation of existing tax loss carryforwards and making Group contributions.

Net profit for the year

Profit for the period after tax amounted to SEK 1,224 M (1,901), equal to SEK 4.95 per ordinary share (7.83), adjusted for a dividend payment of SEK -20 M (-20) on preference shares during the period.

Segment reporting

The Group's reporting is conducted by segment. The net operating income for the segments and the Group, respectively, does not differ. The difference between net operating income and profit before tax is presented in the consolidated statement of comprehensive income.

Segment reporting for the management operation is divided into the following geographic regions: Stockholm, Gothenburg and Malmö. The lifestyle property operation consists of a service operation was divested during the period. The transaction, which took place in company form, had no impact on earnings or liquidity.

FINANCIAL POSITION AND CASH FLOW

Financial assets

Participations in associated companies comprise Victoria Park's 25 percent share in Rosengård Fastighets AB. The value includes, in addition to the acquisition value of SEK 72 M, an accumulated positive share in profit of SEK 43 M (18).

Cash and cash equivalents

Consolidated liquidity amounted to SEK 306 M (765) at the end of the period. During the period, investments amounted to SEK 729 M (612) and mainly related to value-enhancing investments in existing portfolios. During the period, the acquisition of three new portfolio in Malmö and Örebro were partly financed with own cash. The ordinary share dividend also reduced cash flow by about SEK 97 M.

Equity

As of 31 December 2018, consolidated equity amounted to SEK 7,285 M (6,180), with an equity/assets ratio of 39.3 percent (37.8). During the period, net profit for the year of SEK 1,224 M (1,901). Dividend payments on ordinary and preference shares had a negative impact of SEK -118 M (-93) on equity during the period.

Deferred tax liability

A deferred tax liability of SEK 1,387 M (1,281) attributable to changes in the value of properties and derivatives, and a deferred tax asset attributable to the Group's tax loss carry-forwards. The deferred tax liability was remeasured in view of the reduced future tax rate.

Interest-bearing liabilities

The Group's interest-bearing liabilities amounted to SEK 9,541 M (8,573). Loan-to-value ratio was 51.4 percent (52.5) and far below the maximum long-term objective of 65 percent. During the third quarter, an extended credit limit of SEK 1,387 million has been agreed with two existing banks. Of this extended credit line, SEK 604 M has been used for including repayment of a bond of SEK 400 M, with a margin of 5 percent.

At the end of the accounting period, the capital tie-up period was 4.3 years (4.2) and after repayment of a bond loan and refinancing existing loans, the average interest rate for the Group's total interest-bearing liability, including interest rate swaps and interest rate caps was 1.8 percent (2.0). The fixed-interest period, including interest rate swaps and interest rate caps, was 1.9 years (2.0). The share of interest-rate hedged loans via derivatives or fixed interest was 55.5 percent (50.1).

THE SHARE AND SHAREHOLDERS

At year-end, Victoria Park's share capital amounted to SEK 26.8 M (26.8) divided between 243,906,359 shares, of which 77,075,229 are Class A ordinary shares, 165,799,083 are Class B ordinary shares, and 1,032,047 are preference shares, with a total number of votes of 93,758,342.00. The quotient value per share is SEK 0.11. Each Class A share carries one voting right and each Class B or preference share carries one tenth of a voting right. Each qualified voter may vote for all owned and represented shares at the Annual General Meeting.

WARRANTS

Victoria Park has a warrant programme adopted by the 2017 AGM. The options were sold at market value in accordance with the Black & Scholes' pricing model. Following the Vonovia SE becoming the largest owner of Victoria Park due to its takeover bid, Vonovia SE offered and acquired the total of 2,361,000 warrants. The options entitle holders to subscribe to Class B ordinary shares in the spring of 2020 for SEK 33.80 per share. If all warrants are exercised, the number of ordinary shares will increase by a total of 2,361,000 Class B shares.

PARENT COMPANY

The operations mainly consist of Group-wide services including sales, market and accounting/finance. The Parent Company has overall responsibility for strategy-related issues and business development, financial control and monitoring, and planning. Parent Company sales totalled SEK 20 M (22), and mainly consisted of invoiced management fees. The Parent Company posted a net loss for the year after tax of SEK -124 M (-349).

CORPORATE GOVERNANCE REPORT

The basis of Victoria Park's corporate governance is primarily the Articles of Association, the Swedish Companies Act and other Swedish legislation, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the "Code"). The Code is available from www.corporategovernanceboard.se. The Code is based on the principle that companies must follow the Code or explain why the company has chosen to deviate from the Code.

Victoria Park's Board of Directors is responsible for implementing appropriate corporate governance in the company, and the Board of Directors and senior executives review the Group's corporate governance every year. Good governance with structured internal processes and clarity is the basis of Victoria Park's long-term value creation. The Corporate Governance Report details how Victoria Park has been controlled in 2018.

Aside from the fact that the composition of the Nomination Committee, Evaluation of the Board's work and that the Board did not constitute a quorum at the Extraordinary General Meeting, no deviations from the Code's rules were reported for the 2018 financial year. For further information, please read the "Deviations from the code in 2018" section of the Corporate Governance Report on page 51.

No violations of Nasdaq Stockholm's regulations or of generally acceptable practices in the stock market as decided by the Disciplinary Committee of Nasdaq Stockholm or the Swedish Securities Council occurred in 2018.

BOARD OF DIRECTORS' WORK IN 2018

During 2018, the Board held 19 Board meetings, of which two physical meetings and ten conference calls and seven per capsulam. According to the rules of procedure, the Board, in addition to statutory Board meetings, is to hold at least seven regular Board meetings every year. The Board forms a quorum when more than half of the members are present. The Chairman of the Board has the casting vote when the vote is tied. Anders Pettersson was unable to attend two meetings, Greg Dingizian in four, Isabelle Wikner in three and Lennart Sten in one meeting. Otherwise, all Board members took part in every meeting. The company's auditor attended one Board meeting and presented his audit of the management operations and accounts. The Board members are paid fees in accordance with Annual General Meeting resolutions. During the year, the Board focused on matters concerning acquisitions, valuation, refinancing and follow-up of policies and instructions. Of considerable significance for Victoria Park's corporate governance during the year was two bidding processes that preceded Vonovia becoming principal owner and a major change of the Board's composition.

REMUNERATION OF THE BOARD, CEO AND SENIOR EXECUTIVES

Extraordinary General Meeting 2018 resolved that the Board fees on an annual basis for the period until the end of the Annual General Meeting 2019 shall amount to SEK 150,000 to each board member, and, in addition, SEK 50,000 to the Chairman of the audit committee, SEK 25,000 to other members of the audit committee, SEK 30,000 to the Chairman of the remuneration committee and SEK 15,000 to the other members of the remuneration committee (to the extent such committees will be established).

The 2018 Annual General Meeting resolved on guidelines for remuneration of senior executives to apply until the next Annual General Meeting. The guidelines essentially entail that the company is to offer market-based total remuneration that facilitates the recruitment and retention of senior executives. Senior executives currently include the positions of CEO, CFO, COO, CHRO. As stipulated by law, the guidelines are not applicable to incentive schemes resolved in accordance with Chapter 16 of the Swedish Companies Act, such as warrant programmes. The Board is entitled to deviate from these guidelines if there are special reasons for doing so in individual cases. For further information, see Note 9 and Note 11.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

On 23 January 2019 the Swedish competition authority approved Victoria Park's acquisition of 2,340 flats.

FORECAST FOR 2019

A forecast for profit from property management of SEK 500-550 M for full-year 2019 was published, assuming that Victoria Park will acquire properties corresponding to SEK 250 M per quarter in 2019. The forecast was adjusted by a further SEK 95 M as a result of the full-year effect of the acquisition with closing in April 2019. The forecast is made

as a result of Victoria Park being part of the Vonovia Group. This also entails that information regarding the current earnings capacity will cease to be published in the company's financial reports.

FUTURE DEVELOPMENT

To ensure long-term profitable growth, Victoria Park will continue on its established path and create value for residents, employees, shareholders, society and other stakeholders. Victoria Park will develop its existing property portfolio using value-creating property and area improvements, densification and acquisitions.

DIVIDENDS

For the financial year 2018, the Board of Directors has decided to propose to the AGM a dividend of SEK 20.00 per preference share (20.00).

The Company's dividend policy states that the board shall, when proposing a dividend on ordinary shares, consider inter alia acquisition opportunities and financial position. Due to signed agreement for the company's largest acquisition to date with closing in April 2019, the Board proposes that no dividend be paid on the ordinary shares for the 2018 financial year (SEK 0.40).

PROPOSED APPROPRIATION OF THE COMPANY'S PROFIT

The following funds are available for distribution by the Annual General Meeting:

Retained earnings	707,828,748
Net loss for the year	-123,672,617
Total	584,156,131

The Board of Directors proposes that the above profits be appropriated as follows:

Dividend of SEK 20 per preference share	20,640,940
To be carried forward	563,515,191
Total	584,156,131

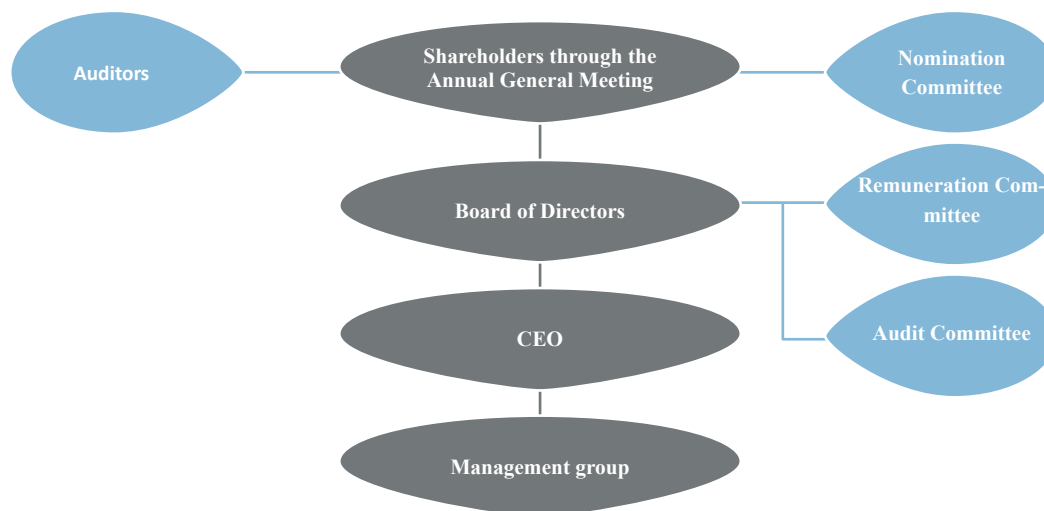
STATEMENT OF THE BOARD OF DIRECTORS ON THE PROPOSED DIVIDEND

The Board of Directors is of the opinion that the size of the proposed dividend constitutes a satisfactory balance between the Group's capital structure and future growth opportunities. The Board's view is that the proposed dividend will not prevent the company from meeting its short-term or long-term obligations, or from making any necessary investments. The proposed dividend can thereby be justified by reference to the provisions of the Swedish Companies Act, Chapter 17, Paragraph 3, items 2-3 (the prudence concept).

1. Bo Forsén was a board member until the Annual General Meeting 2018 and attended the meetings of the board of directors in 2018 that were held until that time. Peter Strand was elected to the Board of Directors at the Annual General Meeting 2018 and has attended all Board meetings thereafter in 2018. Greg Dingizian, Henrik Bonde, Pia Kinhult, Sofia Ljungdahl, Lennart Sten and Isabelle

Wikner were Board members until the Extraordinary General Meeting held on July 24, 2018 and was present to the extent indicated above. Rolf Buch, Fabian Heß, Helene von Roeder, Peter Hohlbein and Jens Nagel were elected to the Board of Directors at the Extraordinary General Meeting held on July 24, 2018 and attended all board meetings thereafter in 2018.

CORPORATE GOVERNANCE REPORT



Victoria Park AB is a Swedish public limited company listed on Nasdaq Stockholm. The term corporate governance relates to the decision-making system whereby the owners, directly and indirectly, control the company and manage its risks. The basis of Victoria Park's corporate governance is primarily the Articles of Association, the Swedish Companies Act and other Swedish legislation, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the "Code"). The Code is available from www.corporategovernanceboard.se. The Code is based on the principle that companies must follow the Code or explain why the company has chosen to deviate from the Code.

Victoria Park's Board of Directors is responsible for implementing appropriate corporate governance in the company, and the Board of Directors and senior executives review the Group's corporate governance every year. Good governance with structured internal processes and clarity is the basis of Victoria Park's long-term value creation. The Corporate Governance Report details how Victoria Park has been controlled in 2018.

No violations of Nasdaq Stockholm's regulations or of generally acceptable practices in the stock market as decided by the Disciplinary Committee of Nasdaq Stockholm or the Swedish Securities Council occurred in 2018.

DEVIATIONS FROM THE CODE IN 2018

Nomination Committee

Victoria Park's Nomination Committee prior to the 2018 Annual General Meeting comprised a total of five members. Board members Greg Dingizian and Anders Pettersson were included based on their own mandate, and Chairman of the Board Bo Forsén was the convener. The composition of the Nomination Committee therefore deviated from Item 2.4 of the Code, which stipulates that Board members may not constitute a majority of members of the Nomination Committee. The reason for this deviation from the Code was that the two persons who, directly and through related parties, were the company's largest shareholders in terms of voting power were also members of the Board of Directors and the fact that the Chairman of the Board was part of the Nomination Com-

mittee. An Extraordinary General Meeting on 24 July 2018 resolved, in light of the shareholder structure following the completion of Vonovia's public takeover bid, to revoke the previous principles adopted for the Nomination Committee and that Nomination Committee work will, in the future, be performed by the company's majority owner, who controls more than 80 percent of the shares and votes in the company. The majority shareholder also received call options that enable Vonovia to purchase further shares in Victoria Park, which in total represent approximately 10 percent of the total number of shares and around 12 percent of the total number of votes. The company thus deviates from Item 2.1 of the Code since no new Nomination Committee has been appointed.

Evaluation of the Board's work

In accordance with Item 8.1 of the Code, the company is to assess the work of the Board on an annual basis through a systematic and structured process. No such assessment was conducted for the 2018 financial year and the company has, accordingly, deviated from the Code in this respect. The deviation is a result of the changes that took place on the Board of Directors in 2018 and the fact that all Board members were nominated by the majority shareholder.

Extraordinary General Meeting 2018

In accordance with Item 1.2 of the Code, the general shareholders' meeting must be attended by the Chairman of the Board and a sufficient number of Board members so the Board constitutes a quorum. On 24 July 2018, the company held an Extraordinary General Meeting where it was noted that the Board did not constitute a quorum. The company has, accordingly, also deviated from the Code in this respect. The reason for the deviation was that no proposals discussed at the Meeting stemmed from the Board of Directors, which is why it was not deemed necessary for the entire Board to attend.

Aside from the above, no deviations from the Code's rules were reported for the 2018 financial year.

SIGNIFICANT EVENTS IN 2018

- » Property portfolio was increased by over 800 flats through the acquisition of housing in Malmö and Örebro.
- » Zoning plan for 570 new flats in Linköping became final.
- » Victoria Park discontinued its lifestyle property segment as part of streamlining operations to the management of rental properties.
- » Victoria Park utilised part of the company's expanded loan facility with existing lenders totalling SEK 1.4 Bn for the advance repayment of a SEK 400 M bond loan.
- » The company converted a total of 982,150 Class A ordinary shares to 982,150 Class B ordinary shares.
- » COO and Deputy CEO Per Ekelund was appointed CEO, and CFO Tommy Åstrand was appointed Deputy CEO. Ola Svensson was recruited as new COO.
- » US Starwood Capital Group submitted a bid for all of the shares in Victoria Park, valued at approximately SEK 8.6 Bn. Following an independent valuation opinion, the Board's Bid Committee rejected the bid. Starwood acquired 32 percent of the votes in Victoria Park.
- » The German property company Vonovia submitted a bid for all of the shares in Victoria Park, valued at approximately SEK 9.6 Bn. The Board's Bid Committee recommended shareholders to accept the bid. Vonovia acquired 59 percent of the votes in Victoria Park and later also acquired Starwood's shareholding in Victoria Park.
- » An Extraordinary General Meeting elected a new Board of Directors, with Rolf Buch, CEO of Vonovia, as Chairman.
- » In December, Victoria Park signed an agreement to acquire 2,340 flats in Stockholm and Gothenburg with possession scheduled for 1 April 2019.

ARTICLES OF ASSOCIATION

Victoria Park's Articles of Association state that the company's business is to acquire, develop, build and transfer properties, conduct leasing of flats, conduct service and operations of properties and similar activities. The Articles of Association, which are available in full from www.victoriapark.se, include no provisions regarding the dismissal of Board members, and no restrictions on the number of votes any one shareholder may cast at the Annual General Meeting or about changes to the Articles of Association.

GENERAL SHAREHOLDERS' MEETING

The general shareholders' meeting is the company's highest decision-making body, and at the general shareholders' meeting shareholders can exert their influence over the company. The general shareholders' meeting is normally held in Malmö. The Annual General Meeting is held once per year during which the company's income statement and balance sheet as well as the consolidated income statement and balance sheet are adopted. At this meeting, resolutions are also passed about the discharge from liability of the Board of Directors and CEO, the appropriation of the company's earnings, remuneration and election of Board members and auditors and guidelines for the remuneration of senior executives.

Shareholders who are registered in the shareholders' register maintained by Euroclear five business days before the general meeting, and who have notified the company of their intention to attend in accordance with the convening notice, are entitled to participate in the general meeting and to vote for all shares held. Different classes of shares carry different voting rights, which is explained in more detail under "Shares and shareholders" below. Shareholders may participate in general shareholders' meetings in person or by proxy, and may be accompanied by a maximum of two assistants assuming that this was declared when registering for the meeting. Shareholders who wish to have a particular matter dealt with at the Annual General Meeting must submit a written request thereof to the Board of Directors in accordance with the Swedish Companies Act.

ANNUAL GENERAL MEETING 2018

At the Annual General Meeting on 24 April 2018 in Malmö, 90 shareholders were represented, representing about 57 percent of the total number of votes. All Board members, CEO and the company's auditor attended the meeting.

The Annual General Meeting adopted the financial statements for 2017 and granted the Board of Directors and CEO discharge from liability for the 2017 financial year. In addition to mandatory issues, which are stipulated in the Articles of Association, resolutions were passed concerning:

- » a dividend for the 2017 financial year of SEK 0.40 per ordinary share, totalling SEK 97,149,725, and SEK 20 per preference share, totalling SEK 20,640,940,
- » the re-election of Board members Greg Dingizian, Henrik Bonde, Pia Kinhult, Sofia Ljungdahl, Anders Pettersson, Lennart Sten and Isabelle Wikner, and the new-election of Peter Strand as Chairman of the Board,
- » the re-election of Öhrlings PricewaterhouseCoopers AB as the company's auditor, with Mats Åkerlund as Auditor-in-Charge,
- » board fees until the next Annual General Meeting for the Chairman of the Board and other Board members together with the Chairman and other members of the Audit and Remuneration Committees; it was also resolved that auditor fees would be paid against valid and approved invoices,
- » guidelines for remuneration to senior executives,
- » principles for the Nomination Committee,
- » the authorisation of the Board of Directors to issue shares on one or more occasions before the next Annual General Meeting, and
- » the inclusion of a conversion clause in the Articles of Association that makes it possible for shareholders to request the conversion of Class A ordinary shares to Class B ordinary shares.

EXTRAORDINARY GENERAL MEETING 2018

At the Extraordinary General Meeting on 24 July 2018, 19 shareholders were represented, representing about 58 percent of the total number of votes. Board Chairman Peter Strand, Board member Anders Pettersson and CEO Per Ekelund attended the meeting.

The following resolutions were passed:

- » The Board of Directors is to comprise seven members.
- » Rolf Buch, Fabian Heß, Helene von Roeder, Peter Hohlbein and Jens Nagel were elected as new members of the Board. Anders Pettersson and Peter Strand were reelected as members of the Board. Rolf Buch was elected as Chairman of the Board.
- » The principles adopted by the Annual General Meeting with regard to Victoria Park's Nomination Committee were revoked. In light of the shareholder structure after the completion of Vonovia's public takeover bid, Nomination Committee work will, in the future, be performed by the company's majority shareholder.

The minutes from the company's general shareholders' meetings are available from www.victoriapark.se. The 2019 Annual General Meeting is scheduled for 23 April 2019 in Malmö. Information about the Annual General Meeting will be published on www.victoriapark.se.

SHARES AND SHAREHOLDERS

In accordance with Victoria Park's Articles of Association, shares can be issued as Class A ordinary shares, Class B ordinary shares and preference shares. As of 31 December 2018, Victoria Park's share capital amounted to SEK 26,829,699.49 divided between 243,906,359 shares, of which 77,075,229 are Class A ordinary shares, 165,799,083 are Class B ordinary shares and 1,032,047 are preference shares. The quotient value per share is SEK 0.11. Victoria Park has no holdings of its own ordinary or preference shares.

Each Class A ordinary share provides entitlement to one voting right and each Class B ordinary share and preference share provides entitlement to one tenth of a voting right. At the end of the year, the total number of votes amounted to 94,642,277 and the number of shareholders to 4,847 (9,807). At year-end, the company had one shareholder, Vonovia, whose holding, either own and/or through related parties, corresponded to more than 10 percent of the total number of votes in the company. The ten largest shareholders in the company together represented 96 percent (63) of the total number of votes in the company at the close of the year. More information about shares and share capital is available on pages 14-15 and from www.victoriapark.se.

BOARD OF DIRECTORS

The Board of Directors is responsible for the organisation and management of the company's affairs and has the task of managing the company's activities on behalf of the owners in the best possible way to satisfy the owners' interests in a strong long-term return on capital. According to the Articles of Association, the registered office of the Board of Directors of Victoria Park is to be in Malmö and the Board is to comprise at least three and no more than ten members. Board members are appointed by the general shareholders' meeting. The Board of Directors is responsible for ensuring that the company's organisation is appropriate and that operations are conducted in accordance with the Swedish Companies Act, the Articles of Association, the Code, other applicable laws and requirements as well as the Board's rules of procedure. Rules of procedure are established every year and include instructions regarding the distribution of work between the Board of Directors and the CEO. The Board of Directors must be of a size and composition that ensures its ability to manage the company's affairs with integrity and efficiency.

New Board members receive an introduction to the company and its operations as well as training in the stock exchange. Thereafter, the Board receives regular information about matters including regulatory changes and issues that concern the operations and the responsibilities of the board of a listed company.

The basis of Board work is that it is to be conducted together, under the leadership of the Chairman. The Board is to ensure that the CEO fulfils his or her commitments in accordance with the Board's guidelines and instructions. The Board is to ensure that there is a functioning reporting system in place and that the Board obtains requisite information about the company's position, earnings, financing and liquidity through periodic reports. In addition to being responsible for the company's organisation and management, one of the most important duties of the Board is to make decisions on strategic issues. In general, the Board addresses issues that are of material importance to the Group, such as:

- » the adoption of business plans, strategies, and business and profitability targets,
- » the adoption of policies,
- » resolutions concerning major acquisitions and divestments of property and companies,
- » decisions regarding major investments.

Board work during 2018

The 2018 Annual General Meeting resolved that the Board of Directors should comprise eight Board members and eight Board members were elected. The Extraordinary General Meeting held in July 2018 resolved that the Board of Directors should instead comprise seven members, and seven Board members were elected.

The Board of Directors of Victoria Park has long and extensive experience and competence from operating areas that are important for the company and its operations, such as the property sector, business development and financing. A number of members have experience of Board work in other listed companies.

The Board's work is led by the Chairman of the Board, Rolf Buch. The majority shareholder in the company, Vonovia, is represented on the Board by Rolf Buch, Helene von Roeder and Fabian Heß. More information about the Board members and the company's auditors is presented on pages 56-57 and on www.victoriapark.se.

During 2018, the Board held 19 Board meetings, of which two physical meetings and ten conference calls and seven per capsulam. According to the rules of procedure, the Board, in addition to statutory Board meetings, is to hold at least seven regular Board meetings every year. The Board forms a quorum when more than half of the members are present. The Chairman of the Board has the casting vote when the vote is tied. Anders Pettersson was unable to attend two meetings, Greg Dingizian in four, Isabelle Wikner in three and Lennart Sten in one meeting. Otherwise, all Board members took part in every meeting.¹ The company's auditor attended one Board meeting. The Board members are paid fees in accordance with Annual General Meeting resolutions.

During the year, the Board focused on matters concerning acquisitions, valuation, refinancing and follow-up of policies and instructions. Of considerable significance for Victoria Park's corporate governance during the year were the bidding processes that preceded Vonovia becoming principal owner and the major change of the Board's composition.

Evaluation of the Board work

Under the Code, the Board is to use a systematic and structured process to evaluate its work every year, with the aim of developing the Board's working arrangements and efficiency. No such assessment was conducted for the 2018 financial year. The deviation is a result of the changes that took place on the Board of Directors in 2018 and all Board members were nominated by the majority shareholder.

REMUNERATION COMMITTEE

The Remuneration Committee has, in relation to the Board of Directors, a preparatory function on issues of remuneration principles and other employment terms for the CEO and other senior executives. The Remuneration Committee is to monitor and evaluate applicable remuneration structures and remuneration levels within the company and ensure the auditor provides a written statement to the Board, not later than three weeks prior to the Annual General Meeting, concerning whether the guidelines for remuneration to senior executives, which have applied since the previous Annual General Meeting, were followed.

The Remuneration Committee, which comprised Bo Forsén (Chairman at the time) and Anders Pettersson, held one meeting on 5 January 2018. At the statutory Board meeting following the Annual General Meeting on 24 April 2018, Peter Strand and Anders Pettersson were elected as members of the Remuneration Committee, with Peter Strand as Committee Chairman. In conjunction with the appointment of a new Board of Directors at the Extraordinary General Meeting on 24 July 2018, no new members were elected to the Committee. The Board of Directors has since drawn up rules of procedure stating that the Board of Directors is to perform the Remuneration Committee's duties.

AUDIT COMMITTEE

The Audit Committee is tasked with monitoring the company's financial statements, which includes monitoring the efficiency of the company's internal control and risk management activities. This work entails dealing with accounting matters and financial statements provided by the company. The Audit Committee also performs an annual evaluation of the need for an internal audit to be carried out by the Board, examines the procedures for reporting and financial control, and examines the work, qualifications and independence of the external auditor. The Audit Committee is to meet the auditor at least once per year to stay informed of the audit's emphasis and scope.

1. Bo Forsén was a board member until the Annual General Meeting 2018 and attended the meetings of the board of directors in 2018 that were held until that time. Peter Strand was elected to the Board of Directors at the Annual General Meeting 2018 and has attended all Board meetings thereafter in 2018. Greg Dingizian, Henrik Bonde, Pia Kinhult, Sofia Ljungdahl, Lennart Sten and Isabelle

Wikner were Board members until the Extraordinary General Meeting held on July 24, 2018 and was present to the extent indicated above. Rolf Buch, Fabian Heß, Helene von Roeder, Peter Hohlbein and Jens Nagel were elected to the Board of Directors at the Extraordinary General Meeting held on July 24, 2018 and attended all board meetings thereafter in 2018.

At the statutory Board meeting following the Annual General Meeting on 24 April 2018, Henrik Bonde, Lennart Sten and Isabelle Wikner were elected as members of the Audit Committee, with Henrik Bonde as Committee Chairman. In conjunction with the appointment of a new Board of Directors at the Extraordinary General Meeting on 24 July 2018, no new members were elected to the Committee. The Board of Directors has since drawn up rules of procedure stating that the Board of Directors is to perform the Audit Committee's duties.

NOMINATION COMMITTEE

The 2018 Annual General Meeting resolved that the composition of the Nomination Committee would be decided once the ownership structure became known on 31 August 2018. An Extraordinary General Meeting on 24 July 2018 resolved, in light of the shareholder structure following the completion of Vonovia's public takeover bid, to revoke the previous principles adopted for the Nomination Committee and that Nomination Committee work will, in the future, be performed by the company's majority owner, who controls more than 80 percent of the shares and votes in the company.

DIVERSITY POLICY

The company applies rule 4.1 of the Code as its diversity policy with regards to the Board of Directors. The aim of the policy is for Victoria Park's Board to have an appropriate composition that is characterised by diversity and breadth with respect to qualifications, experience, background and gender balance.

GROUP

The corporate structure of Victoria Park consists of the Parent Company Victoria Park AB and 69 subsidiaries. All operations are conducted in Sweden, with a focus on management operations, with 12 business units grouped in the Stockholm, Gothenburg and Malmö regions.

CEO AND MANAGEMENT

The CEO is appointed by, and answers to, the Board of Directors. The CEO's most important task is to be responsible for the daily management of the company in accordance with the guidelines decided by the Board of Directors. The CEO is to report on Victoria Park's development to the Board. Ahead of Board meetings, the CEO must prepare the agenda according to a fixed schedule and ensure that requisite material is put together and distributed to Board members. In addition to the assignment as CEO of Victoria Park, the CEO has no other significant assignments. Three people, in addition to the CEO, are part of the management team. These are the CFO, who is also the Deputy CEO, COO and CHRO. The management group is presented on page 57 and on www.victoriapark.se.

REMUNERATION AND INCENTIVE PROGRAMMES

The Board of Directors proposes, and the Annual General Meeting resolves on, guidelines for remuneration of senior executives. The company is to offer market-based total remuneration that facilitates the recruitment and retention of senior executives. Senior executives currently include the positions of CEO, CFO, COO and CHRO. The available incentive programmes are long-term and are intended to encourage commitment to the company and thereby also increase value for shareholders. Remuneration of Board members and auditor remuneration are resolved upon by the Annual General Meeting. For further information, see Note 9 and Note 11.

Remuneration of management

The company is to offer market-based total remuneration that facilitates the recruitment and retention of senior executives. Remuneration paid to members of company management is to comprise a fixed salary, pension and other benefits, and may also include variable salary. These guidelines are also applicable as compensation for services provided to the company by Board members in addition to Board duties.

Any variable remuneration must always be restricted to a maximum amount set in advance which, for a 12-month period, may not exceed 25 percent of the executive's fixed salary for 12 months and be linked to predetermined and measurable criteria aimed at promoting the company's long-term value creation. The balance between fixed and variable remuneration must be proportionate to the executive's responsibilities and authority. The variable salary is to be based on individual targets established by the Board as regards the CEO, and by the CEO as regards other senior executives. Such targets may be linked to earnings, sales, cash flow and/or the outcome in their own respective area.

Pension terms and conditions are to be consistent with market conditions applicable for similar executives in the market and based on defined-contribution solutions. Severance pay for an executive may be paid in an amount corresponding to no more than the executive's fixed salary for 12 months. The total of the fixed salary during the period of notice and severance pay must not exceed an amount corresponding to the executive's fixed salary for 18 months. Executives who hold a post as a Board member or deputy of a Group company do not receive separate Board remuneration for this work.

As stipulated by law, the guidelines are not applicable to incentive schemes resolved in accordance with Chapter 16 of the Swedish Companies Act, such as warrant programmes.

The Board is entitled to deviate from these guidelines if there are special reasons for doing so in individual cases.

In 2018, the company had an incentive scheme based on warrants as adopted by the 2017 Annual General Meeting. After Vonovia became the largest shareholder in Victoria Park following its takeover bid, Vonovia offered and acquired the warrants, totalling 2,361,000.

Board fees

The Annual General Meeting resolves on remuneration of the Board members. Remuneration of the Board is to correspond to the Board's responsibility, the expertise required, time required and the complexity of the company's operations. Remuneration of the Board is presented in Note 9.

AUDITING

At the 2018 Annual General Meeting, Öhrlings PricewaterhouseCoopers AB was re-elected as auditor for the company, with Mats Åkerlund as Auditor-in-Charge. Fees paid to the auditor are described in Note 11. The auditor's assignment includes an examination of the company's accounts and annual reports as well as the management of the company by management and the Board of Directors. The auditor must also, unless otherwise decided, examine the company's corporate governance report, examine remuneration of senior executives and review the company's nine-month report. The examinations are conducted in accordance with generally accepted auditing standards in Sweden and compiled in audit reports and reports that are addressed by the Board each year and, as far as the audit report is concerned, by the Annual General Meeting. Reports presented to the Board describe whether Victoria Park's organisation is designed so that the accounts, financial management and economic conditions in general can be monitored in an appropriate manner.

THE BOARD'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board has overall responsibility for ensuring that Victoria Park has satisfactory internal control. This report has been prepared in accordance with the Swedish Annual Accounts Act and the Code and is therefore limited to internal control pertaining to financial reporting. Financial reporting relates to interim reports, the year-end report and Annual Report. Victoria Park's system for internal control aims to ensure that the company's targets are achieved in the following areas:

- » that the company has an appropriate and efficient organisation for its business operations,
- » that the company produces reliable financial statements, and
- » that the company complies with applicable laws and regulations.

Victoria Park's internal controls comply with an established framework, which consists of five components: control environment, risk assessment, control activities, information and communication, and follow-up.

CONTROL ENVIRONMENT

The basis for the internal control pertaining to financial reporting consists of the control environment. The company's control environment consists of the interaction between management, the Board of Directors and the auditor. The company's control environment includes its organisational structure, decision-making paths, responsibility and authorities, which are clearly defined in governing documents. Of these governing documents, the rules of procedure for the Board (including reporting instructions for financial reporting), the CEO instructions, the financial policy, the Code of Conduct, the information policy and the IT and security policy were adopted by the Board. The company's guidelines for remuneration of senior executives were adopted by the Annual General Meeting. Key processes, in addition to financial reporting, including accounting instructions, management and rental administration have been prepared in separate documents, which are assessed and developed regularly by management in line with changes in laws, recommendations, risks and procedures. The documents are used as support and guidance in the decision-making processes of each employee and cover decision-making processes, the allocation of responsibility, approach and authorities.

RISK ASSESSMENT

The scope and assessment of the company's risk management as a whole, and the financial reporting in particular, is conducted continuously by management, the Board and the auditor. The focus is on identifying the risks that are deemed most significant to Victoria Park's income statement and balance-sheet items in the financial statements and which measures can reduce these risks. Risk management is integrated into the governing documents mentioned above. Various methods are used to evaluate and minimise risks and to ensure that the risks to which the company is exposed are managed according to the company's policies and rules. The Board of Directors conducts an annual review of the internal control in accordance with the Board's rules of procedure. Risk assessment is continuously updated to encompass changes that significantly impact internal control regarding the financial statements.

CONTROL ACTIVITIES

A number of control activities exist to ensure that the financial statements provide a true and fair view at each point in time. These activities involve various levels in the organisation.

The accounting department and property department work side by side and conduct regular follow-ups and analysis at the Group, subsidiary, property and area level with respect to earnings, the balance sheet and verification level to ensure that guidelines are followed. A limited number of people have signatory power and an authorisation procedure has been established. Victoria Park uses proven and appropriate IT tools for follow-up and financial control. Within the framework of the routine audit, an evaluation is conducted of the controls that the auditor considers reliable. Any comments following this evaluation are reported to both management and the Board. Principles for financial reporting, reporting and comments from the auditor are processed during the routine audit of the annual accounts. The Board are responsible for the internal control and follow-up of management. This is effected through both internal and external control activities and through recurring reviews of the company's governing documents. Among external control activities, the company's quarterly measurement of investment properties, which is conducted at fair value in accordance with IFRS 13 Level 3, uses both external valuation institutions and internal pricing models. All properties are valued externally at least once per year to ensure that the financial statements do not contain any material misstatements.

INFORMATION AND COMMUNICATION

Victoria Park has determined how information and communication pertaining to the financial statements is to take place in an efficient and correct manner. The established information policy aims to encourage accuracy in Group communication, both externally and internally, and to facilitate reporting and feedback from the operations to the Board and management. The current information policy is made available and known to the relevant employees. Management's internal communication mainly consists of minuted management meetings. Communication within the company is achieved through measures including regular in-house training and meetings together with the individuals responsible for each business unit and other managers. Relevant information, both internal and external, is continuously conveyed to the relevant employees. The company's shared server acts as an easily accessible platform for current information and documentation.

Work related to the external disclosure of information is conducted in accordance with Nasdaq Stockholm's Rule Book for Issuers and applicable legislation. Victoria Park publishes interim reports about its operations three times per year: on 31 March, 30 June and 30 September. In addition, Victoria Park publishes annual accounts on 31 December in its year-end report and publishes its Annual Report well in advance of its Annual General Meeting. The 2018 Annual Report is available for distribution and from www.victoriapark.se. All documentation as well as press releases and presentations in connection with the reports are available from www.victoriapark.se.

FOLLOW-UP

Victoria Park follows up compliance with the company's governing documents and procedures for internal control. Financial follow-up of all business units and companies as well as the Group is conducted quarterly against the budget and forecasts. The results are analysed by the business unit, the departments for accounting and business control, and regional managers with budget responsibility. Reporting takes place to management, the Board and the auditor. The Board is updated each month about the company's results against the budget and the latest forecast as well as about the company's and the Group's current liquidity and significant events. Every quarter, the Board receives an income statement and balance sheet, cash flow analysis and profit forecast for the current year. Prior to a decision on the annual accounts, the Board holds a meeting with the auditor without the attendance of any member of management. Every year, the Board assesses both its own and the CEO's work.

SPECIFIC EVALUATION OF THE NEED FOR AN INTERNAL AUDIT

The Board is of the view that, taking into account the company's size, its decentralised organisation with different profit centres together with the controller function in the Parent Company and the limited number of transactions, there is no reason to establish a formal internal audit department. However, the Board assesses the need for such a function every year. Victoria Park has a decentralised and transparent organisation. Financing operations, which include finance, accounting, control, and rental administration as well as external and most internal information is mainly managed by the head office. A follow-up of the income statement and balance sheet is conducted every quarter by the various functions, including the business areas, management and the Board. Clear documentation through policies and instructions, together with recurring follow-up and regular discussions with the auditor, ensures the accuracy of the processes. The management and reporting is formally examined by the company's auditor twice annually and is reported to the Board. Details about Victoria Park's risk assessment, exposure and management can be found in the "Risk and risk management" section on pages 44-47.

BOARD OF DIRECTORS



ROLF BUCH

Born in 1965, Chairman of the Board, newly elected on 24 July 2018.

Main duties: CEO of Vonovia SE.

Other assignments: Board duties in Vonovia Group and member of the supervisory board of GSB Gesellschaft zur Sicherung von Bergmanns-wohnungen mbH and Board member of Woldemar-Winkler Stiftung der Sparkasse Gütersloh.

Qualifications and experience: Studied mechanical engineering and business administration at RWTH Aachen University, Germany.

Shareholding in the company: -

Dependent /independent:

Independent in relation to Victoria Park and company management, but not in relation to the company's major shareholders.



PETER STRAND

Born in 1971, Board member since 24 April 2018.

Main duties: Board work.

Other assignments: Chairman of the Board of Swedish Logistic Property AB and Mandiri AB. Board member of Fridab AB and Rosengård Fastighets AB.

Qualifications and experience: MSc in Engineering. Former CEO of Victoria Park AB, Tribona AB, and Annehem Fastigheter AB, Chairman of the Board of Victoria Park.

Shareholding in the company: -

Dependent /independent:

Independent of the company's major shareholders.



ANDERS PETTERSSON

Born in 1959, Board member since 2009.

Main duties: Board work.

Other assignments: Chairman of the Board of Alite International AB and Brink BV. Board member of ZetaDisplay AB and Pure Power Technologies Inc.

Qualifications and experience: Master's degree in electrical engineering and M.Sc. Econ. Former President and CEO of Hilding Anders AB, CEO of Thule AB and Thule Holding AB.

Shareholding in the company: 1,800,000

Class A shares and 3,500,000 Class B shares.

Dependent /independent:

Independent of the company and management, independent of the company's major shareholders.



HELENE VON ROEDER

Born in 1970, Board member, elected 24 July 2018.

Main duties: CFO of Vonovia SE.

Other assignments: Several Board duties within Vonovia Group and member of the Board of Partners of Merck KGaA.

Qualifications and experience: MPhil from the University of Cambridge, UK.

Shareholding in the company: -

Dependent /independent:

Independent in relation to Victoria Park and company management, but not in relation to the company's major shareholders.



FABIAN HEB

Born in 1974, Board member, elected 24 July 2018.

Main duties: General Counsel of Vonovia SE.

Other assignments: Several Board duties within Vonovia Group.

Qualifications and experience: PhD in law from the University of Münster, Germany.

Shareholding in the company: -

Dependent /independent:

Independent in relation to Victoria Park and company management, but not in relation to the company's major shareholders.

AUDITOR



JENS NAGEL

Born in 1971, Board member, elected 24 July 2018.

Main duties: CEO of Hemsö GmbH.

Qualifications and experience: Assignments focusing on property management in Bavaria GmbH, Akelius and Niam AB.

Shareholding in the company: -

Dependent /independent:

Independent in relation to Victoria Park and company management and in relation to the company's major shareholders.



PETER HOHLBEIN

Born in 1959, Board member, elected 24 July 2018.

Main duties: Associated Partner at Mazars GmbH & Co KG and Managing Partner & Management Consultant at PHC Hohlbein & Cie. Consulting.

Qualifications and experience: Law degree from the University of Applied Sciences of the Department of Justice, Bad Münstereifel, Germany and extra occupational studies at European Business School (Immo EBS) Real Estate Economist. Decades of Experience as manager/CEO of Real Estate Companies, as Real Estate Bad Bank of Landesbank Berlin.

Shareholding in the company: -

Dependent /independent:

Independent in relation to Victoria Park and company management and in relation to the company's major shareholders.



ÖHRLINGS

PRICEWATERHOUSECOOPERS AB

Auditor-in-Charge:

Mats Åkerlund, born 1971

Authorised Public Accountant of Victoria Park since 2015.

Mats Åkerlund is a member of The Swedish Institute of Authorised Public Accountants (FAR).

The auditor can be reached at the following address:

PwC, Anna Lindhs Plats 4, SE-203 11 Malmö

MANAGEMENT



PER EKELUND

CEO

Born 1971

Employed since 2013.

Qualifications and experience:

Constructional engineer. Previously held leading positions in the construction and property sectors.

Shareholding in the company: -



TOMMY ÅSTRAND

CFO, and Deputy CEO

Born 1968

Employed since 2017.

Qualifications and experience:

Master's degree in business administration. Former CFO of Sysav AB, Tribona AB, and E.ON Värme AB.

Shareholding in the company: -



LISELOTT WENNERSTRÖM

CHRO

Born 1970

Employed since 2017.

Qualifications and experience:

Bachelor's degree in Human Resources. Former Operations & HR Director Viktväktarna, Head of HR Development Pågen AB, CEO of SpecialPartner AB.

Shareholding in the company: -



OLA SVENSSON

COO

Born 1972

Employed since 2018.

Qualifications and experience:

MBA Education Akelius University Former COO of Stena Fastigheter, Regional Manager of Rikshem. Board member of Fastighetsägarna Syd and member of Hyresnämnden.

Shareholding in the company: -

Shareholding pertains to holdings belonging to shareholders and/or related parties at 31 December 2018.

FINANCIAL REPORTS

CONSOLIDATED INCOME STATEMENT

SEK M	Note	2018	2017
Revenues	6	1,190	1,062
Property costs	6, 7, 8	-518	-492
Net operating income		672	570
Administrative costs	8, 9, 10, 11	-83	-66
Profit before net financial items		589	504
Financial income	13	1	
Financial expenses	13	-183	-176
Profit from property management		406	328
Change in the value of properties	12	917	2,016
Change in the value of derivatives		-10	1
Share of profit after tax from associated companies		25	17
Profit before tax		1,338	2,362
Tax expense	15	-115	-522
Profit for the period from continuing operations		1,224	1,840
Profit from discontinued operations			61
Net profit for the year		1,224	1,901
Profit attributable to:			
Parent Company shareholders		1,224	1,901
Non-controlling interests			
Earnings per share, calculated on profit attributable to Parent Company shareholders during the year (SEK per share)			
Earnings per share before dilution	16	4.95	7.83
Earnings per share after dilution	16	4.95	7.83

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2018	2017
Net profit for the year		1,224	1,901
Other comprehensive income:			
Items that will not be reversed to profit or loss			
Items that may be reversed to profit or loss			
Total comprehensive income for the year		1,224	1,901
Attributable to:			
Parent Company shareholders		1,224	1,901
Non-controlling interests			

CONSOLIDATED BALANCE SHEET

SEK M	Note	31 Dec 2018	31 Dec 2017
ASSETS			
<i>Non-current assets</i>			
Intangible fixed assets	17	1	
Tangible fixed assets	18	2	3
Financial assets	12	115	90
Investment properties	12	18,205	15,440
Total non-current assets		18,205	15,533
<i>Current assets</i>			
Accounts receivable and rent receivables	19, 20	5	2
Other receivables	19, 21	21	22
Prepaid expenses and accrued income	19, 22	12	11
<i>Cash and cash equivalents</i>			
Cash and bank balances		306	765
Total current assets		344	799
TOTAL ASSETS		18,549	16,333
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	16	27	27
Other contributed capital		1,304	1,304
Retained earnings		5,954	4,849
Equity attributable to Parent Company shareholders		7,285	6,180
<i>Long-term liabilities</i>			
Borrowing	14, 19	9,209	7,867
Deferred tax liabilities	15	1,387	1,281
Derivative instruments	14, 19	31	24
Total long-term liabilities		10,627	9,172
<i>Current liabilities</i>			
Accounts payable	19	114	110
Current tax liabilities	15	0	7
Borrowing	14, 19	332	706
Other liabilities	19, 21	22	19
Accrued expenses and deferred income	19, 22	169	139
Total current liabilities		637	981
TOTAL LIABILITIES		11,264	10,153
TOTAL EQUITY AND LIABILITIES		18,549	16,333
Pledged assets	23	9,075	7,664
Contingent liabilities	23		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	Share capital	Other contributed capital	Retained earnings	Total equity ¹
Opening balance at 1 January 2017	27	1,264	3,040	4,331
Net profit for the year			1,901	1,901
Other comprehensive income for the year				
Total comprehensive income	0	0	1,901	1,901
New share issue	0	37		38
Remuneration for sales of exercised warrants		2		2
Dividend to preference shareholders			-21	-21
Dividend to ordinary shareholders			-72	-72
Total transactions with owners, recognised directly in equity	0	40	-93	-53
Closing balance at 31 December 2017	27	1,304	4,849	6,180
Opening balance at 1 January 2018	27	1,304	4,489	6,180
Net profit for the year			1,224	1,224
Other comprehensive income for the year				
Total comprehensive income	0	0	1,224	1,224
Dividend to preference shareholders			-21	-21
Dividend to ordinary shareholders			-97	-97
Total transactions with owners, recognised directly in equity	0	0	-118	-118
Closing balance at 31 December 2018	27	1,304	5,954	7,285

1. Equity is fully attributable to Parent Company shareholders.

CONSOLIDATED STATEMENT OF CASH FLOW

SEK M	Note	2018	2017
<i>Cash flow from operating activities</i>			
Net operating income		672	571
Administrative costs		-83	-68
Interest received/paid		-184	-166
Tax paid		-4	1
Adjustments for non-cash items	24	6	4
Cash flow from operating activities before changes in working capital		406	342
<i>Changes in working capital</i>			
Increase(-)/Decrease(+) in operating receivables		-2	0
Increase(+)/Decrease(-) in operating liabilities		20	27
Cash flow from operating activities		424	369
<i>Cash flow from investing activities</i>			
Acquisition of properties		-722	-287
Investments in existing properties		-729	-612
Investments in assets held for sale			-38
Sale of divested operations			88
Purchased cash		35	
Acquisition of tangible fixed assets			-1
Acquisition of financial fixed assets			-73
Cash flow from investing activities		-1,416	-922
<i>Cash flow from financing activities</i>			
Proceeds from share issue			
New share issue in connection with maturity of warrant programme			38
Transaction costs in connection with share issue			-4
Remuneration for issued warrant programme			2
Loans raised		1 423	1,582
Repayment of debt		-772	-608
Dividend to preference and ordinary shareholders		-118	-93
Cash flow from financing activities		533	917
Change in cash and cash equivalents		-459	364
Cash and cash equivalents at beginning of the year		765	401
Cash and cash equivalents at end of the year		306	765

PARENT COMPANY INCOME STATEMENT

SEK M	Note	2018	2017
Net sales	25	20	22
Costs	7, 8, 9, 10, 11, 25	-10	-5
Gross profit		10	17
Administrative costs	8, 9, 10, 11, 25	-72	-47
Operating loss		-62	-31
Financial income	13	54	37
Financial expenses	13	-91	-80
Net financial items		-36	-43
Profit/loss before tax		-98	-74
Group contributions received			
Group contributions paid		-50	-371
Income tax	15	25	95
Net profit/loss for the year		-124	-349

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2018	2017
Net profit/loss for the year		-124	-349
Items that will not be reversed to profit or loss		0	0
Items that may be reversed to profit or loss		0	0
Total comprehensive income for the year		-124	-349

PARENT COMPANY BALANCE SHEET

SEK M	Note	31 Dec 2018	31 Dec 2017
ASSETS			
<i>Non-current assets</i>			
Equipment	18	1	1
<i>Financial assets</i>			
Shares and participations in subsidiaries	25	316	315
Receivables from Group companies		2,896	2,502
Deferred tax asset		150	126
Total non-current assets		3,362	2,943
<i>Current assets</i>			
Accounts receivable	19	0	1
Receivables from Group companies		554	275
Other receivables	20	3	4
Prepaid expenses and accrued income	21	2	2
Total current receivables		559	282
<i>Cash and cash equivalents</i>			
Cash and bank balances		155	749
Total current assets		715	1,031
TOTAL ASSETS		4,077	3,974
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	16	27	27
Share premium reserve		1,298	1,298
Accumulated loss		-591	-124
Net profit/loss for the year		-124	-349
Total equity		611	852
<i>Long-term liabilities</i>			
Long-term liabilities to credit institutions	14	596	592
Derivatives	14	21	12
Long-term liabilities to Group companies		2,485	1,676
Total long-term liabilities		3,052	2,281
<i>Current liabilities</i>			
Accounts payable		8	3
Current interest-bearing liabilities	14		400
Liabilities to Group companies		384	416
Other liabilities	21	10	10
Accrued expenses and deferred income	22	12	13
Total current liabilities		414	841
TOTAL EQUITY AND LIABILITIES		4,077	3,974
Contingent liabilities	23	10,005	8,587

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK M	Share capital	Share premium reserve	Retained earnings	Total equity
Opening balance at 1 January 2017	27	1,261	-31	1,256
Net loss for the year			-349	-349
New share issue	0	37		38
Dividend to preference shareholders			-21	-21
Dividend to ordinary shareholders			-72	-72
Closing balance at 31 December 2017	27	1,298	-472	852
Opening balance at 1 January 2018	27	1,298	-472	852
Net loss for the year			-124	-124
Dividend to preference shareholders			-21	-21
Dividend to ordinary shareholders			-97	-97
Closing balance at 31 December 2018	27	1,298	-714	611

PARENT COMPANY STATEMENT OF CASH FLOW

SEK M	Note	2018	2017
<i>Cash flow from operating activities</i>			
Operating loss		-62	-31
Interest received/paid		-51	-43
Cash flow from operating activities before changes in working capital		-112	-73
<i>Changes in working capital</i>			
Operating receivables		-6	1
Operating liabilities		0	-2
Cash flow from operating activities		-118	-74
<i>Cash flow from investing activities</i>			
Sale of shares in subsidiaries		8	
Change in lending to Group companies		41	574
Cash flow from investing activities		49	574
<i>Cash flow from financing activities</i>			
Proceeds from issue of ordinary shares			38
Transaction costs in connection with share issue			-4
Repayment		-400	
Dividend to preference shareholders		-21	-21
Dividend to ordinary shareholders		-97	-72
Costs in connection with financial transactions		-6	-5
Cash flow from financing activities		-524	-64
Change in cash and cash equivalents		-593	436
Cash and cash equivalents at beginning of the year		749	313
Cash and cash equivalents at end of the year		155	749

NOTES

NOTE 1 GENERAL INFORMATION

Victoria Park AB (publ) is a property Group with a focus on residential properties in growth cities across Sweden. By engaging in sustainable development and assuming social responsibility for more attractive residential areas, Victoria Park creates value for residents, employees, shareholders, society and other stakeholders.

Victoria Park's property portfolio amounts to 1,128,000 sqm, comprising 14,300 flats with a market value of SEK 18.1 Bn.

The Parent Company is a limited liability company registered in Sweden, with its registered office in Malmö. The address of the

head office is Stora Varvsgatan 13 A, Malmö, and the address of the company's website is www.victoriapark.se.

The company's shares are listed on Nasdaq Stockholm, under three share classes: VICP A, VICP B and VICP PREF.

The Board of Directors resolved to adopt these consolidated financial statements for publication on 29 March 2019.

Unless otherwise specifically stated, all amounts are stated in millions of Swedish kronor (SEK M) and pertain to 1 January to 31 December 2018 for the income-statement and cash-flow items, and to 31 December 2018 for balance-sheet items.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most important accounting policies applied in the preparation of these consolidated financial statements are described below. These policies were applied consistently for all years presented, unless otherwise stated.

BASIS FOR PREPARING THE REPORTS

The Victoria Park AB Group's financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Corporate Groups, and the International Financial Reporting Standards (IFRS) and IFRIC interpretations, as approved by the EU. The Parent Company applies the Annual Accounts Act and recommendation RFR 2 Accounting for legal entities. The consolidated financial statements have been prepared in accordance with the cost method, with the exception of investment properties and financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss. In cases where the Parent Company applies different accounting policies than the Group, this is specified in separate sections in this note.

The preparation of reports in accordance with IFRS requires the use of key estimates for accounting purposes. It also requires that management make certain assessments when applying the Group's accounting policies. The areas that involve a high degree of assessment or are complex, or where the assumptions and estimates are of material importance to the consolidated financial statements are presented in Note 4.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following standards have been applied by the Group for the first time for the financial year commencing 1 January 2018:

- IFRS 9
- IFRS 15

IFRS 9 (Financial Instruments) had no material effect other than additional disclosures. Other revenues, service revenues, encompassed by IFRS 15 do not constitute any material amount and are recognised once the service has been rendered.

New standards and interpretations that have not yet been applied by the Group:

A number of new standards and interpretations have come into force for financial years commencing after 1 January 2018, but have not been applied in the preparation of this financial report. These new standards and interpretations are expected to impact the consolidated financial statements as follows:

IFRS 16 (leasing) replaces IAS 17, and is applied as of January 1, 2019. The introduction of IFRS 16 means that the division between operating and financial leases ceases. Agreements that give a lessee the right to use an asset during a lease term will mean that the Group recognizes a fixed asset and financial liability in the balance sheet. The Group's earnings are not expected to be significantly impacted since IFRS 16 will mainly entail

reclassifications between profit before net financial items and profit from property management, as the Group's site leasehold fees and lease costs will be recognised as depreciation and interest expenses as of 2019. IFRS 16 does not entail any material changes for lessors.

The Group's total assets are projected to increase by SEK 80-120 M. The effect of the Group's profit from property management and EBIT is deemed to be marginal.

Neither the following issued standards nor any other IFRS and IFRIC interpretations to be introduced on or after 1 January 2019 are expected to impact the Group's reporting:

- IFRS 17

CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries are all companies (including structured companies) in which the Group has a controlling influence. The Group controls a company when it is exposed to or has the right to a variable return from its holding in the company and has the ability to exercise control over the company to influence the return.

The purchase method is used to recognize the Group's business combinations. The consideration for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities that the Group assumes from previous owners of the acquired company and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities resulting from a contingent consideration agreement. Identifiable assets and liabilities acquired in a business combination are initially measured at fair value on the acquisition date. For each acquisition, that is, on an acquisition-by-acquisition basis, the Group determines whether non-controlling interest in the acquired company is to be recognized at fair value or at the shareholding's proportional share in the carrying amount of the acquired company's identifiable net assets.

Acquisition-related costs are expensed as they are incurred. If the business combination is completed in several steps, the previous equity interests in the acquired company are measured at fair value at the date of acquisition. Any gain or loss arising from remeasurement is recognized in profit or loss.

Acquisitions can also be classified as asset acquisitions, and an assessment of whether an acquisition is deemed a business combination or an asset acquisition is conducted for each individual acquisition. In order to classify an acquisition as an asset acquisition the main aim is to acquire a company's property, where the company's property management organisation and administration is lacking or is of secondary importance for the acquisition. All transactions conducted during the year were considered asset acquisitions. In the case of an asset acquisition, deferred tax attributable to the property acquisition is not recognized. Instead, any discount reduces the property's amortised cost.

Intra-Group revenues and expenses as well as balance-sheet items against Group companies is eliminated.

ASSOCIATED COMPANIES

Associated companies are all companies in which the Group has a significant, but not controlling, influence, generally corresponding to between 20 and 50 percent of the voting rights. Holdings in associated companies are recognised in accordance with the equity method.

According to the equity method, holdings in associated companies are initially recognised in the consolidated balance sheet at cost. The carrying amount is then raised or lowered taking into consideration the Group's share of the profit and other comprehensive income from its associated companies and joint ventures after the date of acquisition. The Group's share of profit is included in the Group's profit and the Group's share of other comprehensive income is included in the Group's other comprehensive income. Dividends from associated companies and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associated company or joint venture are equal to or exceed the holding in the associated company or joint venture (including all long-term receivables that, in reality, comprise part of the Group's net investment in the associated company or joint venture), the Group recognises no further losses provided the Group has not assumed obligations or made payments on behalf of the associated company or joint venture.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the scope of the Group's holding in the associated companies and joint ventures. Unrealised losses are also eliminated provided the transaction is not an indication of an impairment requirement for the asset transferred. The accounting policies for associated companies and joint ventures have been adjusted where necessary to ensure that they correspond with the Group's accounting policies.

CASH-FLOW STATEMENT

The cash-flow statement was prepared in accordance with the indirect method. The recognized cash flow includes only transactions that involve cash payments and disbursements.

SEGMENT REPORTING

Operating segments are recognized in a manner that corresponds to the internal reporting to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the performance of the operating segments. For the Group, this function has been identified as the CEO.

TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rate prevailing on the transaction date or on the date the items are remeasured. Exchange-rate gains and losses resulting from settlement of such transactions and from the translation at the closing rate of monetary assets and liabilities in foreign currency are recognized in profit and loss.

SHARE-BASED PAYMENTS

The Group has employee stock options outstanding, which are regulated through equity instruments. For a detailed description of the programmes, refer to Note 9. As employee stock options were sold at market value, no expenses have impacted the income statement.

TANGIBLE FIXED ASSETS

Equipment

Equipment has been recognised at cost less accumulated depreciation and any impairment. Depreciation according to plan takes place following the straight-line method based on the assets amortised cost and expected useful life. Equipment, computers and vehicles have a depreciation period of five years.

FINANCIAL ASSETS AND LIABILITIES

As of 1 January 2018, the Group applies IFRS 9, which was issued by IASB in July 2014. This application has resulted in changes in account-

ing policies. The Group has not applied IFRS 9 in advance. As permitted by the transitional rules for IFRS 9, the Group has chosen not to restate comparative figures.

Classification and measurement

The Group's new principles for classification and measurement of financial assets are based on an assessment of (i) the company's business model for managing financial assets, and (ii) the characteristics of the contractual cash flows from the financial asset.

Financial assets are initially measured at fair value plus, in cases the asset is not recognised at fair value through profit or loss, transaction costs directly relating to the purchase. Transaction costs relating to financial assets that are recognised at fair value through profit or loss are expensed directly in profit or loss.

Assets measured at amortised cost

The Group only classifies its financial assets as assets recognised at amortised cost when the following requirements are met:

- the asset is part of a business model where the objective is to collect contractual cash flows, and
- contractual conditions on specific dates result in cash flows that consist only of the principal and interest on the principal outstanding.

The following financial assets are recognised at amortised cost: Cash and bank balances, Other receivables, Accrued income and Accounts receivable and rent receivables. These assets were also recognised at amortised cost when applying earlier principles.

Assets measured at fair value through profit or loss

Aside from derivative instruments, the Group has no financial assets measured at fair value through profit or loss.

Assets measured at fair value through other comprehensive income
The Group has no financial assets measured at fair value through other comprehensive income.

Derivative instruments

All derivatives are initially and continuously measured at fair value in the balance sheet. The Group does not apply hedge accounting and change in value in the Group's derivative instruments is therefore recognised in profit or loss. The Group's derivative instruments comprise interest-rate caps and interest-rate swaps. These are traded to cover risks pertaining to interest-rate fluctuations during the term of existing credits. Derivatives are recognised at fair value and changes are recognised in profit or loss. The Group does not apply hedge accounting.

Financial liabilities measured at fair value through profit or loss

Aside from derivative instruments, the Group has no financial assets measured at fair value through profit or loss.

Other financial liabilities

Borrowing, deposits and other financial liabilities, such as accounts payable, are included in this category. Liabilities are measured at amortised cost.

Accounts payable are obligations to pay for goods or services that have been acquired from suppliers in operating activities. Accounts payable are classified as current liabilities if they fall due for payment within one year.

Borrowings are subsequently recognised at amortised cost and any differences between the amount received (net after transaction costs) and the repayment amount are recognised in profit or loss distributed over the term of the loan applying the effective interest method in cases where these are material. Fees paid for credit facilities are recognised as transaction costs for borrowing to the extent it is probable that part or all of the credit facility will be utilised. In such cases, the fees are recognised when the credit facility is utilised. When there is no evidence that it is probable that part or all of the credit facility will be used, the fees are recognised as an advance payment for financial services and are distributed over the term of the credit facility in question.

Impairment of receivables

As of 1 January 2018, the Group measures future anticipated loan losses related to investments in debt securities recognised at amortised cost and fair value respectively with changes through other comprehensive income based on forward-looking information. The Group uses the loss allowance method based on whether or not there has been a material increase in credit risk. In accordance with the rules of IFRS 9, the Group applies a modified retrospective approach for impairment testing of accounts receivable. The modified retrospective approach entails that the allowance for anticipated loan losses is calculated based on the risk of default over the receivable's entire duration and is recognised when the receivable is initially recognised.

ACCOUNTING POLICIES APPLIED UP TO AND INCLUDING 31 DECEMBER 2017

The replacement of IAS 39 with IFRS 9 has only entailed a change in terminology. The Group previously classified its Cash and bank balances, Other receivables, Accrued income and Accounts receivable and rent receivables as Loans and receivables, which are now Financial assets recognised at amortised cost. The Group previously depreciated assets only if there was objective evidence that a financial asset or group of financial assets required impairment. The change to the new principle has not entailed any substantial differences.

INVESTMENT PROPERTIES

Investment properties are properties held for the purpose of receiving rental revenues and/or an increase in value. This category also includes properties under construction and properties held for future development. Acquisitions where the intention is to acquire a company's properties and the company's organisation is of secondary importance are seen as an asset acquisition rather than a business combination. Initially, investment properties are recognised at acquisition cost, which includes expenses directly attributable to the acquisition and any deductions for deferred tax. After the initial recognition, investment properties are measured at fair value in the statement of financial position. Fair value is based on a valuation of each individual property. To ensure this valuation, measurements are obtained from external appraisers at least once per year. Changes in value for investment properties are recognised as unrealised changes in value in the statement of comprehensive income. The values are determined at fair value in accordance with IFRS 13, Level 3.

Sales and acquisitions of investment properties are recognised at the time when the risks and benefits associated with ownership are transferred to the buyer or seller. Since 2015, the Group recognises sales and acquisitions of investment properties on the transfer date and not the contract date, which was the case for previous years. Profit or loss in conjunction with the sale of investment properties is recognised as changes in the value of properties and is calculated as the difference between consideration received for the investment properties sold less fees directly attributable to the divestment and the carrying amount of the investment properties.

Additional expenses linked to investment properties are added to the recognised value if it is probable that the future financial benefits associated with the asset will accrue to the company and the cost can be reliably calculated. Other additional expenditures are recognised as an expense in the period in which they arise.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include, in both the balance sheet and the statement of cash flows, cash and bank balances.

EQUITY

Transaction costs that are directly attributable to new issues of ordinary shares or warrants are recognised in net amounts after tax in equity as a deduction from the issue proceeds. Remuneration for sales of exercised warrants is also recognised as equity. The Group has issued 1,032,047 preference shares with an annual dividend of SEK 20 per share. The dividend is decided at the AGM.

ACCOUNTS PAYABLE

Accounts payable are obligations to pay for goods or services that have been acquired from suppliers in operating activities. Accounts payable are classified as current liabilities if they fall due for payment within one year. Accounts payable are recognised on a continuous basis at amortised cost.

BORROWING COSTS

Borrowing costs that are directly attributable to acquisitions, construction or the production of assets that, by necessity, require a substantial period of time to complete for the intended use or sale, are recognised as a portion of the cost of these assets. The capitalisation ends when all activities required to complete the asset for its intended use or sale have largely been concluded. Financial income arising when specifically borrowed funds are temporarily invested pending use to finance assets, reduces borrowing costs that can be capitalised. All other borrowing costs are expensed as they are incurred.

CURRENT AND DEFERRED INCOME TAX

Tax expense for the period includes current and deferred tax. Tax is recognized in profit or loss, except when the tax pertains to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income and equity, respectively. The current tax cost is calculated based on the tax regulations that are in effect or on practice approved on the balance-sheet date. Deferred tax is recognised on all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the consolidated financial statements. In cases where an acquisition is classified as an asset acquisition, deferred tax is excluded on the temporary difference that exists in connection with the acquisition. Deferred income tax is calculated applying tax rates that have been decided or announced on the balance-sheet date and that are expected to apply when the particular deferred tax asset is sold or the deferred liability has been settled. Deferred tax assets are recognized insofar as it is probable that tax surpluses will be available in the future against which temporary differences can be utilized.

EMPLOYEE BENEFITS

The Group has both defined-contribution and defined-benefit pension plans as compensation paid after the termination of employment. A defined-contribution pension 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 additional contributions if this legal entity does not have sufficient assets to pay all benefits to employees that relate to the employees' service during current or prior periods. A defined-benefit pension plan is a pension plan that is not a defined-contribution plan. A defining characteristic of defined-benefit plans is that they specify an amount for the post-service pension benefit, usually based on one or a number of factors, such as age, period of service and salary. The defined-benefit obligation is covered through insurance with Alecta. However, this is recognised as a defined-contribution plan in accordance with a statement from the Swedish Financial Reporting Board given that information that makes it possible to recognise the plan as a defined-benefit plan is not available. At 31 December 2016, Alecta's surplus corresponded to a collective consolidation ratio of 149 percent (153).

PROVISIONS

Provisions are recognized when the Group has a legal or informal commitment due to previous events and when it is probable that a payment will be required to settle the commitment and the amount can be reliably calculated. For cases in which the company expects an established provision to be compensated by an external party, for example within the framework of an insurance contract, such expected compensation is recognized as a separate asset, but only when it is essentially certain that compensation will be received. If the time value is significant, the future payment is calculated at its present value. The calculations are made by applying a discount rate, which reflects short-term market expectations taking into account specific risks associated with the commitment. An increase in the commitment is recognized as an interest expense.

REVENUE RECOGNITION

Rental revenues are recognised in the accounting period to which they relate. Since rent notification takes place in advance, this is accrued straight-line based on contractual conditions. Rental revenues include customary rent levied including index and property tax. Service revenues pertain to onward invoicing of electricity, heating, water etc. Service revenues are recognised in the accounting period when the service was carried out and delivered to the resident. Prepaid rental and service revenues are recognised as prepaid rental revenue.

Discounts granted are recognised in the accounting period to which they relate.

EARNINGS PER SHARE

Earnings per share before dilution are calculated by dividing profit/loss attributable to the Parent Company's shareholders by a weighted average of the number of ordinary shares outstanding during the period, adjusted for dividends on preference shares for the period. Earnings per share after dilution is calculated on net profit for the year (adjusted for amounts after tax before dividends on preference shares) divided by the number of ordinary shares adjusted for the effects of all potential ordinary shares that will result in dilution.

LEASING

The Group leases certain tangible fixed assets. These are recognised as operating leases since a substantial share of the risks and advantages associated with ownership is retained by the lessor. Payments made during the leasing period are expensed on a straight line basis over the leasing period.

The Group leases out its investment properties according to operating leases. These primarily consist of residential leases, which normally have a period of notice of three months.

DIVIDENDS

Dividends to the Parent Company's shareholders are recognized as a liability in the consolidated financial statements in the period in which the dividend is approved by the Parent Company's shareholders.

The dividend to holders of preference shares is to be in accordance with the Articles of Association, entailing an annual dividend of SEK 20.00 in quarterly payments of SEK 5.00. Provided that the AMG approves the dividend, the record days for the dividend are the last weekdays in March, June, September and December.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company prepares its annual financial statements in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities Under RFR 2, in its Annual Report for the legal entity, the Parent Company is to apply all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act and with respect to the relationship between accounting and taxation. This recommendation specifies the exceptions from and additions to IFRS that may be applied. The differences between the accounting policies of the Group and the Parent Company are as follows: Participations in subsidiaries are recognised in the Parent Company according to the cost method. The Parent Company recognises shareholder contributions in accordance with the statement of the Urgent Issues Committee of the Swedish Financial Accounting Standards Council, meaning that the contributions are recognised directly in equity of the recipient, and capitalised in shares and participations of the contributor, to the extent that impairment is not required. Group contributions are recognised from 2013 as appropriations in accordance with the alternative rule of RFR 2. The Parent Company follows the Annual Accounts Act's layout for the income statement and balance sheet, which involves a different form of presentation for equity.

NOTE 3 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Victoria Park Group's earnings and financial position could deviate either positively or negatively. The financial risks include the impact of changes to interest expenses for loans carrying variable interest, the risk of the company not having access to the necessary financing for future projects and the company not having sufficient short-term liquidity to fulfil existing payment commitments. Risk management is the responsibility of the Finance function which follows a written finance policy adopted by the Board.

MARKET RISK

Interest rate risk

Interest expenses represent a significant cost item for the Group. Interest expenses are primarily affected by the level of current market interest rates and the credit institutions' margins and by the strategy the Group chooses when fixing the interest terms. Political decisions on changes to capital-adequacy regulations or similar commitments could lead to austerity measures in the credit market and consequently changed interest expenses. Negative market interest rates continued in 2018, which to a certain degree had a positive impact on the company's interest expenses since certain credits are based on STIBOR 3M. Market interest rates are mainly affected by the expected rate of inflation. In times of rising inflation expectations, interest rates may be expected to increase, and in times with declining inflation expectations, the interest rates may be expected to decline.

For a borrower, shorter fixed-interest terms entail a higher cash-flow sensitivity, which is considered to be a higher risk. Lower fixed-interest

terms increases stability but can also be a disadvantage when market interest rates decline. In the short term, Victoria Park hedges against interest rate fluctuations by using interest rate hedges in the form of interest rate swaps, interest rate caps and interest rate floors, but in the long term interest rate fluctuations affect the company's earnings and cash flow.

The Group continuously evaluates its exposure to interest rate risk. According to Victoria Park's finance policy, the aim of interest rate risk management is to achieve the desired level of stability in Victoria Park's total cash flow. The interest rate risk strategy comprises a balanced combination of variable interest and fixed-interest terms. The balance between long and short-term fixed-interest terms is determined by conditions in the fixed-income market, Victoria Park's ability to manage periods of high interest rates and the Board's desired risk level. However, in selecting a strategy, it must be ensured that potential changes in the market value of the interest rate hedges required to meeting the proposed strategy do not risk leading to unacceptable effects on equity.

Changes in value of properties

Victoria Park measures its property holdings at fair value, meaning that the consolidated carrying amount of the properties corresponds to their estimated market value. Values can be affected by the estimates and assumptions made by company management and the actual outcome may differ from such estimates. Both company-specific deteriorations, such as higher vacancy rates, greater or unforeseen maintenance and investment requirements and lower rent levels, and market-specific deteriorations, such as higher yield requirements and cost of capital, could result in negative realised and unrealised changes in value with

a negative effect on Victoria Park's financial position and earnings. Unrealised changes in value also impact the Group's earnings since it now applies IFRS.

Victoria Park has often acquired residential properties with low vacancy rates. Victoria Park's business concept is primarily based on acquiring properties in growth towns and cities where demand for housing has been high and is expected to remain so. Victoria Park possesses high expertise in property and project development. Following Victoria Park's management model, investments are made in improving standards in connection with turnover. Furthermore, Victoria Park applies a social dimension where residents are involved in creating safe and attractive residential areas. The company's management model adds value to the properties and increases the expected market value.

Victoria Park performs internal valuations of the properties when the interim reports are prepared. Victoria Park engages independent valuation institutions to carry out an external valuation of the entire property portfolio at least once a year to verify and assure the quality of the internal valuations. Three external valuations of the entire property portfolio were performed by Savills Sweden and Bryggan Fastighetsekonomi in the 2018 financial year, most recently at year-end. This is one way of ensuring the correct market value in accordance with IFRS 13. Part of the quality-assurance activities includes carrying out ongoing follow-ups of the correlation between internal and external valuations and realised sales prices.

Credit risk

Victoria Park is dependent on tenants paying the agreed rent in time. Nevertheless, the risk remains that customers will cancel their payments or not fulfil their obligations in some other manner, which could have both a direct and indirect negative effect on earnings due to lower property values. In addition to tenants' payment capacity, rental revenues could be affected by other factors such as the economic occupancy rate of the properties and the possibility of charging market-based rent. The economic occupancy rate and rent level are governed by factors including the general economic climate, rate of production of new properties, changes in infrastructure, population growth and employment rate. Changes in these factors could lead to a higher vacancy rate with the risk of declining rent levels.

Victoria Park believes that the risk of lost rental revenues is small since the vacancy rate of the company's property portfolio is very low. One of the reasons for this is the housing shortage in the metropolitan regions in which Victoria Park operates.

Victoria Park's leasing policy, combined with the company's management model that adds value to the properties and the residential area, limits the risk of declining rental revenues and a lower economic occupancy rate. The management model, together with Victoria Park's lease requirements that include fixed income, no record of non-payment and good references from previous landlords, attract new customer groups with a higher payment capacity. Victoria Park does not apply a housing queue method, meaning that the lease process is quicker and risk of a higher vacancy rate is restricted further.

To minimise the risk of rent not being paid, the Group enforces a strict policy regarding debt collection, payment respite times and instalment plans.

LIQUIDITY RISK

Financing

Financing risk is defined as the risk of at a point in time not having access, or only having access at a higher cost, to funds for refinancing, investments and the operating activities

The company's investments are largely financed by funding from credit institutions, in addition to equity. The company's operating activities are normally financed by cash flow but if the trend deviates from the company's expectations, financing may need to take place through loans for carrying out maintenance, for example. Financing via loans

entails that Victoria Park is exposed to financing risk.

Should the company fail to obtain necessary capital on acceptable terms for the company, this could have a negative impact on its operations, financial position and results.

Collateral has been pledged to lenders in the form of properties, shares and internal promissory notes. The Group's loan agreements include special obligations, such as the loan-to-value ratio, interest coverage ratio and the equity/assets ratio. In the event that these obligations are not met, the creditors normally has the right to demand the early repayment of the granted credits, to utilise its lien in pledged assets, demand an extra repayment or submit a request to amend conditions. If the company is forced to acquire further financing, for example due to calls for early repayment or extra repayment, or if creditors demand amended conditions, this could have a negative impact on the Group's financial position and earnings. It should be noted that Victoria Park, by the end of the accounting period, fulfilled all conditions of the Group's loan agreements.

In addition, political decisions on changes to capital-adequacy regulations or similar commitments could lead to austerity measures in the credit market and consequently changed financing options.

To limit the financing risk, the following guidelines must be followed:

- » A liquidity reserve must be available at any given time.
- » A maximum of 30 percent of liabilities may mature within a single 12-month period.
- » The number of lenders for bank loans should amount to at least three, with no single lender responsible in the long term for more than 50 percent of the total outstanding bank loan volume.
- » An even liability maturity structure is to be sought after.
- » Refinancing should be initiated not later than six months prior to maturity.
- » Financing for acquisitions is to be secured before Victoria Park enters into the acquisition. Alternatively, the acquisition is to be contingent on financing.

MANAGEMENT OF CAPITAL

The Group's objective concerning the capital structure is to safeguard the Group's ability to continue its operations, so that it can continue to generate a return to shareholders and value for other stakeholders and maintain an optimal capital structure in order to minimise the cost of capital. In order to maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or divest assets to reduce liabilities.

FINANCIAL INSTRUMENTS AT LEVEL 2

The fair value of financial instruments not traded in an active market is determined using valuation techniques. Market information is used for this as far as possible when it is available, whereas company-specific information is used as little as possible. If all significant inputs required for a fair value evaluation of an instrument are observable, the instrument is stated at Level 2.

Specific valuation techniques used to measure financial instruments include

- » Quoted market prices or evaluations by real-estate agents for similar instruments.
- » Fair value for interest rate swaps and interest rate caps are calculated as the present value of estimated future cash flows based on observable yield curves.

INVESTMENT PROPERTIES AT LEVEL 3

The Group's properties are classified as investment properties, all of which are included in Level 3. Note 12 describes changes for the year in these assets.

NOTE 4 SIGNIFICANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Estimates and assessments are evaluated regularly and are based on historical experience and other factors, including expectations regarding future events that are considered reasonable under the prevailing circumstances. The Group makes estimates and assumptions regarding the future. The estimates for accounting purposes that result from these will rarely, by definition, correspond to the actual outcome. The estimates and assumptions that entail a material risk that significant adjustments will be made in the carrying amounts of assets and liabilities during following the financial year are outlined below.

INVESTMENT PROPERTIES

A material item in the financial statements impacted by the estimates and assessments is the valuation of the Group's property portfolio at fair value. External valuations have verified the values in assessments of the fair value of investment properties. The valuations were performed by independent appraisers with recognized and relevant qualifications and adequate expertise in valuing this type of property and in locations relevant for Victoria Park's investment properties. For further information about investment properties, refer to Note 12.

An assessment is conducted of acquisitions to decide whether it should be considered an asset acquisition or business combination. When the intention is to acquire a company's properties and its management and administration is of secondary importance, this is seen as an asset acquisition. Other acquisitions are considered business combinations. All transactions conducted during the year were considered asset acquisitions.

Since deferred tax is not recognised in connection with an asset acquisition, tax discounts received impact the property's cost. And consequently, subsequent changes in value will also be affected by the discount.

DEFERRED TAX ASSETS

Deferred tax assets are recognised when it is probable that they may be utilised against recognised deferred tax liabilities or generated surpluses in coming periods. The Group's deferred tax asset on loss carryforwards largely arise in connection with tax depreciation and direct deductions, which also generate a deferred tax liability. Since all Group companies are located in Sweden, there are no time restrictions on the utilisation of the loss carryforwards.

NOTE 5 APPROPRIATION OF PROFITS

The following funds are available for distribution by the AGM:

Retained earnings	707,828,748
Net loss for the year	-23,672,617
Total	584,156,131

The Board of Directors proposes that the above profits be appropriated as follows:

Dividend of SEK 20 per preference share	20,640,940
To be carried forward	563,515,191
Total	84,156,131

NOTE 6 SEGMENT INFORMATION

The Group's chief operating decision maker is the CEO. The operating segments have been determined based on the information considered by the CEO as supporting documentation for the distribution of resources and evaluating results.

The Group has its registered office in Sweden, where all operations are conducted and where all assets are located. No single customer represents a significant portion of revenues. No trade exists between the operating segments.

The CEO assesses the operating segments based on net operating income. This measure does not include administrative costs, financial

items or taxes, and thus the table below only shows results on a segment basis until net operating income.

In 2016, the Group's segment reporting was changed to better reflect the Group's operations. Historical figures have been restated to illustrate the performance. Segment reporting is now divided by geographic region concerning management operation. The geographic regions are Stockholm, Gothenburg and Malmö. The lifestyle property operation consists of a service operation that runs a spa facility and services adjacent to the lifestyle property, and project development related to the construction of tenant-owned units.

NET OPERATING INCOME PER SEGMENT

SEK M	Management operation				Lifestyle property				TOTAL	
	Region Stockholm		Region Gothenburg		Region Malmö				2018	2017
	2018	2017	2018	2017	2018	2017	2018	2017		
Revenues	531	476	210	184	447	393	2	10	1,190	1,062
Costs	-232	-227	-84	-80	-200	-174	-2	-12	-518	-492
Net operating income	299	249	126	104	247	219	0	-2	672	570

TANGIBLE FIXED ASSETS PER SEGMENT

SEK M	Management operation				Lifestyle property				TOTAL	
	Region Stockholm		Region Gothenburg		Region Malmö					
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Investment properties	8,789	7,693	2,879	2,632	2,632	5,115			18,086	15,440
Other tangible fixed assets	0		0		0	1		1	1	2
Total tangible fixed assets	8,789	7,693	2,879	2,632	2,632	5,116	0	1	18,088	15,442

SIGNIFICANT REVENUE ITEMS PER SEGMENT

The Group's revenues almost mainly comprise rental revenues from the management operation segment. Total service revenues amount to approximately SEK 10 M.

NOTE 7 PROPERTY COSTS

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Tariff-based expenses	225	213		
Maintenance costs	99	105		
Property tax	21	19		
Costs for property management personnel	80	73		
Costs for service operations	2	12		
Other expenses	91	71		
Total	518	492	0	0

NOTE 8 LEASES**LEASES IN WHICH THE GROUP IS THE LESSEE**

The Group has a small number of minor operating leases. These leases primarily pertain to cars and office equipment. The Group has no finance leases.

LEASES IN WHICH THE GROUP IS THE LESSOR

The Group leases out its investment properties according to operating leases. These primarily consist of residential leases, which normally have a period of notice of three months.

Future minimum payments for operating leases in which the Group is the lessor.

SEK M	Group	
	31 Dec 2018	31 Dec 2017
Less than 3 months	292	269
3 months to 1 year	62	59
1 to 5 years	187	175
More than 5 years	79	107
Total	619	610

NOTE 9 EMPLOYEES AND PERSONNEL COSTS

Average number of employees	Group		Parent Company	
	2018	2017	2018	2017
Women	50	48	10	10
Men	135	115	18	15
Total	185	162	28	25

GENDER DISTRIBUTION IN COMPANY MANAGEMENT

Directors	2018	2017
Women	1	3
Men	6	5

CEO and other senior executives	2018	2017
Women	1	1
Men	3	3

SALARIES AND REMUNERATION, SOCIAL SECURITY EXPENSES AND PENSIONS

Salaries and other remuneration, SEK M	Group		Parent Company	
	2018	2017	2018	2017
Board of Directors and CEO	5.2	5.3	5.2	5.3
Other employees	69.4	61.9	17.1	15.5
Total	74.5	67.2	22.2	20.7

Social security expenses (of which, pension costs)	2018	2017	2018	2017
Board of Directors and CEO	3.2	3.4	3.2	3.4
	(1.6)	(1.5)	(1.6)	(1.5)
Other employees	28.8	18.4	8.7	6.0
	(5.7)	(2.8)	(2.6)	(1.8)
Total	32.0	21.8	11.9	9.4

REMUNERATION OF THE BOARD OF DIRECTORS, CEO AND SENIOR EXECUTIVES

Remuneration is only paid to non-executive Board members. The AGM in April 2018 resolved that remuneration is to amount to a maximum of SEK 1.4 M (1.1), of which SEK 0.3 M (0.3) is to be paid to the Chairman of the Board. Fees recognised as income during the year totalled SEK 1.3 M (1.1). Market-based total remuneration is to be applied for company management, comprising fixed salary, pension and other benefits, and may also include variable salary.

SPECIFICATION OF SALARIES AND REMUNERATION OF SENIOR EXECUTIVES

1 Jan 2018 to 31 Dec 2018

SEK M	Basic salary/fees	Variable remuneration	Other benefits	Pension costs	Total
Anders Pettersson, Board member	0.2				0.2
Bo Forsén, Chairman of the Board until 24 April 2018	0.3				0.3
Greg Dingizian, Board member until 24 July 2018	0.2			0.1	0.3
Henrik Bonde, Board member until 24 July 2018	0.2				0.2
Isabelle Wikner, Board member until 24 July 2018	0.2				0.2
Lennart Sten, Board member until 24 July 2018	0.2				0.2
Peter Strand, Board member	2.0			0.4	2.4
Per Ekelund, CEO	2.4		0.1	0.8	3.3
Pia Kinhult, Board member until 24 July 2018	0.2				0.2
Sofia Ljungdahl, Board member until 24 July 2018	0.2				0.2
Other senior executives (3 individuals)	3.4		0.2	1.0	4.6
Total	9.6		0.3	2.3	12.2

1 Jan 2017 to 31 Dec 2017

SEK M	Basic salary/fees	Variable remuneration	Other benefits	Pension costs	Total
Anders Pettersson, Board member	0.1				0.1
Bo Forsén, Chairman of the Board	0.3				0.3
Greg Dingizian, Board member	0.6			0.2	0.8
Henrik Bonde, Board member	0.1				0.1
Isabelle Wikner, Board member	0.1				0.1
Lennart Sten, Board member	0.1				0.1
Peter Strand, CEO	3.7		0.1	1.3	5.1
Pia Kinhult, Board member	0.1				0.1
Sofia Ljungdahl, Board member	0.1				0.1
Other senior executives (3 individuals)	3.4		0.2	0.9	4.5
Total	8.7		0.3	2.4	11.4

PENSIONS

Commitments for old-age pensions and survivor pensions for employees in Sweden are covered through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined benefit multi-employer plan. For the financial years for which the company had no access to such information that makes it possible to recognise this plan as a defined-benefit scheme, a pension plan according to ITP to be covered through insurance with Alecta is to be recognised as a defined-contribution scheme.

Fees for the year for ITP pension insurance policies provided by Alecta were approximately SEK 1 M (1). At 31 December 2018, Alecta's surplus corresponded to a collective consolidation ratio of 142 percent (154). The collective consolidation level consists of the market value of Alecta's assets as a percentage of insurance undertakings calculated in accordance with Alecta's actuarial basic data, which do not comply with IAS 19. The collective consolidation ratio must normally be permitted to vary between 125 percent and 155 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 155 percent, measures must be taken in order to create the conditions for the consolidation level to return to the normal range. At low consolidation, one measure could be to raise the agreed price for new subscriptions and extend existing benefits. At high consolidation, one measure could be to introduce premium reductions.

The CEO, CFO, COO and CHRO have premium-based pensions, with no other obligations than the allocation of a monthly amount corresponding to 35 percent or 30 percent, respectively, of their monthly salary to an occupational pension insurance.

PERIOD OF NOTICE/SEVERANCE PAY

For the CEO, CFO, COO and CHRO, a mutual period of notice of six or four months, respectively, applies.

INCENTIVE PROGRAMS

In 2015, company management (excluding the CEO) and permanent salaried employees were invited to acquire warrants carrying entitlement to subscribe for shares in cash in November 2017. The subscription price and number of shares for which each warrant carried entitlement for subscription were recalculated due to the share issues during the term of the warrant programme. The recalculations were performed by the bank following an established formula, as stated in the terms and conditions of the warrants. The recalculations meant that each warrant, after recalculation, carried entitlement to subscribe for 1.01 shares at a subscription price of SEK 13.6. All warrants were redeemed for shares in November 2017, which resulted in the company's capital increasing by SEK 38 M.

In 2017, company management (excluding the COO) and permanent salaried employees were invited to acquire warrants carrying entitlement to subscribe for shares in cash in May 2020. Each warrant entitles the holder to subscribe for a Class B ordinary share at a subscription price of SEK 33.80. The warrants were sold at market value according to the Black & Scholes model. At the end of the accounting period, 2,361,000 warrants in the programme had been subscribed for.

NOTE 10 ADMINISTRATIVE COSTS

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Depreciation/amortisation	1	1	0	0
Employee benefits expenses	23	26	23	26
Marketing costs	6	5	4	3
Costs for leased premises	2	2	2	2
Other expenses	51	32	42	16
Total	83	66	72	47

NOTE 11 FEES TO AUDITORS

SEK M	Group		Parent Company	
	2018	2017	2018	2017
<i>PricewaterhouseCoopers</i>				
Audit engagement	1.1	1.2	1.1	1.2
Audit services in addition to the audit engagement	0.2	0.2	0.2	0.2
Tax consultancy	0.5	0.1	0.5	0.1
Other services	0.0	0.0	0.0	0.0
Total	1.9	1.4	1.8	1.4

The fees and remuneration to auditors expensed during the year are recognised above. Remuneration for consultations is recognised in cases where the same auditing firm conducts the audit engagement for the individual company. The audit engagement refers to the statutory audit of the annual accounts and of the administration of the Board and the CEO. Audit services in addition to the audit engagement refer to reviews of the administration or financial statements pursuant to statutes, the Articles of

Association, regulations or agreements that are not included in the audit engagement, and are to result in a report, certificate or any other type of documentation that is also intended for audiences other than the client. Tax consultancy refers to consultation on fiscal issues. Other services refer to consultation that cannot be linked to any of the other categories. 1. All fees recognised in the table above were invoiced by Öhrlings PricewaterhouseCoopers AB.

NOTE 12 INVESTMENT PROPERTIES AND ASSOCIATED COMPANIES

SEK M	Group	
	31 Dec 2018	31 Dec 2017
Property portfolio, 1 January	15,440	12,301
<i>Of which assets held for sale</i>		
Investments in existing properties	729	612
Acquisitions	1,001	511
Unrealised changes in the value of properties	917	2,016
Property portfolio, 31 December	18,086	15,440
Assessed value		
Buildings	5,374	4,980
Land	1,919	1,749
of which site leaseholds	613	609
Total	7,293	6,729

The Group's properties are classified as investment properties, all of which are included in Level 3 of the fair value hierarchy. The property portfolio mainly comprises residential properties in growth cities in Sweden. Most of the properties were built in the 1960s and 1970s. All properties had been externally valued at the end of the accounting period by authorised appraisers to ensure and confirm the group's carrying amounts.

The market value of the Group's properties are measured at fair value. The definition of fair value is the expected amount for which a property would be realised in a transaction at a specific value date. The transaction scenario involves two parties that are independent of each other and that act on a free and open market without compulsion. The scenario also involves a mutual interest between the parties that the transaction is to be completed and the properties are to be offered on the market based on standard marketing.

Victoria Park has engaged external property appraisers to assess the market value of the properties controlled by the Group. The properties were valued by Savills Sweden and Bryggan Fastighetsekonomi. The appraisers are authorised by Samhällsbyggarna. The appraisers receive information about the properties from the company to assess the market value. This process includes sending updated property data and other significant information that is important to establishing the property values. The company and appraisers go through the property values before the market value is determined. As a general rule, the properties have been valued using their discounted present value, with future net

operating income for a five-year period calculated taking into consideration the present value of the estimated residual value at the end of the calculation period. The calculation period is extended if justified based on the contract length.

The basis of all valuation calculations comprised actual rental revenues and rent levels on the valuation date. Operating and maintenance costs were based on an aggregate of historic outcome, budgeted costs and calculated normalised expenses. Outgoing costs for property tax and site leasehold were used. The current economic vacancy situation is taken into account.

The appraisers made market assumptions based on their expertise regarding, for example, future rent trends, the long-term economic vacancy rate, cost trend and yield requirements.

The rate of inflation during the calculation period was assumed to be 2.0 percent according to the Riksbank's target.

The rent trend is deemed to normally follow the assumed rate of inflation over the long term. The exception is mainly office and business premises in Skåne and Markaryd, where the rent trend for premises in existing condition is not deemed to be real-value-proof, meaning that the normal trend is assumed to be weaker than inflation. The assumed, long-term vacancy rate amounts to 1.5 percent (1.6). Average operating and maintenance costs, excluding property tax and site leasehold fees, have been assumed at SEK 448 per sqm (447). The residual value was calculated using an average yield requirement of 4.2 percent (4.3).

SENSITIVITY ANALYSIS

Market value assessments always entail a certain degree of uncertainty due to assumptions made. The table below illustrates the effects of changed assumptions.

	Change in assumption, %		Value adjustment, SEK M	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Market rate	5.0	5.0	1,464	1,271
Market rate	-5.0	-5.0	-1,457	-1,277
Operating and maintenance costs	-5.0	-5.0	611	557
Operating and maintenance costs	5.0	5.0	-604	-557
Yield, residual value	0.25	0.5	-833	-1,319
Yield, residual value	-0.25	-0.5	950	1,681

ASSOCIATED COMPANIES

Participations in associated companies comprise Victoria Park's 25 percent share in Rosengård Fastighets AB. The company owns and manages properties with a market value of SEK 1.2 Bn and has borrowings of SEK 726 M. Recognised equity in the company amounts to SEK 459 M. Victoria Park's cost amounted to SEK 73 M and the change for the year consisted entirely of Victoria Park's share of net profit for the year of SEK 99 M. Net profit for the year was mainly attributable to the change in value that occurred due to customary tax rebates. Victoria Park has no obligations to the company.

In addition, Victoria Park owns 42 percent in Malmö Mozart Fastighets AB. The company does not own any properties. Recognised equity in the company amounts to SEK 50,000.

NOTE 13 INCOME FROM FINANCIAL ITEMS

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Interest income, external	1	0	0	0
Interest income, subsidiaries			46	37
Profit from the sale of participations in subsidiaries			8	0
Total financial income	1	0	54	37
Interest expenses, external	-174	-168	-64	-66
Interest expenses, subsidiaries			-11	-7
Other financial expenses	-9	-8	-16	-7
Total financial expenses	-183	-176	-91	-80

NOTE 14 BORROWING

SEK M	Group		Parent Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
<i>Non-current interest-bearing liabilities</i>				
Non-current liabilities to banks	8,609	7,275		
Bond loans	600	592	600	592
Total	9,209	7,867	600	592
<i>Current interest-bearing liabilities</i>				
Current liabilities to banks	332	306		
Bond loans		400		400
Total	332	706	0	400

Non-current liabilities primarily pertain to borrowings linked to the Group's property portfolio. Non-current liabilities are mainly secured through collateral in property mortgage deeds.

The Group has a four-year uncovered bond loans that extend through June 2020. The loans have a margin of STIBOR 3M + 450 points.

FINANCING COSTS

SEK M	Group		Parent Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Expenses in conjunction with raising of loans	5	13	4	8

INTEREST RATE HEDGING AGREEMENTS – OVERVIEW

Agreements	Amount, SEK M	Market value, SEK M	Fixed interest rate, %	Due	Bank
Interest-rate swap	180	-3.6	0.9	2021-05	Swedbank
Interest-rate swap	50	-3.5	2.1	2022-11	Swedbank
Interest-rate swap	210	-6.4	1.1	2024-03	Swedbank
Interest-rate swap	209	-4.2	1.0	2025-03	Swedbank
Interest-rate swap	125	-0.2	0.0	2020-04	Swedbank
Interest-rate swap	500	-0.8	0.5	2023-07	Swedbank
Interest-rate swap	100	-2.4	1.0	2022-02	Danske Bank
Interest-rate swap	300	-9.4	1.1	2023-02	Danske Bank
Interest-rate swap	100	-1.5	0.7	2022-02	Danske Bank
Interest-rate swap	100	-1.5	0.7	2022-02	Danske Bank
Interest-rate swap	125	-0.1	0.0	2020-04	Danske Bank
Interest-rate swap	250	0.7	-0.2	2020-07	Danske Bank
Interest-rate swap	250	0.3	0.0	2020-12	Danske Bank
Interest-rate swap	250	-0.3	0.3	2022-09	Swedbank
Interest-rate swap	250	0.0	0.4	2023-06	Danske Bank
Total interest-rate swaps	2,999	-33.0			
Interest-rate cap	425	0.2	1.2	2021-07	Swedbank
Interest-rate cap	425	0.2	1.2	2021-07	Danske Bank
Interest-rate cap	250	0.0	0.6	2019-09	Danske Bank
Interest-rate cap	170	0.0	0.5	2019-12	Danske Bank
Interest-rate cap	325	0.5	1.4	2022-05	Danske Bank
Interest-rate cap	250	0.3	1.2	2021-12	Danske Bank
Interest-rate cap	250	0.9	1.4	2022-12	Danske Bank
Total interest-rate caps	2,095	2.1			

CHANGE IN NET DEBT

Net debt, SEK M	2018	2017
Cash and cash equivalents	306	765
Borrowings that fall due within 1 year	-332	-706
Borrowings that fall due after 1 year	-9,209	-7,867
Net debt	9,235	-7,808
Cash, cash equivalents and investments in securities, etc.	306	765
Gross debt – fixed interest rate	3,526	-4,028
Gross debt – variable interest rate	6,015	-4,545
Net debt	9,235	-7,808

Agreements	Other assets	Liabilities attributable to financing activities		Total
	Cash and cash equivalents	Borrowings that fall due within 1 year	Borrowings that fall due after 1 year	
Net debt at 31 December 2017	765	-706	-7,867	-7,808
Cash flow	-459	400	-1,368	-1,427
Other non-cash items		-26	26	0
Net debt at 31 December 2018	306	-332	-9,209	9,235

NOTE 15 INCOME TAX

Group, SEK M	2018	2017
Current tax		
Current tax on net profit for the year	-1	1
Tax attributable to earlier years	-4	0
Total current tax	-5	1
Deferred tax		
Financial instruments	3	-4
Loss carryforwards	103	31
Difference between recognised residual value and taxable residual value	-216	-549
Total deferred tax	-110	-523
Total income tax	-115	-522

Income tax on consolidated profit before tax differs from the theoretical amount that would have arisen from the use of the weighted average tax rate for the consolidated Group companies as follows:

SEK M	2018	2017
Profit before tax	1,338	2,362
Tax in accordance with prevailing tax rate in Sweden, 22.0 percent (22.0)	-294	-520
Tax effects:		
of non-taxable income	6	3
of non-deductible costs	-1	-1
attributable to earlier years	-4	-5
revaluation to new tax rates	91	0
of utilised unvalued deficits	88	1
IRE	-1	-1
Tax expense	-115	-522

No tax pertains to components in other comprehensive income or has been recognised in equity.

Distribution of deferred tax liabilities, SEK M	31 Dec 2018	31 Dec 2017
Changes in the value of investment properties	1,297	1,191
Changes in the value of fixed income derivatives	-9	-6
Capitalised loss carryforwards and temporary differences in tax depreciation and direct deductions	99	96
Total	1,387	1,281

At 31 December, the Group had unutilised tax loss carryforwards totalling SEK 1,108 M (959). The deferred tax asset attributable to the loss carryforwards has been valued at SEK 228 M (125) since the loss carryforwards are assessed as being able to be utilised in the foreseeable future. The loss carryforwards have no fixed maturity date.

NOTE 16 EARNINGS PER SHARE/SHARE CAPITAL

CHANGE IN THE SHARE SINCE THE COMPANY WAS FOUNDED

Date	Event	Change in share capital, SEK	Total share capital, SEK	No. of ordinary shares	No. of preference shares	Total no. of shares
2005	The company is formed	100,000	100,000	1,000		1,000
Aug 2007	Split 100:1		100,000	99,000		99,000
Aug 2007	New share issue	900,000	1,000,000	900,000		900,000
Sep 2007	Split 32:10		1,000,000	2,200,000		2,200,000
Sep 2007	New share issue	4,413,332	5,413,332	14,122,662		14,122,662
Sep 2007	New share issue	386,666	5,799,998	1,237,333		1,237,333
Mar 2010	New share issue	5,799,998	11,599,996	18,559,995		18,559,995
31 Dec 2012			11,599,996	37,119,990	0	37,119,990
Jul 2013	New share issue	4,512,769	16,112,765	13,500,000	940,860	14,440,860
31 Dec 2013			16,112,765	50,619,990	940,860	51,560,850
Mar 2014	New share issue	5,482,511	21,595,276	17,544,034		17,544,034
May 2014	Redistribution of Class A and B shares	1,002,346	22,597,622	136,328,048		136,328,048
31 Dec 2014			22,597,622	204,492,072	940,860	205,432,932
Jan 2015	Exercise of options	498,300	23,095,922	4,530,000		4,530,000
Feb 2015	Offset issue	1,501,052	24,596,974	13,554,740	91,187	13,645,927
31 Dec 2015			24,596,974	222,576,812	1,032,047	223,608,859
Mar 2016	Exercise of options	332,200	24,929,174	3,020,000		3,020,000
Sep 2016	New share issue	1,595,000	26,524,174	14,500,000		14,500,000
31 Dec 2016			26,524,174	240,096,812	1,032,047	241,128,859
Nov 2017	Exercise of options	305,525	26,829,699	2,777,500		2,777,500
31 Dec 2017			26,829,699	242,874,312	1,032,047	243,906,359

The share capital, which amounts to SEK 27 M (27), is distributed across 243,906,359 shares (243,906,359), of which 242,874,312 (242,874,312) are ordinary shares and 1,032,047 (1,032,047) are preference shares.

The ordinary shares, in turn, are distributed between Class A and Class B shares. The quotient value per share is SEK 0.11 (0.11). Each Class A ordinary carries one voting right and each Class B ordinary share and preference share carries one tenth of a voting right. Preference shares also carry a preferential right over ordinary shares to an annual dividend of SEK 20 per share and year. Preference shares carry no other rights to dividends. In the event of a winding-up of the company, preference

shareholders have priority over ordinary shares at an amount corresponding to 130 percent of the subscription price applied on the initial issue of the preference shares, plus any outstanding amounts per preference share. Preference shares carry no other entitlement to a share of distribution. According to the Articles of Association, the share capital may amount to a maximum of SEK 79.2 M distributed across 720,000,000 shares. Victoria Park AB (publ) holds no treasury shares and no subsidiary holds shares in the company. The company's shares were listed on the Nasdaq Stockholm Mid Cap list on 2 January 2014.

	2018	2017
Average no. of shares outstanding	242,874,312	240,188,127
Average no. of shares outstanding after dilution	242,982,933	240,188,127
Net profit for the year, SEK 000s	1,223,713	1,901,308
Adjustments of interest for preferential shares, SEK 000s	-20,641	-20,641
Adjusted earnings, SEK 000s	1,203,072	1,880,667
Earnings per share, SEK	4.95	7.83
Earnings per share after dilution, SEK	4.95	7.83

WEIGHTED AVERAGE NO. OF SHARES OUTSTANDING BEFORE AND AFTER DILUTION:

	2018	2017
Total no. of shares before dilution at the beginning of the year	242,874,312	240,096,812
Effect of warrants		2,777,500
Weighted average no. of shares outstanding before dilution	242,874,312	240,188,127
Effect of warrants	108,621	
Average no. of shares outstanding after dilution	242,982,933	240,188,127

NOTE 18 INTANGIBLE FIXED ASSETS

SEK M	Group		Parent Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Opening cost	0		0	
Acquisitions for the year	1		0	
Closing accumulated cost	1	0	0	0
Opening accumulated depreciation	0		0	
Depreciation for the year	0		0	
Closing accumulated depreciation	0	0	0	0
Closing carrying amount	1	0	0	0

NOTE 18 EQUIPMENT

SEK M	Group		Parent Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Opening cost	15	15	2	2
Acquisitions for the year	0	0	0	0
Divestments and disposals for the year	-8	0		
Closing accumulated cost	7	15	2	2
Opening accumulated depreciation	-12	-10	-2	-1
Depreciation for the year	-1	-1	0	0
Takeovers for the year in conjunction with property acquisitions	0			
Divestments and disposals for the year	7			
Closing accumulated depreciation	-6	-12	-2	-2
Closing carrying amount	2	3	1	1

NOTE 19 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The table below presents the carrying amounts of financial instruments, with the exception of cash and bank balances, per measurement category.

Group, SEK M	Financial assets and liabilities measured at fair value through profit or loss		Financial assets and liabilities recognised at amortised cost		Other liabilities	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
<i>Financial assets</i>						
Accounts receivable			5	2		
Other receivables			32	33		
Total financial assets	0	0	37	35	0	0
<i>Financial liabilities</i>						
Interest-bearing liabilities					9,541	8,573
Accounts payable					114	110
Derivative instruments ¹	31	24				
Other liabilities					191	158
Total financial liabilities	31	24	0	0	9,846	8,841

Group, SEK M	Carrying amount		Fair value	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
<i>Financial assets</i>				
Accounts receivable	5	2	5	2
Other receivables	32	33	32	33
Total financial assets	37	35	37	35
<i>Financial liabilities</i>				
Interest-bearing liabilities	9,541	8,573	9,545	8,586
Accounts payable	114	110	114	110
Derivative instruments ¹	31	24	31	24
Other liabilities	191	158	191	158
Total financial liabilities	9,877	8,865	9,881	8,878

1. Derivatives are Level 2 in the fair value hierarchy.

The carrying amounts according to the table above correspond in all material respects to the fair value of the items. All financial instruments measured at fair value, or whose fair value is presented in this Annual Report as a supplementary disclosure, are categorised in the fair value hierarchy as described below. The levels in the fair value hierarchy are based on the degree of inputs considered to be material in connection with fair value measurement.

Level 1 – inputs are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable inputs for the asset or liability.

FINANCIAL LIABILITIES

The table below shows the remaining contract period of financial assets until maturity. The amounts presented in the table are the contractual undiscounted cash flows. Cash flow pertains to interest expenses, repayments, accounts payable and settlements of other liabilities. Net financial income has been calculated based on the interest rate on each position at the end of the accounting period.

Group, 31 December 2018, SEK M	<3 months	3 months- 1 year	1-2 years	2-5 years	>5 years	Total
Interest-bearing liabilities	56	428	2,418	5,598	1,604	10,105
Accounts payable	114					114
Derivatives	7	19	24	54	1	104
Other liabilities	191					191
Total	368	447	2,442	5,652	1,605	10,514

Group, 31 December 2017, SEK M	<3 months	3 months- 1 year	1-2 years	2-5 years	>5 years	Total
Interest-bearing liabilities	53	876	2,338	4,777	1,021	9,065
Accounts payable	110					110
Derivatives	6	20	28	69	16	140
Other liabilities	158					158
Total	327	896	2,366	4,846	1,037	9,473

NOTE 20 ACCOUNTS RECEIVABLE AND RENT RECEIVABLES

SEK M	Group		Parent Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Accounts receivable and rent receivables	5	2	1	1
Total	5	2	1	1
<i>Credit exposure</i>				
Accounts receivable and rent receivables not past due or impaired	4	0	0	1
Accounts receivable and rent receivables past due but not impaired	1	2	0	
Impaired accounts receivable and rent receivables	12	7	0	
Provision for doubtful receivables	-12	-7	0	
Total	5	2	0	1

The Group's earnings have been charged with SEK 3 M (2) in losses due to impaired accounts receivable and rent receivables. There is not assessed to be any material credit risk in receivables that are past due but not impaired.

SEK M	Group		Parent Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
<i>Maturity date for accounts receivable and rent receivables past due but not impaired:</i>				
Less than 1 month	0	2	0	1
1-3 months	0	0	0	
More than 3 months	1	0		
Total	1	2	0	1

The number of customers, particularly tenants, is extensive, and each individual customer accounts for a small portion of the total revenues. Accordingly, no monitoring of the Group's ten largest customers is carried out. All receivables are in SEK.

NOTE 21 OTHER RECEIVABLES AND LIABILITIES

SEK M	Group		Parent Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
<i>Other receivables</i>				
Other receivables	20	22	3	4
Total	20	22	3	4
<i>Other liabilities</i>				
VAT liability	7	6	0	0
Unpaid dividends on preference shares	10	10	10	10
Other liabilities	5	2	1	1
Total	22	19	10	10

NOTE 22 ACCRUALS AND DEFERRALS

SEK M	Group		Parent Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
<i>Prepaid expenses and accrued income</i>				
Prepaid rent	0	1	0	0
Other prepaid expenses	12	10	2	2
Total	12	11	2	2
<i>Accrued expenses and deferred income</i>				
Accrued employee-related costs	16	13	7	6
Accrued interest expenses	10	8	3	3
Other accrued expenses	60	41	3	3
Prepaid rental revenues	82	75		
Total	169	139	12	13

NOTE 23 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK M	Group		Parent Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
<i>Pledged assets</i>				
Property mortgage deeds	9,075	7,664		
Total	9,075	7,664	0	0
<i>Contingent liabilities</i>				
Other guarantees on behalf of subsidiaries	0	0		
Guarantee commitments			10,005	8,587
Total	0	0	10,005	8,587

NOTE 24 NON-CASH ITEMS

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Depreciation of tangible assets	1	1		
Bad debt losses	5	3		
Total	6	4	0	0

NOTE 25 PURCHASES AND SALES BETWEEN GROUP COMPANIES

The Parent Company has invoiced the subsidiaries SEK 20 M (22) pertaining to fees and expenses. No other purchase or sales have taken place between Group companies. All intra-Group dealings, revenues,

expenses, gains or losses that arise in transactions between companies encompassed by the consolidated financial statements are eliminated in their entirety.

NOTE 26 PARTICIPATIONS IN GROUP COMPANIES

SEK M	Parent Company	
	31 Dec 2018	31 Dec 2017
Opening cost	323	322
Acquisitions during the year	0	0
Divestments during the year	0	
Closing accumulated cost	323	323
Opening accumulated impairment	-7	-7
Closing accumulated impairment	-7	-7
Closing carrying amount	316	315

	Share of equity, %	No. of participations	Carrying amount, SEK M	Corp. Reg. No.	Registered office
Victoria Park Bygg och Projekt AB	100	1,000	0.1	556728-8666	Malmö
Fastighetsbolaget VP AB	100	1,000	0.1	556728-8674	Malmö
Victoria Park Herrgården AB	100	500	0.1	556909-4484	Malmö
Victoria Park Nygård AB	100	100,000	0.1	556928-1826	Malmö
Victoria Park V 21 AB	100	1,000	131.0	556746-8813	Malmö
Victoria Park Fastigheter Södra AB	100	1,000	41.5	556636-3445	Malmö
Victoria Park Nedogap AB	100	50,000	125.9	556980-9436	Malmö
Victoria Park Lövgärdet AB	100	50,000	5.5	556994-9133	Malmö
Victoria Park Borås AB	100	50,000	10.6	559029-1737	Malmö
Victoria Park Holding AB	100	50,000	0.1	559066-2937	Malmö
Victoria Park Holding Karlskrona AB	100	50,000	0.1	559067-3009	Malmö
Victoria Park Holding Växjö S AB	100	50,000	0.1	559075-9543	Malmö
Victoria Park Holding Växjö Magistern AB	100	50,000	0.1	559077-2272	Malmö
VP Örebro AB	100	50,000	0.2	559111-3716	Malmö
VP Mozart AB	100	50,000	0.1	559133-4999	Malmö
VP Beethoven I AB	100	50,000	0.1	559138-4333	Malmö
VP Beethoven II AB	100	50,000	0.1	559138-4366	Malmö
VP Beethoven III AB	100	50,000	0.1	559138-4358	Malmö
VP Vivaldi I AB	100	50,000	0.1	559140-0717	Malmö
VP Vivaldi II AB	100	50,000	0.1	559140-0709	Malmö
VP Vivaldi III AB	100	50,000	0.1	559140-0691	Malmö
VP Vivaldi IV AB	100	50,000	0.1	559182-5749	Malmö
VP Vivaldi V AB	100	50,000	0.1	559182-5723	Malmö
VP Vivaldi VI AB	100	50,000	0.1	559183-3818	Malmö
Total			316		

The Victoria Park Group owns 100 percent of 48 additional companies through the subsidiaries above and 25 percent of the associated company Rosengård Fastighets AB through Victoria Park Herrgården AB and 42 percent of the associated company Malmö Mozart Fastighets AB through Victoria Park Mozart AB.

NOTE 27 RELATED PARTIES

The Group's related parties include all Board members and management and their respective related parties. For remuneration and salary to the Board and management, refer to Note 9. Board members also received reimbursement for travel expenses amounting to less than SEK 4,000 (12,000). In addition, one board member invoices services rendered

at market price. Invoiced amount 2018 amounted to SEK 1.3 M. The Parent Company has a direct or indirect influence over the companies in the Group. Transactions and dealings with subsidiaries comprise Group contributions, revenues for services rendered and onward-invoiced expenses.

NOTE 28 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 23 January 2019 the Swedish competition authority approved Victoria Park's acquisition of 2,340 flats.

The Board of Directors and CEO of Victoria Park AB (publ), Corporate Registration Number 556695-0738, hereby submit the following Annual Report and consolidated financial statements for the 2018 financial year.

The Board of Directors and CEO affirm that the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and earnings. The Annual Report was prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and earnings. The Administration Report for the Group and the Parent Company gives a true and fair overview of the Group's and the Parent Company's operations, financial position and earnings and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

The Annual Report and the consolidated financial statements were approved for publication by the Board of Directors and CEO on 29 March 2019. The consolidated income statement, statement of comprehensive income and statement of financial position as well as the Parent Company income statement, statement of comprehensive income and balance sheet are subject to approval by the Annual General Meeting on 23 April 2019.

ROLF BUCH

Chairman of the board

PETER STRAND

Board member

PER EKELUND

CEO

ANDERS PETTERSSON

Board member

HELENE VON ROEDER

Board member

FABIAN HERB

Board member

PETER HOHLBEIN

Board member

JENS NAGEL

Board member

Our auditor's report was issued on 29 March 2019.
Öhrlings PricewaterhouseCoopers AB

MATS ÅKERLUND

Authorised Public Accountant
Auditor-in-Charge

CARL FOGELBERG

Authorised Public Accountant

AUDITOR'S REPORT

To the meeting of shareholders in Victoria Park AB, Corporate Identity Number 556695-0738

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Victoria Park AB (publ) for the financial year 2018 with the exception of the Corporate Governance Report and Sustainability Report on pages 51-57 and 30-41, respectively. The annual accounts and consolidated accounts of the company are included on pages 30-86 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. Our opinions do not cover the Corporate Governance Report and Sustainability Report on page 51-57 and 30-41, respectively. 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 income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the supplementary report which have been presented to the parent company's and group's Board in accordance with the Auditors Ordinance (537/2014), Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and 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. This includes, based on our best knowledge and conviction, the provision of no prohibited services as stipulated in the Auditors Ordinance (537/2014) Article 5.1 to the audited companies or, as applicable, to the parent company or its controlled companies located 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 ACTIVITIES

The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements.

In particular, we considered where the CEO and Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the Board of Directors' and CEO's 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.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the 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.

Victoria Park is, for a variety of reasons, structured and legally organised in a number of legal entities. However, in practice, Victoria Park is seen to comprise a company owning properties at various locations in Sweden. All accounting and consolidation is undertaken centrally at the head office. Based on this, in performing our audit we have seen the group as one company and we have included all of the buildings and companies in the population from which we made our selection of samples. The group audit team has, in this manner, executed the audit of both the parent company and the subsidiaries, the consolidation, the annual financial statements and of the significant assumptions and judgements.

Materiality

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. Misstatements 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 most significant in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in 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	How the key audit matter was addressed in our audit
<p>Valuation of properties</p> <p>See Note 2 (accounting policies) and Note 12 (Investment properties)</p> <p>Victoria Park reports a value of SEK 18.1 Bn related to investment properties. In 2018, the group recognised unrealised gains of SEK 0.9 Bn on properties. The group's property portfolio consists almost exclusively of residential properties, which are concentrated to Stockholm, Gothenburg and the Öresund region.</p> <p>Victoria Park values all properties annually through two independent property valuers, Savills Sweden and Bryggan Fastighetsekonomi.</p> <p>Over the past few years, required rates of return have decreased steadily due to the prevailing low interest rate environment, which has had a significant positive impact on the value of the properties.</p> <p>A valuation involves significant estimates and judgements. The most significant are assumptions about required rates of return and future rental income. Another significant parameter for Victoria Park is the number of residential units in which the standard of accommodation will be raised during the coming period. Raising the standard will lead to higher rents and will, thus, increase the value of the properties.</p> <p>Vacancies are currently not considered to constitute a significant parameter, as nearly all properties are located in cities which are seeing a net inward migration and Sweden currently has a shortage of housing. If migration patterns were to change or if housing construction were to pick up, this assessment would need to be reviewed.</p>	<p>We have examined Victoria Park's process for reviewing and assessing the external valuations.</p> <p>We have studied the records that Victoria Park prepares when reviewing the external valuations.</p> <p>We have assessed the independence, competence and integrity of the external valuer. We have also examined the service contract with the valuer to assess whether it contains any terms and conditions, such as terms of remuneration that could cause the independence and integrity of the valuer to be questioned.</p> <p>Our specialists have reviewed the method used by the external valuer and have compared it with established practice.</p> <p>Our specialists have also challenged the assumptions made in the valuation and made comparisons with external transactions, industry data and other information.</p> <p>We have spot-checked the inputs used for investments, rental income and operating expenses against the budgets adopted by or presented to the Board of Directors.</p> <p>We have compared the number of residential units where standards will be raised, as indicated in the valuation, with investment decisions approved by the Board and verified that Victoria Park has the financial means to realise the investments.</p> <p><i>Our audit procedures did not result in any significant qualifications.</i></p>

Acquisition and sale of properties

See Note 2 (Accounting policies) and Note 12 (Investment properties)

Purchases and sales of properties are a natural part of Victoria Park's business. These transactions require particular attention in the audit. It cannot be excluded that there is a risk that a transaction will include complex contractual constructions requiring management to make judgements as to how the transaction should be accounted for. The terms and conditions of the contracts concluded may require judgements and analysis in respect of factors such as:

- » The point in time at which controlling influence takes place
- » Option components with regard to future additional purchases or the resale of properties
- » Whether a transaction should be accounted for as a business or an asset purchase.

We have studied management's analysis of transactions and assessed whether the transactions have been correctly accounted for.

We have read the concluded contracts to determine whether they contain any terms and conditions that would require a different accounting treatment.

We have checked the disclosures made in the annual financial statements on the transactions completed during the year to assess the completeness and accuracy of material disclosures.

We have studied purchase price allocations and checked that the acquisitions and sales have been correctly accounted for.

Our audit procedures did not result in any significant qualifications.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains information other than the annual accounts and consolidated accounts and this information is found on pages 1-29 and 90-95. The Board of Directors and the CEO 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 CEO

The Board of Directors and the CEO 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. The Board of Directors and the CEO 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 consolidated accounts, The Board of Directors and the CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S 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 accounts.

A further description of our responsibility for the audit of the annual report and consolidated financial statements is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description constitutes a part of the auditor's 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 CEO of Victoria Park AB (publ) for the financial year 2018 and the proposed appropriations of the company's profit or loss.

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

BASIS FOR 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 CEO

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 organization 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 CEO 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.

AUDITOR'S 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 CEO in any material respect:

- » has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- » in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance 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 generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the management audit is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description constitutes a part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 51-57 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is 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.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

AUDITOR'S OPINION ON THE STATUTORY SUSTAINABILITY REPORT

Responsibility for the Sustainability Report on pages 30-41 and for ensuring that it has been prepared in compliance with the Swedish Annual Accounts Act rests with the Board of Directors.

Our review has been conducted in accordance with Recommendation RevR 12 The Auditor's Opinion on the Statutory Sustainability Report issued by FAR, the Sweden's professional institute for accountants. Our review of the sustainability report has a different focus and significantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe this review gives us a sufficient basis for our opinion.

A corporate governance report has been prepared.

Öhrlings PricewaterhouseCoopers AB, Box 4009, SE-203 11 Malmö, were appointed as auditors of Victoria Park AB (publ) by the shareholders' meeting on 24 April 2018 and have been the company's auditors since 5 May 2015.

Malmö, 29 March 2019

Öhrlings PricewaterhouseCoopers AB

Mats Åkerlund
Authorised Public Accountant
Auditor-in-Charge

Carl Fogelberg
Authorised Public Accountant

KEY FIGURES

	2018	2017	2016	2015	2014
PROPERTY-RELATED					
Revenues, SEK M	1,190	1,062	832	622	298
Net operating income, SEK M	672	570	419	314	128
Profit from property management, SEK M	406	328	220	155	36
Profit for the period, SEK M	1,224	1,901	1,217	1,240	368
Rental value of residential units full-year, SEK/sqm	1,127	1,064	1,013	971	947
Economic occupancy rate, %	97.2	97.0	97.4	96.9	96.2
Surplus ratio, %	56.7	54.4	51.2	51.5	45.0
Market value, SEK/sqm	15,793	14,319	12,108	10,375	8,662
Lettable area, '000 sqm	1,128	1,062	1,016	708	355
FINANCIAL					
Return on equity, %	18.6	37.7	36.1	64.1	39.0
Equity/assets ratio, %	39.6	37.8	33.8	35.1	39.0
Interest-coverage ratio, multiple	3.2	2.9	2.6	2.4	1.7
Loan-to-value ratio, %	51.4	52.5	57.3	55.8	54.9
Loan-to-value ratio, properties, %	49.4	49.0	51.6	55.5	65.9
Cash flow from operating activities before changes in working capital, SEK M	406	342	230	162	52.0
SHARE-RELATED					
Profit from property management per share, SEK	1.67	1.37	0.96	0.69	0.18
Earnings per share, SEK	4.95	7.83	5.20	5.29	1.50
Net asset value per share, SEK	34.66	29.65	20.08	13.41	6.46
Equity per share, SEK	28.96	24.36	16.91	11.45	5.87
Cash flow per share, SEK	1.67	1.43	1.00	0.73	0.26
Total market capitalisation at end of the period, SEK M	9,071	7,460	5,668	3,625	1,543
Earnings per ordinary share, SEK	- ¹	0.40	0.30	0.20	-
Dividend per preference share, SEK	20.0 ¹	20.0	20.00	20.00	20.00
Number of shares at end of the period, million	243.9	243.9	241.1	223.6	205.4
Number of shares at end of the period after dilution, million	246.3	243.9	243.9	226.6	213.0
Number of preference shares at end of the period, million	1.0	1.0	1.0	1.0	0.9
Number of shares during the period after dilution, million	243.0	240.2	230.1	222.5	197.1

1. Based on proposed dividend.

DEFINITIONS

PROPERTY-RELATED

Percentage of renovated flats

The number of flats that have had a minimum of bathroom renovation by the end of the accounting period in relation to the total number of flats.

Yield, %

Net operating income on a yearly basis in relation to the properties' average market value over the past 12-month period, adjusted for the holding period of the properties during the period.

Economic occupancy rate, %

Contracted rent relative to rental value at the end of the period.

Profit from property management, SEK M

Earnings before changes in value and tax.

Rental value, SEK M

Contracted rent and assessed market rent for unlet areas at the end of the period.

Market value per sqm

The market value of the properties excluding building rights relative to lettable area in sqm.

Churn rate, %

Number of removals relative to the number of flats over the past twelve-month period, adjusted for the holding period of the properties during the period.

Surplus ratio, %

Net operating income relative to the period's rental revenues for property management.

FINANCIAL

Return on equity, %

Profit/loss after tax in relation to average equity, adjusted for dividends on preference shares and preference capital.

Loan-to-value ratio, %

Interest-bearing liabilities in relation to total assets at the end of the period.

Loan-to-value ratio, properties, %

Covered interest-bearing liabilities relative to the market value of the investment properties at the end of the period.

Interest-coverage ratio, multiple

Profit/loss before tax (12-month rolling) with reversal of interest expense, changes in the value of properties and derivatives, relative to interest expenses.

Equity/assets ratio, %

Equity relative to total assets at the end of the period.

SHARE-RELATED

Equity per share, SEK

Equity at the end of the period in relation to the number of ordinary shares after dilution at the end of the period, adjusted for capital for preference shares.

Profit from property management per share, SEK

Earnings before changes in value and tax, in relation to the average number of ordinary shares after dilution during the period.

Average number of shares

Number of outstanding ordinary shares at the beginning of the period, adjusted by shares issued during the period weighted by the number of days the shares were outstanding in relation to the total number of days. In the case of bonus issues and rights issues that incorporate bonus issues, the number of outstanding shares before the issue is recalculated as though the event occurred at the beginning of the earliest period reported in order to achieve comparability.

Cash flow per share, SEK

Cash flow from operating activities before changes in working capital, relative to the average number of ordinary shares after dilution during the period.

Earnings per share, SEK

Profit for the period after tax, in relation to the average number of ordinary shares after dilution, adjusted for dividends on preference shares for the period.

Net asset value (EPRA NAV), SEK

Equity, with reversal of preference shares, derivatives and deferred tax in relation to the number of ordinary shares at the end of the period.

VICTORIA PARK AB

– LIST OF PROPERTY

at 31 December 2018

Municipality	Property designation	Form of tenure ¹	No. of flats	Lettable area, sqm						Assessed value, SEK M	
				Offices	Retail	Ware-house	Other	Public sector operations ²	Residential		Total
Eskilstuna	Diamanten 1-2, Diadem 1-2	O	230	63			214		16,315	16,591	73
Eskilstuna	Diligensen 1	O	22					771	2,084	2,855	12
Eskilstuna	Diplomaten 1-2	O	161				88		12,032	12,120	59
Eskilstuna	Diplomaten 4	O						855		855	
Eskilstuna	Dirigenten 2-4	O	189				79	538	13,051	13,668	58
Eskilstuna	Dirigenten 5	O		105	1,061	28	180	798		2,171	5
Eskilstuna	Doktorn 1-2, Domaren 1-2	O	382	164			260		28,671	29,095	132
Eskilstuna	Domherren 1-3	O	202	150			379		16,053	16,582	78
Eskilstuna	Dovhjorten 1-2, Duvan 1-2	O	294	177			640		23,756	24,573	111
Eskilstuna	Lagmannen 1	O	136	71			232		11,116	11,419	56
Eskilstuna	Lagmannen 2	O	124	62			249		10,092	10,403	55
Eskilstuna	Lagmannen 3	O	121	539	81		301	228	10,872	12,019	61
Eskilstuna	Lagmannen 4	O	139				273		11,259	11,531	55
Eskilstuna	Liljan 1, 2, 3, 7, 8, 11, 17	O/S	61				10		5,442	5,452	44
Eskilstuna	Lobelian 1-2, 10, 12, 13-14, 17-21, 24-25, 28	O/S	71	730			10		6,502	7,242	57
Eskilstuna	Lupinen 1, 4, 14-15, 21, 25-26, 28-29, 31-34	O/S	73					650	6,995	7,645	62
Eskilstuna	Nystfoten 8	O	105	230	304		47		5,478	6,059	61
Eskilstuna	Taket 1	S	67	26			2		3,506	3,533	25
Eskilstuna	Tallkotten 1	O	8						411	411	3
Eskilstuna	Tapeten 1	O	44				8		2,945	2,952	19
Eskilstuna	Timglas 1	S	56	124	72				3,244	3,440	21
Eskilstuna	Timglas 2	S	24						1,584	1,584	10
Eskilstuna	Timotejen 6	O	24	180			5		2,125	2,310	13
Eskilstuna	Timotejen 7	O	30						1,773	1,773	12
Eskilstuna	Toffelblomman 18	O	11	23					758	781	6
Eskilstuna	Torsvigg 1	O	95	69			26		7,184	7,279	48
Eskilstuna	Trekanten 1	O	41	70			19		2,941	3,030	19
Eskilstuna	Trekanten 2	O	22				8		1,469	1,477	9
Eskilstuna	Trevnaden 1	O	44				18		2,939	2,957	18
Eskilstuna	Trevnaden 2	O	41	13			8		2,940	2,960	18
Eskilstuna	Trevnaden 3	O	41				15		2,940	2,954	18
Eskilstuna	Tromben 1	S	51						2,767	2,767	20
Eskilstuna	Tromben 2	S	74	72					4,156	4,228	30
Eskilstuna	Trädgårdsmästaren 6	O	8				3		416	419	4
Eskilstuna	Tumstocken 1	O	28						1,778	1,778	11
Eskilstuna	Tätörten 2	O	11	23					758	781	7
Eskilstuna	Tätörten 7	O	35	365			13		2,958	3,335	21
Linköping	Gulspår 2	O	540	480			4,544		42,705	47,729	369
Linköping	Ostbricken 2	O	888	277	166		1,319	195	72,610	74,567	647
Nyköping	Gruvan 16	O	377	747			156	87	30,815	31,805	177
Nyköping	Jupiter 5	O	82	28					4,699	4,727	28
Nyköping	Jupiter 7 & Venus 1	O	36	224	1,646		548		2,346	4,764	25
Nyköping	Svetsaren 5 & Åkaren 2	O	116	48		7			7,629	7,683	43
Stockholm	Kullinge 1	S	151	304	64	149	52	103	13,108	13,779	109
Stockholm	Risinge 1	S	154	70	163	53	95	182	13,440	14,003	125
Stockholm	Vättinge 1	S	81	292	104	47	22		6,778	7,243	45
Stockholm	Vättinge 2	S	71					108	5,256	5,364	44
Stockholm	Vättinge 3	S	79	667	1,383	311	41	320	6,727	9,449	70
Örebro	Björklövet 1	O	191						15,088	15,088	67
Örebro	Tallriset 1	O	223				192	56	17,933	18,181	82
Örebro	Varberga 12	O	205	612		758			13,030	14,400	65
Total Region Stockholm			6,259	7,000	5,043	1,353	10,051	4,890	481,467	509,803	3,207

1. Form of tenure: O=Ownership right, S=Site leasehold

2. Public sector operations: such as preschools, schools, care and residential care or education.

		Lettable area, sqm									Assessed value, SEK M
Municipality	Property designation	Form of tenure ¹	No. of flats	Offices	Retail	Ware-house	Other	Public sector operations ²	Residential	Total	
Borås	Broskskivlingen 7-9	O/S	221	142			437		12,428	13,007	101
Borås	Famnén 1-4	O	350	1,274			723		23,465	25,463	167
Borås	Reven 1-6	O	351	82			562		21,615	22,259	154
Gothenburg	Bergsjön 14:5	S	172	20	100				15,858	15,978	112
Gothenburg	Bergsjön 767:280	O									
Gothenburg	Gårdsten 58:1	O	1,120	140	245	503			69,884	70,772	458
Gothenburg	Gårdsten 62:17	O	157	1,782	2,034	1,234	443	26,176	10,417	42,086	90
Total Region Gothenburg			2,371	3,440	2,379	1,737	2,165	26,176	153,667	189,564	1,083
Karlskrona	Annebo 7-8	O	254	1,269			52		13,279	14,599	125
Karlskrona	Binga 9:228	O	34	730			16		2,981	3,727	20
Karlskrona	Fältet 4	O	283	1,034			454		17,208	18,695	127
Karlskrona	Hammarby 1:114	O	91	260			17		5,757	6,034	5
Karlskrona	Hammarby 1:91	O	17	158					923	1,081	9
Karlskrona	Hammarby 5:308	O	24						1,606	1,606	27
Karlskrona	Hammarby 5:310	O	96	156			34		5,864	6,054	30
Karlskrona	Hogland 23	O	10	1,365					889	2,254	20
Karlskrona	MO 1:190	O	75	91			33		5,090	5,214	25
Karlskrona	MO 1:210	O	20	1,989					1,314	3,302	12
Karlskrona	MO 1:83	O	10						657	657	3
Karlskrona	MO 3:58	O	16						1,024	1,024	6
Karlskrona	Riksbanken 17	O	26				25		1,600	1,625	20
Karlskrona	Smörblomman 11	O	346	671			270		20,430	21,371	131
Karlskrona	Sparre 5	O		2,111			15			2,126	15
Karlskrona	Torpedbåten 13	O	29	20			69		1,774	1,863	15
Karlskrona	Viborg 34	O		6,280						6,280	46
Karlskrona	Östra Rödeby 2:327	O	16						1,332	1,332	8
Kristianstad	Atleten 6	O	38		104				2,017	2,121	22
Kristianstad	Atleten 7	O	53						2,067	2,067	23
Kristianstad	Brottaren 1	O	36						1,790	1,790	19
Kristianstad	Draken 2	O	28	87					1,402	1,489	14
Kristianstad	Göken 4	O	28						2,290	2,290	26
Kristianstad	Harven 1	O	15	36					1,321	1,357	13
Kristianstad	Harven 2	O	30						1,980	1,980	22
Kristianstad	Katten 8	O	18						1,547	1,547	15
Kristianstad	Kommendanten 7	O	12						1,048	1,048	12
Kristianstad	Kungsbacken 1	O	104			50			8,000	8,050	53
Kristianstad	Löparen 2	O	25						1,756	1,756	18
Kristianstad	Mullvaden 3 & 4	O	48						2,124	2,124	21
Kristianstad	Musketören 1	O	46	122	46	30	12		2,988	3,198	28
Kristianstad	Näktergalen 1,2,3	O	18						1,406	1,406	13
Kristianstad	Oxen 2	O	63					292	4,083	4,375	55
Kristianstad	Rasmus Clausen 3	O	8		80				709	789	8
Kristianstad	Storken 5	O	13		41				992	1,033	10
Malmö	Almen 17	O	77	278					5,113	5,391	66
Malmö	Cedern 18	O	37	168					2,405	2,573	32
Malmö	Docenten 2-3	S	126	382			43		8,710	9,135	67
Malmö	Jämtland 20	O	461	4,545			75		27,040	31,660	235
Malmö	Kantaten 4	O	131	298			20		8,225	8,543	70
Malmö	Kantaten 5	O	154					1,561	10,293	11,854	95
Malmö	Kronodirektören 2	O	162		90	22	241	453	13,090	13,896	104
Malmö	Kronodirektören 4	O	164	284	153		20		13,148	13,604	102
Malmö	Kronodirektören 5	O	137	441	174	86	15	453	10,746	11,915	86
Malmö	Kronodirektören 6	O	54	155			5		4,613	4,773	35
Malmö	Kronodirektören 7	O	53	152			24		4,613	4,789	35

1. Form of tenure: O=Ownership right, S=Site leasehold

2. Public sector operations: Such as preschools, schools, care and residential care or education.

		Lettable area, sqm								Assessed value, SEK M	
Municipality	Property designation	Form of tenure ¹	No. of flats	Offices	Retail	Ware-house	Other	Public sector operations ²	Residential		Total
Malmö	Kronodirektören 8	O	115						9,020	9,020	67
Malmö	Kronodirektören 9	O	93	111			22	293	7,626	8,052	59
Malmö	Malmen 14		117	872		42		351	8,493	9,758	118
Malmö	Tullmästaren 2		96	74					7,919	7,993	59
Markaryd	Aspen 1-2		66				54		4,570	4,624	18
Markaryd	Banmästaren 13		4					83	184	267	
Markaryd	Bävern 1-2,7	O	50	73			12		3,062	3,147	12
Markaryd	Eldaren 2	O									1
Markaryd	Gränsfejden 1, Budkaveln 1, Stämpeln 1	O	23						1,899	1,899	5
Markaryd	Hästen 13, Renen 13	O	86		420		99		5,309	5,828	22
Markaryd	Industrien 9	O	19		305				1,216	1,521	5
Markaryd	Konditorn 3	O		408			10			418	
Markaryd	Landsfiskalen 2	O	48	83					3,293	3,376	9
Markaryd	Linnéan 14	O	48	100		212	173		2,820	3,305	12
Markaryd	Ljungen 2,3	O	29						1,439	1,439	6
Markaryd	Läraren 1	O	72				24		4,646	4,670	14
Markaryd	Markaryd 7:10	O									0
Markaryd	Markaryd 7:11	O	20						1,820	1,820	3
Markaryd	Mellangård 17	O	20					551	1,067	1,618	7
Markaryd	Packaren 1	O	35	28					2,392	2,420	4
Markaryd	Riksdagsmannen 7	O	20				169		1,480	1,649	4
Markaryd	Rundeln 2, 4-6	O	101	1,173		86	398	133	6,939	8,729	26
Markaryd	Skräddaren 1	O	24	207	412	290	83		1,520	2,512	5
Markaryd	Släggan 14	O									0
Markaryd	Släggan 18	O									0
Markaryd	Svetsaren 9	O									0
Markaryd	Sälgen 8	O	56						4,088	4,088	16
Markaryd	Toffelmakaren 2	O	8						506	506	1
Markaryd	Toffelmakaren 6	O	11				177		781	958	2
Markaryd	Toffelmakaren 7	O									
Markaryd	Toffelmakaren 8, Urmakaren 5	O	30						1,630	1,630	5
Markaryd	Triangeln 12	O						685		685	
Markaryd	Urmakaren 3	O									0
Markaryd	Vävskedsmakaren 2	O									2
Markaryd	Vävskedsmakaren 5	O									2
Markaryd	Vävskedsmakaren 6	O									1
Markaryd	Åkern 10	O									0
Trelleborg	Haren 10	O	11	344					935	1,279	9
Trelleborg	Myran 30	O	63	200	200				4,916	5,316	45
Trelleborg	Valfiskén Större 28	O	23	60	407				1,442	1,909	17
Växjö	Magistern 7	O	252	941			1,269		17,544	19,754	151
Växjö	Skatan 9	O	632	7,118			2,058		44,204	53,379	349
Total Region Malmö			5,658	34,871	2,432	818	5,986	4,855	380,001	428,962	3,003
Total properties in Victoria Park AB			14,288	45,311	9,854	3,908	18,201	35,921	1,015,134	1,128,330	7,293

1. Form of tenure: O=Ownership right, S=Site leasehold

2. Public sector operations: such as preschools, schools, care and residential care or education.

FINANCIAL CALENDAR

Interim report, January-March 2019	23 April 2019
Annual General Meeting	23 April 2019
Interim report, January-June 2019	12 July 2019
Interim report, January-September 2019	23 October 2019

Reports will be available at www.victoriapark.se

ANNUAL GENERAL MEETING 2019

Shareholders in Victoria Park AB are invited to attend the Annual General Meeting on Tuesday, **23 April 2019 at 5:00 p.m.** at Malmö Börshus, Skeppsbron 2 in Malmö.

REGISTRATION

Shareholders who wish to participate in the Annual General Meeting must be registered in the shareholders' register maintained by Euroclear Sweden AB on 15 April 2019, and notify the company of their intention to participate in the Annual General Meeting by 15 April 2019.

Registrations are to be submitted to Victoria Park AB, c/o Fredersen Advokatbyrå AB, Turning Torso, SE-211 15 Malmö, Sweden, or by e-mail to victoriapark@fredersen.se. When registering, shareholders must state their name, address, personal identity number or corporate registration number, daytime telephone number, and where relevant the number of assistants (maximum of two). Prior to the Meeting, registered shareholders will receive a confirmation and entry card. Entry cards will be sent out a few days prior to the Meeting to shareholders who have registered their participation in accordance with the above and are listed in the shareholders' register. Entry cards are to be shown when entering the Meeting venue.

Shareholders whose shares are registered in the name of a nominee must temporarily register their shares in their own names in the shareholders' register maintained by Euroclear Sweden AB to be able to participate in the Meeting. Such registration must be completed no later than 15 April 2019. This means that shareholders must inform their nominees of their wishes well in advance of this date. A notice containing information about registration is available at www.victoriapark.se.

VICTORIA PARK AB (PUBL)

Victoria Park AB (publ) is a listed property company, which, through long-term management and social responsibility for more attractive residential areas, creates value in an expanding property portfolio in growth cities across Sweden.

*Victoria Park's property portfolio amounts to 1,128,000 square metres, comprising 14,300 flats, with a market value of SEK 18.1 Bn.
The shares in Victoria Park are listed for trading on Nasdaq Stockholm Mid Cap.*

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