



Offer to acquire shares in Hemfosa Fastigheter AB (publ)

Joint Global Coordinators and Joint Bookrunners



IMPORTANT INFORMATION

The Offer contained in this Prospectus is not directed to the public in any country other than Sweden. Nor is the Offer directed to any other individuals whose participation would require additional prospectuses, registration or actions other than those that follow from Swedish law. Neither the Prospectus nor other documents associated with the Offer may be distributed in any country or jurisdiction where distribution or the Offer would require the type of actions described above or be in violation of the regulations of such country or jurisdiction. Application for the acquisition of shares in violation of the restrictions described above may be deemed invalid.

The Offer consists of: (i) an initial public offer to retail and institutional investors in Sweden; (ii) a private placement in the United States to persons who are “qualified institutional buyers” or “QIBs” (as defined in Rule 144A (“Rule 144A”) under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) in reliance on Rule 144A; and (iii) private placements to institutional investors in the rest of the world in compliance with Regulation S (“Regulation S”) under the U.S. Securities Act.

The shares included in the Offer have not been and will not be registered in accordance with the U.S. Securities Act, Canadian provincial law or any other applicable legislation in other countries, such as Australia, Hong Kong, Japan or South Africa, and may not be offered or sold, directly or indirectly, in the United States, Canada or other countries, such as Australia, Hong Kong, Japan or South Africa, other than in exceptional cases that do not require registration in accordance with the U.S. Securities Act, Canadian provincial law or any other applicable legislation in any country other than Sweden and as expressly set out in the Prospectus.

This Prospectus has been prepared in accordance with the standards and requirements of the Swedish Financial Instruments Trading Act of 1991 (1991:980), Directive 2003/71/EC of the European Parliament and the Council (along with the necessary measures for implementation, including Directive 2010/73/EU, referred to in each member state as the “Prospectus Directive”) and Regulation (EC) No. 809/2004 of the European Commission (including Regulations (EU) No. 486/2012, 862/2012 and 759/2013). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act. Registration does not infer that the Swedish Financial Supervisory Authority guarantees that the factual information in the Prospectus is accurate or complete.

This document is an English translation of the Swedish original Prospectus. The English version contains certain disclaimers and restrictions regarding the sale of the shares outside Sweden. In case of any inconsistency between the Swedish original version and the English translation, in addition to the aforementioned disclaimers and restrictions, of the Prospectus, the Swedish version shall prevail. The Prospectus and the Offer contained in the Prospectus are subject to Swedish law. Disputes arising in connection with the Prospectus, the Offer and/or any subsequent legal relationships are to be settled exclusively by Swedish courts according to Swedish law. Certain figures presented in the Prospectus have been rounded off, which means that the totals in some tables and calculations may not necessarily tally exactly.

The financial information in the Prospectus has been audited and/or reviewed by the Company’s auditor within the scope described in the chapters “Auditor’s report on pro forma financial information”, “Auditor’s report on current earnings capacity” and “Auditor’s report on historical financial information”. Other Group financial information in the Prospectus not included in the information audited and/or reviewed by the Company’s auditor in accordance with the chapters “Auditor’s report on pro forma financial information”, “Auditor’s report on current earnings capacity” and “Auditor’s report on historical financial information” has been obtained from the Group’s internal accounting and reporting system and has not been audited and/or reviewed by the Company’s auditor, unless otherwise explicitly stated.

In connection with the Offer, the Managers may conduct transactions that cause the price of the shares to stabilise or maintain a higher level than would otherwise prevail in the market. Such stabilisation measures will not be conducted at a price that exceeds the price specified in the Offer. Such stabilisation measures are intended to support the market price of the shares and may be implemented from the first day on which the Company’s shares are traded on NASDAQ OMX Stockholm until 30 cal-

endar days thereafter. There is no guarantee that stabilisation measures will be implemented and such measures may be terminated at any time.

Information to investors in the United States and other jurisdictions outside of Sweden

All investors receiving the Prospectus as part of the private placement to QIBs in the United States and the private placements to institutional investors in the rest of the world in compliance with Regulation S are advised to carefully review the information included in the section “Information to investors in the United States and other jurisdictions outside of Sweden” on the pages 169-174.

As a condition to purchasing shares as part of the private placement to QIBs in the United States and the private placements to institutional investors in the rest of the world in compliance with Regulation S, each purchaser will be deemed to have made certain representations and warranties that will be relied upon by the Company, the Managers and others. The Company reserves the right, in its sole and absolute discretion, to reject any purchases of shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation. For further information, refer to the section “Information to investors in the United States and other jurisdictions outside of Sweden” under the heading “Selling and transfer restrictions.”

Forward-looking statements

The Prospectus may contain forward-looking statements. Such statements do not constitute any guarantee of future conditions and are subject to inevitable risks and uncertainties. Forward-looking statements can be identified by the fact that they do not relate exclusively to historical or current facts. Forward-looking statements sometimes use words such as “may”, “will”, “anticipate”, “believe”, “estimate”, “plan”, “prepare”, “expect”, “intend”, “forecast”, “try” or “could”, or negations of such words, other variations thereof or other words with similar meaning. Forward-looking statements may include statements regarding Hemfosa’s future business operations. Such forward-looking statements reflect the current expectations of Hemfosa, based on the information available to the Company and a number of assumptions subject to risks and uncertainties that may be beyond Hemfosa’s control. Actual results may differ significantly from what is expressed or implied in such forward-looking statements. All forward-looking statements are based solely on the conditions prevailing at the time they are made, and the Company and its board of directors do not have an obligation (and expressly decline such an obligation) to update or change such forward-looking statements as a result of new information, new conditions or any other changes.

Industry and market information

The Prospectus contains third-party information in the form of a valuation certificate, as well as industry and market information. Certain information and statements in the Prospectus pertaining to the industry in which the Company’s operations are conducted and Hemfosa’s position in relation to its competitors are not based on published statistics or information from independent third parties, but rather reflect Hemfosa’s best estimates based on information obtained from industry or business organisations and other contacts. However, Hemfosa has not performed any independent verifications of market information obtained through third parties, the industry or general publications. Although Hemfosa considers these internal analyses to be reliable, they have not been verified by an independent source and Hemfosa cannot guarantee their accuracy. Throughout the Prospectus, Hemfosa makes certain statements regarding its market position. The Company deems these statements to be true and based on market information and industry statistics concerning the market position of the Company and certain competitors. No responsibility is taken by Hemfosa, the Selling Shareholders or the Managers for the accuracy of any such market or industry information in the Prospectus. Hemfosa confirms that the information obtained from third parties has been presented correctly. To the best of Hemfosa’s knowledge and as far as Hemfosa has been able to ensure through information published by such third parties, no facts have been omitted that would indicate that the information presented is incorrect or misleading.

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THE OFFER IN BRIEF

Number of shares offered

The Offer comprises 34,508,879 shares and is divided into two sections:

- The offer to the general public
- The institutional offer

The Offer may include up to 4,347,826 additional shares if the over-allotment option is exercised (refer to the section "Legal considerations and supplementary information" under the heading "Placing agreement"). Hence, the Offer comprises a maximum total of 38,856,705 shares.

The distribution of shares between the two sections of the Offer will be made with consideration of demand and determined by Hemfosa's board of directors in consultation with the Managers.

Selling price

The selling price for the Offer is expected to be set within the interval of SEK 88 to SEK 96 per share. This price interval has been established by the Selling Shareholders and Hemfosa's board of directors in consultation with the Managers, based on the estimated demand from institutional investors. However, the selling price for the offer to the general public will not exceed SEK 96 per share. No brokerage commission will be charged. The final established selling price will be disclosed in a press release published around 21 March 2014.

Preliminary schedule

Application period	10 March 2014 – 19 March 2014
Listing on NASDAQ OMX Stockholm	21 March 2014
Settlement	26 March 2014

Other

ISIN code	SE0005731171
Ticker on NASDAQ OMX Stockholm	HEMF

Financial calendar

Interim report 1 January – 31 March 2014	7 May 2014
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IMPORTANT INFORMATION REGARDING THE POTENTIAL SALE OF ALLOTTED SHARES

Please note that notification regarding the allotment of shares to the general public is expected to be available around 21 March 2014. Contract notes will be sent to those who have received allotment in the Offer as soon as possible thereafter. Those persons who have not been allotted shares will not be notified. After payment for the allotted shares has been processed by the Managers, Avanza and Nordnet, paid-up shares will be transferred to the securities account, service account or security depository account designated by the purchaser. The time required for transfer of payment and for transfer of the paid-up shares to purchasers of shares in Hemfosa, means that the acquired shares will not be available in the purchaser's designated securities account, service account or security depository account before 26 March 2014 at the earliest.

Trading in the Hemfosa share on NASDAQ OMX Stockholm is expected to commence around 21 March 2014. As the shares will not be available in the purchaser's securities account, service account or security depository account before 26 March 2014 at the earliest, the purchaser may not be able to sell these shares on NASDAQ OMX Stockholm from the day trading in the share begins, but rather when the shares are available in the securities account, service account or security depository account. For more information, refer to the section "Terms and instructions."

DEFINITIONS

The "**Managers**" refers to Skandinaviska Enskilda Banken AB (publ) ("**SEB**") and Swedbank AB (publ) ("**Swedbank**").

The "**Offer**" refers to the offer to acquire shares in Hemfosa in accordance with the terms and conditions specified in the Prospectus.

"**Euroclear**" refers to Euroclear Sweden AB, formerly VPC AB.

"**Hemfosa**" or the "**Company**" refers, depending on context, to Hemfosa Fastigheter AB (publ), corporate registration number 556917-4377, or the group in which Hemfosa is the parent company. The "**Group**" refers to the group in which Hemfosa is the parent company.

"**NASDAQ OMX Stockholm**" refers to NASDAQ OMX Stockholm AB's main market.

The "**Prospectus**" refers to this prospectus.

"**SEK**" refers to the Swedish krona, "**MSEK**" refers to millions of Swedish krona and "**BSEK**" refers to billions of Swedish krona.

"**Selling Shareholders**" refers to Alecta Pensionsförsäkring, ömsesidigt; Folksam ömsesidig livförsäkring; KPA Pensionsförsäkring AB (publ); Kåpan Pensioner Försäkringsförening; the Fourth Swedish National Pension Fund; IKANO Invest Aktiebolag; and If Skadeförsäkring AB (publ).

Summary

This summary contains specific disclosure requirements arranged in key elements. The elements are numbered under the Sections A–E (A.1–E.7). The summary contains the elements required for a prospectus summary for this type of issuer and securities offer. Since some elements are not applicable for all types of prospectuses, there may be gaps between the numbering of the elements. Although the inclusion of an element may be required in this type of prospectus summary, the equivalent information may not always be available. In this case, the element is marked “N/A” followed by a brief description of the disclosure requirement.

SECTION A – INTRODUCTION AND WARNINGS

A.1	<i>Introduction and warnings</i>	<ul style="list-style-type: none"> • This summary should be read as an introduction to the Prospectus. • Any decision to invest in the securities offered should be based on consideration of the Prospectus as a whole by the investor. • Where a claim relating to the information contained in the Prospectus is brought before a court, a plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. • Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the securities offered.
A.2	<i>Introduction and warnings</i>	N/A. The Offer does not include financial intermediaries.

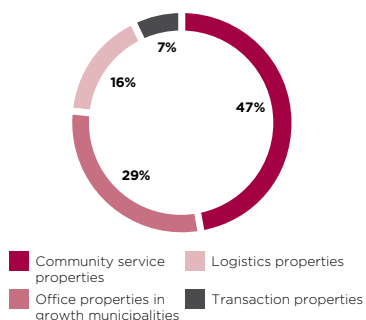
SECTION B – ISSUER AND ANY GUARANTOR

B.1	<i>The legal and commercial name of the issuer</i>	The Company’s legal and commercial name is Hemfosa Fastigheter AB (publ), corporate registration number 556917-4377. The Company’s share will be traded on NASDAQ OMX Stockholm under the ticker HEMF.
B.2	<i>Domicile and legal form of the issuer, etc.</i>	The Company is domiciled in Nacka, Sweden, and its legal form is a limited liability company. The Company was formed in Sweden and operates under Swedish legislation.
B.3	<i>Nature of the operations and principal activities</i>	<p>Hemfosa is a property company with the business concept of owning, developing and managing properties with a clear element of tax-financed tenants, which generates a long-term, high and stable return, and generating value by actively participating in the transaction market.</p> <p>Hemfosa’s property portfolio comprises four segments: community service properties, office properties in growth municipalities, logistics properties and transaction properties. Community service properties are defined as properties with publicly financed tenants, either directly or indirectly, who account for at least 70 per cent of the rental value. Office properties in growth municipalities are primarily defined as centrally located office properties in growth municipalities. Logistics properties are primarily defined as modern logistics properties located in attractive logistics hubs. The transaction property segment includes properties from the other segments that are not deemed suitable for generating a longterm, acceptable, risk-adjusted yield, and odd properties in terms of geography and category.</p> <p>On 31 December 2013, Hemfosa’s property portfolio comprised a total of 195 properties. The total property value amounted to MSEK 16,284 and the lettable area was 1,713 thousand sqm.</p>

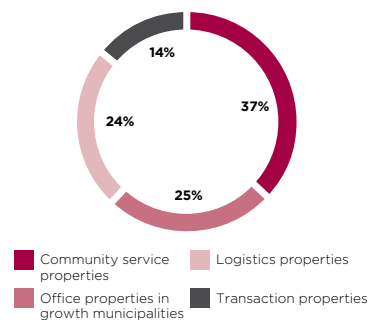
B.3

Nature of the operations and principal activities, cont.

Property value by segment



Lettable area by segment



Breakdown of property portfolio by segment at 31 December 2013

	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy-rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value, %
Community service properties	85	632	63	840	92	771	7,679	47
Office properties in growth municipalities	45	431	99	513	84	429	4,708	29
Logistics properties	23	407	24	235	94	221	2,677	16
Transaction properties	42	243	46	166	84	140	1,221	7
Total	195	1,713	233	1,754	89	1,561	16,284	100

Breakdown of property portfolio by geographical area at 31 December 2013

	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy-rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value, %
Stockholm	37	411	70	561	86	483	5,220	32
Gothenburg	29	290	53	271	88	238	2,385	15
Mälardalen	22	208	16	178	93	166	1,834	11
Skåne	19	186	28	157	85	133	1,548	10
Karlstad	6	82	8	115	90	104	1,130	7
Sundsvall	8	47	6	55	91	50	572	4
Luleå	5	35	3	42	96	41	395	2
Umeå	4	35	10	33	78	25	351	2
Other	65	420	40	343	94	321	2,850	17
Total	195	1,713	233	1,754	89	1,561	16,284	100

Breakdown of property portfolio by property category at 31 December 2013

	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy-rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value, %
Offices	87	829	141	1,029	88	907	9,305	57
Logistics, warehouse and industrial	39	540	55	307	90	276	3,152	19
Judicial	27	174	20	196	93	182	1,591	10
Education, health and care	19	108	11	157	90	142	1,545	9
Retail	12	43	4	33	90	30	315	2
Other	11	19	2	32	75	24	377	2
Total	195	1,713	233	1,754	89	1,561	16,284	100

B.4a	<i>Trends</i>	<p>Increasing confidence among households and businesses indicates a turnaround in the economy towards the beginning of 2014, when Swedish GDP growth is expected to accelerate and a recovery is expected to begin. GDP is expected to grow by 2.5 per cent in 2014, compared with 0.7 per cent in 2013. Prospects in the labour market are also somewhat brighter, with lower unemployment, which is expected to decline to 7.7 per cent in 2014, compared with 8.0 per cent in 2013. At the same time the economy is receiving stimulus from tax cuts and low interest rates which are expected to remain in place until 2015. Swedish households have experienced a stronger recovery than Swedish businesses, which is partly attributable to strong income growth and a high savings rate. According to most indicators, consumption will continue to rise; which is expected to rise by 3.0 per cent in 2014 and by 2.2 per cent in 2015. An improved labour market with lower unemployment, combined with rising housing prices, provides additional evidence of households' capacity for rapid recovery.¹⁾</p> <p>Interest in investing in the Swedish property market has grown in recent years, thanks to factors including stable macroeconomic trends compared with the rest of Europe. However an increasingly strong currency has had a moderating effect. Investors have been primarily interested in centrally located properties in major cities, a factor that has in turn exerted downward pressure on yield requirements. As a result, the transaction market has gradually expanded over time from primarily encompassing Sweden's three largest cities to increasingly including growth municipalities around the country, which corresponds to a large part of Hemfosa's focus areas. This will have a positive effect on commercial properties due to higher demand on premises in combination with current and future tenants higher ability to pay.</p> <p>Property companies have increasingly turned to alternative financing such as borrowing by issuing bonds or preference shares, even though the Swedish credit market is considered to be relatively liquid in comparison with many European credit markets.</p> <p><small>1) Swedish National Institute of Economic Research, December 2013 and SEB-Nordic Outlook, November 2013.</small></p>
B.5	<i>Description of the Group, and the issuer's position within the Group</i>	The Company is a parent company within the Group, which comprises the directly owned subsidiaries Hemfosa Sverige AB and Hemfosa Tetis AB and the subsidiaries owned through the directly owned subsidiaries.
B.6	<i>Major shareholders, individuals required to notify their interest in the Company</i>	Alecta Pensionsförsäkring, ömsesidigt holds 17.8 per cent, the Fourth Swedish National Pension Fund 17.8 per cent, IKANO Invest Aktiebolag 17.8 per cent, If Skadeförsäkring AB (publ) 13.9 per cent, Kåpan Pensioner Försäkringsförening 11.9 per cent, KPA Pensionsförsäkring AB (publ) 7.1 per cent and Folksam ömsesidig livförsäkring 4.7 per cent of the share capital and voting rights in the Company. In addition to the named shareholders who holds more than five per cent of the share capital and the voting rights as per the publication date of this Prospectus, there are no other individuals or legal entities in the Company with a reporting duty due to their shareholding.

B.7	<i>Selected key financial information and a narrative description</i>	Income statement in summary			
		MSEK	1 Jan – 31 Dec 2013	1 Jan – 31 Dec 2012	1 Jan – 31 Dec 2011
		Rental income	1,584	1,573	1,257
		Property expenses			
		Operating expenses	-298	-302	-270
		Maintenance costs	-110	-165	-105
		Property tax	-68	-65	-49
		Property management	-61	-55	-49
		Net operating income	1,047	986	784
		Central administration	-79	-83	-62
		Other operating income	0	21	40
		Share of profit of joint ventures	125	62	-104
		Finance income	9	36	84
		Finance cost	-779	-836	-640
		Profit from property management	323	186	103
		Changes in the value of properties, realised	-21	82	38
		Changes in the value of properties, unrealised	-193	864	914
		Changes in value of financial instruments, unrealised	23	-23	-142
		Profit before tax	132	1,110	914
		Income tax expense	-	-	-4
		Deferred tax expense	99	-187	-243
		Profit for the year	231	923	667

Summary

B.7	<i>Selected key financial information and narrative description, cont.</i>	Balance sheet in summary			
		MSEK	31 Dec 2013	31 Dec 2012	31 Dec 2011
		ASSETS			
		Investment property	16,284	16,019	15,082
		Property, plant and equipment	1	48	58
		Investments in joint ventures	455	282	100
		Receivables from joint ventures	0	0	224
		Other non-current receivables	26	-	12
		Derivatives	6	-	-
		Total non-current assets	16,772	16,349	15,476
		Rent receivables	26	36	55
		Current receivables	39	89	76
		Cash and cash equivalents	284	242	298
		Total current assets	349	367	429
		TOTAL ASSETS	17,121	16,716	15,905
		EQUITY AND LIABILITIES			
		Total equity	2,369	2,176	1,254
		Liabilities			
		Non-current interest-bearing liabilities	11,829	9,628	13,070
		Derivatives	118	135	112
		Deferred tax liabilities	430	527	413
		Current interest-bearing liabilities	1,831	3,711	413
		Other current liabilities	544	539	642
		Total liabilities	14,752	14,540	14,650
		TOTAL EQUITY AND LIABILITIES	17,121	16,716	15,905

B.7	<i>Selected key financial information and narrative description, cont.</i>	Cash flow statement			
		MSEK	1 Jan – 31 Dec 2013	1 Jan – 31 Dec 2012	1 Jan – 31 Dec 2011
		Operating activities			
		Profit from property management	323	186	103
		Adjustments for non-cash items	-130	-32	65
		Income tax paid	3	-10	4
		Cash flow from operating activities before changes in working capital	196	144	172
		Cash flow from changes in working capital			
		Increase (-)/Decrease (+) in current receivables	60	28	81
		Increase (+)/Decrease (-) in current liabilities	5	-102	812
		Cash flow from operating activities	261	70	1,065
		Investing activities			
		Acquisition of investment property	-65	-542	-6,473
		Disposal of investment property	303	785	499
		Investment in existing property	-667	-312	-221
		Acquisition of property, plant and equipment	-	-5	-
		Disposal of property, plant and equipment	-	4	-
		Acquisition of financial assets	-26	-	-137
		Shareholders' contribution paid	-48	-	-
		Dividends received from joint ventures	-	146	-
		Divestment of financial assets	-	2	-
		Cash flow from investing activities	-503	78	-6,332
		Financing activities			
		New share issue	-	-	12
		Shareholders' contribution received	9	-	63
		Borrowings	412	258	5,384
		Repayment of borrowings	-90	-462	-212
		Dividends paid	-47	-	-
		Cash flow from financing activities	284	-204	5,247
		Cash flow for the year	42	-56	-20
		Cash and cash equivalents at the beginning of the year	242	298	318
		Cash and cash equivalents at the end of the year	284	242	298

B.7	<i>Selected key financial information and narrative description, cont.</i>	Key figures for the Group	31 Dec 2013	31 Dec 2012	31 Dec 2011
		Financial			
		Return on equity, %	10.2	53.8	75.6
		Loan-to-value ratio, properties, %	83.9	83.3	89.4
		Interest-coverage ratio, multiple	1.4	1.2	1.2
		Debt/equity ratio, multiple	5.8	6.1	10.8
		Equity/assets ratio, %	13.8	13.0	7.9
		Share-based			
		Equity, SEK per share	94.8	87.0	50.2
		Long-term net asset value (EPRA NAV), SEK per share	116.4	113.5	74.0
		Earnings per share after tax	7.4	36.9	27.7
		Profit from property management, SEK per share	12.9	7.4	4.3
		Cash flow from operating activities, SEK per share	10.4	2.8	44.3
		Dividend, SEK per share	0.0	0.0	0.0
		Average number of shares outstanding during the period, thousands	25,000	25,000	24,053
		Number of shares outstanding per balance-sheet date, thousands	25,000	25,000	25,000
		Property-related			
		Number of properties at the end of the period	195	204	279
		Lettable area at the end of the period, sqm thousands	1,713	1,721	1,808
		Carrying amount of properties, MSEK	16,284	16,019	15,082
		Property value, SEK per sqm	9,504	9,310	8,341
		Economic occupancy rate, %	90	89	91
		Surplus ratio, %	66	63	62
		Yield, %	6.4	6.3	6.5
		1) Of which MSEK 3,470 is included in interest-bearing debt and is attributable to the shareholder loans. Corresponding figures for 2012 and 2011 are MSEK 3,470 and MSEK 3,395 respectively.			
		SIGNIFICANT EVENTS SINCE 31 DECEMBER 2013			
		<p>As part of Hemfosa's previous financing structure, as per 31 December 2013, there were shareholder loans totalling MSEK 3,470, of which MSEK 500 is to be repaid through the bridge financing mentioned below, resulting in remaining shareholder loans amounting to MSEK 2,970. On 6 March 2014, through authorisation from the annual general meeting on 4 March 2014, the board of directors resolved to implement an set-off issue, in which MSEK 2,970 of the shareholder loans are to be converted to newly issued shares in the company. The conversion of shareholder loans resulted in an increase of MSEK 2,970 in the Company's equity.</p> <p>With the aim of obtaining a more appropriate capital structure in connection with the stock exchange listing and increasing flexibility when selecting future refinancing instruments, Hemfosa signed an agreement on 18 February 2014 with SEB and Swed-bank to raise a loan for MSEK 500 to be repaid not later than 1 April 2015. The loan will be available for drawdown until 31 March 2014 and will be paid out in connection with, and is conditional upon, a stock exchange listing.</p> <p>The above mentioned set-off issue and bridge financing will have an impact on Hemfosa's loan-to-value ratio, which will decrease from approximately 84 per cent to approximately 66 per cent.</p>			

B.7

Selected key financial information and narrative description, cont.

After the end of the financial year, Söderport Holding AB divested an additional eleven properties from the Swedish Car Inspection property portfolio with an underlying value of MSEK 56, thereby completing the plan to divest all its properties outside Greater Stockholm. In January, five industrial properties were also acquired in northern Greater Stockholm, with a total area of 7,000 sqm. In December 2013, 50 per cent of Hemfosa Kronfastigheter Holding AB was acquired with no impact on Hemfosa’s earnings in 2013.

B.8

Selected pro forma financial information

The pro forma financial statements are only intended to describe a hypothetical situation and have been prepared for illustrative purposes only, and are not intended to represent the Company’s actual financial position or earnings for the period. The purpose of the pro forma financial information is to present an overall illustration of:

- what the profit for the period might have been had the refinancing of the shareholder loans been implemented on 1 January 2013, and
- what the financial position might have been on 31 December 2013 had the refinancing of the shareholder loans been implemented on 31 December 2013.

Pro forma income statement, 1 January – 31 December 2013

MSEK	Hemfosa-Group ¹⁾	Pro forma adjustments	Pro forma
Rental income	1,584	–	1,584
Property expenses			
Operating expenses	-298	–	-298
Maintenance costs	-110	–	-110
Property tax	-68	–	-68
Property management	-61	–	-61
Net operating income	1,047	–	1,047
Central administration	-79	–	-79
Other operating income	–	–	–
Share of profit of joint ventures	125	–	125
Finance income	9	–	9
Finance costs	-779	285 ²⁾	-494
Profit from property management	323	285	608
Changes in the value of properties, realised	-21	–	-21
Changes in the value of properties, unrealised	-193	–	-193
Changes in value of financial instruments, unrealised	23	–	23
Profit before tax	132	285	417
Income tax expense	–	–	–
Deferred tax expense	99	-63 ³⁾	36
Profit for the year	231	222	453

1) Based on Hemfosa’s audited historical financial information for 2013.

2) The adjustment of finance costs is due to a lower interest expense of MSEK 290, resulting from the refinancing of shareholder loans through the set-off issue (MSEK 2,970), as well as the raising of a new loan (MSEK 500), and an expense of MSEK 5 for an arrangement fee attributable to the raising of the new loan.

3) The adjustment of deferred tax by a negative amount of MSEK 63 is a tax effect attributable to the lower interest expenses. A tax rate of 22 per cent has been applied.

Summary

B.8	Selected key pro forma financial information, cont.	Pro forma balance sheet 31 December 2013																																																																																														
		<table><tr><th>MSEK</th><th>Hemfosa- Group¹⁾</th><th>Pro forma adjustments²⁾</th><th>Pro forma</th></tr><tr><td colspan="4">ASSETS</td></tr><tr><td>Investment property</td><td>16,284</td><td>–</td><td>16,284</td></tr><tr><td>Property, plant and equipment</td><td>1</td><td>–</td><td>1</td></tr><tr><td>Investments in joint ventures</td><td>455</td><td>–</td><td>455</td></tr><tr><td>Other non-current receivables</td><td>26</td><td>–</td><td>26</td></tr><tr><td>Derivatives</td><td>6</td><td>–</td><td>6</td></tr><tr><td>Total non-current assets</td><td>16,772</td><td>–</td><td>16,772</td></tr><tr><td>Current receivables</td><td>65</td><td>–</td><td>65</td></tr><tr><td>Cash and cash equivalents</td><td>284</td><td>–5</td><td>279</td></tr><tr><td>Total current assets</td><td>349</td><td>–5</td><td>344</td></tr><tr><td>TOTAL ASSETS</td><td>17,121</td><td>–5</td><td>17,116</td></tr><tr><td colspan="4">EQUITY AND LIABILITIES</td></tr><tr><td>Equity</td><td>2,359</td><td>2,965</td><td>5,324</td></tr><tr><td colspan="4">Liabilities</td></tr><tr><td>Non-current interest-bearing liabilities</td><td>11,829</td><td>–2,970</td><td>8,859</td></tr><tr><td>Non-current derivatives</td><td>114</td><td>–</td><td>114</td></tr><tr><td>Deferred tax liabilities</td><td>430</td><td>–</td><td>430</td></tr><tr><td>Current interest-bearing liabilities</td><td>1,831</td><td>–</td><td>1,831</td></tr><tr><td>Current derivatives</td><td>4</td><td>–</td><td>4</td></tr><tr><td>Other current liabilities</td><td>544</td><td>–</td><td>544</td></tr><tr><td>Total liabilities</td><td>14,752</td><td>–2,970</td><td>11,782</td></tr><tr><td>TOTAL EQUITY AND LIABILITIES</td><td>17,121</td><td>–5</td><td>17,116</td></tr><tr><td>Equity/assets ratio, %</td><td>13.8</td><td></td><td>31.1</td></tr></table> <div>1) Based on Hemfosa's audited historical financial information for 2013. 2) The adjustments are attributable to the refinancing of the shareholder loans in an amount of MSEK 3,470, of which MSEK 2,970 through the set-off issue which increased equity by a corresponding amount, and MSEK 500 through the raising of a new long-term loan. The expense of MSEK 5 for the arrangement fee attributable to the raising of a new loan affected profit for 2013 by a corresponding amount and has been assumed in the calculation to have been paid in cash.</div>	MSEK	Hemfosa- Group ¹⁾	Pro forma adjustments ²⁾	Pro forma	ASSETS				Investment property	16,284	–	16,284	Property, plant and equipment	1	–	1	Investments in joint ventures	455	–	455	Other non-current receivables	26	–	26	Derivatives	6	–	6	Total non-current assets	16,772	–	16,772	Current receivables	65	–	65	Cash and cash equivalents	284	–5	279	Total current assets	349	–5	344	TOTAL ASSETS	17,121	–5	17,116	EQUITY AND LIABILITIES				Equity	2,359	2,965	5,324	Liabilities				Non-current interest-bearing liabilities	11,829	–2,970	8,859	Non-current derivatives	114	–	114	Deferred tax liabilities	430	–	430	Current interest-bearing liabilities	1,831	–	1,831	Current derivatives	4	–	4	Other current liabilities	544	–	544	Total liabilities	14,752	–2,970	11,782	TOTAL EQUITY AND LIABILITIES	17,121	–5	17,116	Equity/assets ratio, %	13.8
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B.9	Profit forecast	N/A. The Company has not provided a profit forecast.																																																																																														
B.10	Qualifications in the audit report	<p>The 2012 auditors' report for Hemfosa Sverige AB deviates from the standard formulation as follows: Notwithstanding my opinions above, I would like to comment that, in 2012, tax deductions and social security contributions were not paid on time on several occasions. The delays were due to deficient procedures. These deficiencies had no adverse effects on the company, except for interest on overdue payments. In autumn 2012, the board and the CEO enforced changes in the procedures aimed at remedying the observed deficiencies, whereupon we have not noted any additional delays in the period up until today's date.</p> <p>The auditors' report was submitted on 6 May 2013.</p>																																																																																														
B.11	Insufficient working capital	N/A. In the opinion of the board of directors of Hemfosa, the working capital is adequate for Hemfosa's current needs in the coming 12-month period. Here, working capital refers to Hemfosa's possibility of obtaining access to cash and cash equivalents to meet its payment obligations as they fall due for payment. Hemfosa's operating activities tie up limited working capital since Hemfosa receives most of its rental income in advance while expenses are primarily paid in arrears.																																																																																														

SECTION C – SECURITIES

C.1	<i>Securities offered</i>	The Offer pertains to Hemfosa's shares (ISIN code SE0005731171).
C.2	<i>Currency</i>	The currency of the shares is SEK.
C.3	<i>Total number of shares issued</i>	Prior to the implementation of the Offer, the Company's registered share capital amounts to SEK 55,937,496, represented by 55,937,496 shares. The quota value per share is SEK 1. When the Offer has been implemented, the Company's share capital will, prior to the exercise of the over-allotment option, amount to not more than SEK 61,372,278, represented by not more than 61,372,278 shares. The quota value of each share will be SEK 1.
C.4	<i>Rights attached to the securities</i>	Each share carries one voting right at general meetings of shareholders and the shareholders may vote for the total number of shares they hold and represent, with no limitations on voting rights. The shares carry equal rights to the Company's profit, as well as to any surplus on liquidation. A resolution on the distribution of profit is adopted at a general meeting of shareholders and payment is administered by Euroclear Sweden. Entitlement to receive a dividend is limited to those who are registered in the share register maintained by Euroclear on the record date determined by the general meeting of shareholders.
C.5	<i>Transferability restrictions</i>	N/A. The shares are not subject to any restrictions on the right to be transferred.
C.6	<i>Admission to trading</i>	NASDAQ OMX Stockholm's Listing Committee decided on 18 February 2014 to approve Hemfosa's application for admitting the Company's shares to trading on NASDAQ OMX Stockholm provided that, inter alia, the dispersion requirement for the Company's shares is met.
C.7	<i>Dividend policy</i>	In the long term, dividends shall amount to 60 per cent of profit for calculating dividends. Profit for calculating dividends is defined as profit from property management less taxes paid and share of profit of joint ventures. Future dividends and the size of such potential dividends depend on the Company's future earnings, financial position, cash flows, working capital needs and other factors.

SECTION D – RISKS

D.1	<i>Key risks that are specific to the issuer or its industry</i>	<p>The Company has identified a number of risk factors that could have a significant adverse impact on the Company's operations, financial position and earnings, impact the Company's prospects, and/or entail that the value of the Company's shares decline. The risk factors are not listed in order of significance or their potential financial impact on the Company, and there may be additional risk factors of which the Company is not presently aware.</p> <p>Key risks specific to the Company and/or the industry are:</p> <ul style="list-style-type: none"> • the risk of macroeconomic factors, such as economic growth and changes in inflation rates developing in an unfavorable manner for the Company; • the risk of changes in the market rents entailing declining rental income for the Company; • the risk of the Company being impacted by unforeseen and extensive costs due to maintenance and operation of its property portfolio; • the risk of the Company not being able to implement future property transactions on favourable terms for the Company and/or the risk of acquired operations being inadequate in one or more respects or, of sellers in property transactions not fulfilling their obligations towards the Company; • the risk of the Company being obligated to finance soil remediation or clean-ups of contaminated properties; and • the risk of changing tax rates and other state levies changing in an unfavorable manner for the Company. <p>In addition, the Company is exposed to a number of financial risks relating to the Company's liquidity and refinancing possibilities.</p>
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Summary

D.3	<i>Key risks that are specific to the securities</i>	<p>Key risks related to the Offer and the Company's shares are:</p> <ul style="list-style-type: none"> the risk of an investment in the Company's shares developing negatively; the risk of large amounts of the Company's shares being sold during and after the end of the so-called lock-up periods, under which certain board members and senior executives as well as the Selling Shareholders have agreed not to dispose of their shares in the Company, having a negative impact on the market price of the Company's shares; and the risk of new share issues having a negative impact on the price of the existing shares and/or entailing that the earnings per share and/or net asset value per share decline. <p>The risks are considered to potentially have a negative impact on the Company's operations, financial position and earnings.</p>
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SECTION E - THE OFFER

E.1	<i>Total net proceeds and expenses of the issue</i>	<p>The new share issue element of the Offer is estimated to generate not less than approximately MSEK 861 and not more than approximately MSEK 939 for Hemfosa, assuming full exercise of the overallotment option but before issue expenses, based on the price interval in the Offer.</p> <p>Expenses in the form of remuneration to the Managers and other estimated transaction costs, including the cost for the Selling Shareholders' sale of shares, attributable to the Offer and charged to the Company are estimated to a total of approximately MSEK 105 for the financial year 2014.</p>
E.2a	<i>Reasons for the offer and use of proceeds</i>	<p>Hemfosa's board deems that the future performance of the Company will be positively impacted by a stock exchange listing. The new share issue will improve financial conditions for growth and the stock exchange listing will strengthen the Company's position in the capital markets. The proceeds from the issue of new shares is intended to be used for further property acquisitions. Greater access to capital will expand the Company's opportunities for financing the Company's growth, and facilitate an active and opportunistic role in the transaction market. Provided market conditions remain favourable, Hemfosa intends to examine the opportunity to obtain additional expansion capital through, for example, the issue of preference shares and issue of bonds.</p> <p>The board's rationale is that diversification of ownership and a stock exchange listing will create a liquid share for Hemfosa's current shareholders and make shareholding in the Company open to the public. A liquid share priced in the market also increases opportunities to use the share as a means of payment for future acquisitions of properties and property companies. A stock exchange listing also attracts more attention from tenants, partners, potential employees, the media and investors. It places stimulating demands on the organisation and creates greater awareness of Hemfosa as a property company.</p>
E.3	<i>Terms and conditions of the Offer</i>	<ul style="list-style-type: none"> General – The Offer comprises a maximum of 38,856,705 shares, including the overallotment option, and is directed toward the general public in Sweden and to institutional investors in Sweden and internationally. Price range – 88–96 SEK per share. Application period – The application period will take place during 10–19 March 2014 for the general public in Sweden and during 10–20 March 2014 for institutional investors.

E.3	<i>Terms and conditions of the Offer, cont.</i>	<ul style="list-style-type: none"> ● Application – Applications for the subscription of shares within the terms of the Offer by the general public shall be made using the special application form which can be obtained at SEB's and Swedbank's offices, or can be ordered from Hemfosa. The application form is also available on Hemfosa's website (www.hemfosa.se), SEB's website (www.sebgroup.com/prospectus) and Swedbank's website (www.swedbank.se/prospectus). The application should be handed in at one of SEB's or Swedbank's offices in Sweden. Customers of SEB, Swedbank, Avanza and Nordnet can subscribe through each bank's Internet bank. Application forms, as described above, can also be sent to: SEB Emissioner R B6 SE-106 40 Stockholm Swedbank Emissioner E676 SE-105 34 Stockholm Applications from institutional investors in Sweden and internationally should be submitted to SEB or Swedbank in accordance with specific instructions. ● Allotment – Decisions on allotment of shares is made by the board of directors of Hemfosa following consultation with the Managers, whereby the goal will be to achieve a good institutional ownership base and a broad distribution of shares among the general public, in order to facilitate regular and liquid trading in Hemfosa's shares on NASDAQ OMX Stockholm. ● Settlement date – The expected settlement date is 26 March 2014.
E.4	<i>Material and conflicting interests</i>	There are no family ties between board members and senior executives in the Company. All board members are independent in relation to the Company and the group management, with the exception of Jens Engwall who is the Company's CEO. With the exception of Jens Engwall (board member of IKANO S.A.), Daniel Skoghäll (CEO and Chairman of IKANO Fastighets AB) and Magnus Eriksson (Deputy CEO of the Fourth Swedish National Pension Fund), all board members are also independent in relation to the Company's major shareholders. SEB and Swedbank receive remuneration from the Company as financial advisors in connection with the Offer. In addition, SEB and Swedbank provide loans to the Company as well as other services in their day-to-day business.
E.5	<i>Selling Shareholders and lock up-agreements</i>	The Selling Shareholders will sell shares as part of the Offer. Following completion of the Offer, the Selling Shareholders and certain senior executives and board members have agreed, subject to certain exceptions, not to sell, or otherwise transfer, their respective shareholdings for a specified period of time after the commencement of trading in the Company's shares on NASDAQ OMX Stockholm without the consent of the Managers. The Company has also agreed, subject to certain exceptions, not to issue additional shares or securities entitling subscription to, or the exchange of, shares in the Company prior to 180 days at the earliest from the commencement of trading in the Company's shares on NASDAQ OMX Stockholm (except for the shares comprised by the Offer).
E.6	<i>Dilution effect</i>	The new share issue in connection with the Offer, including the overallotment option, could increase the number of shares in the Company by a maximum of 9,782,608 shares, corresponding to a dilution close to 15 per cent.
E.7	<i>Expenses charged to investors</i>	N/A. The Company will not charge any expenses to investors.

Risk factors

This section addresses a number of risk factors which are considered to potentially have a substantial negative effect on the Company's operations, financial position and earnings, impact on the Company's future prospects, and/or entail that the value of the Company's shares declines, which could result in investors losing all or part of their invested capital. The risk factors are not ranked in terms of their significance or potential financial impact on the Company. This summary is not exhaustive, and there may be additional risk factors of which the Company is not currently aware. Descriptions of the Company's operations and market conditions, as well as their effect on the Company's financial outlook, are based on the Company's own assessments as well as external sources. The Company is able to influence or counteract certain factors as part of its continuing operations, while others may occur randomly and may lie partly or wholly beyond the Company's control. Accordingly, it is important to take these risk factors into consideration and to assess them when assessing the Company's future development. Furthermore, because holding shares is always associated with risk, holders of the Company's shares are encouraged to perform their own assessment of the described and potential risk factors and their significance for the Company's future prospects, in addition to the information provided in the Prospectus.

RISKS INVOLVING THE COMPANY, THE INDUSTRY AND THE MARKET

Macroeconomic factors

The property industry in general, and thus the Company, is affected to a considerable degree by macroeconomic factors such as the economic climate, inflation and possibly deflation, growth, the rate of construction of new housing and commercial premises and changes to infrastructure and demographics. Because economic growth affects the employment rate, this is an important factor for consideration of factors such as demand for properties and tenant solvency. Hemfosa's property portfolio has a strong element of properties with tax-funded tenants, and income are primarily affected by the long-term demand for premises for social services such as the judicial system, schools, healthcare and elderly care, although other activities that are directly or indirectly publicly financed may be present as well. Hemfosa's prospects for securing competitive rent levels that are sustainably dependable and low vacancy rates depend on its ability to customise the properties according to the tenants' changing requirements in respect of such considerations as quality, functionality and size. These circumstances have a significant impact on the Company's income, rental and vacancy rates and the rent levels that Hemfosa is able to charge.

An economic downturn leading to lower employment, a sharp rise in inflation or deflation could have a substantial negative impact on the Company's operations, financial position and earnings.

Rental income

The Company's property portfolio is geographically diversified within Sweden and houses a large number of tenants. Rental income derives largely from tenants performing tax-funded activities on behalf of the Swedish government, county councils or municipalities. The ten largest tenants as per 31 December 2013 accounted for 33 per cent of total contracted rental income, with the largest tenant, the police authority, accounting for nine percent.

Leases with the Company's ten largest tenants have staggered durations. A circumstance whereby one or more of Hemfosa's more important tenants does not renew or extend a lease once it has expired could result in reduced rental income and/or a higher vacancy rate should Hemfosa be unable to obtain equivalent income from new tenants.

The general rent-level risk is attributable to the trend in current market rents. Although Hemfosa endeavours to sign leases with relatively long durations and to have the lease expiration dates of the entire property portfolio distributed evenly over time, a long-term downturn in current market rents could have a negative impact on the Company. Since Hemfosa is also dependent on the Company's tenants paying their contractually agreed rents on time, the Company is exposed to the risk that these tenants do not rightfully fulfil their obligations, which could result in lower rental income. This could in turn have a negative impact on Hemfosa's operations, financial position and earnings.

Higher operating and maintenance costs

Operating costs consist primarily of tariff bound charges for services such as electricity, refuse collection, water and heat. Several of these costs are for goods and services that can only be purchased from one or a small number of entities, which could affect the price. While a large part of Hemfosa's leases are drawn up so that the tenant is responsible for most of these costs, the Company's operations, financial position and earnings could be negatively affected should it not be possible to offset such higher costs by addressing them in the terms of the lease or renegotiating the lease to raise the rent.

Maintenance costs are attributable to measures aimed at upholding a property's standard in the long term or maintaining and/or modernising it. In order to meet demands from the market or government authorities or other legal requirements, such costs may be substantial and unforeseen, and thereby may have a negative impact on Hemfosa's operations, financial position and earnings.

Acquisition risk, sales risk and other transaction-related risks

Property acquisitions constitute part of Hemfosa's operating activities. In order to complete an acquisition, suitable investment objects must be for sale at reasonable price levels. Should the demand for the investment objects specialised in by Hemfosa be high, the number of property portfolios for sale may be limited or only available at terms that are unfavourable to Hemfosa. Competitors with similar investment strategies may, compared to Hemfosa, also have access to greater financial resources and may have lower capital costs.

Acquisitions entail risks associated with the operations that are acquired. For example, tenants may vacate, the acquired operation's accounts may be deficient, and/or the operation may be the object of unforeseen environmental or tax requirements or other circumstances that have a negative impact on the value of the acquisition object. Even though the Company performs an evaluation before every investment, which is designed to identify and if possible reduce the risks that may be associated with the investment, it cannot be ruled out that future operations or properties obtained through acquisitions could have a negative impact on Hemfosa's operations, financial position and earnings.

Acquisitions may also be associated with risks pertaining to the seller. Some of the Company's properties have been acquired through executive auctions, where possibilities to make claims against the seller after the acquisition are extremely limited. In the case of other acquisitions from a seller who is experiencing or will

experience financial difficulties, there may be a limited chance of obtaining compensation through warranty claims as well. In the case of potential acquisitions from foreign sellers, cultural differences may arise or disputes may be resolved by foreign courts or arbitration boards according to the acquisition agreement, which could cause greater uncertainty and higher costs for the Company.

The property agents or other parties involved in some of Hemfosa's property acquisitions are acting on someone else's behalf. There are risks of disputes arising concerning: the commissions paid to such middlemen; that they may act beyond the scope of their mandate; or that they may provide incorrect information, which could have negative consequences for the Company.

As part of its property acquisition activity, Hemfosa may also enter into property acquisition agreements without ensuring beforehand that the Company will have sufficient financing for the acquisition. There is a risk associated with these acquisitions that financing cannot be obtained, or is available only at sharply increased costs.

Hemfosa's ability to sell parts of its property portfolio on favourable terms depends on the health of the property and transaction market. If Hemfosa were forced to sell parts of its property portfolio in order to finance its business, there are no guarantees that the Company will succeed in completing these sales on favourable terms or at all. Should Hemfosa be forced to sell all or parts of its property portfolio, for example if the Company's creditors were to realise pledged collateral, it is probable that the selling price would be lower than the price Hemfosa would be able to obtain in a future voluntary sale.

When engaging in sales, Hemfosa may grant respite for part of the purchase price according to promissory notes. If a buyer against whom Hemfosa has a claim is experiencing or will experience financial difficulties, Hemfosa's chances of being paid may be reduced, especially in cases where no collateral has been pledged for the debt or where the collateral, such as the sold property portfolio, have declined in value. Such an event could have a negative impact on Hemfosa's operations, financial position and earnings.

Since 2009, the Group has sold properties totalling approximately SEK 1.8 billion. Under several of these sales agreements, it is still possible for each buyer to invoke warranty claims. Although no guarantee claims on properties and companies sold have been invoked against Hemfosa to date, such claims may arise in the future. This could have a negative impact on Hemfosa's financial position and earnings.

Technical risks

Technical risk pertains to the risk associated with the technical operation of properties, such as the risk of construction defects, other hidden defects or deficiencies, damages and contamination. Even if Hemfosa invests in properties with a high technical standard, it cannot be ruled out that unforeseen costs could arise. If such technical problems arise, these costs could have a negative impact on Hemfosa's operations, financial position and earnings.

Change in the value of properties

Hemfosa's properties are recognised in the balance sheet at fair value, and the change in value is recognised in the income statement. The value of the properties is affected by multiple factors, some of them property-specific such as occupancy, rent levels and operating costs, and other market-specific such as yield requirements and cost of capital derived from comparable transactions in the property market. Deterioration in either a property or the market could cause the value of the Company's properties to decline, which could have a negative impact on the Company's operations, financial position and earnings.

Jointly owned companies cannot be solely controlled

In addition to the Group's wholly-owned property portfolio, the Group holds shares in several property owning companies through which properties are owned jointly with other investors. The Group holds half of the shares and the votes in the joint ventures Söderport Holding AB, Gästgivaregatan Holding AB, Culmen Strängnäs II AB and Hemfosa Kronfastigheter Holding AB. Other property owning companies hold the remaining 50 per cent of the shares of each company. The Group holds 90 per cent of the shares and votes of Ribby Ängar Entreprenad AB and Ribby Ängar Bostads AB which, in their capacity as subsidiaries, are consolidated in the Group's balance sheet and income statement. The remaining 10 per cent of each company is owned by another property company. The ownership in these jointly owned companies is regulated by shareholder agreements and consequently, Hemfosa has not full competence to decide upon, and cannot solely control, the investments or sales of properties in these companies. If the companies were to develop in a way that is disadvantageous to Hemfosa, this could have a negative impact on Hemfosa's operations, financial position and earnings.

Competition

Hemfosa operates in a competitive industry. The Company's future competitive outlook depends on factors including its ability to be on the cutting edge and to react swiftly to existing and future market needs, which is why costly investments, restructurings and/or price cuts may need to take place in order to adapt to a new competitive situation. Stiffer competition could have a negative impact on Hemfosa's operations, financial position and earnings.

Operational risk

All operations are connected with risk of incurring losses due to deficient procedures and/or fraud or internal or external events that cause disruptions or damages to the business. As Hemfosa has chosen to have a comparatively small and efficient finance department that mainly analyses, quality assures and compiles financial information, the performance of the services provided by ISS Facility Services AB are of special significance for Hemfosa, especially in terms of information disclosure to the market. Shortcomings in operational safety, including services from essential external service providers to Hemfosa, could have a negative impact on Hemfosa's operations, financial position and earnings.

Environmental risk

Property investments entail the risk of acquiring contaminated properties. The Group does not currently operate any business that requires a permit according to the Swedish Environmental Act, and it has no properties recorded in the database maintained by the county administrative boards of potentially contaminated areas, known as the EBH-support. However businesses requiring permits have previously been operated at a number of the Group's properties and some of Hemfosa's tenants could currently be operating businesses that require a permit.

According to the Swedish Environmental Act, the party that operates a business that has contributed to contamination is responsible for remediation. If the business proprietor is unable to perform or pay for remediation of a contaminated property, the responsible party is the party that acquired the property, if such party, at the time of the acquisition, was aware of or should have discovered the contamination. This means that, under certain conditions, claims could be made against Hemfosa for soil remediation or reclamation relating to the presence or suspicion of contamination in soil, catchment areas or groundwater.

It cannot be ruled out that existing or previously operated businesses at the properties could cause certain environmental risks that could have a material negative impact on the Group. Should the Group be charged for the cost for soil remediation or reclamation, this could have a negative impact on Hemfosa's operations, financial position and earnings.

Ability to recruit and retain personnel

Hemfosa's organisation is limited in size, and several key-employees have founded the Company and have a private ownership share. Hemfosa's future success depends on factors including its ability to retain and continue to motivate these employees, as well as being able to recruit, retain and develop other qualified senior executives and key employees. If key employees leave the Group and suitable successors cannot be recruited, this could have a negative impact on Hemfosa's operations, financial position and earnings.

Disputes

The Group is involved in a potential dispute concerning an acquired property in Gothenburg, where sinking ground and incorrect construction have been observed. Hemfosa has claimed defects in the property.

It cannot be ruled out, and therefore there is a risk, that the outcome of current and potential disputes could have a negative impact on Hemfosa. Nor can it be ruled out that Hemfosa could be subject to future additional disputes, which could have a negative impact on Hemfosa's operations, financial position and earnings.

Tax and contribution risks

Tax is a significant cost item for property companies. Even if tenants in a number of Hemfosa's agreements are responsible for their share of the property taxes due at all times, changes to the property tax and other taxes such as corporation tax, VAT and other state levies and tax-related contributions could have a negative impact on Hemfosa.

Hemfosa has tax loss carry-forwards from previous years, which taken together with depreciation for tax purposes and deductions for certain property investments entail that taxes are only due for the few subsidiaries for which the conditions were not suitable for group contributions with the group member companies that generated the losses. This situation occurs in principle only during the year that a company is acquired from an external party. As per 31 December 2013, loss carry-forwards amounted to MSEK 545 (of which MSEK 120 is reported as deferred tax assets), and they are primarily

accrued in the Group's operations. Changes to tax rules and in ownership could restrict the opportunity to take advantage of loss carry-forwards.

Even though Hemfosa is not the object of any tax audits or proceedings at present, there is a risk that the Swedish Tax Authority in the course of any future inspections will not share Hemfosa's opinion concerning topics such as deductibility, opportunities for depreciation for tax purposes or the ability to take advantage of loss carry-forwards. An altered tax situation for Hemfosa in the future could have a negative impact on the Company's operations, financial position and earnings.

Altered legal conditions

Most of Hemfosa's tenants perform tax-funded activities on behalf of the Swedish government, municipalities or county councils, and the Company's operations are to a considerable extent dependent on decisions and requirements from authorities concerning property ownership, rentals, rental amounts, maintenance, operations et cetera. New, amended or terminated laws or regulations, or the application of the aforementioned, which are applicable to Hemfosa's or its customers' operations, could have a negative impact on Hemfosa's operations, financial position and earnings. This is also the case if government authorities were to reach opinions that differ from Hemfosa or its customers concerning licensing requirements, the necessity to obtain permits or other business law requirements.

Financial risks

Credit risk

Credit risk is defined as exposure to losses should a counterparty be unable to fulfil its financial obligations to the Company. In addition to the Company's tenants, such counterparties exist when investing excess liquidity, when signing interest-rate swap agreements, when issuing promissory notes and when receiving long- and short-term credit agreements. Should these counterparties be unable to fulfil their financial obligations towards Hemfosa, this could have a negative impact on the Company's operations, financial position and earnings.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its payment obligations at the due date without the cost of obtaining means of payment increasing substantially. As per 31 December 2013, Hemfosa's available liquidity amounted to MSEK 284 in the form of bank deposits. Hemfosa also has short-term committed credit facilities totalling MSEK 150, which were unutilised as per

Risk factors

31 December 2013, and several long-term credit facilities totalling MSEK 940, of which MSEK 730 was unutilised as per 31 December 2013. If the Company's sources of funding are not deemed sufficient, this may have a significant negative impact on the Company's operations, financial position and earnings.

Refinancing risk

Refinancing risk is defined as the risk that financing cannot be obtained or renewed at the end of its maturity, or only at substantially higher costs.

Property companies often have a significant level of indebtedness. The Company finances its business primarily through borrowing and its own cash flows. As per 31 December 2013, the Company's net indebtedness excluding shareholder loans amounted to MSEK 9,880, of which MSEK 1,660, corresponding to 17 per cent, will be due for renegotiation or repayment within a year, and MSEK 136 corresponding to one per cent, will be due within one to two years. There is a risk that additional capital cannot be obtained, or that this can be achieved only at terms that are disadvantageous to Hemfosa. Should the Company fail to obtain necessary capital in the future, this could have a negative impact on the Company's operations, financial position and earnings.

Financial covenants in loan agreements

As per 31 December 2013, the Group's liabilities consisted of a total of SEK 10,1 billion borrowed from credit institutions. Borrowing from credit institutions is primarily divided among seven different institutions. A large proportion of the loan agreements entail financial covenants. All of these covenants were fulfilled as per 31 December 2013. If any company within the Group were to violate one or more of these covenants in any loan agreements, this could result in the loan (or other loans through cross-default provisions) being terminated for immediate payment, or seizure of collateral by the relevant credit institution. This could have a negative impact on Hemfosa's operations, financial position and earnings.

Interest-rate risk

Interest-rate risk refers to the risk that changes in interest rates could affect Hemfosa's interest costs, which are the Company's single largest cost item. In the longer term, changes in interest rates have a material effect on Hemfosa's results and cash flow. The Group's total interest costs for the financial year 2013 amounted to MSEK 436 and as per 31 December 2013, the Company's average interest rate level was 4.48 per cent.

Based on Hemfosa's annual earnings capacity as per 31 December 2013, a change in the average interest rate level of the Company (excluding derivative agreements) of +/- one per cent would, theoretically, affect the Company's earnings before tax with +/- MSEK 102.7

If prevailing interest-rate levels were to change and/or the Company were to fail to pay interest in the future, this could hence have a negative impact on the Company's operations, financial position and earnings.

Risk related to the value of derivative instruments

A large portion of Hemfosa's loans have a short fixed-rate period. As part of its management of interest-rate risk, the Company utilises interest-rate derivative instruments, primarily interest-rate swaps. Interest-rate derivative instruments are recognised continuously at fair value in the balance sheet, while changes in value are recognised in the income statement. The market value of the derivative instruments changes as market interest rates change. This could in turn have a negative impact on Hemfosa's operations, financial position and earnings.

RISKS RELATED TO THE OFFER AND THE COMPANY'S SHARES

An investment in the Company's share may develop negatively

Share ownership is inevitably associated with risk and risk-taking. Since an investment in shares may grow or decline in value, there is a risk that an investor will not get the amount invested back. The price of the Company's shares may decline below the offer price, so that a person who chooses to buy shares in the Offer may consequently experience a loss when selling the shares. There was no public market for the Company's shares before the Offer. There is hence a risk that active trading in the shares will not develop, and there is a risk that the offer price is not representative of the market price for Hemfosa's shares after they have been admitted to trading on NASDAQ OMX Stockholm. The share-price performance will depend on several factors, some of which are company-specific, while others are associated with the stock market as a whole. These factors could increase the volatility of the share price. It is impossible for Hemfosa to control all of the factors that could affect its share price, which is why every decision to invest in the Offer should be preceded by a thorough analysis.

Future sales of the Company's shares

The Selling Shareholders and certain senior executives and board members of the Company have agreed through a placing agreement not to sell or otherwise transfer their respective shareholdings after the Offer has been completed for a certain period after trading in the Company's shares on NASDAQ OMX Stockholm has commenced (the "lock-up period"). The lock-up period for the Selling Shareholders will be 180 days, while for certain senior executives and board members it will be 450 days. The sale of large numbers of the Company's shares during and after the end of the respective lock-up periods could have a negative impact on the prevailing market price for the shares.

New issues of additional shares

The Company may issue additional new shares or securities which can be converted to shares in the future. Such issues may have a material negative impact on the price of the Company's shares and could cause the earnings per share and net asset value per share to decline. Under the Swedish Companies Act, existing shareholders of Swedish companies have preferential rights to subscribe, in proportion to their shareholdings, for new shares of such companies (with the exemption of shares paid for with non-cash consideration), unless the general meeting of shareholders approving such issue provides otherwise. Under the Swedish Companies Act, a resolution waiving preferential rights must be approved by at least two-thirds of all shares represented and votes cast at a general meeting of shareholders. New issues may take place where the general meeting of shareholders that resolve, does not observe these existing shareholders' preferential rights to the new shares, for example in the case of future acquisitions or share-related incentive programs. This could result in dilution of current shareholders' holdings. Furthermore, certain future shareholders of the Company resident in, or with a registered address in, certain jurisdictions other than Sweden, including "U.S. persons" (as defined in the so called "Regulation S"), may not be able to exercise the preferential rights in respect of their shareholding unless a registration statement, or an equivalent thereof, under the applicable laws of their respective jurisdictions is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

Future dividends

Buyers of shares in the Offer are entitled to dividends (insofar as dividends are approved) beginning on the date that the buyer is recorded as a shareholder in the share register maintained by Euroclear. The shares held on the record date approved by the annual general meeting or the board of directors will qualify for dividends. Future dividends and the size of such potential dividends depend on the Company's future earnings, financial position, cash flows, working capital needs and other factors. There are also numerous other risks that could have a negative impact on the Company's profits, and there is a risk that the Company's future earnings will not make it possible to pay dividends in the future.

The Company believes it is likely to be considered a passive foreign investment company ("PFIC") for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to the Company's U.S. investors.

The Company believes it is likely to be a PFIC for the current taxable year and for the foreseeable future. If the Company is a PFIC, U.S. investors could be subject to material adverse U.S. federal income tax consequences, such as being subject to greater or accelerated U.S. federal income tax liability. Please refer to the section "Information to investors in the United States and other jurisdictions outside of Sweden" under the heading "Certain U.S. Federal Tax Considerations".

Offer to acquire shares

The board of directors of Hemfosa and the Selling Shareholders¹⁾ have, for the purpose of facilitating the continued development and growth of the Company, decided to diversify the ownership of shares in the Company by implementing a combined issue of new shares and the sale of existing shares. The board of directors of Hemfosa has also applied, and obtained approval provided that, inter alia, the distribution requirement in respect of the Company's shares are fulfilled, for the stock exchange listing of Hemfosa's shares on NASDAQ OMX Stockholm.

Investors are hereby invited to subscribe for 5,434,782 newly issued shares and to acquire 29,074,097 existing shares in Hemfosa in accordance with the terms and conditions of this prospectus ("the Offer"), corresponding to approximately 9 per cent and approximately 47 per cent of the shares and votes in the Company calculated after full acceptance of the Offer. Accordingly, the Offer encompasses 34,508,879 Hemfosa shares, corresponding to approximately 56 per cent of the shares and votes in the Company calculated after full acceptance of the Offer.

The price per share is to be determined on the basis of a bidding procedure and is expected to be set within the interval of SEK 88 to SEK 96 per share. The selling price for the Offer to the general public will not exceed SEK 96 per share. The final established selling price will be disclosed on or around March 21, 2014.

The board of directors of Hemfosa intends, based on the authorisation granted by the extraordinary general meeting held on 4 March 2014, to decide on an increase in share capital of a maximum of SEK 5,434,782 from SEK 55,937,496 to SEK 61,372,278 on the basis of the issue of a maximum of 5,434,782 new shares. Depending on the price established under the bidding procedure, Hemfosa will receive capital of at least approximately MSEK 478 and at most approximately MSEK 522 before issue expenses²⁾ and excluding the overallotment option, based on the new share issue. Entitlement to subscribe for newly issued shares, disapplying the existing shareholders' preferential rights, will accrue to the general public in Sweden and institutional investors in Sweden and abroad. Furthermore, the Selling Shareholders have decided to offer to the general public in Sweden and institutional investors 29,074,097 existing shares³⁾ corresponding to approximately 47 per cent of the shares and votes in the Company calculated after full acceptance of the Offer.

The Company has also undertaken, at the request of SEB and Swedbank, to sell an additional maximum of 4,347,826 new shares to cover any overallotment in connection with the Offer ("Overallotment option"). Based on full acceptance of the Offer and the full exercise of the Overallotment option, Hemfosa will receive capital of at least approximately MSEK 861 and at most approximately MSEK 939 before issue expenses²⁾. If the Overallotment option is fully exercised, the Offer will comprise 38,856,705 Hemfosa shares, corresponding to approximately 59 per cent of the shares and votes in the Company after full acceptance of the Offer.

In the event of full exercise of the Offer, including fully utilised Overallotment option, the number of shares and votes in the Company will increase from 55,937,496 to 65,720,104, corresponding to a dilution of close to 15 per cent of the total number of shares and votes in the Company.

Assuming full acceptance of the Offer the value of the Offer will be MSEK 3,037–3,313 (and approximately MSEK 3,419–3,730 assuming full exercise of the Overallotment option).

Stockholm, 7 March 2014

Hemfosa Fastigheter AB (publ)
Board of directors

Selling Shareholders

1) Refer to the section "Shares, share capital and ownership structure".

2) Expenses in the form of payment to the Managers and other estimated transaction costs attributable to the Offer, including fully utilised Overallotment option, are being charged to the Company and are estimated to a total of approximately MSEK 105 for the financial year 2014. For more information, refer to the section "Legal considerations and supplementary information" under the heading "Costs in connection with the Offer".

3) The Selling Shareholders are selling different amounts of their holdings, refer to the section "Shares, share capital and ownership structure" under the heading "Ownership structure".

Background and reasons

Hemfosa is a Swedish property company that combines long-term property management with an active role in the property transaction market. The Company's ambition is to capitalise on opportunities in a fluid property market, and to create stable revenue flows and high yields. At the same time, Hemfosa aims to be a responsible and receptive landlord that offers its customers excellent service. Hemfosa's board of directors has concluded that the future performance of the Company will be positively impacted by a stock exchange listing.

Hemfosa's background

Hemfosa was founded in June 2009 by an experienced team, headed by Jens Engwall, with an extensive background from transaction intensive and value generating property companies. Hemfosa has since built up a balanced portfolio of commercial properties in Sweden, a large percentage of which comprises community service properties with the government or municipalities as the largest tenants. The total property value on 31 December 2013 was approximately BSEK 18.5¹⁾.

Hemfosa's business strategy is to focus on the long-term growth of the Company's cash flow by actively managing and improving the existing property portfolio. The Company creates and retains long-term relationships with its tenants by exercising market-oriented and efficient property management. Hemfosa also intends to be active in the transaction markets to create growth by focusing on community service properties, to risk-optimize its property portfolio in terms of, for example, geography, property category and tenant structure, and to generate transaction gains. The extensive knowledge, experience and entrepreneurship in Hemfosa's organisation will enable good risk assessment and strong implementation ability.

Reasons for admitting the Hemfosa share to trading

Hemfosa's board of directors deems that the future performance of the Company will be positively impacted by a stock exchange listing. The new share issue will improve financial conditions for growth and the stock exchange listing will strengthen the Company's position in the capital markets. The proceeds from the issue of new shares are intended to be used for further property acquisitions which are continuously evaluated by the Company in its day-to-day operations. Greater access to capital will expand the Company's opportunities for financing the Company's growth, and facilitate an active and opportunistic role in the transaction market. Provided market conditions remain favourable, Hemfosa intends to examine the opportunity to obtain additional expansion capital through, for example, the issue of preference shares and the issue of bonds.

The board of directors rationale is that diversification of ownership and a stock exchange listing will create a liquid share for Hemfosa's current shareholders and make shareholding in the Company open to the public. A liquid share priced in the market also increases opportunities to use the share as a means of payment for future acquisitions of properties and property companies. A stock exchange listing also attracts more attention from tenants, partners, potential employees, the media and investors. It places stimulating demands on the organisation and creates greater awareness of Hemfosa as a property company.

For further information, refer to the contents of this Prospectus, which has been prepared by the board of directors of Hemfosa for the application to admit the Company's shares to trading on NASDAQ OMX Stockholm and the Offer submitted in conjunction with this application.

The board of directors of Hemfosa is responsible for the contents of this Prospectus. Assurance is hereby given that the board of directors has undertaken all reasonable measures to ensure that, to the board of directors knowledge, the information in this Prospectus complies with the actual circumstances and that no information has been omitted that could affect its meaning.

Stockholm, 7 March 2014
Hemfosa Fastigheter AB (publ)
Board of directors

1) Hemfosa's directly owned property portfolio amounts to approximately SEK 16.3 billion. The Company's share of the property value in joint ventures amounts to approximately SEK 2.2 billion.

Terms and instructions

To facilitate the description of the Offer, this section does not distinguish between the newly issued shares and the shares offered for sale by the Selling Shareholders.

The Offer

The Offer comprises a maximum of 34,508,879 shares and is divided into two parts:

- The offer to the general public¹⁾
- The institutional offer²⁾

The outcome of the Offer will be published through a press release on or around 21 March 2014.

Over-allotment option

The Offer may include up to an additional 4,347,826 shares if the over-allotment option is exercised in full, as described in the section “Legal considerations and supplementary information – Placing agreement.”

Allotment of shares

The allotment of shares for each part of the Offer will be based on demand and determined by Hemfosa’s board of directors in consultation with the Managers.

Book-building process

To achieve market-based pricing of the shares being offered for acquisition, institutional investors will be afforded the opportunity to participate in a form of book-building process by submitting expressions of interest. The book-building process will take place during 10–20 March 2014. The selling price for all the shares in the Offer will be determined based on the order book established through this process. The book-building process for institutional investors may be terminated earlier. Announcement of such possible termination will be made through a press release via one or more international news agencies. See further under the heading “Application – the institutional offer”.

Selling price

The selling price in the Offer is expected to be set within the range of SEK 88–96 per share. The price range has been set by the Selling Shareholders and Hemfosa’s board of directors in consultation with the Managers, based on the anticipated investment interest from institutional investors. However, the selling price in the offer to the general public will not exceed SEK 96 per share. No

brokerage commission will be charged. The finally determined selling price will be announced through a press release on or around 21 March 2014.

Application

The offer to the general public

Applications for acquisition of shares within the terms of the offer to the general public should be made during the period 10–19 March 2014. Applications shall relate to a minimum of 100 shares and a maximum of 10,000 shares³⁾ in even lots of 50 shares. Applications shall be made using the special application form which can be obtained at SEB’s and Swedbank’s offices, or can be ordered from Hemfosa. The application form is also available on Hemfosa’s website (www.hemfosa.se), SEB’s website (www.sebgroup.com/prospectus) and Swedbank’s website (www.swedbank.se/prospectus). Securities depository account and internet customers of Avanza or Nordnet can also apply via Avanza’s or Nordnet’s Internet service.

The application must have been received by SEB or Swedbank no later than 19 March 2014, by 5:00 p.m. Note that certain bank offices close before 5:00 p.m. Applications received late as well as incomplete or incorrectly filled in application forms may be disregarded. No amendments or additions may be made to pre-printed text. Only one application per person may be made and only the application which reaches SEB or Swedbank first will be considered. Note that the application is binding.

Applications via SEB

Applicants applying to acquire shares through SEB must have a securities account, service account, a securities depository account with a securities institution of their choice or an Investment Savings Account with SEB. Applicants who do not have a securities account, service account, a securities depository account with a securities institution of their choice or an Investment Savings Account with SEB, must open such an account prior to submission of the application form. Note that it may take some time to open a securities account, service account, securities depository account or an Investment Savings Account.

Applicants with a securities depository account or Investment Savings Account with specific rules on securities transactions, such as endowment insurance, must check with the bank or institution managing the account,

1) The offer to the general public refers to the offer of shares to private individuals and legal entities who subscribe for a maximum of 10,000 shares.

2) The institutional offer refers to private individuals and legal entities who subscribe for more than 10,000 shares.

3) Parties who subscribe for more than 10,000 shares must contact SEB or Swedbank in accordance with the information set out in section “Application – The institutional offer”.

or alternatively provide the endowment insurance if acquisition of shares within the terms of the Offer is possible. Note that the application must be submitted via the bank or institution with the account.

Applicants applying through SEB must also have a bank account with SEB. The account with SEB must be a Privatkonto, Enkla sparkontot, Företagskonto or Enkla sparkontot företag. Note that information about bank accounts with SEB is mandatory only if the shares are to be registered in a securities account, service account or securities depository account with an institution that is not SEB.

Only one account may be specified for payment and the account holder must be the same person applying for the acquisition of shares. For acquisition of shares that are to be registered in an Investment Savings Account, payment must be made using the funds available in the Investment Savings Account.

Customers of SEB's internet bank that have a digipass can also apply via SEB's internet bank. Instructions for participating in the Offer via SEB's internet bank are available on www.seb.se.

In other respects, the application shall be made using the specific application form and handed in at one of SEB's offices in Sweden or sent by post to:

SEB

Emissioner R B6
SE-106 40 Stockholm

The balance on the bank account with SEB or the securities depository account or the Investment Savings Account stated on the application form must correspond to not less than the amount referred to in the application, calculated on the basis of the highest price in the price range, for the period from 00:00 a.m. on 20 March 2014 until 24:00 p.m. on 26 March 2014. Accordingly, funds must be available in or deposited in the specified bank account, securities depository account or Investment Savings Account no later than 19 March 2014 to ensure that the necessary amount is available in the stated bank account, securities depository account or Investment Savings Account. This means that the account holder undertakes to keep this amount available in the specified account, securities depository account or Investment Savings Account for the above-mentioned period and that the holder is aware that no allotment of shares will be take place if the amount is insufficient during this period. Note that the amount may not be withdrawn during the stated period.

For customers in SEB with an Investment Savings Account, SEB will, if the application results in allotment, acquire the corresponding number of shares in the Offer for further sale to the customer at the price of the Offer.

The funds will be freely available for those persons who do not receive allotment as soon as possible after allotment has taken place. Funds which are not available will also give the right to interest during the specified period in accordance with the terms and conditions of the account or the securities depository account or Investment Savings Account specified in the application.

Applications via Swedbank

Applicants applying to acquire shares with Swedbank must have a securities account, service account, a securities depository account with a securities institution of their choice or an Investment Savings Account at Swedbank or a savings bank.

Applicants with a securities depository account with specific rules on securities transactions, for example an Investment Savings Account or endowment insurance, must check with the bank or institution managing the account if acquisition of shares within the terms of the Offer is possible. The application must be submitted via the bank or institution with the account.

Customers of Swedbank or a savings bank can apply via the Internet bank, telephone bank (personal service), their advisor, personal broker or Affärscenter Aktiehandel.

In other respects, the application shall be made by using the specific application form and handed in at one of the offices of Swedbank or a savings bank in Sweden or sent by post to:

Swedbank AB (publ)

Emissioner E676
SE-105 34 Stockholm

For Investment Savings Accounts with Swedbank or a savings bank, the following applies: If the application results in allotment, Swedbank will, with collateral held available in the form of proceeds in the Investment Savings Account, acquire the corresponding number of shares in the Offer for further sale to the customer at the price of the Offer. If the application is submitted via an Investment Savings Account with Swedbank, the funds must correspond to not less than the amount specified in the application, calculated on the basis of the highest price in the price range, for the period from 19 March 2014 at 5:00 p.m. until 24:00 p.m. on 26 March 2014. This

means that the account holder undertakes to keep this amount available in the stated Investment Savings Account for the above-mentioned period and that the holder is aware that no shares will be allotted should the amount be insufficient during this period. The funds will be freely available for those persons who do not receive allotment as soon as possible after allotment has taken place. Funds which are not available will also give the right to interest during the specified period in accordance with the terms and conditions of the Investment Savings Account specified in the application.

Applications via Avanza and Nordnet Securities depository account and Internet customers of Avanza or Nordnet can also apply via Avanza's or Nordnet's Internet service. Instructions are available on www.avanza.com or www.nordnet.se. Applications via Avanza's or Nordnet's Internet services can be made from 10 March 2014 until 19 March 2014 at 5.00 p.m.

The institutional offer

Institutional investors in Sweden and internationally are afforded to participate in a form of book-building process from 10–20 March 2014. Applications shall be submitted to SEB Equities, +46 (0)8 522 29500, or Swedbank Institutional Sales, +46 (0)8 700 9500 in accordance with specific instructions.

Allotment

Decision on allotment of shares is made by the board of directors of Hemfosa following consultation with the Managers, whereby the goal will be to achieve a good institutional ownership base and a broad distribution of shares among the general public, in order to facilitate regular and liquid trading in Hemfosa's shares on NASDAQ OMX Stockholm.

Offer to the general public

The allotment does not depend on when the application is submitted during the application period. In the event of oversubscription, allotment may take place with a lower number of shares than the application concerns, at which, allotment wholly or partly may take place by random selection. Allotment to those receiving shares will occur, in the first place, so that a certain number of shares are allotted per application. In addition thereto, allotment takes place with a certain, the same for all, percentage share of the excess number of shares that the application concerns and will only take place in even lots

of 50 shares. In addition, employees, business associates and other related parties to Hemfosa as well as SEB and Swedbank customers will be considered separately during allotment. Allotment can be made to SEB and Swedbank employees, however, without prioritising these employees. In such cases, allotment takes place in accordance with the rules of the Swedish Securities Dealers Association and the Swedish Financial Supervisory Authority's regulations. Note that to qualify for allotment, the balance of the bank account with SEB or the custody account or the Investment Savings Account with SEB or the Investment Savings Account with Swedbank stated on the application form must correspond to at least the amount in the application, based on the highest price in the price range.

The institutional offer

Decision on the allotment of shares within the institutional offer in Sweden and internationally will, as mentioned above, be made with the aim of achieving a good institutional ownership base. Allotment among institutions that have submitted expressions of interest will be made on a fully discretionary basis.

Information regarding allotment and settlement

The offer to the general public

Allotment is expected to take place on or around 21 March 2014. Shortly thereafter, a contract note will be sent to those that have received allotment in the Offer. Those persons who have not been allotted shares will not be notified. Information about allotment is also expected to be provided from 09.00 a.m. on 21 March 2014 for applications received by SEB at +46 (0)8 639 27 50 and for applications received by Swedbank from each bank contact or via the Internet bank. To receive information regarding allotment, the following information must be provided: name, personal identity number/corporate registration number, securities depository account, service account, Investment Savings Account or account number with the bank or other securities institution.

Acquired and allotted shares shall be settled in cash in accordance with instructions on the contract note, on 26 March 2014 at the latest. Where applicable, payment is expected to be deducted from the bank account stated on the application form on or around 25 March 2014 and from the specified securities depository account or Investment Savings Account on or around 26 March 2014.

Payment for shares allotted through Avanza or Nordnet

Securities depository account customers with Avanza and Nordnet are expected to have their allocated, but not paid, shares available on their securities depository account on 21 March 2014. Liquid funds for payment of allotted shares shall be available in the account from 19 March 2014 at 17:00 p.m. up until and including the settlement date on 26 March 2014 at 17:00 p.m.

The institutional offer

Institutional investors are expected to receive information regarding allotment in a particular order on or around 21 March 2014, after which contract notes will be distributed. Full payment for allotted shares shall be paid in cash no later than 26 March 2014.

Insufficient or incorrect payment

Note that if full payment is not made in due time, the allotted shares may be transferred to another party. Should the selling price in the event of such transfer be less than the selling price in the Offer, those who receive allotment of shares in the Offer may bear the difference.

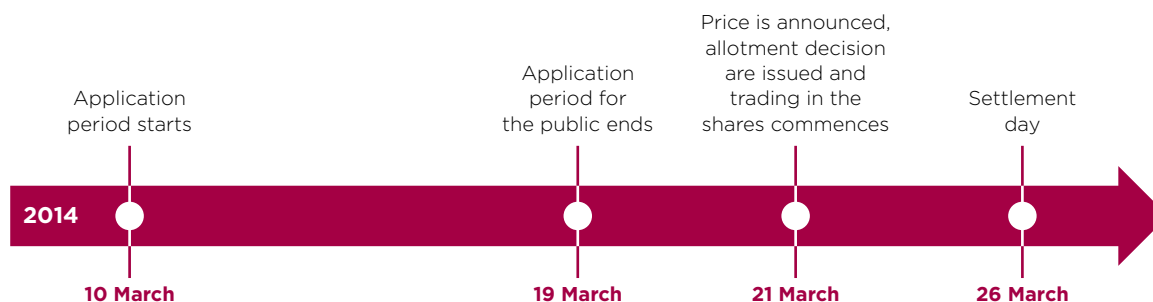
Registration and recognition of allotted and paid-up shares

Registration with Euroclear of allotted and paid-up shares is expected to take place on or around 26 March 2014 for both the general public and institutional investors, after which Euroclear will distribute a VP notice stating the number of Hemfosa shares that have been registered in the recipient's securities account or service account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the respective nominee.

Stock exchange listing

NASDAQ OMX Stockholm's Listing Committee decided on 18 February 2014 to admit Hemfosa to trading on NASDAQ OMX Stockholm provided that, inter alia, the dispersion requirements in respect of the Company's shares are fulfilled. Trading is expected to begin on or around 21 March 2014. Paid-up shares will be transferred to the securities depository account, service account or securities account specified by the acquirer, following processing of the application by the Managers, Avanza or Nordnet. The time that is required to transfer the payment and shares to such accounts as specified by the acquirer implies that the acquirer will not have such shares available in the specified securities depository account or securities account until on or around 26 March 2014. The event that shares are not available on the acquirer's securities depository account, service account or securities account before around 26 March 2014 can mean that the acquirer cannot sell these shares on NASDAQ OMX Stockholm on the day the trading in the share begins, i.e. on or around 21 March 2014, but at the earliest when the shares are available on the securities depository account, service account or securities account. Moreover, trading will commence before the terms and conditions for the completion of the Offer have been fulfilled. Trading will be conditional on completion of the Offer and should the Offer not be completed, any shares delivered shall be returned and any payments cancelled. Trading which takes place on 21 March 2014 is expected to occur with delivery and settlement on 26 March 2014.

Figur 1 – Time schedule



Stabilisation

In connection with the Offer, SEB and/or Swedbank may carry out transactions on NASDAQ OMX Stockholm which stabilise the market price of the share or maintain the price at a level that deviates from what would otherwise prevail in the market. For further information, refer to “Legal considerations and supplementary information – Stabilisation”.

Right to dividend

The shares carry a right to dividend for the first time on the record date for dividend that occurs immediately after the stock exchange listing. Any dividend will be paid following a resolution by a general meeting of shareholders. Payment will be administered by Euroclear or, for nominee-registered shareholdings, in accordance with the procedures of the individual nominee. Right to dividend is limited to shareholders registered in the share register maintained by Euroclear on the record day determined by the general meeting of shareholders. The annual general meeting on 4 March 2014 decided that no dividend shall be paid for the fiscal year 2013 and that all earnings shall be carried forward. For information regarding Swedish preliminary tax, refer to the section on “Tax issues in Sweden.” Refer also to the section on “Description of operations” under the heading “Dividend policy.”

Terms and conditions for completion of the Offer

The Offer is conditional on Hemfosa, the Selling Shareholders and Managers reaching an agreement on the placing of Hemfosa shares on or around 20 March 2014, and that certain terms and conditions in the agreement are fulfilled and that the agreement is not terminated. For further information refer to the section on “Legal considerations and supplementary information” under the heading “Placing agreement”.

Information about handling of personal information

Anyone acquiring shares in the Offer will submit information to SEB and Swedbank. Personal information submitted to SEB and Swedbank will be processed in data systems to the extent required to provide services and administer customer arrangements. Personal information obtained from sources other than the customer may also be processed. The personal information may also be processed in the data systems of companies or organisations with which SEB and Swedbank cooperate. Information pertaining to the treatment of personal information can be obtained from SEB’s or Swedbank’s offices, which also accept requests for the correction of personal information. Address details may be obtained by SEB and Swedbank through an automatic procedure executed by Euroclear.

Other

SEB and Swedbank assist Hemfosa with certain administrative services pertaining to the Offer. The fact that SEB and Swedbank are issuer agents does not in itself mean that the bank considers the person who has applied for the Offer (“the acquirer”) as customers of the bank for the placement. The acquirer for the placement is only considered a customer of the banks if the banks have advised the acquirer on the placing or otherwise individually contacted the acquirer about the investment or if the acquirer has registered at the banks’ offices or via the Internet banks. The consequence of the banks not considering the acquirer to be a customer for the investment is that the rules on investor protection stipulated in the Swedish Securities Market Act will not be applied to the investment. This means, inter alia, that neither customer categorisation nor an assessment of appropriateness will be applied to the investment. Accordingly, the acquirers themselves will be responsible for ensuring that they have sufficient experience and knowledge to understand the risks associated with the investment.



Sigurd 5

Västerås

Watercolor on canvas by *Tomas Nanne-Sandberg*

The art of
creating value

Message from the CEO

Nothing is too small, nothing is too difficult. This was our motto when we founded Hemfosa nearly five years ago. In the wake of the financial crisis, scope had arisen in the turbulent market for a dynamic actor that had the knowledge and experience to take advantage of business opportunities. We created a small, efficient organisation with skilled, experienced employees and secured the financing necessary to lay the foundation for a property portfolio that would generate high returns. Thanks to our strength in property management and development, risk analysis and transactions, we have since created a well-balanced property portfolio worth approximately SEK 18.5 billion, including properties owned in joint with a high and stable return.

A STRONG COMBINATION

Hemfosa's business stands stably on two legs: the first is property management and development and the second is property transactions. Through flexible and professional management and development, we ensure a long-term return and a strong cash flow. An important component for this is the property portfolio's clear base theme of community service properties, with publicly financed tenants such as the Police Authority or the National Courts Administration, which provide stability with long-term leases. Within this segment, private ownership remains limited, at the same time that there are few large players and no listed property company with this emphasis.

There is also a growing need for development and modernisation of these property portfolios. In light of this, we believe that there are good opportunities for Hemfosa to grow in the community service property segment in the next few years. We also own office properties in growth municipalities – an area that is also characterised by long-term stable earnings – and in primarily modern logistics properties at attractive logistics hubs throughout Sweden.

CLOSE TO THE MARKET

Within our transaction operations, we generate value by buying or selling the right properties in the right places at the right time. We believe that many deals are yet to be sealed, especially properties in insolvency portfolios and

other complicated property structures. We are specialists in this area, where knowledge, experience and entrepreneurship in the organisation ensure good risk assessment and strong implementation ability. The transaction operations also provides closeness to the market that we benefit from in the development of the remainder of the portfolio. At the same time, the security provided by property management and development creates good conditions for bank financing in connection with acquisitions. In our opinion, this particular business strategy of combining property management and development with transactions is one that entails strong possibilities of generating added value in the future as well.

WE WILL BE WHERE THE BUSINESS IS

While we see a tendency for concentration of categories and geography among other listed players, we ourselves choose to keep an open mind. We want to be involved where interesting business opportunities arise, regardless of type of property or location. Meanwhile, we aim to be flexible and creative in the development of our existing properties. We create opportunities ourselves by offering existing and potential tenants new solutions – renovating, extending and building new properties in cooperation with the major building companies. We believe that the ability to successfully conduct this kind of transactions and projects is becoming increasingly more important.



Jens Engwall,
CEO, Hemfosa

STREAMLINED ORGANISATION AND SHORT DECISION PATHS

Our goal is to generate the industry's highest total return and continue increasing our equity from around SEK 6 billion to SEK 10 billion within five years. We will achieve this by continuing to develop the property portfolio using strong management and carrying out strategic transactions. A listing on the stock exchange opens the doors to more sources of funding and new financial instruments, and conditional upon market conditions remaining favourable, we intend to examine the opportunity to acquire additional expansion capital through, for example, the new issue of preferential shares or the issuance of bonds, in order to finance further expansion. From experience, I know that there is also an advantage in being well known and transparent, not least in the relationships with public-sector tenants.

As we have grown and prepared ourselves for the stock market, we have strengthened the organisation to further raise the level of expertise in all of our business areas. We have refined our property portfolio and corrected neglected maintenance. And we are still a streamlined organisation with short decision paths where every employee is positioned close to the transactions and the

development of the business. With a well-functioning organisation and clear procedures in place, we are well prepared for a new phase in the development of our business.

A STABLE PROPERTY COMPANY ENTERS THE STOCK EXCHANGE

Hemfosa means a lot to me – in many ways. It is the first business I have been involved in creating from the ground up, which was possible thanks to the confidence we have earned in the market over the years. We went to investors with an idea and were given a unique opportunity to realise a dream. Along with such trust comes a responsibility to live up to, and preferably exceed, expectations. Simply put, it is and will continue to be personal for us. Hence the Hemfosa name, borrowed from my home town in Södermanland. It stands for something simple, Swedish and down to earth and something that has been around a while, like us.

After a successful build-up of Hemfosa, I am looking forward to leading Hemfosa in the next phase of new business and new opportunities, as a stable – yet efficient – property company on the stock exchange.

Market overview

The following is a brief introduction to trends in the Swedish economy and an outline of the Swedish property market and the property segments in which Hemfosa is active.

THE SWEDISH PROPERTY MARKET

This section is based on data from Newsec, an advisor in the property sector for investors, property owners and the users of premises. The projections in this section are based on Newsec's best current assessment according to prevailing conditions.

In the market overview, and throughout the Prospectus, Hemfosa makes certain statements regarding its market position. The Company deems these statements to be true and based on market information and industry statistics concerning the market position of the Company and certain competitors. No responsibility is taken by Hemfosa, the Selling Shareholders or the Managers for the accuracy of any such market or industry information in the Prospectus.

The state of the Swedish economy^{1,2)}

Increasing confidence among households and businesses indicates a turnaround in the economy towards the beginning of 2014, when Swedish GDP growth is expected to accelerate and a recovery is expected to begin. GDP is expected to grow by 2.5 per cent in 2014, compared with

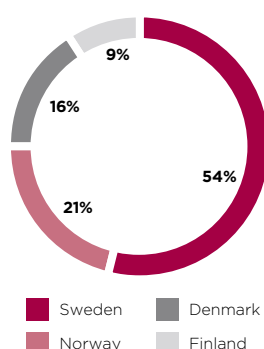
0.7 per cent in 2013. Prospects in the labour market are also somewhat brighter, with lower unemployment, which is expected to decline to 7.7 per cent in 2014, compared with 8.0 per cent in 2013. At the same time the economy is receiving stimulus from tax cuts and low interest rates which are expected to remain in place until 2015.

Swedish households have experienced a stronger recovery than Swedish businesses, which is partly attributable to strong income growth and a high savings rate. According to most indicators, consumption will continue to rise; which is expected to rise by 3.0 per cent in 2014 and by 2.2 per cent in 2015. An improved labour market with lower unemployment, combined with rising housing prices, provides additional evidence of the households' capacity for rapid recovery.

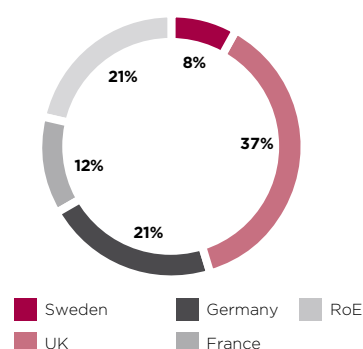
The Swedish property market in brief

The Swedish property market is the largest in the Nordic region, as well as one of the most liquid markets in Europe. The Swedish property market consists of approximately 670 million sqm of residential and commercial

Figures 2 and 3 – Distribution of transaction volume in the Nordic region and Europe in 2013 (based on total transaction value)



Source: Newsec



Source: Newsec

1) Swedish National Institute of Economic Research, December 2013.
2) SEB – Nordic Outlook, November 2013.

properties (excluding single-family dwellings and agricultural properties). Residential properties make up approximately 67 per cent or 453 million sqm of this total area, and commercial properties the remaining 33 per cent or 218 million sqm. The value of the total Swedish property portfolio amount to approximately SEK 4,000 billion, with investors' property portfolios valued at approximately SEK 1,090 billion. The market value of the listed companies' property holdings amount to approximately SEK 272 billion.¹⁾

The largest property owners in Sweden are institutions such as Akademiska Hus, Alecta, SEB Trygg Liv, Skandia and Vasakronan, and property companies such as Castellum, Fabega, Hufvudstaden, Klöver and Kungsholmen.

Interest in investing in the Swedish property market has grown in recent years, thanks to factors including stable macroeconomic trends compared with the rest of Europe. However an increasingly strong currency has had a moderating effect. Investors have been primarily interested in centrally located properties in major cities, a factor that has in turn exerted downward pressure on yield requirements. As a result, the transaction market has gradually expanded over time from primarily encom-

passing Sweden's three largest cities to increasingly including growth municipalities around the country.

Property companies have increasingly turned to alternative financing such as borrowing by issuing bonds or preference shares, even though the Swedish credit market is considered to be relatively liquid in comparison with many European credit markets.

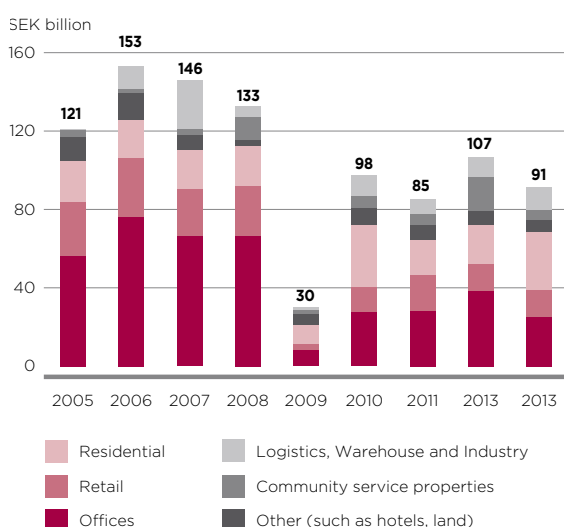
Transaction volume in the Swedish property market

In 2013, the total turnover in the Swedish property market was SEK 91 billion²⁾. The equivalent figure for 2012 was SEK 107 billion, corresponding to a decrease of approximately 14 per cent, driven primarily by fewer number of transactions in the office segment.

Breakdown of transaction volumes by property segment

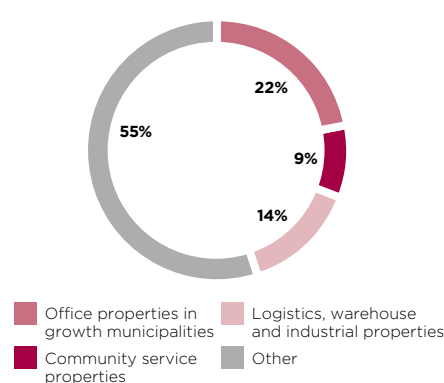
There were 200 property transactions in 2013, of which approximately 14 per cent were logistics, warehouse and industrial properties, nine per cent community service properties and 22 per cent offices properties in growth municipalities, while 55 per cent were other types of properties.

Figure 4 – Total transaction volume in the Swedish property market in BNSEK 2005–2013 by segment



Source: Newsec

Figure 5 – Share of transactions in Sweden in 2013, by property segment



Source: Newsec

1) Source: Newsec and Byggsstatistik, the Swedish Investment Market 2010/2011.

2) Based on transactions exceeding SEK 100 million in value.

Market overview

In the past three years, logistics, warehouse and industrial properties have represented approximately ten per cent of total transaction volumes. Community service properties have accounted for five per cent of total transaction volumes in 2013, while the equivalent figure for 2012 was approximately 16 per cent. Office properties outside Central Business Districts (“CBDs”) and the Stockholm, Gothenburg and Malmö city centres represented approximately 14 per cent of the total transaction volume in 2013 and 18 per cent in 2012.

Geographic distribution of the transaction market

Just above 40 per cent of all completed transactions in 2013 were completed outside Sweden’s three largest cities. The largest buyers were financial institutions and property companies. Examples of completed transactions are Klöver’s acquisition of properties in Linköping, Norrköping, Västerås and Växjö for MSEK 320; Wihlborg’s acquisition of Ikano Properties’ office properties in Lund’s Idéon area for SEK 1.5 billion; SPP’s acquisition of two properties in Uppsala from Skanska for

MSEK 537; and Lerstenen Umestan’s acquisition of Umeå municipality’s business park for MSEK 470. Activity by foreign investors in the Swedish property market has been low during 2013 and 2012.

Total yield on properties

The total yield on properties over time is presented in Figure 6. This is defined as direct yield plus the annual change in value, without taking financing of the assets into account. According to the Swedish Property Index (IPD), the total yield on properties in Sweden was 6.4 per cent in 2012, equivalent to a decline of 3.8 per cent compared with 2011. The decline in the total yield from 2011 to 2012 was due to a weaker increase in value.

Office and residential properties produced the highest yields in 2012 compared with other segments, producing a total yield of approximately 6.6–6.7 per cent. For retail properties, the total yield was approximately 5.9 per cent, while industrial properties (which includes logistics properties) produced a total yield of 4.9 for the whole year of 2012.

Figure 6 – Total percentage yield by property segment



Source: IPD



Abborren 13, Avesta



Hovsjorden 7, Härnösand

COMMUNITY SERVICE PROPERTIES

Figure 7

Hemfosa as per 31 December 2013

Number of properties:	85
Total area (sqm thousands):	632
% of total property value:	47

Hemfosa defines community service properties as “properties with publicly financed tenants, either directly or indirectly, who account for at least 70 per cent of the rental value”. Community service properties are primarily properties where offices, educational activities, health care, retirement homes and the judicial premises are located. Community service properties currently account for approximately 47 per cent of Hemfosa’s property value.

Market dynamics in the community service property segment

Table showing ten major property companies with holdings of community service properties.

Figure 8

<u>Example of companies</u>	<u>Sqm (thousands)</u>
Hemsö	1,600
Rikshem	1,140
Hemfosa	632
Vasakronan	520
Norrporten	440
Lönbacken	220
Diös	150
Roxanne fastighetsfond	120
Castellum	90
Vacse	80

Source: Company websites and The Swedish National Financial Management Authority (Ekonomistyrningsverket)

Community service properties is a relatively new investment segment, which was created when the Swedish government, municipalities and county councils sold off their property assets. The reason for these sales has often been to free up capital for other types of investments in the public sector.

The government, municipalities and county councils are responsible in various ways for operating smoothly running activities that benefit society and its citizens, such as education, healthcare and personal care, as well as the judicial system. The public sector is responsible both for the management and financing of its services, which are largely tax funded. In addition to services that are directly financed by the government, county councils or municipalities, other tenants are privately owned companies that are engaged in public services. These services are also publicly financed, for example through school fees or healthcare charges. Historically, public services have been offered by public-sector staff in properties owned by the government, county councils or municipalities. In recent years, a sharper focus on core activities has resulted in the sale of numerous properties to private investors, such as the Swedish property companies Hemsö, Hemfosa, Lönbacken, Rikshem and Svea-fastigheter.

The largest owners of community service properties are municipalities and county councils. Other companies that are major owners of community service properties are Vasakronan, which leases office space to several public authorities; Norrporten, which is largely composed of properties acquired from Vasakronan; Hemsö,

which focuses on community and residential properties; and Rikshem, which focuses on residential properties. These four companies are all owned by Swedish institutional funds. Several niche players have also entered the market in recent years, including Lönbacken, Offentliga Hus and Vacse, which are owned by pension funds.

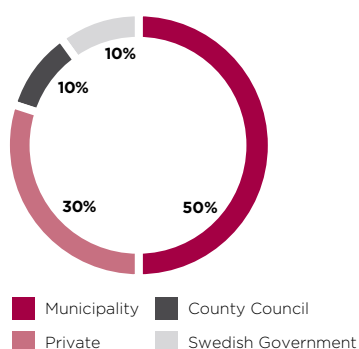
According to a rough estimate made by Fastighetsvärlden, property area in the community service properties segment amounts to approximately 80 million sqm, corresponding to approximately 18 per cent of the property area in Sweden. Private players own approximately 30 per cent of the total area of community service properties in Sweden, while municipalities own nearly 50 per cent and county councils and the Swedish government own just over ten per cent each.

The supply of community service properties is determined primarily by population growth and demographic distribution, but regulations and requirements have some impact on property portfolios, since factors such as changing work-environment requirements can result in building modifications or new builds. New builds of community service properties are primarily driven by variables such as changes to tenants' operational requirements, demographic distribution, the imminent end of the properties' technical life or political decisions.

Rental market for community service properties

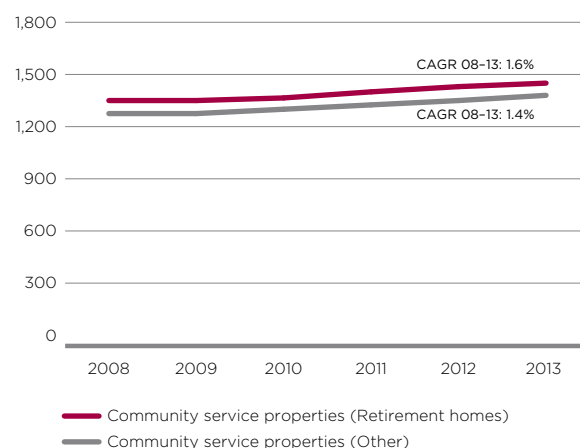
When activities are financed by the government, county councils and municipalities, the tenants of community service properties are extremely creditworthy. This considerably limits the risk of bankruptcy and results in good

Figure 9 - Breakdown by owner category based on total area in the community service properties segment



Source: Newsec

Figure 10 - Rental trends for community service properties in Sweden in SEK/sqm



Source: Newsec



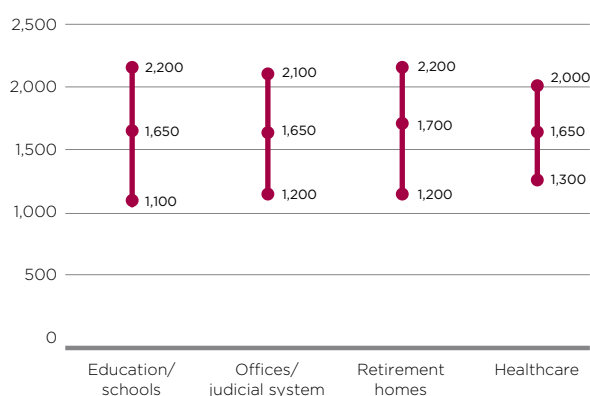
Haren 15,
Luleå

prospects for extending contracts at the end of the lease period. Leases for premises can be signed with durations of up to 25 years for newly built properties. A general lease duration for the segment is between three and 15 years, with standard lease extension terms of three years. Longer-term leases are signed when investments are made in connection with lease extensions, usually between five and 15 years depending on the size of the investment and the extent of tenant-specific modifications. This is significantly longer than other property

segments, where normal durations typically run from three to five years. Alongside highly solid creditworthiness, these long lease terms result in a low rental risk for the property owner relative to other types of tenants. At the same time, long durations make cash flow less dependent on economic conditions and the property less sensitive to geographic location.

The degree of tenant-specific modifications in the various categories of community service properties differs, and construction and operating costs often correlate with these modifications. Accordingly, rent levels are clearly linked to the extent of tenant-specific modifications, although location and alternative uses are important factors as well. Figure 11 shows rental levels for different categories within the community service property segment. The presence of healthcare and retirement homes in modern or rebuilt properties is primarily attributable to two major reforms. The Community Care Reform of 1992 resulted in the institutional approach being abandoned. With private residences as the model, the housing standards of specific forms of accommodation underwent extensive modernisation and expansion. A similar reform was implemented in the field of psychiatry in 1995, as a result of which mental hospitals were replaced by customised living arrangements in more homelike settings such as group homes. Because educational trends have not affected property requirements in the same manner for the school and education sector, schools and educational properties are of a somewhat older standard.

Figure 11 – Rent levels in the community service properties segment by property category (SEK/sqm)¹⁾



1) Newly constructed properties have the highest rent levels.
Source: Newsec

Market overview

Rent levels in the community service properties segment are stable over time and have shown growth over the past five years. In Newsec's opinion, the upward trend in rent levels will continue in future years, with an annual increase of approximately 1.5–2.0 per cent based on general price trends in Sweden.

The vacancy rate in the community service properties segment is low relative to other property segments, a trend that is primarily driven by the relatively high level of tenant-specific modifications. Long-term leases result in low vacancy rates, and often entire properties are rented, which is also beneficial for the vacancy rate. Since the segment is relatively new and largely based on sell-offs, the properties are often fully rented on long-term leases. In the long term, vacancies may occur in this segment, but not in any large numbers since the need for premises in this segment is considered stable going forward. Should vacancies occur because the property no longer satisfies operational requirements or demand, the space will be converted to another purpose.

Transaction market in the community service properties segment

As previously mentioned, the community service properties segment is relatively new in the transaction market and many of the completed transactions have been a combination of different types of community service properties within a single transaction. Properties with retirement homes have seen the highest demand from investors, due to stable demand for healthcare and personal care driven by an aging Swedish population. Retirement homes can also, at a reasonable investment, be converted to another type of housing should the current operation cease, thus contributing to a lower residual value risk and a higher level of alternative usage.

The publicly listed property company Kungsleden was among the first to invest in community service properties, when it acquired a portfolio of retirement homes from JM for approximately SEK 1.1 billion in 2001. The portfolio consisted of 15 properties, containing retirement homes with ten-year leases. Further acquisitions

Figure 12 – Examples of recently completed transactions in Sweden in the community service properties segment

Seller	Buyer	Object	Category	Date	Location	SEK billion	Area, sqm	SEK/sqm
Jernhusen	SL (Storstockholms Lokaltrafik)	1 property	Community service properties	2013-12-10	Älvsjö (Greater Stockholm)	0.50	–	–
Specialfastigheter	The municipality of Örebro	2 properties	Education	2013-12-10	Örebro	0.26	16,600	15,700
Skåne läns landsting	Lönnbacken	27 properties	Care (primary care units)	2013-10-04	27 locations in Skåne	0.37	50,000	7,400
The municipality of Gotland	Hemsö	14 properties	Retirement homes	2013-07-02	Gotland	0.46	35,500	13,000
GE Capital Real Estate and Bricad	Fastpartner	4 properties	Neighbourhood center	2013-05-14	Stockholm (Vallentuna)	0.43	34,100	12,600
Telge Fastigheter	Rikshem	11 properties	Retirement homes	2013-04-09	Södertälje	0.50	27,400	18,200
AXA REIM	VACSE	2 properties	Judicial system	2013-03-06	Kalmar and Västervik	0.40	15,000	26,700
Hemsö	Kungsleden	11 properties	Partial community service properties	2012-12-14	Central Sweden and Gotland	1.55	147,000	10,500
Kungsleden	AP3	50% of Hemsö	Community service properties	2012-12-14	Multiple locations	11.20	831,000	13,500
Brinova ¹⁾	Lönnbacken	6 properties	Nursing homes	2012-11-06	Helsingborg, Torsby, Limhamn, Kristianstad, Stockholm, Löddeköpinge	0.42	17,100	24,600
The municipality of Kalmar	Rikshem	Several properties	Retirement homes, residential	2012-09-25	Kalmar	0.51	64,000	8,000
Kungsleden	Hemsö (Kungsleden and AP3)	39 properties	Retirement homes, healthcare, schools	2012-08-15	Härnösand	0.91	143,000	6,400
Rikshem	Lönnbacken	4 properties	Retirement homes	2012-03-22	Umeå and Trelleborg	0.40	17,800	22,500
Total						17.91	1,398,500	12,800

1) Current Catena.

followed, and Kungsliden placed the community service properties in its subsidiary Hemsö, which became an independent company in 2009 when half of the firm was acquired by the Third Swedish National Pension Fund (AP3). Today AP3 owns 85 per cent of Hemsö since AP3 acquired Kungsliden's share of Hemsö, which was the largest property transaction in the segment in 2012. The remaining part of Hemsö is owned by the publicly listed property company Sagax. Vacse is a new investor in the property market specialising in offices and premises for the judicial system within the community service properties segment. Vacse's acquisitions include properties that house courts and police stations, which were acquired from Skanska for a total of SEK 1.9 billion. Examples of other acquisitions include courthouses in Falun, the property where the Malmö court of appeal is located and police stations in Västervik and Kalmar.

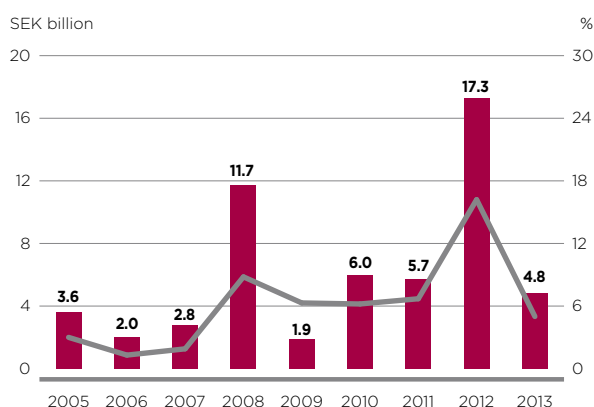
In 2012, Sveafastigheter acquired 75 per cent of the Högkullen Group, which holds healthcare and personal care properties in various locations around Sweden. In 2013, Sveafastigheter acquired educational properties in Kalmar from Akademiska Hus for approximately MSEK 200.

The four major Swedish construction companies JM, NCC, PEAB and Skanska have all developed and sold community service properties to private property owners. Examples of current projects include Diligentia's construction of a retirement home in Malmö and Skanska's construction of a retirement home in Sollen-tuna.

As shown in figure 13, transaction volumes for the segment have risen over the past ten years to approximately five per cent of the total transaction volume, driven primarily by institutional investors' interest in community service properties. This increase has been primarily driven by transactions involving nursing homes and retirement homes, corresponding to 43 per cent of the total transaction volume for 2012 within the segment. Unlike the office segment, where most of the transaction volume consists of properties located in Sweden's three largest cities, the community service properties that were sold are broadly distributed geographically. The sellers are often municipalities and county councils, but construction firms are increasingly represented through the construction of new community service properties. The recognition of this opportunity to free up capital by Sweden's municipalities, combined with institutional investors' interest in the segment, could result in the community service properties' share of transactions continuing to grow in future years.

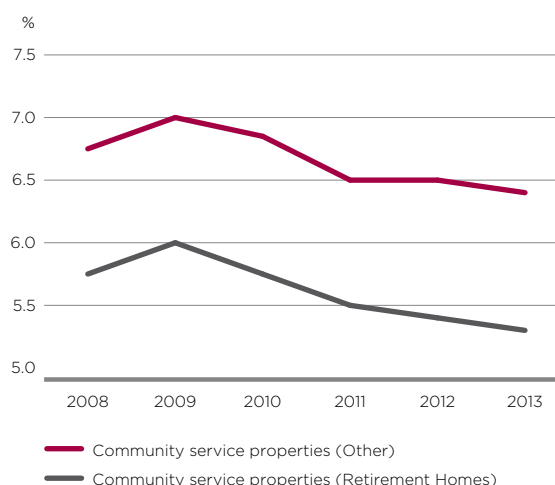
Increased interest in community service properties in recent years has generated higher prices in the segment, thus contributing to declining yield requirements. This is shown in figure 14. However yield levels remain attractive in relation to risk when compared, for example, with other property segments. Yield requirements in this segment are more closely tied to lease lengths than in other property segments. Investors generally expect a lower cost of capital during the term of the lease if the tenant is directly financed from public funds. The extent

Figure 13 - Transaction value for community service properties in SEK billion and their share of transaction volume in Sweden



Source: Newsec

Figure 14 - Yield requirements over time for community service properties in Sweden



Source: Newsec



Sigurd 5,
Västerås

of tenant-specific modifications and the alternative uses for certain property types in the segment result in an increase in the yield requirement compared with purely residential and office properties. Accordingly, the property's location has much less effect on the yield requirement for community service properties than for other segments.

Trends in the community service properties segment

In recent years, government authorities and agencies have become increasingly cost-conscious, which has led them to review all rentals from a cost perspective. For example, several authorities and agencies in Stockholm have announced relocations from the city centre to suburban locations where rent levels are becoming lower. One example of a move from the Stockholm city centre is the Swedish Social Insurance Agency (Försäkringskassan), which relocated operations requiring approximately 25,000 sqm to Telefonplan and Alvik outside Stockholm. The Swedish Tax Authority is relocating its operation which requires 44,000 sqm from Södermalm to Solna Strand. The City of Stockholm's Sport Administration has moved from Kungsholmen to new premises of approximately 2,400 sqm in Älvsjö.

Another example of trends in this segment is the co-location of operations, as exemplified by the Swedish Tax Authority, which is co-locating its Vänersborg and Uddevalla units in premises in Uddevalla.

An increased focus on the cost of public administration premises is creating opportunities for property owners offering efficient properties with attractive locations in inner suburbs to find secure long-term tenants. This will help to boost investor interest in these properties, resulting in declining yields.

In Newsec's assessment, the private share of community service properties will continue to increase. More selloffs by municipalities and county councils driven by their increased need of capital are expected to have a positive effect on the transaction market, thus enabling property owners to capture an ever increasing share of the market going forward. New constructions of community service properties are also contributing to this trend. Examples of new construction trends are Södertälje's new police station, which was sold to the property company Vacse, and Väsby Nya Gymnasium in Upplands Väsby, which was sold to the property company Hemsö.



Gamlestaden
2:5, Göteborg

OFFICE PROPERTIES IN GROWTH MUNICIPALITIES

Figure 15

Hemfosa as per 31 December 2013

Number of properties:	45
Total area (sqm thousands):	431
% of total property value:	29
% of total property value located in growth municipalities excluding Sweden's three largest cities:	12
% of total property value located in Sweden's three largest cities:	17

Office properties in growth municipalities are defined by Hemfosa as "properties targeting office activities located in growth municipalities in Sweden". The term growth municipalities refers to municipalities in Sweden that have shown net population growth over the past five years and where this growth is expected to continue. Office properties in growth municipalities represent approximately 29 per cent of Hemfosa's property value. According to Statistics Sweden's (Statistiska centralbyrån) municipality ranking, based on population growth, there are currently approximately 140 growth municipalities in Sweden.

Market dynamics in the segment office properties in growth municipalities (excluding Sweden's three largest cities)

Table showing ten major property companies with holdings in the segment office properties in growth municipalities outside Sweden's three largest cities.

Figure 16¹⁾

Example of companies	Sqm (thousands)
Diös Fastigheter	935
Castellum	878
Norrporten	872
Klövern	543
Kungsleden	519
Wihlborgs	471
Hemfosa	431
Erik Selin Fastigheter	415
Lundbergsföretagen	335
SveaReal	70

Source: Datscha

1) Refers to holdings of office properties whereof parts are located in growth municipalities outside Sweden's three largest cities.

The property investors in the office segment who are active in growth municipalities are primarily smaller local property companies. Publicly listed property companies such as Castellum, Diös, Klöver and Kungsleden also have a presence in the larger growth municipalities. However, foreign investors and institutional funds account for a low share of ownership. Many local property companies are major investors in certain submarkets, such as Balticgruppen in Umeå, Behrn Fastigheter in Örebro, Husvården in Mölndal, Mannerson Fastighets AB which focuses mainly on Linköping and Henry Ståhl Fastigheter with major holdings in Norrköping. Lilium is an example of a private investor with properties in several regional cities such as Linköping, Sundsvall and Luleå. CA Fastigheter is another example of a property company with properties in central Sweden. Most of the above mentioned property companies are stable family firms that have been in business for generations.

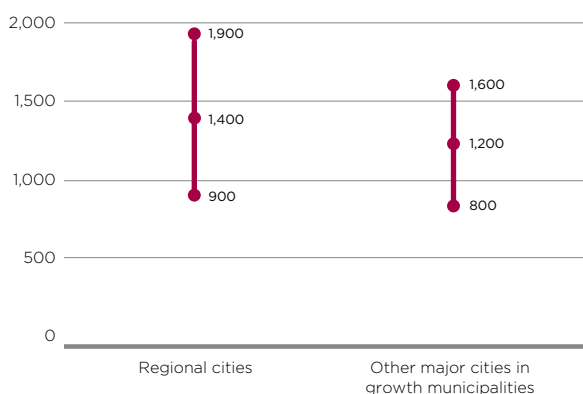
Since the office rental market in these cities is generally strongly dependent on the employment rate, a stable employment trend is the basis for a healthy office rental market. In the growth municipalities, excluding Sweden's three largest cities, tenants are less inclined to move since the supply of premises is usually lower. This contributes to a stable supply and demand situation for office premises, as well as less volatile rent levels over time.

Rental market for office properties in growth municipalities

The office tenants in growth municipalities are primarily services companies and a normal lease term is three years. In the case of major modifications or new constructions, the lease duration is longer, usually between five and ten years. The rent level for office properties in growth municipalities is primarily determined by the property's location, the general market situation and the municipality's business structure. A higher proportion of service companies creates a larger market for office premises, thus constituting a rent driver. Rent levels in the office properties segment, shown in figure 17, range from SEK 900 to 1,900/sqm for premises in regional cities and from SEK 800 to 1,600/sqm for premises in other cities. Figure 18 shows that rent levels for office properties outside the Stockholm area have shown a stable trend with low volatility over time.

The vacancy rate in growth municipalities excluding Sweden's three largest cities is significantly less volatile and is not tied to economic conditions in the same way as office vacancies in Stockholm, Gothenburg and Malmö. In many of Sweden's major cities, office properties in the best geographic locations have a low vacancy rate. The reasons for this situation include limited new constructions of office premises in these locations in recent years. In Greater Stockholm, the vacancy rate in 2013 was approximately ten per cent, in Greater Gothenburg it was just under eight per cent, and in Malmö it was eleven per cent. Office premises in desirable locations in growth municipalities have an average vacancy rate of between seven and 15 per cent.

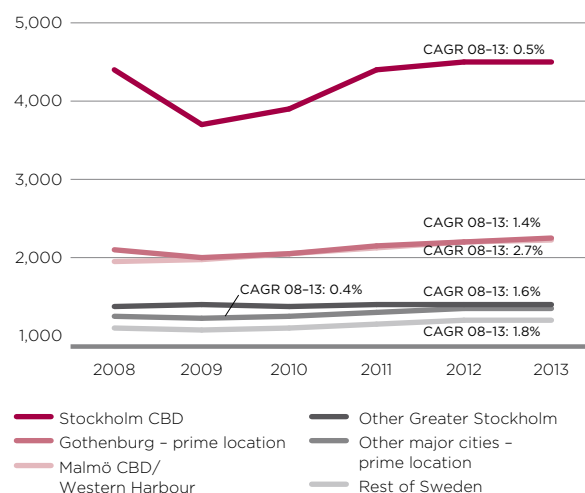
Figure 17 – Rent levels in the office properties segment (SEK/sqm)¹⁾



1) The regional cities are Borås, Gävle, Helsingborg, Jönköping, Karlstad, Linköping, Luleå, Norrköping, Sundsvall, Umeå, Uppsala, Västerås, Växjö and Örebro. Examples of cities in growth municipalities are Östersund, Eskilstuna, Halmstad, Falun/Borlänge, and the municipalities surrounding Stockholm, Gothenburg and Malmö.

Source: Newsec

Figure 18 – Rental trend for office properties in Sweden (SEK/sqm)



Source: Newsec

Transaction market in the segment office properties in growth municipalities

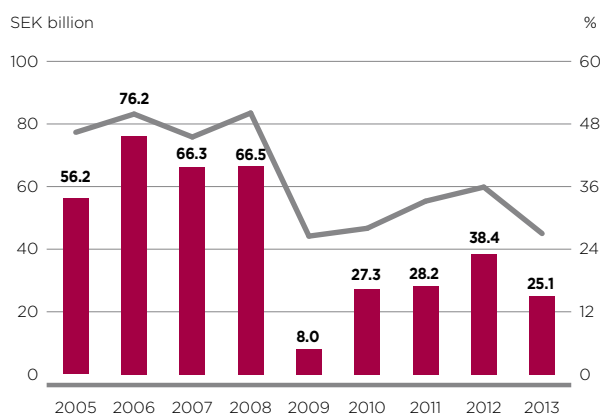
Figure 19 – Examples of completed transactions in Sweden in the segment office properties in growth municipalities

Seller	Buyer	Object	Category	Date	Location	SEK billion	Area, sqm	SEK/sqm
GE Real Estate	Kungsleden	Portfolio	Office etc.	2013-10-01	Entire country	5.50	560,000	9,800
Ikano Fastigheter	Wihlborgs	Ideon-properties	Office	2013-06-18	Lund (Ideon)	1.50	63,100	23,800
Orion	Profi Fastigheter	InfraCity	Office, etc.	2013-03-08	Stockholm (Upplands Väsby)	1.60	189,800	8,400
Fortin Properties (DNB)	SveaReal	5 properties	Office, etc.	2012-12-21	Stockholm (Kista, Kungens Kurva, Bålsta)	2.60	145,000	17,900
Nordicom	Klövern	6 properties	Office and industrial	2012-07-11	Linköping, Norrköping, Västerås and Växjö	0.32	42,900	7,500
Wallenstam	Platzer	6 properties	Office	2012-06-01	Göteborg (Gamlestaden, Mölnlycke, Mölndal)	0.95	67,400	14,100
The municipality of Umeå	Lerstenen Parken	1 property	Business park	2012-06-01	Umeå	0.47	55,000	8,500
Total						12.94	1,123,200	11,500

The publicly listed property companies are the most dominant investors in the transaction market for office properties in growth municipalities. For example, in 2013, FastPartner acquired a property in Karlstad from Property Group for approximately MSEK 200; SPP acquired an office property in Uppsala from Skanska for MSEK 537; and Kjell Ericsson & Partner acquired a property in Västerås from GE Real Estate for approximately MSEK 120.

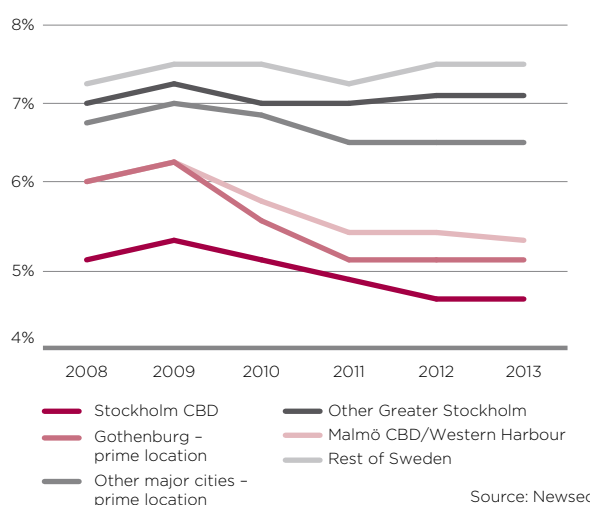
Historically, local investors have been less active in the sale of properties, concentrating instead on growth in their existing property portfolios. There is a willingness to invest in municipalities with stable growth, as reflected in increasing new constructions of office properties. Examples of cities where this is happening are Karlstad, Linköping, Luleå, Norrköping, Uppsala and Växjö.

Figure 20 – Transaction volume for office properties in SEK billion and their share of total transaction volume



Source: Newsec

Figure 21 – Yield requirements for office properties



Source: Newsec



Boken 12,
Eksjö

In 2013, the total transaction volume in the segment of office properties in Sweden totalled approximately SEK 25.1 billion¹⁾. Transactions outside the Greater areas of Stockholm, Gothenburg and Malmö accounted for some SEK 7.5 billion, or just over 30 per cent of the total volume.

Yield requirements in this segment, which are shown in Figure 21, have been less volatile over time compared with other property segments, since rent levels and vacancy rates have been stable. The stable rent levels and vacancy rates are due to the stability of demand for office premises over time, which is based on a stable business sector in these cities.

Trends in the segment office properties in growth municipalities

Recently, tenants have increased their demand in terms of the efficiency and flexibility of premises. Open plan solutions are currently the most typical design of office premises, thus resulting in more rigorous requirements

for premises in connection with efforts to lease older offices in the portfolio. Premises cost per workplace is a key figure that will become just as normal as rent in SEK per sqm when comparing and evaluating different premises. Companies offering rational and modern premises solutions with fewer leased sqm of a higher standard, which results in lower or equal premises costs per employee, can charge a higher rent per sqm.

Demand for environmentally classified buildings is also increasing. Green leases are already being seen in the rental market. A green lease means that both the tenant and the property owner pledge to work actively on sustainability issues such as energy efficiency. This helps to improve profitability, as a reduced use of energy and other resources generates a lower cost level. Green leases can also create goodwill for both parties, through systematic efforts on sustainability issues. This is also a competitive issue for landlords. For example, it is easier to attract tenants who require a sustainable approach from their suppliers.

1) Based on transactions exceeding MSEK 100 in value.



Arendal 1:17,
Göteborg

LOGISTIC PROPERTIES

Figure 22

Hemfosa as per 31 December 2013

Number of properties:	23
Total area (sqm thousands):	407
% of total property value:	16

Hemfosa defines logistics properties primarily as a “property developed with a terminal and/or warehouse building intended for handling goods and distribution to customers”. This property type accounts for approximately 16 per cent of Hemfosa’s property value. Logistics properties are a link in the flow of goods and are primarily divided into three different property types: main warehouses, terminals and depots.

- Main warehouse – Warehousing of goods for distribution to terminals and depots
- Terminal – Transfer warehouse
- Depot – Local warehouse for distribution to the end customer

Market dynamics in the logistics properties segment

Table shows ten major property companies specialising in warehouses and logistics properties.

Figure 23

Example of companies	Sqm (thousands)
Castellum	1,799
Kungsleden	1,102
Sagax	667
Catena	650
Corem	543
SveaReal	529
IKEA Fastigheter	524
Tribona	513
Hemfosa	407
Kilenkrysset	348

Source: Datscha



Hedenstorp 2:1,
Jönköping

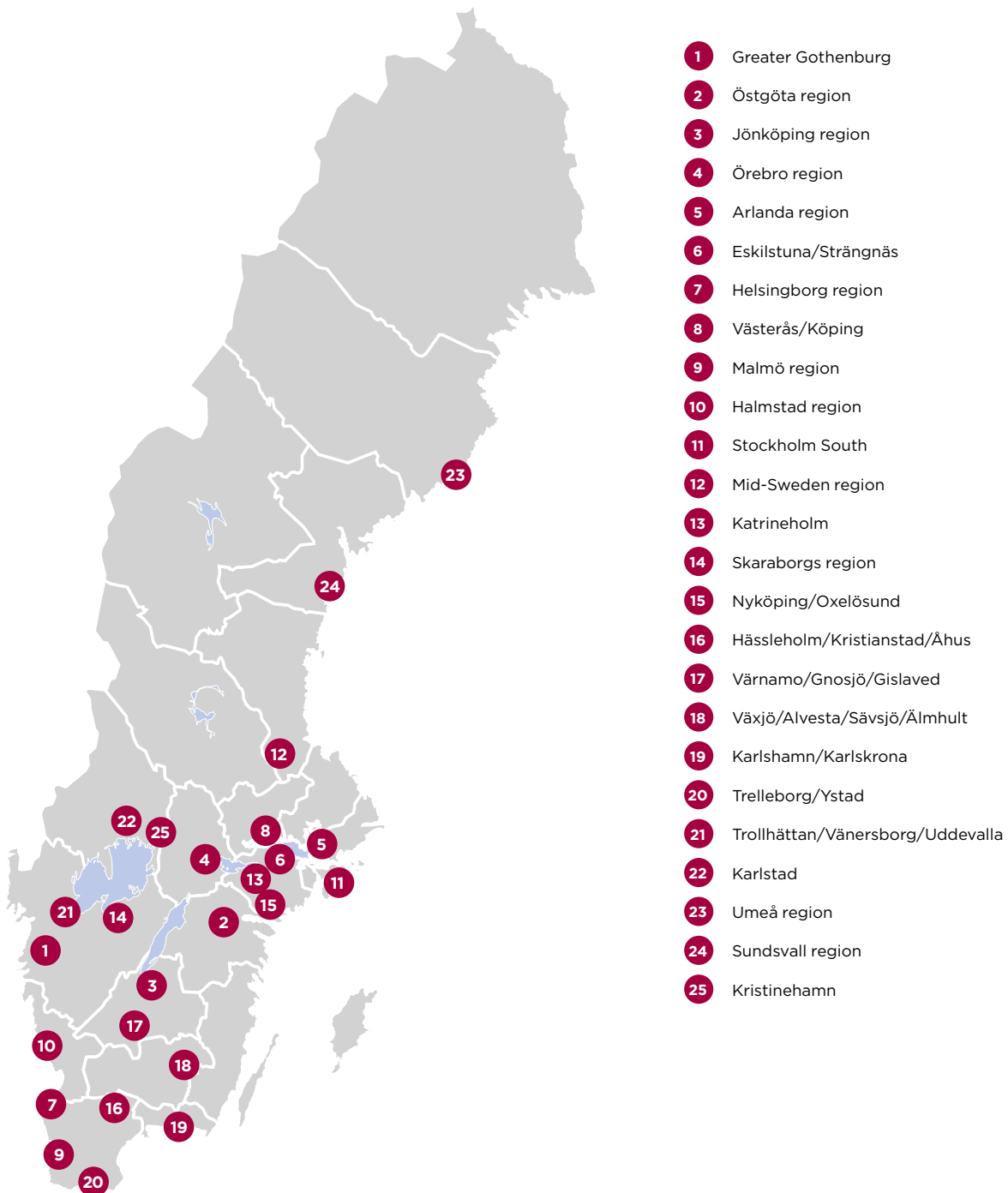
Properties in the logistics properties segment can be divided into two types: modern or older logistics properties¹⁾. Modern logistics properties are optimised for logistics operations and the factors distinguishing them from older logistics properties include high ceilings, pillar systems that do not restrict operations and flexible loading docks and cargo ports where the height can be adjusted to accommodate different types of goods vehicles. Well-conceived waiting areas, parking areas for vehicles around the buildings and a high level of automation are other important parameters for efficient logistics management.

Major commercial owners of logistics properties in Sweden include Catena, Castellum, Kilenkryssset, Nordic Real Estate Partners (NREP), Sagax and Tribona (NLP). Other investors include Estea and Prologis, as well as freight forwarders such as DHL and Schenker, which own their own properties.

The logistics sector is closely bound to private and public consumption, as well as to foreign trade since these factors have a major impact on transport volumes in Sweden. Attractive logistics locations are found in areas located near demographic hubs with good infrastructure and, as a result, logistics properties are typically located together in geographic clusters.

On the next page the 25 largest logistics clusters in Sweden are shown.

1) Logistics properties built since 2000 are classified as modern logistics properties, while other properties are classified as older logistics properties.

25 largest logistics clusters in Sweden ranked by attraction level ¹⁾

Source: Intelligent Logistik

1) Ranking based on six criteria: 1) Geographic position 2) Versatility, accessibility and sustainability 3) Volume of additional logistics space in the past five years 4) Collective range of logistics service, relevant academic education and access to labour 5) Cooperative climate, business climate and networks within the region 6) Price and availability of pre-planned land for new establishments.

Rental market for logistics properties

The leases for logistics properties are generally longer than in the other property segments and are commonly signed with duration of between five to ten years, but longer leases may also occur. The majority of operating and maintenance costs are usually passed on to the tenant through “triple-net” leases. A triple-net lease entails that the landlord has a limited cost responsibility for the property in that the tenant accounts for virtually all operating and maintenance costs for the property and also pays compensation for property tax. In traditional leases on premises, the tenant usually only pays compensation for property tax and heating in addition to the rent, whereby the landlord has higher fixed costs for these leases, but also a higher rent in return. The selection of lease type is controlled by the type of premises and the property’s design. For the letting of entire properties, triple-net leases are the most common while properties with many tenants are let with traditional leases. For the property owner, this means that logistics properties often require lower management investments than other kinds of commercial properties. With one or two tenants per property with a large responsibility for costs, the property owner can also handle more properties and tenants with fewer employees. This is the opposite of residential property management, where the number of tenants per property is large and the landlord bears full operating and maintenance responsibility.

The rent level for logistics properties is primarily determined by the property’s location and functionality and proximity to logistics clusters and transport hubs. The rent levels in the logistics segment, presented in figure 24, are very stable and are mainly found in the interval SEK 400–900/sqm. In the lower section of the interval, there are mainly older logistics properties that are not as efficient as modern properties, as well as properties in inferior locations. The rent level also depends on factors such as geographic position and the supply of land in the local area. As shown in figure 25, the demand for logistics properties has been relatively high in Sweden (particularly in the Stockholm area), which has contributed to higher rents mainly in modern and purpose-built premises. The rent levels in the rest of the country, except for attractive logistics locations, have developed in pace with inflation.

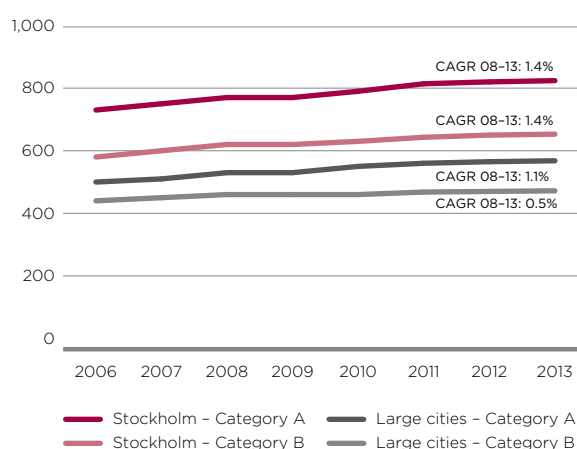
Modern logistics properties generally only have one tenant due to logistics business demanding a high degree of customisation. Compared with other property segments, logistics properties are thereby subject to a higher lease renewal risk, whereby the current tenant has a relatively strong negotiating position in relation to the property owner. To limit this lease renewal risk, property owners typically work in the logistics segment with several logistics properties at the same time and can thereby effectively spread their risk exposure.

Figure 24 – Rent levels in the logistics property segment (SEK/sqm)



Source: Newsec

Figure 25 – Rent trend for logistics properties in Sweden in SEK/sqm¹⁾



Source: Newsec

1) This diagram pertains to warehouse/logistics properties in the size of 5,000–20,000 sqm with 5–10 year leases. The rent does not include heating and property tax. A location Stockholm area: Rosersberg and Arlandastad. B location Stockholm area: Jordbro and Nykvarn. A location Large cities, Gothenburg area: Arendal Backa and Högby/Sisjön. Malmö area: Fosie, Norra Hamnen and Bulltofta. B location Large cities, Gothenburg area: Varberg and Borås. Malmö area: Helsingborg and Lund.

In the most sought after logistics clusters, such as the Gothenburg area and Jönköping, the vacancy rate is approximately 10 per cent on average. For logistics properties located in the less sought after logistics clusters, such as Växjö and Kristinehamn, the vacancy rate is 20 per cent. However, this is an average vacancy rate where some buildings are fully let and others completely vacant.

Newsec estimates that between 100,000 sqm to around 400,000 sqm of logistics area has been added to the market annually since the beginning of the 2000s. The share of the transaction volume¹⁾ accounted for by warehouse and logistics properties was just over ten per cent (SEK 10.7 billion) in 2012 and 13 per cent (SEK 12.0 billion) in 2013.

In 2013, overseas buyers accounted for 14 percent of the total property transaction volume in Sweden. Within the logistics segment, overseas buyers were significantly more dominant and accounted for approximately 23 per cent of the property acquisitions. The investors' yield requirements, which are presented in figure 28, has been relatively stable in the past five years in terms of geographic location.

Trends within the logistics property segment

In the past two decades, the trend in this property segment has shifted towards fewer terminal and warehouse hubs. The hubs used have instead become larger, been streamlined and increased their range of services to increase the efficiency of the logistics companies. As a

Transaction market within the logistics property segment

Figure 26 – Examples of transactions in the logistics property segment

Seller	Buyer	Object	Category	Date	Location	SEK billion	Area, sqm	SEK/sqm
DHL	Tribona	2 properties	Logistics	2013-12-17	Värnamo and Växjö	0.10	17,900	5,600
Axfast	Tribona	1 property	Logistics	2013-12-06	Norrköping	0.17	28,400	6,000
Ellos	Ness, Risan & Partners	1 property	Lager	2013-10-21	Borås	0.58	93,000	6,200
Ness, Risan & Partners	Klövern	4 properties	Logistics / Warehouse	2013-10-03	Halmstad, Kalmar, Västerås, Örebro	0.26	60,100	4,300
Estea (former Svensk Fastighetsfond)	Invesco Real Estate	1 property	Logistics	2013-09-09	Stockholm (Märsta)	0.19	23,500	8,100
Castellum (Eklandia)	City of Gothenburg	Backa 18:7 & Backa 18:10	Warehouse/industry	2013-08-29	Göteborg	0.14	16,900	8,400
NAPF Sweden (Valad)	FastPartner	14 properties	Industry, etc.	2013-07-03	Stockholm, Göteborg, Malmö and Växjö	0.76	112,000	6,800
Systembolaget	Klövern	Jordbromalm 6:3, 6:20 & 6:76	Warehouse/logistics	2013-06-28	Stockholm (Jordbro)	0.22	26,400	8,300
Volvo Car Group	Benders	Multiple properties	Industry	2013-06-13	Uddevalla	0.13	100,000	1,300
GEGAC Viking (GE Real Estate)	Swedavia	50% av Nordic Airport Properties (NAP)	Warehouse/logistics/industry	2013-06-05	Several locations	0.58	90,000	6,500
Tribona (formerly NLP)	Långeberga Logistik (ICA and Alecta)	Kolven 2	Warehouse/logistics	2013-06-05	Helsingborg	0.93	69,800	13,300
Solist	Klövern	Lexby 11:236	Warehouse/logistics	2013-05-15	Göteborg (Partille)	0.13	13,700	9,500
The municipality of Hallsberg and Green Cargo	Brinova ²⁾	Terminalen 1	Warehouse/logistics	2013-04-29	Hallsberg	0.14	25,900	5,400
Estancia	Corem	Fogden 5 and 6	Warehouse/industry	2013-04-11	Halmstad	0.15	30,000	5,000
Stendörren	Mustard Holding	Kungsängen 25:1	Industry	2013-03-12	Uppsala	0.25	13,400	18,700
Total						4.73	721,000	6,600

1) Based on transactions exceeding MSEK 100 in value.

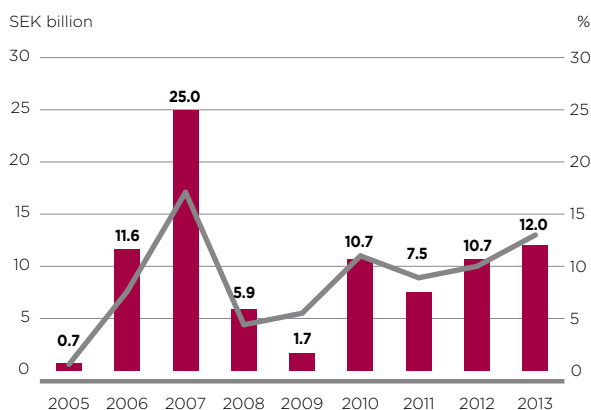
2) Current Catena.

result location is becoming increasingly critical when establishing new properties in this segment (see overview of logistic clusters on page 45). Several municipalities with good logistics conditions have a relatively large amount of land intended or planned for further expansion of logistics operations. Examples are the municipalities of Södertälje and Nykvarn, where a logistics centre is planned for the old military area Almnäs. Landskrona has also increased its capacity and expansion possibilities exist around Landvetter and Mölnlycke Logistics Park as well as in Nyköping Municipality. However, new production is not only resulting from additional logistics space; it is also attributable to relocation as older industrial and logistics areas are converted for other uses such as retail, offices and housing. Development of industrial land for other uses is taking place in cities that are experiencing population and economic growth. This trend could affect property owners positively in that the development of industrial land for other purposes leads to higher land

values/building right values because the rent levels and property prices are higher in the retail, office and housing segments in attractive locations. Examples of areas that have been converted or are under conversion from industrial or business areas are Alderholmen in Gävle where residential properties are being developed and Kungens Kurva in Huddinge where offices and light industry are converted into retail facilities. In Jönköping, planning is under way to convert an area at Munksjön where the Munksjö Mill was once established. Here, 12,000 new homes and 6,000 work-places are planned. Similar development has taken place in the port of Västerås and Västra Hamnen in Malmö.

Newsec assesses that the logistics property segment will develop positively in good logistics locations. Higher transport costs contribute to the geographic location gaining even greater significance in the future. Demand for logistics services and reloading points is also expected to grow due to growing internet shopping.

Figure 27 – Transaction volume for logistics properties in SEK billion and their share of total transaction volume



Source: Newsec

Figure 28 – Yield requirement for logistics properties¹⁾



Source: Newsec

1) This diagram pertains to warehouse/logistics properties in the size of 5,000–20,000 sqm with 5–10 year leases. The rent does not include heating and property tax. A location Stockholm area: Rosersberg and Arlandastad. B location Stockholm area: Jordbro and Nykvarn. A location Large cities, Gothenburg area: Arendal Backa and Högbj/Sisjön, Malmö area: Fosie, Norra Hamnen and Bulltofta. B location Large cities, Gothenburg area: Varberg and Borås, Malmö area: Helsingborg and Lund.

Business description

Hemfosa is a property company with the mission to own, develop and manage properties with a base theme of publicly financed tenants creating long term, high and stable returns. Hemfosa also intends to be active in the market for real estate transactions in order to create additional shareholder value. The Company owns properties in growth municipalities in Sweden. Hemfosa's property portfolio comprises community service properties, office properties in growth municipalities and logistics properties, as well as transaction properties.

BACKGROUND

Hemfosa was founded in June 2009 with the ambition of creating an agile organisation focused on transaction-intensive property operations. The founders identified a space for a dynamic investor in the Swedish property market in light of the turbulence that characterised the market, both domestically and globally.

Hemfosa's expansion has progressed quickly, with a focus on high-yielding properties with stable cash flows in the segments of community service properties, office properties in growth municipalities and logistics properties in Sweden combined with taking advantage of the opportunities that arise in a constantly changing property market. After five years, the Company now owns a property portfolio with a value of approximately SEK 18.5 billion¹⁾.

BUSINESS HISTORY

2009

Hemfosa carried out its first property transactions in August. The first acquisition consisted of three industrial properties, one office property and three warehouse properties in central Sweden totalling approximately 63,000 sqm. During the autumn, most of the properties included in the first acquisition were divested, with one of the warehouse properties remaining in the portfolio.

Several smaller property transactions were carried out in the autumn. Hemfosa acquired its first community service properties including three healthcare and school properties of 4,300 sqm in Gävle.

At the end of its first operational year, the accumulated property portfolio consisted of 13 properties with a total of approximately 26,100 sqm with a market value of approximately MSEK 220.

2010

At the beginning of the year, Hemfosa acquired Landic VI, comprising 44 properties, for approximately MSEK 2,300. The properties are located in Västerås, Uppsala, Sundsvall, Umeå, Luleå and Södertälje.

During the spring, six office properties, one retail property and one school property totalling approximately 56,000 sqm were acquired in Kristianstad. In connection with this, personnel were taken over and Hemfosa established a management office in Kristianstad. In addition, four properties were acquired in Uppsala, including one healthcare property, one school, one warehouse property and one hotel property totalling approximately 51,000 sqm.

In June, Hemfosa and the property company Sagax jointly acquired the private property company DK Properties with properties worth approximately MSEK 3,000, mostly industrial and warehouse properties in the Stockholm area. DK Properties was subsequently renamed Söderport Fastigheter AB, which is currently equally owned by Hemfosa and Sagax through the jointly owned company Söderport Holding AB.

During the year 42 retail and industrial properties totalling approximately 135,000 sqm were acquired in 40 cities throughout Sweden from Lantmännen Fastigheter. In October, nine out of eleven properties valued at approximately MSEK 1,800 were acquired from Landic VII's bankruptcy estate at an executive auction. The properties comprised approximately 152,000 sqm.

During the year, Hemfosa built up a portfolio of logistics properties. A newly built property of approximately 22,000 sqm was acquired in Vaxjö and two logistics properties of approximately 32,000 sqm were acquired in Skåne. In addition, a newly built printing house of approximately 10,000 sqm was acquired in the Gothenburg area.

1) Hemfosa's directly owned property portfolio amounts to approximately SEK 16.3 billion. The Company's share of the property value in joint ventures amounts to approximately SEK 2.2 billion.

Business description

In 2010, the property portfolio grew and by the end of the year comprised 164 properties with an area of approximately 939,000 sqm and a market value of approximately MSEK 7,900.

2011

The year began with the acquisition of Landic VIII, comprising 57 office properties with a total area of approximately 300,000 sqm spread over 42 cities, with the judicial system accounting for nearly half of the tenants and the police authorities as tenants in one third of the premises.

In April 2011, Kefren Properties IX was declared bankrupt. The company's properties were sold at executive auction later in the autumn. Hemfosa was the largest buyer, acquiring 42 properties over widespread cities for a total of approximately MSEK 2,200 at the auction, which lasted for three weeks in October.

During the summer, Hemfosa led a consortium that bought Saab's factory premises in Trollhättan, an approximately 500,000 sqm portfolio. The portfolio of logistics properties was expanded by some 104,000 sqm, with properties in Eskilstuna, Jönköping, Örebro and Vaggeryd. In addition, eleven properties of approximately 21,000 sqm were acquired from Däckia.

In 2011, 14 properties totalling approximately 54,000 sqm were divested. Hemfosa established four management offices in Gothenburg, Karlstad, Västerås and Sundsvall.

At the end of 2011, the value of Hemfosa's property portfolio was approximately MSEK 15,100 and comprised 279 properties with a total area of some 1,808 sqm (thousands).

2012

In terms of acquisitions, 2012 was a less intensive year. During the year, possession was taken of two newly built logistics properties, one in Landskrona and one in Gothenburg, with a total area of approximately 74,000 sqm. In addition, an approximately 7,000 sqm property was acquired in Karlstad.

In March, 43 industrial and retail properties with an area of approximately 90,000 sqm were divested from the portfolio acquired from Däckia and Lantmännen Fastigheter. The ownership in the Saab factory and parts of the Landic VIII portfolio were also divested during the year.

Late in the year, Söderport acquired Svensk Bilprovning's 142 operating properties throughout Sweden, comprising approximately 123,000 sqm of lettable area and some 1,422,000 sqm of land.

At the end of 2012, the value of Hemfosa's property portfolio was approximately MSEK 16,000 and comprised 204 properties with a total area of approximately 1,721 sqm (thousands).

2013

During the year, half-owned Söderport divested 132 of the Bilprovning properties that had been acquired the year before and Hemfosa sold eight properties of approximately 27,000 sqm. In addition, a logistics property of approximately 17,000 sqm was acquired in Trollhättan.

In December, Hemfosa acquired a property portfolio of 28 commercial properties comprising of approximately 142,000 sqm at a value of approximately MSEK 1,300. The acquisition was carried out together with Crown Nordic Management as a joint venture, Hemfosa Kronfastigheter Holding AB, where the parties each own 50 per cent. The property portfolio is located in growth municipalities in southern and central Sweden. Otherwise, the year was mainly characterised by smaller transactions.

The process of investigating the conditions for a stock exchange listing of Hemfosa's shares on NASDAQ OMX Stockholm was begun.

At the end of 2013, the value of Hemfosa's property portfolio, excluding holdings in joint ventures, was approximately MSEK 16,300 and comprised of 195 properties with a total area of approximately 1,710 sqm (thousands).

OPERATIONS

Business concept

Hemfosa shall own, develop and manage properties with a base theme of publicly financed tenants, creating long-term, high and stable returns. Hemfosa also intends to be active in the market for real estate transactions in order to create additional shareholder value.

Objectives and strategies

General objective

- Hemfosa's general objective is to generate the highest total return among listed Swedish property companies over a five year period.

Growth target

- Hemfosa shall increase its equity to MSEK 10,000 over a five-year period.

Financial targets

- In the long term, the equity ratio shall amount to at least 30 per cent.
- In the long term, the interest-coverage ratio shall amount to at least 1.5 times.

Dividend policy

- In the long term, dividends shall amount to 60 per cent of profit for calculating dividends. Profit for calculating dividends is defined as profit from property management less taxes paid and share of profit of joint ventures.

Strategy

With the aim of achieving the above goals, Hemfosa shall:

- Create high and stable growth with strong cash flow by:
 - developing and refining the existing property portfolio
 - establishing and retaining long-term tenant relationships through market-oriented and professional property management
- Be active in the transaction market with the aim of:
 - generating growth
 - maximising risk adjusted return, and
 - generating transaction profits

Management and development of the property portfolio

Hemfosa shall establish long-term tenant relationships through effective and market-oriented property management. The Company is a responsible landlord that offers its customers good service and high quality in terms of property management. For Hemfosa, this means being accessible, providing service at the agreed time and ensuring quality of care and maintenance. The tenants should be satisfied and feel secure in their operations in Hemfosa's premises, regardless of type of property, location or use.

Hemfosa creates effective and creative solutions to meet the tenants' changing needs over time. This occurs for example through offers of moving to different premises in the property portfolio, through an adapted renovation or extension or by building new premises on land adjacent to the property.

Hemfosa's management is focused on developing the existing property portfolio through active management with a focus on letting vacant premises and actively renegotiating existing agreements. The goal of the property

management organisation is to maintain a high level of service, identify effective solutions for premises and technical solutions that benefit the property's net operating income and environment, while simultaneously resulting in satisfied customers. In its management, Hemfosa works with well-defined areas of responsibility, clear targets and formulated earnings requirements.

Transaction operation

Hemfosa continuously evaluates and restructures its existing property portfolio through acquisitions and divestments aimed at enhancing the composition of the property portfolio with respect to geography and property category, as well as risk and yield levels. In this effort, Hemfosa's overall objective is to increase the Company's property portfolio, primarily within the community service property segment.

Hemfosa's transaction operation follows an established work model aimed at implementing property transactions in a business-like and efficient manner. This department has considerable expertise, a wide contact network, as well as resources to facilitate rapid action and thus capture business opportunities that arise in an ever changing property market.

Hemfosa's transaction operation focuses on detecting, evaluating and managing risks and opportunities in transaction processes and each individual acquisition is analysed based on its unique characteristics. The focus lies in the acquisition of high-yielding properties, with stable cash flows within prioritised categories.

Divestments are evaluated based on Hemfosa's business concept and objectives, whereby properties that generate a yield that does not meet the Company's objectives and are also deemed to continue doing so in the long-term, should be divested. The same assessment can be made of properties that do not fit in terms of geography and category. A number of these properties originated from acquisitions of a larger property portfolio and can be sold in their entirety or in sub portfolios. The properties in the portfolio that do not fit into any of the segments, community service properties, office properties in growth municipalities or logistics properties, are categorised as transaction properties.

Hemfosa are constantly evaluating property transaction opportunities and are currently in discussions regarding acquisitions both within Hemfosa and joint venture companies which may or may not materialize in the near future

Sustainability effort

Hemfosa intends to be a responsible social investor and landlord that complies with the Swedish guidelines for good corporate governance and the demands placed on a modern property owner. Tenants must feel comfortable and secure when conducting their operations in Hemfosa's premises, regardless of the type of property, location or application, which also applies to Company employees.

Environmental efforts play a key role in Hemfosa's property management and transaction operations, with a focus on sustainability and a long-term approach. This involves identifying and evaluating the environmental risks associated with property acquisitions and also managing the environmental liabilities in the existing property portfolio.

In other words, these actions contribute to a better environment for both tenants and society at large, while increasing the value of Hemfosa's properties. At the same time as harmful environmental impact from the operations is reduced at the rate and extent required, Hemfosa has to live up to demands for quality and competitiveness. The prerequisites for success are excellent knowledge and commitment from employees, combined with an ambition to continuously accumulate knowledge within the environmental area.

Hemfosa's environmental policy

To be successful in environmental and sustainability efforts, Hemfosa must:

- Focus actively on the energy efficiency of its buildings and premises.
- Be aware of the environmental risks and environmental liabilities associated with the properties and, when actions are required, draw up long-term sustainable solutions.
- Work with our tenants to achieve a healthy indoor environment.
- Engage in environmentally compatible conversions and new builds.
- Subject suppliers to environmental and sustainability requirements.
- Raise the employees' level of expertise and awareness about the environment and sustainability.

Environmental work in the operations

Hemfosa impacts the environment through its operations, in part in the form of energy consumption, waste generation and the use of materials. Reducing the use of energy in the properties is a prioritised area. Hemfosa continuously takes actions to reduce electricity con-

sumption in the existing property portfolio. Examples of the actions taken by Hemfosa to reduce electricity consumption include an overhaul of operating times for ventilation and a switch to more energy-efficient heating systems. Energy analyses in connection with project development are another example of how Hemfosa actively conducts energy-saving measures. The transaction operation includes a developed acquisition and sales process in which the environmental aspect is an important component.

In connection with the acquisition of properties, environmental analyses of both land and buildings are performed to identify potential environmental risks and to assess the measures that could be required to reduce the environmental impact. A number of Hemfosa's properties are currently environmentally certified according to Green Building, an EU initiative for reduced energy consumption. Hemfosa's goal for 2014 is to Green Building certify at least a further three properties. One property in the portfolio is also environmentally certified according to the international environmental certification system BREEAM.

Organisation and employees

Hemfosa is characterised by a decentralised organisation, which creates conditions for good service and proximity to the Company's customers. The Company's operating structure consists of the group management, property management and corporate functions, as described below:

Group management

Hemfosa's group management has extensive knowledge of the property market and long experience of successfully carrying out property transactions. It consists of the following seven members: CEO, CFO, COO, Head of Property Management, Head of Analysis and Transactions, Head of Legal and Financing, and Head of Business Development.

The group management has the overall responsibility for strategy issues, business development, investments and divestments, the control of earnings development and personnel and IR matters. For more information on group management, refer to the section "Corporate governance".

Corporate functions

Hemfosa's Corporate functions are Marketing/Communication, Analysis and Transactions, Property Management, Business Development, Accounting and Reporting and Legal and Financing.

Property management

The Company's property portfolio is divided into five regions. Each region is led by a regional manager who has the operating responsibility for the properties in the region. Hemfosa currently has its own property managers in every region.

Employees

Hemfosa offers a creative and stimulating environment with a focus on participation and personal development. The Company has a flat organisation with an emphasis on short decision paths and decentralised responsibility.

As per 31 December 2013, Hemfosa had 32 employees, of whom 17 are located at Hemfosa's head office in Nacka, five in Kristianstad, three each in Gothenburg, Sundsvall and Västerås and one in Karlstad. In order to create an agile organisation which can adapt to Hemfosa's development, Hemfosa has chosen to keep the most critical functions in-house and outsource standardised functions to well-known suppliers of services.

Of the total number of employees, 17 were women and 15 men. The average age of the employees was 44 years.

Figure 29 – Average number of employees

	2013	2012	2011
Total	32	27	23

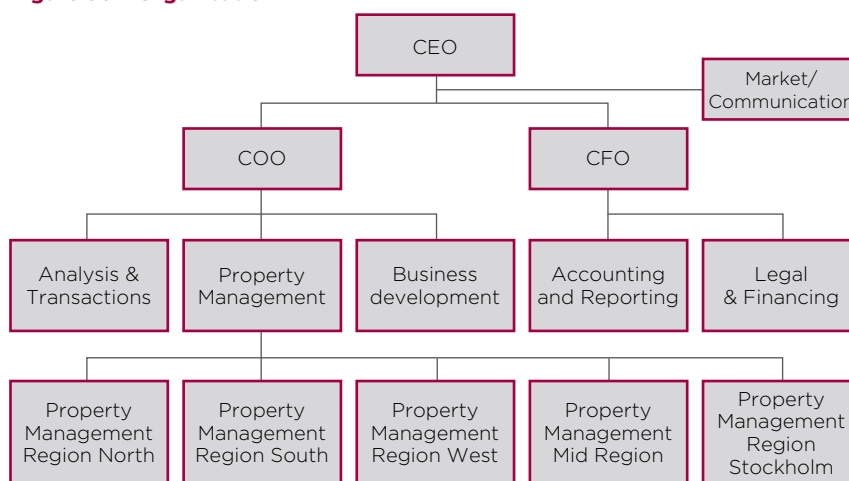
Work environment

Hemfosa's personnel turnover and sick leave is low, supported by a good working environment, stimulating assignments and the possibility of personal development. In 2013, no employee chose to end their employment. The Company had no long-term absence comprising 60 sick days or more.

Level of education

As per 31 December 2013, 53 per cent of the employees had completed some form of university education.

Figure 30 – Organisation



Property portfolio

This entire section pertains to Hemfosa's property portfolio as per 31 December 2013 and all financial information are based on Hemfosa's current earnings capacity on the same date (refer to the section "Current earnings capacity" on page 90). As per 31 December 2013, Hemfosa also had four joint ventures (refer to the section "Joint ventures" on page 83), which have not been consolidated but are included in the item "Investments in joint ventures".

Hemfosa's property portfolio comprises the segments: community service properties, office properties in growth municipalities, logistics properties and transaction properties. Community service properties are defined as properties with publicly financed tenants, either directly or indirectly, who account for at least 70 per cent of the rental value. Office properties in growth municipalities are primarily defined as centrally located office properties in growth municipalities. Logistics properties are primarily defined as modern logistics properties located in attractive logistics hubs. The transaction property segment includes properties from the other segments that are not deemed suitable for generating a long-term, acceptable, risk-adjusted yield, and odd properties in terms of geography and category.

As per 31 December 2013, Hemfosa's property portfolio comprised a total of 195 properties. The total property value amounted to MSEK 16,284 and the lettable area was 1,713 thousand sqm. As per 31 December 2013, the total rental value of the property portfolio was MSEK 1,754, of which the estimated value of vacant premises accounted for MSEK 193, corresponding to a economic occupancy rate of 89 per cent. The occupancy rate measured in terms of area was 86 per cent on the same date.

As per 31 December 2013, Hemfosa had four joint ventures: Söderport Holding AB, Hemfosa Kronfastigheter Holding AB, Gästgivaregatan Holding AB and Culmen Strängnäs AB. As per 31 December 2013, Hemfosa's property-owning joint ventures owned a total of 75 properties with recognised property value for Hemfosa totalling approximately SEK 2.2 billion. Refer to the section "Joint ventures" on page 83 for further information.

Figure 31 - Property value by segment

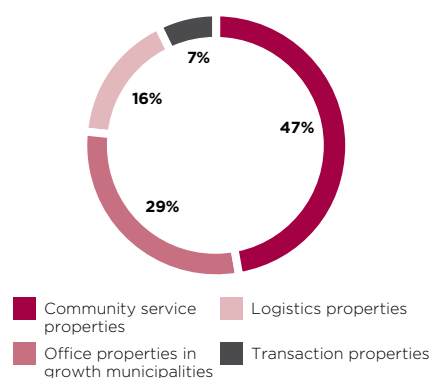
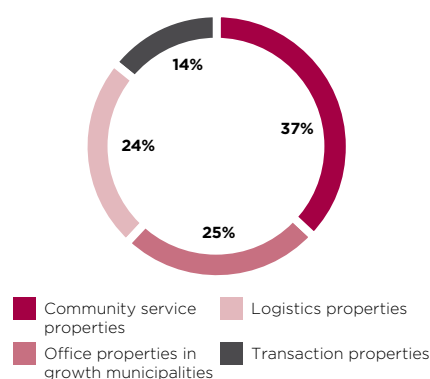


Figure 32 - Lettable area by segment



The geographic focus of Hemfosa's property portfolio is southern and central Sweden. Metropolitan regions such as Stockholm and Gothenburg account for approximately 47 per cent of the total property value.

The property portfolio is dominated by office properties and largely lacks elements of retail and residential properties. Within the community service properties segment, the property categories including education, health and care, as well as judicial are key to Hemfosa.

Hemfosa intends to expand over time within the community service properties segment, partly because the stable cash flows and longer leases that generally characterise the properties within this segment are appealing to Hemfosa. Hemfosa is convinced that active participation in the transaction market will provide the Company with better potential to succeed with this objective, since Hemfosa is able to acquire larger portfolios of which community service properties constitute a significant part.

Figure 33 – Breakdown of property portfolio by segment as per 31 December 2013

	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value %
Community service properties	85	632	63	840	92	771	7,679	47
Office properties in growth municipalities	45	431	99	513	84	429	4,708	29
Logistics properties	23	407	24	235	94	221	2,677	16
Transaction properties	42	243	46	166	84	140	1,221	7
Total	195	1,713	233	1,754	89	1,561	16,284	100

Figure 34 – Breakdown of property portfolio by geographic area as per 31 December 2013

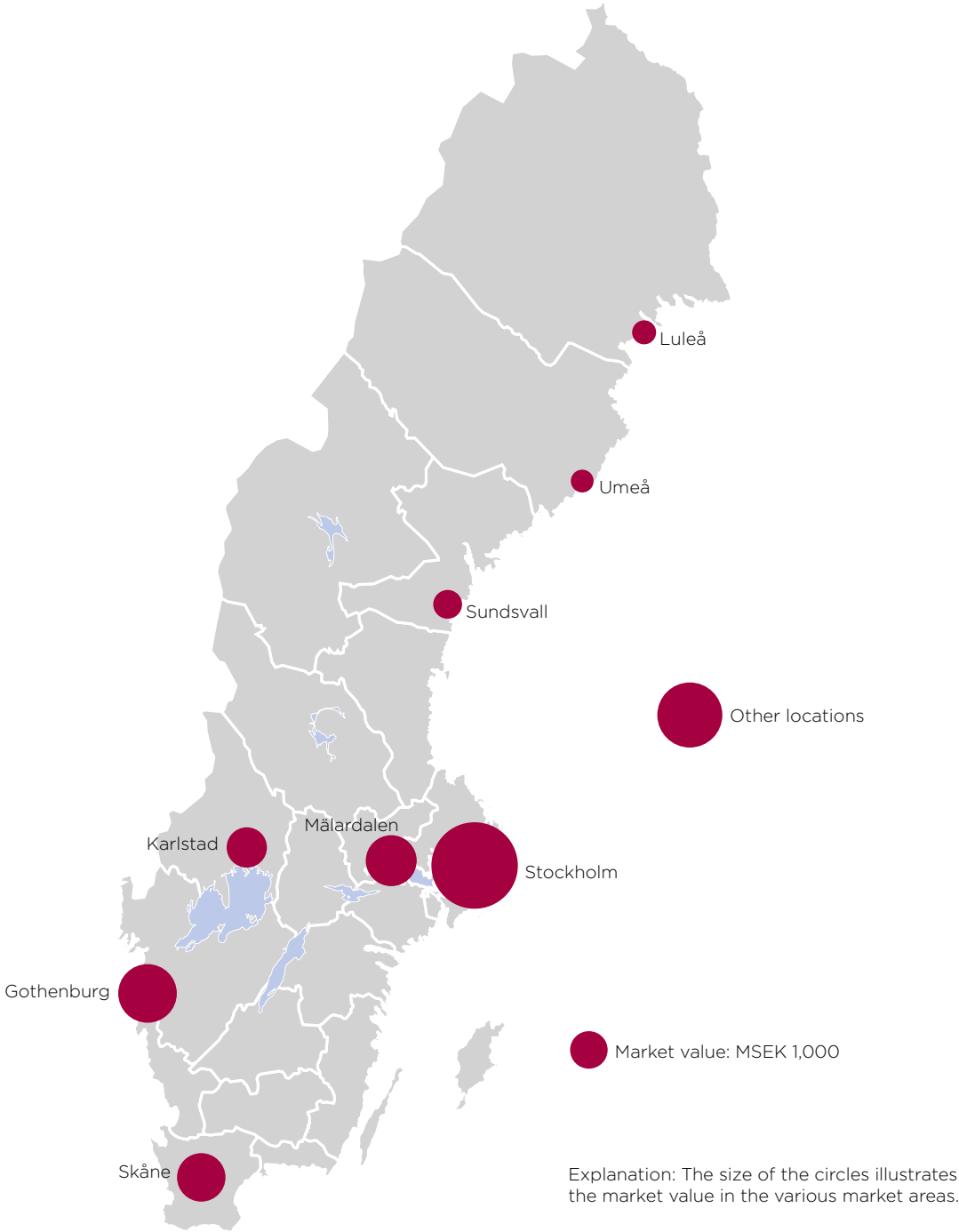
	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value %
Stockholm	37	411	70	561	86	483	5,220	32
Gothenburg	29	290	53	271	88	238	2,385	15
Mälardalen	22	208	16	178	93	166	1,834	11
Skåne	19	186	28	157	85	133	1,548	10
Karlstad	6	82	8	115	90	104	1,130	7
Sundsvall	8	47	6	55	91	50	572	4
Luleå	5	35	3	42	96	41	395	2
Umeå	4	35	10	33	78	25	351	2
Other	65	420	40	343	94	321	2,850	17
Total	195	1,713	233	1,754	89	1,561	16,284	100

Figure 35 – Breakdown of property portfolio by property category as per 31 December 2013

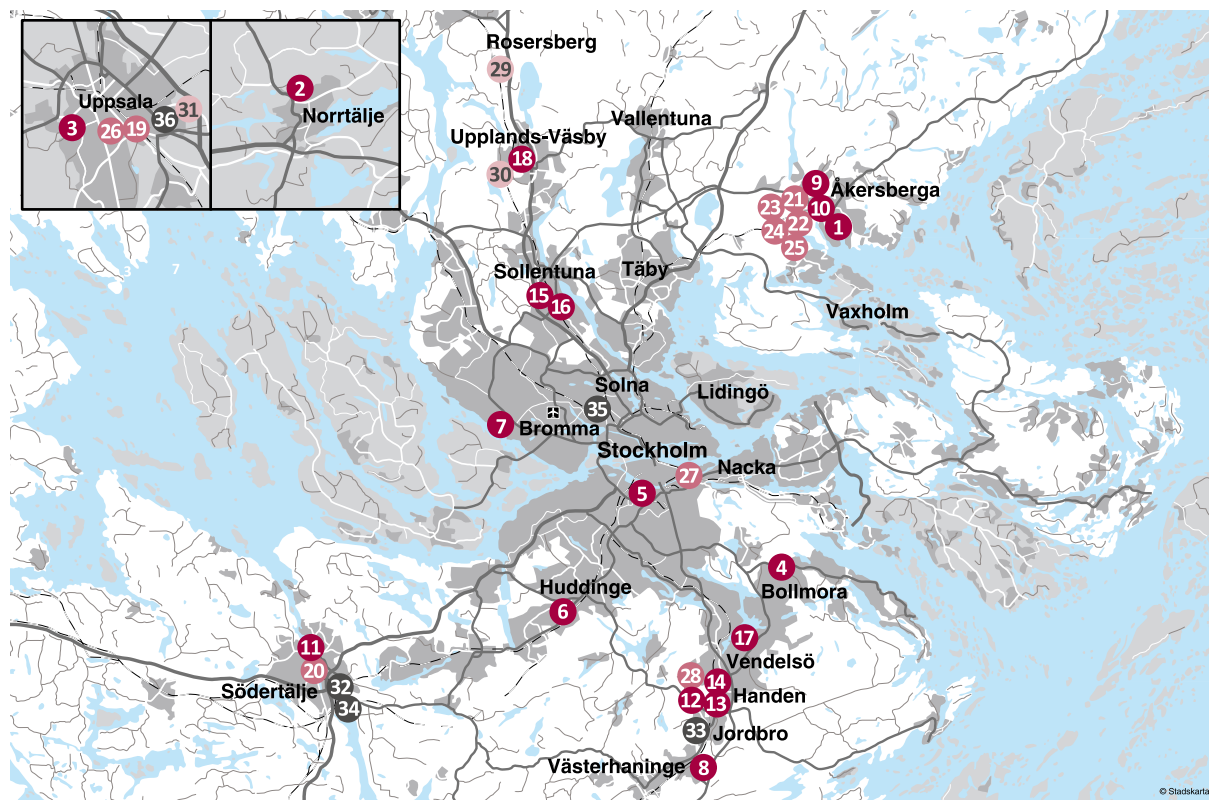
	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value %
Offices	87	829	141	1,029	88	907	9,305	57
Logistics, warehouse and industrial	39	540	55	307	90	276	3,152	19
Judicial	27	174	20	196	93	182	1,591	10
Education, health and care	19	108	11	157	90	142	1,545	9
Retail	12	43	4	33	90	30	315	2
Other	11	19	2	32	75	24	377	2
Total	195	1,713	233	1,754	89	1,561	16,284	100

Property portfolio

Hemfosa's property portfolio based on market value



STOCKHOLM



No.	Property	Address	Location
1	Berga 6:489	Luffarbacken 3-5	Åkersberga
2	Biotiten 1	Baldersgatan 45	Norrtälje
3	Flogsta 47:1	Ekeby Bruk 35	Uppsala
4	Forellen 19	Bollnäs Torg 1-3 etc.	Tyresö
5	Görväln 1	Bränningevägen 2	Årsta
6	Medicinaren 19	Blickagången 6	Huddinge
7	Norrmannen 11	Vinjegatan 8-14	Bromma
8	Ribby 1:478	Ribby allé 1	Västerhaninge
9	Runö 7:162	Näsvägen 15	Åkersberga
10	Runö 7:163	Näsvägen 17	Åkersberga
11	Solen 7	Storgatan 17	Södertälje
12	Söderbymalm 3:481	Marinens Väg 30	Handen
13	Söderbymalm 3:482	Marinens väg 30	Handen
14	Söderbymalm 3:486	Rudsjöterrassen 2	Handen
15	Tackan 9	Turebergs Allé 1	Sollentuna
16	Transporten 2	Tingsvägen 7	Sollentuna
17	Vendelsö 3:1986	Norrbysvägen 104	Vendelsö
18	Vilunda 6:59	Drabantvägen 11, Dragonvägen 86-90	Upplands Väsby

No.	Property	Address	Location
19	Boländerna 10:1	Säbygatan 5, Östunagatan 2	Uppsala
20	Enen 8	Nygatan 5	Södertälje
21	Husby 4:23	Företagsallén 1	Åkersberga
22	Husby 4:25	Företagsallén 4	Åkersberga
23	Husby 4:27	Företagsallén 10	Åkersberga
24	Husby 4:28	Företagsallén 8	Åkersberga
25	Husby 4:32	Företagsallén 12	Åkersberga
26	Kungsängen 15:1	Islandsgatan 2, Strandbodgatan 1	Uppsala
27	Sicklaön 358:1	Hästholsvägen 26	Nacka
28	Söderbymalm 3:462	Rudsjöterrassen 1, 3, 5, 7	Handen
29	Rosersberg 11:37	Tallbacksgatan 13	Rosersberg
30	Törnby 2:2	Jupitervägen 10	Upplands Väsby
31	Årsta 64:2	Rapsgratan 8	Uppsala
32	Isbrytaren 1	Hansavägen 8	Södertälje
33	Jordbromalm 6:11	Rörvägen 10	Jordbro
34	Kryssaren 8	Hansavägen 7	Södertälje
35	Puman 5	Bangatan 13-19, Järnvägsgratan 4	Solna
36	Årsta 68:4	Fyrilundsgatan 81	Uppsala

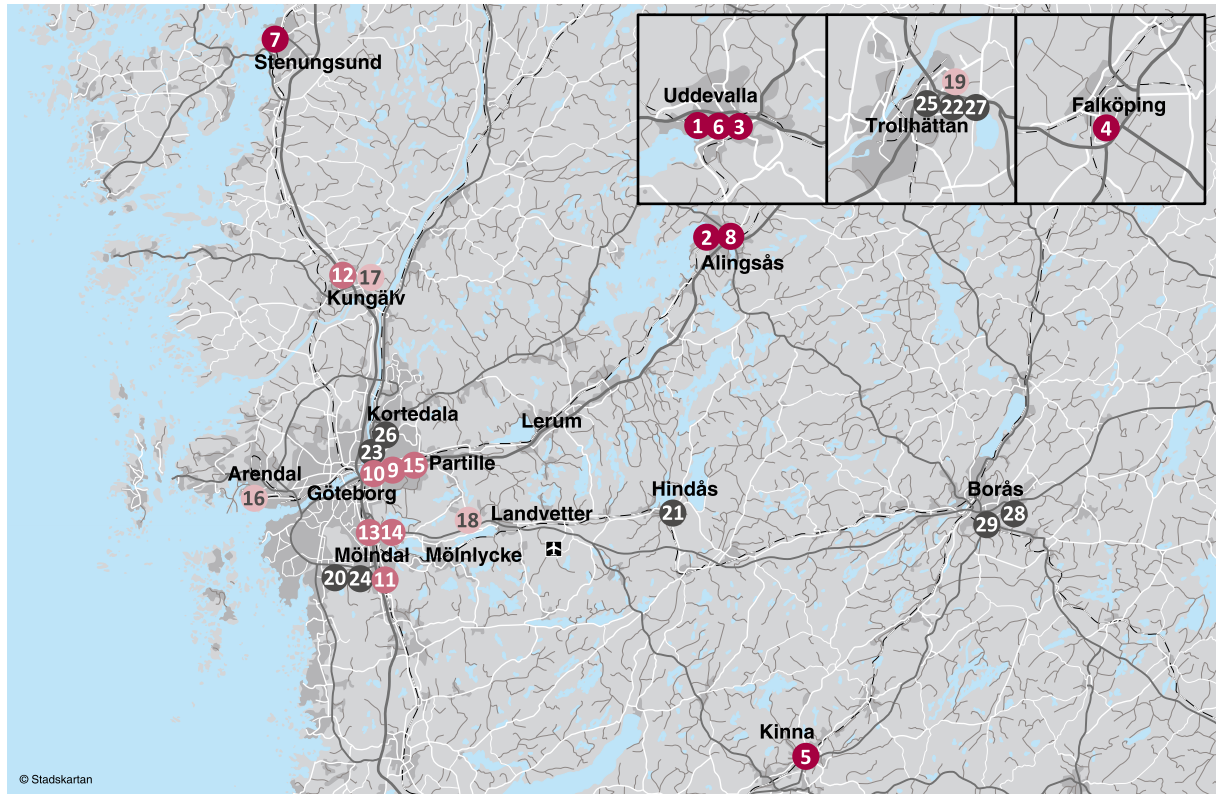
Community service properties

Office properties in growth municipalities

Logistics properties

Transaction properties

GOTHENBURG



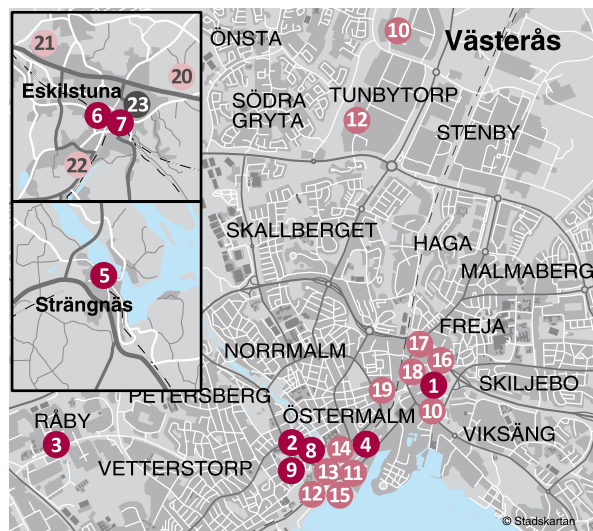
No.	Property	Address	Location
1	Bastionen 28	Bastiongatan 40	Uddevalla
2	Hoppet 6	Kungsgatan 5, Norra Strömgatan 8-10, Västra Ringgatan 12	Alingsås
3	Hvitfeldt 22	Bagges Gränd 1	Uddevalla
4	Länsmannen 1	Trädgårdsgatan 41	Falköping
5	Mekanikern 1	Boråsvägen 50	Kinna
6	Solbacken 10	Silentzvägen 6	Uddevalla
7	Stenung 3:84, 106:7	Kyrkvägen 1	Stenungsund
8	Tigern 4	Gustav Adolfsgatan 5, Oscarsgatan 6, Södra Ringgatan 23	Alingsås
9	Gamlestaden 2:5	Rullaregatan 18	Gothenburg
10	Gamlestaden 2:8	Hornsgatan 1	Gothenburg
11	Gastuben 4	Argongatan 2c	Mölnadal
12	Skruben 3	Bultgatan 40a	Kungälv
13	Snödroppen 2	Flöjelbergsgatan 1	Mölnadal

No.	Property	Address	Location
14	Tulpanen 3	Bergfotsgatan 2	Mölnadal
15	Ugglum 1:76	Gothenburgsvägen 88	Sävedalen
16	Arendal 1:17	Synnerödsvägen 2	Gothenburg
17	Försäljaren 9	Filaregatan 19b	Kungälv
18	Hålsås 1:18	Kurirvägen 1	Landvetter
19	Tunnan 1	Turbovägen 11	Trollhättan
20	Anisen 2	Johannefredsgatan 9	Mölnadal
21	Baggatomten 6:1	Hotellvägen 1	Hindås
22	Drivhjulet 3	Kardavägen 65	Trollhättan
23	Gamlestaden 3:5 ¹⁾	Treriksgatan 2	Gothenburg
24	Gasmätaren 2	Argongatan 11	Mölnadal
25	Hjulet 6	Kardavägen 12b	Trollhättan
26	Kortedala 36:23	Dagjämningssgatan 2	Gothenburg
27	Kuggghjulet 2	Kardavägen 66	Trollhättan
28	Sexdalern 1	Trandaredsgatan 200	Borås
29	Åkermynatan 5	Rosendalsgatan 2	Borås

1) The property have been sold, with completion on 30 January, 2014.

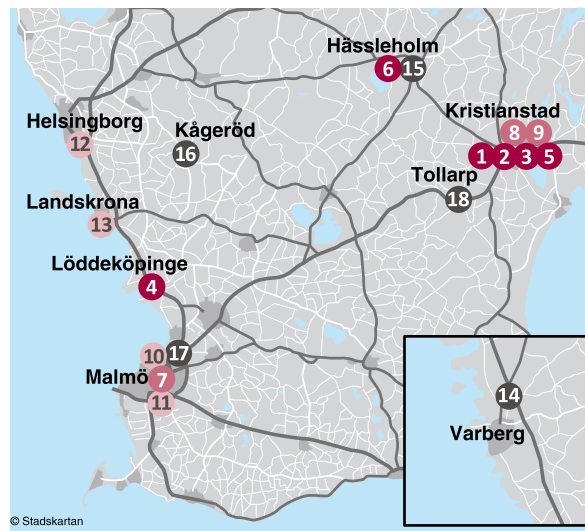
Community service properties Office properties in growth municipalities Logistics properties Transaction properties

MÄLARDALEN



No.	Property	Address	Location
1	Kungsängen 12	Pilgatan 8 E	Västerås
2	Lea 15	Stora gatan 58	Västerås
3	Rosenfinken 2	Lövhagsgatan 2	Västerås
4	Samuel 2	Sigurdsgatan 22, 24	Västerås
5	Seminariet 6	Seminarievägen 10a	Strängnäs
6	Viljan 2	Careligatan 8	Eskilstuna
7	Vipan 14	Nygatan 4, Kyrkogatan 10	Eskilstuna
8	Västerås 1:199	No address (Land)	Västerås
9	Slottsträdgården 2	Slottsstigen 2, Västra Ringvägen 1	Västerås
10	Gaslyset 2	Lysgränd 1	Västerås
11	Samuel 1	Sigurdsgatan 2	Västerås
12	Sigurd 5	Sigurdsgatan 21	Västerås
13	Sigurd 6	Sigurdsgatan 21	Västerås
14	Sigvald 5	Sigurdsgatan 21	Västerås
15	Sigvald 6	Sigurdsgatan 7	Västerås
16	Sågen 2	Ängsgårdsgatan 4	Västerås
17	Sågen 6	Ängsgårdsgatan 12a	Västerås
18	Sågklingen 10	Ängsgårdsgatan 13	Västerås
19	Verkstaden 8	Östra Ringvägen 2	Västerås
20	Grönsta 2:52	Svista Lagerväg 8	Eskilstuna
21	Källsta 1:5	Bolindervägen 12	Eskilstuna
22	Litografen 8	Sättargatan 1	Eskilstuna
23	Nålsögat 6	Tivoliallén 2	Eskilstuna

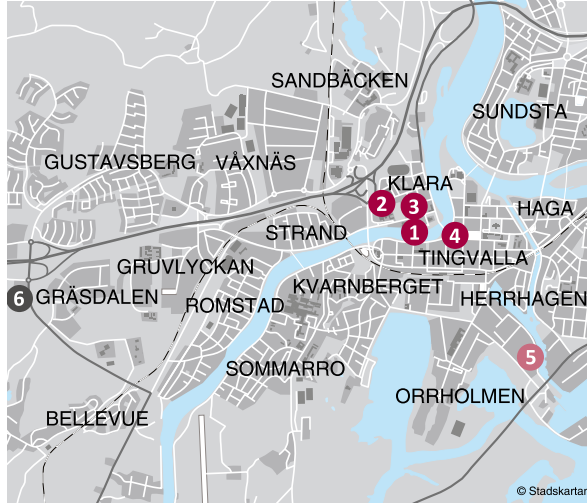
SKÅNE



No.	Property	Address	Location
1	Fängelset 5	Kanalgatan 32	Kristianstad
2	Hunden 12	Götgatan 6	Kristianstad
3	Kristianstad 4:45	Östra Kaserngatan 1	Kristianstad
4	Löddeköpinge 23:26	Kunskapsvägen 1	Löddeköpinge
5	Södra Kasern 2	Västra Storgatan 51	Kristianstad
6	Tingsbacken 9, 11	Tingshusgatan 3-5, Viaduktgatan 24	Hässleholm
7	Byrådirektören 3	von Troils väg 1	Malmö
8	Hovrätten 20	Västra Storgatan 25	Kristianstad
9	Karl X 1	Västra Storgatan 44	Kristianstad
10	Brämön 4	Bjurögatan 15	Malmö
11	Fornminnet 6	Stenåldersgatan 27	Malmö
12	Torbornahögen 3	Stenbrovägen 15	Helsingborg
13	Örja 1:21	Österleden	Landskrona
14	Bikupan 20	Annebergsvägen 1a	Varberg
15	Kornet 2	Järnväggsgatan 1, Viaduktgatan 17	Hässleholm
16	Möllarp 3:2	Stenhuggaregatan 34	Kågeröd
17	Skjutsstallslyckan 22	Lundavägen 54	Malmö
18	Träskon 6	Särlagatan 14	Tollarp

Community service properties Office properties in growth municipalities Logistics properties Transaction properties

KARLSTAD



No.	Property	Address	Location
1	Bryggaren 12	Bryggaregatan 1 etc	Karlstad
2	Karolinen 2	Norra Klaragatan 17-18, Regementsgatan 17 etc.	Karlstad
3	Mätaren 3	Bryggaregatan 7-11	Karlstad
4	Örnen 4	Kungsgatan 11	Karlstad
5	Kanoten 1	Kanikenäsbanken 10	Karlstad
6	Riksdalern 3	Ullebergsleden 10	Karlstad

SUNDSVALL



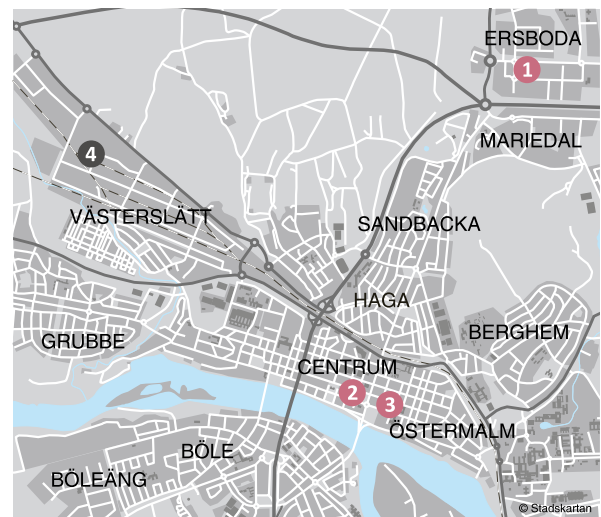
No.	Property	Address	Location
1	Granlo 3:220	Kalmarvägen 48	Sundsvall
2	Köpstaden 24	Bultgatan 14	Sundsvall
3	Högom 3:178	Mejselvägen 14	Sundsvall
4	Köpstaden 25	Bultgatan 10	Sundsvall
5	Köpstaden 26	Bultgatan 8	Sundsvall
6	Ljusta 7:2	Antennvägen 2	Sundsvall
7	Saturnus 7	Bankgatan 13	Sundsvall
8	Öskaret 10	Skepparegatan 3	Sundsvall

LULEÅ



No.	Property	Address	Location
1	Haren 15	Kungsgatan 31a	Luleå
2	Hermelinen 15	Kungsgatan 29	Luleå
3	Mården 11	Skeppsbrogatan 21	Luleå
4	Plogén 4	Depåvägen 6	Luleå
5	Spiggen 4	Kungsgatan 5-7	Luleå

UMEÅ



No.	Property	Address	Location
1	Formen 1	Formvägen 5	Umeå
2	Höder 7	Kungsgatan 60	Umeå
3	Tyr 8	Östra Esplanaden 3	Umeå
4	Motståndet 3	Strömvägen 8a	Umeå

Community service properties Office properties in growth municipalities Logistics properties Transaction properties

TENANTS AND LEASE STRUCTURE

Hemfosa has a number of major well-established companies and authorities as tenants. Hemfosa's business focus entails that 99 per cent of the rental income constitutes commercial leases. As per 31 December 2013, Hemfosa had 3,342 leases and the average remaining lease term amounted to 4.9 years.

The ten largest tenants' share of Hemfosa's rental income, based on current earnings capacity, as per 31 December 2013 amounted to 33 per cent and the average lease term for these were 4.3 years.

In total, Hemfosa's rental income, based on current earnings capacity, amounted to MSEK 1,561 as per 31 December 2013.

Figure 36 – Lease structure as per 31 December 2013

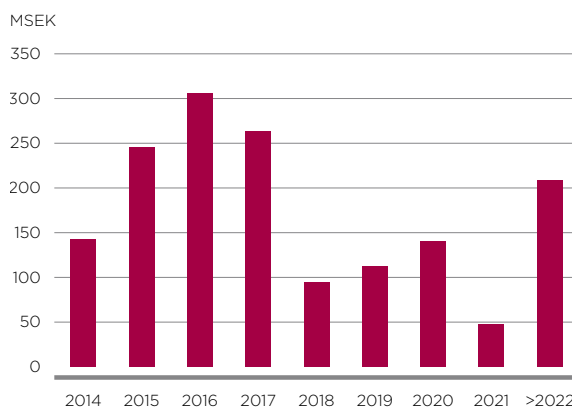


Figure 37 – Hemfosa's ten largest tenants as per 31 December 2013

Operations	Annual rent, MSEK	Proportion of annual rent	Number of leases	Average remaining lease period, year
The Swedish Police (Polisen)	135	8.6	48	3.9
TeliaSonera	86	5.5	58	4.0
Karolinska University Hospital	51	3.3	22	5.6
The Municipality of Haninge	50	3.2	22	4.0
The National Courts Administration (Domstolsverket)	38	2.4	23	5.8
The Swedish Social Insurance Agency (Försäkringskassan)	36	2.3	16	2.0
AcadeMedia	31	2.0	10	8.0
The Swedish Migration Board (Migrationsverket)	29	1.9	14	6.2
The Swedish Public Employment Service (Arbetsförmedlingen)	28	1.8	22	2.6
SKF	28	1.8	8	2.5
Total	512	33	243	4.3

RENTAL VALUE AND VACANCY RATE

The total rental value of Hemfosa's property portfolio is estimated at approximately MSEK 1,754. The estimated rental value for vacant premises corresponds to approximately MSEK 193. Of the properties' total lettable area of 1,713 thousand sqm, 233 thousand sqm is vacant, corresponding to about 14 per cent. Of the vacant area, the single largest vacant unit, totalling 26,670 sqm, was the property Tulpanen 3 in Mölndal and the second largest vacant unit of 18,130 sqm was the property Söderbymalm 3:462 in Haninge.

The economic occupancy rate amounted to 92 per cent in the community service properties segment, 84 per cent in the office properties in growth municipalities segment, 94 per cent in the logistics properties segment, as well as 84 per cent in the transaction properties segment.

RENTAL INCOME

Hemfosa's contractual rental income totalled approximately MSEK 1,561. The rental income normally includes rent supplements for property tax, heating and electricity costs which are passed on to tenants. The proportion of contractual rental income linked to the consumer price index (CPI) corresponds to 95 per cent of Hemfosa's rental income as per 31 December 2013. In some cases, Hemfosa has signed triple net leases with existing tenants. These are a type of lease whereby the tenant, in addition to the rent, agrees to pay all costs that accrue to the property, which would normally be charged to the property owner. These include operating and maintenance costs, property upkeep, and property tax etc. Triple net leases are signed with the tenants found in Hemfosa's logistics properties segment.

PROPERTY EXPENSES

Operating expenses and maintenance costs

Hemfosa's largest operating expenses consist of heating, water, electricity and property upkeep. Other operating costs include insurance, guard services and garbage collection. The Company works continuously with energy-saving operations and maintenance measures in the property portfolio to both reduce the Company's costs and to restrict the impact of Hemfosa's operations on the environment. For example, energy consumption is monitored continuously and evaluated to locate and utilise existing improvement potential.

The cost of maintenance is another category of property expenses charged against Hemfosa's operations. Aimed at retaining the condition and standard of the properties, planned and regular maintenance is carried out continuously.

The Company's operating and maintenance costs total approximately MSEK 396 annually, corresponding to about SEK 231 per sqm.

Property administration

Hemfosa's costs for property administration consist mainly of costs for rental charges, letting, project management and marketing. Hemfosa's property administration costs amount to approximately MSEK 55 annually, corresponding to SEK 32 per sqm.

Property tax

The current property tax imposed by the government amounts to 1.0 per cent of the tax assessment value for local properties and 0.5 per cent for industrial properties. Properties classified as special properties are exempted from property taxes. Certain types of community service properties, such as school and healthcare properties, are sorted below.

The tax assessment value of the property portfolio in 2013 is approximately MSEK 7,445. Of Hemfosa's 195 properties, 28 are taxed as special properties and are thus exempted from property taxes. Property tax amounts to approximately MSEK 66 annually. Of Hemfosa's property tax, approximately MSEK 52 is passed on to tenants in the form of rent supplements.

Leaseholds

Hemfosa owns nine properties with leaseholds. Owners of leasehold properties pay annual fees, ground rent, for land conceded by land owner, usually government and municipalities, under usufructs. Accordingly, leaseholders do not own the land, only the buildings erected of the existing land. Hemfosa's total ground rent, including tenancy, amounts to approximately MSEK 4 annually.

Investments

Hemfosa implements continuous investments in the existing property portfolio in the form of changes or improvement work. These investments are aimed at improving the cash flow in Hemfosa's property portfolio and thereby increasing the value of the property portfolio. Examples of investments include tenant-specific modifications and project development. For more detailed information about Hemfosa's investments, refer to the section "Capital structure and other financial information" under the heading "Investments."

PROJECT OPERATIONS

Hemfosa's project operations focus on the development of the existing property portfolio and new production. Hemfosa's main focus within project operations is the development of the existing property portfolio. Investments in existing buildings are often made in conjunction with new tenants moving in, whereby Hemfosa adapt and modernise the premises to meet the customers' varying needs. New investments in the existing portfolio increase Hemfosa's total property value and rental value.

Hemfosa's existing project portfolio is divided among many projects in several districts, as well as a large number of customers, thus generating a healthy diversification of the existing project risk.

The time required to implement a project varies and projects requiring detailed development plans are more time consuming than other projects.

As per 31 December 2013 a total of 300 projects were ongoing with a total estimated investment of MSEK 971, of which MSEK 367 remained to invest. Construction rights amounted to approximately 38 thousand sqm. The construction rights comprises of 60 per cent residential properties, 24 per cent logistics properties and 16 per cent office properties. The construction rights were as per 31 December 2013 valued at a total of MSEK 43.9, corresponding to SEK 1,153 per sqm.

Example of ongoing and completed projects

Below is a selection of the projects currently in progress at Hemfosa, as well as a selection of the projects that have been completed by Hemfosa.

Figure 38 – Example of Hemfosa's ongoing and completed projects as per 31 December 2013

City	Property	Lettable area, property, sqm	Project area, sqm	Occupancy rate after project %	Estimated investment, MSEK	Remaining investment, MSEK	Increase in rental value due to project, MSEK	Rental value after project, MSEK	Estimated completion, year
Umeå	Tyr 8	8,411	8,132	100	71	40	6	12	2014
Haninge	Söderbymalm 3:481	14,833	2,300	88	18	1	4	22	2014
Uddevalla	Hvitfeldt 22	10,064	3,789	100	7	5	1	12	2014
Alingsås	Hoppet 6	7,354	5,019	100	34	0	4	11	Completed
Norrtälje	Biotiten 1	3,087	3,087	100	85	0	7	7	Completed
Sundsvall	Ljusta 7:2	9,035	9,035	100	17	0	2	13	Completed
Total		52,784	31,362		232	46	23	77	

Examples of ongoing projects



Tyr 8

Type of project: Development of existing property

Geographic location: Umeå

Project area: 8,132 sqm

Estimated completion: 2014

Description of the project: Hemfosa is modifying areas in existing buildings, as well as adding three stories, including a garage in the inner court, to meet Vattenfall's requirements for efficient office space in central Umeå. One of the challenges has been to create modern, flexible and connected open landscapes in a number of existing buildings. Hemfosa and Vattenfall have signed a ten-year lease in conjunction with the project.

Söderbymalm 3:481

Type of project: Development of existing property

Geographic location: Haninge

Project area: 2,300 sqm

Estimated completion: 2014

Description of the project: Hemfosa is modifying and rebuilding the premises for the Municipality of Haninge as a new establishment. The premises will be modified for school operations. A new ten-year lease has been signed in connection with the project.



Hvitfeldt 22

Type of project: Development of existing property

Geographic location: Uddevalla

Area: 3,789 sqm

Estimated completion: 2014

Description of the project: Hemfosa is modifying and expanding the premises for the Swedish Tax Agency in Uddevalla. The Swedish Tax Agency is centralising its operations from Vänersborg and moving 70 workplaces to the Uddevalla office, which will increase the amount of workplaces to a total of 240. The property's lettable area will rise by 280 sqm. The Swedish Tax Agency has signed a six-year lease in conjunction with the project.

Examples of completed projects



Hoppet 6

Type of project: Development of existing property

Geographic location: Alingsås

Project area: 5,019 sqm

Description of the project: Following requests and requirements from the Swedish Police, Hemfosa has rebuilt and modernised the premises. The property is located in central Alingsås, approximately 600 metres from the railway station. The Swedish Police has signed a 15-year lease in connection with the project.

Biotiten 1

Type of project: New production

Geographic location: Norrtälje and Haninge, Vendelsö

Project area: 3,087 sqm

Description of the project: During 2012 and 2013, two school buildings were erected for Pysslingen Förskolor och Skolor AB. The schools were developed in collaboration with Pysslingen and are thus adapted to the needs of the operations. Both schools are located in a strong growth location where the need for schools is expanding. In both cases, Pysslingen has signed 15-year leases.



Ljusta 7:2

Type of project: Development of existing property

Geographic location: Sundsvall

Project area: 9,035 sqm

Description of the project: In collaboration with TeliaSonera, Hemfosa has modified and rebuilt the office premises which have been customised for TeliaSoneras operations. The premises have been totally renovated with new supply systems. TeliaSonera signed a seven-year lease in connection with the project.



Flogsta 47:1,
Uppsala

COMMUNITY SERVICE PROPERTIES

Community service properties comprise Hemfosa's largest segment and accounted for 47 and 48 per cent, respectively, of the Group's total property value and rental value as per 31 December 2013. On the same date, Hemfosa's property portfolio included 85 properties in the segment with a total of 632,212 sqm of lettable area. The total property value amounted to MSEK 7,679 and the rental value amounted to MSEK 840.

Community service properties are defined as properties with publicly financed tenants, either directly or indirectly, who account for at least 70 per cent of the rental value.

The five largest tenants in the segment are the Swedish Police (8.3 per cent), Karolinska University Hospital (3.3 per cent), The Municipality of Haninge (3.1 per cent), the National Courts Administration (2.4 per cent)

Figure 39 – Community service properties as per 31 December 2013

Key figures

Number of properties	85
Lettable area, sqm	632,212
Property value, MSEK	7,679
Property value, per sqm	12,146
Rental value, MSEK	840
Rental value, per sqm	1,329
Economic occupancy rate, %	92
Lease term, year	5.2
Yield, %	6.7

and the Swedish Migration Board (1.9 per cent), jointly representing a total of 19.0 per cent of Hemfosas rental income as per 31 December 2013.

Figure 40 – Proportion of Hemfosa (property value)

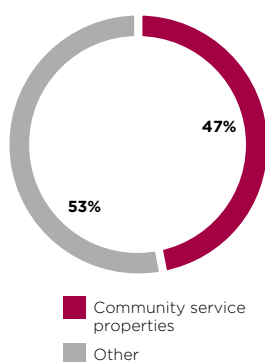
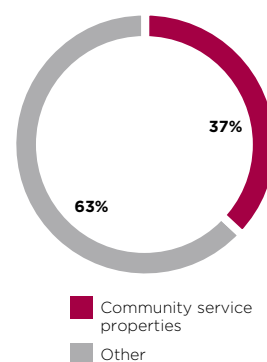


Figure 41 – Proportion of Hemfosa (lettable area)



SELECTION OF COMMUNITY SERVICE PROPERTIES



1.



2.



3.



4.



5.



6.

1. Bryggaren 12, Karlstad

Largest tenant: The County
Administrative Board
Operation: Offices

3. Löddeköpinge 23:26, Kävlinge

Largest tenant: AcadeMedia
Operation: Education

5. Venus 11, Oskarshamn

Largest tenant: The Swedish Police
Operation: Offices

2. Örnén 4, Karlstad

Largest tenant: The National
Courts Administration
Operation: Offices & Judicial

4. Norra Ljungkullen 7, Ljungby

Largest tenant: The Swedish Police
Operation: Offices

6. Vendelsö 3:1986, Haninge

Largest tenant: Pysslingen
Operation: Education



7.



8.



9.



10.



11.



12.

7. Vippan 14, Eskilstuna

Largest tenant: The Swedish Police
Operation: Offices

9. Medicinaren 19, Huddinge

Largest tenant: Karolinska University Hospital
Operation: Offices & Research

11. Slottsträdgården 2, Västerås

Largest tenant: The County Administrative Board
Operation: Offices

8. Markheden 4:45, Valbo, Gävle

Largest tenant: Gävleborg County
Operation: Healthcare

10. Samuel 2, Västerås

Largest tenant: The National Courts
Administration
Operation: Offices & Judicial

12. Transporten 2, Sollentuna

Largest tenant: The Swedish Police
Operation: Offices

Hemfosa intends to expand over time within the community service properties segment, partly since the stable cash flows and longer leases that generally characterise the properties in this segment are appealing to Hemfosa. Hemfosa is convinced that active participation in the transaction market will provide the Company with better potential to succeed with this objective, since Hemfosa is able to acquire larger portfolios in which community service properties constitute a significant part.

From experience, Hemfosa believes that it is generally easier to obtain favourable bank financing for community service properties than for properties in most of the other existing property segments, which, all other factors remaining equal, results in lower loan margins and/or higher loan-to-value ratios.

Many of Hemfosa's community service properties have rents which, according to the Company, are relatively low. The lower rents partly result in the possibility for Hemfosa to increase rental income in future rent negotiations, but also make Hemfosa an attractive landlord in cases where the tenant is considering moving or building new premises. This often leads to conversions or expansions for Hemfosa, which in turn are often combined with lease extension.

Long leases generate a stable foundation and reduce the risks in Hemfosa's property portfolio. The average lease terms for Hemfosa's community service properties were 4.9 years as per 31 December 2013.

Figure 42 – Breakdown of community service properties by geographic area as per 31 December 2013

	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value %
Stockholm	18	187	23	326	88	287	3,178	41
Gothenburg	8	36	1	42	99	41	393	5
Mälardalen	8	68	10	82	93	76	788	10
Skåne	7	58	1	73	96	71	701	9
Karlstad	4	72	4	103	94	96	985	13
Sundsvall	2	2	0	2	89	2	19	0
Luleå	-	-	-	-	-	-	-	-
Umeå	-	-	-	-	-	-	-	-
Other	38	208	24	212	93	198	1,615	21
Total	85	632	63	840	92	771	7,679	100

Figure 43 – Breakdown of community service properties by property category as per 31 December 2013

	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value %
Offices	40	354	33	481	93	449	4,377	57
Logistics, warehouse and industrial	-	-	-	-	-	-	-	-
Judicial	26	165	19	187	93	173	1,535	20
Education, health and care	17	104	11	151	90	136	1,502	20
Retail	-	-	-	-	-	-	-	-
Other	2	9	0	20	65	13	265	3
Total	85	632	63	840	92	771	7,679	100



Verkstaden 8,
Västerås

OFFICE PROPERTIES IN GROWTH MUNICIPALITIES

Hemfosa's second largest segment comprises office properties in growth municipalities which accounted for 29 and 29 per cent, respectively, of the Group's total property value and rental value as per 31 December 2013. On the same date, Hemfosa's property portfolio included 45 properties in the segment with a total of 431,108 sqm of lettable area. The property value amounted to MSEK 4,708 and the rental value amounted to MSEK 513.

Office properties in growth municipalities are primarily centrally located office properties in growth municipalities. The term growth municipalities refers to municipalities in Sweden that have shown net population growth over the past five years and where the growth is expected to continue

The five largest tenants in the segment are Telia-Sonera (5.3 per cent), SKF (1.8 per cent), Västra Götaland County (1.2 per cent), Bombardier (1.1 per cent) and Vattenfall (1.0 per cent), which accounted for a total of 10.3 per cent of Hemfosa's rental income as per 31 December 2013.

Figure 44 – Office properties in growth municipalities as per 31 December 2013

Key figures

Number of properties	45
Lettable area, sqm	431,108
Property value, MSEK	4,708
Property value, per sqm	10,921
Rental value, MSEK	513
Rental value, per sqm	1,190
Economic occupancy rate, %	84
Lease term, years	3.5
Yield, %	5.7

Figure 45 – Proportion of Hemfosa (property value)

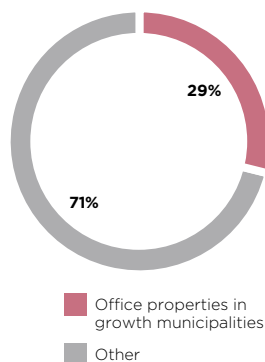
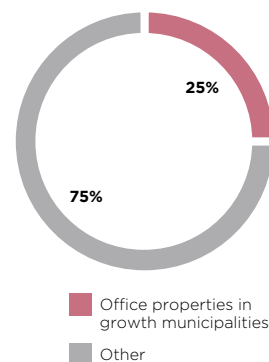
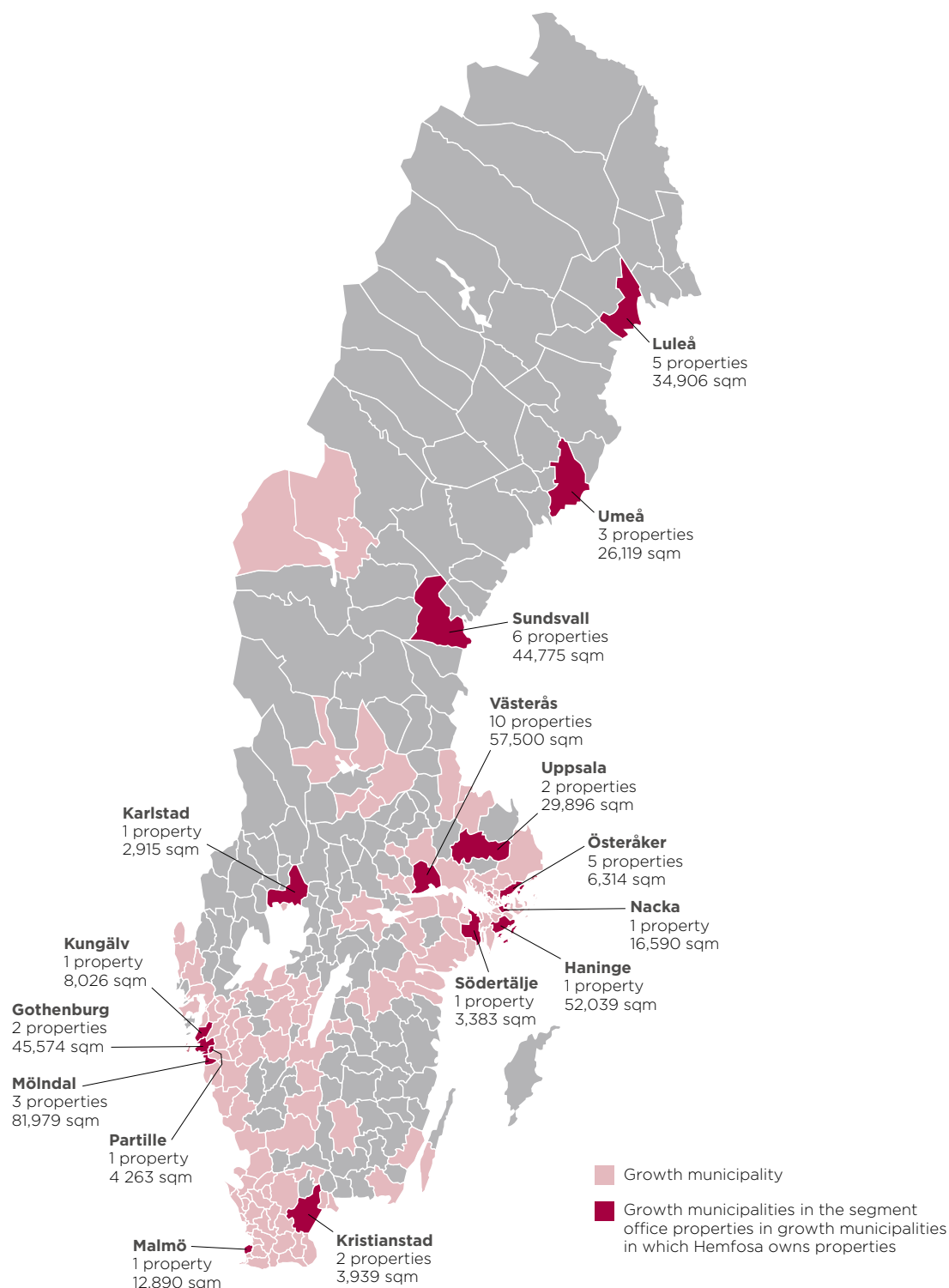


Figure 46 – Proportion of Hemfosa (lettable area)



Hemfosa's presence in Swedish growth municipalities within the office properties in growth municipalities segment



SELECTION OF OFFICE PROPERTIES IN GROWTH MUNICIPALITIES



1.



2.



3.



4.



5.



6.

1. Karl X 1, Kristianstad
Largest tenant: Handelsbanken

3. Snödroppen 2, Mölndal
Largest tenant: Qrtech

5. Gamlestaden 2:8, Gothenburg
Largest tenant: SKF

2. Verkstaden 8, Västerås
Largest tenant: Bombardier

4. Söderbymalm 3:462, Haninge
Largest tenant: TeliaSonera

6. Öskaret 10, Sundsvall
Largest tenant: TeliaSonera



7.



8.



9.



10.



11.



12.

7. Sicklaön 358:1, Nacka
Largest tenant: Viking Line

9. Haren 15, Luleå
Largest tenant: Telia Fastigheter

11. Höder 7, Umeå
Largest tenant: WSP

8. Sigurd 5, Västerås
Largest tenant: The Swedish Tax Agency

10. Saturnus 7, Sundsvall
Largest tenant: Tieto

12. Kungsängen 15:1, Uppsala
Largest tenant: The Swedish Public
Employment Service

Property portfolio

In addition to the three regions Stockholm, Gothenburg and Skåne, there are properties within this segment in such cities as Västerås, Karlstad, Sundsvall, Umeå and Luleå, which are all cities with healthy growth. Hemfosa's properties in these cities are often located centrally and in many instances adjacent to the city centre. For example, Hemfosa's properties in Västerås are located in an attractive area that is central at the railway station in Västerås centre.

Hemfosa's properties in the segment are characterised by long-term tenants that result in stable rental income. Hemfosa also believes that there is good potential to develop the property portfolio and increase the occupancy rate.

According to the Company, good quality properties in prime locations are in general always highly marketable, meaning that there is keen interest from other players, particularly property owners who only own properties in that specific city, to acquire these properties.

Figure 47 - Breakdown of office properties by geographic area as per 31 December 2013

	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value %
Stockholm	10	108	28	156	82	127	1,493	32
Gothenburg	7	140	47	146	80	116	1,145	24
Mälardalen	10	57	6	59	91	54	569	12
Skåne	3	17	2	26	77	20	202	4
Karlstad	1	3	3	3	0	0	31	1
Sundsvall	6	45	6	53	91	48	553	12
Luleå	5	35	3	42	96	41	395	8
Umeå	3	26	5	28	82	23	319	7
Other	-	-	-	-	-	-	-	-
Total	45	431	99	513	84	429	4,708	100

Figure 48 - Breakdown of office properties by property category as per 31 December 2013

	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value %
Offices	39	423	99	502	83	419	4,608	98
Logistics, warehouse and industrial	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Education, health and care	2	4	0	6	95	5	43	1
Retail	1	4	1	4	83	4	47	1
Other	3	0	0	1	100	1	10	0
Total	45	431	99	513	84	429	4,708	100



Håltåss 1:18,
Härbyda

LOGISTICS PROPERTIES

Logistics properties accounted for 16 and 13 per cent, respectively, of the Group's total property value and rental value as per 31 December 2013. On the same date, Hemfosa's property portfolio included 23 properties in the segment with a total of 406,752 sqm of lettable area. The property value amounted to MSEK 2,677 and the rental value amounted to MSEK 235.

Logistics properties are primarily defined as modern logistics properties located in attractive logistics hubs.

The five largest tenants in the segment are Scanlog (1.5 per cent), V-TAB (1.4 per cent), DSV (1.3 per cent), NTEX (1.0 per cent) and Staples Sweden (0.9 per cent), representing a total of 6.1 per cent of the Hemfosa's rental income as per 31 December 2013.

Figure 49 – Logistics properties as per 31 December 2013

Key figures

Number of properties	23
Lettable area, sqm	406,752
Property value, MSEK	2,677
Property value, per sqm	6,580
Rental value, MSEK	235
Rental value, per sqm	578
Economic occupancy rate, %	94
Lease term, years	7.5
Yield, %	7.1

Figure 50 – Proportion of Hemfosa (property value)

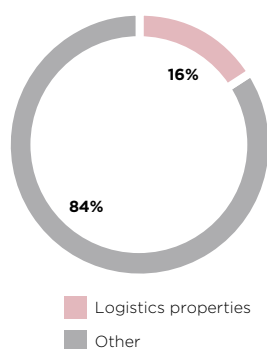
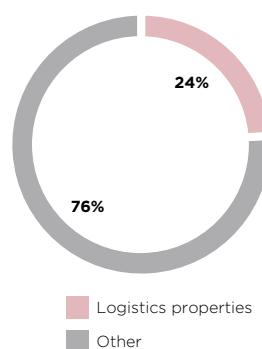


Figure 51 – Proportion of Hemfosa (lettable area)



SELECTION OF LOGISTICS PROPERTIES



1.



2.



3.



4.



5.



6.

1. Terminalen 1, Växjö
Largest tenant: Stapels

3. Grönsta 2:52, Eskilstuna
Largest tenant: Meca Car Parts

5. Örja 1:21, Landskrona
Largest tenant: DSV Solutions

2. Ånsta 20:262, Örebro
Largest tenant: Schneider

4. Arendal 1:17, Göteborg
Largest tenant: NTEX Logistics

6. Hedenstorp 2:1, Jönköping
Largest tenant: Gilbert Trading

In some cases in the logistics properties segment, Hemfosa has signed triple net leases with tenants. These are a type of lease whereby the tenant, in addition to the rent, agrees to pay all costs that accrue to the property. These include operating and maintenance costs, property upkeep and property tax etc. The impact on earnings of the changed costs for these properties is thus restricted. The proportion of signed triple net leases in the segment accounted for approximately 81 per cent of rental income as per 31 December 2013.

This segment is also characterised by long-term leases and the average lease length for Hemfosa's logistics properties were about 7.5 years as per 31 December 2013.

Logistics portfolios are currently highly attractive in the property market, and there are a large number of players who continuously contact Hemfosa to show interest in acquiring logistics properties from Hemfosa. Hemfosa believes that the logistics properties that the Company owns are of very good quality.

Hemfosa's logistics properties are located in prime locations in the largest logistics clusters in Sweden. Of Hemfosa's total of 23 logistics properties, 20 are located in the 25 largest logistics clusters, of which 16 are found in the ten most attractive logistics clusters.¹⁾

Figure 52 – Breakdown of logistics properties by geographic area as per 31 December 2013

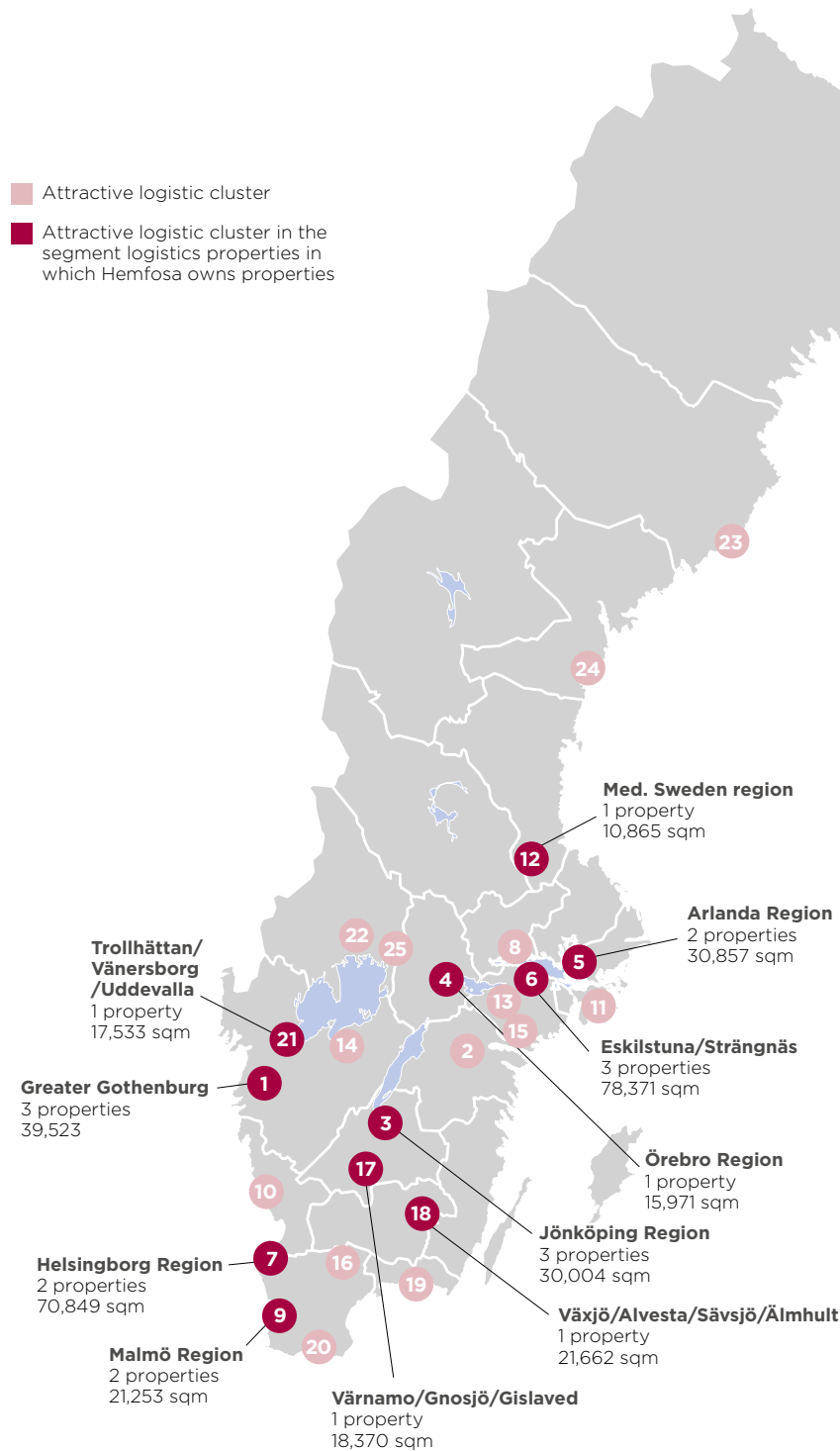
	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value %
Stockholm	3	57	9	47	88	41	349	13
Gothenburg	4	57	0	44	99	44	518	19
Mälardalen	3	78	0	33	100	33	436	16
Skåne	4	92	14	45	82	37	584	22
Karlstad	-	-	-	-	-	-	-	-
Sundsvall	-	-	-	-	-	-	-	-
Luleå	-	-	-	-	-	-	-	-
Umeå	-	-	-	-	-	-	-	-
Other	9	122	0	66	100	66	789	29
Total	23	407	24	235	94	221	2,677	100

Figure 53 – Breakdown of logistics properties by property category as per 31 December 2013

	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value %
Offices	-	-	-	-	-	-	-	-
Logistics, warehouse and industrial	23	407	24	235	94	221	2,677	100
Judicial	-	-	-	-	-	-	-	-
Education, health and care	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	23	407	24	235	94	221	2,677	100

1) Source: Intelligent Logistik, see page 45 for a description of the 25 largest logistic clusters and the ranking.

Hemfosa's presence at the 25 largest logistic clusters in Sweden ranked by attraction level within the logistics properties segment¹⁾



1) For ranking of the regions see page 45. Ranking based on six criteria: 1) Geographic position (25 points) 2) Versatility, accessibility and sustainability (25 points) 3) Volume of additional logistics space in the past five years (20 points) 4) Collective range of logistics service, relevant academic education and access to labour (10 points) 5) Cooperative climate, business climate and networks within the region (10 points) 6) Price and availability of pre-planned land for new establishments (10 points).



Sävsjö 12:4,
Sävsjö

TRANSACTION PROPERTIES

Transaction properties accounted for 7 and 9 per cent, respectively, of the Group's total property value and rental value as per 31 December 2013. On the same date, Hemfosa's property portfolio included 42 properties in the segment with a total of 243,226 sqm of lettable area. The property value amounted to MSEK 1,221 and the rental value amounted to MSEK 166.

The transaction property segment includes properties from the other segments that are not deemed suitable for generating a long-term, acceptable, risk-adjusted yield, and odd properties in terms of geography and category.

Figure 54 – Transaction properties as per 31 December 2013

Key figures

Number of properties	42
Lettable area, sqm	243,226
Property value, MSEK	1,221
Property value, per sqm	5,018
Rental value, MSEK	166
Rental value, per sqm	682
Economic occupancy rate, %	84
Lease term, years	3.1
Yield, %	6.1

Figure 55 – Proportion of Hemfosa (property value)

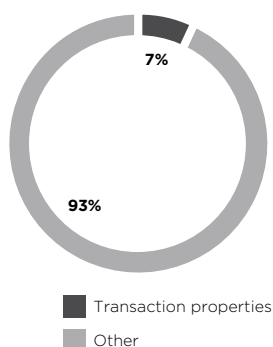
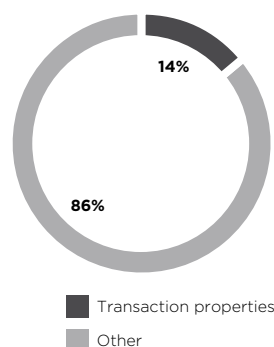


Figure 56 – Proportion of Hemfosa (lettable area)



URVAL AV TRANSAKTIONSFASTIGHETER



1.



2.



3.



4.



5.



6.

1. Brudabäck 6, Vetlanda
Largest tenant: Granngården

3. Norr 12:5, Gävle
Largest tenant: The Swedish Social Insurance Agency

5. Nåsögat 6, Eskilstuna
Largest tenant: Axfood

2. Riksdalern 3, Karlstad
Largest tenant: Top-Toy

4. Jordbromalm 6:11, Haninge
Largest tenant: SBP

6. Kornet 2, Hässleholm
Largest tenant: E.ON

Transaction properties comprise a segment on which Hemfosa intends to focus. Hemfosa believes they offer great potential, particularly with respect to those found in insolvency portfolios and other complicated property structures.

The transaction operations provide proximity to the market, which is also beneficial to the Company in the development of the rest of the portfolio. Hemfosa is convinced that active participation in the transactions market will boost the Company's offering to customers.

For example, major property acquisitions could be implemented and then developed to adapt to Hemfosa's existing property portfolio and business strategy.

Active participation in the transactions market will generate opportunities for Hemfosa to conduct opportunistic business with the potential to increase yield. Knowledge, experience and entrepreneurship in Hemfosa's organisation will enable good risk assessment and strong implementation ability.

Figure 57 – Transactions properties distributed by geographic area as per 31 December 2013

	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value %
Stockholm	6	58	10	32	85	27	199	16
Gothenburg	10	56	5	40	94	37	328	27
Mälardalen	1	4	0	4	100	4	41	3
Skåne	5	19	12	12	43	5	61	5
Karlstad	1	7	1	9	85	8	114	9
Sundsvall	-	-	-	-	-	-	-	-
Luleå	-	-	-	-	-	-	-	-
Umeå	1	9	4	5	55	3	32	3
Other	18	89	15	64	87	56	446	37
Total	42	243	46	166	84	140	1,221	100

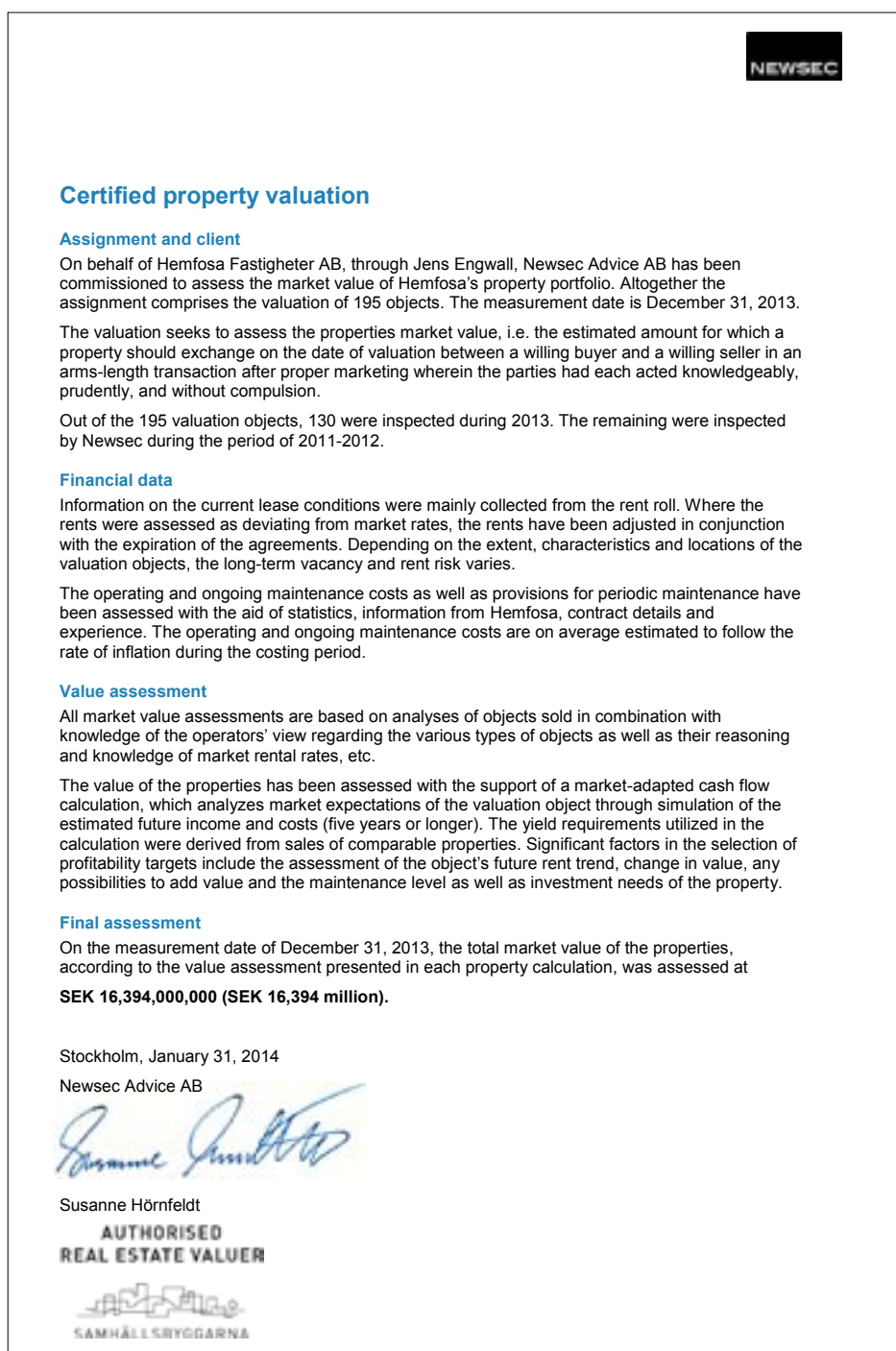
Figure 58 – Transactions properties distributed by property categories as per 31 December 2013

	Number of properties	Lettable area, '000 sqm	Vacancy, '000 sqm	Rental value, MSEK	Economic occupancy rate, %	Rental income, MSEK	Property value, MSEK	Share of total property value %
Offices	8	52	10	45	88	40	320	26
Logistics, warehouse and industrial	16	133	31	72	77	55	475	39
Judicial	1	9	0	9	97	8	56	5
Education, health and care	-	-	-	-	-	-	-	-
Retail	11	39	3	29	91	26	268	22
Other	6	10	2	12	89	10	102	8
Total	42	243	46	166	84	140	1,221	100

VALUATION CERTIFICATE

The valuation certificate below pertaining to Hemfosa's properties was issued by independent expert appraisers on behalf of Hemfosa. No material changes have occurred since the issuance of the valuation certificate.

The valuation certificate was prepared by Newsec Advice AB. Newsec Advice AB has agreed to the inclusion of the valuation certificate in the Prospectus. Information from third parties has been accurately reproduced in the Prospectus and no information has otherwise been omitted that could render the reproduced information inaccurate or misleading.



Joint ventures

At 31 December 2013, Hemfosa owned properties through four joint ventures. At 31 December 2013, the property-owning joint ventures jointly owned 75 properties with a recognised property value, attributable to Hemfosa, of approximately SEK 2.2 billion.¹⁾

SÖDERPORT HOLDING AB

Söderport is the largest of Hemfosa's joint ventures. In 2010, Söderport was acquired by Hemfosa and Sagax, each of which owns 50 per cent of the company. The ownership of Söderport is regulated by a shareholder agreement that provides both of the owners with equal decisionmaking powers over Söderport, while the property management is taken care of by Sagax.

At 31 December 2013, Söderport owned 44 properties with a combined lettable area of 366,143 sqm and a rental value of MSEK 339. At this date, 93 per cent of Söderport's lettable area was located in Stockholm, of which the main part comprised industrial and warehouse premises. At 31 December 2013, Söderport's properties had a total market value, attributable to Hemfosa, of MSEK 1,475 and a economic occupancy rate of 85 per cent.

The business plan for Söderport is to focus on the letting of vacant premises in future.

HEMFOSA KRONFASTIGHETER HOLDING AB

On 18 December 2013 Hemfosa, together with Crown Nordic Management, acquired a property portfolio consisting of 28 commercial properties. The acquisition was completed in a joint venture, where the parties own 50 per cent each. The ownership is regulated by a shareholder agreement that provides both of the owners with equal decisionmaking powers.

At December 2013, Hemfosa Kronfastigheter owned 28 properties with a combined lettable area of 142,382 sqm and a rental value of MSEK 151. At this date Hemfosa Kronfastigheter had a total market value, attributable to Hemfosa, of MSEK 643 and a economic occupancy rate of 82 per cent. The property portfolio is located in growth municipalities in southern and central Sweden and consist of both community services properties as well as office and logistic properties and is thereby a good fit with Hemfosa's current property portfolio. The management and development of the property portfolio will be jointly handled by Hemfosa and Crown Nordic Management.

GÄSTGIVAREGATAN HOLDING AB

Hemfosa owns half of the shares in Gästgivaregatan Holding AB and the remaining shares are owned by Skanska through the subsidiary Smebab Kommersiellt Holding AB. The ownership is regulated by a shareholder agreement that provides both of the owners with equal decisionmaking powers.

Gästgivaregatan Holding AB is a project development company whose purpose is to develop and refine the commercial property Kv Tellus 4 in Södertälje through the subsidiary Gästgivaregatan Fastighets AB. The property will undergo thorough renovation and improvement of the commercial premises, which have a total area of around 10,000 sqm. The project is scheduled to be completed at the beginning of 2015.

At 31 December 2013, Gästgivaregatan Holding AB owned one property located in Södertälje, with a total lettable area of 10,000 sqm and a rental value of MSEK 20. At 31 December 2013, Gästgivaregatan Holding AB had a total market value, attributable to Hemfosa, of MSEK 82 and a economic occupancy rate of 80 per cent. Tenants include Ähléns, H&M and a number of small commercial and office tenants.

CULMEN STRÄNGNÄS II AB

Hemfosa owns half of the shares in Culmen Strängnäs II and the rest are owned by Culmen AB. The ownership of Culmen Strängnäs II is regulated by a shareholder agreement that provides both of the owners with equal decisionmaking powers.

Culmen Strängnäs II is a project development company whose purpose is to develop and refine properties. Culmen Strängnäs II currently develops and refines tenant-owned apartments and homes for the elderly in Strängnäs. In 2013 the first stage was finalised and included development and sale of 45 tenant-owned properties. During 2013 the company has initiated stage two, which include 30 tenant-owned apartment. The second stage is scheduled to be completed in autumn 2014. A total of 80 per cent of the apartments have been pre-booked at a sales value of approximately MSEK 90.

In addition to this, the company owns a development right for homes comprising around 3,000 sqm BTA.

1) Ribby Ängar Bostads AB and Ribby Ängar Entreprenad AB are not described in this section as Hemfosa owns 90 per cent of them and they are thereby consolidated in the consolidated income statement and balance sheet.

Joint ventures

Figure 59 – Joint venture summary

Property	Category	Address	Municipality	Construction year	Value year	Lettable area, sqm	Leasehold
SÖDERPORT HOLDING AB							
Botvidsgymnasiet 3	Logistics, warehouse and industrial	Fågelviksvägen 9, 9A-M	Botkyrka	1991	1991	55,679	
Rovan 7	Logistics, warehouse and industrial	Ystadsvägen 5-7	Eslöv	1965	1965	562	
Jordbromalm 1:11	Logistics, warehouse and industrial	Jordbrotorpsvägen 2	Haninge	1964	1975	900	
Linjen 1	Logistics, warehouse and industrial	Pyramidbacken 3	Huddinge	1989	1989	2,180	
Laddstaken 4	Logistics, warehouse and industrial	Södra Kringelvägen 8/ Stattenavägen 53	Hässleholm	1966	1975	927	
Smeden 2	Logistics, warehouse and industrial	Ravingatan 5/ Fäladsgatan 2	Klippan	1976	1976	758	
Pedalen 8	Logistics, warehouse and industrial	Ramgatan 2	Landskrona	1988	1988	754	
Lomma 24:29	Logistics, warehouse and industrial	Fyrfatsvägen 1	Lomma	2005	2006	949	
Gulsippan 3	Logistics, warehouse and industrial	Källvattengatan 7	Malmö	1971	1989	2,637	
Kamelen 14	Judicial	Storgatan 43A, Verkstadsgatan 4A	Malmö	1934	1934	13,510	
Stridsyxan 3	Logistics, warehouse and industrial	Bronsyxegatan 2	Malmö	1971	1971	1,185	L
Görla 9:40	Logistics, warehouse and industrial	Abborrvägen 4	Norrtälje	2009	2014	870	
Timmermannen 1	Logistics, warehouse and industrial	Teknikervägen 2	Nynäshamn	1990	1990	541	
Märsta 15:6	Logistics, warehouse and industrial	Industrigatan 10	Sigtuna	1972	1972	1,056	
Simris 203:4	Logistics, warehouse and industrial	Testgatan 2 / Fabriksgatan (19)	Simrishamn	1975	1990	803	
Tryckeriet 3	Logistics, warehouse and industrial	Elleholmsvägen 4	Skurup	1965	2004	270	
Arbetsbasen 2	Logistics, warehouse and industrial	Elektravägen 64	Stockholm	1945	1965	1,797	L
Asea 3	Logistics, warehouse and industrial	Västberga Allé 60, Västbergavägen 43	Stockholm	1929, 1994	1980	68,091	
Dikesrenen 11	Logistics, warehouse and industrial	Vretenborgsvägen 15	Stockholm	1947	1970	2,001	L
Filmkameran 3	Logistics, warehouse and industrial	Bilprovingen	Stockholm	1970	1970	3,261	L
Förrådet 5	Logistics, warehouse and industrial	Skattegårdsvägen 122	Stockholm	1970	1974	2,175	L
Hällsättra 4	Logistics, warehouse and industrial	Stensättravägen 9, 9A-B	Stockholm	1975	1985	13,678	L
Lagerhuset 3	Logistics, warehouse and industrial	Upplagsvägen 21-27, 25B-C, 27A-B	Stockholm	1929, 1954, 1985	1954	10,461	L
Lagret 1	Logistics, warehouse and industrial	Upplagsvägen 13, 15, 17, 31, 17, 19	Stockholm	1969	1969	8,842	L
Lillsättra 1	Logistics, warehouse and industrial	Storsättragränd 5	Stockholm	1969, 1993	1993	7,111	L
Nattskiftet 6	Logistics, warehouse and industrial	Elektravägen 5	Stockholm	1951	1951	5,712	L
Ostmästaren 1	Logistics, warehouse and industrial	Ostmästargränd 2	Stockholm	1980	1980	15,287	L
Ostmästaren 3	Logistics, warehouse and industrial	Ostmästargränd 6-12, 8A	Stockholm	1982, 1983	1983	19,060	L
Ostmästaren 4	Logistics, warehouse and industrial	Byängsgränd 4-16, Ostmästargränd 1-3	Stockholm	1983	1985	36,262	L
Ostmästaren 5	Offices	Ostmästargränd 5, 11-13	Stockholm	1990	1990	10,247	L
Ostmästaren 6	Offices	Byängsgränd 20-22	Stockholm	1991	1991	8,571	L
Packrummet 10	Logistics, warehouse and industrial	Årsta Skolgränd 5	Stockholm	1963	1963	2,160	L
Packrummet 11	Logistics, warehouse and industrial	Årsta Skolgränd 7	Stockholm	1964	1964	2,670	L
Packrummet 12	Logistics, warehouse and industrial	Årsta Skolgränd 4-18	Stockholm	1963, 1965, 1989 etc.	1992	36,543	L
Packrummet 9	Logistics, warehouse and industry	Årsta Skolgränd 1	Stockholm	1963	1963	2,395	L
Stensättra 2	Logistics, warehouse and industry	Strömsättravägen 14	Stockholm	1970	1981	1,726	L
Varuhissen 1	Logistics, warehouse and industry	Upplagsvägen 1-5	Stockholm	1987, 1990	1990	15,156	L
Vreten 23	Logistics, warehouse and industry	Vretenborgsvägen 8	Stockholm	-	1984	1,590	L
Vreten 24	Logistics, warehouse and industry	Vretenborgsvägen 6	Stockholm	1945, 1974	1974	1,870	L
Maden 6	Offices	Madenvägen 11	Sundbyberg-Rissne	2002	2002	1,403	L
Grävmaskinen 11	Logistics, warehouse and industry	Morabergsvägen 3	Södertälje	1970	1970	1,711	L
Tankbilen 4	Logistics, warehouse and industry	Fraktvägen 15/ Godsvägen 23	Trelleborg	2005	2005	849	
Olhamra 1:82	Logistics, warehouse and industry	Okvistavägen 30	Vallentuna	2005	2005	1,258	
Maskinisten 2	Logistics, warehouse and industry	Dragongatan 43	Ystad	1965	1975	675	
Total 44						366,143	

Property	Category	Address	Municipality	Construction year	Value year	Lettable area, sqm	Leasehold
HEMFOSA KRONFASTIGHETER HOLDING AB							
Centrum 12:1	Offices	Källgatan 9, Kungsgatan 25	Enköping	1929, 2008	1947	587	
Centrum 16:5	Retail	Västra Ringgatan 21, Källgatan 14, Torggatan 31	Enköping	1969, 2008	1969	2,026	
Centrum 18:1	Retail	Eriksgatan 22-24, Kungsgatan 21-23	Enköping	1971, 2008	1971	7,456	
Centrum 20:1	Offices	Eriksgatan 23, Kryddgårdsgatan 22-24	Enköping	1981, 2008	1981	3,803	
Norr 22:3	Offices	Drottninggatan 19, Norra Kungsgatan 7 A-B	Gävle	1939, 2008	1979	3,977	
Norr 34:2	Retail	Drottninggatan 26 A-B, Norra Kopparslangargatan 5	Gävle	1955, 2002	1955	3,532	
Norr 35:1	Other	Drottninggatan 28, Norra Kopparslangargatan 6	Gävle	1952, 2000	1960	1,984	
Norr 35:4	Offices	Kyrkogatan 29	Gävle	1929, 2001	1958	2,654	
Norr 36:1	Other	Drottninggatan 32, Hattmakargatan 4B-C	Gävle	1965	2002	2,563	
Söder 18:19	Offices	Slottstorget 3, Västra Islandsatan 2, Källgränd 2	Gävle	1964, 2001	1996	4,804	
Sörby Urfjäll 29:1	Logistics, warehouse and industrial	Utmarksvägen 4	Gävle	1971, 1990	1976	9,599	
Dynamon 5	Retail	Nygatan 19	Linköping	1969, 2001	1969	4,159	
Garvaren 5	Retail	Kyrkogatan 3B, Kungsgatan 1A-C 3 A-G, Prästgatan 2	Motala	1963, 2000	1963	10,072	
Repslagaren 10	Retail	Kungsgatan 16A-E, Urban Hjärnes Väg 12	Motala	1965	1965	2,403	
Orkestern 2	Offices	Folkborgsvägen 23	Norrköping	1977, 1986, 2001, 2002	1989	3,931	
Märsta 24:4	Offices	Industrigatan 7	Sigtuna	1967	1967	8,995	
Görväln 2	Logistics, warehouse and industrial	Bränningevägen 10-12, 20-22	Stockholm	1963	1963	7,279	L
Magasinet 7	Logistics, warehouse and industrial	Varuvägen 15	Stockholm	1986	1986	6,546	L
Mimer 7	Education, health and care	Hagagatan 23A-B	Stockholm	1967	1967	7,023	
Tjockö 1	Logistics, warehouse and industrial	Fryksdalsbacken 40-42	Stockholm	1980, 1990	1980	11,491	L
Västberga Gård 2	Offices	Västberga Gårdsväge 36	Stockholm	1970	1970	4,178	
Marieberg 5	Offices	Skönsbergsvägen 3	Sundsvall	1979, 1988	1985	6,774	
Norrmalm 4:6	Offices	Heffnersvägen 22	Sundsvall	1970, 1989	1980	1,974	L
Gyldenlöve 16	Retail	Lagerbergsgatan 2-4, Västerlånggatan 6	Uddevalla	1953	1985	8,457	
Koch 7	Retail	Kochska Gränden 1-7, 2-4, Kungsgatan 2	Uddevalla	1977, 2008	1984	8,980	
Kvarngärdet 56:4	Education, health and care	Vattholmavägen 10	Uppsala	1988	1989	2,946	
Vallentuna Mörby 1:118	Offices	Fabriksvägen 1A-C	Vallentuna	1981	1981	2,689	
Rättaren 4	Offices	Hjalmar Petris Väg 42	Växjö	1971, 1998	1981	1,500	
Total 28						142,382	
GÄSTGIVAREGATAN HOLDING AB							
Tellus 4	Retail	Köpmangatan 5, Gästgivaregatan 14 etc.	Södertälje	1968, 1998	1968	10,214	
Total 1						10,214	
CULMEN STRÄNGNÄS II AB							
Seminariet 8	Other	Regementsgatan 8	Strängnäs	under construction	2014	0	
Norrstacken 14	Other	Hertig Karls väg 14	Strängnäs	under construction	2014	0	
Total 2						0	

Pro forma financial information

PRO FORMA FINANCIAL INFORMATION

Through an authorisation from the annual general meeting on 4 March 2014, the board of directors of Hemfosa has decided to refinance the majority of the shareholder loans using equity raised from an issue of shares offsetting debt (set-off issue). Hemfosa has decided to refinance the remaining part of the shareholder loans by raising a new loan, which will be paid in connection with, and is conditional upon, the stock exchange admission. The change in the Company's capital structure will have a direct impact on Hemfosa's future earnings, financial position and cash flows.

The financial pro forma financial statements have been prepared to illustrate:

- what the profit for the period might have been had the refinancing of the shareholder loans been implemented on 1 January 2013; and
- what the financial position might have been on 31 December 2013 had the refinancing of the shareholder loans been implemented on 31 December 2013.

The pro forma financial statements are only intended to describe a hypothetical situation and have been prepared only for illustrative purposes; they are not intended to show the financial position or earnings for the period had the above-mentioned events occurred at the above-mentioned dates. Neither do they demonstrate the financial position or earnings for the operations at any future date. The pro forma financial statements do not include any synergies or integration costs.

Basis for the pro forma financial information

The financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The pro forma financial statements have been prepared in accordance with Hemfosa's accounting policies, as described in the section "Historical financial information."

The income statement and the balance sheet used as the basis for the pro forma information comprise Hemfosa's audited financial information for 2013. The audited financial information for Hemfosa is presented in the section "Historical financial information."

Pro forma adjustments

The pro forma adjustments are described in more detail below in the notes to the income statement and balance sheet. The following textual description is more general in nature.

Capital structure adjustment

These adjustments comprise the refinancing of the Company's shareholder loans of MSEK 3,470, in part through the set-off issue and in part through the raising of a new loan.

Hemfosa's board of directors has, through an authorisation from the annual general meeting on 4 March 2014, decided to refinance the majority of the shareholder loans using equity, by means of a set-off issue. As a result of the set-off issue, the Company's equity increased by the same amount as the subscription price, which was SEK 96, defined as the highest price in the price interval applicable for the Offer, multiplied by the number of shares issued, which was 30,937,496. Hemfosa has decided to refinance the remaining part of the shareholder loans – MSEK 500 – by raising a new loan from SEB and Swedbank, which will be paid in connection with, and is conditional upon, the stock exchange admission. The new loan is long term and carries interest based on STIBOR plus an interest-rate margin. An adjustment has been implemented in the pro forma income statement to reflect the lower interest expense of MSEK 285 – after deductions for the arrangement fee – resulting from the refinancing of the shareholder loans. The tax effect of the adjustments of the capital structure is also recognised in the pro forma income statement.

PRO FORMA INCOME STATEMENT 1 JANUARY – 31 DECEMBER 2013

MSEK	Hemfosa group ¹⁾	Pro forma adjustments	Pro forma
Rental income	1,584	-	1,584
Property expenses			
Operating expenses	-298	-	-298
Maintenance costs	-110	-	-110
Property tax	-68	-	-68
Property management	-61	-	-61
Net operating income	1,047	-	1,047
Central administration	-79	-	-79
Other operating income	-	-	-
Share of profit of joint ventures	125	-	125
Finance income	9	-	9
Finance costs	-779	285 ²⁾	-494
Profit from property management	323	285	608
Changes in the value of properties, realised	-21	-	-21
Changes in the value of properties, unrealised	-193	-	-193
Changes in value of financial instruments, unrealised	23	-	23
Profit before tax	132	285	417
Income tax expense	-	-	-
Deferred tax expense	99	-63 ³⁾	36
Profit for the year	231	222	453

1) Based on Hemfosa's audited historical financial information for 2013.

2) The adjustment of finance expenses is due to the lower interest expense of MSEK 290, which result from the refinancing of shareholder loans through the set-off issue (MSEK 2,970), as well as the raising of a new loan (MSEK 500), and an expense of MSEK 5 for an arrangement fee attributable to the raising of the new loan.

3) The adjustment of deferred tax by a negative amount of MSEK 63 is a tax effect attributable to the lower interest expenses. A tax rate of 22 per cent has been applied.

PRO FORMA BALANCE SHEET 31 DECEMBER 2013

MSEK	Hemfosa Group¹⁾	Pro forma adjustments²⁾	Pro forma
ASSETS			
Investment property	16,284	-	16,284
Property, plant and equipment	1	-	1
Investments in joint ventures	455	-	455
Other non-current receivables	26	-	26
Derivatives	6	-	6
Total non-current assets	16,772	-	16,772
Current receivables	65	-	65
Cash and cash equivalents	284	-5	279
Total current assets	349	-5	344
TOTAL ASSETS	17,121	-5	17,116
EQUITY AND LIABILITIES			
Equity	2,369	2,965	5,334
Liabilities			
Non-current interest-bearing liabilities	11,829	-2,970	8,859
Non-current derivatives	114	-	114
Deferred tax liabilities	430	-	430
Current interest-bearing liabilities	1,831	-	1,831
Current derivatives	4	-	4
Other current liabilities	544	-	544
Total liabilities	14,752	-2,970	11,782
TOTAL EQUITY AND LIABILITIES	17,121	-5	17,116
Equity/assets ratio, %	13.8		31.2

1) Based on Hemfosa's audited historical financial information for 2013.

2) The adjustments are attributable to the refinancing of the shareholder loans in an amount of MSEK 3,470, of which MSEK 2,970 through the set-off issue, which increased equity by a corresponding amount, and to MSEK 500 through the raising of a new long-term loan. The expense of MSEK 5 for the arrangement fee attributable to the raising of a new loan affected profit for 2013 by a corresponding amount and has been assumed in the calculation to have been paid in cash.

Auditor's report on pro forma financial information

To the board of directors of Hemfosa Fastigheter AB (publ)

Corporate Reg No 556917-4377

AUDITORS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION

We have completed our assurance engagement to report on the compilation of pro forma financial information on pages 86–88 of Hemfosa Fastigheter AB's (publ) prospectus dated 7 March 2014.

The pro forma financial information has been prepared solely to provide information on how the refinancing of the shareholder loans might have affected the consolidated income statement for the period 1 January 2013 – 31 December 2013 had the refinancing of the shareholder loans occurred on 1 January 2013, as well as on how the consolidated balance sheet on 31 December 2013 might have been affected had the refinancing of the shareholder loans been implemented on 31 December 2013.

Responsibility of the board of directors

The board of directors is responsible for preparing the pro forma financial information in accordance with the requirements of EC Regulation 809/2004/EC.

Auditor's responsibility

It is our responsibility to provide an opinion as required by Appendix II, item 7 of EC Regulation 809/2004/EC. We are not obligated to provide any other opinions on the pro forma financial information or any of its constituent elements. We take no responsibility for any of the financial information used in the compilation of the pro forma other than the responsibility we have for the auditor's reports on the historical financial information that we have previously issued.

Work performed

We have performed our work in accordance with FAR's audit standard RevR 5, Examination of Prospectuses. Our work, which did not include an independent examination of the underlying financial information, consisted primarily of comparing the unadjusted financial information with source documentation, assessing evidence supporting the pro forma adjustments and discussing the pro forma financial information with the management of the company.

We have planned and performed our work so as to obtain the information and explanations we consider necessary in order to obtain reasonable assurance that the pro forma financial information has been compiled on the basis stated on pages 86–88 and that this basis is consistent with the accounting policies applied by the company.

Opinion

In our opinion, the pro forma financial information has been compiled correctly in accordance with the basis stated on pages 86–88 and this basis is consistent with the accounting policies applied by the company.

Stockholm, 7 March 2014

KPMG AB
Mattias Johansson
Authorised Public Accountant

Current earnings capacity

Below is the Company's current earnings capacity on a 12-month basis as per 31 December 2013. The earnings capacity is not a forecast but must be considered only as a theoretical instantaneous impression and is presented only for illustrative purposes. The assessed earnings capacity does not include an assessment of the future trends for rents, vacancy rates, operating costs, interest rates or other factors.

The earnings capacity must be considered together with other information in the prospectus. Information about the assessed earnings capacity has been examined by the Company's auditors; see the section "Auditor's report on current earnings capacity."

The following information constituted the basis for the assessed earnings capacity.

- Annual contractual rental income (including supplements and rent discounts), as well as assessed other property-related income as per 31 December 2013 based on current leases.
- Operating and maintenance costs consist of an assessment of a standard year's operating costs and maintenance measures.
- Property tax has been calculated based on the taxable value of the properties during 2013 and costs for ground rents have been assessed based on the annualised level at 2013.
- Costs for central administration and marketing have been assessed based on the existing operation and the size of the property portfolio.
- Share of profit of joint ventures consists of 50 per cent of Söderport Holding AB's profit from property management for 2013, including administration costs and financial items corresponding to MSEK 46.5, and 50 per cent of Hemfosa Kronfastigheter Holding AB's profit from property management according to the acquisition analysis, including administration costs and financial items corresponding to MSEK 13.5. Other joint ventures pertain mainly to ongoing projects with limited or insignificant current earnings before the projects have been completed.
- Hemfosa's participating interest in Hemfosa Kronfastigheter Holding AB is currently 50 per cent, whereby, according to the above, 50 per cent of the company's profit from property management according to the acquisition analysis, including administration costs and financial items, is included in Share of profit of joint ventures. However, Hemfosa has an opportunity to exercise a call option for the remaining 50 per cent of the shares in Hemfosa Kronfastigheter

Holding AB after 31 January 2015 at a predetermined price; also refer to information in the section "Legal considerations and supplementary information" under the heading "Shareholder agreements". Should Hemfosa exercise this call option to acquire the remaining 50 per cent of the shares, the item "Share of profit of joint ventures" will increase by MSEK 13.5, calculated on the basis of additional annual earnings capacity less the purchase consideration for the remaining shares.

- Interest income has been calculated as 1.0 per cent return on cash and cash equivalents.
- Finance costs have been calculated based on the company's actual average level of interest as of 31 December 2013, which was about 4.48 per cent, including costs for derivative instruments and committed lines of credit, as well as a downward adjustment of the average margin of 0.15 per cent, pursuant to the conditions stipulated in certain credit agreements that become effective in connection with a stock exchange listing. Adjustments have also been made for the Company's refinancing of the shareholder loans of MSEK 3,470 in the form of a set-off issue of shares in the amount of MSEK 2,970 and the raising of bridge financing of MSEK 500, which will occur in connection with the stock exchange listing. Refer to the section "Selected financial information" under the heading "Significant events since 31 December 2013".

Figure 60 – Current earnings capacity as per 31 December 2013

MSEK	31 Dec 2013
Rental income	1,561
Property expenses	
Operating expenses	-295
Maintenance costs	-100
Property tax	-66
Property management	-55
Net operating income	1,045
Central administration	-70
Other operating income	0
Share of profit of joint ventures	60
Finance income	4
Finance costs ¹⁾	-458
Profit from property management	581

1) Excluding interest on shareholder loans and including interest on bridge financing.

Auditor's report on current earnings capacity

To the board of directors of Hemfosa Fastigheter AB (publ)

Corporate Reg No 556917 377

AUDITOR'S REPORT ON CURRENT EARNINGS CAPACITY

We have examined the current earnings capacity as presented on page 90 of Hemfosa Fastigheter AB's prospectus at 7 March 2014.

Responsibilities of the board of directors and the CEO

The board of directors and the CEO are responsible for the preparation of the current earnings capacity and determining the significant assumptions on which the current earnings capacity is based in accordance with the requirements in the EC Regulation 809/2004/EG.

Auditor's responsibility

It is our responsibility to provide an opinion in accordance with EC Regulation 809/2004/EC, Appendix I p. 13.2. We are not obligated to provide and do not provide any opinions on Hemfosa Fastigheter AB's ability to achieve the current earnings capacity or the assumptions on which the preparation of the current earnings capacity is based. We take no responsibility for such financial information used in the compilation of the current earnings capacity other than the responsibility we have for the audit reports on the historical financial information, which we have previously issued.

Work performed

We have conducted our examination in accordance with FAR's audit standard RevR 5, Examination of Prospectuses. Our work included an assessment of the procedures and the accounting policies applied by the board of directors and the CEO in the preparation of the current earnings capacity compared with those normally applied by the company.

We planned and performed our work to obtain the information and explanations we consider necessary to ensure with reasonable assurance that the current earnings capacity has been prepared in accordance with the assumptions on page 90.

Since the current earnings capacity and assumptions are based on anticipated events which frequently do not occur as expected, we are unable to express an opinion as to whether the actual earnings will correspond to those reported in the current earnings capacity. The variations may be material.

Opinion

In our opinion, the current earnings capacity has been compiled correctly in accordance with the assumptions stated on page 90 and these assumptions are consistent with the accounting policies applied by the company.

Stockholm, 7 March 2014
KPMG AB

Mattias Johansson
Authorised Public Accountant

Selected financial information

The selected financial information below has been derived from the audited financial statements for the years 2011, 2012 and 2013. The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS). The information in this section should be read in conjunction with the information in the section “Commentary on financial development” and Hemfosa’s financial information with accompanying notes, which are presented elsewhere in this prospectus.

INCOME STATEMENT IN SUMMARY

MSEK	1 Jan – 31 Dec 2013	1 Jan – 31 Dec 2012	1 Jan – 31 Dec 2011
Rental income	1,584	1,573	1,257
Property expenses			
Operating expenses	-298	-302	-270
Maintenance costs	-110	-165	-105
Property tax	-68	-65	-49
Property management	-61	-55	-49
Net operating income	1,047	986	784
Central administration	-79	-83	-62
Other operating income	0	21	40
Share of profit of joint ventures	125	62	-104
Finance income	9	36	84
Finance cost	-779	-836	-640
Profit from property management	323	186	103
Changes in the value of properties, realised	-21	82	38
Changes in the value of properties, unrealised	-193	864	914
Changes in value of financial instruments, unrealised	23	-23	-142
Profit before tax	132	1,110	914
Income tax expense	-	-	-4
Deferred tax expense	99	-187	-243
Profit for the year	231	923	667

BALANCE SHEET IN SUMMARY

MSEK	31 Dec 2013	31 Dec 2012	31 Dec 2011
ASSETS			
Investment property	16,284	16,019	15,082
Property, plant and equipment	1	48	58
Investments in joint ventures	455	282	100
Receivables from joint ventures	0	0	224
Other non-current receivables	26	-	12
Derivatives	6	-	-
Total non-current assets	16,772	16,349	15,476
Rent receivables	26	36	55
Current receivables	39	89	76
Cash and cash equivalents	284	242	298
Total current assets	349	367	429
TOTAL ASSETS	17,121	16,716	15,905
EQUITY AND LIABILITIES			
Total equity	2,369	2,176	1,254
Liabilities			
Non-current interest-bearing liabilities	11,829	9,628	13,070
Derivatives	118	135	112
Deferred tax liabilities	430	527	413
Current interest-bearing liabilities	1,831	3,711	413
Other current liabilities	544	539	642
Total liabilities	14,752	14,540	14,650
TOTAL EQUITY AND LIABILITIES	17,121	16,716	15,905

CASHFLOW STATEMENT

MSEK	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	1 Jan - 31 Dec 2011
Operating activities			
Profit from property management	323	186	103
Adjustments for non-cash items	-130	-32	65
Income tax paid	3	-10	4
Cash flow from operating activities before changes in working capital	196	144	172
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in current receivables	60	28	81
Increase (+)/Decrease (-) in current liabilities	5	-102	812
Cash flow from operating activities	261	70	1,065
Investing activities			
Acquisition of investment property	-65	-542	-6,473
Disposal of investment property	303	785	499
Investment in existing property	-667	-312	-221
Acquisition of property, plant and equipment	-	-5	-
Disposal of property, plant and equipment	-	4	-
Acquisition of financial assets	-26	-	-137
Shareholders' contribution paid	-48	-	-
Dividends received from joint ventures	-	146	-
Divestment of financial assets	-	2	-
Cash flow from investing activities	-503	78	-6,332
Financing activities			
New share issue	-	-	12
Shareholders' contribution received	9	-	63
Borrowings	412	258	5,384
Repayment of borrowings	-90	-462	-212
Dividends paid	-47	-	-
Cash flow from financing activities	284	-204	5,247
Cash flow for the year	42	-56	-20
Cash and cash equivalents at the beginning of the year	242	298	318
Cash and cash equivalents at the end of the year	284	242	298

KEY FIGURES FOR THE GROUP

	31 Dec 2013	31 Dec 2012	31 Dec 2011
Financial			
Return on equity, %	10.2	53.8	75.6
Loan-to-value ratio, properties, %	83.9	83.3	89.4
Interest-coverage ratio, multiple	1.4	1.2	1.2
Debt/equity ratio, multiple	5.8	6.1	10.8
Equity/assets ratio, %	13.8	13.0	7.9
Share-based			
Equity, SEK per share	94.8	87.0	50.2
Long-term net asset value (EPRA NAV), SEK per share	116.4	113.5	74.0
Earning per share after tax	7.4	36.9	27.7
Profit from property management, SEK per share	12.9	7.4	4.3
Cash flow from operating activities, SEK per share	10.4	2.8	44.3
Dividend, SEK per share	0.0	0.0	0.0
Average number of shares outstanding during the period, thousands	25,000	25,000	24,053
Number of shares outstanding per balance-sheet date, thousands	25,000	25,000	25,000
Property-related			
Number of properties at the end of the period	195	204	279
Lettable area at the end of the period, sqm thousands	1,713	1,721	1,808
Carrying amount of properties, MSEK	16,284	16,019	15,082
Property value, SEK per sqm	9,504	9,310	8,341
Economic occupancy rate, %	90	89	91
Surplus ratio, %	66	63	62
Yield, %	6.4	6.3	6.5

1) Of which MSEK 3,470 is included in interest-bearing debt and is attributable to the shareholder loans. Corresponding figures for 2012 and 2011 are MSEK 3,470 and MSEK 3,395 respectively.

DEFINITION OF KEY FIGURES

Cash flow per share

Profit before tax adjusted for non-cash items less taxes paid as a percentage of the average number of shares.

Debt/equity ratio

Interest-bearing liabilities divided by total equity.

Dividend per share

Decided dividend as a percentage of the number of shares at the end of the period.

Earnings per share

Profit as a percentage of the average number of shares during the period.

Economic occupancy rate

Rental income as a percentage of the rental value for the period.

Equity ratio

Equity as a percentage of total assets.

Equity per share

Equity at the end of the period as a percentage of the number of shares at the end of the period.

Interest coverage ratio

Profit from property management adjusted for finance costs as a multiple of finance costs.

Key figures per share

Equity is calculated on the number of shares at the closing date. Other key figures are based on the average number of shares.

Loan-to-value ratio

Interest-bearing liabilities at the end of the period as a percentage of the carrying amount of the properties at the end of the period.

Long-term net asset value (EPRA NAV)

Carrying amount of equity according to the balance sheet, adjusted for derivatives and deferred tax.

Property value

Carrying amount of properties.

Return on equity

Profit for the period as a percentage of average equity during the period.

Surplus ratio

Net operating income for the period as a percentage of the rental income for the period.

Yield

Net operating income for the period as a percentage of the property value at the end of the period, adjusted for the holding period of the properties.

Commentary on financial development

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The selected financial information is based on the historical financial information for Hemfosa. Prior to the formation of the Group in its current state, the operations were conducted in two separate groups, Hemfosa Sverige AB and Hemfosa Tetis AB. Historically, the operations have not legally formed a group and, as such, consolidated financial statements do not exist prior to 28 June 2013. Because the controlling influence over the two subsidiary groups remains unchanged both before and after 28 June 2013, this constitutes a restructuring of companies that are under “common control”. This means that assets and liabilities are recognised at the values to which they are reported in each company’s consolidated balance sheets.

The historical financial information prior to 28 June 2013 has been prepared as combined financial statements, as the Hemfosa Group was formed on 1 January 2011. This means that the two separate groups have been combined into one group without there being any acquirer. A prerequisite for preparing combined financial statements is the existence of so called binding factors between the companies being combined. A binding factor in connection with the restructuring of the Group is that Hemfosa Sverige AB and Hemfosa Tetis AB were under common control both before and after the combination. Common control of the two groups also existed prior to the restructuring. In operational terms, the two groups have been controlled and followed up as a single unit. The basis for the preparation of the combined financial statements is in the Discussion Paper published by the Federation of European Accountants (FEE) “Combined and Carve-Out Financial Statements” (February 2013).

The combined financial statements are based on the book values in accordance with Swedish GAAP, as recognised in the published annual reports of the respective groups. Adjustments have been made to eliminate intra-group transactions. Since it has been decided that Hemfosa will apply IFRS in the consolidated financial statements, the combined financial statements have been prepared in accordance to IFRS. For further description of the basis for preparation, refer to the section “Historical financial information.” The financial statements for the financial years 2011, 2012 and 2013 have been audited (see the section “Auditor’s report on historical financial information”).

COMMENTARY ON FINANCIAL DEVELOPMENT

The Commentary on financial development below is based on the financial years 2013, 2012 and 2011. The information below should be read in conjunction with the section “Selected financial information.”

SIGNIFICANT EVENTS SINCE 31 DECEMBER 2013 **Refinancing shareholder loans**

Set-off issue

As part of Hemfosa’s previous financing structure, as per 31 December 2013, there were shareholder loans totalling MSEK 3,470, of which MSEK 500 is to be repaid through the bridge financing mentioned below, resulting in remaining shareholder loans amounting to MSEK 2,970. On 6 March 2014, through authorisation from the annual general meeting on 4 March 2014, the board of directors resolved to implement a set-off issue, in which MSEK 2,970 of the shareholder loans are to be converted to equity newly issued shares in the company. The conversion of shareholder loans resulted in an increase of MSEK 2,970 in the Company’s equity. For more information, refer to the section “Shares, share capital and ownership structure” under the heading “Set-off issue, offsetting agreement,” and the section on “Pro forma financial information.”

Bridge financing

With the aim of obtaining a more appropriate capital structure in connection with the stock exchange listing and increasing flexibility when selecting future refinancing instruments, Hemfosa signed an agreement on 18 February 2014 with SEB and Swedbank to raise a loan for MSEK 500 to be repaid not later than 1 April 2015. The loan will be available for drawdown until 31 March 2014 and will be paid out in connection with, and is conditional upon, a stock exchange listing. For more information refer to the section “Pro forma financial information.”

Financial consequences of the set-off issue and bridge financing

The above mentioned set-off issue and bridge financing will have an impact on Hemfosa’s loan-to-value ratio, which will decrease from approximately 84 per cent to approximately 66 per cent.

Property transactions related to joint ventures

After the end of the financial year, Söderport Holding AB divested an additional eleven properties from the Swedish Car Inspection property portfolio with an underlying value of MSEK 56, thereby completing the plan to divest all properties outside Greater Stockholm. In January, five industrial properties were also acquired in northern Greater Stockholm, with a total area of 7,000 sqm. In December 2013, 50 per cent of Hemfosa Kronfastigheter Holding AB was acquired with no impact on Hemfosa's earnings in 2013.

COMPARISON BETWEEN 2013 AND 2012

Hemfosa's profit from property management, defined as earnings excluding value changes and tax, for 2013 amounted to MSEK 323, an increase by MSEK 137 compared with MSEK 186 in 2012. Profit after tax for the period decreased from MSEK 923 in 2012 to MSEK 231 in 2013. A description of the factors that impacted the change between the two years in the various subcomponents in the income statement in summary for the Group is presented below. The section also contains a description of the factors that impacted cash flow and specific items in the balance sheet in summary.

Rental income

Rental income for 2013 amounted to MSEK 1,584, corresponding to an increase of MSEK 11 compared with MSEK 1,573 in 2012. The higher rental income was primarily attributable to new lettings and the renegotiation of leases. During 2013, eleven properties were divested and two properties were acquired, compared with 81 divested and six acquired properties in 2012. Acquisitions and divestments of properties reduced rental income between 2013 and 2012 by approximately MSEK 10.

The economic occupancy rate for Hemfosa's property portfolio was 90 per cent in 2013, compared with 89 per cent in 2012. The change between the years was attributable to changes in the local market.

Property expenses

Operating expenses totalled MSEK 298 in 2013, a decrease by MSEK 4 compared with MSEK 302 in 2012.

Maintenance costs totalled MSEK 110 in 2013, a decrease of MSEK 55 compared with MSEK 165 in 2012. The reduction in maintenance costs in 2013 was a result of the comparison year 2012 including non-recurring costs pertaining to acquisitions.

Property tax totalled MSEK 68 in 2013, an increase by MSEK 3 compared with MSEK 65 in 2012. The increase was due to higher tax values in 2013.

Property expenses totalled MSEK 476 in 2013, a decrease by MSEK 56 compared with MSEK 532 in 2012.

Central administration

Costs for central administration for 2013 amounted to MSEK 79, a decrease by MSEK 4 compared with MSEK 83 in 2012.

Share of profit of joint ventures

Profit from joint ventures for 2013 amounted to MSEK 125, compared with MSEK 62 in 2012. The difference was mainly attributable to changes in the value of financial instruments and properties in Söderport Holding AB, as well as the divestment of the shares in Automobil Property AB in 2012.

Financial items

Net financial items amounted to MSEK 770 in 2013, a decrease by MSEK 30 compared with MSEK 800 in 2012. A significant portion of the finance costs comprised interest on the shareholder loans. Hemfosa's total interest-bearing liabilities vary from year to year depending on acquisitions, divestments, investments, scheduled repayments and refinancing. Since all of these changes occur at various points in time over the year, it is difficult to compare the figures from year to year.

Profit from property management

The profit from property management, defined as earnings excluding unrealised and realised changes in value of properties, unrealised changes in values of financial instrument and tax for 2013 amounted to MSEK 323, an increase by MSEK 137 compared to MSEK 186 in 2012. The higher profit from property management was a result of the above-mentioned factors.

Unrealised changes in value

The profit for 2013 was negatively impacted by a total of MSEK 193 corresponding to unrealised changes in the value of properties. During 2012, unrealised changes in the value of properties amounted to MSEK 864. The changes in the value of properties for 2013 were primarily a result of two specific properties, in which extensive damp-related damage resulted in substantial refurbishment costs, entailing one legal proceeding, which has been settled, and one deficiency complaint. For more information, refer to the section "Legal considerations and supplementary information" under the heading "Legal proceedings". Apart from this, the value increase in the Swedish property market was limited during 2013 compared to 2012. The considerable unrealised changes

in the value of properties in 2012 were mainly related to five large property portfolios.

The revaluation of financial instruments had a positive impact of MSEK 23 on the profit for 2013. The corresponding impact for 2012 was MSEK –23.

Tax

In 2013, Hemfosa reported an income tax expense of MSEK 0 and a deferred tax expenses of MSEK 99. The corresponding figures for 2012 were MSEK 0 and MSEK 187, respectively. Deferred tax is mainly attributable to investment property. The difference in deferred tax expenses between 2013 and 2012 is primarily explained by the recognised tax deficit for the 2014 assessment year which resulted in a positive deferred tax income of MSEK 120 for 2013. The deficit was not valued in the balance sheet in 2012.

Profit for the year

The profit for 2013 amounted to MSEK 231, compared to MSEK 923 in 2012.

Cash flow

Cash flow from operating activities before changes in working capital amounted to MSEK 196 in 2013. During 2012, cash flow from operating activities before changes in working capital amounted to MSEK 144. The improved cash flow in 2013 was primarily a result of an increase in profit from property management.

Investing activities in 2013 had a negative impact of MSEK 503 on cash flow. The corresponding amount for 2012 was MSEK 78. The difference was mainly due to a lower share of divestments in 2013 combined with increased investments in existing properties.

Cash flow from financing activities had a positive impact of MSEK 284 on cash flow in 2013, compared to a negative impact of MSEK 204 in 2012. The change in cash flow from financing activities was mainly due to loans raised in 2013.

In total, cash and cash equivalents increased by MSEK 42 in 2013, compared with a decrease of MSEK 56 in 2012.

Acquisitions and investments

In 2013, Hemfosa invested MSEK 732, of which MSEK 65 pertained to acquisitions and MSEK 667 to investments in the existing portfolio. The corresponding investments for 2012 was MSEK 859, of which MSEK 542 pertained to acquisitions, MSEK 312 to investments in the existing portfolio and MSEK 5 to investments in property, plant and equipment.

Divestments

During 2013, eleven properties totalling MSEK 303 were divested, resulting in a realised loss of MSEK 21. The largest sale in 2013 pertained to a retail property in Södertälje, which was sold to a joint venture owned by Hemfosa and Skanska.

During 2012, 81 properties totalling MSEK 785 were divested, resulting in a realised profit of MSEK 82. All properties sold were smaller industrial and retail properties.

Property portfolio

As per 31 December 2013, the property portfolio included 195 properties, a decrease of nine properties compared with 31 December 2012 when the property portfolio comprised 204 properties. As per 31 December 2013, the market value of the properties totalled SEK 16.4 billion. In the balance sheet, the properties are recognised at fair value less acquired deferred tax.

As per 31 December 2013, the lettable area amounted to 1,713 sqm (thousands), corresponding to a decrease of approximately 8,000 sqm compared with 31 December 2012, when the lettable area amounted to 1,721 sqm (thousands).

The average remaining term for leases as per 31 December 2013 was 4.9 years, compared with 4.1 years as per 31 December 2012.

COMPARISON BETWEEN 2012 AND 2011

Hemfosa's profit from property management, defined as earnings excluding value changes and tax, for 2012 amounted to MSEK 186, an increase by MSEK 83 compared with MSEK 103 in 2011. Profit after tax for the period increased from MSEK 667 in 2011 to MSEK 923 in 2012. A description of the factors that impacted the change between the two years in the various subcomponents in the income statement in summary for the Group is presented below. The section also contains a description of the factors that impacted cash flow and specific items in the balance sheet in summary.

Rental income

Rental income for 2012 amounted to MSEK 1,573, an increase by MSEK 316 compared with MSEK 1,257 in 2011. The higher rental income was primarily attributable to an increase in the property portfolio. In March 2011, the property portfolio Landic VIII was acquired and Hemfosa Adrian was formed in connection with the acquisition. In November 2011, the property portfolio Kefren IX was acquired and Hemfosa Tetis AB was formed in connection with the acquisition. The acquisi-

tions contributed to increased rental income in 2012 compared to 2011, totalling MSEK 232 and MSEK 70, respectively. Other factors impacting rental income include new lettings and renegotiated leases.

The economic occupancy rate for Hemfosa's property portfolio amounted to 89 per cent in 2012, compared with 91 per cent in 2011. The decline in the economic occupancy rate between 2011 and 2012 was primarily due to the acquisition of properties with a higher vacancy rate.

Property expenses

Operating expenses totalled MSEK 302 in 2012, an increase by MSEK 32 compared with MSEK 270 in 2011.

Maintenance costs totalled MSEK 165 in 2012, an increase of MSEK 60 compared with MSEK 105 in 2011. The increase in maintenance costs in 2012 was due to non-recurring costs and largely related to acquisitions.

Property tax totalled MSEK 65 in 2012, an increase by MSEK 16 compared with MSEK 49 in 2011.

Property expenses totalled MSEK 532 in 2012, an increase of MSEK 108 compared with MSEK 424 in 2011. The increase in property expenses was primarily due to completed property transactions, as well as neglected maintenance in the acquired property portfolios.

Central administration

Costs for central administration for 2012 amounted to MSEK 83, which is an increase of MSEK 21 compared with MSEK 62 in 2011. The increase was mainly related to the acquisition of approximately 900,000 sqm in 2011, and an increase in expenses for staff and external consultants.

Share of profit of joint ventures

Profit from joint ventures for 2012 amounted to MSEK 62, compared with MSEK -104 in 2011. The increase between 2012 and 2011 was mainly attributable to changes in value of financial instruments and properties in Söderport Holding AB, as well as the impact of the divestment of the shares in Automobil Property AB on the figures for 2012.

Financial items

Net financial items amounted to MSEK 800 in 2012, an increase of MSEK 244 compared with MSEK 556 in 2011. A significant portion of the finance costs comprise interest on the shareholder loans.

Hemfosa's total interest-bearing liabilities vary from year to year depending on acquisitions, divestments, investments, scheduled amortisations and refinancing.

Since all of these changes occur at various points in time over the year, it is difficult to compare the figures from year to year.

In connection with a major acquisition, Hemfosa's interest-bearing liabilities increased, partly with external creditors and partly with existing institutional shareholders, which had a negative impact on net financial items in 2012.

Profit from property management

Profit from property management, defined as earnings excluding unrealised and realised changes in the value of properties, unrealised changes in values of financial instruments and tax for 2012 amounted to MSEK 186, an increase by MSEK 83 compared with MSEK 103 in 2011. The higher profit from property management was mainly a result of the above-mentioned factors.

Unrealised changes in value

The profit for 2012 was positively impacted by a total of MSEK 864 in unrealised changes in the value of properties. The considerable unrealised changes in the value of properties in 2012 were mainly related to five specific property portfolios. During 2011, unrealised changes in the value of properties amounted to MSEK 914. The considerable unrealised changes in the value of properties in 2011 were mainly related to three specific property portfolios.

The revaluation of derivatives had a negative impact of MSEK 23 on profit for 2012. The corresponding expense for 2011 was MSEK 142.

Tax

For 2012, Hemfosa reported an income tax expense of MSEK 0 and a deferred tax expense of MSEK 187. The corresponding figures for 2011 were MSEK 4 and MSEK 243, respectively. Deferred tax expense for the two years mainly derived from investment property.

Profit for the year

The profit for 2012 amounted to MSEK 923, compared to MSEK 667 in 2011.

Cash flow

Cash flow from operating activities before changes in working capital amounted to MSEK 144 in 2012, compared to MSEK 172 in 2011.

Investing activities in 2012 had a positive impact of MSEK 78 on cash flow and pertained mainly to the net disposal of properties. The corresponding cash flow from

investing activities in 2011 amounted to MSEK –6,332, mainly impacted by two major acquisitions, Kefren IX and Landic VIII.

Cash flow from financing activities had a negative impact of MSEK 204 on cash flow in 2012. In 2011, cash flow from financing activities was positive and amounted to MSEK 5,247, which pertained to new loans raised in connection with the acquisitions of Kefren IX and Landic VIII.

In total, cash and cash equivalents decreased by MSEK 56 in 2012, compared with a decrease of MSEK 20 in 2011.

Acquisitions and investments

In 2012, Hemfosa invested MSEK 859, of which MSEK 542 pertained to acquisitions, MSEK 312 to investments in the existing portfolio and MSEK 5 to investments in property, plant and equipment. The corresponding investments for 2011 amounted to MSEK 6,694, of which MSEK 6,473 pertained to acquisitions and MSEK 221 to investments in the existing portfolio.

Divestments

During 2012, 81 properties totalling MSEK 785 were divested, resulting in a realised profit of MSEK 82. All properties sold were smaller industrial and retail properties.

During 2011, ten properties totalling MSEK 499 were divested, resulting in a realised profit of MSEK 38. The largest sale in 2011 consisted of development rights in Sollentuna and one office property in Stockholm.

Property portfolio

As per 31 December 2012, the property portfolio included 204 properties, a decrease of 75 properties compared with 31 December 2011 when the property portfolio comprised 279 properties. As per 31 December 2012, the market value of the properties was SEK 16.1 billion. In the balance sheet, the properties are recognised at fair value less acquired deferred tax. As per 31 December 2012, the lettable area was 1,721 sqm (thousands), corresponding to a decrease of approximately 87,000 sqm compared with 31 December 2011, when the lettable area amounted to 1,808 sqm (thousands).

The average remaining term for leases as per 31 December 2012 was 4.1 years, compared with 4.4 years as per 31 December 2011.

Capital structure and other financial information

EQUITY AND LIABILITIES

Hemfosa is financed with equity and liabilities, with most of the liabilities comprising interest-bearing liabilities to credit institutions and shareholders. As per 31 December 2013, total equity amounted to MSEK 2,369. At the same date, Hemfosa had current interest-bearing liabilities of MSEK 1,831 and non-current interest-bearing liabilities of MSEK 11,829, including shareholder loans. Of the total liabilities of MSEK 14,752, MSEK 13,660 was interest-bearing liabilities. The non-interest-bearing liabilities totalling MSEK 1,092 consisted of derivatives, deferred tax and other short term liabilities.

Hemfosa's capital structure as per 31 December 2013 is presented below, i.e. before bridge financing, set-off issue and the new share issue, with the aim of raising approximately MSEK 500 for Hemfosa before transaction costs. If the over-allotment option is exercised, Hemfosa will raise additional capital of approximately MSEK 417 (based on the highest price in the price range).

Figure 61 - Equity and liabilities

Equity and liabilities	31 dec 2013
Total current interest-bearing liabilities	1,831
As guarantee ¹⁾	1,691
As security ¹⁾	1,818
Unsecured credit	-
Total non-current interest-bearing liabilities	11,829
As guarantee ¹⁾	6,916
As security ¹⁾	8,265
Unsecured credit	3,474
Equity	2,369
Share capital	25
Other contributed capital	225
Retained earnings including profit for the year	2,118

1) Both guarantees and other securities are generally provided to creditors as security for financing the Company's property portfolio. In addition to guarantees, the securities provided includes pledges of shares, pledges of internal receivables with attached mortgage deeds, mortgage deed collateral, pledges of certain bank accounts, pledges of potential entitlement to insurance compensation, pledges of payment under swap agreements and liens to potential compensation under purchase agreements.

NET INTEREST-BEARING LIABILITIES

Hemfosa's net interest-bearing liabilities as per 31 December 2013 is presented below, i.e. before bridge financing, set-off issue and the new share issue, with the aim of raising approximately MSEK 500 for Hemfosa before transaction costs. If the over-allotment option is exercised, Hemfosa will raise additional capital of approximately MSEK 417 (based on the highest price in the price range).

Figure 62 - Net interest-bearing liabilities

Net interest-bearing liabilities	31 dec 2013
(A) Cash	284
(B) Other cash and cash equivalents	-
(C) Current investments	-
(D) Liquidity (A)+(B)+(C)	284
(E) Current receivables	-
(F) Current bank loans	1,831
(G) Short term part of non-current liabilities	-
(H) Other current financial liabilities	-
(I) Current interest-bearing liabilities (F)+(G)+(H)	1,831
(J) Net current interest-bearing liabilities (I)-(E)-(D)	1,547
(K) Non-current bank loans	8,359
(L) Issued bonds	-
(M) Other non-current bank loans	-
(N) Non-current interest-bearing liabilities (K)+(L)+(M)	8,359
(O) Net interest-bearing liabilities (J)+(N)	9,906

1) The table above excludes non-current interest-bearing receivables of MSEK 26.

In addition to the net interest-bearing liabilities of MSEK 9,906 presented in the table above, the Company had shareholder loans of MSEK 3,470 as per December 31 2013. The Company's total net debt, including shareholder loans, thereby amounted to MSEK 13,376, as per December 31 2013.

CREDIT AGREEMENTS

As per 31 December 2013, Hemfosa had MSEK 10,190 in interest-bearing liabilities, corresponding to a loan-to-value ratio of approximately 63 per cent. The average interest rate on the credit facilities was 4.5 per cent.

As per 31 December 2013, the average fixed-rate period, including effects of derivative instrument agreements, amounted to 2.5 years. The average fixed-term maturity was 3.0 years. The maturity structure of the borrowing agreements is presented in the table below.

Derivative instruments are continuously recognised at fair value in the balance sheet with value changes being recognised in the item changes in value of financial instruments unrealised in the profit and loss statement, without applying hedge accounting. Changes in the value of derivative instruments arise upon changes in interest rates and do not affect cash flow. The market value of the swap agreements decreases with falling reference interest rates and increases with rising reference interest rates. If the aforementioned derivative instruments are not divested during their duration, the sum of the market value changes is always SEK 0 at the maturity date, but they have affected earnings with higher or lower interest expenses during the duration of the agreement.

Hemfosa's loan facilities contain customary guarantees and covenants, including covenants for Hemfosa and its subsidiaries to achieve certain financial key indicators, such as loan-to-value ratio and interest-coverage ratio. If Hemfosa does not achieve these covenants and guarantees, the banks can cancel the loan facilities and demand repayment. Other loans may be terminated for immediate payment, or seizure of collateral by the relevant credit institution through crossdefault provisions.

Figure 63 – Interest and loan maturity structure as per 31 December 2013¹⁾

Year	Fixed-rate period		Fixed-term credit	
	MSEK	Proportion, %	MSEK	Proportion, %
Within one year	2,036	20	1,660	16
1–2 years	1,436	14	136	1
2–3 years	3,995	39	4,585	45
3–4 years	700	7	61	1
4–5 years	1,994	20	3,702	36
>5 years	29	0	46	0
Total	10,190	100%	10,190	100%

1) The average interest rate for Hemfosa's loan portfolio was 4.48 per cent as per 31 December 2013. Interest-rate swap agreements entered into with a total volume of MSEK 9,079 have been taken into account. The underlying loans carry interest at a variable rate that is mainly based on three months STIBOR.

REFINANCING SHAREHOLDER LOANS

Set-off issue

As part of Hemfosa's previous financing structure, as per 31 December 2013, there were shareholder loans totalling MSEK 3,470, of which MSEK 500 is to be repaid through the bridge financing mentioned below, resulting in remaining shareholder loans amounting to MSEK 2,970. On 6 March 2014, through authorisation from the annual general meeting on 4 March 2014, the board of directors resolved to implement a set-off issue, in which MSEK 2,970 of the shareholder loans are to be converted to newly issued shares in the company. The conversion of shareholder loans resulted in an increase of MSEK 2,970 in the Company's equity. For more information, refer to the section "Shares, share capital and ownership structure" under the heading "Set-off issue, offsetting agreement," and the section on "Pro forma financial information."

Bridge financing

With the aim of obtaining a more appropriate capital structure in connection with the stock exchange listing and increasing flexibility when selecting future refinancing instruments, Hemfosa signed an agreement on 18 February 2014 with SEB and Swedbank to raise a loan for MSEK 500 to be repaid not later than 1 April 2015. The loan will be available for drawdown until 31 March 2014 and will be paid out in connection with, and is conditional upon, a stock exchange listing. For more information refer to the section "Pro forma financial information."

Financial consequences of the set-off issue and bridge financing

The above mentioned set-off issue and bridge financing will have an impact on Hemfosa's loan-to-value ratio, which will decrease from approximately 84 per cent to approximately 66 per cent.

NEW SHARE ISSUE

Through authorisation from the annual general meeting held on 4 March 2014, the board of Hemfosa intends to resolve on a new issue of shares in connection with the Offer. Through the new share issue, Hemfosa will receive at least approximately MSEK 478 and at most approximately MSEK 522 before issue expenses. Furthermore, the Company has also undertaken, at the request of the Managers, to sell additional new shares of maximum 4,347,826 to cover any over-allotment in connection with the Offer. The new share issue will, upon full exercise of the over-allotment option, increase the share capital by a maximum of SEK 9,782,608 by an issue of maximum

9,782,608 number of shares, corresponding to a dilution of close to 15 per cent. For more information refer to the section "Offer to acquire shares".

THE CAPITAL STRUCTURE'S IMPACT ON HISTORICAL EARNINGS

With the new capital structure, Hemfosa's interest expenses are significantly lower than the level during the financial year of 2013 and earlier during the current financial year. The yearly interest expenses will decrease further following a stock exchange listing.

FINANCE POLICY

The overall objectives of Hemfosa's financing activities are to:

- Ensure that the financing activities are conducted under sound control and orderly financing conditions
- Ensure that Hemfosa is perceived as a professional business partner
- Secure the Company's loan financing
- Formulate financial strategies and risk management that match operating conditions
- Achieve the best possible net financial items within given risk mandates

Hemfosa shall be a professional borrower and work to ensure that the Company is always able to be offered financing on the best market terms for comparable borrowers and comparable securities. In financing activities where the financing constitutes a part of the property acquisition, the terms of the financing shall be assessed in consideration of the entire business arrangement.

Hemfosa's activity in the financial market should be clearly linked to the Company's business idea to develop and manage the property portfolio and to be active in the real estate transaction market. In order to minimize interest rate and funding risks, the bullet points below act as guidelines for Hemfosa's finance policy:

- The Company's total loan-to-value ratio may not exceed 75% (based on market value)
- The Company shall have four to six primary creditors
- A maximum of 25% of the outstanding loans may mature for renegotiation during a 12-month period
- The average duration for the loans may not be less than 1.5 years

The basis for the Company's choice of strategy for interest-risk management comprises the choice of fixed-interest strategy for the loans together with the selection of derivative instruments in order to manage the interest risk.

PROPERTY MORTGAGES

Hemfosa's properties are generally subject to mortgages and the pledged securities are pledged to the banks and credit institutions who provided the financing to companies within the Group. As per 31 December 2013, property mortgages in Hemfosa's property portfolio totalled MSEK 14,750.

REPORT ON WORKING CAPITAL MANAGEMENT AND CAPITAL REQUIREMENT

In the opinion of the board of directors of Hemfosa, the working capital is adequate for Hemfosa's current needs for the coming 12-month period. Here, working capital refers to Hemfosa's possibility of obtaining access to cash and cash equivalents to meet its payment obligations as they fall due for payment. Hemfosa's operating activities tie up limited working capital since Hemfosa receives most of its rental income in advance while expenses are primarily paid in arrears.

FINANCIAL POSITION

Hemfosa does not, as of today, know of any issues regarding public, economic, tax political, monetary or other political actions which, direct or in-direct, can have a significant effect on Hemfosa's operations. With the exemption of the conversion of the shareholder loans to equity as per 6 March 2014, no material change in Hemfosa's financial or market position has taken place since 31 December 2013.

INVESTMENTS

The table below presents Hemfosa's total property investments for the financial years 2013, 2012 and 2011. The investments comprise new constructions, expansions or renovations of existing properties, as well as investments in equipment.

Figure 64 - Investments

MSEK	2013	2012	2011
Investments in equipment	0	5	0
Investments in new constructions, expansions or renovations	667	312	221

Ongoing and approved investments

Hemfosa has no significant commitments to carry out repairs and maintenance other than what is pursuant to good property management. However, there are commitments to finish commenced investments in the investment properties. Ongoing project investments and renovations are currently taking place in 105 properties. Future commitments total MSEK 367 and are intended to be financed with bank financing, cash and cash equivalents.

DEFERRED TAX LIABILITY

As per 31 December 2013, the properties' residual value for tax purposes amounted to MSEK 10,809. At the same date, the recognised deferred tax liability attributable to properties amounted to MSEK 575. All of Hemfosa's property acquisitions have been classified as acquisitions of assets, resulting that no deferred tax is recognised initially.

PROPERTY, PLANT AND EQUIPMENT

Hemfosa's property, plant and equipment totalled MSEK 16,285 as per 31 December 2013. Of the total property, plant and equipment, MSEK 16,284 constituted properties and MSEK 1 machinery and equipment. Mortgages amounting to MSEK 14,750 were charged to Hemfosa's property, plant and equipment as per 31 December 2013. As per 31 December 2013, there were no decisions on future material investments in tangible fixed assets beyond what is presented above in the section "Ongoing and approved investments".

Figur 65 – Property, plant and equipment

MSEK	31 December 2013
Investment property	16,284
Machinery and equipment	1
Total	16,285

SENSITIVITY ANALYSIS

The table below presents the theoretical earnings effect before tax on Hemfosa's annual earnings capacity, with regards to cash flow affecting items.

Figure 66 – Sensitivity analysis – cash flow as per 31 December 2013

	Change	Earnings effect, MSEK
Contracted rental income	+/-1%	+/-16
Economic occupancy rate	+/-1%	+/-18
Property costs	+/-1%	+/-5
Net operating income	+/-5%	+/-52
Finance costs at current rental levels and change in the interest rate environment ¹⁾	+/-1%	+/-14,4
Finance cost due to change in the average interest rate ²⁾	+/-1%	+/-102,7
Revaluation of interest rate derivatives due to shift in interest rate yield curves	+/-1%	+/-247

1) Including derivative agreements.

2) Excluding derivative agreements.

FINANCIAL RISK MANAGEMENT

The Group is exposed to various kinds of financial risks through its operations. Financial risks refers to fluctuation in the Company's earnings and cash flow as a result of changes in interest rate levels, liquidity and re-financing risks.

The board of directors of Hemfosa has adopted a finance policy which governs how these risks shall be managed and controlled. The management of the Company's financial risks takes place at Hemfosa's financial department, who has the task of identifying and minimising the earnings impact of these risks to the greatest extent possible. All financial risks shall be reported and analysed by Hemfosa's financial department. This shall take place in accordance with the Company's current procedures, which are intended to limit the Company's financial risks.

Liquidity risk management

Liquidity risk is the risk that the Company cannot meet its payment obligations on the due date without the cost of obtaining means of payment increasing substantially. According to the Company's current procedures, liquidity management is centralised to Hemfosa's accounting and financing departments in order to optimise the utilisation of cash and cash equivalents and minimise the need for financing. A liquidity forecast is made by the accounting and financing departments every week, in addition to a liquidity plan for a rolling twelve months period. The forecasts are updated on a weekly and quarterly basis respectively.

Refinancing risk management

Refinancing risk is the risk that the Company will not be able to finance or re-finance its debt or operations, to the same extent, or that it can only be obtained at a substantially higher cost.

Hemfosa is guided by a finance policy, which has been approved by the board of directors. The finance policy dictates general procedures for how the Company should work with financing and how the risks associated with financing activities shall be limited. Hemfosa has a continuous discussion with current and potential future debt providers in order to secure that necessary financing can be obtained in all situations.

Market risk management

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. Under IFRS, market risks are classified as three kinds: foreign exchange risk, interest rate risk and other price risks. The market risk impacting the Company consists mainly of interest rate risk. The Company's objective is to identify, manage and minimise the market risks. This is conducted by Hemfosa's financial department according to existing routines.

Interest rate risk management

Interest rate risk refers to the risk that changes in interest rates could affect the Company's interest expenses. Interest rate risk can lead to a change in fair value, changes in cash flows and fluctuations in the Company's earnings. The Company is exposed to interest rate risk due to its borrowings. The management of interest rate risk is centralised to the Company's financial department, which is responsible for identifying and managing interest rate risks. For a proportion of the loans subject to variable interest rates, the interest rate risk is managed through interest rate swaps. Even after the stock exchange listing, the Company's operations will be debt financed, which means that the Company will also bear an interest rate risk going forward.

TRENDS

Although the future is difficult to assess, the market rents and occupancy rates, within the segments Hemfosa operates, are expected to continue to improve in 2014. The investor appetite for real estate is also expected to have a positive development in the coming years, mainly as a result of stable macroeconomic development relative to the rest of Europe in combination with favorable Swedish interest rates. This creates a solid foundation for continued liquidity in the Swedish property transaction market.



Sigurd 5

Västerås

Collage technique on canvas by *Hans von Corswant*

The art of making
the right combination

Board of directors, senior executives and auditor

BOARD OF DIRECTORS

Bengt Kjell, born in 1954

Chairman of the board of the Company since 2013, and Chairman of the remuneration committee and member of the audit committee. Chairman within the Group since 2009.

Education: Graduate in business administration, Stockholm School of Economics.

Other assignments: Deputy Chairman of the board of Indutrade Aktiebolag and Chairman of the board of Skånska Byggarvar Holding Aktiebolag and Expandum Invest AB. Board member of ICA Gruppen Aktiebolag, Helsingborgs Dagblad Aktiebolag, Pandox Aktiebolag, Swegon Aktiebolag, Plastal Industri AB and Nordic Tankers Holding AB. Board member and CEO of Aktiebolaget Handel och Industri.

Assignments concluded in the past five years/Background: Chairman of the board of Kungsliden Aktiebolag and Indutrade Aktiebolag. Board member of Skanska AB, Höganäs Aktiebolag, Innovativ Vision Holding AB, Isaberg Holding AB and Munters AB et cetera. Deputy CEO of Aktiebolaget Industrivärden.

Shareholding in the Company: 1,086,825 shares.

Independent in relation to the Company, the group management and the Company's major shareholders.

Jens Engwall, born in 1956

Board member and CEO of the Company since 2013. Board assignments within the Group since 2009.

Education: Master of Engineering, the Royal Institute of Technology, Stockholm.

Other assignments: Board member of Bonnier Fastigheter AB, IKANO S.A., Runsvengruppen Aktiebolag, Nordic Service Partners Holding AB, Chengde Intressenter AB and Hemfosa Gård AB et cetera.

Assignments concluded in the past five years/Background: Chairman of the board of Utö Bageri Aktiebolag, Runsvengruppen Aktiebolag, Scientific Golfers Sweden Aktiebolag and China Real Estate Development AB. Board member of Kungsliden Aktiebolag, Tengbomgruppen Aktiebolag, Vasallen AB, Russian Real Estate Investment Company AB, Reinhold Polska AB, Catella Financial Advisory AB and assignments within the Group. Jens Engwall has a background as CEO of Kungsliden Aktiebolag.

Shareholding in the Company: 1,461,825 shares.

Not independent in relation to the Company, the group management and the Company's major shareholders.¹⁾

Magnus Eriksson, born in 1959

Board member of the Company since 2013 and member of the remuneration committee. Board assignments within the Group since 2010.

Education: Studies in business administration, Uppsala University and financial analyst diploma (CEFA), Stockholm School of Economics.

Other assignments: Deputy CEO of the Fourth Swedish National Pension Fund. Board member of Rikshem Intressenter Holding AB and assignments within the Rikshem Group.

Assignments concluded in the past five years/Background: Board member of Four potentials AB.

Shareholding in the Company: -

Independent in relation to the Company and the group management; not independent in relation to the Company's major shareholders.²⁾

Anneli Lindblom, born in 1967

Board member of the Company since 2013 and Chairman of the audit committee. No previous assignments within the Group.

Education: Economics Degree, Frans Schartau's Business Institute, Stockholm.

Other assignments: CFO of Acando AB (publ), board member and CEO of NoClds AB and assignments within the Acando Group.

Assignments concluded in the past five years/Background: CFO of Proffice AB (publ), interim CFO of Ambea AB and board assignments within the Proffice Group.

Shareholding in the Company: -

Independent in relation to the Company, the group management and the Company's major shareholders.

Daniel Skoghäll, born in 1962

Board member of the Company since 2013. Board assignments within the Group since 2009.

Education: Master of Engineering, Chalmers University of Technology, Gothenburg.

Other assignments: Chairman of the board and CEO of IKANO Fastighets AB and assignments within the IKANO group.

Assignments concluded in the past five years/Background: Board member of IDEON AB and assignments within the IKANO group.

Shareholding in the Company: -

Independent in relation to the Company and the group management; not independent in relation to the Company's major shareholders.³⁾

1) Jens Engwall is board member of IKANO S.A., a company within the same group as the Selling Shareholder IKANO Invest Aktiebolag which before, but not after the Offer, controls ten per cent or more of the shares and votes in Hemfosa. Accordingly, Jens Engwall is independent in relation to the Company's major shareholders directly after but not before completion of the Offer.

2) Magnus Eriksson is Deputy CEO in the Selling Shareholder, the Fourth Swedish National Pension Fund, which, before but not after the Offer, controls ten per cent or more of the shares and votes in Hemfosa. Accordingly, Magnus Eriksson is independent in relation to the Company's major shareholders directly after but not before completion of the Offer.

3) Daniel Skoghäll is CEO and Chairman of the board of IKANO Fastighets AB, a company within the same group as the Selling Shareholder IKANO Invest Aktiebolag, which, before but not after the Offer, controls ten per cent or more of the shares and votes in Hemfosa. Accordingly, Daniel Skoghäll is independent in relation to the Company's major shareholders directly after but not before completion of the Offer.

Caroline Sundewall, born in 1958

Board member of the Company since 2013 and member of the remuneration committee. No previous assignments within the Group.

Education: Graduate in business administration, Stockholm School of Economics.

Other assignments: Chairman of the board of Svolder Aktiebolag. Board member and CEO of Caroline Sundewall AB and board member of Påengruppen Aktiebolag, Mertzig Asset Management AB, Lifco AB and Södra Skogsägarna Ekonomisk förening. Chairman of the Streber Cup foundation.

Assignments concluded in the past five years/Background: Board member of TeliaSonera Aktiebolag, SJ AB, Aktiebolaget Electrolux, Haldex Aktiebolag, TradeDoubler Aktiebolag, Ahlsell AB and Södra Cell Aktiebolag.

Shareholding in the Company: -

Independent in relation to the Company, the group management and the Company's major shareholders.

Ulrika Valassi, born in 1967

Board member of the Company since 2013. No previous assignments within the Group.

Education: Graduate in business administration, Uppsala University.

Other assignments: Board member, partner and CEO of au management AB and partner in Network Office i Stockholm AB.

Assignments concluded in the past five years/Background: Board member and CEO of Landshypotek Jordbrukskredit Aktiebolag, Chief Credit Officer of Landshypotek Bank Aktiebolag and Head of New Product Approval Office at SEB.

Shareholding in the Company: -

Independent in relation to the Company, the group management and the Company's major shareholders.



From the left: Caroline Sundewall, Daniel Skoghäll, Bengt Kjell, Anneli Linblom, Jens Engwall, Ulrika Valassi and Magnus Eriksson.

SENIOR EXECUTIVES

Jens Engwall, born in 1956
CEO

For further information about Jens Engwall, refer to the section "Board of directors" above.

Karin Osslind, born in 1955
CFO

Education: Graduate in business administration, Stockholm School of Economics.

Other assignments: -

Assignments concluded in the past five years/Background: Chairman of the board of Syssломännen AB and assignments within the Group.

Shareholding in the Company: 150,000 shares.

Karim Sahibzada, born in 1971
Head of Legal and Financing

Education: Master of Laws Degree, Uppsala University.

Other assignments: Assignments within the Group.

Assignments concluded in the past five years/Background: Board member and Managing Partner of Ashurst Advokatbyrå AB and assignments within the Group.

Shareholding in the Company: 125,000 shares.

Lars Thagesson, born in 1959
COO

Education: Elementary school.

Other assignments: Board member and CEO of Trenäs Förvaltning AB and board member of Cross Invest S.L.

Assignments concluded in the past five years/Background: Board member of Öboviken Aktiebolag, Deputy CEO of Kungsleden Aktiebolag and assignments within the Group.

Shareholding in the Company: 1,211,825 shares.



From the left: Lars Thagesson, Jens Engwall, Annika Ekström, Stina Lindh Hök, Karim Sahibzada, Mikael Weiland and Karin Osslind.

Mikael Weiland, born in 1958
Head of Business Development

Education: Industrial engineering and management, Linköping University.

Other assignments: Board member of Emendare AB.

Assignments concluded in the past five years/Background: Board member and CEO of China Real Estate Development AB.

Shareholding in the Company: 750,000 shares.

Annika Ekström, born in 1965
Head of Property Management

Education: Master of Engineering, Royal Institute of Technology, Stockholm.

Other assignments: –

Assignments concluded in the past five years/Background: Head of Asset Management at Aberdeen Property Investors Sweden AB. Board member of Fastighetsgrunden i Mölndal Förvaltning AB and assignments within the Aberdeen group.

Shareholding in the Company: 6,000 shares.

Stina Lindh Hök, born in 1973
Head of Analysis and Transactions

Education: Master of Engineering, Royal Institute of Technology, Stockholm.

Other assignments: –

Assignments concluded in the past five years/Background: Business developer at Atrium Ljungberg AB.

Shareholding in the Company: 7,000 shares.

OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

All board members and all of the senior executives can be contacted through the Company's postal address. The Company is of the opinion that Hemfosa's board of directors fulfils the requirements of the Swedish Code of Corporate Governance with respect to independence in relation to the Company, the group management and the Company's major shareholders. In the past five years, none of the board members or senior executives has been charged in fraud-related cases, been a member of the board of directors or management of a company that has been declared bankrupt, been liquidated (due to insolvency) or involved in any other bankruptcy administration, been the object of charges and/or sanctions by authorities (including authorised professional societies) or been imposed with a ban on engaging in company business.

There are no family ties between the individuals on Hemfosa's board of directors or the members of the group management. In addition to what is stated in the next paragraph, there are no potential conflicts of interest in relation to any of the board members or the senior executives, meaning their private interests cannot be considered to conflict with Hemfosa's interests. Members of the board and the group management hold shares in Hemfosa, as stated in the presentation of the board members and the senior executives, respectively. No company in the Group has entered into any agreement that would entitle board members or senior executives to post-employment benefits.

Board member Jens Engwall is also board member of IKANO S.A. and the board member Daniel Skoghäll is the Chairman of the board and CEO of IKANO Fastighets AB (companies included in the same group as the Selling Shareholder IKANO Invest Aktiebolag) and board member Magnus Eriksson is Deputy CEO of the Selling Shareholder the Fourth Swedish National Pension Fund. These three companies are, directly or indirectly, active players in the Swedish property market and there may be occasions when the interests of these companies will differ from those of the Company. In addition to the regulations on bias in Chapter 8, Section 23 of the Swedish Companies Act and in accordance with the rules of procedure for the board of directors of the Company, a board member/the CEO is not permitted to participate in

procedures or decisions on issues that could contain facts that might suggest that the board member/CEO has an interest in the issue that could conflict with that of the Company. It is the duty of every individual board member, as well as the CEO, to independently examine whether bias-related circumstances may exist and if so, such board member/CEO must immediately inform the board of directors of such circumstances.

No specific agreements have been made with major shareholders, customers, suppliers or other parties that have resulted in any board member or senior executive having been elected to the board of directors or employed as a senior executive.

Remuneration of board members and senior executives is stated in the section "Corporate governance." There are no restrictions prohibiting the board of directors or members of the group management from selling their shares in Hemfosa, with the exception for the restrictions stated in the section "Legal considerations and supplementary information" under the heading "Placing agreement"

AUDITOR

At the annual general meeting of the Company on 4 March 2013, it was resolved to elect the registered audit firm KPMG AB as auditor for the Company until the end of the 2015 annual general meeting. The authorised public accountant Mattias Johansson has been appointed auditor-in-charge. He has been responsible for auditing the companies within the Group since 2009. Mattias Johansson was born in 1973 and is a member of the Swedish Institute of Authorised Public Accountants.

The 2012 auditors' report for Hemfosa Sverige AB deviates from the standard formulation as follows: Notwithstanding my opinions above, I would like to comment that, in 2012, tax deductions and social security contributions were not paid on time on several occasions. The delays were due to deficient procedures. These deficiencies had no adverse effects on the company, except for interest on overdue payments. In autumn 2012, the board and the CEO enforced changes in the procedures aimed at remedying the observed deficiencies, whereupon we have not noted any additional delays in the period up until today's date.

The auditors' report was submitted on 6 May 2013.

Corporate governance

Corporate governance in Hemfosa is based on laws, the articles of association and, following the stock exchange listing, NASDAQ OMX Stockholm's Rulebook for issuers and the rules and recommendations issued by relevant organisations. Following the stock exchange listing, Hemfosa will also apply the Swedish Code of Corporate Governance (the "Code"). According to the Code, code adaptation is to be fully implemented no later than the date of the first annual general meeting (AGM) held after the stock exchange listing. The Code is based on the "comply or explain" approach. This means that a company applying the Code may choose to deviate from specific rules, but must then provide an explanation for the deviation. The Company does not expect to deviate from any of the rules in the Code. Possible future deviations from the Code will be outlined in the Company's annual corporate governance report.

GENERAL MEETING OF SHAREHOLDERS

Under the Swedish Companies Act, a general meeting of shareholders is the Company's supreme decision-making body and, at this meeting, shareholders are entitled to make decisions concerning the Company. Provisions regulating the general meeting of shareholders are contained in the Swedish Companies Act, the Code and in sections 8 and 9 of the articles of association.

A shareholder who wishes to have a matter dealt with at the AGM must submit a written request thereof to the board of directors. The matter will be dealt with at the AGM if the request has been submitted to the board no later than seven weeks prior to the AGM. At the general meeting of shareholders, all shareholders are entitled to present questions to the Company concerning the items of business addressed at the meeting, as well as the financial situation of the Company and the Group. All shareholders who are registered in the share register on the record date and who have notified their intent to participate in time are entitled to attend the meeting and vote in accordance with their total shareholding.

Notice to attend a general meeting of shareholders is issued by publishing the notice on the Company's website and in Post- och Inrikes Tidningar (the Swedish Official Gazette). At the same time, information confirming that official notification has taken place is published in Svenska Dagbladet or, should the national distribution of Svenska Dagbladet be discontinued, in Dagens Nyheter. The AGM is to be held where the board of directors has its registered office or in Stockholm within a period of six

months from the end of the financial year. The Company's financial year runs from 1 January to 31 December. Resolutions by the AGM include adoption of the Company's annual report, disposition of the Company's profit or loss and discharging board members and the CEO from liability. The AGM also appoints board members and auditor, and adopts resolutions regarding rules for the nomination committee, remuneration to the board members and the auditor, as well as guidelines for the determination of salaries and other remuneration for the CEO and the other members of the group management. Resolutions at general meeting of shareholders are normally passed by simple majority, unless the Swedish Companies Act imposes requirements for a higher proportion of the shares represented and the votes cast, such as resolutions concerning amendments to the articles of association. Following the stock exchange listing, resolutions of major significance that are adopted at the general meeting of shareholders are to be announced after the meeting through a press release, and the minutes from the meeting are to be published on the Company's website.

Extraordinary general meeting 2013 and AGM 2014

On 6 December 2013 Hemfosa held an extraordinary general meeting and on 4 March 2014 the Company held its AGM.

The extraordinary general meeting on 6 December 2013 resolved, in addition to the election of board members and their remuneration, to transform Hemfosa from a private company to a public company, to introduce a record day provision in the articles of association and to adopt certain other amendments to the articles of association required in view of the stock exchange listing on NASDAQ OMX Stockholm.

In addition to the resolutions incumbent upon the AGM to resolve on pursuant to the Swedish Companies Act, it was resolved at the 2014 AGM to adopt new articles of association, to authorise the board to resolve on new issue of shares, to elect the registered accounting firm KPMG AB as auditor for the Company¹⁾ for the period until the end of the next AGM (see the heading "Auditor" below), to adopt guidelines for remuneration to the group management (see the heading "CEO and other senior executives" below) and to adopt rules for the company's nomination committee (see the heading "Nomination committee" below).

1) KPMG AB has appointed the authorised public accountant Mattias Johansson as auditor-in-charge.

NOMINATION COMMITTEE

According to the Code, companies applying the Code must have a nomination committee, and the general meeting of shareholders determines the process for how members are to be appointed to the nomination committee, as well as guidelines for the nomination committee's task of producing proposals the next AGM.

According to the Code, the nomination committee shall have at least three members and a majority of these must be independent in relation to the Company and the group management. At least one of the nomination committee's members must be independent in relation to the Company's largest shareholder or group of shareholders, in terms of votes, that cooperate in respect of the administration of the Company.

At the AGM in Hemfosa on 4 March 2014 instructions for the nomination committee's work were adopted. The nomination committee, which shall consist of the Chairman of the board and four representatives nominated by the four largest shareholders in the Company in respect of voting rights according to the share register maintained by Euroclear on 31 August shall, according to the instructions, make proposals to the AGM concerning the number of board members and composition of the board including the Chairman of the board, remuneration to board members including any separate remuneration for committee work. The nomination committee shall also present a proposal concerning the Chairman of the AGM and, where applicable, auditors and their remuneration. If necessary, the nomination committee shall also make a proposal for changes to the current instructions for the nomination committee.

All shareholders are entitled to submit proposals indicating prospective board members to the nomination committee. Such proposals should be submitted to the Chairman of the nomination committee. The nomination committee's proposals on the appointment of board members and their remuneration and auditors are presented in the notice to attend the AGM. A statement from the nomination committee explaining its proposal on the composition of the board is published on the Company's website when the notice to attend the AGM is issued.

BOARD OF DIRECTORS

According to the articles of association, Hemfosa's board of directors shall comprise no less than four and no more than ten members, with no deputy members. The board members are elected annually at the Company's AGM for the period until the end of the next AGM. At the AGM on 4 March 2014 it was resolved to re-elect Bengt Kjell,

Caroline Sundewall, Jens Engwall, Anneli Lindblom, Magnus Eriksson, Ulrika Valassi and Daniel Skoghäll as board members. For information about the board members, their assignments outside the Group and their shareholdings in Hemfosa; refer to the section "Board of directors, senior executives and auditor".

The board is required to satisfy the interests of shareholders over time and is ultimately responsible for the Company's organisation and the administration of the Company's affairs. The board has adopted rules of procedure for the board of directors and an instruction for the CEO. The board has also established a number of overall policies, guidelines and instructions for the Company's operations. These include a financial policy, communication policy, insider policy, IT policy, environmental policy and ethical guidelines for the Company's conduct. All of these internal governing documents are evaluated at least once annually and are also updated continuously to comply with legislation, or should other requirements arise. According to the Code, a majority of the board members elected by a general meeting of shareholders are to be independent in relation to the Company and the group management. At least two of these are also to be independent in relation to the Company's major shareholders. The Company's board is deemed to meet the independence requirements, since six of the seven board members elected at an AGM are independent in relation to the Company and the group management. The CEO, Jens Engwall, is not deemed independent in relation to the Company and the group management. Four of the board members are also deemed to meet the independence requirement in relation to major shareholders. Jens Engwall, board member of IKANO S.A., Magnus Eriksson, Deputy CEO of the Fourth Swedish National Pension Fund and Daniel Skoghäll, Chairman of the board and CEO of IKANO Fastighets AB, have not been deemed independent in relation to the Company's major shareholders prior to the Offer but will, directly following the Offer, be independent in relation to the Company's major shareholders due to IKANO Invest AB (a company in the same Group as IKANO S.A. and IKANO Fastighets AB) and the Fourth Swedish National Pension Fund considerably reducing their shareholding in the Company in conjunction with the Offer.

Committees

The board currently has two committees: an audit committee and a remuneration committee. The members of these committees are appointed by the board.

Audit committee

In accordance with the Swedish Companies Act, the board has appointed an audit committee, that prepares recommendations to the board for its approval. The committee works according to an annually established agenda and is tasked with monitoring the Company's financial statements and the efficiency of the Company's internal control and risk management activities. The audit committee is also to keep itself informed about the audit of the annual report and consolidated financial statements. The committee is also to review and monitor the auditor's independence and objectivity, paying particular attention to whether the auditor provides services outside the scope of his/her audit. The committee also assists by making a recommendation to the AGM on the appointment of auditor.

According to the Code, the audit committee is to comprise at least three members, of whom the majority are to be independent in relation to the Company and the group management, and at least one member is to be independent in relation to the Company's major shareholders. The audit committee comprises the board members Anneli Lindblom (Chairperson), Caroline Sundewall and Bengt Kjell, who are all deemed independent in relation to the Company, the group management and the Company's major shareholders.

Remuneration committee

The remuneration committee is tasked with preparing matters concerning remuneration policies for the CEO and other senior executives, as well as individual remuneration for the CEO in accordance with the remuneration policies. The policies include the relationship between fixed and any variable components of the remuneration as well as the link between performance and remuneration, the principal terms of any bonus and incentive schemes and the principal terms of non-monetary benefits, pensions, termination and severance pay. The board in its entirety determines remuneration and other terms of employment for the CEO. However, share-based incentive schemes for the group management are determined by the AGM.

The committee is also to assist the board in monitoring the system by which the Company complies with laws, stock exchange rules and the Code pertaining to the rules governing the disclosure of information related to remuneration of the CEO and other senior executives, and to monitor and evaluate any schemes that are ongoing or were concluded during the year for variable remuneration to the CEO and other senior executives,

the application of guidelines for remuneration of the CEO and other senior executives that the AGM is legally obliged to resolve on and current remuneration structures and levels. The remuneration committee comprises the board members Bengt Kjell (Chairman) and Magnus Eriksson.

Remuneration

At the AGM on 4 March 2014, the Meeting resolved that until the next AGM, annual remuneration of SEK 175,000 is to be paid to each of the board members and SEK 350,000 to the Chairman of the board. It was also resolved that fees for committee work amounting to SEK 30,000 are to be paid to the Chairman of the audit committee and SEK 15,000 to each of the other members of the audit committee.

At the AGM it was further resolved that, provided that it is cost neutral for the Company and subject to a written agreement between the Company and the board member, the Company may approve the remuneration to be invoiced through a company, wholly-owned by the board member. In such case, the invoiced fee shall be increased by an amount corresponding to social security contributions under law and VAT under law.

CEO AND OTHER SENIOR EXECUTIVES

The CEO is appointed by the board and is responsible for the day-to-day management of the Company and the Group's activities in accordance with the board's instructions and regulations. The delegation of responsibilities between the CEO and the board is defined in the board's rules of procedure, as well as the CEO instructions and delegation of authority established by the board. The CEO is Chairman of the group management and makes decisions in consultation with the other members of the group management. In addition to Jens Engwall (CEO), the group management comprises six individuals: Karin Osslind (CFO), Karim Sahibzada (Head of Legal and Financing), Lars Thagesson (COO), Mikael Weiland (Head of Business Development), Annika Ekström (Head of Property Management) and Stina Lindh Hök (Head of Analysis and Transactions). For more information about the CEO and other senior executives, refer to the section "Board of directors, senior executives and auditor".

Guidelines for remuneration of senior executives

In accordance with the guidelines adopted at the Company's AGM on 4 March 2014, Hemfosa shall apply remuneration levels and employment terms required to be able to recruit and retain a management with high com-

petence and capacity to achieve set goals. The remuneration structure shall motivate senior executives to do their utmost to ensure that shareholders' interests are met.

Accordingly, the remuneration structure shall be in line with market terms and be competitive. It shall also be simple, long-term and measurable. Remuneration of senior executives may comprise a fixed and a variable part. The fixed salary for senior executives is to be market-adapted and based on expertise, responsibility and performance. A variable part will reward clear target-related results and improvements in simple and transparent structures and shall be maximised. An outcome must relate to the fulfilment of pre-set goals with respect to results, cash flow and growth. Variable remuneration of senior executives must not exceed four months' salary and must not be pensionable. The variable salary may not exceed a total of MSEK 3 for senior executives in the Group.

Senior executives may be offered incentive schemes that are primarily to be share based or share-price based. An incentive scheme must ensure long-term commitment to the Company's development and be implemented on market-based terms. Share and share-price-based incentive schemes are to be resolved by the general meeting of shareholders. Senior executives' non-monetary benefits will facilitate the work for senior executives and correspond to what may be deemed reasonable in relation to standard practices in the market in which each senior executive is active.

Pension conditions for senior executives will be based on defined contribution pension plans and comply with or correspond to general pension plans, the ITP1 plan in Sweden. Termination salary and severance pay for a senior executive is not to exceed a total of 18 months' salary, if the Company terminates employment and six months if the senior executive resigns. Senior executives in this connection are defined as the CEO, CFO and other members of the group management.

The board is entitled to deviate from the above guidelines for remuneration of senior executives if there are special reasons in an individual case.

During the 2013 financial year, remuneration was paid to the CEO and other senior executives in accordance with the following table.

Figure 67 - Remuneration paid by the Group to the CEO and senior executives during the 2013 financial year, MSEK

Name/ position	Fixed salary	Variable salary	Other benefits	Pension contribu- tions ¹⁾	Total
Jens Engwall (CEO)	2.2	-	-	0.5	2.7
Other senior executives (6)	7.2	-	-	1.7	8.9

1) The Company has no accrued or prepaid pension costs.

AUDITOR

The Company's financial statements and accounts, and the administration of the board and the group management, are reviewed and audited by the Company's auditor. The auditor is appointed by the AGM for the period until the end of the next AGM. At the AGM on 4 March 2014, the registered audit firm KPMG AB was elected as auditor for the period until the 2015 AGM. The authorised public accountant Mattias Johansson has been appointed auditor-in-charge.

The auditor is tasked with reporting significant accounting errors and suspected irregularities to the audit committee. On at least two occasions per year, normally in connection with the meeting addressing the annual accounts, the auditor is to report his/her observations during the audit of the Company and assessment of the Company's internal control to the Company's board. The auditor is also to participate in the AGM to present the auditors' report, which describes the audit process and any observations made.

In addition to the audit assignment, KPMG was during 2013 and 2014 engaged for additional services, primarily tax and accounting matters, but also matters related to the stock exchange listing. Such services were always, and solely, provided to the extent consistent with the regulations in the Swedish Auditing Act and FAR's rules of professional conduct pertaining to the objectivity and independence of auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING

According to the Swedish Companies Act and the Code, the board is responsible for internal control over the Company's financial reporting. Hemfosa has adopted the *Committee of Sponsoring Organizations of the Treadway Commission* (COSO) framework for evaluating a company's internal control over financial reporting – *Internal Control-Integrated Framework* – containing the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The distribution and delegation of responsibilities has been documented and communicated in internal governing documents for the board and the Company including:

- The board's rules of procedure,
- CEO instructions,
- Delegation of authority,
- Authorisation instructions, and
- other internal governing documents (such as the accounting manual and business policy).

All internal governing documents are regularly updated to include amendments to, for example, legislation, accounting standards or stock exchange requirements.

Risk assessment

In accordance with the board's rules of procedure, the board and the audit committee undertake an annual evaluation of internal control activities. Risks considered to exist are identified and measures to reduce these risks are established. The auditor is invited to present his/her report of the effectiveness of the internal control activities at a board meeting and for the audit committee.

Control activities

Since the Company's accounting system is structured so that the conclusion of agreements, payment of invoices and so forth must comply with the decision paths, signing and payment authorisations set out in the internal governing documents, there is an underlying control structure to counteract and prevent the risks identified by the Company. In addition to these control structures, a number of control activities are performed to further

detect and correct errors and deviations. Such control activities comprise monitoring at various levels of the organisation, such as the board's monitoring and verifying compliance with board decisions, a review and comparison of profit/loss items, reconciliation of accounts, approval and recognition of business transactions by the accounts department.

Information and communication

Hemfosa has developed an organisation to ensure the fairness and effectiveness of the Company's financial reporting. The internal governing documents clarify who is responsible for what, and the daily interaction between relevant people ensures that the relevant information and communication reaches all relevant parties. The group management is supplied with certain financial information about the Company and its subsidiaries are to be kept informed about the development of leasing and other management, and to review and monitor ongoing and future investments and liquidity planning on both a weekly and a monthly basis. The board is supplied with a report by the auditor pertaining to risk management, internal control and financial reporting. The Company's communication policy ensures that all information disclosed both externally and internally is correct and issued at the appropriate time on each occasion. At various meetings, Hemfosa's employees have all been able to participate and influence the formulation of relevant internal policies and guidelines and, as such, been directly involved in the development of these internal governing documents.

Monitoring

As presented above, regular follow-up activities are performed at all levels of the organisation. The board and the Audit Committee perform regular evaluations of the information submitted by the group management and the auditors. The Company's auditors also report their audit observations and assessment of the internal control activities directly to the board/audit committee. In addition, the audit committee performs an annual follow-up of implemented risk assessments and determined action plans. Monitoring undertaken by the audit committee and the board to develop internal control activities, and to ensure that actions are taken to deal with any problems and proposals that arise, is particularly significant.

Articles of association

§ 1 Company name

The company's legal name shall be Hemfosa Fastigheter AB. The company shall be a public company (publ).

§ 2 Operations

The object of the company's operations is to, directly or indirectly, own and manage properties and property-related assets and engage in activities related therewith.

§ 3 Registered office

The registered office of the company's board of directors shall be in the Municipality of Nacka.

§ 4 Share capital

The company's share capital shall amount to no less than SEK 25,000,000 and no more than SEK 100,000,000.

§ 5 Number of shares

The total number of shares in the company shall be no less than 25,000,000 and no more than 100,000,000.

§ 6 Board of directors

The board of directors shall comprise no less than four and no more than ten members. The board members shall be elected annually at the company's annual general meeting for the period until the end of the next annual general meeting.

§ 7 Auditor

The Company shall have one or two auditors, with or without deputy auditors. The auditors shall examine the company's annual report and accounting records, and examine the management performed by the board and the CEO. If the company is a parent company, the auditors shall also examine the consolidated financial statements and the mutual relationships between group companies.

§ 8 Notice

Notice to attend a general meeting of shareholders shall be issued by publishing a notice in *Post- och Inrikes Tidningar* (the Official Swedish Gazette) and on the company's website. An announcement confirming that notice to attend has been issued shall be published in *Svenska Dagbladet*. Should the nationwide distribution of *Svenska Dagbladet* be discontinued, the announcement shall be published in *Dagens Nyheter* instead. The notice to attend shall be issued within such time stipulated by the Swedish Companies Act (2005:551). Shareholders wishing to participate in the general meeting must be registered in a transcript or some other presentation of the entire share register pertaining to the conditions prevailing five weekdays prior to the meeting and notify the company of their intention to attend no later than the day stated in the notice to attend the meeting. This day must not be a Sunday or another public holiday, a Saturday, Mid-

summer Eve, Christmas Eve or New Year's Eve and must not occur earlier than the fifth weekday prior to the meeting.

§ 9 General meeting of shareholders

The general meeting of shareholders shall be held in the Municipality where the board has its registered office or in Stockholm. The annual general meeting shall be held annually within six months from the end of the preceding financial year. The following items of business shall be addressed at the annual general meeting:

1. Election of Chairman of the meeting.
2. Preparation and approval of the voting register.
3. Election of one or two persons to check and verify the minutes.
4. Determination of whether the meeting has been duly convened.
5. Approval of the agenda.
6. Presentation of the annual report and the auditors' report and, where appropriate, the consolidated financial statements and the auditor's report for the group.
7. Resolutions concerning
 - a) adoption of the income statement and the balance sheet and, where applicable, the consolidated income statement and the consolidated balance sheet,
 - b) disposition of the company's earnings in accordance with the adopted balance sheet, and
 - c) whether the board members and the CEO should be discharged from liability.
8. Determination of remuneration to be paid to the board members and the auditor.
9. Election of board members and, where applicable, auditors and any deputy auditors.
10. Other business to be addressed by the Meeting in accordance with the Swedish Companies Act or the articles of association.

§ 10 Financial year

The company's financial year shall be 1 January to 31 December.

§ 11 CSD clause

The company's shares shall be recorded in a central securities depository register pursuant to the Financial Instruments Accounts Act (1998:1479). Shareholders or nominees who, on the record date, are entered in the share register and noted in a central securities depository register in accordance with chapter 4 of the Swedish Financial Instruments Act (1998:1479) or those listed in a central securities depository register account in accordance with chapter 4, section 18, paragraph 1, items 6–8 of the aforementioned Act shall be deemed authorised to exercise the rights set out in chapter 4, section 39 of the Swedish Companies Act (2005:551).

Shares, share capital and ownership structure

SHARES, SHARE CAPITAL, ETC.

According to Hemfosa's articles of association, which were adopted at the annual general meeting on 4 March 2014, the share capital shall amount to no less than SEK 25,000,000 and no more than SEK 100,000,000, represented by no less than 25,000,000 and no more than 100,000,000 shares. The Company has one class of share and, prior to the implementation of the Offer, the registered share capital was SEK 55,937,496, represented by 55,937,496 shares. Each share has a quota value of SEK 1 and entitles the holder to one vote. At general meetings of shareholders, shareholders may vote for the total number of shares they own and represent, with no limitations on voting rights. Hemfosa shares are issued and regulated under Swedish law, and all shares carry equal rights to the Company's assets and profit, as well as to any surplus at liquidation. Hemfosa's articles of association contain a CSD clause and the shares are registered with Euroclear, which means that Euroclear administers the share register and registers the Company's shares to persons. No share certificates have been issued for the Company's shares, or will be issued for the shares that are issued in the new share issue and the set-off issue (see the next two headings under this section). Hemfosa's shares have the ISIN code SE0005731171 and will be traded on NASDAQ OMX Stockholm under the ticker HEMF. The shares are not subject to any restrictions on the right to be transferred and are denominated in SEK.

SET-OFF ISSUE; SET-OFF AGREEMENT

The Selling Shareholders have previously lent money to Hemfosa in the form of shareholder loans.

On 31 December 2013, the outstanding amount was MSEK 3,470. MSEK 500 of the shareholder loans will be repaid through the bridge financing (refer to the section "Legal considerations and supplementary information" under the heading "Bridge financing") in connection with, and is conditional upon, the stock exchange admission. On 6 March 2014 the board resolved, through authorisation from the annual general meeting on 4 March 2014, to issue new shares to the Selling Shareholders through payment by offsetting of the remainder of MSEK 2,970 of the shareholder loans (the "Set-off issue") in accordance with a specific set-off agreement (the "Set-off agreement") dated on 6 March 2014. The subscription price for the shares issued through payment by set-off was SEK 96, representing the highest price in the price interval for the Offer. As a result of the Set-off issue the Company's share capital was increased by SEK 30,937,496, and the number of shares in the Company by 30,937,496.

In order to ensure that the Selling Shareholders obtain the correct number of shares after the Set-off issue and implementation of the Offer, the Set-off agreement includes an adjustment clause (the "Adjustment undertaking"). Should the price per share in the Offer fall below SEK 96, which is the corresponding subscription price in the Set-off issue, the shareholders of the Company have, prior to the Offer, agreed that the Selling Shareholders shall be compensated by the other shareholders prior to the Offer by obtaining shares from them.

Figure 68 - The Company's share capital development¹⁾

Date	Event	Change in share capital, SEK	Change in number of shares	Share capital after the change, SEK	Number of shares after the change
January 2013	Formation	50,000	50,000	50,000	50,000
June 2013	New share issue	2,792,897	2,792,897	2,842,897	2,842,897
June 2013	New share issue	22,207,103	22,207,103	25,050,000	25,050,000
June 2013	Reduction ²⁾	-50,000	-50,000	25,000,000	25,000,000
March 2014	Set-off issue	30,937,496	30,937,496	55,937,496	55,937,496
March 2014	New share issue in connection with the Offer ³⁾	5,434,782	5,434,782	61,372,278	61,372,278

1) In addition to the changes referred to in the table, the Company might, on 20 March 2014, resolve on a directed issue of shares to the Selling Shareholders and on a retirement of shares from other shareholders, prior to the Offer. The issue and the retirement of shares will not entail any changes in the number of shares in the Company. For further information, refer to the heading "Set off-issue; Set-off agreement".

2) The reduction was due to the restructuring of ownership in connection with the Company's acquisition of Hemfosa Sverige AB and Hemfosa Tetis AB.

3) Prior to the exercise of the over-allotment option of a maximum of 4,347,826 shares.

This adjustment will be implemented by the Company, on 20 March 2014, by resolving on a directed issue of shares to the Selling Shareholders, where the subscription price for the new shares will be equivalent to the quota value of the shares issued. In conjunction with the Selling Shareholders obtaining shares from the Company through the directed share issue, the other shareholder ownership shares, prior to the Offer, will be decreased by the equivalent number of shares, which will be implemented by the Company, on 20 March 2014, through a resolution to decrease the Company's share capital through retirement of shares from other shareholders, prior to the Offer, without such shareholders being provided compensation from the Company.

These increase and decrease corrections shall apply pro rata in proportion to each shareholder's ownership share prior to the Offer, observing the amount of the shareholder loan each Selling Shareholder used as payment for the shares in the Set-off issue, and will not entail any changes in the number of shares in the Company.

The Adjustment undertaking will hence ensure, for the benefit of the Selling Shareholders in relation to the Company's other shareholders prior to the Offer, that the Set-off issue is implemented at a price that reflects the Offer's final price. The Adjustment undertaking applies to a maximum number of 562,500 shares in the Company.

NEW SHARE ISSUE

Through an authorisation from the annual general meeting on 4 March 2014, the board of Hemfosa intends to resolve on a new issue of shares in connection with the Offer. The Company has also agreed to issue an additional total of 4,347,826 shares at the request of the Managers to cover any over-allotment in connection with the Offer. Through the new issue of shares the Company's share capital may, provided that the over-allotment option will be exercised in full, increase by a maximum of SEK 9,782,608 through the issue of a maximum of 9,782,608 shares, corresponding to a dilution of close to 15 per cent.

OWNERSHIP STRUCTURE

The following tables show the Company's ownership structure on 31 December 2013, adjusted for changes that occurred thereafter and that are known to the Company, as well as the Company's ownership structure following implementation of the Offer.

Figure 69 – Ownership structure prior to the Offer¹⁾

Shareholders	Proportion of capital and votes in the Company
Board members and senior executives in the Company	8.6%
Alecta Pensionsförsäkring, ömsesidigt	17.8%
Fourth Swedish National Pension Fund	17.8%
IKANO Invest Aktiebolag	17.8%
IF Skadeförsäkring AB (publ)	13.9%
Kåpan Pensioner Försäkringsförening	11.9%
KPA Pensionsförsäkring AB (publ)	7.1%
Folksam ömsesidig livförsäkring	4.7%
Other shareholders	0.4%

Figure 70 – Ownership structure following the Offer²⁾

Shareholders	Proportion of capital and votes in the Company
Board members and senior executives in the Company	7.3%
Alecta Pensionsförsäkring, ömsesidigt	5.0%
Fourth Swedish National Pension Fund	9.1%
IKANO Invest Aktiebolag	5.0%
IF Skadeförsäkring AB (publ)	4.5%
Kåpan Pensioner Försäkringsförening	6.3%
KPA Pensionsförsäkring AB (publ)	2.0%
Folksam ömsesidig livförsäkring	1.3%
Other shareholders	59.5%

1) The ownership structure refer to the conditions following the Set-off issue.

2) The ownership structure in the table assumes that all shares in the Offer are acquired, that the over-allotment option is fully exercised and that the Adjustment undertaking for the benefit of the Selling Shareholders, as described above, will not be applied. The number of shares offered by the Selling Shareholders will be divided as follows: Alecta Pensionsförsäkring, ömsesidigt 6,669,011 shares, IKANO Invest Aktiebolag 6,669,011 shares, IF Skadeförsäkring AB (publ) 4,850,955 shares, the Fourth Swedish National Pension Fund 3,951,845 shares, KPA Pensionsförsäkring AB (publ) 2,667,604 shares, Kåpan Pensioner Försäkringsförening 2,487,270 shares and Folksam ömsesidig livförsäkring 1,778,401 shares. After the Offer, the Selling Shareholders have also agreed not to sell (or otherwise transfer, either directly or indirectly) their remaining shareholdings in the Company for a specific period of time after the first day of trading on NASDAQ OMX Stockholm. For more information, refer to the section "Legal considerations and supplementary information" under the heading "Placing agreement".

SHAREHOLDER AGREEMENTS

In 2009 and 2011, the Selling Shareholders and the Company's founders entered into two shareholder agreements pertaining to the shareholdings in Hemfosa's current subsidiaries Hemfosa Sverige AB and Hemfosa Tetis AB. On 28 June 2013, when the Group was restructured, the shareholder agreements were amended to apply to the shareholdings in the parent company Hemfosa instead of Hemfosa Sverige AB and Hemfosa Tetis AB, which became wholly owned subsidiaries of Hemfosa in connection with the restructuring. The new shareholder agreement will automatically cease to apply when Hemfosa's shares are admitted to trading.

To the best of the board's knowledge, following the cessation of the abovementioned agreements, no other shareholder agreements or arrangements between the Company's shareholders pertaining to common control over the Company exists. To the best of the board's knowledge, there are no agreements or the equivalent that could lead to any change in control over the Company.

INSIDERS

With the exception of the board members, the group management, the authorised public accountant Mattias Johansson, a number of employees/service providers in Hemfosa and certain individuals within the Group who, through their position in the Company, are considered likely to access non-public price sensitive information, no persons are obligated to report their holdings under the Swedish Act on Reporting Duty for Certain Holdings of Financial Instruments (2000:1087).

INCENTIVE SCHEMES

On the publication date of this Prospectus, no decisions have been made concerning the establishment of any long-term share-based incentive schemes in the Company.

Legal considerations and supplementary information

GROUP STRUCTURE

Previously, the Group comprised two separate property-management groups, in which Hemfosa Sverige AB and Hemfosa Tetis AB were parent companies. In June 2013, Hemfosa Sverige AB and Hemfosa Tetis AB were integrated as part of the restructuring implemented prior to the stock exchange listing on NASDAQ OMX Stockholm, through Hemfosa's acquisition of the shares in Hemfosa Sverige AB and Hemfosa Tetis AB.

Hemfosa is now the parent company of the Group, which comprises the directly owned subsidiaries Hemfosa Sverige AB and Hemfosa Tetis AB, and the subsidiaries of the directly owned subsidiaries. With the exception of Ribby Ängar Entreprenad AB and Ribby Ängar Bostads AB, which are 90 per cent owned by the Company, all of Hemfosa's subsidiaries are wholly owned and founded in Sweden. In addition, Hemfosa holds shares in a number of joint ventures together with other companies, refer to the section "Joint ventures".

For a further description of the Group companies, refer to note 6 in the section "Historical financial information" under the heading "Notes to the financial statements – parent company" on the pages 163–166.

SIGNIFICANT AGREEMENTS

Agreements on property and corporate acquisitions

Hemfosa has completed several acquisitions of considerable size since the Company was founded; refer also to the section "Business description" under the heading "Business history". The agreements generally follow accepted market practices for warranties, for example, in regard to their scope, duration and limitation of liabilities for the seller. The acquisitions of "The Viking Portfolio" (Landic VII) in 2010, comprising eleven properties (of which Hemfosa acquired nine), and Kefren IX in 2011, comprising 42 properties, were completed by executive auction, which means that no warranties were issued by the seller and that the Swedish Land Code's defect regulations are not applicable for the acquisitions. Instead, the properties were acquired in their existing condition and opportunities to invoke post-acquisition claims against the seller are very limited. As more than 12 months has elapsed since the acquisitions took place, which represents a normal warranty period, and no serious defects have been discovered in the properties, the seller's limited liability in these cases has thus lacked significance in

practice. Hemfosa has also conducted a number of property sales (through companies). Under several of these sales agreements, it is still possible for the respective buyer to invoke warranty claims against Hemfosa. Under certain sales agreements, Hemfosa has also issued a lease guarantee, according to which Hemfosa has agreed to pay an amount corresponding to the baseline rent, including charges, for any unoccupied floor space in the properties owned by the companies. No guarantee claims have been invoked against Hemfosa.

Leases

A large part of Hemfosa's property portfolio comprises community service properties, where most of the rental income derives from tenants conducting activities financed by public funds. As per 31 December 2013, publicly financed operations accounted for the majority of Hemfosa's ten largest tenants. As a general rule, Hemfosa uses the Swedish Property Federation's standard form of lease, including appendices, and, in some cases, special provisions for individual tenancy conditions. Many of the leases apply baseline rent, which is index-linked to changes in the Consumer Price Index (CPI). In most cases, the leases have three-year terms with a notice period of either nine months or one year and, unless terminated, they are extended for a term of three or five years at a time. Under some leases, the tenant is entitled to certain discounts or a unilateral right to early termination of the lease. In some leases, Hemfosa has also agreed to undertake certain investments in the tenant's premises at its own expense.

Supplier agreements

The Group has two principal service providers in respect of financial and commercial management – ISS Facility Services AB ("ISS") and Nordic PM AB ("Nordic PM"). The agreement with ISS will remain valid until 30 April 2017 and unless terminated, be extended for two years at a time with a notice period of at least 12 months. The agreement with Nordic PM was recently renegotiated and the new agreement will remain valid until 31 December 2016. ISS provides the Company with day-to-day financial administration, including lease management, accounting, financial statements and reporting, tax administration, reporting to regulatory authorities and certain transaction services. As Hemfosa has chosen to have a comparatively small and efficient finance depart-

ment that mainly analyses, assures the quality of, and compiles financial information, the performance of the services provided by ISS are of special significance for Hemfosa. Nordic PM provides compilations of leased and unleased premises, and quarterly property-management reports. In addition to these management agreements with ISS and Nordic PM, Hemfosa has concluded service agreements with ISS (which will expire on 31 March 2014), Estate Service Management AB, Dalkia Sverige AB and YIT Sverige AB pertaining to property supervision and maintenance. Excluding the management and service agreements, the Group's largest service provision agreements comprise network agreements with E.ON., Försäljning Sverige AB, Telge Energi Försäljning AB and Mälarenergi AB, and electricity agreements with Vattenfall AB.

Financing agreements

Loan agreements for credit facilities have been concluded for Hemfosa Sverige AB (and its directly and indirectly owned subsidiaries) and for Hemfosa Tetis AB (and its directly and indirectly owned subsidiaries). As per 31 December 2013, facilities provided under the loan agreement totalled approximately SEK 10.1 billion, of which approximately SEK 7.9 billion is attributable to Hemfosa Sverige AB and about SEK 2.2 billion to Hemfosa Tetis AB.

Hemfosa Sverige AB

Under concluded agreements, creditors to Hemfosa Sverige AB and its directly and indirectly owned subsidiaries include both Swedish creditors (including SEB, Swedbank, Svenska Handelsbanken AB (publ)/Stadshypotek AB (publ) and Nordea Bank AB (publ)), and foreign creditors (including Danske Bank A/S, Aareal Bank AG and Deutsche Pfandbriefbank AG). This financing comprises credit facilities to finance property acquisitions within the Group, construction credit for various contracting projects and various forms of business financing. Hemfosa Sverige AB and its direct and indirect subsidiaries have raised loans in connection with the agreements specified above.

A significant loan agreement for approximately SEK 3 billion has been concluded with SEB and Nordea Bank AB (publ). The facilities may be utilised by Hemfosa Adrian Holdco AB ("Hemfosa Adrian") for the purpose of granting loans to the property-owning subsidiaries (so called downstream loans) for refinancing existing liabilities in the companies, for their general corporate needs and to finance/refinance approved investments/capital expenditure. Interest rates under the loan agreement are

based on STIBOR plus a reset margin. The credit facilities granted hereunder fall due for payment on 25 September 2018. The loan agreement contains customary terms and conditions, guarantees and obligations, and the terms and conditions are linked to a number of agreed financial covenants regarding, for example, the loan-to-value ratio, interest coverage ratio, minimum value of the property portfolio and equity/assets ratio. The agreement also contains obligations for the borrower to prepay a specific amount of the credit facilities should a property or property-owning subsidiary be sold and, following the stock exchange admission, to repay all credit facilities should a party (or a group of parties acting together) take control of more than 30 per cent of the shares and/or votes in Hemfosa, or should Hemfosa's share no longer be admitted to trading or no longer hold all shares in Hemfosa Sverige AB, or should Hemfosa Sverige AB no longer hold all shares in Hemfosa Adrian, which is the formal borrower (known as "change of control"). There are also customary provisions regarding defaults. Under the agreement, such circumstances exist should a default on another credit facility taken up by Hemfosa, Hemfosa Sverige AB, Hemfosa Adrian or any of Hemfosa Adrian's subsidiaries be at hand (i.e. "cross default").

In addition to the aforementioned loan agreement and appended agreements, the subsidiaries of Hemfosa Sverige AB have concluded several loan agreements with such entities as Aareal Bank AG and Deutsche Pfandbriefbank AG for approximately SEK 1.6 billion and with Aareal Bank AG for approximately MSEK 970, as well as two bilateral loan agreements with Swedbank for MSEK 800 and just under MSEK 742. These loan agreements contain customary terms, guarantees and obligations, including cross-default and change of control provisions, and financial covenants similar to those for the aforementioned loan agreement with Hemfosa Adrian. Limitations also apply to the payment of dividends by certain subsidiaries. Since these subsidiaries have only had a marginal impact on Hemfosa's earnings historically, the limitations are not considered to have any significant impact on Hemfosa's ability to pay dividends in accordance with the Company's dividend policy.

In conjunction with the aforementioned loan agreements, Hemfosa Sverige AB (except in relation to the loans of MSEK 970 and approximately SEK 1.6 billion), and its property-owning subsidiary and Hemfosa in relation to the loan agreement of approximately SEK 3 billion, have entered into suretyship obligations and collateral has been provided for properties and the shares in the subsidiaries et cetera. In conjunction with concluding the loan of approximately SEK 1.6 billion, Hemfosa

Sverige AB agreed to contribute MSEK 50 to the borrowing subsidiary under certain conditions. In addition, interest-rate swaps (“hedging agreements”) have been concluded in relation to the loans raised of approximately SEK 3 billion and SEK 1.6 billion.

Certain group companies have also concluded inter-creditor or other subordination agreements in connection with the credit facilities specified above under which, inter alia, internal loans are subordinated and the companies make certain commitments regarding how and when internal liabilities should be paid.

Some of the property acquisitions made by Hemfosa Sverige AB’s direct or indirect property-owning subsidiaries have also been financed by promissory notes. As per 31 December 2013, the remaining outstanding promissory notes amounted in total to a nominal amount of approximately MSEK 156 and carried interest at an annual rate of 5 per cent, as well as, in some cases, STIBOR + 3.25 per cent.

Hemfos Tetis AB

Hemfosa Tetis AB’s subsidiary, Hemfosa Iput Förvaltning AB (“Hemfosa Iput”), and its subsidiaries have concluded a loan agreement with SEB and Swedbank for a credit facility of slightly more than SEK 2.2 billion. The facilities may be utilised by Hemfosa Iput for the purpose of granting loans to the property-owning subsidiaries (downstream loans) for refinancing existing liabilities in the companies and for their general corporate needs. Interest rates under the loan agreement are based on STIBOR plus a reset margin. This credit facility will fall due for payment on 25 September 2016. The loan terms are very similar to those applicable under Hemfosa Adrian’s loan agreement with SEB and Nordea Bank AB (publ), as described above, albeit in relation to Hemfosa Tetis AB and its subsidiaries rather than Hemfosa Sverige AB and its relevant subsidiaries.

In conjunction with the credit facility specified above, Hemfosa, Hemfosa Tetis AB and Hemfosa Iput and its property-owning subsidiaries have entered into suretyship obligations and collateral has been provided for properties and the shares in Hemfosa Iput and its property-owning subsidiaries. In addition, a hedging agreement has been concluded in relation to the loan raised. Hemfosa, Hemfosa Tetis and Hemfosa Iput and its property-owning subsidiaries have also concluded an inter-creditor agreement with terms similar to those concluded in connection with the loan to Hemfosa Adrian.

Bridge financing

Hemfosa signed an agreement on 18 February 2014 with SEB and Swedbank to raise a loan of MSEK 500 to be repaid not later than 1 April 2015. The loan will be available for drawdown until 31 March 2014 and will be paid out in connection with, and is conditional upon, the stock exchange admission. According to the conditions, the loan is to be refinanced during its term through the issue of shares, bonds, convertible loans or other financial instruments on the market. As collateral for the loan, Hemfosa will pledge the shares in, and its rights for loans granted to, Hemfosa Sverige AB and Hemfosa Tetis AB, as well as a certain bank account. The agreement contains a cross-default stipulation in relation to financial commitments signed by Hemfosa or other companies in the Group.

Shareholder agreements

For information about shareholder agreements regarding the share ownership in Hemfosa, refer to the section “Shares, share capital and ownership structure” under the heading “Shareholder agreements.”

Hemfosa regularly enters into shareholder agreements with the other owners of joint ventures and other jointly owned companies. The shareholder agreements normally include provisions concerning the composition of the board of directors, consensus pertaining to certain resolutions, financing, redemption in partial breach of contract and provisions about exit. Special note should be made of certain provisions in the shareholder agreement between Hemfosa and Crown Nordic Management AB pertaining to ownership in Hemfosa Kronfastigheter Holding AB. According to the shareholder agreement, Hemfosa has a call option from 31 January 2015 pertaining to Crown Nordic Management AB’s holding of shares in Hemfosa Kronfastigheter Holding AB, while Crown Nordic Management AB has a corresponding put option. In the event of exercise of the option, the purchase price for the shares must correspond to the total of (i) the capital that Crown Nordic Management AB contributed to the company up to the date of the option plus (ii) an amount of MSEK 1.5 per year from the date of the option plus (iii) an amount of MSEK 2.5. In the event of exercise of the put option, Hemfosa may be obligated to pay a maximum of approximately MSEK 33.5 for Crown Nordic Management AB’s shares in Hemfosa Kronfastigheter Holding AB, as well as MSEK 1.5 for each year as of 18 December 2013, on the condition that Crown Nordic Management AB has not contributed additional capital to the company.

It should also be noted that companies within the Group, in some of the shareholder agreements have undertaken to pledge assets or guarantee the jointly owned companies' commitments should this be required, for example, for contracts or external loan financing.

Placing agreement

Under a placing agreement to be concluded between the Managers, Hemfosa and the Selling Shareholders on about 20 March 2014, the Managers have undertaken to place the shares comprised by the Offer pursuant to the Prospectus with various investors or, alternatively, should this be unsuccessful, to acquire the shares comprised by the Offer themselves. In addition to the 34,508,879 shares offered by the Selling Shareholders and the Company pursuant to the Offer, the Company has also agreed to issue an additional total of 4,347,826 shares at the request of the managers to cover any over-allotment in connection with the Offer (an "over-allotment option"). To facilitate the sale of such additional shares and settlement thereof, the Selling Shareholders will commit to lending as many shares that may be acquired in accordance with the over-allotment option to the Managers.

Under the placing agreement, the Selling Shareholders have agreed not to transfer, pledge or otherwise dispose of their remaining shares in the Company during a period of 180 days from the first day of trading of the Company's shares on NASDAQ OMX Stockholm without the consent of the Managers (with the exemption of shares in the Company, acquired after the first day of trading). The senior executives Karin Osslind, Karim Sahibzada, Lars Thagesson, Mikael Weiland and Jens Engwall (also board member) and the Chairman of the board Benht Kjell, have agreed not to transfer, pledge or otherwise dispose of their shares in the Company during a period of 450 days from the first day of trading on NASDAQ OMX Stockholm, without the consent of the Managers. Under the placing agreement, the Company has also agreed, during a period of 180 days from the first day of trading on NASDAQ OMX Stockholm, not to propose to the general meeting of shareholders that the Company shall issue additional shares or securities entitling subscription to, or exchange for, shares in the Company (except for the shares pursuant to the Offer). However, the Company may propose such issues in connection with acquisitions where shares are to be paid for with non-cash consideration and in connection with share related incentive schemes, approved by the general meeting of shareholders.

To enable the Company's delivery of shares issued by the Company as part of the Offer immediately upon payment for the shares and before these have been registered by the Swedish Companies Registration Office, the placing agreement contains a commitment that the Selling Shareholders shall lend up to 9,782,608 shares to the Managers. The Company has also provided certain guarantees to the Managers in the placing agreement and also undertaken, in the customary manner, to indemnify the Managers for certain claims that may be invoked against the Managers due to the Offer. The Managers may terminate the placing agreement should any event, such as the cessation of trading on NASDAQ OMX Stockholm, other adverse events that materially weakens the Company's position or prospects or materially adverse events in the financial markets occur that would make implementation of the Offer inappropriate.

Should the Managers decide to terminate their obligations, the Offer may be discontinued. Should this occur, there will be no allotment of shares.

ENVIRONMENT

Environmentally hazardous activities, which could lead to soil contamination, have previously been conducted on a number of properties owned by Hemfosa. For example, ABB conducted industrial operations until the 1960s on properties owned by Hemfosa in Västerås and BPA operated a truck workshop on the Borås Åkermymntan 5 property. The previous existence of petroleum-contaminated soil in the Västerås properties has been confirmed. Environmentally hazardous operations were also conducted in SKF's old factory buildings in the Göteborg Gamlestaden 2:5 property. SKF still uses the "Laboratory" on the property for the testing and development of ball bearings and other industrial equipment. On a property in Västberga, owned by Söderport Holding AB (which is half-owned by Hemfosa), some PCB-contaminated soil has been discovered. This soil has been removed as a part of tenant improvements. Should PCB-contaminated soil be discovered on other parts of the property, there is also a risk that this soil will also require remediation in connection with future tenant improvements. Hemfosa is not currently subject to any demands for environmental remediation or claims due to environmental contamination.

INSURANCE

Hemfosa has insurance policies with If Skadeförsäkring and AIG Försäkringar. These include customary business and property insurance policies and liability insurance policies for board members, and cover all of the Group's properties, board members and the CEO of the Company. Acquired properties are included in existing insurance coverage upon notification by the Company. The policies cover a 24-month period of rent losses.

LEGAL PROCEEDINGS

Göteborg Arendal 1:17

In 2010, Hemfosa acquired all shares in Hemfosa Arendal AB which owns the Göteborg Arendal 1:17 property. Following the building of a logistics facility on the property as part of a turnkey contract, it was discovered that the property's land is sinking more than expected and that the load-bearing capacity of the facility's floor is less than promised. Hemfosa has lodged a complaint about the defects and discussions with the turnkey contractor are ongoing.

STABILISATION

In connection with the Offer and the stock exchange listing on NASDAQ OMX Stockholm, the Managers may conduct transactions aimed at maintaining the price of the shares at a higher level than would otherwise be the case. Stabilisation measures to support the price of the shares may commence from the first day of trading on NASDAQ OMX Stockholm and continue for a maximum period of 30 calendar days thereafter. Stabilisation transactions will not be implemented by the Managers at a price that exceeds the selling price specified in the Offer. The stabilisation measures could raise the market price of the shares to a level that is unsustainable and that exceeds the market price that would otherwise prevail. Although the Managers are able to implement stabilisation measures, this does not necessarily mean that such measures will be taken. Any stabilisation measures that are undertaken may also be discontinued at any time. When the stabilisation period (30 calendar days) has expired, the Managers will disclose that stabilisation measures have been taken, the dates on which these stabilisation measures were taken, including the final date on which such measures were taken, and the price interval in which the stabilisation transactions were implemented.

ADVISORS' INTERESTS

In their role as financial advisors, SEB and Swedbank are paid predetermined remuneration for services provided in connection with the Offer. The remuneration will be dependent on the outcome of the Offer. SEB and Swedbank occasionally provide services to the Company within the framework of their operating activities and are also lenders to the Company (see the heading "Financing agreements").

RELATED-PARTY TRANSACTIONS

Services and other transactions between Group companies and between the Group and joint ventures and other jointly owned companies are charged according to customary business principles.

As outlined in the section "Shares, share capital and ownership structure" under the heading "Set-off issue; Set-off agreement" some major shareholders in Hemfosa have previously lent money to Hemfosa in the form of shareholder loans, for which the receivables have been used by the share-holders as payment for the shares issued in the set-off issue. Furthermore, board members and senior executives receive remuneration for their respective tasks (refer to the section "Corporate governance").

In addition to what follows from the above, neither Hemfosa nor its subsidiaries have granted loans, guarantees or sureties to, or for the benefit of, any board members or senior executives in the Group. None of these individuals have had any direct or indirect involvement in any business transaction with any Group company or jointly owned company that is, or was, unusual in nature with regard to the terms and conditions.

INFORMATION FROM THIRD PARTIES

The Prospectus contains certain market and industry information from third parties. A valuation certificate in respect of Hemfosa's properties has also been obtained from Newsec Advice AB. Newsec Advice AB has consented to the valuation being reproduced in the Prospectus. Information from third parties has been accurately reproduced in the Prospectus and, as far as Hemfosa is aware and can ascertain by comparisons with other information published by the relevant third parties, no information has otherwise been omitted that could render the reproduced information inaccurate or misleading. None of the individuals who have participated in this work have, as far as Hemfosa is aware, any material interest in the Company. Hemfosa or Hemfosa's auditor

has not verified figures, market data or any other information obtained from third parties and, accordingly, the Company's board of directors do not accept any responsibility for the accuracy of such information in the Prospectus. The information should therefore be read bearing this in mind. Some financial information in the Prospectus has been rounded off, which means some of the totals in tables and graphs may not be correct.

COSTS IN CONNECTION WITH THE OFFER

Hemfosa's costs in connection with the Offer, including full exercise of the over-allotment option, the stock exchange listing on NASDAQ OMX Stockholm, remuneration of the Managers and other advisors, the cost relating to the Selling Shareholders' sale of shares in the Offer as agreed by the Company and its shareholders in connection with the set-off issue, as well as other estimated costs, are expected to amount to approximately MSEK 105 for the financial year 2014.

ADDITIONAL COMPANY INFORMATION

The Company's legal and commercial name is Hemfosa Fastigheter AB (publ). The Company's corporate registration number is 556917-4377. Hemfosa is a Swedish public limited-liability company with its registered office in Nacka. The Company was founded in Sweden on 4 December 2012 and registered with the Swedish Companies Registration Office on 2 January 2013. The Company has been operating since that date. The Company's legal status is regulated by, and the rights of shareholders can only be changed in accordance with, the Swedish Companies Act (2005:551). The articles of association were adopted at the annual general meeting on 4 March 2014.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference and will constitute part of the Prospectus.

- Effects in connection with the transition to IFRS (in Swedish).

DOCUMENTS AVAILABLE FOR INSPECTION

During the validity period of the Prospectus, copies of the following documents can be obtained from Hemfosa by e-mail info@hemfosa.se, from the Company's head office, weekdays during office hours, or by phone +46 (0)8-448 04 80 and are also available on Hemfosa's website, www.hemfosa.se.

- Hemfosa's articles of association;
- Hemfosa's audited annual report for the 2013 financial year, including the audit report (in Swedish);
- Valuation certificate for Hemfosa's properties;
- The Prospectus; and
- Effects in connection with the transition to IFRS (in Swedish).

The Prospectus can also be downloaded electronically from the Swedish Financial Supervisory Authority's website, www.fi.se.

Certain tax issues in Sweden

Certain Swedish tax regulations that may become relevant as a result of the Offer are presented below. The summary is intended for shareholders subject to unrestricted taxation in Sweden, unless otherwise stated. The summary does not pertain to be exhaustive and does not cover situations where the shares are held by partnerships or as current assets in a business operation. Nor does the summary deal with particular regulations governing tax-exempt capital gains (including non-deductible capital losses) or dividends to the corporate sector that may be applicable for investors holding shares or subscription rights that are considered to be held for business purposes. Nor does it deal with particular regulations that apply to what are termed qualified shares in closely held companies. Special tax consequences may also arise for other categories of shareholders, such as investment companies and funds and persons who are not exclusively liable for taxes in Sweden. Holders of shares and subscription rights are recommended to consult a tax adviser regarding the tax consequences that may arise in each particular case, including the applicability and impact of foreign regulations or tax treaties.

TAXATION ON DIVESTMENT OF SHARES

Individuals

For individuals and estates, capital gains on listed shares are taxed in the capital income category. The tax rate is normally 30 per cent.

Capital gains and capital losses on the disposal of shares are normally calculated as the difference between the sales proceeds, less selling expenses, and the acquisition cost. The acquisition cost for all shares of the same series and type is calculated through application of the average cost method. For the acquisition cost of listed shares, the standard method may be used as an alternative, at a rate of 20 per cent of the sales proceeds after deduction of selling expenses.

A capital loss on the disposal of listed shares is fully deductible from taxable capital gains arising during the same year from other market-listed shares and ownership rights, except for shares in such investment funds that consist solely of Swedish receivables (fixed-income funds). Capital losses that cannot be offset in this manner are deductible at a rate of 70 percent against other income in the capital income category. If a net loss arises in the capital income category, a tax reduction is granted against municipal and national income tax, as well as against property tax and municipal property charges. A tax reduction of 30% is granted on the portion of such net loss that does not exceed SEK 100,000 and 21% on the remaining portion. Tax losses incurred in one year cannot be utilised in subsequent years.

Limited liability companies

Limited liability companies are taxed for all income in the business activities income class at a tax rate of 22 per cent.¹⁾ Capital gains and capital losses are calculated in

the same manner as set forth above with respect to individuals. Deductions for capital losses on shares are normally granted solely against capital gains on shares and other ownership rights. If certain conditions are satisfied, a capital loss may also be offset against capital gains arising in companies within the same group, subject to the condition that rights to make group contributions are permitted between the companies and that both companies request this for the same fiscal year. Capital losses that could not be used in a given taxation year may be saved and deducted from capital gains on shares and ownership rights in subsequent taxation years without any time limitations. Shares held for business purposes are subject to specific rules.

TAXATION OF DIVIDENDS

For individuals and estates, dividends on listed shares are taxed in the capital income category at a tax rate of 30 percent. For limited liability companies, dividends are taxed at the corporate tax rate of 22 per cent. Shares held for business purposes are subject to specific rules.

Preliminary tax on dividends is withheld by Euro-clear Sweden or, regarding nominee-registered shares, by the nominee. The Company is not responsible in the event of any tax being withheld.

SHAREHOLDERS NOT EXCLUSIVELY LIABLE FOR TAXATION IN SWEDEN

For shareholders not exclusively liable for taxation in Sweden, Swedish coupon tax is generally payable at a tax rate of 30 per cent on dividends from limited liability companies. However, this tax rate is generally reduced through tax treaties that Sweden has entered into with other countries to avoid double taxation. The coupon tax

1) As of financial years beginning 31 December 2012, the corporate tax rate has been reduced from 26.3 per cent to 22 per cent.

is withheld by Euroclear Sweden when the dividend is paid or, regarding nominee-registered shares, by the nominee. In the event that 30 per cent coupon tax is withheld when the dividend is paid to a person who is entitled to taxation at a lower tax rate or if coupon tax is otherwise withheld in an excessive amount, a refund may be requested in writing from the Swedish Tax Agency before the end of the fifth calendar year after the time when the dividend is paid.

The holders of shares with limited tax liability in Sweden, and that do not operate a business from a permanent establishment in Sweden, are normally not subject to tax in Sweden for capital gains realized upon the disposal of shares and other ownership rights. However, shareholders may become liable to taxation in the country in which they are domiciled for the purpose of taxation. According to a special rule, individuals with limited tax liability in Sweden may become liable to taxation in Sweden on the sale of certain securities, if they have been resident or stayed regularly in Sweden at any time during the calendar year when such disposal occurred or during the previous ten calendar years. In a number of cases, however, the application of this rule is reduced through tax agreements that Sweden has entered into with other countries to avoid double taxation.

Historical financial information

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS FOR HEMFOSA

Description of the operations

On 28 June 2013, Hemfosa Sverige AB and Hemfosa Tetis AB became part of the same group when the holding company Hemfosa Fastigheter AB (publ) acquired 100 per cent of the shares in Hemfosa Sverige AB and Hemfosa Tetis AB. The two subsidiaries had formerly been two separate property groups, formed in 2009 and 2011, respectively. The acquisitions were implemented by means of a non-cash issue, whereby the shareholders of Hemfosa Sverige AB and Hemfosa Tetis AB contributed their share holdings in their respective companies to Hemfosa as a contribution-in-kind for the receipt of newly issued Hemfosa shares. The non-cash issue was implemented on market terms.

The Company has not had any operational activity. The Company is the parent company of the Group. Prior to the restructuring, the two subsidiaries were owned by seven and six institutional investors, respectively, and by the Company's management and employees. Following the non-cash issue, these are the owners of Hemfosa.

The Group invests in properties used in the following segments: community service properties, office properties in growth municipalities, logistics properties and transaction properties. For a more detailed definition of Hemfosa's segments, refer to the "Property portfolio" section.

BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Prior to the formation of the Group in its current state, the operations were conducted in two separate groups, Hemfosa Sverige AB and Hemfosa Tetis AB, as stated above. Historically, the operations have not legally formed a group and, as such, consolidated financial statements do not exist prior to 28 June 2013. Because the controlling influence over the two subsidiary groups remains unchanged both before and after 28 June 2013, this constitutes a restructuring of companies that are under common control. IFRS does not deal with acquisitions under common control. In connection with the acquisition of companies under common control, such items may be recognised at their historical book values ("predecessor basis"), which is the method that Hemfosa has chosen to apply.

The historical financial information prior to 28 June 2013 has been presented as combined financial statements. This means that the two separate groups have been combined into one group without there being an acquirer. A prerequisite for being permitted to prepare combined financial statements is that so called binding factors exist between the companies being combined. A binding factor in connection with the restructuring of the Group is that Hemfosa Sverige AB and Hemfosa Tetis AB were under common control both before and after the combination. Common control of the two groups also existed prior to the restructuring. In operational terms, the two groups have been controlled and followed up as a single unit. The basis for the preparation of the combined financial statements is found in a Discussion Paper published by the Federation of European Accountants (FEE): "Combined and Carve-Out Financial Statements" (February 2013).

The combined financial statements have been prepared as if the Hemfosa Group had been formed on 1 January 2011. At that time, only Hemfosa Sverige AB existed. The common control of Hemfosa Tetis AB originated in March 2011 when Hemfosa Tetis AB was formed. The combined financial statements are based on historical book values prepared in accordance with Swedish GAAP, as recognised in the published annual reports of the respective group. Adjustments have been made to eliminate intra-group transactions.

Since it has been decided that Hemfosa will apply IFRS in the consolidated financial statements, the combined financial statements have been prepared in accordance with IFRS. This transition has been made retroactively as of 1 January 2011. The transition to IFRS is reported in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards. Accordingly, the effects arising in connection with the transition to IFRS have been included in the financial statements.

The financial statements for the operations have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretation Committee (IFRIC) as adopted by the EU, and the recommendations and statements published by the Swedish Financial Reporting Board.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

MSEK	Note	1 Jan – 31 Dec 2013	1 Jan – 31 Dec 2012	1 Jan – 31 Dec 2011
Rental income	3	1,584	1,573	1,257
Property expenses				
Profit from property management	7	-298	-302	-270
Maintenance costs		-110	-165	-105
Property tax		-68	-65	-49
Property management		-61	-55	-49
Net operating income	2,5,6	1,047	986	784
Central administration	5,6	-79	-83	-62
Other operating income	4	0	21	40
Share of profit of joint ventures	13	125	62	-104
Finance income	8	9	36	84
Finance costs	8	-779	-836	-640
Profit from property management		323	186	103
Changes in the value of properties, realised		-21	82	38
Changes in the value of properties, unrealised		-193	864	914
Changes in value of financial instruments, unrealised		23	-23	-142
Profit before tax		132	1,110	914
Income tax expense	9	-	-	-4
Deferred tax expense	9	99	-187	-243
Profit for the year		231	923	667
Other comprehensive income		-	-	-
Total comprehensive income for the year		231	923	667
Profit for the year attributable to:				
Owners of the parent company		231	923	667
Non-controlling interest		0	0	-
Profit for the year		231	923	667
Earnings per share basic and diluted, SEK	10	7.4	36.9	27.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	31 Dec 2013	31 Dec 2012	31 Dec 2011
ASSETS				
Investment property	11	16,284	16,019	15,082
Property, plant and equipment	12	1	48	58
Investments in joint ventures	13	455	282	100
Receivables from joint ventures	14	0	0	224
Other non-current receivables		26	-	12
Derivatives	19	6	-	-
Total non-current assets		16,772	16,349	15,476
Rent receivables	15	26	36	55
Current receivables	16	39	89	76
Cash and cash equivalents	17	284	242	298
Total current assets		349	367	429
TOTAL ASSETS		17,121	16,716	15,905
EQUITY AND LIABILITIES				
Equity				
Share capital		25	10	10
Other contributed capital		225	240	240
Retained earnings including profit for the year		2,118	1,926	1,004
Equity attributable to the owners of the parent company		2,368	2,176	1,254
Non-controlling interest		1	0	-
Total equity		2,369	2,176	1,254
Liabilities				
Non-current interest-bearing liabilities	18	11,829	9,628	13,070
Derivatives	19	114	129	112
Deferred tax liabilities	9	430	527	413
Total non-current liabilities	19	12,373	10,284	13,595
Current interest-bearing liabilities	18	1,831	3,711	413
Derivatives	19	4	6	-
Other current liabilities	21	544	539	642
Total current liabilities	19	2,379	4,256	1,055
Total liabilities		14,752	14,540	14,650
TOTAL EQUITY AND LIABILITIES		17,121	16,716	15,905

For information about the Group's pledged assets and contingent liabilities, refer to Note 22.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Reconciliation of equity MSEK	Equity attributable to the owners of the parent company			Total	Non- controlling interest	Total Equity
	Share- capital	Other contributed capital	Retained earnings incl. profit for the year			
Balance at 1 Jan 2011	10	165	337	512		512
Total comprehensive income						
Profit for the year			667	667	-	667
Total comprehensive income			667	667		667
Transactions with the Group's owners						
Total contributions by and distributions to owners of the Company						
New issue	-	75	-	75		75
Total contributions by and distributions to owners of the Company	-	75	-	75		75
Total transactions with the Group's owners	-	75	-	75		75
Closing balance at 31 Dec 2011	10	240	1,004	1,254		1,254
Balance at 1 Jan 2012	10	240	1,004	1,254		1,254
Total comprehensive income						
Profit for 2012			923	923	0	923
Total comprehensive income			923	923		923
Closing balance 31 Dec 2012	10	240	1,926	2,176		2,176
Total comprehensive income	10	240	1,926	2,176		2,176
Profit for 2013	-	-	231	231	0	231
Total comprehensive income			231	231		231
Transactions with the Group's owners						
Contributions by and distributions to owners						
New issue	15	-15	-	0		0
Dividend to holders of preference shares in connection with conversion to ordinary shares	-	-	-47	-47		-47
Capital contribution from non-controlling interests	-	-	8	8	1	9
Total transactions with the Group's owners	15	-15	-39	-39		-38
Closing balance at 31 Dec 2013	25	225	2,118	2,368	1	2,369

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	1 Jan - 31 Dec 2011
Operating activities				
Profit from property management		323	186	103
Adjustments for non-cash items	24	-130	-32	65
Income tax paid		3	-10	4
Cash flow from operating activities before changes in working capital		196	144	172
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in current receivables		60	28	81
Increase (+)/Decrease (-) in current liabilities		5	-102	812
Cash flow from operating activities		261	70	1,065
Investing activities				
Acquisition of investment property		-65	-542	-6,473
Disposal of investment property		303	785	499
Investment in existing property		-667	-312	-221
Acquisition of property, plant and equipment		-	-5	-
Disposal of property, plant and equipment		-	4	-
Acquisition of financial assets		-26	-	-137
Shareholders' contribution paid		-48	-	-
Dividends received from joint ventures		-	146	-
Divestment of financial assets		-	2	-
Cash flow from investing activities		-503	78	-6,332
Financing activities				
New share issue		-	-	12
Shareholders' contribution received		9	-	63
Borrowings		412	258	5,384
Repayment of borrowings		-90	-462	-212
Dividends paid		-47	-	-
Cash flow from financing activities		284	-204	5,247
Cash flow for the year		42	-56	-20
Cash and cash equivalents at the beginning of the year		242	298	318
Cash and cash equivalents at the end of the year	17	284	242	298

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES

Compliance with standards and legislation

The financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 *Supplementary Accounting Rules for Groups* has also been applied.

The parent company applies the same accounting policies as the Group except in the cases specified below under the section "parent company accounting policies".

Basis of accounting

Prior to the formation of the Group in its current form, the operations were conducted in two separate groups. The combination of the two subsidiary groups is to be regarded as a restructuring of companies that are under common control since the controlling influence over the two subsidiary groups is the same both before and after the merger.

The historical financial information prior to 28 June 2013 has been prepared as combined financial statements. This means that the two separate groups have been combined into one group without there being any acquirer. The combined financial statements have been prepared as if the Hemfosa Group was formed on 1 January 2011. The combined financial statements are based on historical book values as recognised in the published annual reports of the respective group. Adjustments have been made to eliminate intra-group transactions.

Since it has been decided that Hemfosa will apply IFRS in preparing the consolidated financial statements, the combined financial statements have also been prepared in accordance to IFRS. The transition has been made retroactively as of 1 January 2011. The transition to IFRS is reported in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*. Accordingly, the effects arising in connection with transition to IFRS have been included in the financial statements. For the effects of the transition to IFRS, see "Effects in connection with transition to IFRS", which is incorporated by reference.

Valuation principles applied in preparing the financial statements

Assets and liabilities are recognised at historical cost, except for certain financial assets, liabilities and investment property that are measured at fair value. Financial assets and liabilities measured at fair value are comprised of fixed-income derivative instruments.

Functional currency and presentation currency

The functional currency is Swedish kronor (SEK), which is also the presentation currency. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest million.

Use of judgements and estimates in the financial statements

In preparing the financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Assessments made by management in the application of IFRS that have a signifi-

cant impact on the financial statements and estimates made, that may entail significant adjustments in the following year's financial statements, are described in more detail in Note 25.

Significant accounting policies applied

The accounting policies stated below have been applied consistently to all periods presented in the consolidated financial statements. The Group's accounting policies have also been applied consistently by the Group's companies. In regards to joint ventures, adjustments are made to the Group's policies, as necessary.

Changed accounting policies

Changed accounting policies pursuant to new or amended IFRSs

The changes to the accounting policies applied by the Group that became effective as of 1 January 2013 are described below. Other amendments of IFRS that became applicable as of 2013 had no material impact on the consolidated financial statements.

IFRS 13 *Fair value Measurement* constitutes a new uniform standard for measuring fair value as well as improved disclosure requirements. The new disclosure requirements are presented in Notes 11 and 19.

New IFRS that have not yet been applied

A number of new or amended IFRSs will not come into effect until the next financial year and have not been applied in advance when preparing these financial statements. New standards or amendments with future application are not planned to be implemented before their effective date.

Our preliminary assessment is that the application of IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements* will not have a material impact on the consolidated financial statements. Application of IFRS 12 *Disclosure of Interests in Other Entities* will result in expanded disclosure requirements.

Application of IFRIC 21 *Leases* will result in the year's property tax for properties held at the start of the year being recognised in its entirety as a liability (in 2013, property tax amounted to MSEK 68). As was done in prior years, accrual of the cost in profit and loss for the year will continue by means of the reporting of interim assets pertaining to the remaining portion of the property tax.

IFRS 9 *Financial Instruments* is intended to replace IAS 39 *Financial instruments: recognition and measurement*, possibly by 2017-18. IFRS 9 addresses the classification and measurement of financial assets, financial liabilities and hedge accounting. IFRS 9 will be supplemented with new rules regarding the impairment of financial assets. IFRS 9 has not yet been approved for application by the EU, and such approval is not expected to take place until the EU has decided to take a stance on a more complete version of IFRS 9. Accordingly, the company has decided to postpone an analysis of the consequence of implementation or make a decision on potential advance application.

Other new or amended IFRS including interpretations are not deemed to have any effect on the Group's reporting.

Classification, etc.

Non-current assets and non-current liabilities are comprised, essentially, of amounts expected to be recovered or paid more than 12 months from the balance sheet date. Current assets and current liabilities are comprised, essentially, of amounts expected to be recovered or paid within 12 months from the balance sheet date.

Historical financial information

Operating segment reporting

An operating segment is part of the financial statements that conducts business operations from which it generates income and incurs costs and for which stand-alone financial information is available. Furthermore, the earnings of an operating segment are evaluated by the chief operating decision maker, in regards to results and allocation of resources to the operating segment. Hemfosa's operating segments are; Community service properties, Office properties in growth municipalities, Logistics properties and Transaction properties.

Consolidation policies and business combinations

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. To assess whether one company has control over another company, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the financial statements from the date on which the control commences until the date on which control ceases.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred is generally measured at fair value, as are the identifiable net assets acquired. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

An acquisition can either be classified as purchase of net assets or a business combination. When net assets are purchased, IFRS 3 does not apply.

In the event of a business combination in which the total of consideration transferred, non-controlling interests and the fair value of previously owned interests (in connection with step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. When the difference is negative (i.e. a bargain purchase), the difference is recognised directly in profit and loss.

Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit and loss.

Contingent consideration is recognised at fair value at the date of acquisition. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit and loss.

An acquisition which has a primary purpose to acquire an acquiree's property - i.e., where the acquiree's property management and administration are of secondary importance to the acquisition - "the acquisition" is classified as an asset acquisition. Acquisitions in which a property management and administrative organisation exists are recognised as a business combination.

No deferred tax is recognised for an asset acquisitions. Instead, the value of the acquired property is reduced by the amount that pertains to the deduction attributable to the deferred tax of the property, at the acquisition date. The initially deducted deferred tax will subsequently have an effect on remeasurement in that deductions are made from the new fair value (on the remeasurement date) in the amount of the initially deducted deferred tax.

Hemfosa generally acquires investment property through asset acquisitions, although each acquisition is assessed to determine whether it is a business combination or an asset acquisition.

Non-controlling interest arises if the acquisition does not pertain to 100% of the acquiree. There are two alternative methods for recognising non-controlling interests. The Group may either recognise the non-controlling interest's proportionate share of net assets, or recognise the non-controlling interest at fair value, which means that the non-controlling interest may have a share of goodwill. The choice of these two methods for recognising non-controlling interests is made on an acquisition-to-acquisition basis. Changes in the group's interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions.

Joint ventures

A joint venture is an arrangement where the Group has joint control, whereby the Group has right to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in the joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which joint control ceases. The Group's share of the joint ventures' profit or loss is recognized in "Share of profit/loss of joint ventures" in the statement of profit and loss. Such share of income, less dividends received from joint ventures comprise the main change in the carrying amount of participations in joint ventures. The Group's share in other comprehensive income in joint ventures is recognised on a separate line under Other comprehensive income in the consolidated financial statements.

Any differences arising from the acquisition between the cost of the holding and the owner company's share of the net fair value of the joint venture's identifiable assets and liabilities are recognised in accordance with the same policies as for acquisitions of subsidiaries.

When the Group's share of recognised losses in joint ventures exceeds the carrying amount of the participations in the Group, the value of the participations is reduced to zero. Losses are also deducted against long-term financial balances without collateral, which in their financial significance comprise the portion of the owner company's net investment in joint ventures. Losses beyond invested capital are not recognised unless the Group has provided guarantees to cover losses arising in the joint venture. The equity method is applied until the date on which the significant influence ceases.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expenses, and unrealised gains or losses arising from transactions between Group companies are eliminated in their entirety when the consolidated financial statements are prepared. Unrealised gains arising from transactions with joint ventures and from joint ventures are eliminated to the extent that they correspond to the Group's participating interest in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that no impairment requirement exists.

Foreign currencies

Transactions in foreign currency are translated to the functional currency at the exchange rate prevailing on the date of the transaction.

Income

Income is the gross inflow of financial benefits arising in a company's normal business operations during a period and that increase the company's equity, except for increases due to contributions from owners.

Income is measured at the fair value of the amount that has been received or will be received.

Rental income

Rental income encompasses all types of rental income and includes additional billings for property tax, heating, etc. Rental income, less discounts exceeding 1 MSEK where applicable, is recorded on a straight-line basis in the profit and loss statement, based on the terms of the lease.

Rent paid in advance is recognised as prepaid rental income. Rental income from acquired properties is recognised from the day of taking possession.

Gains/losses from property sales

Gains/losses from the sale of properties, as well as gains/losses from shares and participations, in property-owning companies are recognised under the heading "Changes in the value of property, realised", below "Profit from property management". Gains/losses from property/share sales are recognised on the day on which the property or shares are relinquished, unless the risks and rewards have been transferred to the buyer on an earlier occasion.

Provisions are made on the sales date for items such as non-invoiced selling expenses or other remaining costs attributable to the transaction.

Other operating income

Other operating income refers to income from secondary activities in the normal business operations such as, capital gains on tangible assets, exchange-rate gains on operating receivables and liabilities.

Leasing

Assets leased under operating leases are not, as a rule, recognised, as an asset in the statement of financial position and consequently, does not give rise to a liability.

Leasing expenses less discounts, where applicable, are recognised in profit and loss on a straight-line basis over the lease term. Variable fees are expensed in the periods in which they arise.

Refer to section Rental income above, for accounting principles where Hemfosa is a lessor.

Hemfosa has entered into leases for company cars. These are, by definition, financial leases, but are accounted for as operating leases since they are not deemed to be significant.

Finance income and costs

Finance income consists of interest income earned on funds invested. Interest income is recognized as earned.

Finance costs relate to interest, fees and other borrowing costs. Finance costs are charged to profit and loss in the period to which they relate.

Exchange-rate gains and exchange-rate losses are recognised on a net basis.

Derivatives are utilised to financially hedge the risks of interest-rate exposure to which the Group is exposed. Payments of interest pertaining to fixed-income derivatives (interest-rate swaps) are recognised as interest expense in the period to which they pertain. Other changes in the fair value of fixed-income derivatives are recognised on a separate line in profit and loss for the year.

Tax

Income tax is comprised of current tax and deferred tax. Income tax is recognised in profit and loss, except when the underlying transaction is recognised in other comprehensive income or in equity whereby the associated tax effects are recognised directly in other comprehensive income or equity. Current tax comprises the tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not taken into account in goodwill arising upon consolidation, nor is it taken into account for differences arising on initial reporting of assets and liabilities that are not business combinations that, at the time of the transaction, do not affect recognised or taxable earnings. Temporary differences attributable to interests in subsidiaries and joint ventures that are not expected to become liable to taxation in the foreseeable future are also not taken into consideration. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets in respect to tax-deductible temporary differences and loss carry forwards are only recognised to the extent that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Financial instruments

Financial instruments recognised in the statement of financial position include assets such as cash and cash equivalents, rent receivables, current receivables and derivatives. Liabilities include accounts payable, loans and notes payable, as well as derivatives.

Recognition and derecognition in the statement of financial position

Financial instruments are recognised initially on the date when they are originated. A receivable is recognised when a contractual obligation for the counterpart to pay exists, even if an invoice has not been sent. Rent and current receivables are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when a contractual obligation for the Group to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received.

A financial asset is derecognised from the statement of financial position when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Recognition and measurement

Financial instruments, which are not derivatives, are initially recognised at cost, corresponding to the fair value of the instrument plus transaction costs. Upon initial recognition, a financial instrument is classified based on the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured following the first recognition, as described below.

Cash and cash equivalents are comprised of cash, as well as readily available balances in banks and corresponding institutes.

Historical financial information

Rent and accounts receivable

Rent and accounts receivables are financial assets that are not derivatives, that have fixed or fixable payments and that are not listed on an active market. These receivables are classified in the category Loans and Receivables. Such assets are measured at amortised cost. Amortised cost is determined based on the effective rate calculated on the acquisition date. Rent and accounts receivables have short durations and are therefore recognised at the nominal amounts. Rent and accounts receivables are recognised at the amount that is expected to be received, meaning after deductions for doubtful receivables.

Other financial liabilities

Interest-bearing liabilities and other liabilities, such as accounts payable and liabilities to Group companies, are included in this category. These liabilities are measured at amortised cost.

Derivatives

The Group uses fixed-income derivatives (interest rate swaps) to reduce the interest rate risks to which the Group is exposed. Hedge accounting is not applied to the derivatives. Derivative instruments are classified in the category Financial Assets/Liabilities at Fair Value through Profit and Loss. Directly attributable transaction costs are recognized in profit and loss as incurred. Financial assets/liabilities at fair value through profit and loss are measured at fair value and changes therein, including any interest and dividend income, are recognized in profit and loss.

Property, plant and equipment

Property, plant and equipment is recognised in the statement of financial position if it is probable that future financial benefits that can be attributed to the asset will accrue to the company and if the cost of the asset can be reliably calculated. For Hemfosa, this item is primarily comprised of equipment.

Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to transport the asset to the correct site and prepare it for the manner intended by the acquisition.

The carrying amount of property, plant and equipment is derecognised from the statement of financial position when it is disposed or divested or when no future financial benefits are expected from the use or disposal/divestment of the asset. Gains or losses arising from the sale or disposal of an asset consist of the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

Additional expenses are capitalized only if it is probable that the future financial benefits associated with the asset will accrue to the company and the cost can be reliably measured. All other additional costs are recognised as an expense in the period in which they arise.

Property, plant and equipment is depreciated over the estimated useful life of the asset. The estimated useful lives are:

Equipment	5–10 years
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The asset is depreciated from the acquisition date it is put in use. The useful life is the period during which the asset is expected to be available for use in the Group.

Investment property

Investment properties are properties held for the purpose of receiving rental income, or an appreciation in value, or a combination of the two. Investment properties are initially recognised at cost, which includes expenses directly attributable to the acquisition, such as expenses for land registration and mortgage deeds. Investment properties are measured at fair value in

the statement of financial position. Fair value is based on valuations performed by independent appraisers, who are fully qualified and possess adequate expertise in assessing the fair value of these types of properties and locations. All properties are assessed for fair value on a quarterly basis. Properties are physically inspected on a biannual basis. Fair value is assessed based on the amount estimated to be received in a transaction on the valuation date between knowledgeable parties that are independent in relation to each other and are interested in the transaction being carried out according to standard market practice in a situation in which both parties are assumed to have acted insightfully, wisely and without compulsion. Additional expenses are capitalised only when it is probable that the Group will receive future financial benefits associated with the asset and the expenses can be reliably determined. Other repair and maintenance costs are expensed in the period in which they occur.

Borrowing costs directly attributable to the purchase, construction or production of assets that take a considerable amount of time to complete for their intended use or sale are included in the acquisition cost. For the Hemfosa Group, this is mainly applicable during the construction phase or in major conversion projects for investment properties. Borrowing costs are calculated based on the financial requirements of the project and the Group's borrowing costs. Borrowing costs are comprised of interest and other expenses arising when a company borrows money.

Both unrealised and realised changes in value are recognised in profit and loss, below profit from property management. Rental income and income from property sales are recognised in accordance with the policies described under the section on income recognition.

Properties under construction and conversion intended to be used as investment properties when the work is completed are also classified as investment properties.

Impairment

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. IAS 36 is applied for the impairment of assets that are not financial assets, which are recognised according to IAS 39, or investment properties which are measured at fair value (IAS 40). Deferred tax assets are measured in accordance with IAS 12. The carrying amounts of the exempted assets above are calculated according to the respective standard.

Impairment of intangible assets and participations in joint ventures

If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated in accordance with IAS 36 (see below).

An impairment loss is recognised when the carrying amount of an asset's or cash-generating unit (group of units) exceeds the recoverable amount. An impairment loss is recognised as an expense in net profit for the year.

The recoverable amount is the highest of the fair value less selling expenses and the value in use. In calculating value in use, future cash flows are discounted at a discount rate that takes into account risk-free interest and risk related to the specific asset.

If it is not possible to determine essentially independent cash flows for an individual asset and its fair value less selling expenses cannot be used, for impairment testing the assets are to be grouped at the lowest level at which it is possible to identify

essentially independent cash flows – this is referred to as a cash-generating unit.

Reversal of impairment

Impairment losses on assets included in the scope of IAS 36 are reversed if there is an indication that the impairment requirement no longer exists and a change has been made to the assumption that formed the basis of the calculation of the recoverable amount. A reversal is only performed to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less any depreciation/amortisation is relevant, if no impairment had been carried out.

Impairment of financial assets

For each reporting period, the company assesses whether there is objective evidence of impairment of a financial asset or group of assets. Objective evidence comprises observable circumstances that have occurred and that have a negative impact on the possibility of recovering the cost.

The value of past due non-performing receivables is tested continuously. As long as the loss is not confirmed, the receivable and provision are recognised at gross amount in the accounts. Impairment of the receivables is determined based on historical experience of losses on similar receivables. Rents and accounts receivable that require impairment are recognised at the present value of expected future cash flows. However, receivables with short terms are not discounted.

The receivables are written off once the loss has been confirmed. It may be necessary to monitor written-off receivables, for example, before a bankruptcy has been completed. The cost for rents and accounts receivable affect net operating income in the income statement.

Dividends to owners

Dividends

Dividends are recognised as liabilities after the Annual General Meeting has approved the dividend.

Earnings per share

The calculation of earnings per share is based on the Group's net profit for the year attributable to the owners of the parent company shareholders and on the weighted average number of shares outstanding during the year.

Employee benefits

Defined contribution pension plans

The Group only has defined contribution pension plans. Defined contribution pension plans are those plans in which the company's obligation is limited to the contributions the company undertakes to pay. In such cases, the amount of the employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the return generated by the contribution. Consequently, it is the employee who bears the actuarial risk (the risk that benefits can be lower than expected) and the investment risk (the risk that the invested assets will be insufficient for the expected benefit). The Group's obligation regarding defined contribution plans are recognised as an expense in profit and loss at the rate in which they are earned by employees performing services.

Short-term employee benefits

Short-term employee benefits, such as salaries to the employees, are expensed as the related service is provided. A provision is recognised for the anticipated cost of bonus payments when the Group has a present legal or constructive obligation to make such payments as a result of services received from employees and the obligation can be reliably estimated.

Termination benefits

Termination benefits are expensed at the earlier of;

- When the Group can no longer withdraw the offer of such benefits, or
- When the Group recognises expenses for restructuring that are within the scope of IAS 37 and encompasses employee benefits.

When termination benefits are provided to employees due to the employee having accepted an offer of benefits in exchange for terminating employment, termination benefits are expensed at the earlier of;

- When the employee accepts the offer, meaning signs a contract.
- When a limit to the Group's ability to withdraw the offer comes into effect.

Provisions

A provision differs from other liabilities in that there is uncertainty regarding the date of payment and the amount required for settling the obligation. A provision is recognised in the statement of financial position when there is an existing legal or constructive obligation as a result of an event that has occurred, it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured as the most reliable estimate of the amount required to settle the existing commitment on the balance sheet date. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment originating from events that have occurred and whose occurrence will be confirmed only by one or several uncertain future events or when there is a commitment that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Parent company's accounting policies

The parent company prepares its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 *Accounting for legal entities*. Statements issued by the Swedish Financial Accounting Standard Council for listed companies are also applied. RFR 2 entails that the parent company, in the annual accounts for legal entities, is to apply all EU-approved IFRS and statements, as far as possible, within the framework of the Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the connection between accounting and taxation. The recommendation specifies the exceptions and supplements that should be applied in relation to IFRS.

Differences between the accounting policies of the Group and the parent company

The differences between the accounting policies of the Group and the parent company are stated below.

Classification and presentation formats

In the parent company, a profit and loss statement and a statement of profit and loss and other comprehensive income are presented, while for the Group these two statements are combined into a statement of profit and loss and other comprehensive income. For the parent company, the designations "Balance

Historical financial information

sheet" and "Statement of cash flows" are used for the statements that in the Group are designated "Statement of financial position" and "Cash flow statement", respectively. The profit and loss statement and balance sheet for the parent company are prepared according to the stipulations of the Annual Accounts Act while the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash-flows are based on IAS 1 *Presentation of Financial Statements* and IAS 7 *Statement of Cash Flows*, respectively. The differences compared with the Group's statements that are apparent in the parent company's profit and loss statement and balance sheet mainly comprise the recognition of fixed assets and equity.

Subsidiaries and joint ventures

Shares in subsidiaries and joint ventures are recognised in the parent company according to the cost method. This means that transaction charges are included in the carrying amount of holdings in subsidiaries and joint ventures. In the consolidated financial statements, transaction charges attributable to subsidiaries are recognised directly in profit and loss as they arise, while in the parent company's statements, they are added to the cost of the shares.

The value of contingent considerations is based on the probability that the consideration will be paid. Possible changes to the provision/receivable are added/deducted from the cost. In the consolidated financial statements, contingent consideration is recognised at fair value with and the changes in value recognised in profit and loss.

In the case of a bargain purchase that represents future anticipated losses and costs, these losses and costs are reversed during the periods in which they are expected to arise. A bargain purchase that is due to other reasons is recognised as a provision, insofar as it does not exceed the fair value of the acquired identifiable non-monetary assets. The portion is excess of this amount is to be recognised immediately as income. The portion that does not exceed the fair value of the acquired identifiable non-monetary assets is to be systematically recognised as income over a period calculated as the remaining weighted average useful life of the acquired identifiable assets that are subject to depreciation. In the consolidated financial statements, bargain purchases are recognised directly in profit and loss.

Financial instruments

The parent company does not recognise financial instruments in accordance with IAS 39 and the categories specified in this standard. Long-term receivables are recognised at amortised cost, as are non-current interest-bearing liabilities. Receivables and financial liabilities that are current are recognised at nominal amounts, since the maturity is short and the impact of discounting is immaterial. Financial assets are impairment tested continuously.

Operating segment reporting

The parent company does not recognise segments according to the same breakdown and scope as the Group; instead, it provides disclosures on the breakdown of net sales among the parent company's operating segments.

Tangible assets

In the parent company, tangible assets are recognised at cost less accumulated depreciation and any impairment, which is the same way as in the Group but subject to the addition of any write-ups.

Leased assets

In the parent company, all leasing agreements are recognised as operational leases.

Borrowing costs

In the parent company, borrowing costs are charged to profit and loss for the period to which they are attributable. No borrowing costs are capitalised as assets.

Group contributions

Group contributions received by the parent company from subsidiaries are recognised as finance income. Group contributions provided by the parent company to subsidiaries are recognised as an increase in participations in Group companies.

NOTE 2 OPERATING SEGMENTS

Operational results are presented for all of the Group's segments, which correspond to the Group's internal reporting system.

The net operating income includes directly attributable items and items that can be allocated reasonably and reliably among the segments. Shared property-management expenses are allocated at cost.

The segments used by company management to monitor the operations are community service properties, office properties in growth municipalities, logistics properties and transaction properties. Community service properties pertain to properties

where at least 70 per cent of the rental income derives from tenants with operations that are directly or indirectly financed by public taxes. Office properties in growth municipalities pertain primarily to centrally located office properties in large expanding districts. Logistics properties pertain primarily to modern logistics properties located in logistics hubs. The transaction property segment includes properties from the other segments that have been not deemed to generate an acceptable long-term risk-adjusted return, as well as unique properties in terms of geography or category.

Group

	Community service properties			Office properties in growth municipalities			Logistics properties			Transaction properties			Group-wide and eliminations			Total consolidated		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Rental income	785	759	625	436	444	333	216	199	137	148	171	162	0	0	0	1,584	1,573	1,257
Property expenses																		
Operating expenses	-156	-148	-120	-86	-85	-72	-15	-14	-10	-41	-55	-65	0	-1	0	-298	-302	-270
Maintenance costs	-54	-72	-50	-35	-54	-36	-9	-3	-3	-13	-36	-16	1	0	0	-110	-165	-105
Property tax	-27	-27	-22	-29	-26	-19	-4	-4	-2	-8	-8	-6	0	0	0	-68	-65	-49
Property management	-28	-24	-27	-19	-17	-13	-7	-8	-4	-6	-7	-5	0	0	0	-61	-55	-49
Net operating income	520	488	405	267	262	193	181	170	118	80	65	70	1	-1	0	1,047	986	784
Central administration																-79	-83	-62
Other operating income																0	21	40
Share of profit of joint ventures																125	62	-104
Finance income and costs																-770	-800	-556
Profit from property management																323	186	103
Changes in the value of properties, realised																-21	83	38
Changes in the value of properties, unrealised																-193	864	914
Changes in value of financial instruments, unrealised																23	-23	-142
Profit before tax																132	1,110	914
	Community service properties			Office properties in growth municipalities			Logistics properties			Transaction properties			Group-wide and eliminations			Total consolidated		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Investment property	7,679	7,237	6,786	4,708	4,749	4,777	2,677	2,600	1,735	1,221	1,433	1,895	-	-	-110	16,284	16,019	15,082
Investment in existing properties	402	187	72	232	114	58	13	0	55	20	9	37	-	-	-	667	312	221

NOTE 3 OPERATING LEASES

Hemfosa is the lessor of the investment properties according to operating lease agreements. Future non-terminable lease payments are as follows:

Group					Group				
2013					2011				
MSEK Maturity year	Number of agree- ments	Area, sqm	Contractual annual rent	Share	MSEK Maturity year	Number of agree- ments	Area, sqm	Contractual annual rent	Share
2014	1,063	98,293	143	9%	2012	781	129,046	146	11%
2015	457	244,763	245	16%	2013	511	208,273	246	19%
2016	352	266,264	306	20%	2014	311	205,412	254	19%
2017	252	216,376	263	17%	2015	186	158,154	181	14%
2018	56	81,054	95	6%	2016	72	100,554	104	8%
>2018	152	572,878	508	33%	>2016	136	452,993	373	29%
Total	2,332	1,479,627	1,561	100%	Total	1,997	1,254,431	1,303	100%

Group					Group				
2012					Contractual future rental income				
MSEK Maturity year	Number of agree- ments	Area, sqm	Contractual annual rent	Share	MSEK	2013	2012	2011	
2013	1,143	181,857	213	14%	Within one year	1,520	1,216	823	
2014	462	275,030	317	21%	Between one and five years	5,169	2,416	1,599	
2015	355	267,995	301	20%	Longer than five years	1,764	1,499	899	
2016	181	163,238	187	12%					
2017	83	101,597	122	7%					
>2017	91	468,106	400	26%					
Total	2,315	1,457,823	1,540	100%					

Hemfosa's costs as a lessee total MSEK 5.8 (5.4) (2.4) and mainly pertain to ground rent.

NOTE 4 OTHER OPERATING INCOME

Group			
MSEK	2013	2012	2011
Rental guarantee received	-	-	32
Other income	0	21	8
Total other operating income	0	21	40

NOTE 5 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR MANAGEMENT

Group

MSEK	2013	2012	2011
<i>Management group</i>			
Salaries and other compensation, etc.	10	8	8
Pension costs, defined contribution plans	2	2	2
Social security contributions	4	3	3
<i>Of which, Chief Executive Officer</i>			
Salaries and other compensation, etc.	2	2	2
Pension costs, defined contribution plans	1	1	0
Social security contributions	0	1	1
<i>Other employees</i>			
Salaries and other compensation, etc.	13	15	10
Pension costs, defined contribution plans	2	2	1
Social security contributions	5	5	4
Total costs for employee benefits	36	35	28

Average number of employees

Group	2013	of whom men	2012	of whom men	2011	of whom men
Average number of employees in Sweden	32	47%	27	46%	23	52%

Board of directors

Director fees have been paid to five of the Members of the board in accordance with resolutions passed at the Annual General Meeting. The fees amounted to MSEK 0.4 for 2013, MSEK 0.4 for 2012 and MSEK 0.3 for 2011, excluding social security contributions.

Agreements concerning severance pay

The CEO is subject to a period of notice of 18 months if his employment is terminated by the Company and of six months if he resigns. Other senior executives are subject to a period of notice of 12 months if employment is terminated by the Company and of six months if they resign. No agreements on severance pay have been reached.

Proportion of women, %

Group	2013-12-31		2012-12-31		2011-12-31	
	Number of persons	Proportion women	Number of persons	Proportion women	Number of persons	Proportion women
Board of directors	7	43%	10	0%	11	0%
Other senior executives	7	43%	5	20%	5	20%

Note 5 Employees, personnel expenses and remuneration of senior executives (cont.)

Salary and other remuneration for senior management

Parent company
2 Jan 2013 – 31 Dec 2013

KSEK	Basic salary, director fee	Variable remuneration	Pension contributions	Share-based payment	Other remuneration	Total
Chairman of the Board						
Bengt Kjell						
Remuneration from parent company	85	-	-	-	-	85
Remuneration from subsidiaries	85	-	-	-	-	85
Board member						
Mats Israelsson						
Remuneration from parent company	35	-	-	-	-	35
Remuneration from subsidiaries	42	-	-	-	-	42
Board member						
Sören Ferin						
Remuneration from parent company	35	-	-	-	-	35
Remuneration from subsidiaries	42	-	-	-	-	42
Board member						
Jonas Nyrén						
Remuneration from parent company	-	-	-	-	-	-
Remuneration from subsidiaries	28	-	-	-	-	28
Board member						
Anneli Lindblom						
Remuneration from parent company	14	-	-	-	-	14
Remuneration from subsidiaries	-	-	-	-	-	-
Board member						
Caroline Sundewall						
Remuneration from parent company	14	-	-	-	-	14
Remuneration from subsidiaries	-	-	-	-	-	-
Board member						
Ulrika Valassi						
Remuneration from parent company	14	-	-	-	-	14
Remuneration from subsidiaries	-	-	-	-	-	-
Chief Executive Officer						
Jens Engwall						
Remuneration from parent company	1,138	-	271	-	-	1,409
Remuneration from subsidiaries	1,097	-	251	-	-	1,348
Other senior executives (6)						
Remuneration from parent company	3,446	-	948	-	-	4,394
Remuneration from subsidiaries	3,752	-	801	-	-	4,553
Total						
Remuneration from parent company	4,781	-	1,219	-	-	6,000
Remuneration from subsidiaries	5,046	-	1,052	-	-	6,098

NOTE 6 FEES AND REMUNERATION TO AUDITORS

Group

MSEK	2013	2012	2011
<i>KPMG</i>			
Audit engagements	5	5	5
Remuneration for audit activity in addition to audit engagements	1	0	0
Tax advisory services	2	1	0
Other engagements	4	1	1
Total fees and compensation to auditors	12	7	6

Audit engagements pertains to the statutory audit of the Annual Report and consolidated accounts, as well as the administration of the board of directors and the CEO, and other audit and review conducted in accordance with contracts or agreements.

This includes other engagements that are the responsibility of the company's auditors, and guidance and assistance occasioned by observations in conjunction with such reviews or the completion of such other engagements.

NOTE 7 OPERATING EXPENSES BY TYPE

Group

MSEK	2013	2012	2011
Operating expenses ¹⁾	298	302	270
Maintenance costs	110	165	105
Property tax	68	65	49
Depreciation	3	11	16
Other external costs	101	91	35
Personnel costs	36	36	28
Total operating expenses	616	770	535

1) Operating expenses include externally purchased services for property management.

NOTE 8 FINANCE INCOME AND COSTS

Group

MSEK	2013	2012	2011
Interest income	3	29	30
Impairment of loan liability	-	-	55
Other finance income	6	6	-
Finance income	9	36	84
Interest expenses ¹⁾	436	475	377
Interest expenses on shareholders' loans	312	310	245
Reversal of loan liabilities	-	19	-
Other finance expenses	31	32	18
Finance costs	779	836	640
	770	800	556

1) Of which, interest expenses of MSEK 44 attributable to items recognised at accrued cost. It has not been possible to reliably break down amounts for 2011 and 2012.

NOTE 9 TAX

In Sweden, the tax rate for limited liability companies during the 2011 and 2012 financial years was 26.3%. As of 1 January 2013, the tax rate for limited liability companies is 22.0%. Deferred tax has been calculated using the current tax rate, apart from the accounts at 31 December 2012, when the rate was calculated at 22.0%.

Group

MSEK	2013	2012	2011
Current tax expense			
Tax expense for the year	0	0	3
Adjustment of tax attributable to previous years	-	-	1
Total tax expense	0	0	4
Deferred tax expense			
Deferred tax attributable to investment property	-16	-211	-270
Deferred tax attributable to derivatives	-5	-5	27
Deferred tax attributable to the capitalised tax value of loss carry forwards during the year	120	-	-
Deferred tax resulting from changes in tax rates	-	29	-
Total deferred tax expense	99	-187	-243

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities attributable to the following:

MSEK	Deferred tax asset			Deferred tax liability			Net		
	2013-12-31	2012-12-31	2011-12-31	2013-12-31	2012-12-31	2011-12-31	2013-12-31	2012-12-31	2011-12-31
Investment property	-	-	-	-575	-557	-443	-575	-557	-443
Changes in value, fixed-income derivatives	26	30	28	-1	-	-	25	30	28
Loss carry forward	120			-	-	-	120	-	-
	146	30	28	-576	-557	-443	-430	-527	-413

Unrecognised deferred tax assets

Taxable loss carry forward for which deferred tax assets were not recognised in the statement of financial position amounted to MSEK 474 for the 2012 financial year and to MSEK 380 for the 2011 financial year.

Deferred tax assets were not recognised for these taxable loss carry forwards, since it was deemed in each period that it was not probable that the Group would be able to utilise them to offset future taxable profits.

Reconciliation of effective tax

MSEK	Group 2013
Profit before tax	132
Tax according to applicable tax rate for parent company	-22.0%
Non-deductible costs	-0.1%
Non-taxable income	1.5%
Share of profit of joint ventures	20.5%
Capitalisation of loss carry forward not capitalised in prior years	75.8%
Other	-0.8
Recognized effective tax	74.8%

NOTE 10 EARNINGS PER SHARE

Group

Kr	2013	2012	2011
Earnings per share basic and diluted	7.4	36.9	27.7

The Group's net profit for the year attributable to owners of the parent company amounted to MSEK 231. Less the MSEK 47 paid to holders of preference shares, the net amount was MSEK 184 (923) (667). The weighted average number of shares was 25,000 (25,000) (24,053) thousand.

Dividend per share has been paid in an amount of MSEK - (- -).

NOTE 11 INVESTMENT PROPERTY

Investment property is recognised according to the fair value method. The table below shows the changes in value within the particular segment.

Reconciliation of opening and closing balance for investment property

Group

2013		Community service properties	Office properties in growth municipalities	Logistics properties	Transaction properties
MSEK	Total				
Fair value at the beginning of the year	16,129	7,309	4,752	2,630	1,438
Cost of investment property, asset acquisition	65	-	-	65	-
Cost of investment property, business combinations	-	-	-	-	-
Investment in existing portfolio	667	409	226	13	19
Reclassification from building equipment to investment property	46	30	9	4	3
Carrying amount, sold properties	-320	-21	-69	0	-231
Unrealised changes in value	-193	17	-206	-1	-3
Fair value at the end of the year	16,394	7,745	4,712	2,711	1,226

Acquired deferred tax reduces property value -110

Recognised property values 16,284

Group

Reconciliation of opening and closing balances for investment property¹⁾

MSEK	31 Dec 2012	31 Dec 2011
Fair value at the beginning of the year	15,192	7,971
Cost of investment property	546	6,585
Investment in property	312	221
Carrying amount, sold investment property	-785	-499
Changes in value recognised in earnings, unrealised	864	914
Fair value at the end of the year	16,129	15,192
Acquired deferred tax reduces property value	-110	-110
Recognised property values	16,019	15,082

1) The reconciliation of opening and closing balances has not been performed per segment for the 2012 and 2011 financial years since IFRS 13 does not require retroactive application.

Historical financial information

Note 11 Investment property (cont.)

Realised and unrealised changes in value are recognised after profit from property management. The measurement of fair value for all investment property is classified at Level 3 of the fair value hierarchy.

Impact on profit after tax apart from changes in value

Group

MSEK	2013	2012	2011
Rental income	1,584	1,573	1,257
Direct costs for investment property that generated rental income during the period (operating and maintenance costs, property tax and ground rent)	-473	-529	-422
Direct costs for investment property that did not generate rental income during the period and maintenance costs, property tax and ground rent)	-2	-3	-2

Determining fair value

The fair value of investment property has been assessed by external, independent property appraisers, with relevant, professional qualification and with experience in the field as well as in the category of properties that were appraised. The independent appraiser provided the fair value of the Group's portfolio of investment property each quarter.

The discount rate used in the estimate was derived from sales of comparable properties. Significant factors when selecting required returns include an assessment of the object's future rent trend, changes in value and any development potential, as well as the maintenance condition of the property. Key value parameters are location, rent level and vacancy rates.

The valuation is based on current earnings capacity. For each property, cash flow is established that extends over a future period of at least five years. On the income side, current leases are used. For vacant space, a calculation is conducted by means of an individual assessment for each property. The inflation assumption is 2 per cent annually. Costs are assessed on the basis of annual historical figures. The valuation is based on a present-value calculation of cash flow and the present value of the market value at the end of the calculation period.

Valuation technique, hierarchy and significant non-observable input

The value of the properties was assessed based on a market-adapted cash-flow estimate in which an analysis was made of the market's expectations on the valuation object, by simulating the calculated future income and expenses (five years or longer).

Calculation assumptions per segment	Carrying amount, MSEK		Net operating income MSEK ¹⁾		Yield, %		Interval yield requirements, %		Discount interest rate, %	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Community service properties	7,679	7,237	514	515	6.8%	7.1%	4.0% - 10.0%	6.3% - 10%	6.0% - 12.0%	6.0% - 12.0%
Office properties in growth municipalities	4,709	4,749	268	266	5.7%	5.6%	5.8% - 8.7%	5.8% - 12.0%	7.9% - 10.9%	7.0% - 14.0%
Logistics properties	2,676	2,600	189	181	6.7%	7.0%	6.7% - 9.3%	6.2% - 9.3%	8.8% - 11.4%	8.0% - 9.3%
Transaction properties	1,220	1,433	74	70	6.5%	4.9%	6.2% - 10.0%	6.3% - 13.0%	8.3% - 12.2%	7.0% - 15.0%
Total	16,284	16,019	1,045	1,032	6.4%	6.4%	7.2%	9.0%	7.2%	9.0%

1) According to earnings capacity.

Sensitivity analysis - impact on fair value

Sensitivity analysis - Impact on fair value		2013	2012
MSEK			
Change in net operating income	+/-5.0%	582	548
Change in yield requirement	+/-0.1%	226	223
Change growth assumptions	+/-0.5%	81	80
Change in discount interest rate	+/-0.1%	181	178

Criteria for distinguishing between investment property and other types of properties

All of Hemfosa's directly owned properties are classified as investment property. In a few of the Group's properties, an insignificant portion of the floor area is used for administrative purposes by the Group. These properties have been classified as investment property.

If Hemfosa has signed an unconditional agreement concerning the disposal of a property, the property will be reclassified from investment property to asset held for resale.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

Group MSEK	Equipment			Building equipment		
	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2013	31 Dec 2012	31 Dec 2011
Cost						
Opening balance	4	2	1	101	99	97
Acquisition of subsidiaries	-	-	1	-	-	14
Other acquisitions	0	0	0	2	5	-
Reclassifications	0	2	-	-103	-	-12
Disposals	-	-	-	0	-4	-
Closing balance, cost	4	4	2	0	101	99
Depreciation						
Opening balance	-3	-1	-1	-54	-42	-35
Acquisition of subsidiaries	-	-	-1	-	-	-3
Reclassifications	0	-2	-	57	-	12
Disposals	-	-	-	0	-1	-
Depreciation for the year	0	0	0	-3	-11	-16
Closing balance, accumulated depreciation	-3	-3	-1	0	-54	-42
Carrying amount	1	1	1	0	47	57

NOTE 13 INVESTMENTS IN JOINT VENTURES

In addition to Hemfosa's wholly owned property portfolio, the Group holds investments in a number of property owning companies, through which properties are held together with other investors. At 31 December 2013, Hemfosa had indirect property ownership in four joint ventures. At 31 December 2013, the property owning joint ventures jointly owned 75 properties with the carrying amount of the property value, for Hemfosa's share, amounting to approximately MSEK 2,200.

Group MSEK	2013-12-31	2012-12-31	2011-12-31
Carrying amount at the beginning of the year	282	100	35
Acquisition of joint venture	0	-	90
Disposal of joint ventures	0	0	-
Dividends received	-	-146	-
Share of profit of joint ventures	125	62	-104
of which, recognised against receivables from joint ventures	-	-	54
Shareholders' contribution received	48	266	25
Participation in joint ventures	455	282	100

Söderport Holding AB

Söderport is the largest of Hemfosa's joint ventures. Söderport was acquired in 2010 by Hemfosa and AB Sagax, which each own 50% of the company. The ownership of Söderport is governed by a shareholder agreement granting both of the owners equal control over Söderport. AB Sagax accounts for the management. At 31 December 2013, Söderport owned 44 properties with a combined lettable area of 366,000 sqm and a rental value MSEK 339 of which 93 per cent of Söderport's lettable area was located in Stockholm, and consisted primarily of industrial and storage premises. At 31 December 2013, Söderport's properties had a combined market value, for Hemfosa's share, of MSEK 1,475 and an economic occupancy rate of 85 per cent.

Hemfosa Kronfastigheter Holding AB

On 18 December 2013, Hemfosa and Crown Nordic Management AB jointly acquired a property portfolio of 28 commercial properties. At 31 December 2013, Hemfosa Kronfastigheter Holding AB had a total lettable area of 142,000 sqm and an underlying property value, for Hemfosa's share, of MSEK 643.

The property portfolio is mainly located in growth municipalities in southern and central Sweden and comprises both community service properties and office and logistics properties making it ideally suited to Hemfosa's Portfolio. The acquisition was implemented together with Crown Nordic Management as part of a joint venture in which both parties own 50 per cent. Crown and Hemfosa will jointly account for the management and project development of the portfolio.

Historical financial information

Note 13 Participation in joint ventures, cont

Joint ventures	Corp. Reg. No.	Registered office	Percentage owned	Carrying amount		
				31 Dec 2013	31 Dec 2012	31 Dec 2011
Hemfosa Kronfastigheter Holding AB	556950-1736	Stockholm	50%	31	-	-
Söderport Holding AB	556819-2230	Stockholm	50%	390	264	-
Gästgivaregatan Holding AB	556925-8808	Stockholm	50%	21	-	-
Culmen Strängnäs II AB	556799-1970	Stockholm	50%	13	18	0
Trollhättan Property Investors AB	556855-9073	Stockholm	35%	-	0	100
Danvikstull P-däck AB	556834-3395	Stockholm	33%	-	-	0
Total carrying amount of participation in joint ventures				455	282	100

Property portfolio	Söderport Holding AB			Hemfosa Kronfastigheter Holding AB
	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2013
MSEK				
No. of properties	44	165	20	28
Lettable area, sqm	366	463	354	142
Hemfosa's share of selected financial information				
Participating interest	50%	50%	50%	50%
Rental value, MSEK	170	190	128	75
Value of vacant space, MSEK	24	28	30.72	9
Market value of the properties, MSEK	1,475	1,638	1,432	643
Interest-bearing loans, MSEK	1,005	1,170	1,182	590
Loan maturity, years	2.0	3.0		4.0
Average fixed-rate period, years	2.7	2.0		4.0
Fair value, fixed-income derivatives, MSEK	-120	-185	-171	-
Equity	371	252	-54	34
Total comprehensive income for the year	119	7	-110	0

Hemfosa has issued guarantees connected to the joint ventures amounting to MSEK 500 (0) (0).

NOTE 14 RECEIVABLES FROM JOINT VENTURES

Group

MSEK	2013-12-31	2012-12-31	2011-12-31
Non-current receivables			
Receivables from joint ventures	-	- ¹⁾	224
Total non-current receivables	-	-	224

1) Receivables totalling MSEK 266 arising from shareholders' contributions have been converted to shares in the joint ventures.

NOTE 15 RENT RECEIVABLES

Group

The maturity structure for Hemfosa's rent receivables is presented in Note 20, Financial risks and risk management.

NOTE 16 CURRENT RECEIVABLES**Group**

MSEK	31 Dec 2013	31 Dec 2012	31 Dec 2011
Prepaid expenses and accrued income	18	22	24
Current receivables	21	67	52
Total current receivables	39	89	76

NOTE 17 CASH AND CASH EQUIVALENTS**Group**

MSEK	31 Dec 2013	31 Dec 2012	31 Dec 2011
<i>The following subcomponents are included in cash and cash equivalents</i>			
Cash and bank balances	284	242	298

NOTE 18 INTEREST-BEARING LIABILITIES

At 31 December 2013, Hemfosa's interest-bearing liabilities amounted to MSEK 13,660 (13,339 and 13,483, respectively), of which MSEK 3,470 (3,470 and 3,395, respectively) pertained to loans from shareholders, MSEK 10,030 (9,586 and 9,737, respectively) to loans from credit institutions, MSEK 156 (277 and 307, respectively) to promissory note and MSEK 4 (6 and 43, respectively) to other liabilities. All loans were in SEK.

Group

MSEK	31 Dec 2013	31 Dec 2012	31 Dec 2011
Interest-bearing liabilities			
Loans from shareholders	3,470	3,470	3,395
Loans from credit institutions	10,030	9,586	9,737
Promissory note	156	277	307
Other liabilities	4	6	43
Total interest-bearing liabilities	13,660	13,339	13,483
Of which, current interest-bearing liabilities	1,831	3,711	413
Capitalised borrowing costs have reduced loans to credit institutions by the following amounts	-53	-24	-46

The Group's interest-bearing net debt to external creditors, i.e. after deduction of interest-bearing assets, corresponded to 63 per cent (62 and 67, respectively) of the fair value of the property portfolio. The average remaining fixed interest term and loan duration periods, excluding shareholders' loans, amounted to 2.5 years (1.6 and 1.9 years, respectively), and 3.0 years, respectively (1.4 and 2.2 years, respectively) at the end of the period.

Most of the Group's credit agreements with external creditors contain covenants concerning either a specific loan-to-value ratio or a specific interest coverage ratio. In certain credit agreements, the covenants are calculated solely in relation to the company raising the loan and its subsidiaries, while other credit agreements include covenants linked to the Group's profit and financial position. The Group met the covenants included in the loan agreements for 2013, 2012 and 2011.

Group

MSEK	31 Dec 2013	31 Dec 2012	31 Dec 2011
Loan-to-value ratio ¹⁾	63%	62%	66%
Remaining fixed interest term ¹⁾	2.5 years	1.6 years	1.9 years
Remaining term for loans	3.0 years	1.4 years	2.2 years

1) Excluding shareholders' loans of MSEK 3,470. The loan carries interest at a rate of 9% per year. The fixed-rate period takes into account concluded derivative instruments.

NOTE 19 FINANCIAL ASSETS AND LIABILITIES - ACCOUNTING CLASSIFICATION AND FAIR VALUES

Group	Financial assets/ liabilities measured at fair value via statement of profit/loss			Loans and accounts receivable			Other liabilities			Total carrying amount		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
MSEK												
Rent and accounts receivable				26	36	55				26	36	55
Derivatives	6	-	-							6	0	-
Cash and cash equivalents				284	242	298				284	242	298
Total	6	-	-	310	278	353	-	-	-	316	278	353
Non-current interest-bearing liabilities							11,829	9,628	13,070	11,829	9,628	13,070
Non-current derivative instruments	114	129	112							114	129	112
Current interest-bearing liabilities							1,831	3,711	413	1,831	3,711	413
Current derivative instruments	4	6	0							4	6	0
Accounts payable							105	113	100	105	113	100
Total	118	135	112	-	-	-	13,765	13,452	13,583	13,883	13,587	13,695

The carrying amount is a reasonable estimate of the fair value. On the balance sheet date, the interest rates, including margins, for the loan correspond to the terms of the loan contracts. Accounts receivable and accounts payable all have short maturities.

Hemfosa uses fixed interest derivatives to financially hedge the interest-rate risks to which the Group is exposed. Derivatives are initially recognised at fair value, entailing that transaction expenses are charged against earnings for the period. Following initial recognition, fixed interest derivatives are measured at fair value according to measurement at Level 2. Changes in the value of the fixed interest derivatives are recognised in profit or loss.

Should an agreed interest rate deviate from the market interest rate, through fixed interest derivatives, a theoretical surplus or deficit value will arise in statement of financial position. The fair value recognised in the statement of financial position changes in line with changes in market interest rates and the portfolio's duration. The changes in value are recognised in profit and loss.

Fixed interest derivatives were measured at fair value, corresponding to the market appraisal obtained from Bloomberg independent financial system. Bloomberg applies an established valuation technique for simple interest-rate swaps. Since the valuation is based on average values for actually traded contracts, such as Hemfosa's financial instruments, in various official marketplaces, the prices quoted reflect prices from several interest-rate brokers and various risk and liquidity premiums.

Offsetting of financial instruments

Hemfosa has binding framework agreements, known as ISDAs, pertaining to its derivative instruments, which enable Hemfosa to offset financial liabilities against financial assets in the event, for example, of a counterparty becoming insolvent, also known as netting. In the tables below, amounts are presented for the netting agreements at 31 Dec 2013, 31 Dec 2012 and 31 Dec 2011.

Offsetting of financial instruments

31 Dec 2013

MSEK	Financial assets	Financial liabilities
Carrying amount in the balance sheet	6	118
Amount encompassed by netting	-6	-6
Amount after netting	0	112

31 Dec 2012

MSEK	Financial assets	Financial liabilities
Carrying amount in the balance sheet	0	135
Amount encompassed by netting	0	0
Amount after netting	0	135

31 Dec 2011

MSEK	Financial assets	Financial liabilities
Carrying amount in the balance sheet	0	112
Amount encompassed by netting	0	0
Amount after netting	0	112

NOTE 20 FINANCIAL RISKS AND RISK MANAGEMENT

FINANCIAL RISKS AND RISK MANAGEMENT

The Group is exposed to various financial risks through its business activities. Financial risks involve market, liquidity and credit risks associated with financial instruments. The board of directors of Hemfosa has adopted a policy that governs how these risks are to be managed and controlled. All financial risks are to be managed, reported and analysed by Hemfosa's Control and Finance Department, which is charged with identifying and to the greatest extent possible minimising the impact of these risks on profit. This is to be done according to the Company's prevailing procedures, the aim of which is to limit the Company's financial risks.

Finance policy

The finance policy provides guidelines and rules for how financing activities are to be conducted and stipulates the division of responsibility and administrative regulations. Deviation from Hemfosa's finance policy require the approval of the board of directors. Responsibility for Hemfosa's financial transactions and risks is managed centrally by the parent company's Finance Department. Financial risk management is performed at portfolio level. Financial transactions are to be implemented on the basis of an assessment of Hemfosa's overall requirement of liquidity and financing, as well as the interest-rate risk.

The overall objectives of Hemfosa's financing operations are to:

- ensure that the financing operations are subject to efficient controls and conducted under orderly financial conditions
- Hemfosa is perceived as a professional business partner
- safeguard the Company's loan financing
- formulate financial strategies and risk management in accordance with the prerequisites for the operations
- achieve the best possible net financial items within the given risk mandate

Hemfosa is to be a professional borrower and work to ensure that the Company will always be offered financing on the best terms in the market, based on comparable borrowers and comparable collateral. In cases where the financing is a feature of

the business transaction when it comes to property acquisitions, the terms and conditions for the financing should be considered from the viewpoint of the entire business transaction:

- the Company's total loan-to-value ratio may not exceed 75 per cent (estimated at market value)
- the Company must have four to six main creditors
- At most 25 per cent of the loan liability may fall due for renegotiation during the same 12-month period
- The average term for the loans may not be shorter than 1.5 years

The basis for the Company's choice of strategy for managing the interest-rate risk comprises the choice of an interest-rate duration term strategy for the loans combined with a selection of derivative instruments to alter the interest-rate risk. Follow-up of the financial objectives is conducted continuously via reporting to the board of directors prior to the submission of the Company's interim reports.

Market risks

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. IFRS divides market risks into three types: currency risk, interest-rate risk and other price risks. For Hemfosa, the interest-rate risk is the significant one.

Interest-rate risk

The market risk that mainly affects Hemfosa is the interest-rate risk. Interest-rate risk could result in a change in fair value, changes in cash flow and fluctuations in the Company's profit. The Company is exposed to interest-rate risks due to its loan liabilities. In order to limit the interest-rate risk, meaning the risk that changes in the level of interest rates will have an excessive impact on Hemfosa's borrowing costs, the Group has entered into and regularly enters into derivative instruments mainly in the form of interest-rate swaps with various maturities, whereby Hemfosa pays a contractual fixed interest rate in exchange for a variable market interest rate.

Sensitivity analysis at 31 December 2013

	Change	Impact on profit, MSEK
Interest expenses based on current fixed-rate period and change in interest-rate position ¹⁾	+/-1%	+/-14
Interest expenses based on change in average level of interest rates ²⁾	+/-1%	+/-103
Revaluation of fixed-income derivatives in connection with a shift in interest-rate curves	+/-1%	+/-247

1) Taking derivative instruments into account

2) Not taking derivative instruments into account

If, during the term of the derivatives, the variable market interest rate deviates from the contractual fixed rate for the derivatives, a theoretical surplus or deficit arises. The derivatives are recognized at fair value in the statement of financial position and the change in value, which has no impact on cash flow, is

recognised in profit and loss. Hemfosa does not apply hedge accounting of financial instruments.

In accordance with the Group's finance policy, an even distribution between variable and fixed interest rates and between short-term and long-term maturities is sought after.

Interest and loan maturity structure, 31 Dec 2013

Due date structure	Fixed interest term				Loan maturity	
	Loans, MSEK	Derivatives, MSEK	Amount, MSEK	Proportion	Loans, MSEK	Proportion
<1	10,016	-7,979	2,036	20%	1,660	16%
1-2	136	1,300	1,436	14%	136	1%
2-3	0	3,995	3,995	39%	4,585	45%
3-4	0	700	700	7%	61	1%
4-5	9	1,985	1,994	20%	3,702	36%
>5	29	-	29	0%	46	0%
Total	10,190		10,190	100%	10,190	100%

Historical financial information

Note 20 Financial risks and risk management, cont

The average interest rate for Hemfosa's loan portfolio was 4.48 per cent at 31 Dec 2013. Contracted interest-rate swap agreements with a total volume of MSEK 9,079 have been taken into account when agreeing on the level of interest rates and terms. The underlying loans carry interest at a variable rate that is mainly based on STIBOR 3m.

Interest and loan maturity structure, 31 Dec 2012

Maturity structure	Fixed interest term				Loan maturity	
	Loans, MSEK	Derivatives, MSEK	Amount, MSEK	Proportion	Loans, MSEK	Proportion
<1	8,958	-4,866	4,092	42%	3,755	38%
1-2	713	1,100	1,813	18%	4,308	44%
2-3	149	2,266	2,415	25%	1,678	17%
3-4	0	1,000	1,000	10%	0	0%
4-5	24	500	524	5%	86	1%
>5	25	-	25	0%	42	0%
Total	9,869		9,869	100%	9,869	100%

Interest and loan maturity structure, 31 Dec 2011

Maturity structure	Fixed interest term				Loan maturity	
	Loans, MSEK	Derivatives, MSEK	Amount, MSEK	Proportion	Loans, MSEK	Proportion
<1	8,933	-5,847	3,085	31%	900	9%
1-2	255	1,832	2,088	21%	3,415	34%
2-3	719	1,510	2,229	22%	4,136	41%
3-4	156	1,505	1,661	16%	1,565	16%
4-5	0	1,000	1,000	10%	0	0%
>5	25	-	25	0%	72	1%
Total	10,088		10,088	100%	10,088	100%

Fixed interest term, derivatives, 31 Dec 2013

Year	Volume, MSEK	Proportion	Derivatives, %	Market value, MSEK
2014	1,100	12%	3.34%	-4
2015	1,300	14%	2.53%	-33
2016	3,995	44%	2.02%	-61
2017	700	8%	1.54%	6
2018	1,985	22%	2.33%	-21
2019	0	0%	0%	0
	9,079	100%	2.28%	-112

Fixed interest term, derivatives, 31 Dec 2012

Year	Volume, MSEK	Proportion	Derivatives, %	Market value, MSEK
2013	1,709	26%	2.21%	-6
2014	1,100	17%	3.34%	-27
2015	2,266	34%	2.26%	-62
2016	1,000	15%	2.39%	-38
2017	500	8%	1.55%	-2
2018	0	0%	0%	0
	6,575	100%	2.39%	-135

Fixed interest term, derivatives, 31 Dec 2011

Year	Volume, MSEK	Proportion	Derivatives, %	Market value, MSEK
2012	253	4%	1.98%	1
2013	1,832	30%	2.24%	-7
2014	1,510	25%	3.01%	-36
2015	1,505	25%	2.63%	-47
2016	1,000	16%	2.39%	-22
2017	0	0%	0%	0
	6,100	100%	2.54%	-112

Liquidity risk

Liquidity risk is the risk of not having sufficient payment capacity in the short and the long term to be able to meet the Group's payment obligations. The Control and Finance Department provides short-term liquidity forecasts that establish payment obligations on a week-by-week basis and also long-term rolling 12-month liquidity forecasts. The forecasts are updated continuously on a weekly and a monthly basis.

In accordance with the finance policy, work on the refinancing of the long-term loans concerned is conducted on a continuous basis. The finance policy also addresses the matter of the investment of surplus liquidity. In addition, the Group has overdraft facilities to ensure more flexible cash management and to effectively deal with peaks and troughs in payment streams.

Note 20 Financial risks and risk management, cont

Maturity structure, financial liabilities 31 Dec 2013

MSEK	Nominal amount	Interest, loan	Net interest, interest-rate swaps, negative value	Subtotal	Net interest, interest-rate swaps, positive value	Total
2014	1,660	334	78	411	3	414
2015	136	298	75	373	3	375
2016	4,585	231	49	280	3	282
2017	61	136	24	161	2	163
2018	3,702	91	20	110	0	110
2019–	46	2	0	2	0	2
Total	10,190	1,092	245	1,337	10	1,347

Maturity structure, financial liabilities, 31 Dec 2012

MSEK	Nominal amount	Interest, loan	Net interest, interest-rate swaps, negative value	Subtotal	Net interest, interest-rate swaps, positive value	Total
2013	3,755	290	55	346	0	346
2014	4,308	143	31	173	0	173
2015	1,678	51	23	74	0	74
2016	0	5	8	13	0	13
2017	86	4	0	4	0	4
2018–	42	2	0	2	0	2
Total	9,869	495	117	612	0	612

Maturity structure, financial liabilities 31 Dec 2011

MSEK	Nominal amount	Interest, loan	Net interest, interest-rate swaps, negative value	Subtotal	Net interest, interest-rate swaps, positive value	Total
2012	900	434	–37	396	–1	397
2013	3,415	336	–34	302		302
2014	4,136	167	–5	162		162
2015	1,565	59	–1	59		59
2016	0	3	–2	1		1
2017–	72	3	0	3		3
Total	10,088	1,001	–79	922	–1	923

Refinancing risks

Refinancing risk is the risk that financing or refinancing of the company's liabilities or operations cannot be obtained to the same extent or can only be obtained at significantly higher cost.

Hemfosa works in accordance with a finance policy established by the board of directors, which stipulates, inter alia, general rules for the company's financing work and how the risks associated with financing operations are to be limited. The company continuously engages in dialogue with existing and

prospective financiers to ensure that the necessary financing can be obtained in all situations.

During 2013, refinancing in the amount of approximately SEK 8.5 billion was secured and an additional approximately SEK 1.2 billion in 2014 is in the process of being refinanced during 2014. Hemfosa's loan-to-value ratio at 31 December 2013 was 63 per cent (62 and 63%, respectively).

Loan maturity, 31 Dec 2013

MSEK	Due date, nominal amount, loan	Proportion, %
2014	1,660	16
2015	136	1
2016	4,585	45
2017	61	1
2018	3,702	36
2019–	46	0
Total	10,190	100

Loan maturity, 31 Dec 2012

MSEK	Due date, nominal amount, loan	Proportion, %
2013	3,755	38
2014	4,308	44
2015	1,678	17
2016	0	0
2017	86	1
2018–	42	0
Total	9,869	100

Historical financial information

Note 20 Financial risks and risk management, cont

Loan maturity, 31 Dec 2011

MSEK

Due date	Due date, nominal amount, loan	Proportion, %
2012	900	9
2013	3,415	34
2014	4,136	41
2015	1,565	16
2016	0	0
2017–	72	1
Total	10,088	100

Credit risk

Credit risk is the risk that a counterparty is unable to fulfil its commitments, thus resulting in a loss for the Hemfosa Group.

The most significant counterparty risk faced by the Hemfosa Group is that its tenants are unable to honour their rental payments according to the lease.

Table, Due date structure, rent receivables	31 Dec 2013	31 Dec 2012	31 Dec 2011 ¹⁾
Rent receivables not due	2	1	
Rent receivables past due 0–30 days	16	27	
Rent receivables past due 30–90 days	4	2	
Rent receivables past due > 90 days	4	6	
Total	26	36	55

1) It has not been possible to reliably break down amounts at 31 Dec 2011.

In accordance with the Group's finance policy, the counterparties in all financial transactions are banks and credit institutions with a credit rating of at least A (S&P) or A3 (Moody's) for Swedish Banks and at least A (S&P) or Aa3 (Moody's) for international banks.

Loss of rent and vacancies

Hemfosa has a stable and well-diversified property portfolio with a focus on large and midsize cities and growth municipalities, with an established business community that has a need for premises.

The lease portfolio's share of direct or indirect tax-financed tenants is approximately 50 per cent, which limits the risks of rent losses. These tenants are characterised by being less liable to relocate, resulting in a lease portfolio with a low tenant turnover. The risk of bad debts is also managed by conducting credit assessments of tenants for all new leases and continuously during the lease term.

The ten largest tenants represent one third of rental income and have different periods of notice, thus making Hemfosa less exposed to the risk of any of them vacating their premises. The average remaining term for all Hemfosa's leases is 4.3 years and short-term changes in market rents will have no impact on rental income except through new letting. However, the re-negotiation of leases occurs continuously.

Leases with terms exceeding three years are normally completely or partly tied to the Consumer Price Index (CPI).

Capital management

The Company's finance policy includes a specified risk mandate concerning what is permitted to achieve the best possible net financial items within the given risk mandate. The Company's total loan-to-value ratio (LTV) may not exceed 75 per cent (estimated based on market value) and the Company's interest-payment capacity may not be lower than an interest coverage ratio (ICR) of 1.5. When calculating the loan-to-value ratio, the shareholders' loans are regarded as equity.

The loan-to-value ratio for 2013 was 63 per cent (62 and 66, respectively) and was marginally higher than in the preceding year. The reason for the increase was that the predominant part of the loan portfolio was refinanced and that loan volume rose during 2013.

Surplus liquidity is to be invested in low-risk liquid assets until such time that the funds can be used for investments. Liquidity is only to be used for accelerated amortisation if no investments or acquisitions are planned for the foreseeable future.

No changes in the subsidiaries' capital management occurred during the year.

Neither the parent company nor any of the subsidiaries is subject to any external capital requirements.

The dividend shall amount to 60 per cent of distributable profit over time. Distributable profit is defined as profit from property management less taxes paid and shares of the profit of joint ventures.

NOTE 21 OTHER CURRENT LIABILITIES

Group

MSEK	31 Dec 2013	31 Dec 2012	31 Dec 2011
Accrued finance costs	25	134	60
Prepaid rental income	332	191	246
Accrued stamp duty	-	-	91
Other accrued expenses and prepaid income	28	58	73
Accounts payable	105	113	100
Current liabilities that are not interest-bearing	54	43	72
Total	544	539	642

NOTE 22 PLEDGED ASSETS, CONTINGENT LIABILITIES AND ASSETS

Group

MSEK	31 Dec 2013	31 Dec 2012	31 Dec 2011
Pledged assets			
<i>In the form of pledged assets for own debts and provisions</i>			
Property mortgages	14,750	14,785	14,853
Participations in Group companies	16,149	16,773	14,552
Contingent liabilities			
Sureties	600	-	-
Guarantee obligations	-	73	60
Loans subject to conditional repayment	-	61	85

NOTE 23 RELATED PARTIES

Summary of related-party transactions

Hemfosa includes loans from the institutional shareholders. The loans amounted to MSEK 3,470 at 31 Dec 2013. Profit for the year was charged with about MSEK 312, corresponding to 9 per cent interest on the principal. The shareholders' loans amounted to MSEK 3,470 at 31 Dec 2012. Profit for the year was charged with about MSEK 310, corresponding to 9 per cent interest on the principal. The shareholders' loans amounted to MSEK 3,395 at 31 Dec 2011. Profit for the year was charged with about MSEK 245, corresponding to 9 per cent interest on the principal.

The board of directors and the senior executives received fees for their assignments; refer to Note 5. No non-cash remuneration was paid.

Group

The Group owns participation in joint ventures, see Note 13. At 31 December 2013, the Group had no receivables or liabilities with joint ventures.

NOTE 24 SPECIFICATIONS FOR THE CASH-FLOW STATEMENT**Group**

MSEK	31 Dec 2013	31 Dec 2012	31 Dec 2011
Adjustments for items not included in cash flow for operating activities			
Impairment of loans	-	19	-
Reversal of loan impairment	-	-	-55
Depreciation of equipment	-	11	16
Share of profit of joint ventures	-125	-62	104
Other	-5	-	-
Total non-cash items for operating activities	-130	-32	65
Interest paid and received	2013-12-31	2012-12-31	2011-12-31
Interest received	3	34	28
Interest paid	-700	-711	-654

NOTE 25 IMPORTANT ESTIMATES AND ASSUMPTIONS

Group management has discussed the trend, selection and information pertaining to the Group's key accounting policies and estimates and application with the board of directors.

Valuation of investment property

For key assumptions and assessments in connection with the valuation of Hemfosa's investment property, see Note 11, Investment property.

Hemfosa recognises its investment property according to the fair value method. Declining market value will have a negative impact on the company's balance sheet and income statement. This could occur as a result of weakened economic climate, rising interest rates, increasing operating costs and higher vacancies, as well as specific events in other properties.

The market value of the property portfolio is assessed by independent well-established external valuation companies. The valuation is conducted quarterly and captures changes in the properties and the market that could affect the value of the properties. By using external valuation companies and continuously updating the valuations, Hemfosa believes that it has a reliable and true valuation of the property portfolio.

Tax

Hemfosa has at its disposal tax loss carryforwards that primarily derive from earlier operations. Furthermore, there are loss carry forwards in the property-owning subsidiaries. Hemfosa believes that it will be possible to utilise all loss carry forwards against all future gains according to applicable tax regulations. However, Hemfosa is unable to provide any guarantees that today's, or new tax regulations, do not entail restrictions in the opportunities to utilise the loss carryforwards.

Classification of acquisition

The IFRS 3 accounting standard states that acquisitions must be classified as business combinations or asset acquisitions. An individual assessment of the character of the acquisition is required for each individual transaction. For all acquisitions in the year, the assessment has been that the transactions are to be considered assets acquisitions.

INCOME STATEMENT FOR THE PARENT COMPANY

MSEK	Notes	2 jan – 31 Dec 2013
Net sales		14
Other external costs	2	-8
Personnel expenses	3	-12
Depreciation		0
Profit before financial income and expenses	1	-6
Interest income and similar items	4	160
Interest expenses and similar items	4	-157
Profit before tax		-3
Current tax		-
Deferred tax		-
Profit for the year		-3

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PARENT COMPANY

MSEK	Notes	2 jan – 31 Dec 2013
Profit for the year		-3
Other comprehensive income for the year		-
Comprehensive income for the year		-3

BALANCE SHEET FOR THE PARENT COMPANY

MSEK	Notes	31 Dec 2013
ASSETS		
Property, plant and equipment		0
Shares in joint ventures	5	31
Shares in Group companies	6	2,533
Non-current receivables from Group companies		3,489
Other long-term receivables		26
Total non-current assets		6,079
Current receivables from Group companies		146
Other current receivables		2
Cash and cash equivalents		15
Total current assets		163
TOTAL ASSETS		6,242
EQUITY AND LIABILITIES		
Restricted equity		
Share capital	7	25
Unrestricted equity		
Share premium		2,508
Profit for the year		-3
Equity		2,530
Liabilities		
Non-current interest-bearing liabilities	8	3,470
Total non-current liabilities		3,470
Current liabilities to Group companies		235
Other current liabilities		7
Total current liabilities		242
Total liabilities		3,712
TOTAL EQUITY AND LIABILITIES		6,242
Pledged assets and contingent liabilities - parent company		
Pledged assets		
Participations in subsidiaries		2,533
Contingent liabilities		
Sureties for liabilities in Group companies		5,811

STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

Reconciliation of equity	Share capital	Other contributed capital	Retained earnings incl. profit for the year	Total capital
MSEK				
Share capital paid at 2 Jan 2013	0	-	-	0
Comprehensive income for the year				
Profit for the year	-	-	-3	-3
Comprehensive income for the year			-3	-3
Transactions with the Group's shareholders				
New issue	25	2,508	-	2,533
Reduction of share capital	0	-	-	0
Total transactions with the Group's shareholders	25	2,508	-	2,533
Closing balance 31 Dec 2013	25	2,508	-3	2,530

CASH-FLOW STATEMENT FOR THE PARENT COMPANY

MSEK	Notes	2 jan – 31 Dec 2013
Operating activities		
Profit before tax		3
Adjustments for non-cash items		0
Income tax paid		0
Cash flow from operating activities before changes in working capital		3
Cash flow from changes in working capital		
Increase (-)/Decrease (+) in current receivables		-179
Increase (+)/Decrease (-) in current liabilities		242
Cash flow from operating activities		66
Investing activities		
Acquisition of financial assets		-2,564
Cash flow from investing activities		-2,564
Financing activities		
Paid in share capital		25
New share issue		2,508
Borrowings		3,470
Loans to Group companies		-3,489
Cash flow from financing activities		2,514
Cash flow for the year		15
Cash and cash equivalents at the beginning of the year		0
Cash and cash equivalents at the end of the year		15

NOTES TO THE FINANCIAL STATEMENTS – PARENT COMPANY

NOTE 1 RELATED-PARTY TRANSACTIONS

The parent company's fee from Group companies and joint ventures for providing central administrative services amounted to MSEK 14 during the year. No other purchases occurred between the parent company and its Group companies.

NOTE 2 FEES AND REMUNERATION TO AUDITORS

Parent company

MSEK	2013
<i>KPMG</i>	
Auditing engagements	4
Remuneration for audit activity in addition to auditing engagements	1
Tax advisory services	1
Other engagements	1
Total fees and remuneration to auditors	7

NOTE 3 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR MANAGEMENT

Parent company

MSEK	2013-01-02- 2013-12-31
<i>Management group</i>	
Salaries and other compensation, etc.	5
Pension costs, defined contribution plans	1
Social security contributions	2
<i>of which, the Chief Executive Officer</i>	
Salaries and other compensation, etc.	1
Pension costs, defined contribution plans	0
Social security contributions	0
<i>Other employees</i>	
Salaries and other compensation, etc.	2
Pension costs, defined contribution plans	0
Social security contributions	1
Total costs for employee benefits	12

Average number of employees

Parent company

	2013	of whom men
Average number of employees	7	29%

Gender distribution in company management

Parent company

	2013	
	Numbers of persons	Number of women
Board of directors	7	43%
Other senior executives	7	43%

NOTE 4 FINANCE INCOME AND COSTS

Parent company

MSEK	2013
Interest income from Group companies	160
Other finance income	0
Finance income	160
Interest expenses on shareholders' loans	-157
Other finance costs	0
Finance costs	-157
Net financial items	3

NOTE 5 PARTICIPATION IN JOINT VENTURES

Parent company

MSEK	31 Dec 2013
Carrying amount at the end of the year	-
Acquisition of joint ventures	31
Share of profit/loss of joint ventures	0
Participation in joint ventures	31

Associated companies	Corp. Reg. No.	Registered office	Proportion	Carrying amount
Hemfosa Kronfastigheter Holding AB	556950-1736	Stockholm	50%	31

For detailed information about Hemfosa Kronfastigheter Holding AB, reference is made to Note 13 in the note disclosures to the consolidated financial statements.

NOTE 6 GROUP COMPANIES

MSEK	2013-12-31
<i>Accumulated cost</i>	
At the beginning of the year	-
Acquisitions	2,533
Disposals	-
Shareholders' contribution granted	-
Carrying amount at the end of the year	2,533

Shares in subsidiaries

Hemfosa Fastigheter AB's directly owned and indirectly owned subsidiaries are presented below.

Directly owned subsidiaries	Corp. Reg. No.	Registered office	Number of shares/ participations	Proportion	Carrying amount 31 Dec 2013
Hemfosa Sverige AB	556780-5816	Stockholm	10,000,000	100.0%	2,250
Hemfosa Tetis AB	556847-5825	Stockholm	11,700,000	100.0%	283

Historical financial information

Note 6 Group companies, cont

Indirectly owned subsidiaries

Company name	Corp. Reg. No.	Registered office	Number of shares/participations in SEK	Proportion
Bocksten AB	556756-3662	Stockholm	1,000	100.0%
Bråtabergen Fastighets AB	556811-5298	Stockholm	100,000	100.0%
Brämön 4 Logistikfastigheter AB	556796-5891	Stockholm	1,000	100.0%
D Älgskytten 4 Fastighets AB	556606-3888	Stockholm	100	100.0%
Fastighets AB Isgrundet	556797-3051	Stockholm	1,000	100.0%
Fastighetsaktiebolaget Tre Skåne	556044-1031	Stockholm	50,000	100.0%
Fastighetsbolaget Götaholm nr 1 Kommanditbolag	957200-7681	Stockholm	n/a	100.0%
Fastighetsbolaget Hemfosa Örebro Ånsta AB	556704-3368	Stockholm	1,000	100.0%
Färsna Skola AB	556885-1199	Nacka	1,000	100.0%
Gävle Hälsofastigheter AB	556719-1480	Stockholm	1,000	100.0%
Görban AB	556716-2127	Stockholm	1,000	100.0%
Hemfosa Adler HoldCo AB	556848-8034	Stockholm	500	100.0%
Hemfosa Adrian HoldCo AB	556837-4309	Stockholm	500	100.0%
Hemfosa Anis Teti AB	556866-3941	Stockholm	500	100.0%
Hemfosa Arendal AB	556715-8174	Stockholm	1,000	100.0%
Hemfosa Armaturen AB	556372-6933	Stockholm	1,000	100.0%
Hemfosa Bastionen Teti AB	556866-8296	Stockholm	500	100.0%
Hemfosa Blackeberg AB	556822-2516	Stockholm	500	100.0%
Hemfosa Blåbäret Holding AB	556874-5011	Stockholm	50,000	100.0%
Hemfosa Bocksten Holding AB	556896-2137	Stockholm	500	100.0%
Hemfosa Borås Sexdalern 1 Teti Fastighets AB	556877-5216	Stockholm	500	100.0%
Hemfosa Borås Teti AB	556866-8106	Stockholm	500	100.0%
Hemfosa Borås Åkermyntan 5 Teti Fastighets AB	556877-5224	Stockholm	500	100.0%
Hemfosa Centrum Fastighets AB	556803-3533	Stockholm	500	100.0%
Hemfosa Cityfront Uppsala AB	556803-3525	Stockholm	500	100.0%
Hemfosa Dallas AB	556830-9396	Stockholm	500	100.0%
Hemfosa Danvikscenter AB	556822-0684	Stockholm	500	100.0%
Hemfosa Ekebybruk Fastighets AB	556803-3517	Stockholm	500	100.0%
Hemfosa Eken Holding AB	556828-8350	Stockholm	500	100.0%
Hemfosa Enen Teti AB	556866-3925	Stockholm	500	100.0%
Hemfosa Eskilstuna Teti AB	556866-3818	Stockholm	500	100.0%
Hemfosa Eskilstuna Viljan 2 Teti Fastighets AB	556855-6657	Stockholm	500	100.0%
Hemfosa Fastighetshandel AB	556862-9850	Stockholm	500	100.0%
Hemfosa Filipstad Teti AB	556866-3909	Stockholm	500	100.0%
Hemfosa Filipstad Trasten 12 Teti Fastighets AB	556878-2527	Stockholm	500	100.0%
Hemfosa Fornminnet 6 AB	556822-4991	Stockholm	500	100.0%
Hemfosa Fyrislund Fastighets AB	556803-3541	Stockholm	500	100.0%
Hemfosa Försäljaren Teti AB	556866-8072	Stockholm	500	100.0%
Hemfosa Gasmätaren Teti AB	556866-3974	Stockholm	500	100.0%
Hemfosa Gastuben Teti AB	556866-3958	Stockholm	500	100.0%
Hemfosa Grönsta 2:52 AB	556822-4983	Stockholm	500	100.0%
Hemfosa Gävle 12:5 Teti AB	556866-3776	Stockholm	500	100.0%
Hemfosa Gävle 4:3 Teti AB	556866-3768	Stockholm	500	100.0%
Hemfosa Gävle Norr 12:5 Teti Fastighets AB	556855-6566	Stockholm	500	100.0%
Hemfosa Gävle Näringen 4:3 Teti Fastighets AB	556855-6533	Stockholm	500	100.0%
Hemfosa Göteborg 2:5 Teti AB	556866-3859	Stockholm	500	100.0%
Hemfosa Göteborg 2:5 Teti Fastighets AB	556878-2451	Stockholm	500	100.0%
Hemfosa Göteborg 2:8 Teti AB	556866-3842	Stockholm	500	100.0%
Hemfosa Göteborg 2:8 Teti Fastighets AB	556878-2501	Stockholm	500	100.0%
Hemfosa Göteborg Kortedala 36:23 Teti Fastighets AB	556878-2444	Stockholm	500	100.0%
Hemfosa Hagfors 1 Teti Fastighets AB	556878-2410	Stockholm	500	100.0%
Hemfosa Hagfors Teti AB	556866-3933	Stockholm	500	100.0%
Hemfosa Hanveden AB	556822-2490	Stockholm	500	100.0%
Hemfosa Hedenstorp AB	556869-5125	Stockholm	500	100.0%
Hemfosa Hjulet AB	556855-0999	Stockholm	500	100.0%
Hemfosa Hudiksvall Grottan 7 Teti Fastighets AB	556855-6541	Stockholm	500	100.0%
Hemfosa Hudiksvall Teti AB	556866-3792	Stockholm	500	100.0%
Hemfosa Husby Teti AB	556866-8346	Stockholm	500	100.0%

Note 6 Group companies, cont

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations in SEK	Proportion
Hemfosa Härryda Baggatomten 6:1 Teti Fastighets AB	556877-5265	Stockholm	500	100.0%
Hemfosa Härryda Teti AB	556866-8122	Stockholm	500	100.0%
Hemfosa i Göteborg Fastighets AB	556802-5851	Stockholm	1,000	100.0%
Hemfosa Iput Förvaltning AB	556862-9876	Stockholm	500	100.0%
Hemfosa Karlskrona AB	556818-4658	Stockholm	500	100.0%
Hemfosa Karlstad Bryggaren 12 AB	556820-8325	Stockholm	500	100.0%
Hemfosa Karlstad Örnén 4 AB	556820-8333	Stockholm	500	100.0%
Hemfosa Karolinen Fastigheter AB	556669-8394	Stockholm	1,000	100.0%
Hemfosa Kisa AB	556851-4417	Stockholm	50,000	100.0%
Hemfosa Kortedala Teti AB	556866-8270	Stockholm	500	100.0%
Hemfosa Kristianstad AB	556608-9339	Stockholm	1,000	100.0%
Hemfosa Kryss 8 Teti Fastighets AB	556878-2394	Stockholm	500	100.0%
Hemfosa Kryssaren Teti AB	556866-3800	Stockholm	500	100.0%
Hemfosa Kungälv Skruven 3 Teti Fastighets AB	556877-5133	Stockholm	500	100.0%
Hemfosa Kungälv Försäljaren 9 Teti Fastighets AB	556877-5232	Stockholm	500	100.0%
Hemfosa Källsta AB	556688-8045	Stockholm	1,000	100.0%
Hemfosa Life Science AB	556819-2842	Stockholm	500	100.0%
Hemfosa Litografen AB	556578-3262	Stockholm	1,000	100.0%
Hemfosa Logistik AB	556797-3796	Stockholm	1,000	100.0%
Hemfosa Luleå AB	556672-2632	Stockholm	1,000	100.0%
Hemfosa Malmö Skjutsstallslyckan 22 Teti Fastighets AB	556855-1120	Stockholm	500	100.0%
Hemfosa Malmö Teti AB	556866-2927	Stockholm	500	100.0%
Hemfosa Mark Mekanikern 1 Teti Fastighets AB	556877-5273	Stockholm	500	100.0%
Hemfosa Mark Teti AB	556866-8130	Stockholm	500	100.0%
Hemfosa Medicinaren AB	556822-2359	Stockholm	500	100.0%
Hemfosa Mek AB	556889-1187	Stockholm	500	100.0%
Hemfosa MF Eskilstuna AB	556680-4836	Stockholm	1,000	100.0%
Hemfosa MF Haninge AB	556688-0232	Stockholm	1,000	100.0%
Hemfosa MF Norrköping AB	556688-0216	Stockholm	1,000	100.0%
Hemfosa MF O AB	556688-0281	Stockholm	1,000	100.0%
Hemfosa MF PD AB	556688-0265	Stockholm	1,000	100.0%
Hemfosa MF SK AB	556688-0273	Stockholm	1,000	100.0%
Hemfosa MF Sollentuna AB	556688-0257	Stockholm	1,000	100.0%
Hemfosa Mölndal Anisen 2 Teti Fastighets AB	556878-2485	Stockholm	500	100.0%
Hemfosa Mölndal Gasmätaren 2 Teti Fastighets AB	556878-2493	Stockholm	500	100.0%
Hemfosa Mölndal Gastuben 4 Teti Fastighets AB	556878-2519	Stockholm	500	100.0%
Hemfosa Mölndal Snödroppen 2 Teti Fastighets AB	556878-2543	Stockholm	500	100.0%
Hemfosa Mölndal Tulpanen 3 Teti Fastighets AB	556878-2550	Stockholm	500	100.0%
Hemfosa Najaden AB	556822-0759	Stockholm	500	100.0%
Hemfosa Partille Teti AB	556866-8304	Stockholm	500	100.0%
Hemfosa Partille Ugglum 1:76 Teti Fastighets AB	556878-2477	Stockholm	500	100.0%
Hemfosa Residens AB	556818-4484	Stockholm	500	100.0%
Hemfosa Riksdalern AB	556858-5458	Stockholm	50,000	100.0%
Hemfosa Rosefinken 2 AB	556902-7898	Stockholm	500	100.0%
Hemfosa Sigtuna Rosersberg 11:37 Teti Fastighets AB	556878-2436	Stockholm	500	100.0%
Hemfosa Sigtuna Teti AB	556866-8338	Stockholm	500	100.0%
Hemfosa Sigvald 6 AB	556909-4757	Stockholm	500	100.0%
Hemfosa Sikhjälmä AB	556858-1267	Stockholm	500	100.0%
Hemfosa Skolfastigheter AB	556819-2891	Stockholm	500	100.0%
Hemfosa Skruven Teti AB	556866-8312	Stockholm	500	100.0%
Hemfosa Småland AB	556818-4666	Stockholm	500	100.0%
Hemfosa Snödroppen Teti AB	556866-3966	Stockholm	500	100.0%
Hemfosa Solbacken Teti AB	556866-8320	Stockholm	500	100.0%
Hemfosa Solen AB	556796-8408	Stockholm	1,000	100.0%
Hemfosa Stockholm AB	556740-9841	Stockholm	100,000	100.0%
Hemfosa Strängnäs Holding AB	556736-5365	Stockholm	100,000	100.0%
Hemfosa Strängnäs I AB	556706-3382	Stockholm	1,000	100.0%
Hemfosa Sundsvall AB	556676-6415	Stockholm	1,000	100.0%

Historical financial information

Note 6 Group companies, cont

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations in SEK	Proportion
Hemfosa Svalöv Möllarp 3:2 Teti Fastighets AB	556845-8730	Stockholm	500	100.0%
Hemfosa Svalöv Teti AB	556866-2844	Stockholm	500	100.0%
Hemfosa Svenska Holding AB	556828-0209	Stockholm	500	100.0%
Hemfosa Sägklingan 10 AB	556906-5757	Stockholm	500	100.0%
Hemfosa Söderbymalm AB	556822-0742	Stockholm	500	100.0%
Hemfosa Södertälje AB	556676-6514	Stockholm	1,000	100.0%
Hemfosa Södertälje Enen 8 Teti Fastighets AB	556878-2386	Stockholm	500	100.0%
Hemfosa Trollhättan Teti AB	556866-8098	Stockholm	500	100.0%
Hemfosa Trollhättan Teti Fastighets AB	556877-5240	Stockholm	500	100.0%
Hemfosa Tulpanen Teti AB	556866-3917	Stockholm	500	100.0%
Hemfosa Tunnan i Trollhättan AB	556938-3994	Stockholm	500	100.0%
Hemfosa Uddevalla Bastionen 28 Teti Fastighets AB	556878-2600	Stockholm	500	100.0%
Hemfosa Uddevalla Hvitfeldt 22 Teti Fastighets AB	556878-2469	Stockholm	500	100.0%
Hemfosa Uddevalla Teti AB	556862-9884	Stockholm	500	100.0%
Hemfosa Udevalla Solbacken 10 Teti Fastighets AB	556878-2618	Stockholm	500	100.0%
Hemfosa Umeå AB	556676-6423	Stockholm	1,000	100.0%
Hemfosa Upplands Väsby Teti AB	556866-8189	Stockholm	500	100.0%
Hemfosa Upplands Väsby Törnby 2:2 Teti Fastighets AB	556878-2402	Stockholm	500	100.0%
Hemfosa Uppsala AB	556676-6431	Stockholm	1,000	100.0%
Hemfosa Uppsala Teti AB	556866-3784	Stockholm	500	100.0%
Hemfosa Vaggeryd Holding AB	556870-6070	Stockholm	50,000	100.0%
Hemfosa Vendelsö AB	556845-2287	Stockholm	500	100.0%
Hemfosa Vetlanda AB	556818-4476	Stockholm	500	100.0%
Hemfosa Viking Holdco AB	556820-4902	Stockholm	500	100.0%
Hemfosa Vimmerby AB	556720-6510	Stockholm	1,000	100.0%
Hemfosa Värnamo AB	556818-4443	Stockholm	500	100.0%
Hemfosa Västerås 1 AB	556676-6464	Stockholm	1,000	100.0%
Hemfosa Västerås 2 AB	556676-6449	Stockholm	1,000	100.0%
Hemfosa Växjö AB	556818-4450	Stockholm	500	100.0%
Hemfosa Växjö Logistikfastigheter AB	556782-8420	Stockholm	100,000	100.0%
Hemfosa Åkermynatan Teti AB	556866-8114	Stockholm	500	100.0%
Hemfosa yearssta AB	556822-2508	Stockholm	500	100.0%
Hemfosa Österåker AB	556818-4682	Stockholm	500	100.0%
Hemfosa Österåker Husby Teti Fastighets AB	556878-2428	Stockholm	500	100.0%
HF Tunnan i Trollhättan AB	556594-6588	Nacka	1,000	100.0%
Project Coast Luleå Handelsbolag	969687-0253	Västerås	n/a	100.0%
Project Coast Skellefteå Handelsbolag	969687-0287	Skellefteå	n/a	100.0%
Project Coast Sundsvall Handelsbolag	969687-0279	Västerås	n/a	100.0%
Project Coast Umeå Handelsbolag	969687-0246	Västerås	n/a	100.0%
Ribby Ängar Bostads AB	556887-6881	Nacka	500	90.0%
Ribby Ängar Dotter 1 AB	556919-5000	Stockholm	500	90.0%
Ribby Ängar Entreprenad AB	556921-3696	Stockholm	500	90.0%
Samuel 2 Västerås AB	556720-6346	Stockholm	2,000	100.0%
Skolfastighet i Lödde AB	556791-1036	Stockholm	1,000	100.0%
Skolfastigheter i Parken AB	556766-4718	Stockholm	1,000	100.0%
TBH Logistikfastigheter AB	556796-5909	Stockholm	1,000	100.0%
Tryckerivägen i Landvetter AB	556748-0537	Stockholm	1,000	100.0%
Tyresö Hus Fastighets AB	556814-7945	Stockholm	500	100.0%
Valbo Hälsöfastigheter AB	556721-7913	Stockholm	1,000	100.0%
Weibullsholm Östra LF AB	556796-5917	Nacka	1,000	100.0%
Väsby Hus Fastighets AB	556814-7952	Stockholm	500	100.0%
Åkersberga Företagsfastigheter AB	556508-3234	Stockholm	1,000	100.0%
Åkersberga Företagshus AB	556544-1994	Stockholm	1,000	100.0%

NOTE 7 EQUITY**Parent company****MSEK**

Share capital trend	Date	Shares	Par value	Share premium	Share capital
New issue, shares	January -13	50,000	1	0	0
New issue, shares	June -13	22,207,103	1	2,228	22
New issue, shares	June -13	2,792,897	1	280	3
Reduction, shares	June -13	-50,000	1	0	0
Total		25,000,000		2,508	25

NOTE 8 NON-CURRENT INTEREST-BEARING LIABILITIES

Non-current interest-bearing liabilities are due for payment as per below:

Parent company

MSEK	31 Dec 2013
Between one and five years	3,470
Later than five years	-

Auditor's report on historical financial information

To the board of directors of Hemfosa Fastigheter AB (publ) Corporate Reg No 556917-4377

AUDITOR'S REPORT ON REVISED FINANCIAL STATEMENTS OF HISTORIC FINANCIAL INFORMATION

We have audited the financial statements for Hemfosa Fastigheter AB on pages 130–167, comprising the consolidated statement of financial position at 31 December 2013, 2012 and 2011 and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the years then ended, as well as a summary of significant accounting policies and other disclosures.

Responsibilities of the board of directors and the CEO for the financial statements

The board of directors and CEO are responsible for the preparation and presentation of the financial statements to provide a fair view of the financial position, earnings, changes in equity and cash flows in accordance with International Financial Reporting Standards as adopted by the EU, and the Annual Accounts Act and supplementary applicable standards. This requires that internal controls that are relevant to prepare and present a fair view of the financial statements that are free from material misstatement, whether due to fraud or error are designed, implemented and maintained. The board of directors is also responsible for the preparation and presentation of the financial statements in accordance with the requirements in the EC regulation 809/2004/EG.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We have conducted our audit in accordance with the Swedish Institute of Authorised Public Accountants, audit standard Rev R 5, Examination of Prospectuses. This requires complying with ethical requirements and planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

In accordance with recommendations from the Swedish Institute of Authorized Public Accountants, RevR 5, Examination of Prospectuses, an audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement of risks of material misstatement in the financial statements, whether due to fraud or error. In making risk assessments, we consider internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the board of directors and the CEO, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements provide a fair view, in accordance with International Financial Reporting Standards as adopted by the EU, and the Annual Accounts Act and supplementary applicable standards, of Hemfosa Fastigheter AB (publ)'s financial position for the years ending 31 December 2013, 31 December 2012 and 31 December 2011 and the earnings, changes in equity and cash flows for the years then ended.

Stockholm, 7 March 2014

KPMG AB
Mattias Johansson
Authorised Public Accountant

Information to investors in the United States and other jurisdictions outside of Sweden

IMPORTANT NOTICE

The shares offered within the framework of the Offer (for the purposes of this section, the “Offer Shares”) have not been approved or disapproved or recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Offer the Offer Shares or confirmed the accuracy or completeness or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular shares described herein. The information contained in this Prospectus has been provided by the Company and the other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Company and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without prior written consent of the Company, is prohibited. Any reproduction or distribution of this Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase the shares described herein. Investors agree to the foregoing by accepting delivery of this Prospectus.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (“RSA 421-B”) WITH THE STATE OF NEW HAMPSHIRE, NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT, NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR

RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

ENFORCEMENT OF LIABILITIES AND SERVICE OF PROCESS

Hemfosa Fastigheter AB (publ) is a company limited by shares, organized under the laws of Sweden with its registered office in Nacka, Sweden. The Company’s assets are located outside of the United States. In addition, none of the board members or officers and other executives of the Company are residents or citizens of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or most of such persons, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws or otherwise. The United States and Sweden do not currently have a treaty providing for reciprocal recognition and enforcement of judgments rendered in connection with civil and commercial disputes. As a result, a final judgment for the payment of damages based on civil liability rendered by a U.S. court, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in Sweden. If the party in whose favor the final judgment is rendered brings a new suit in a competent Swedish court, the party may submit to the Swedish court the final judgment that has been rendered in the United States. Such judgment will only be regarded by a Swedish court as evidence of the outcome of the dispute to which the judgment relates, and a Swedish court may choose to rehear the dispute ab initio.

PRESENTATION OF INFORMATION

This Prospectus has been prepared in accordance with Swedish format and style, which differs from U.S. format and style. In particular, unless otherwise indicated, the financial information contained in the Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and thus may not be comparable to financial statements of U.S. companies prepared in accordance with U.S. generally accepted accounting principles.

Investors must not construe the contents of this Prospectus as legal, investment or tax advice. Each

investor should consult such investor's own counsel, accountant or business advisor as to legal, investment and tax advice and related matters pertaining to the Offer. You are strongly urged to consult your tax advisors regarding the risk of having a taxable distribution as a result of the receipt of the Offer Shares.

Hemfosa have agreed that, for so long as any Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, Hemfosa will, during any period in which Hemfosa are neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Hemfosa are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act.

Certain U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE COMPANY IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers of shares that are U.S. Holders and that will hold the shares as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of shares by particular investors, and does not address state, local, foreign or other tax laws. This

summary also does not address tax considerations applicable to investors that own (actually or constructively) 10 per cent or more of the voting stock of the Company, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes should consult their tax advisors concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of shares by the partnership.

The Company believes it is likely to be a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes. If the Company is treated as a PFIC, U.S. Holders of shares will likely be subject to adverse U.S. federal income tax consequences, refer to the heading "Passive Foreign Investment Company Considerations". This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PUR-

CHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY (AS DEFINED BELOW), THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Passive Foreign Investment Company Considerations

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules,” either (i) at least 75 per cent of its gross income is “passive income” or (ii) at least 50 per cent of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. A separate determination must be made after the close of each taxable year as to whether the Company was a PFIC for that year.

Rental income is generally considered “passive income” for this purpose, unless it is excluded from passive income as rental income derived in the active conduct of a trade or business. The Company does not expect that the rental income it receives will satisfy the requirements for this exclusion under the applicable U.S. Treasury Regulations. As result, the Company believes it is likely to be a PFIC for the current taxable year and for the foreseeable future. If the Company is a PFIC in any year during which a U.S. Holder owns shares, and the U.S. Holder has not made certain elections (each as described below), the U.S. Holder will generally be subject to special rules (regardless of whether the Company continues to be a PFIC) with respect to (i) any “excess distribution” (generally, any distributions received by the U.S. Holder on the shares in a taxable year that are greater than 125 per cent of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder’s holding period for the shares) and (ii) any gain realized on the sale or other disposition of shares. Under these rules (a) the excess distribution or gain will be allocated rateably over the U.S. Holder’s holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. If the Com-

pany ceases to be a PFIC, a U.S. Holder may make an election (a “deemed sale election”) to be treated for U.S. federal income tax purposes as having sold its shares on the last day of the last taxable year of the Company during which it was a PFIC. A U.S. Holder that makes a deemed sale election will cease to be treated as owning stock in a PFIC. However, gain recognised by a U.S. Holder as a result of making the deemed sale election will be subject to the rules described above.

If the Company is a PFIC, a U.S. Holder of shares will generally be subject to similar rules with respect to distributions to the Company by, and dispositions by the Company of the stock of, any direct or indirect subsidiaries of the Company that are also PFICs, as if such distributions were indirectly received by, and/or dispositions were indirectly carried out by, such U.S. Holder. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of the Company’s subsidiaries.

U.S. Holders can avoid the interest charge on excess distributions or gain relating to the shares by making a mark to market election with respect to the shares, provided that the shares are “marketable.” Shares will be marketable if they are “regularly traded” on certain U.S. stock exchanges or on a foreign stock exchange that meets certain conditions. For these purposes, the shares will be considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. Each U.S. Holder should consult its own tax advisor as to the whether a mark to market election is available or advisable with respect to the shares.

A U.S. Holder that makes a mark to market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the shares at the close of the taxable year over the U.S. Holder’s adjusted basis in the shares. An electing holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder’s adjusted basis in the shares over the fair market value of the shares at the close of the taxable year, but this deduction is allowable only to the extent of any net mark to market gains for prior years. Gains from an actual sale or other disposition of the shares will be treated as ordinary income, and any losses incurred on a sale or other disposition of the shares will be treated as an ordinary loss to the extent of any net mark to market gains for prior years. Once made, the election cannot be revoked without the consent of the IRS unless the shares cease to be marketable.

However, a mark to market election generally cannot be made for equity interests in any lower-tier PFICs the Company owns, unless shares of such lower-tier PFIC are themselves “marketable.” The Company owns numerous subsidiaries, and it believes that substantially all of them will likely be treated as a lower-tier PFIC. As a result, even if a U.S. Holder validly makes a mark to market election with respect to the Company, the U.S. Holder may continue to be subject to the PFIC rules (described above) with respect to its indirect interest in any investments held by the Company that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. U.S. Holders should consult their tax advisors as to the availability and desirability of a mark to market election, as well as the impact of such election on interests in any lower-tier PFICs.

In some cases, a shareholder of a PFIC can avoid the interest charge and the other adverse PFIC consequences described above by making a “qualified electing fund” (“QEF”) election to be taxed currently on its share of the PFIC’s undistributed income. The Company does not, however, expect to provide to U.S. Holders the information regarding this income that would be necessary in order for a U.S. Holder to make a QEF election with respect to its shares.

A U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Company is classified as a PFIC may be required to file IRS Form 8621. The failure to file such form when required could result in substantial penalties. U.S. Holders should consult their tax advisors regarding any such reporting requirements.

Dividends

General

Subject to the PFIC rules discussed above, distributions paid by the Company out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Swedish withholding tax paid by the Company with respect thereto, will generally be taxable to a U.S. Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder’s basis in the shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by the Company with respect to shares will constitute ordinary dividend income.

Foreign Currency Dividends. Dividends paid in a foreign currency will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the U.S. Holder regardless of whether the foreign currency is converted into U.S. dollars at that time. If dividends received in foreign currency are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

Effect of Swedish Withholding Taxes. As discussed in the section “Certain tax issues in Sweden,” under current law payments of dividends by the Company to foreign investors are subject to Swedish withholding tax. The rate of withholding tax applicable to U.S. Holders that are eligible for benefits under the income tax treaty between the United States and Sweden (the “Treaty”) may be reduced. A U.S. Holder will generally be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Swedish taxes withheld by the Company at the rate applicable to such holder. U.S. Holders that are eligible for benefits under the Treaty will not be entitled to a foreign tax credit for the amount of any Swedish taxes withheld in excess of the maximum Treaty rate, and with respect to which the holder is entitled to obtain a refund from the Swedish taxing authorities. For purposes of the foreign tax credit limitation, dividends paid by the Company generally will constitute foreign source income in the “passive category income” basket.

Prospective purchasers should consult their tax advisors concerning the foreign tax credit implications of the payment of Swedish withholding taxes, including the impact of the translation of taxes paid in foreign currency to U.S. dollars.

Sale or other Disposition

Subject to the PFIC rules discussed above, upon a sale or other disposition of shares, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realized on the sale or other disposition and the U.S. Holder’s adjusted tax basis in the shares. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder’s holding period in the shares exceeds one year. However, if the Company is a PFIC, any such gain will be subject to PFIC rules, as discussed above, rather than being taxed as capital gain. Any gain or loss will generally be U.S. source.

A U.S. Holder’s tax basis in a share will generally be its U.S. dollar cost. The U.S. dollar cost of a share purchased

with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of shares traded on an established securities market, within the meaning of the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. The amount realized on a sale or other disposition of shares for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or disposition. On the settlement date, the U.S. Holder will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of shares traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realized will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

Disposition of Foreign Currency

Foreign currency received on the sale or other disposition of a share will have a tax basis equal to its U.S. dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase shares or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting
Payments of dividends and other proceeds with respect to shares by a U.S. paying agent or other U.S. intermediary will be reported to the IRS as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Foreign Financial Asset Reporting

Certain U.S. Holders are required to report their holdings of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds certain threshold amounts. The shares are expected to constitute foreign financial assets subject to these requirements unless the shares are held in an account at certain financial institutions. U.S. Holders should consult their tax advisors regarding the application of these reporting requirements.

SELLING AND TRANSFER RESTRICTIONS

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act.

The shares may only be resold (i) in the United States only to QIBs in reliance on Rule 144A; and (ii) outside the United States of America in offshore transactions in compliance with Regulation S and in accordance with applicable law. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the U.S. Exchange Act. Terms used above shall have the meanings given to them by Regulation S and Rule 144A under the U.S. Securities Act.

Each purchaser of the Offer Shares outside the United States in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;
- (3) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not

purchased the Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares or any economic interest therein to any person in the United States;

- (4) the purchaser is not an affiliate of Hemfosa's or a person acting on behalf of such affiliate;
- (5) the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;
- (6) the purchaser acknowledges that Hemfosa shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above stated restrictions;
- (7) if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (8) the purchaser acknowledges that the Company, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States purchasing pursuant to an exemption from the registration requirements of the U.S. Securities Act will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- (3) the purchaser: (i) is a QIB, (ii) is aware that the sale to it is being made pursuant to an exemption from the registration requirements of the U.S. Securities Act; and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB;

- (4) the purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;
- (5) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, or any economic interest therein, such Offer Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only: (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in compliance with Regulation S; or (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- (6) the purchaser acknowledges that the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resale of any Offer Shares;
- (7) the purchaser will not deposit or cause to be deposited such Offer Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
- (8) the purchaser acknowledges that Hemfosa shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above stated restrictions;
- (9) if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account; and
- (10) the purchaser acknowledges that the Company, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Glossary

BTB

Technical building area

CAGR

Compound Annual Growth Rate

Carrying amount of property

The market value of properties less acquired deferred tax liabilities.

CBD

The central business district of a town or city.

Economic occupancy rate

Rental income as a percentage of rental value.

Economic vacancy rate

The assessed market rents for vacant premises, in as is condition, in relation to their rental value.

Fair value of properties

Hemfosa's internal property valuation, based on the market value of properties, in which ongoing projects are recognised at the lower of costs incurred and the market value.

Financial derivative instruments

Agreements pertaining to interest rates on loans that may include the following factors: time, inflation and/or interest-rate caps, etc. These are normally entered into in order to fix interest rates on interest-bearing loans.

IAS

International Accounting Standards. The international accounting standards issued by the independent body, the International Accounting Standards Board (IASB), and then read and adopted by the EU. The rules must be complied with by listed companies in the EU.

IFRS

International Financial Reporting Standards. International accounting standards to be applied for the consolidated financial statements of listed companies in the EU from 2005.

Interest-rate swap

Interest-rate swaps are agreements between two parties to exchange interest terms on loans denominated in the same currency. The exchange means that one party is able to swap a variable interest rate for a fixed interest rate, while the other party receives a variable interest rate in exchange for a fixed interest rate. The aim of an interest-rate swap into a fixed rate is to reduce interest-rate risk.

Leasehold

The right to use and transfer, without any limitations, a property without owning the property. The sale of a leasehold is subject to the same regulations as the sale of a freehold property.

Lease duration

The remaining term on a lease.

Leasehold fee

Annual compensation paid to the owner of the property held under a leasehold.

Loan-to-value ratio

Interest-bearing liabilities to creditors, excluding shareholder loans, as a percentage of the carrying amounts of the property portfolio.

Market value of properties

The market value of properties according to external valuation.

Net debt

Interest-bearing liabilities less interest-bearing assets, cash and cash equivalents.

Net operating income

Rental income less operating and maintenance costs, leasehold fees, property tax and property management costs.

Profit from property management

Profit before changes in value and tax.

Property

Defined as property held as freehold or leasehold.

Project development

The development of undeveloped properties or properties where the original building structure is not used as a basis for the development.

Property category

Classification of Hemfosa's property portfolio under the following property categories: office, logistic, storage, industrial, judicial system, school, health, care services and retail.

Property tax

A government property tax that is paid annually for properties that do not contain residential units classified as single-family housing units, agricultural units with undeveloped land, owner-occupied apartment units, rental housing units, industrial units or electricity production units.

Property value

The carrying amount of properties.

Rental income

Rents charged including, for example, supplements for heating and property tax.

Rent supplements

Contractual supplements paid by tenants in addition to the contractual annual rent.

Surplus ratio

Net operating income in relation to recognised rental income.

Total property yield

The total of direct yield and changes in value during the period measured as a percentage of the property value at the end of the last year.

Triple net lease

This is a type of lease agreement, whereby the tenant, in addition to the rent, agrees to pay all costs that accrue to the property and which would normally be charged to the property owner. Such costs include operating costs, maintenance costs, property tax and property management costs etc.

Vacancy rate in terms of lettable area

Unlet area in relation to the total lettable area.

Property specification

No.	Property	Category	Address	Municipality	Year built	Value year	Lettable area, sqm	Leasehold
COMMUNITY SERVICE PROPERTIES								
1	Tigern 4	Offices	Gustav Adolfsgatan 5, Oscarsgatan 6, Södra Ringgatan 23	Alingsås	1899	1958	1,763	
2	Hoppet 6	Judicial	Kungsgatan 5, Norra Strömgatan 8-10, Västra Ringgatan 12	Alingsås	1957, 1974, 1992, 2013	1978	7,354	
3	Abborren 13	Judicial	Kungsgatan 42	Avesta	1974	1974	5,638	
4	Sparven 1	Judicial	Garnisonsgatan 6	Boden	1930	1939	8,191	
5	Illern 4	Judicial	Riksvägen 19	Bräcke	1984	1984	,435	
6	Boken 12	Offices	Sofieholmshgatan 7	Eksjö	1958, 1995, 2000	1960	2,350	
7	Viljan 2	Offices	Careligatan 8	Eskilstuna	1976	1976	9,162	
8	Vipan 14	Judicial	Nygatan 4, Kyrkogatan 10	Eskilstuna	1958	1958	8,551	
9	Länsmannen 1	Judicial	Trädgårdsgatan 41	Falköping	1973	1973	3,998	
10	Trasten 7	Offices	Viktoriagatan 4-6	Filipstad	1985	1985	2,528	
11	Othem Sten- huggaren 2	Offices	Kronbrunnsgatan 8	Gotland	1983	-	,531	
12	Beckasinen 11	Offices	Kvarngatan 1-3, Lasarettsgatan 22-24	Gällivare	1983	1983	3,548	
13	Alkan 1	Judicial	Kvarngatan 2	Gällivare	1993	1993	4,530	
14	Sätra 108:23	Education, health and care	Folkparksvägen 5	Gävle	2009	-	498	
15	Sätra 108:21	Education, health and care	Folkparksvägen 5	Gävle	2009	-	1,784	
16	Markheden 4:45, 4:46	Education, health and care	Bäckvägen 5, Stiftelsevägen 1	Gävle	2009	-	1,986	
17	Borgmästaren 4	Offices	Dalavägen 6, 8	Hagfors	1962	1980	4,918	
18	Ribby 1:478	Other	Ribby allé 1	Haninge	2014	2014	8,773	
19	Söderbymalm 3:486	Offices	Rudsjöterrassen 2	Haninge	1988	1988	22,622	
20	Vendelsö 3:1986	Education, health and care	Norrbyvägen 104	Haninge	2012	-	3,350	
21	Söderbymalm 3:481	Education, health and care	Marinens Väg 30	Haninge	1991	1991	14,833	
22	Söderbymalm 3:482	Education, health and care	Marinens väg 30	Haninge	1999	-	12,257	
23	Medicinaren 19	Offices	Blickagången 6	Huddinge	1988	-	38,695	L
24	Grottan 7	Offices	Kullgatan 7	Hudiksvall	1978	-	7,804	
25	Gjutaren 6	Judicial	Norra Kyrkogatan 15-17	Hudiksvall	1975	1975	6,226	
26	Domaren 9	Offices	Fjällvägen 15a	Härjedalen	1879	1929	,845	
27	Adjunkten 1	Offices	Backgränd 18	Härnösand	1962	1962	5,452	
28	Hovsjorden 7, 9	Offices	Rosenbäckssallén 18e	Härnösand	1919	-	9,561	
29	Juristen 6	Offices	Nybrogatan 15b	Härnösand	1865, 1908, 1935	1929	7,118	
30	Duvan 2	Judicial	Storgatan 2	Härnösand	1971	1971	6,535	
31	Tingsbacken 9, 11	Offices	Tingshusgatan 3-5, Viaduktgatan 24	Hässleholm	1867	-	2,310	
32	Hantverkaren 1	Judicial	Värmlandsvägen 23-25	Karlskoga	1983	1983	6,890	
33	Karolinen 2	Offices	Norra Klaragatan 17-18, Regementsgatan 17 etc.	Karlstad	1978	1978	47,703	
34	Mätaren 3	Offices	Bryggaregatan 7-11	Karlstad	1986, 2005	1986	5,610	
35	Bryggaren 12	Offices	Bryggaregatan 1 etc	Karlstad	1955	1967	12,144	
36	Örnen 4	Offices	Kungsgatan 11	Karlstad	1869	1997	6,563	
37	Hjorten 1	Judicial	Djulögatan 26	Katrineholm	1984	1984	4,917	
38	Stjärnebo 1	Education, health and care	Danboms väg 2A-B	Kinda	1953	-	6,962	
39	Finkan 7	Judicial	Konduktörsgatan 2, Lars Janssonsgatan 10	Kiruna	1974	1974	5,598	
40	Södra Kasern 2	Offices	Västra Storgatan 51	Kristianstad	1790	1981	25,598	
41	Fängelset 5	Judicial	Kanalgatan 32	Kristianstad	1952	1952	5,268	

Property specification

No.	Property	Category	Address	Municipality	Year built	Value year	Lettable area, sqm	Leasehold
<i>Community service properties, cont</i>								
42	Kristianstad 4:45	Judicial	Östra Kaserngatan 1	Kristianstad	1976	1976	11,041	
43	Hunden 12	Education, health and care	Götgatan 6	Kristianstad	1955, 2013	-	5,464	
44	Uroxen 15	Offices	Kungsgatan 30, Västerlånggatan 23-25	Kristinehamn	1975	1975	7,319	
45	Löddeköpinge 23:26	Education, health and care	Kunskapsvägen 1	Kävlinge	2011	-	3,000	
46	Botulf 4	Offices	Hultgrensgatan 4	Köping	1969	1969	3,118	
47	Kyrkokvarteret 11	Judicial	Prästgatan 6, Norra Torggatan 7	Lindesberg	1981	1981	5,546	
48	Norra Ljungkullen 7	Judicial	Södra Torggatan 1	Ljungby	1979	-	5,338	
49	Mekanikern 1	Judicial	Boråsvägen 50	Mark	1957	1957	2,314	
50	Väljaren 10	Offices	Kungsvägen 69	Mjölby	1984	1984	4,354	
51	Ingenjören 6	Judicial	Järnvägsparken 1	Motala	1974	1974	6,979	
52	Presidenten 1	Offices	Norra Promenaden 77-81, Slottgatan 77-82	Norrköping	1975	1975	35,501	
53	Biotiten 1	Education, health and care	Baldersgatan 45	Norrtälje	2012	-	3,087	
54	Vakten 1	Offices	Södergatan 1	Nässjö	1985, 1996, 2008	1985	2,919	
55	Venus 11	Judicial	Slottsgatan 5	Oskarshamn	1955	1955	4,617	
56	Brunnsgården 6	Offices	Brännnavägen 9, Kyrkstadsvägen 8	Skellefteå	1955	1955	1,950	
57	Måsen 21	Judicial	Strandgatan 47	Skellefteå	1975	1975	8,795	
58	Skedom 21:1, 21:4	Offices	Skedom 107, Skedom 109	Sollefteå	1957	-	2,360	
59	Lärkan 8	Judicial	Hågestavägen 2	Sollefteå	1975	1975	5,250	
60	Tackan 9	Offices	Turebergs Allé 1	Sollentuna	1971, 2013	1979	5,741	
61	Transporten 2	Judicial	Tingsvägen 7	Sollentuna	1980	1980	17,301	
62	Stenung 3:84, 106:7	Offices	Kyrkvägen 1	Stenungsund	1954	-	2,000	
63	Norrmannen 11	Education, health and care	Vinjegatan 8-14	Stockholm	1974	-	3,775	L
64	Görväln 1	Education, health and care	Bränningevägen 2	Stockholm	1966	-	3,616	L
65	Seminariet 6	Education, health and care	Seminarievägen 10a	Strängnäs	1904, 1980	-	14,460	
66	Granlo 3:220	Offices	Kalmarvägen 48	Sundsvall	1960	1960	,539	
67	Köpstaden 24	Offices	Bultgatan 14	Sundsvall	1986	1986	1,420	
68	Solen 7	Judicial	Storgatan 17	Södertälje	1964	1964	10,214	
69	Forellen 19	Offices	Bollmora Torg 1-3, med mera	Tyresö	1965	1967	7,995	
70	Hvitfeldt 22	Offices	Bagges Gränd 1	Uddevalla	1980	1980	10,064	
71	Bastionen 28	Offices	Bastiongatan 40	Uddevalla	1950	-	6,980	
72	Solbacken 10	Education, health and care	Silentzvägen 6	Uddevalla	1980	1990	1,790	
73	Vilunda 6:59	Offices	Drabantvägen 11, Dragonvägen 86-90	Upplands Väsby	1972	1972	5,658	
74	Flogsta 47:1	Education, health and care	Ekeby Bruk 35	Uppsala	1960	-	16,479	
75	Kungsängen 12	Offices	Pilgatan 8 E	Västerås	1947	1991	9,930	
76	Lea 15	Offices	Stora gatan 58	Västerås	1972	1972	16,062	
77	Rosenfinken 2	Offices	Lövhagsgatan 2	Västerås	1973	-	1,598	L
78	Slottsträdgården 2	Offices	Slottsstigen 2, Västra Ringvägen 1	Västerås	1961	1961	9,745	
79	Västerås 1:199	Other	Adress saknas (Mark)	Västerås	-	-	-	L
80	Samuel 2	Judicial	Sigurdsgatan 22, 24	Västerås	2008	2008	7,123	
81	Idre 5:114	Judicial	Byvägen 34, Bergevägen 7	Älvdalen	1988	1988	,256	
82	Ungern 6	Judicial	Nytorpgsgatan 1, Viktoriaesplanaden 23	Örnsköldsvik	1972	1972	6,019	
83	Berga 6:489	Offices	Luffarbacken 3-5	Österåker	1985	-	2,250	
84	Runö 7:162	Education, health and care	Näsvägen 15	Österåker	1998	-	6,102	
85	Runö 7:163	Education, health and care	Näsvägen 17	Österåker	1988	-	4,745	
Total community service properties - Total 85							632,212	

No.	Property	Category	Address	Municipality	Year built	Value year	Lettable area, sqm	Leasehold
OFFICE PROPERTIES IN GROWTH MUNICIPALITIES								
86	Gamlestaden 2:5	Offices	Rullaregatan 18	Göteborg	1910	1929	24,692	
87	Gamlestaden 2:8	Offices	Hornsgatan 1	Göteborg	1963	1966	20,882	
88	Söderbymalm 3:462	Offices	Rudsjöterrassen 1, 3, 5, 7	Haninge	1983	1983	52,039	
89	Kanoten 1	Offices	Kanikenäsbanken 10	Karlstad	1978	1978	2,915	
90	Hovrätten 20	Offices	Västra Storgatan 25	Kristianstad	1840–41	1929	2,031	
91	Karl X 1	Offices	Västra Storgatan 44	Kristianstad	1905	1929	1,908	
92	Skruben 3	Offices	Bultgatan 40a	Kungälv	1990	1991	8,026	
93	Haren 15	Offices	Kungsgatan 31a	Luleå	1970	1970	7,728	
94	Hermelinen 15	Offices	Kungsgatan 29	Luleå	1952	1952	7,563	
95	Mården 11	Offices	Skeppsbrogatan 21	Luleå	1950	1985	9,735	
96	Plogen 4	Offices	Depåvägen 6	Luleå	1966	1970	3,374	
97	Spiggen 4	Offices	Kungsgatan 5–7	Luleå	1981	1981	6,506	L
98	Byrådirektören 3	Offices	von Troils väg 1	Malmö	1974, 2013	1974	12,890	L
99	Gastuben 4	Offices	Argongatan 2c	Mölnadal	1985	1985	2,388	
100	Snödroppen 2	Offices	Flöjelbergsgatan 1	Mölnadal	1961	1993	25,919	
101	Tulpanen 3	Offices	Bergfotsgatan 2	Mölnadal	1960	1998	53,672	
102	Sicklaön 358:1	Offices	Hästholmsvägen 26	Nacka	1987	1987	16,590	
103	Ugglum 1:76	Retail	Göteborgsvägen 88	Partille	1988	1988	4,263	
104	Högom 3:178	Offices	Mejselvägen 14	Sundsvall	1970	1970	4,908	
105	Köpstaden 25	Offices	Bultgatan 10	Sundsvall	1975	1975	9,335	
106	Köpstaden 26	Offices	Bultgatan 8	Sundsvall	1965	1965	1,855	
107	Ljusta 7:2	Offices	Antennvägen 2	Sundsvall	1980	1980	9,035	
108	Saturnus 7	Offices	Bankgatan 13	Sundsvall	1912	1960	9,202	
109	Öskaret 10	Offices	Skepparegatan 3	Sundsvall	1989	1989	10,440	
110	Enen 8	Offices	Nygatan 5	Södertälje	1937	1937	3,383	
111	Formen 1	Offices	Formvägen 5	Umeå	1986	1986	7,513	
112	Höder 7	Offices	Kungsgatan 60	Umeå	1890	1935	10,195	
113	Tyr 8	Offices	Östra Esplanaden 3	Umeå	1997, 2013	1998	8,411	
114	Boländerna 10:1	Offices	Säbygatan 5, Östunagatan 2	Uppsala	1957	-	5,377	
115	Kungsängen 15:1	Offices	Islandsgatan 2, Strandbodgatan 1	Uppsala	1993	2003	24,519	
116	Gaslyset 2	Offices	Lysgränd 1	Västerås	1990	1990	2,573	
117	Samuel 1	Offices	Sigurdsgatan 2	Västerås	1920	1944	6,735	
118	Sigurd 5	Offices	Sigurdsgatan 21	Västerås	1991	1991	13,255	
119	Sigurd 6	Other	Sigurdsgatan 21	Västerås	-	-	-	
120	Sigvald 5	Other	Sigurdsgatan 21	Västerås	-	-	-	
121	Sigvald 6	Offices	Sigurdsgatan 7	Västerås	1875, 1936	1937	3,613	
122	Sågen 2	Offices	Ängsgårdsgatan 4	Västerås	1992	1992	3,333	
123	Sågen 6	Offices	Ängsgårdsgatan 12a	Västerås	1987	1987	6,007	
124	Sågklingan 10	Offices	Ängsgårdsgatan 13	Västerås	1990	1990	1,709	
125	Verkstaden 8	Offices	Östra Ringvägen 2	Västerås	1936	1936	20,275	
126	Husby 4:23	Other	Företagsallén 1	Österåker	-	-	-	
127	Husby 4:25	Offices	Företagsallén 4	Österåker	1988	1988	1,103	
128	Husby 4:27	Offices	Företagsallén 10	Österåker	1988	1988	,951	
129	Husby 4:28	Education, health and care	Företagsallén 8	Österåker	1988	1988	1,432	
130	Husby 4:32	Education, health and care	Företagsallén 12	Österåker	1992	1992	2,828	
Total office Properties in growth municipalities – Total 45							431,108	

Property specification

No.	Property	Category	Address	Municipality	Year built	Value year	Lettable area, sqm	Leasehold
LOGISTICS PROPERTIES								
131	Källsta 1:5	Logistics, warehouse and industrial	Bolindervägen 12	Eskilstuna	1999	1999	34,258	
132	Grönsta 2:52	Logistics, warehouse and industrial	Svista Warehouseväg 8	Eskilstuna	2006	2006	13,780	
133	Litografen 8	Logistics, warehouse and industrial	Sättargatan 1	Eskilstuna	1960	1961	30,333	
134	Näringen 4:3	Logistics, warehouse and industrial	Strömsbrovägen 17	Gävle	1963	-	10,865	
135	Arendal 1:17	Logistics, warehouse and industrial	Synnerödsvägen 2	Göteborg	2011	2011	20,548	
136	Torbornahögen 3	Logistics, warehouse and industrial	Stenbrovägen 15	Helsingborg	1981, 1987, 2000	1987	17,231	
137	Hålsås 1:18	Logistics, warehouse and industrial	Kurirvägen 1	Härryda	2010	2010	10,450	
138	Älgskytten 4	Logistics, warehouse and industrial	Industrigatan 14 A	Jönköping	1983	1983	6,357	
139	Hedenstorp 2:1	Logistics, warehouse and industrial	Mogölsvägen 14	Jönköping	2011	2011	9,000	
140	Försäljaren 9	Logistics, warehouse and industrial	Filaregatan 19b	Kungälv	1974	1974	8,525	
141	Örja 1:21	Logistics, warehouse and industrial	Österleden	Landskrona	2012	-	53,663	
142	Brämön 4	Logistics, warehouse and industrial	Bjurögatan 15	Malmö	1991	-	16,543	
143	Fornminnet 6	Logistics, warehouse and industrial	Stenåldersgatan 27	Malmö	1989	1989	4,710	
144	Blåbäret 4	Logistics, warehouse and industrial	Sörviksvägen 11	Oskarshamn	1964	1964	15,234	
145	Rosersberg 11:37	Logistics, warehouse and industrial	Tallbacksgatan 13	Sigtuna	1980	1999	11,394	
146	Tunnan 1	Logistics, warehouse and industrial	Turbovägen 11	Trollhättan	2002	2002	17,533	
147	Törnby 2:2	Logistics, warehouse and industrial	Jupitervägen 10	Upplands Väsby	1970	1970	19,463	
148	Ärsta 64:2	Logistics, warehouse and industrial	Rapsgatan 8	Uppsala	1974	-	25,956	
149	Bildhuggaren 1	Logistics, warehouse and industrial	Storgatan 70	Vaggeryd	1990	1990	14,647	
150	Plåtslagaren 1	Logistics, warehouse and industrial	Ålåragatan 4	Vimmerby	2008	2009	10,259	
151	Armaturen 1	Logistics, warehouse and industrial	Armaturgatan 2	Värnamo	1987	1987	18,370	
152	Terminalen 1	Logistics, warehouse and industrial	Öjaby Nylanda 1	Växjö	2010	2010	21,662	
153	Änsta 20:262	Logistics, warehouse and industrial	Lastgatan 2	Örebro	2006	2006	15,971	
Total logistics properties – Total 23							406,752	

Property specification

No.	Property	Category	Address	Municipality	Year built	Value year	Lettable area, sqm	Leasehold
TRANSACTION PROPERTIES								
154	Sexdalern 1	Offices	Trandaredsgatan 200	Borås	1967	1967	9,368	
155	Åkermynatan 5	Offices	Rosendalsgatan 2	Borås	1976	1976	7,418	
156	Maskinen 6	Retail	Hultvägen 26	Eksjö	1979	1979	3,005	
157	Nålsögat 6	Retail	Tivoliallén 2	Eskilstuna	1996	1996	3,571	
158	Trasten 12	Retail	Stora Torget 4a	Filipstad	1980	1980	1,891	
159	Filen 5	Retail	Mårtensgatan 23a	Gislaved	1973	1973	1,643	
160	Norr 12:5	Offices	Nygatan 13	Gävle	1978	1978	15,848	
161	Gamlestaden 3:5 ¹⁾	Retail	Treriksgatan 2	Göteborg	1985	1985	1,998	L
162	Kortedala 36:23	Logistics, warehouse and industrial	Dagjämningssgatan 2	Göteborg	1960	1961	8,620	L
163	Flygfältet 1	Other	Skolgatan 2	Hagfors	1960	1961	2,391	
164	Höjden 2	Offices	Bergöös Väg 6	Hallsberg	1984	1984	3,188	
165	Jordbromalm 6:11	Logistics, warehouse and industrial	Rörvägen 10	Haninge	1974	1974	4,242	
166	Hultåsa 1:18	Other	Lindenvägen 1	Hultsfred	-	-	-	
167	Baggatomten 6:1	Other	Hotelvägen 1	Härbyda	1937	1937	4,559	
168	Kornet 2	Offices	Järnvägsgatan 1, Viaduktgatan 17	Hässleholm	1966	1966	3,791	
169	Kofoten 1	Retail	Uranvägen 4	Karlskrona	1982	1982	6,847	
170	Riksdalern 3	Retail	Ullebergsleden 10	Karlstad	2001	2001	6,858	
171	Träskon 6	Logistics, warehouse and industrial	Särlagatan 14	Kristianstad	1951	1981	1,028	
172	Gänget 14	Retail	Fabriksgratan 7	Ljungby	1974	1974	2,639	
173	Skjutsstallslyckan 22	Logistics, warehouse and industrial	Lundavägen 54	Malmö	1955	1955	7,650	
174	Anisen 2	Logistics, warehouse and industrial	Johannefredsgatan 9	Mölnadal	1989	1991	5,500	
175	Gasmätaren 2	Logistics, warehouse and industrial	Argongatan 11	Mölnadal	1984	1992	14,143	
176	Bredmosstorpet 5	Judicial	Bryggargatan 6-8, Jansasgatan 8	Sandviken	1977	1983	8,580	
177	Transistorn 1	Logistics, warehouse and industrial	Svedjevägen 12	Skellefteå	1968	1968	9,321	
178	Lärkan 10	Offices	Storgatan 50	Skellefteå	1930	1984	5,326	
179	Puman 5	Offices	Bangatan 13-19, Järnvägsgatan 4	Solna	1985	1985	3,780	
180	Möllarp 3:2	Logistics, warehouse and industrial	Stenhuggaregatan 34	Svalöv	1960	1980	6,476	
181	Sävsjö 12:4	Retail	Västra Järnvägsgatan 8	Sävsjö	1996	1996	1,793	
182	Kryssaren 8	Logistics, warehouse and industrial	Hansavägen 7	Södertälje	1960	1960	29,593	
183	Isbrytaren 1	Logistics, warehouse and industrial	Hansavägen 8	Södertälje	1960	1976	17,577	
184	Backen 10	Retail	Ringvägen 12	Tranås	1945	1988	3,497	
185	Hjulet 6	Logistics, warehouse and industrial	Kardanvägen 12b	Trollhättan	1980	1980	1,710	
186	Drivhjulet 3	Logistics, warehouse and industrial	Kardanvägen 65	Trollhättan	1989	1999	1,680	
187	Kugghjulet 2	Logistics, warehouse and industrial	Kardanvägen 66	Trollhättan	1980	1991	1,500	
188	Motståndet 3	Logistics, warehouse and industrial	Strömvägen 8a	Umeå	1970	1980	9,164	
189	Årsta 68:4	Other	Fyrislundsgatan 81	Uppsala	1985	1985	3,074	
190	Bikupan 20	Other	Annebergsvägen 1a	Varberg	2012	2012	,450	
191	Brudabäck 6	Logistics, warehouse and industrial	Nydalavägen 2	Vetlanda	1978	1978	6,083	
192	Smeden 2, 10	Offices	Volgsjövägen 27	Vilhelmina	1957	-	3,710	
193	Vik 1:36	Other	Vik	Vingåker	-	-	-	
194	Filen 2	Retail	Fabriksgratan 3	Värnamo	1966	1966	5,215	
195	Fläkten 7	Logistics, warehouse and industrial	Lantmannavägen 3	Växjö	1963	1993	8,498	
Total transaction properties - Total 42							243,226	

1) The property have been sold, with completion on 30 January, 2014

Addresses

HEMFOSA FASTIGHETER AB (PUBL)

Street address, head office
Hästholmsvägen 28, Nacka

Postal address, head office
Box 2020
SE- 131 02 Nacka
Telephone: +46 8 448 04 80
www.hemfosa.se

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Street address
Regeringsgatan 13, Stockholm

Postal address
SE- 105 34 Stockholm
Telephone: +46 8 585 90 000
www.swedbank.se/corporatefinance

AUDITOR

KPMG AB

Street address
Tegelbacken 4A, Stockholm

Postal address
Box 16106
SE- 103 23 Stockholm
Telephone: +46 8 723 91 00
www.kpmg.se

CENTRAL SECURITIES DEPOSITARY

Euroclear Sweden AB

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SE- 103 73 Stockholm

Fourth AP Fund

Box 3069
SE- 103 61 Stockholm

IKANO Invest Aktiebolag

c/o IKANO Fastigheter
Forskningsbyn IDEON
SE- 223 70 Lund

IF Skadeförsäkring

SE- 106 80 Stockholm

Kåpan Pensioner Försäkringsförening

Box 7515
SE- 103 92 Stockholm

KPA Pensionsförsäkring AB (publ)

SE- 106 85 Stockholm

Folksam ömsesidig livförsäkring

c/o Folksam Sak
SE- 106 60 Stockholm



Hemfosa Fastigheter AB (publ)

Tel: +46-8-448 04 80

Visiting Address: Hästholmsvägen 28

PO Box 2020, 131 02 Nacka, Sweden