



Successful share issue and continued streamlining

QUARTER APRIL-JUNE 2016

- Rental income amounted to MSEK 642 (615)
- Profit from property management totaled MSEK 352 (346), corresponding to SEK 2.23 per ordinary share (2.36)
- Profit after tax amounted to MSEK 703 (670), corresponding to SEK 4.62 per ordinary share (4.62)
- Cash flow from operating activities was MSEK 121 (153), corresponding to SEK 0.64 per ordinary share (0.94)

INTERIM PERIOD JANUARY - JUNE 2016

- Rental income amounted to MSEK 1,292 (1,203)
- Profit from property management totaled MSEK 693 (613), corresponding to SEK 4.61 per ordinary share (4.13)
- Profit after tax amounted to MSEK 1,357 (1,177), corresponding to SEK 9.37 per ordinary share (8.21)
- Recognized property value of SEK 31.9 billion (27.8) pertains to 417 (366) directly owned properties
- Net asset value (EPRA NAV) per ordinary share was SEK 81.58 (65.43)
- Cash flow from operating activities was MSEK 414 (537), corresponding to SEK 2.60 per ordinary share (3.57)

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- In July, Joacim Sjöberg was appointed deputy CEO, taking office in October 2016. At the same time, CEO Jens Engwall announced that he planned to step down from his operational position prior to the end of 2017.
- A successful new share issue, with preferential rights for holders of ordinary Hemfosa shares, contributed approximately SEK 1.8 billion to the company.
- Hemfosa's 2016 Annual General Meeting (AGM) was held on April 19. Motions adopted by the AGM included payment of a dividend of SEK 4.20 per ordinary share and of SEK 10.00 per preference share both to be paid quarterly.
- Hemfosa acquired 13 school properties at an underlying property value of approximately MSEK 444. During the quarter, possession was taken of ten of the properties.
- Söderport Fastigheter, a joint venture in which Hemfosa owns 50 percent, divested a property at an underlying property value of MSEK 170.
- Hemfosa acquired a healthcare property in the Stockholm area at an underlying property value of MSEK 195.
- Hemfosa took over an office property in the municipality of Fredrikstad Norway at an underlying property value of MSEK 84.

Comments from the CEO

During the second quarter, Hemfosa implemented a rights issue of ordinary shares that contributed just over SEK 1.8 billion to the company. Thanks to the rights issue, we can take swifter action when we identify the right acquisition targets and continue to grow our community service properties. To strengthen Hemfosa's management and ensure that the company's long-term strategy is implemented forcefully, we have employed Joacim Sjöberg as deputy CEO.

By focusing on community service properties, we are building a property portfolio hallmarked by stable cash flows and long-term tenants. The major acceptance of the rights issue among our shareholders was highly encouraging and strengthens us in our conviction that we are thinking correctly and doing the right things – and we now have a better platform for continuing to grow Hemfosa in our three markets in the Nordic region. We are doing this with the distinct objective of streamlining the portfolio so that community service properties will account for at least 75 percent of the property value; today, they represent 63 percent.

Successful
new share
issue

STRONGER PLATFORM IN THE NORDIC REGION

During the quarter, we implemented a number of favorable transactions and strengthened our profit from property management. In Sweden, we acquired 13 school properties, primarily in the Stockholm region, at a value of MSEK 444, with an exclusive option to sign an agreement in the third quarter of 2016 to acquire an additional two schools. These are properties in good locations that are fully leased to well-established school operators, and we are delighted to be able to complement our portfolio with them. In June, we also signed an agreement for the acquisition of a centrally located healthcare property in Vällingby, western Stockholm, at a value of MSEK 195, with possession to be taken in September. In the Norwegian market during the quarter, we acquired a 20-percent stake in a property company focused on community service properties, while also taking possession of the Ringstabekk senior citizens center in the municipality of Bærum in the Oslo region.

Continuing to
take the right
steps for the
selected
strategy

We are continuing our determined and active efforts to build Hemfosa's position as the specialist in community service properties. It is gratifying that, despite intensifying competition not least in Sweden, we are maintaining a high transaction tempo and completing acquisitions on favorable terms – which was the precondition we set when implementing the rights issue during the spring. A key prerequisite for this is the expertise, determination and market familiarity possessed by Hemfosa's organization.

SAFEGUARDING COMPETENCIES AND SUCCESSION PLANNING

In Norway, we have continued to strengthen the organization through the appointment of an experienced head of property operations, who will focus on developing our property management, thus providing management in Norway with better prerequisites to identify and implement attractive acquisitions and projects. In Norway, we are now established with the strength we need to manage a growing portfolio and, in Finland, we are working to get an optimal organization in place.

Organization
strengthened

I am delighted that Joacim Sjöberg will be strengthening Group Management as Deputy CEO starting this autumn, and will thus ensure the continued building of Hemfosa Fastigheter. Joacim Sjöberg has been close to the company as a financial adviser for many years; he possesses solid strategic expertise and is highly familiar with Hemfosa's corporate culture. With him in the organization, we can continue our efforts to achieve our objectives and I can start to plan an orderly succession and eventually focus on playing a freer role as a major shareholder and ideally as a Board member. Meanwhile, we will devote our full force to continuing to implement value-creating business and developing the existing operations in our markets in the Nordic region.

Jens Engwall, CEO

Overview

Consolidated statement of profit/loss and other comprehensive income, MSEK

	Jan-Jun		Full-year	
	2016	2015	2015	2014
Rental income	1,292	1,203	2,443	1,612
Property expenses including property administration	-432	-407	-773	-538
Net operating income	860	797	1,670	1,074
Central administration	-64	-60	-112	-74
Other operating income and costs	16	-2	0	62
Share of profit of joint ventures	101	100	255	239
Financial income and expenses	-219	-221	-450	-480
Profit from property management	693	613	1,363	821
Changes in value of properties	930	752	1,500	695
Changes in value of financial instruments	-26	-21	-42	-277
Current and deferred tax	-239	-165	-483	-115
Profit for the year	1,357	1,177	2,339	1,124
Other comprehensive income				
Exchange differences for the period in converting foreign operations	65	-38	-131	-
Comprehensive income for the year	1,422	1,139	2,207	1,124

Consolidated statement of financial position, MSEK

	Jun 30		Dec 31	
	2016	2015	2015	2014
Investment properties	31,928	27,800	29,553	24,718
Shares in joint ventures	1,210	835	1,075	609
Shares in associated companies	54	-	-	-
Derivatives och other fixed assets	19	14	7	10
Current receivables	241	255	82	94
Cash and cash equivalents	745	455	732	594
Total assets	34,198	29,359	31,449	26,025
Shareholders' equity	13,236	9,523	10,749	8,950
Interest-bearing liabilities	18,494	17,765	18,898	15,760
Derivatives	130	126	103	106
Deferred tax liabilities	926	598	701	492
Other liabilities	1,412	1,347	997	718
Total equity and liabilities	34,198	29,359	31,449	26,025

Statement of cash flow for the Group, MSEK

	Jan-Jun		Full-year	
	2016	2015	2015	2014
Cash flow from operating activities	414	536	1,220	627
Cash flow from investing activities	-1,388	-2,506	-3,943	-7,504
Cash flow from financing activities	982	1,832	2,862	7,187
Total cash flow	9	-138	138	310

Key figures

Key financial data

	Jan-Jun		Full-year	
	2016	2015	2015	2014
Return on shareholders' equity, % ¹	21.9	22.5	23.7	19.7
Equity/assets ratio, % ¹	38.7	32.4	34.2	34.4
Loan-to-value ratio, properties % ¹	57.9	63.9	63.9	63.8
Debt/equity ratio, multiple ¹	1.4	1.9	1.8	1.8
Interest coverage ratio, multiple ²	3.7	3.1	3.5	2.2

Share-related key figures, ordinary shares

	Jan-Jun		Full-year	
	2016	2015	2015	2014
Profit from property management, SEK per ordinary share ⁴	4.61	4.13	9.22	7.10
Profit after tax, SEK per ordinary share ⁴	9.37	8.21	16.28	9.78
Shareholders' equity, SEK per ordinary share ⁴	72.44	58.00	65.71	53.71
Net asset value (EPRA NAV), SEK per ordinary share ⁴	81.58	65.43	73.98	71.91
Cash flow from operating activities, SEK per ordinary share ⁴	2.60	3.57	7.82	5.40
Dividend, SEK per ordinary share ³	1.80	0.75	3.00	-
Weighted average number of ordinary shares, 000s	138,412	131,440	131,440	109,954
Number of ordinary shares outstanding, 000s ¹	157,728	131,440	131,440	131,440

Share-related key figures, preference shares

	Jan-Jun		Full-year	
	2016	2015	2015	2014
Dividend, SEK per preference share ³	5.00	5.00	10.00	1.25
Equity, SEK per preference share ¹	162.85	162.50	162.85	162.50
Number of preference shares outstanding, 000s ¹	11,000	10,000	11,000	10,000

Property-related key figures

	Jun 30		Dec 31	
	2016	2015	2015	2014
No. of properties	417	366	411	353
Rental value, MSEK	2,823	2,681	2,768	2,520
Leasable area, 000s of sqm	2,540	2,536	2,607	2,516
Fair value of properties, MSEK	31,928	27,800	29,553	24,718
Property value, SEK per sqm	12,569	10,962	11,336	9,824
Economic leasing rate, %	91.2	91.0	90.4	90.7
Surplus ratio, %	66.6	66.2	68.4	66.6
Yield, %	5.7	6.0	5.8	6.1

1 At the end of the period.

2 Share in profit in joint ventures is not included in profit from property management in the calculation of the interest coverage ratio.

3 The 2016 Annual General Meeting adopted a dividend of SEK 4.20 per ordinary share and of SEK 10.00 per preference share subject to quarterly payment.

4 Due to the new issue of ordinary shares, historical key figures have been recalculated using a correction factor.

Operations

Summary of earnings

MSEK	Apr-Jun		Jan-Jun		Full-year
	2016	2015	2016	2015	2015
Rental income	642	615	1,292	1,203	2,443
Property expenses including property administration	-210	-186	-432	-407	-773
Net operating income	432	429	860	797	1,670
Central administration	-38	-33	-64	-60	-112
Other operating income and costs	7	1	16	-2	0
Share of profit of joint ventures	61	64	101	100	255
Financial income and expenses	-109	-115	-219	-221	-450
Profit from property management	352	346	693	613	1,363
Changes in value of investment properties	431	358	930	752	1,500
Changes in value of financial instruments	5	31	-26	-21	-42
Profit before tax for the year	788	735	1,596	1,343	2,821
Current tax	-0	1	-3	-1	-5
Deferred tax	-85	-65	-236	-165	-478
Profit for the year	703	670	1,357	1,177	2,339
Other comprehensive income					
Translation differences for the period when translating foreign operations	40	-6	65	-38	-131
Comprehensive income for the year	742	664	1,422	1,139	2,207

SECOND QUARTER APRIL-JUNE 2016

During the second quarter, Hemfosa took possession of 12 community service properties, comprising one senior citizens center in Bærum municipality, Norway, ten schools in the Stockholm region and one school in Motala. Efforts to identify sound investments are in progress in all of Hemfosa's three markets.

Streamlining of the portfolio continued during the quarter, through the exit from 11 properties in Sweden, primarily logistics/warehouse properties.

The surplus ratio for the quarter was 67.3 percent (69.8). The change is primarily attributable to planned maintenance conducted in the properties.

Property management during the quarter generated profit of MSEK 352 (346). Changes in the value of investment properties and derivative instruments amounted to MSEK 436 (389) and current and deferred tax charges amounted to an expense of MSEK 85 (expense: 62).

Profit after tax during the quarter amounted to MSEK 702 (670), corresponding to SEK 4.62 per share (4.62), after taking the pre-emptive rights of preference shares to dividends into account.

THE PERIOD JANUARY-JUNE 2016

Net operating income

Rental income for the period amounted to MSEK 1,292 (1,203). At June 30, 2016, the leasable area of Hemfosa's property portfolio totaled 2,540,000 square meters (2,536,000). The average rental income was SEK 1,752 (1,727) per square meter for Community service properties and SEK 850 (851) per square meter for Other properties. The leasing rate was 91.2 percent (91.0).

Property expenses amounted to MSEK 432 (407), corresponding to SEK 314 per square meter of leasable area (305) for a full-year period. The surplus ratio was 66.6 percent (66.2) and the yield on the entire portfolio was 5.7 percent (6.0).

Profit from property management

Management of the property portfolio generated profit for the period of MSEK 693 (613), up 13 percent year-on-year, with the increase due to mainly to the larger property portfolio. Profit from property management per ordinary share amounted to SEK 4.61 (4.13) after taking the pre-emptive rights of preference shares to dividends into account.

Central administration costs amounted to MSEK 64 (60).

Profit from shares in joint ventures totaled MSEK 101 (100), mainly generated by the holding in Söderport Holding AB, and comprised MSEK 60 (60) in profit from property management, MSEK 63 (86) in revaluations of properties and financial instruments and expenses of MSEK 22 (expense: 46) for taxes and other items.

Financial expenses were positively impacted by both lower interest rates and reduced margins on new borrowing, although the interest floor in certain loan agreements limited Hemfosa's opportunity to fully leverage the lower level of interest rates. At June 30, 2016, the average interest rate was 2.05 percent (2.23). Hemfosa mainly works with floating interest rates in its loan agreements and manages interest-rate risk through interest-rate swaps and interest-rate caps, thus increasing predictability and reducing the impact of changes in interest rates. The loan-to-value ratio was 57.9 percent (63.9).

Changes in fair value

Hemfosa's property portfolio experienced an unrealized change in value of MSEK 897 (658) during the quarter, primarily generated by project gains and changes in the required yield. Implemented divestments resulted in positive realized changes in value of MSEK 33 (94).

At June 30, 2016, interest-rate swaps and interest-rate caps had a negative fair value of MSEK 128 (124). The unrealized negative change in the value of interest-rate swaps and interest-rate caps amounted to MSEK 26 (21) during the period.

Tax

The nominal corporate tax rate is 22 percent in Sweden, 25 percent in Norway and 20 percent in Finland. In the Statement of profit/loss and other comprehensive income, income tax is recognized in two items: current tax and deferred tax. Current tax is calculated on the basis of taxable profit, which could be lower than recognized profit. The effective tax rate for Hemfosa was 15 percent (11).

The current tax expense totaled MSEK 3 (1) and the deferred tax expense was MSEK 236 (165), of which MSEK 253 (134) derived from temporary differences in investment properties. Other items pertain to deferred tax income and expenses due to the remeasurement of derivative instruments and tax loss carryforwards, as well as completed property transactions.

Hemfosa has no ongoing tax disputes.

Profit for the period

Profit for the period amounted to MSEK 1,357 (1,177), corresponding to SEK 9.37 per ordinary share (8.21), after taking the pre-emptive rights of preference shares into account.

Other comprehensive income

During the period, translation of the Norwegian and Finnish operations generated a translation difference of MSEK 84 (neg: 48) in other comprehensive income. Deferred tax attributable to items in other comprehensive income amounted to an expense of MSEK 18 (income: 11).

Cash flow

Cash flow from operating activities for the period amounted to MSEK 414 (537), corresponding to SEK 2.60 per ordinary share (3.57). The reduction in cash flow from operating activities was primarily due to the larger scope of acquisitions in the comparative period. Investing activities impacted cash flow in the amount of MSEK -1,388 (-2,506), of which investments in existing properties accounted for MSEK -313 (-240), acquisitions of subsidiaries and properties for MSEK -1,799 (-3,399), divestment of subsidiaries and properties for MSEK 810 (1,261) and other items for MSEK -85 (-128).

Financing activities had an impact of MSEK 982 (1,832) on cash flow for the period. The implemented new share issue contributed MSEK 1,809 (-) to cash flow. During the quarter, capital was employed by temporarily amortizing existing revolving credit to achieve a short-term positive effect on interest expenses. Total amortizations and new loans raised amounted to a net of MSEK -535 (-2,005). During the period, MSEK 292 (174) was paid to Hemfosa's shareholders. Overall, the change in cash and cash equivalents during the period was MSEK 9 (neg: 138).

Segment reporting

For the purpose of accounting and follow-up, Hemfosa has divided its operations into three segments. The segment division is based primarily on the different markets of Sweden, Norway and Finland and secondarily on the property types of Community service properties and Other properties.

The Sweden segment is the largest one and accounted for 87 percent (92) of rental income during the period. Sweden will continue to represent the main focus of Hemfosa's property portfolio, despite the aim of also growing in other segments. The tables below present information on Hemfosa's net operating income plus a sample of key performance indicators for the period and the past year divided by segment and also the total for the Group.

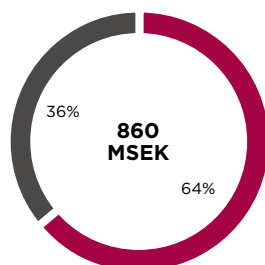
Net operating income (MSEK)	Sweden			Norway			Finland			Total		
	Jan-Jun		Full-year	Jan-Jun		Full-year	Jan-Jun		Full-year	Jan-Jun		Full-year
	2016	2015	2015	2016	2015	2015	2016	2015	2015	2016	2015	2015
Rental income	1,130	1,113	2,247	123	90	196	39	-	0	1,292	1,203	2,443
Property expenses												
<i>Operations</i>	-243	-234	-411	-1	0	-2	-2	-	0	-246	-234	-413
<i>Maintenance</i>	-97	-80	-191	-1	0	-3	0	-	0	-99	-80	-194
<i>Property tax</i>	-42	-44	-83	-1	-1	-2	-2	-	0	-45	-46	-86
Property management	-41	-46	-78	-1	0	-2	0	-	0	-42	-46	-81
Net operating income	707	709	1,482	119	88	187	35	-	0	860	797	1,670

Key figures for the period, Jun 30	Sweden		Norway		Finland		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Rental value, MSEK	2,478	2,466	258	215	87	-	2,823	2,681
Leasable area ¹ 000s sqm	2,324	2,418	152	118	64	-	2,540	2,536
Fair value of properties, MSEK	26,980	24,678	3,847	3,122	1,101	-	31,928	27,800
No. of properties	381	348	31	18	5	-	417	366
Yield, %	5.6	5.9	6.1	7.0	6.7	-	5.7	6.0
Economic leasing rate, %	90.0	90.3	99.5	100.0	100.0	-	91.2	91.0
Remaining lease term, years	5.6	5.3	8.9	10.5	9.0	-	6.1	5.7

¹ Excluding garage space

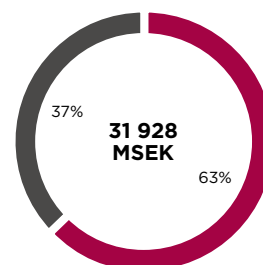
The pie charts show the size of the two types of properties – Community service properties and Other properties – with Community service properties contributing 64 percent (56) of the period's net operating income and accounting for 63 percent (55) of Hemfosa's property value.

Net operating income by property type, Group Jan-Jun 2016



■ Community service properties
■ Other properties

Fair value by property type, Group 30 Jun 2016



■ Community service properties
■ Other properties

85%
of the Group's
property
value

SWEDEN

The property portfolio in Sweden had a value MSEK 26,980 (24,677), represented by 381 properties (348) with a rental value of MSEK 2,478 (2,466) and leasable area 2,324,000 square meters (2,418,000).

Sweden is Hemfosa's core market, with a definite emphasis on community service properties. Although active transaction work is being conducted to further streamline the portfolio in the direction of this property type, the portfolio of the future will also contain other properties that complete the portfolio in a desirable manner. Geographically, the emphasis of the Swedish portfolio is on the Stockholm, Gothenburg and Öresund regions, as well as growth municipalities in central Sweden and along the coast of Norrland. The metropolitan regions of Stockholm and Gothenburg accounted for approximately 40 percent of the total property value. The largest tenants in Sweden are the Police Authority, the Municipality of Härnösand and the National Courts Administration. At June 30, 2016, the Swedish property portfolio accounted for 85 percent of Hemfosa's property value.

Development during the period

Rental income during the period amounted to MSEK 1,130 (1,113) and net operating income to MSEK 707 (709). The surplus ratio was 63 percent (64). The main reason for the slight decline in the surplus ratio was a rise in maintenance costs. The economic leasing rate for the segment was 90.0 percent (90.2). The yield was 5.6 percent (5.9). Of the Swedish property portfolio, 55 percent (53) of rental income and 57 percent of (56) of net operating income derived from Community service properties.

During the second quarter, 12 community service properties were acquired at an underlying property value of MSEK 290, including nine schools in the Stockholm region, one school in Motala and one school in Västerås. Earlier in the year, Hemfosa acquired three community service properties in Växjö, Uppsala and Gävle at an underlying property value of MSEK 466.

During the quarter, the property portfolio continued to be streamlined and 11 properties in the Other properties segment were sold at an underlying value of MSEK 526. The largest divestment pertained to four logistics properties with a combined floor area of 86,000 square meters. Earlier in the year, five residential properties in Gävle were divested while five separate nonpriority properties were divested individually. In total, properties were divested during the period at an underlying property value of MSEK 854.

During the period, Hemfosa signed a lease for previously vacant floor space in an office property in Mölndal. This large new lease, together with tenant-specific modifications and refurbishment, represents an important step in rejuvenating Mölndal's Södra Porten business park. The property in Mölndal comprises 16 different buildings. One of the larger buildings is now being upgraded to create modern, flexible offices and is being extended by about 2,000 square meters, thus bringing the total leasable area to 11,000 square meters. Hemfosa has signed a ten-year lease

with If Skadeförsäkring for the entire area. Occupancy of the upgraded and customized premises is scheduled for June 2017. Remodeling work was initiated during the quarter.

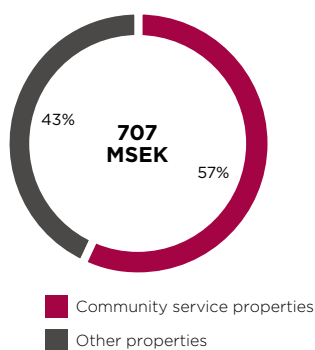
The Sweden segment is divided into five regions, of which the Stockholm and Central region contributed the most to net operating income in relative terms. This segment accounted for 87 percent (93) of the Group's total rental income and 82 percent (89) of net operating income during the period.

Segment Sweden (MSEK)	Apr-Jun		Jan-Jun		Full-year
	2016	2015	2016	2015	2015
Rental income	557	562	1130	1,113	2,247
Property expenses					
<i>Operations</i>	-111	-106	-243	-234	-411
<i>Maintenance</i>	-53	-37	-97	-80	-191
<i>Property tax</i>	-21	-22	-42	-44	-83
Property management	-20	-21	-41	-46	-78
Net operating income	352	376	707	709	1,482
Rental value, MSEK ¹			2,478	2,466	2,518
Leasable area, 000s sqm ^{1,2}			2,324	2,418	2,451
Fair value of properties, MSEK ¹			26,980	24,677	25,999
No. of properties ¹			381	348	388
Yield, %			5.6	5.9	5.8
Economic leasing rate, % ¹			90.0	90.2	89.5
Remaining lease term, years ¹			5.6	5.3	5.4

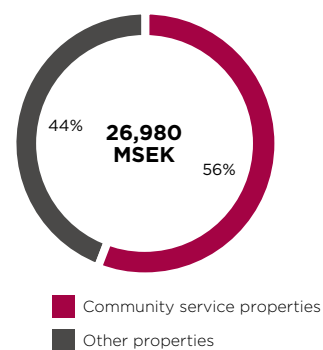
1 At the end of the period

2 Excluding garage space

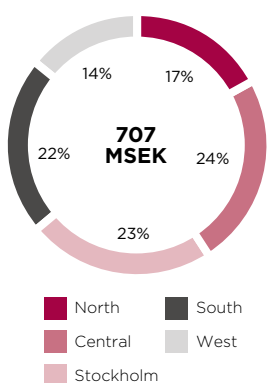
Net operating income by property type, Sweden Jan-Jun 2016



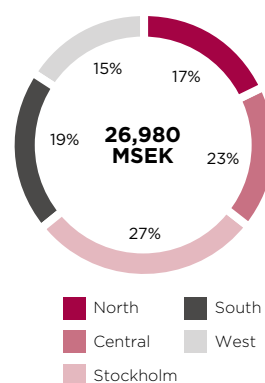
Fair value by property type, Sweden Jun 30 2016



Net operating income by region, Sweden Jan-Jun 2016



Fair value by region, Sweden Jun 30, 2016



12%
of the Group's
property
value

NORWAY

The property portfolio in Norway had a value of MSEK 3,847 (3,122), represented by 31 properties (18) with a rental value of MSEK 258 (215) and leasable area 152,000 square meters (118,000).

Hemfosa has been established in the Norwegian market since early 2015 and the property portfolio in Norway accounted for 12 percent of Hemfosa's total property value at June 30, 2016. The properties are mainly located in the Oslo region and consist exclusively of community service properties, with the operations ranging from office and judicial institutions to schools, health and personal care services. The largest tenants are Oslo University College, the Norwegian Labor and Welfare Administration and Østfold University College. Hemfosa has built up a property management organization in Norway that is of a size that can handle a growing property portfolio.

Development during the period

Rental income during the period amounted to MSEK 123 (90) and net operating income to MSEK 119 (88). The surplus ratio was 97 percent (98). The economic leasing rate for the segment was 99.5 percent (100.0). A lower economic leasing rate compared with the year-earlier period was due to acquired vacancies connected to the acquisition of Statens Park. The yield was 6.1 percent (7.0).

During the quarter, a senior citizens center was acquired in Bærum municipality, comprising 6,000 square meters of leasable area on a nine-year lease. Earlier in the year, Hemfosa acquired nine community service properties in the Statens Park area of the municipality of Tønsberg, south of Oslo, at an underlying property value about MSEK 414. The properties in Statens Park comprise some 30,000 square meters of leasable area and sites covering about 42,000 square meters of land, with one of the sites detailed planned for a new building.

During the quarter, Hemfosa also acquired a 20-percent stake in a Norwegian company focusing on community service properties. This holding is recognized as Shares in associated companies in the Statement of financial position.

Norway accounted for 10 percent (7) of rental income and 14 percent (11) of net operating income during the quarter.

Segment Norway (MSEK)	Apr-Jun		Jan-Jun		Full-year
	2016	2015	2016	2015	2015
Rental income	65	52	123	90	196
Property expenses					
<i>Operations</i>	-1	0	-1	0	-2
<i>Maintenance</i>	0	1	-1	0	-3
<i>Property tax</i>	-1	-1	-1	-1	-2
Property management	0	0	-1	0	-2
Net operating income	63	52	119	88	187
Rental value, MSEK ¹			258	215	206
Leasable area, 000s sqm ^{1,2}			152	118	119
Fair value of properties, MSEK ¹			3,847	3,122	3,042
No. of properties ¹			31	18	21
Yield, %			6.1	7.0	6.3
Economic leasing rate, % ¹			99.5	100.0	100.0
Remaining lease term, years ¹			8.9	10.5	10.2

¹ At the end of the period

² Excluding garage space

3%
of the Group's
property
value

FINLAND

The property portfolio in Finland had a value MSEK 1,101 (-), represented by five properties (-) with a rental value of MSEK 87 (-) and leasable area of 64,000 square meters (-).

Finland is the third market in which Hemfosa, in late 2015, established operations and the property portfolio there consists exclusively of community service properties, with the focus on the country's largest cities. At June 30, 2016, the property portfolio in Finland accounted for 3 percent of Hemfosa's property value. Hemfosa is working to establish a property management organization in Finland.

Development during the period

Rental income during the period amounted to MSEK 39 (-) and net operating income to MSEK 35 (-). The surplus ratio was 90 percent (-). The economic leasing rate for the segment was 100.0 percent (-). The yield was 6.7 percent, calculated on expected net operating income over a 12-month period.

During the second quarter, work on evaluating potential transactions continued and the prospects are favorable that this work will result in transactions during the second half of the year. Earlier in the year, Hemfosa acquired three community service properties in southern Finland at an underlying property value of approximately MSEK 500. Two of the properties are situated in Tampere, the country's third largest city, and contain a university building and an office building. The third property, a building housing public authorities, is located in Raahe, just south of Oulu. All of the properties are fully leased.

Finland accounted for 3 percent of rental income during the period and 4 percent of net operating income.

Segment Finland (MSEK)	Apr-Jun		Jan-Jun		Full-year
	2016	2015	2016	2015	2015
Rental income	20	-	39	-	0
Property expenses					
<i>Operations</i>	-1	-	-2	-	0
<i>Maintenance</i>	0	-	0	-	0
<i>Property tax</i>	-1	-	-2	-	0
Property administration	0	-	0	-	0
Net operating income	17	-	35	-	0
Rental value, MSEK ¹			87	-	45
Leasable area, 000s sqm ^{1,2}			64	-	37
Fair value of properties, MSEK ¹			1,101	-	512
No. of properties ¹			5	-	2
Yield, %			6.7	-	7.4
Economic leasing rate, % ¹			100.0	-	100.0
Remaining lease term, years ¹			9.0	-	8.6

¹ At the end of the period

² Excluding garage space

Current earnings capacity

The table below shows the company's current earnings capacity on a 12-month basis as of June 30, 2016. Current earnings capacity is only to be considered as a hypothetical instantaneous impression and is presented only for illustrative purposes with the aim of presenting annualized income and expenses based on property portfolio, borrowing costs, capital structure and organization at a given point in time. The data does not include the possible effects of property transactions.

Group's earnings capacity

MSEK	Jun 30, 2016
Rental income	2,576
Property expenses	-653
Property management	-69
Net operating income	1,854
Central administration	-117
Share of profit of joint ventures	127
Financial income and expenses	-413
Profit from property management	1,451

The following information was used as the basis for the assessed earnings capacity.

- Annual contractual rental income (including supplements and taking rent discounts into account), plus other property-related income on June 30, 2016 based on current leases.
- Operating and maintenance costs consist of an assessment of operating costs and maintenance measures for a standard year.
- Property tax has been calculated on the basis of the current tax assessment value of the properties and ground rent paid as of June 30, 2016.
- Costs for central administration and marketing have been calculated on the basis of the existing organization and the size of the property portfolio.
- Hemfosa's share of profit from joint ventures is calculated based on the same assumptions as for Hemfosa, taking into account the size of the share of profit.
- The assessment of earnings capacity does not assume any financial income.
- Financial expenses have been calculated on the basis of the company's actual average interest rate on June 30, 2016, which was 2.05 percent.
- The earnings capacity for the foreign operations has been restated at the exchange rate prevailing on June 30, 2016¹.

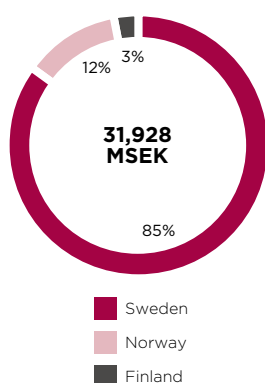
¹ The following exchange rates are applied: NOK/SEK of 1.0081 and EUR/SEK of 9.4164.

Property portfolio

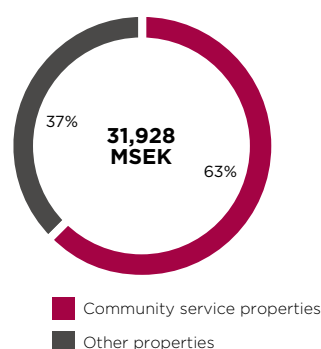
Hemfosa's property portfolio is dominated by properties of the Community service properties type but also contains Other properties. Hemfosa is working determinedly to streamline the property portfolio towards community service properties, which accounted for 63 percent of Hemfosa's property value during the period, with the aim of increasing that share. The property portfolio has also grown geographically following the acquisition of community service properties in Norway and Finland. As a result, Hemfosa considers itself a Nordic player in the market for community service properties.

As of June 30, 2016, the total property portfolio comprised 417 properties (366). The properties had a total fair value of SEK 31.9 billion (27.8), of which Community service properties accounted for SEK 20.0 billion (15.9), corresponding to 63 percent (57). The total leasable area was 2,540,000 square meters (2,536,000) with a rental value of MSEK 2,823 (2,681).

Fair value by segment
Jun 30, 2016



Fair value by property type
Jun 30, 2016



INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Investments in properties totaled MSEK 2,100 (3,625), of which property acquisitions accounted for MSEK 1,788 (3,383) and investments in the existing property portfolio for MSEK 312 (240). Streamlining of the portfolio resulted in Hemfosa divesting non-priority properties that were no longer compatible with the operations, in the form of entire portfolios and the divestment of individual properties. Divestments during the quarter totaled MSEK 847 (1,295).

Investments, acquisitions and divestments per segment, Jun 30	Sweden		Norway		Finland		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Investments in existing properties, MSEK	310	240	3	0	0	-	313	240
of which, Community service properties	131	94	3	0	0	-	134	94
Acquisition of properties, MSEK	757	436	521	2,944	509	-	1,795	3,385
of which, Community service properties	756	436	521	2,944	509	-	1,786	3,383
Divestment of properties, MSEK	-847	-1,295	0	-	0	-	-847	-1,295
of which, Community service properties	0	-293	0	-	0	-	0	-293

COMMUNITY SERVICE PROPERTIES

Hemfosa's operations focus on properties of the Community service properties type, with tenants who directly or indirectly conduct publicly financed operations, such as schools, judicial institutions, care services and public authorities. At Hemfosa, a property is defined as a Community service property if tenants who, directly or indirectly, are publicly financed account for at least 70 percent the rental income.

Community service properties contributed 61 percent (57) of Hemfosa's rental income during the period. Due to the specialization towards community service properties, Hemfosa occupies a unique position in its markets and the company has become a significant and powerful player in a short period of time. Hemfosa's strategy is to continue to grow in Community service properties, which generate stable cash flows and usually also have longer leases. At the end of the period, Community service properties accounted for 63 percent (57) of the total value of the property portfolio.

Development during the period

During the second quarter, contracts were signed for the acquisition of 13 school properties, including ten properties in the Stockholm region, two in Västerås and one in Lund. During the quarter, possession was taken of ten of the properties, with possession of the remaining three scheduled within one year. Hemfosa signed an exclusive option to conclude agreements in September 2016 concerning the acquisition of a further two school properties at a value of MSEK 320. In addition to the ten schools, one school in Motala, and a senior citizens center in Bærum municipality, Norway, were acquired during the quarter. In total, properties were acquired during the second quarter at a value of MSEK 385 and with a total leasable area of 20,000 square meters.

Earlier in the year, Hemfosa acquired 15 community service properties at a value of SEK 1.4 billion and with a total leasable area of 72,000 square meters. In Sweden, three community service properties were acquired in which the tenants conduct school, healthcare and general care services. In Norway during the first quarter, nine community service properties that constitute the Statens Park area of the municipality of Tønsberg, south of Oslo, were acquired at an underlying property value of about MSEK 414. The properties comprise some 30,000 square meters of leasable area and sites covering about 42,000 square meters of land, with one of the sites detailed planned for a new building. In Finland, three community service properties were acquired at an underlying property value of approximately MSEK 500. Two of the properties are situated in Tampere, the country's third largest city, and contain a building at the University of Tampere and an office building that is fully leased to the Finnish Tax Administration. The third property, a building housing public authorities, is located in Raahe, just south of Oulu, and contains the police authority, the prosecution authority and the enforcement authority.

Key figures per property category, Jun 30	Community service properties											
	School		Offices		Judicial system		Care services		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Rental value, MSEK	514	453	537	529	338	233	282	214	9	8	1,681	1,438
Leasable area ¹ 000s sqm	392	343	421	401	243	188	249	193	10	9	1,314	1,134
Fair value properties, MSEK	6,390	4,919	5,999	4,729	3,997	3,624	3,499	2,509	124	100	20,010	15,882
No. of properties	68	51	50	41	40	38	106	57	7	6	271	193
Yield ² , %											5.9	6.3
Financial occupancy rate, %											94.6	95.3
Remaining lease term, years											7.0	6.9

¹ Excluding garage space

² According to earnings capacity

OTHER PROPERTIES

Other properties are all properties that cannot be defined as Community service properties and these mainly consist of office and logistics buildings and warehouses. This property type accounted for 39 percent (43) of Hemfosa's rental income during the period.

Hemfosa's office properties that cannot be classified as Community service properties are located centrally in primarily the two metropolitan regions of Stockholm and Gothenburg, and also in such growth municipalities as Västerås, Karlstad, Sundsvall, Umeå and Luleå.

The logistics buildings and warehouses are mainly found in attractive locations close to major European grade highways, near key transportation hubs, mainly in southern and central Sweden. Hemfosa's logistics properties include a predominant share of modern logistics buildings with a highly flexible range of applications.

Development during the period

During the second quarter, the property portfolio continued to be streamlined and 11 properties in the Other properties segment were sold at an underlying property value of MSEK 526. The largest divestment pertained to four logistics properties with a total of 86,000 square meters of leasable area. Earlier in the year, five residential properties in Gävle were divested as well as five separate nonpriority properties. In total, properties were divested during the period at a value of MSEK 847. All divested properties were located in Sweden.

Key figures per property category, Jun 30	Other properties							
	Offices		Logistics/ Storage		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Rental value, MSEK	673	698	262	295	206	250	1141	1,243
Leasable area ¹ 000s sqm	563	607	426	515	237	280	1226	1,402
Fair value of properties, MSEK	6,792	6,412	3,233	3,351	1,894	2,154	11,918	11,917
No. of properties	64	76	29	34	53	63	146	173
Yield ² , %							5.7	5.9
Economic leasing rate, %							86.1	86.1
Remaining lease term, years							4.5	4.2

1 Excluding garage space

2 According to earnings capacity

MARKET VALUE OF PROPERTY PORTFOLIO

The market value of Hemfosa's investment properties has been assessed by external, independent property appraisers, with relevant, professional qualifications and with experience both in the area and in the category of properties being appraised. The independent appraisers provide the market value of the Group's portfolio of investment properties for each quarter.

Valuation techniques

The value of the properties has been assessed based on a market-adapted cash-flow estimate in which, by simulating the calculated future income and expenses, an analysis has been made of the market's expectations with respect to the valuation object.

The yield requirement used in the estimate derives from sales of comparable properties. Significant factors when selecting the required yield 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 and rent level, as well as vacancy rates. For each property, a cash flow is prepared that extends at least five years into the future. With respect to income, current leases are used. For vacant spaces, an estimate is performed by individually assessing each property. The inflation assumption for Sweden is 1.0 percent for 2016 and 2.0 percent thereafter. For Norway, the inflation assumption is 2.5 percent and for Finland it is 1.0 percent during 2016 and 2017, 1.5 percent during 2018 and 2.0 percent thereafter. Property expenses are estimated on the basis of annual historical trends. 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.

The weighted yield requirement was 6.4 percent (6.7), compared with an average yield requirement of 6.4 percent at March 31, 2016. The weighted cost of capital for calculating the present value of the cash flow and the residual value was 7.5 percent (7.9) and 8.5 percent (8.8), respectively.

Hemfosa's property portfolio was valued at MSEK 31,928 (27,800). The total change in value during the period was MSEK 2,375 (3,082), of which MSEK 1,795 (3,385) pertained to acquired properties, MSEK 313 (240) to value-enhancing investments in the properties, MSEK 33 (94) to realized changes in value and MSEK 897 (658) to unrealized changes in value. Properties at a value of MSEK 847 (1,295) were divested during the period. Translation differences for the period amounted to MSEK 186 (-), attributable to acquisitions in Norway and Finland.

Change in the property portfolio's fair value per segment, Jun 30	Sweden		Norway		Finland		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Opening value for the year	25,999	24,718	3,042	-	512	-	29,553	24,718
Acquired properties	757	441	521	2,944	516	-	1,795	3,385
Investments in existing properties	310	240	3	-	0	-	313	240
Divested properties	-847	-1,295	0	-	0	-	-847	-1,295
Realized changes in value in profit for the period	33	94	0	-	0	-	33	94
Unrealized changes in value in profit for the period	728	480	112	178	55	-	897	658
Translation differences	0	-	169	-	17	-	186	-
Closing fair value	26,980	24,678	3,847	3,122	1,101	-	31,928	27,800

Shares in joint ventures

At June 30, 2016, Hemfosa was a partner in four joint ventures. Ownership is governed by shareholders' agreements giving both owners equal power of decision, meaning that neither partner has a controlling influence. Hemfosa recognizes the holdings as shares and shares in joint ventures, in the Statement of financial position. Share of profit of joint ventures is recognized in the Group's profit from property management, but is not included in Hemfosa's dividend-based profit.

MSEK	Söderport Holding AB		Gardermoen Utvikling AS		Other companies'		Total	
	Jun 30		Jun 30		Jun 30		Jun 30	
	2016	2015	2016	2015	2016	2015	2016	2015
Capital share	824	719	361	86	25	30	1,210	835
Shareholding, %	50	50	65	65	50	50		
Share in profit, Jan-Jun	101	100	0	0	0	0	101	100
<i>Of which:</i>								
Profit from property management	60	60	0	0	-0	-0	60	60
Changes in value of properties	102	63	-	-	-	-	102	63
Changes in value of financial instruments	-39	23	-	-	-	-	-39	23
Deferred tax	-24	-23	-	-	-	-	-24	-23
Other	2	-23	-	-	-	-	2	-23

SÖDERPORT HOLDING AB

Hemfosa and AB Sagax each own 50 percent of Söderport Holding AB. At June 30, 2016, Söderport owned properties valued at approximately SEK 5.6 billion (5.5) with a focus in the Stockholm and Gothenburg areas. Hemfosa's share in the profit of Söderport for the period was MSEK 101 (100), of which MSEK 60 (60) pertained to profit from property management, MSEK 97 (63) to changes in the value of the property portfolio, MSEK -39 (23) to changes in the value of financial instruments, MSEK -24 (-23) to deferred tax and MSEK 2 (-23) to other items.

Söderport divested one property in Malmö. The 13,000-square-meter property has been empty since October 2015. Söderport has initiated the preparation of a new zoning plan allowing conversion into residential units, which has become legally effective. The underlying property value is MSEK 170.

At June 30, 2016, Söderport owned 49 properties.

Söderport Holding AB

MSEK	Jun 30	
	2016	2015
Rental revenue Jan-Mar	270	264
Comprehensive income Jan-Mar	182	270
of which, Hemfosa's share (50%)	91	135
Market value of properties	5,582	5,546
Interest-bearing loans	3,219	3,417
Deferred tax liability	284	160
Derivatives, negative value	487	421
Equity	1,647	1,499
of which, Hemfosa's share (50%)	824	750
No. of properties	49	73
Leasable area, 000s of sqm	640	749

GARDERMOEN CAMPUS UTVIKLING AS

Hemfosa owns Gardermoen Campus Utvikling AS (GCU) jointly with Aspelin Ramm Eiendom AS, a Norwegian development company.

The purpose of GCU is to own and develop an area at Gardermoen Airport, near Oslo, into an important national hub for expertise in health and social care. GCU manages about 12.5 hectares of land, with a zoning plan covering about half of the area. The zoning plan has approved construction on up to 68,000 square meters. GCU is Hemfosa's largest development project and is the first of its kind for the company in terms of focus. The initiative is fully in line with Hemfosa's strategy: to focus on community service properties with stable cash flows and to capitalize on opportunities in a fluid property market.

The first phase of the investment in GCU comprises the design and construction of a specialist hospital. GCU has signed a 25-year lease with Landsforeningen for Hjerte og Lungesyke (LHL). LHL will co-locate the operations of two existing specialist hospitals to the new hospital when construction is completed. Construction of the hospital commenced in 2015 and is scheduled for completion in January 2018.

In late 2015, GCU signed an agreement with the Municipality of Ullensaker concerning the construction of a new local medical center adjacent to LHL's hospital. The project area is some 8,000 square meters and completion is scheduled for January 2018. The municipality has signed a 30-year lease. The property is fully leased. Construction work will start in August 2016.

At June 30, 2016, Hemfosa's investment in GCU amounted to MSEK 361.

Hemfosa's share of the joint venture has been classified in accordance with IAS 28. Although Hemfosa owns most of the shares in GCU, the company has no controlling influence over significant shareholder issues. According to the shareholder agreement, operational decisions require consensus on GCU's Board of Directors and the project planners approved by the Board control all details in the progress of the projects.

Gardermoen Campus Utvikling AS

MSEK	Jun 30	
	2016	2015
Incurring costs	599	346
Interest-bearing loans	106	0
Equity	532	132
of which, Hemfosa's share (65%)	346	86
No. of properties	2	1

OTHER SHARES IN JOINT VENTURES

Hemfosa and Smebab Kommersiellt Holding AB each own 50 percent of a company in the Skanska Group, Gästgivaregatan Holding AB. Gästgivaregatan is a project development company formed to develop and add value to the Tellus 4 commercial property in Södertälje. Plans have been drawn up for the renovation and refurbishment of the commercial premises, on a total area of about 10,000 square meters.

Hemfosa also owns shares in Strängnäs Culmen II AB. The company does not conduct any operations.

Financing

SHAREHOLDERS' EQUITY

On June 30, 2016, Hemfosa's shareholders' equity amounted to MSEK 13,236 (9,524), corresponding to an equity/assets ratio of 38.7 percent (32.4). Hemfosa's financial target is to have an equity/assets ratio that exceeds 30 percent. The Parent Company's shareholders' equity amounted to MSEK 10,119 (8,169) at June 30, 2016.

During the quarter, Hemfosa implemented a rights issue that contributed MSEK 1,814 to the company before deductions for issuance costs. In connection with the rights issue, the number of ordinary shares was increased by 26,288,041 from 131,440,208 to 157,728,249.

At the end of the period, MSEK 166 had been paid of the dividends adopted by the 2016 AGM and the remaining dividends have been entered as a liability in the Statement of financial position.

Net asset value (EPRA NAV) per share was SEK 81.58 (65.43).

INTEREST-BEARING LIABILITIES

All amounts recognized as liabilities in this chapter represent undiscounted amounts. The interest-bearing liabilities in the Statement of financial position include arrangement fees totaling MSEK 57 (67) and these must therefore be taken into account to attain uniformity between tables and recognized liabilities in the Statement of financial position

The rights issue of ordinary shares resulted in issue proceeds of MSEK 1,814. During the quarter, capital was employed through the temporary repayment of existing revolving loans, which had a short-term positive impact on interest expenses. The issue proceeds will be utilized in coming acquisitions.

At June 30, 2016, Hemfosa's interest-bearing liabilities totaled MSEK 18,551 (17,765), of which MSEK 17,318 (16,652) pertained to loans from credit institutions, MSEK 1,200 (1,200) to bond loans, MSEK 14 (18) to vendors' mortgages and MSEK 19 (19) to other liabilities. Hemfosa has a revolving credit facility of MSEK 1,300 (1,300, of which MSEK 1,300 (520) was unutilized at the end of the period. In addition, there is an approved overdraft facility of MSEK 400 that has not yet been disbursed to the company. The Group also has overdraft facilities totaling MSEK 390 (325), which were unutilized at June 30, 2016. In addition, the Group has loans raised in NOK pertaining to the property portfolio in Norway, as well as loans raised in EUR for the Finnish property portfolio.

The Group's interest-bearing liabilities to external creditors corresponded to 57.9 percent (63.9) of the fair value of the property portfolio. At June 30, 2016, the average interest rate was 2.05 percent (2.23). In some cases, the Group has entered into loan agreements with an interest-rate floor provision, meaning that STIBOR 3 months cannot be negative. Due to these loan agreements, Hemfosa is not able to fully capitalize on the lower interest rates.

Fixed-rate term distributed by instruments at June 30, 2016

	Credit facilities, MSEK	Swaps, MSEK	Interest-rate cap, MSEK	Amount, MSEK	Proportion, %
<1 year	17,576	-4,726	-3,923	8,928	48%
1-2 years	905	385	384	1,674	9%
2-3 years	0	3,661	3,122	6,783	37%
3-4 years	30	679	0	709	4%
4-5 years	0	0	417	417	2%
>5 years	40	0	0	40	0%
Total	18,551	0	0	18,551	100%

Agreements entered into for interest-rate swaps and interest-rate caps with a total volume of MSEK 8,649 have been taken into account in contractual interest rates and terms. The underlying loans carry a floating interest rate that is mainly based on STIBOR 3 months.

Hemfosa mainly works with floating interest rates in its loan agreements and manages interest-rate risk through interest-rate swaps and interest-rate caps. By limiting the interest-rate risk, the predictability of Hemfosa's profit from property management increases, and changes in interest rates have less impact on the Group's interest expenses. On June 30, 2016, the nominal value of Hemfosa's outstanding interest-rate swaps amounted to MSEK 4,726 (6,733) and interest-rate caps to MSEK 3,923 (1,056). Taking into account the fixed-income derivatives entered into and the interest-rate caps, together with the loans that carry fixed interest rates, 55.6 percent (51.3) of Hemfosa's loan portfolio is interest-rate hedged. At the end of the period, the average remaining fixed-rate term was 1.4 years (1.4).

Fixed-rate term, interest-rate swaps at June 30, 2016

	Nominal amount, MSEK	Average interest rate, interest-rate swaps, %	Market value, MSEK
<1 year	0	0%	0
1-2 years	385	0.1%	-4
2-3 years	3,661	1.1%	-110
3-4 years	679	1.3%	-16
4-5 years	0	0%	0
>5 years	0	0%	0
Total	4,726	1.0%	-130

During the quarter, the net change in interest-bearing liabilities was MSEK -1,398 (119). The change was attributable to newly raised loans totaling MSEK 62 pertaining to properties in Norway that have been taken into possession and to refinancing of MSEK 1,582. Repayments during the quarter totaled MSEK 3,097 (511), divided among MSEK 1,229 for repayment of credit facilities, MSEK 305 for repayment in connection with sales of properties, MSEK 1,527 for refinancing and MSEK 36 for ongoing repayment under loan agreements. The remainder of the net change resulted from exchange-rate changes of MSEK 55 (-). As apparent from the table below, no loans fall due for repayment during the remainder of 2016.

At the end of the period, the total fair value of interest-rate swaps and interest-rate caps and swaps was MSEK -128 (-154). The average loan maturity term was 2.6 (2.9) years. All interest-rate swaps had a negative fair value at June 30, 2016.

Maturity structure, interest-bearing liabilities at June 30, 2016

	Nominal amount, MSEK	Proportion, %	Loan interest, MSEK	Net interest, derivatives, MSEK ¹⁾	Total, MSEK
2016	0	0%	169	26	195
2017	5,266	28%	295	51	346
2018	6,380	34%	229	40	270
2019	2,677	14%	112	3	115
2020	3,392	18%	42	0	42
2021-	836	5%	48	0	48
Total	18,551	100%	895	120	1,015

¹ The net rate in the table is attributable to swaps with negative value, according to IAS 39.

Other disclosures

EMPLOYEES

At June 30, 2016, the number of employees was 64 (59), of whom 27 (26) were women. Hemfosa has offices in Nacka (head office), Gothenburg, Hårnösand, Karlskrona, Karlstad, Kristianstad, Sundsvall, Västerås, Värnamo, Växjö and Oslo.

During the second quarter, a head of properties was appointed in Norway. Establishment of a property management organization is under way in Helsinki.

Hemfosa announced in July that the company has employed Joacim Sjöberg as a new senior executive and the Board of Directors has appointed him Deputy CEO of Hemfosa Fastigheter AB. This appointment is an additional step in the company's efforts to strengthen its Executive Management Team and to facilitate long-term, controlled succession planning. Joacim Sjöberg currently serves as Head of Corporate Finance at Swedbank and he will assume his new position in October 2016.

Provided he receives the approval of the Board, CEO Jens Engwall intends to hand over operational management of the company to Joacim Sjöberg prior to the end of 2017. Thereafter, Jens Engwall intends to remain at the disposal of the company as a Board member of Hemfosa Fastigheter and retain a significant shareholding in the company.

SIGNIFICANT RISKS AND UNCERTAINTIES FOR THE GROUP AND PARENT COMPANY

Hemfosa is continuously exposed to various risks, which could be significant to the company's future operations, earnings and financial position. Financing, organizational structure and work processes are key risk areas for Hemfosa, which continuously works in a structured manner in its management of these and other risks and uncertainties. More information about Hemfosa's risks and management of these is available in the 2015 Annual Report on pages 36–39 and 86–88.

Due to the acquisition of properties in Norway and Finland, the Group is currently exposed to currency risk. Currency risks pertain to investments, income and expenses in foreign currency, in which the currency fluctuations impact profit/loss and other comprehensive income for the year. Hemfosa's currency risk has been identified to arise in part in connection with shareholders' equity in foreign subsidiaries and in part in connection with net flows in foreign currency, as well as in connection with acquisitions and divestments of foreign companies and properties when the transactions are frequently negotiated and agreed in the period prior to taking or handing over possession and Hemfosa is exposed to currency fluctuations in the intermediary period. Accordingly, Hemfosa is exposed to both currency flows and changes in exchange rates. The company has not entered into any currency hedges to date but is continuously working on the issue, and it is not impossible that the company could enter into currency hedges from time to time.

Sensitivity analysis, June 30, 2016

	Change, %	Earnings effect, MSEK
Contractual rental income according to earnings capacity	+/- 1	+/- 26
Economic leasing rate according to earnings capacity	+/- 1	+/- 26
Property expenses according to earnings capacity	+/- 1	+/- 7
Net operating income according to earnings capacity	+/- 5	+/- 93
Changes in SEK/NOK exchange rates	+/- 10	+/- 121
Change in SEK/EUR exchange rate	+/- 10	+/- 41
Interest expenses assuming current fixed-interest periods and changed interest rates ¹	+/- 1	+47 /-26
Interest expenses assuming change in average interest rate level ²	+/- 1	-/+186
Remeasurement of fixed-income derivatives resulting from shift in interest rate curves	+/- 1	+/-120

1 Taking into account derivative agreements

2 Not taking into account derivative agreements

THE SHARE AND SHAREHOLDERS

The company's ordinary share has been listed on Nasdaq Stockholm, Mid Cap, since March 21, 2014 under the ticker symbol "HEMF." The company's preference share has been listed on NASDAQ Stockholm, Mid-Cap, since December 12, 2014 under the ticker symbol "HEMF PREF."

The company has implemented a rights issue, for which the subscription period ended on 10 May 2016. The issue was fully subscribed. Through the rights issue, Hemfosa's share capital was increased by SEK 13,144,020.50 and thereafter amounts to SEK 84,364,124.

At June 30, 2016, the number of Hemfosa shares was 168,728,248, of which 157,728,249 were ordinary shares and 10,999,999 preference shares. The number of voting rights totaled 158,828,248.9. Each ordinary share carries one voting right and each preference share one tenth of a voting right.

The closing price paid on June 30, 2016 was SEK 86.50 for ordinary shares and SEK 162.00 for preference shares. Total market capitalization was MSEK 15,425. At June 30, 2016, Hemfosa had 16,299 shareholders, of whom Swedish investors, institutions and private individuals owned 62.6 percent of the shares and 60.8 percent of the votes. International institutional investors owned 37.4 percent of the shares and 39.2 percent of the votes.

Owner distribution, June 30, 2016

Owners	Number of shares		Percentage of	
	Ordinary shares	Preference shares	Share capital	Votes
Fourth AP Fund	15,861,799	-	9.4%	10.0%
Länsförsäkringar Fondförvaltning AB	11,116,726	-	6.6%	7.0%
Kåpan Pensioner	8,236,274	-	4.9%	5.2%
AMF Försäkring and Funds	8,122,742	-	4.8%	5.1%
Swedbank Robur Funds	7,605,341	300,000	4.7%	4.8%
Lannebo funds	6,964,901	-	4.1%	4.4%
Handelsbanken Fonder AB RE JPMEL	6,075,784	-	3.6%	3.8%
JPM Chase NA	3,974,715	98,789	2.4%	2.5%
Board and Management	7,957,244	16,000	4.7%	5.0%
Others	81,812,723	10,585,210	54.8%	52.2%
Total	157,728,249	10,999,999	100.0%	100.0%

ANNUAL GENERAL MEETING 2016

The company held its Annual General Meeting (AGM) on May 19, 2016, at the Hotell Rival, in Stockholm. At the AGM, the income statement and balance sheets were adopted for the Parent Company and the Group for the 2015 fiscal year. The Board of Directors and the CEO were discharged from liability for the 2015 fiscal year.

The AGM resolved to pay a dividend of SEK 4.20 per ordinary share for the 2015 fiscal year, with quarterly payment of SEK 1.05 per ordinary share. The record dates for the distribution of dividends on the ordinary share are April 21, 2016, July 10, 2016, October 10, 2016 and January 10, 2017.

The AGM also resolved to pay a dividend of SEK 10.00 per preference share, with quarterly payment of SEK 2.50 per preference share. The record dates for the distribution of dividends on the preference share are July 10, 2016, October 10, 2016, January 10, 2017 and April 10, 2017.

The dividend according to the above totals SEK 662,048,864.

The AGM resolved in accordance with the Board's decision of March 14, 2016 to increase the share capital through the issue of new ordinary shares with preferential right for holders of ordinary shares in respect of issue proceeds not exceeding a total of MSEK 1,814 before issue expenses. The intention is to use the issue proceeds for property acquisitions, which are continuously evaluated by the company in its day-to-day operations, and for investments in the existing property portfolio.

The AGM resolved to authorize the Board of Directors on one or more occasions during the period up to the following AGM, either applying or disapplying the existing shareholders' preferential rights, to decide on the issuance of new ordinary shares. The total number of ordinary shares that will be issuable pursuant to this authorization may not exceed 10 percent of the total number of ordinary Hemfosa shares at the time of exercising the authorization.

The AGM resolved on the composition of and fees for the Board of Directors in accordance with the Nomination Committee's proposal and re-elected Board members Bengt Kjell, Jens Engwall, Anneli Lindblom, Caroline Sundewall and Ulrika Valassi. Per-Ingemar Persson was elected as a new Board member. Bengt Kjell was elected Chairman of the Board. The registered

accounting firm, KPMG AB, was re-elected as the company's auditor for the period ending at the end of the next AGM. KPMG AB has appointed Björn Flink as Auditor in Charge.

ASSURANCE BY THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the Chief Executive Officer give their assurance that this interim report provides a fair account of the company's and the Group's operations, financial position and earnings, and describes material risks and uncertainties facing the company and the companies included in the Group.

Nacka, July 21, 2016
Hemfosa Fastigheter AB (publ)
(Corp. Reg. No. 556917-4377)

Bengt Kjell Chairman of the Board	Jens Engwall Chief Executive Officer	Anneli Lindblom Board member
Per-Ingemar Persson Board member	Caroline Sundewall Board member	Ulrika Valassi Board member

This interim report has not been audited.

This interim report is a translated version of the Swedish original.

The information in this press release information is such that Hemfosa Fastigheter AB is obligated to disclose in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was issued for publication under the auspices of the CEO on July 21, 2016 at 7:30 a.m.

REPORTING DATES

Interim report January-September 2016	November 9, 2016
Year-end report January-December 2016	February 17, 2017
Annual Report for 2016	Week 13, 2017
Interim report, January-March 2016	April 25, 2017

CONTACT INFORMATION

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Condensed financial statements

Consolidated statement of profit/loss and comprehensive income

MSEK	Apr-Jun		Jan-Jun		Full-year
	2016	2015	2016	2015	2015
Rental income	642	615	1,292	1,203	2,443
Property expenses including property administration	-210	-186	-432	-407	-773
Net operating income	432	429	860	797	1,670
Central administration	-38	-33	-64	-60	-112
Other operating income and costs	7	1	16	-2	0
Share of profit of joint ventures	61	64	100	100	255
Financial income and expenses	-109	-115	-219	-221	-450
Profit from property management	352	346	693	613	1,363
Changes in value of properties, realised	12	23	33	94	91
Changes in value of properties, unrealised	419	335	897	658	1,409
Changes in value of financial instruments, realised	0	0	0	0	3
Changes in value of financial instruments, unrealised	5	31	-26	-21	-45
Profit before tax for the year	788	735	1,596	1,343	2,821
Current tax	0	1	-3	-1	-5
Deferred tax	-85	-65	-236	-160	-478
Profit for the year	703	670	1,357	1,177	2,339
Other comprehensive income					
<i>Items that have or could be transferred to profit for the period</i>					
Translation differences for the period when translating foreign operations	40	-6	65	-43	-131
Comprehensive income for the year	743	664	1,422	1,139	2,207
<i>Profit/loss for the year attributable to:</i>					
Parent Company shareholders	699	653	1,353	1,173	2,324
Non-controlling interests	3	17	4	9	15
Profit for the year	703	670	1,357	1,182	2,339
<i>Profit/loss for the year attributable to:</i>					
Parent Company shareholders	740	647	1,418	1,130	2,191
Non-controlling interests	3	17	4	9	16
Comprehensive income for the year	743	664	1,422	1,139	2,207
Net profit per ordinary share, before and after dilution, SEK	4.62	4.62	9.37	8.21	16.28

Consolidated statement of financial position

MSEK	Jun 30		Dec 31
	2016	2015	2015
ASSETS			
Investment property	31,928	27,800	29,553
Shares in joint ventures	1,210	835	1,075
Shares in associated companies	54	-	-
Other fixed assets	19	14	7
Total fixed assets	33,211	28,649	30,635
Current receivables	241	255	82
Cash and cash equivalents	745	455	732
Total current assets	986	710	814
TOTAL ASSETS	34,198	29,359	31,449
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to parent company shareholders	13,219	9,521	10,737
Non-controlling interests	17	2	12
Equity	13,236	9,523	10,749
Non-current interest-bearing liabilities	15,448	17,544	17,228
Other non-current liabilities	133	128	106
Deferred tax liabilities	926	598	701
Total non-current liabilities	16,507	18,270	18,035
Current interest-bearing liabilities	3,047	221	1,670
Other current liabilities	1,408	1,344	994
Total current liabilities	4,455	1,566	2,664
Total liabilities	20,962	19,835	20,699
TOTAL EQUITY AND LIABILITIES	34,198	29,359	31,449

Consolidated statement of changes in equity shareholders' equity

MSEK	Shareholders' equity attributable to Parent Company shareholders						Total Shareholders' equity
	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit for the year	Total	Non-controlling interests	
Opening equity, Jan 1, 2015	71	5,549	-	3,317	8,938	12	8,949
Transactions with the Group's shareholders, Jan-Jun 2015							
Contributions from and distributions to shareholders							
Issuance expenses	-	-2	-	-	-2	-	-2
Dividend, preference shares	-	-	-	-150	-150	-	-150
Dividend, ordinary shares	-	-	-	-394	-394	-	-394
Changes in interests in subsidiaries							
Divestment of part-owned subsidiary	-	-	-	-	-	-19	-19
Total transactions with the Group's shareholders	-	-2	-	-544	-546	-19	-565
Comprehensive income Jan-Jun 2015	-	-	-43	1,173	1,130	9	1,139
Closing equity, Dec 31, 2015	71	5,547	-43	3,947	9,522	2	9,523
Transactions with the Group's shareholders, Jul-Dec 2015							
Contributions from and distributions to shareholders							
New share issue, preference shares	1	165 ¹	-	-	166	-	166
Dividend, preference shares	-	-	-	-7	-7	-	-7
Dividend, ordinary shares	-	-	-	-	-	-	-
Changes in interests in subsidiaries							
Acquisition of subsidiaries with non-controlling interests	-	-	-	-4	-4	4	-
Total transactions with the Group's shareholders	1	165	-	-11	155	4	159
Comprehensive income Jan-Jun 2015	-	-	-89	1,149	1,060	7	1,067
Closing equity, Dec 31, 2015	71	5,713	-132	5,084	10,737	12	10,749
Opening equity, Jan 1, 2016	71	5,713	-132	5,084	10,737	12	10,749
Transactions with the Group's shareholders, Jan-Jun 2016							
New issue, ordinary shares	13	1,796 ²	-	-	1,809	-	1,809
Dividend, preference shares	-	-	-	-110	-110	-	-110
Dividend, ordinary shares	-	-	-	-635	-635	-	-635
Total transactions with the Group's shareholders	13	1,796	-	-745	1,064	-	1,064
Comprehensive income, Jan-Jun 2016	-	-	65	1,353	1,418	4	1,422
Closing equity, Jun 30, 2016	84	7,509	-67	5,692	13,220	16	13,236

1 Preference share capital constitutes SEK 162.85 per preference share, totaling MSEK 1,791.

2 The amount includes costs totaling MSEK 5 for raising capital.

Statement of cash flow for the Group

MSEK	Apr-Jun		Jan-Jun		Full-year
	2016	2015	2016	2015	2015
Operating activities					
Profit from property management	352	346	693	613	1,363
Adjustments for items not included in cash flow	-60	-65	-100	-101	-264
Income tax paid	-12	0	-12	-8	0
Cash flow from operating activities before changes in working capital	280	281	581	504	1,100
Cash flow from changes in working capital					
Changes in operating receivables	95	40	-160	-205	22
Changes in operating liabilities	-253	-168	-7	237	98
Cash flow from operating activities	121	153	414	536	1,220
Cash flow from investing activities					
Acquisition of investment properties	-12	-214	-21	-16	-103
Divestment of investment properties	-	1	7	5	45
Investments in existing properties	-166	-145	-313	-241	-566
Acquisition of subsidiaries	-405	-2,148	-1,778	-3,383	-4,491
Divestment of subsidiaries	509	839	803	1,256	1,378
Acquisition of joint ventures and associated companies	-53	-86	-53	-86	-221
Other	59	-45	-32	-42	14
Cash flow from investing activities	-68	-1,598	-1,388	-2,506	-3,943
Cash flow from financing activities					
New share issue	1,809	-	1,809	-	165
Loans raised	1,526	2,670	2,517	3,251	4,240
Repayment of loans	-2,997	-1,198	-3,052	-1,246	-1,101
Redemption of existing swap agreements	-	-	-	-	-43
Dividend paid to shareholders	-166	-124	-292	-174	-399
Cash flow from financing activities	173	1,349	982	1,832	2,862
Cash flow for the period/year	225	-96	9	-138	138
Exchange-rate difference in cash and cash equivalents	3	0	4	0	0
Cash and cash equivalents at the beginning of the year	517	551	732	594	594
Cash and cash equivalents at period/year-end	745	455	745	455	732

NOTE 1 SEGMENT INFORMATION

MSEK	Sweden Jan-Jun		Norway Jan-Jun		Finland Jan-Jun		Total Jan-Jun	
	2016	2015	2016	2015	2016	2015	2016	2015
Rental income	1,130	1,113	123	90	39	-	1,292	1,203
Property expenses								
<i>Operations</i>	-243	-234	-1	0	-2	-	-246	-234
<i>Maintenance</i>	-97	-80	-1	0	0	-	-99	-80
<i>Property tax</i>	-42	-44	-1	-1	-2	-	-45	-46
Property management	-41	-46	-1	0	0	-	-42	-46
Net operating income	707	709	119	88	35	-	860	797
Central administration							-64	-60
Other operating income and costs							16	-2
Share of profit of joint ventures							101	100
Financial income and expenses							-219	-222
Profit from property management							693	613
Changes in value of properties							930	752
Changes in value of financial instruments							-26	-21
Profit before tax for the year							1,596	1,343

NOTE 2 ACCOUNTING POLICIES

This condensed interim report for the Group has been prepared in accordance with International Accounting Standards (IAS) 34 Interim Reporting, as well as applicable regulations of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, Chapter 9, Interim Reports. For the Group and Parent Company, the same accounting policies and calculation basis were used as in the most recent Annual Report. All amounts in this interim report are stated in millions of kronor (MSEK), unless otherwise stated. The amounts in parentheses pertain to the year-earlier period. Rounding-off differences may occur. As of July 3, 2016, the guidelines of ESMA (European Securities and Markets Authority) are applied – Alternative Performance Measures. In accordance with these guidelines, disclosures have been extended to include financial measures not defined by IFRS, see Glossary on page 32.

NOTE 3 ESTIMATES AND JUDGMENTS

The preparation of interim reports requires that company management make judgements and estimates, as well as assumptions, that affect the financial statements. Important estimates and judgments are presented in Note 25 to the 2015 Annual Report.

NOTE 4 FINANCIAL INSTRUMENTS

Hemfosa measures its financial instruments at fair value or amortized cost in the Statement of financial position, depending on the classification of the instrument. Financial instruments include rent receivables, derivative instruments and cash and cash equivalents among assets and interest-bearing liabilities, derivative instruments and accounts payable among liabilities. Derivative instruments are recognized at fair value following Level 2 measurement. Hemfosa has binding framework agreements, known as ISDAs, covering its trading in derivatives, which enable Hemfosa to offset financial liabilities against financial assets should, for example, a counterparty become insolvent; these are also known as netting agreements. No offsetting occurs at present.

Financial instruments, MSEK	Carrying amount		Fair value	
	Jun 30, 2016	Jun 30, 2015	Jun 30, 2016	Jun 30, 2015
Assets measured at fair value	2	2	2	2
Assets measured at amortized cost	759	481	759	481
Liabilities measured at fair value	130	126	130	126
Liabilities measured at amortized cost	18,565	17,835	18,565	17,835

NOTE 5 FINANCING

For information on changes in financing, reference is made to pages 20–21 in this interim report.

NOTE 6 RELATED-PARTY TRANSACTIONS

The Group owns shares in joint ventures; refer to pages 18–19 of this interim report. At June 30, 2016, the Group had sureties of MSEK 131 (-) for the liabilities of joint ventures. At June 30, 2016, the Group had no receivables from joint ventures.

NOTE 7 SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

A Deputy CEO has been appointed, at the same time as CEO Jens Engwall plans to step down from his operational position prior to the end of 2017; also refer to page 23 Employees. Hemfosa acquired a care property in the Stockholm area with an underlying value of MSEK 195. Hemfosa also acquired an office property with an underlying property value of MSEK 84 in Fredrikstad Municipality in Norway, with the municipality as the largest tenant. Both acquisitions are of the Community Service property type.

Income statement for the Parent Company

MSEK	Apr-Jun		Jan-Jun		Full-year
	2016	2015	2016	2015	2015
Net sales	8	14	16	27	53
Other external costs	-9	-8	-20	-18	-33
Personnel expenses	-8	-10	-13	-16	-30
Depreciation/amortization	0	0	0	0	0
Operating profit/loss	-9	-4	-17	-7	-10
Profit from shares in Group companies	-	-	-	-	850
Interest income and similar items	8	91	19	180	286
Interest expenses and similar expense items	-9	-21	-18	-65	-173
Profit after financial items	-10	66	-16	109	953
Appropriations					
Group contributions received and paid	110	-	110	0	-187
Profit after appropriations	100	66	94	109	765
Tax	-24	-	-24	-	-
Profit for the year	76	66	70	109	765

Statement of profit/loss and other comprehensive income for the Parent Company

MSEK	Apr-Jun		Jan-Jun		Full-year
	2016	2015	2016	2015	2015
Profit for the year	76	66	70	109	765
Other comprehensive income for the year					
<i>Items that have or could be transferred to profit for the period</i>					
Translation differences for the period when translating foreign operations	-	-	-	-	-
Comprehensive income for the year	76	66	70	109	765

For the January - June 2016 period, the Parent Company recognized profit after tax of MSEK 76 (149). The Parent Company's fee during the period for central and property administrative services on behalf of Group companies was MSEK 16 (27). The Parent Company's investments in operations outside Sweden resulted in exchange-rate gains of MSEK 14 (loss: 40), which are recognized in interest income or interest expense and similar income statement items.

Balance sheet for the Parent Company

MSEK	Jun 30		Dec 31
	2016	2015	2015
ASSETS			
Tangible assets	1	0	0
Participations in Group companies	4,493	2,886	3,527
Non-current receivables from Group companies	796	5,491	523
Deferred tax asset	1	-	24
Total fixed assets	8,290	8,377	4,074
Current receivables from Group companies	6,612	2,669	7,103
Other current receivables	72	27	13
Cash and bank balances	6	12	286
Total current assets	6,690	2,708	7,402
TOTAL ASSETS	11,980	11,085	11,476
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity	84	71	71
Unrestricted equity	10,034	8,098	8,913
Equity	10,119	8,169	8,985
Bond	-	1,200	1,200
Non-current liabilities to Group companies	27	75	-
Total non-current liabilities	27	1,275	1,200
Bond	1,200	-	-
Current liabilities to Group companies	-	1,196	1,101
Other current liabilities	634	445	190
Total current liabilities	1,834	1,641	1,291
Total liabilities	1,861	2,916	2,491
TOTAL EQUITY AND LIABILITIES	11,980	11,085	11,476
Pledged assets and contingent liabilities			
<i>Pledged assets</i>			
Participations in Group companies	4,493	2,886	3,527
<i>Contingent liabilities</i>			
Sureties for liabilities in Group companies	13,653	11,951	12,639
Sureties for liabilities in joint ventures	131	-	-

At June 30, 2016, the Parent Company had shareholders' equity totaling MSEK 10,119 (8,169), of which restricted equity accounted for MSEK 84 (71). A rights issue of ordinary shares during the period increased the Parent Company's equity by a total of MSEK 1,809 after issue costs. The surety is for liabilities in the Norwegian partly owned company Gardermoen Campus Utvikling AS, which owns and is developing a health and medical care competence park by Gardermoen Airport.

At June 30, 2016, the Parent Company had current interest-bearing bond loans totaling MSEK 1,200 (1,200). Intra-Group liabilities totaled MSEK 27 (1,271) and intra-Group receivables MSEK 7,408 (8,160).

Glossary

Return on equity

Profit/loss for a rolling 12-month period in relation to average shareholders' equity during the period.

Loan-to-value ratio

Interest-bearing liabilities at the end of the period in relation to the fair value of the properties in the statement of financial position.

Yield

Net operating income for a rolling 12-month period as a percentage of the carrying amounts of the properties, adjusted for the holding period of the properties during the period.

Net operating income

Net operating income comprises the income and expense items directly connected to the property, meaning rental income and the expenses required to keep the property in operation, such as operating expenses, maintenance costs and personnel costs for those who take care of the property and tenant contacts.

Equity per ordinary share

Equity as a percentage of the number of ordinary shares at the end of the period after taking into account the preference share capital.

Equity per preference share

Equity per preference share corresponds to the average issue price for the preference shares.

Economic leasing rate

Rental income as a percentage of the rental value at the end of the period.

Property

Properties held under title or site leasehold.

Profit from property management

Profit from property management comprises net operating income plus property management and administration expenses as well as financial income and expenses. This earnings ratio does not include effects of changes in the value of investment properties and derivatives. These are reported separately in the Statement of profit/loss because they do not generate any cash flow effects in the Group and are not included in distributable profit.

Profit from property management per ordinary share

Profit from property management for the period, less the pre-emptive rights of preference shares to a dividend, in relation to the weighted average number of ordinary shares.

Rental income

Rents charged plus supplements for heating and property tax.

Rental value

Rental income for the total leasable area.

IAS

International Accounting Standards. The international accounting standards issued by the independent body, the International Accounting Standards Board (IASB) and then processed 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.

Cash flow from operating activities per ordinary share

Cash flow from operating activities, less the pre-emptive rights of preference shares to a dividend for the period, as a percentage of the weighted average number of ordinary shares.

Market value of properties

The market value of properties as measured by an external valuation.

Preference share capital

The preferential share's issue price multiplied by the number of preferential shares.

Earnings per ordinary share

Earnings for the period, less the pre-emptive rights of preference shares to a dividend for the period, as a percentage of the weighted average number of ordinary shares.

Interest-rate swap

An agreement between two parties to swap interest-rate conditions on loans in the same currency. The swap entails that one party exchanges its floating interest rate for a fixed rate, while the other party receives a fixed rate in exchange for a floating rate. The aim of an interest-rate swap is to reduce interest-rate risk.

Interest-rate cap

An interest hedging instrument whereby the lender pays a variable interest up to a predetermined interest-rate level. The aim of interest-rate caps is to reduce the interest-rate risk.

Interest-coverage ratio

Profit from property management, including reversal of financial income and expenses, as well as depreciation/amortization and share of profit/loss of joint ventures in relation to financial income and expenses.

Community service properties

Properties with publicly financed tenants, either directly or indirectly, who account for at least 70 percent of rental income.

Debt/equity ratio

Interest-bearing liabilities as a percentage of equity.

Equity/assets ratio

Equity as a percentage of total assets.

Net asset value (EPRA NAV) per ordinary share

Recognized equity, after taking into account the preferential capital, with the reversal of derivatives and deferred tax according to the statement of financial position, as a percentage of the number of ordinary shares at the end of the interim period. The purpose of this key figure is to show the fair value of net assets in a long-term perspective. Accordingly, assets and liabilities in the Statement of financial position that are to be realized, such as the fair value of derivative instruments and deferred taxes, are excluded. The corresponding items in Hemfosa's shares in joint ventures are also excluded from the key figure.

Ground rent

Annual compensation paid to the owner of the property held under a site leasehold.

Site leasehold

The right to use and transfer, without any limitations, a property without owning the property. The sale of a site leasehold is subject to the same regulations as the sale of a freehold property.

Dividend policy

The dividend shall amount to 60 percent of profit from property management long term excluding share of profit/loss joint ventures and after tax Dividends paid on preference shares are deducted from this amount first; the remaining amount can be distributed to holders of ordinary shares.

Fair value of properties

Hemfosa performs an internal property valuation, based on the market value of properties, in which new production projects are in progress and where tenants have not moved in, are recognized at the lower of costs incurred and the market value.

Surplus ratio

Net operating income for the period in relation to rental income for the period.

BUSINESS CONCEPT

Hemfosa's mission is to own, develop and manage community service properties on a long-term basis and to create value through active participation in a changing property market in order to generate long-term, high and stable profitability.

FINANCIAL OBJECTIVES

- To deliver the highest return among listed Swedish property companies over a five-year period.
- Long-term, the equity/assets ratio is to amount to at least 30 percent.
- Long-term, the interest coverage ratio is to be at least a multiple of two.

DIVIDEND POLICY

The dividend shall amount to 60 per cent of profit from property management long term excluding share of profit/loss joint ventures and after tax. Dividends paid on preference shares are deducted from this amount first; the remaining amount can be distributed to holders of ordinary shares.

STRATEGY

Hemfosa will generate long-term, high and stable growth combined with a strong cash flow by:

- developing and adding value to its property portfolio
- creating and maintaining long-term relationships with tenants by means of market-oriented and professional property management
- developing long-term relationships with government authorities, county councils and municipalities, as well as with private operators of community service properties
- increasing the share of community service properties to at least 75 percent of the total property value

Hemfosa will be active in the Nordic transaction market in order to:

- generate growth
 - maximize yield in relation to risks
 - generate transaction gains
-