

# Hemfosa

FASTIGHETER



# Active start for 2015

## JANUARY-MARCH 2015 QUARTER

- Rental income amounted to MSEK 589 (395)
- Profit from property management totaled MSEK 266 (67), corresponding to SEK 3.57 per ordinary share (2.10)\*
- Earnings for the quarter attributable to Parent Company shareholders amounted to MSEK 416 (12), corresponding to SEK 5.95 per ordinary share (0.36)\*
- Recognized property value of SEK 27.1 billion (16.4) includes 361 (194) directly owned properties
- Net asset value (EPRA NAV) per ordinary share was SEK 126.19 (105.47)
- Cash flow from operating activities was MSEK 420 (69), corresponding to SEK 6.01 per ordinary share (2.06)\*

\* At the end of the quarter, the number of ordinary shares was 65,720,104 (61,372,278), while the number of preference shares was 5,000,000 (-).

## SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- In early 2015, Hemfosa took the first step into the Norwegian market through the acquisition of eight community service properties in the Oslo region for a consideration of SEK 3.0 billion.
- In February, Hemfosa divested nine logistics properties valued at approximately SEK 0.8 billion.
- In February, Hemfosa agreed to invest in community service properties and one logistics property at a value of approximately SEK 0.2 billion.
- In February 2015, Hemfosa acquired community service properties in western Sweden at a value of SEK 0.4 billion.
- There are no significant events after the quarter.



# Comments from the CEO

2015 began as actively as 2014 ended — with several strategic acquisitions, divestments of non-priority properties and a number of lease extensions. This precise combination of transactions is the core of Hemfosa's value creation and a logical continuation of the successful journey we have commenced.

A first step  
into Norway

## **NORWAY — A NEW MARKET WITH CONTINUED POTENTIAL**

During the quarter, we took the first step into the Norwegian market through the acquisition of eight community service properties with an underlying value of SEK 3 billion. The properties are located in the Oslo region and we currently have an excellent initial portfolio in the form of long-term leases, low risks and stable counterparties. We see continued major potential for us to expand and to now establish an internal management and development organization to strengthen our position in the Norwegian market.

## **SWEDEN — MANAGE, DEVELOP AND SEIZE OPPORTUNITIES**

As most of you know, we are currently conducting business in a distinctly low interest-rate environment and it is not easy to find and implement favorable transactions of a straightforward nature. We will continue to be active with a view to capturing the opportunities that arise and where Hemfosa's size, flexibility and expertise will be at its best, perhaps by acquiring individual properties and highly complex portfolios.

In line with our confirmed strategy, we increased our portfolio of community service properties in Sweden during the quarter, through the acquisition of properties valued at a total of approximately SEK 0,5 billion. Community service properties therefore accounted for 57 percent of Hemfosa's total property value. At the same time, we also divested properties valued at nearly SEK 1 billion, with a portfolio in the less prioritized segment, Logistics properties, accounting for the largest proportion.

In our management operation, we renegotiated and extended several leases and signed new leases with long-term tenants. We see this as confirmation that Hemfosa is perceived as a sensitive and competent landlord that meets the needs of its tenants, which in turn means that we are able to sign leases that will generate stable, strong cash flows.

Increase the  
quality of  
the property  
portfolio

## **INCREASED EARNINGS — EQUIPPED FOR CONTINUED GROWTH**

We also increased profit from property management during the first quarter to MSEK 266, compared with MSEK 67 in the year-earlier period. We continue to focus on increasing earnings capacity and I am proud that our earnings capacity at the end of the quarter was SEK 1.3 billion compared with SEK 0.6 billion a year earlier.

I have the privilege to lead a competent, equal opportunities and expanding organization, where we jointly shape a strong corporate culture that is continuously developing and driven by good business.

Hemfosa aims to be the largest and best owner of community service properties, implement complex transactions and divest holdings that do not fit, thus increasing the quality of the property portfolio. Continued growth requires financing, and this is why the Board will request a mandate at this year's Annual General Meeting to issue new preference shares. We want to be ready if opportunities arise. At the same time, we will continue to develop our operation by acquiring properties with strong cash flows, which in turn will generate shareholder value and facilitate higher dividends. Not such a bad equation.

*Jens Engwall, CEO*

# Quarterly review

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

	Jan-Mar		Full-year
	2015	2014	2014
Rental income	589	395	1,612
Property expenses and property administration	-221	-151	-538
<b>Net operating income</b>	<b>367</b>	<b>244</b>	<b>1,074</b>
Central administration	-28	-16	-74
Other operating income and expenses	-3	20	62
Share in profit of joint ventures	36	-5	239
Financial income and expenses	-106	-176	-480
<b>Profit from property management</b>	<b>266</b>	<b>67</b>	<b>821</b>
Changes in value of properties	268	23	487
Changes in value of financial instruments	-52	-68	-277
Current tax	-2	-1	-2
Deferred tax	-72	-9	-67
<b>Profit for the year</b>	<b>408</b>	<b>12</b>	<b>962</b>
<b>Other comprehensive income/loss</b>			
Translation differences from translation of foreign operations for the reporting period	-32	-	-
<b>Comprehensive income for the year</b>	<b>376</b>	<b>12</b>	<b>962</b>
<i>Profit for the year attributable to:</i>			
Parent Company shareholders	416	12	960
Non-controlling interests	-8	0	2
<b>Comprehensive income for the year</b>	<b>408</b>	<b>12</b>	<b>962</b>
<b>Earnings per ordinary share for the year before and after dilution, SEK</b>			
	<b>5.95</b>	<b>0.36</b>	<b>17.31</b>

## Consolidated statement of financial position, MSEK

	Jan-Mar		Full-year
	2015	2014	2014
Investment properties	27,140	16,390	24,400
Interests in associated companies and joint ventures	641	450	609
Derivatives	1	-	-
Other fixed assets	13	27	10
Current receivables	303	151	94
Cash and cash equivalents	551	195	594
<b>Total assets</b>	<b>28,648</b>	<b>17,213</b>	<b>25,707</b>
Shareholders' equity	9,027	5,765	8,701
Interest-bearing liabilities	17,880	10,198	15,761
Derivatives	155	179	106
Deferred tax liabilities	436	438	423
Other liabilities	1,150	634	717
<b>Total equity and liabilities</b>	<b>28,648</b>	<b>17,213</b>	<b>25,707</b>

## Statement of cash flow for the Group, MSEK

	Jan-Mar		Full-year
	2015	2014	2014
Cash flow from operating activities	420	69	627
Cash flow from investing activities	-855	-82	-2,499
Cash flow from financing activities	392	-75	2,182
<b>Total cash flow</b>	<b>-42</b>	<b>-88</b>	<b>310</b>

# Key figures

## Key financial data

	Jan-Mar		Full-year
	2015	2014	2014
Return on shareholders' equity, %	15.4	7.8	12.6
Equity/assets ratio, %	31.5	33.5	33.7
Loan-to-value ratio, properties %	65.9	62.2	64.6
Debt/equity ratio, multiple	2.0	1.8	1.8
Interest-coverage ratio, multiple <sup>1</sup>	3.1	1.4	2.2

## Share-related key figures, ordinary shares

	Jan-Mar		Full-year
	2015	2014	2014
Profit from property management, SEK per ordinary share	3.67	2.10	14.71
Profit after tax, SEK per ordinary share	5.95	0.36	17.31
Equity, SEK per ordinary share	112.55	93.93	107.67
Net asset value (EPRA NAV), SEK per ordinary share	126.19	105.47	119.96
Cash flow from operating activities, SEK per ordinary share	6.01	2.06	11.18
Dividend proposed to AGM, SEK per ordinary share	6.00	-	-
Weighted average number of ordinary shares, 000s	65,720	33,492	54,977
Number of ordinary shares outstanding per balance-sheet date, 000s	65,720	61,372	65,720

## Share-related key figures, preference shares

	Jan-Mar		Full-year
	2015	2014	2014
Dividend proposed to AGM, SEK per preference share	5.00	-	2.50
Equity, SEK per preferential share	325.00	-	325.00
Number of preferential shares outstanding per balance-sheet date, 000s	5,000	-	5,000

## Property-related key figures

	Jan-Mar		Full-year
	2015	2014	2014
Number of properties	361	194	353
Rental value, MSEK	2,688	1,722	2,520
Leasable area, 000s of sqm	2,545	1,704	2,516
Carrying amount of properties in the balance sheet, MSEK	27,140	16,390	24,400
Property value, SEK per sqm	10,664	9,619	9,699
Economic leasing rate, %	91.8	90.3	90.7
Surplus ratio, %	62.5	61.8	66.6
Yield, %	6.1	5.9	6.1

<sup>1</sup> Interest expenses for the January-December 2014 period included MSEK 60 (312) in interest on shareholders' loans.

# Operations

## Summary of earnings

MSEK	Jan-Mar		Full-year
	2015	2014	2014
Rental income	589	395	1 612
Property expenses including property management	-221	-151	-538
<b>Net operating income</b>	<b>367</b>	<b>244</b>	<b>1 074</b>
Central administration	-28	-16	-74
Other operating income and expenses	-3	20	62
Share in profit of joint ventures	36	-5	239
Financial income and expenses	-106	-176	-480
<b>Profit from property management</b>	<b>266</b>	<b>67</b>	<b>821</b>
Changes in value of properties	268	23	487
Changes in value of financial instruments	-52	-68	-277
<b>Profit before tax for the year</b>	<b>482</b>	<b>22</b>	<b>1 031</b>
Current tax	-2	-1	-2
Deferred tax	-72	-9	-67
<b>Profit for the year</b>	<b>408</b>	<b>12</b>	<b>962</b>

## COMMENTS ON THE FIRST QUARTER, JAN-MAR 2015

During the first quarter of 2015, Hemfosa implemented its initial property acquisitions in Norway through the company Samfunnsbygg, in which Hemfosa acquired a 97.2-percent interest. A total of eight community service properties were acquired in the Oslo area, with an underlying value of approximately SEK 3.0 billion. Hemfosa also acquired community service properties in western Sweden at a value of SEK 0.4 billion. Effective January 1, 2015, the previously 50-percent owned company Kronfastigheter Holding AB is consolidated as a wholly owned subsidiary.

During the quarter, properties were divested for a total underlying value of SEK 1.0 billion. The largest divestment pertained to a portfolio of nine logistics properties in eight districts in southern, central and western Sweden.

The leasable area of Hemfosa's total property portfolio at March 31, 2015 was 2,545,000 square meters (1,704,000). The leasing rate was 91.8 percent (90.3). The yield for the entire portfolio was 6.1 percent (6.7).

The leasing market was strong during the quarter and several leases were renegotiated or newly negotiated. Many negotiations are in progress with existing and new tenants. Projects involving tenant-specific modifications and renovations are in progress. Investments in the existing property portfolio totaled MSEK 94 during the quarter.

Profit from participations in joint ventures was MSEK 36 (loss: 5), which was generated primarily from the holdings in Söderport Holding AB. The total share in profit from joint ventures accounted for MSEK 27 (19) of profit from property management, MSEK 23 (loss: 25) of the revaluation of properties and financial instruments and a loss of MSEK 14 (loss: 1) in other items.

The decline in financial income and expense derived from part of an interest-bearing shareholders' loan being converted to equity and being partly repaid towards the end of the first quarter of 2014. Meanwhile, the item was positively impacted by both lower interest rates and narrower margins in connection with new borrowings.

Changes in the value of investment properties totaled MSEK 268 (23), of which MSEK 71 (-2) pertained to realized changes in value and MSEK 198 (25) to unrealized changes in value. Changes in the value of financial instruments totaled MSEK -52 (-68), which pertained entirely to unrealized changes in value. The continued decline in market interest rates increased the negative value of interest-rate swaps.

Investments in Norwegian properties during the quarter generated currency effects of MSEK 32 in other comprehensive loss.

**Cash flow**

Cash flow from operating activities for the quarter amounted to MSEK 420 (68), corresponding to SEK 6.01 per ordinary share (2.06). Investing activities impacted cash flow in the amount of MSEK -855 (-82), of which investments in existing properties accounted for MSEK -94 (-112), acquisitions of subsidiaries and properties for MSEK -1,254 (-), divestment of subsidiaries and properties for MSEK 502 (30) and other investing activities for MSEK -8 (-).

Financing activities had a negative impact of MSEK 392 (-76) on cash flow. In addition to loans raised and repayments connected to the acquisition and divestment of subsidiaries, loans raised amounted to MSEK 470 (556) and repayments to MSEK -54 (-1,056). During the quarter, MSEK 25 (-) was paid to holders of preference shares.

Cash and cash equivalents changed by a total of MSEK -42 (-89) during the quarter.

# Segment reporting

The property portfolio is divided into four segments: Community service properties, Office properties in growth municipalities, Logistics properties and Transaction properties. Community service properties pertain to properties publicly financed tenants, either directly or indirectly, who account for at least 70 percent of the rental value. Office properties in growth municipalities are centrally located office properties in expanding districts. Logistics properties are primarily modern logistics properties located in attractive logistics hubs. Transaction properties include properties from the other segments that are considered not to fit in from the viewpoint of geography and/or category.

**61%**  
share of  
Group net  
operating  
income

## COMMUNITY SERVICE PROPERTIES

Community service properties contribute approximately 60 percent of Hemfosa's net operating income. At March 31, 2015, the segment included a total of 185 properties with a leasable area of 1,137,000 square meters.

During the quarter, a total of 19 community service properties were acquired, of which the largest acquisitions were in Norway where eight properties with an underlying property value of approximately SEK 3.0 billion were acquired. The properties include a total leasable area of 113,000 square meters and are fully leased. Tenants include government operations, such as colleges, judicial institutions and the police authority. In addition, eleven properties were acquired, mainly in Västra Götaland, with Uddevalla municipality and the Västra Götaland Region as the major tenants and with such operations as healthcare, schools and retirement homes.

The leasing rate for the segment was positive during the quarter, rising from 96.2 percent to 96.5 percent. The yield on community service properties was 6.4 percent.

Several conversion and new build projects continued, for such tenants as the Police Authority, the National Courts Administration and municipalities. Investments in the existing property portfolio totaled MSEK 46 during the quarter.

Community service properties (MSEK)	Jan-Mar		Full-year
	2015	2014	2014
Rental income	328	198	806
Property expenses			
<i>Operations</i>	-68	-48	-159
<i>Maintenance</i>	-15	-13	-53
<i>Property tax</i>	-8	-7	-26
Property administration	-12	-7	-28
<b>Net operating income</b>	<b>225</b>	<b>122</b>	<b>540</b>
Number of properties at the end of the year	185	85	165
Leasable area, 000s of sqm*	1,137	629	977
Economic leasing rate, %	96.5	94.1	96.2

\* excluding garage space



**16%**  
share of  
Group net  
operating  
income

### OFFICE PROPERTIES IN GROWTH MUNICIPALITIES

At March 31, 2015, the Office properties in growth municipalities segment included a total of 61 properties with a leasable area of 519,000 square meters. The economic leasing rate was 81.9 percent. The yield on Office properties in growth municipalities was 5.3 percent.

Leasing work during the quarter included several renegotiations and the signing of new leases. In the Tulpanen 3 property in Mölndal, two new leases were signed for a total of 3,100 square meters. The leases extend over periods of four and five years respectively. Investments in existing properties totaled MSEK 34 during the quarter.

Office properties in growth municipalities (MSEK)	Jan-Mar		Full-year
	2015	2014	2014
Rental income	125	106	443
Property expenses			
<i>Operations</i>	-32	-27	-86
<i>Maintenance</i>	-14	-8	-31
<i>Property tax</i>	-9	-7	-29
Property administration	-10	-4	-20
<b>Net operating income</b>	<b>60</b>	<b>60</b>	<b>276</b>
Number of properties at the end of the year	61	45	63
Leasable area, 000s of sqm*	519	429	527
Economic leasing rate, %	81.5	84.5	81.9

\* excluding garage space



**12%**  
share of  
Group net  
operating  
income

### LOGISTICS PROPERTIES

At March 31, 2015, the Logistics properties segment included a total of 22 properties, of which half are located in southern Sweden, with the remaining properties geographically distributed between central Sweden, western Sweden and the Stockholm area. The leasable area was 405,000 square meters and the leasing rate 95.1 percent. Most of the leases in the segment have been formulated so that the tenants themselves account for operating expenses connected to the leased spaces, so-called triple-net-agreement. The total yield for Logistics properties was 6.3 percent.

During the quarter, nine logistics properties were divested for a total value of SEK 0.8 billion. The properties had a leasable area of 116,000 square meters.

Logistics properties (MSEK)	Jan-Mar		Full-year
	2015	2014	2014
Rental income	50	56	221
Property expenses			
<i>Operations</i>	-3	-5	-18
<i>Maintenance</i>	-0	-2	-4
<i>Property tax</i>	-1	-1	-5
Property administration	-1	-1	-6
<b>Net operating income</b>	<b>43</b>	<b>47</b>	<b>188</b>
Number of properties at the end of the year	22	23	31
Leasable area, 000s of sqm*	405	407	522
Economic leasing rate, %	95.1	94.1	91.4

\* excluding garage space



**11%**  
share of  
Group net  
operating  
income

## TRANSACTION PROPERTIES

At March 31, 2015, the Transaction properties segment included 93 properties primarily commercial, industrial and office properties in the South and West geographic areas. The leasing rate was 87.9 percent and the leasable area 484,000 square meters. The yield on Transaction properties was 5.7 percent.

<b>Transaction properties (MSEK)</b>	<b>Jan-Mar</b>		<b>Full-year</b>
	<b>2015</b>	<b>2014</b>	<b>2014</b>
Rental income	86	34	143
Property expenses			
<i>Operations</i>	-26	-13	-43
<i>Maintenance</i>	-13	-3	-16
<i>Property tax</i>	-4	-1	-7
Property administration	-4	-2	-9
<b>Net operating income</b>	<b>39</b>	<b>15</b>	<b>69</b>
Number of properties at the end of the year	93	41	94
Leasable area, 000s of sqm*	484	240	491
Economic leasing rate, %	87.9	84.0	87.4

\* excluding garage space

# Current earnings capacity

The current earnings capacity is presented below on a 12-month basis as of March 31, 2015. The earnings capacity is not a forecast, but should be considered more as a theoretical overview presented solely for illustrative purposes. The current earnings capacity does not include an assessment of the future trends in respect of rents, vacancy rates, operating costs, interest rates or other factors.

## Group's earnings capacity

<b>MSEK</b>	<b>Mar 31, 2015</b>
Rental income	2,443
Property expenses	-660
Property administration	-73
<b>Net operating income</b>	<b>1,710</b>
Central administration	-102
Share in profit of joint ventures	118
Financial income and expenses	-443
<b>Profit from property management</b>	<b>1,283</b>

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

- Annual contractual rental income (including supplement and rent discounts taken into account), as well as other property-related income on March 31, 2015 based on valid 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 and current costs for site leaseholds.
- Costs for central administration and marketing have also been assessed based on the existing organization and the size of the property portfolio.
- Financial income and costs have been calculated based on the company's actual average interest-rate level as per April 1, 2015.
- Unconditional acquisition and sales agreements at the end of the quarter.

# Property portfolio

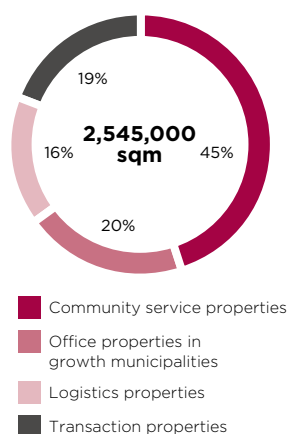
As of March 31, 2015, the total property portfolio comprised 361 properties (194). Sweden accounts for 89 percent of the total property value and Norway for 11 percent. The geographic focus of the property portfolio is in southern and central Sweden. The metropolitan regions of Stockholm and Gothenburg account for about 40 percent of the total property value of the Swedish portfolio.

The properties had a total market value of SEK 27.1 billion (16.4). The total leasable area was 2,545,000 square meters (1,704,000) with a rental value of MSEK 2,688 (1,722).

During the quarter, Hemfosa acquired 20 properties with an underlying property value of SEK 3.3 billion and leasable area of 162,000 square meters.

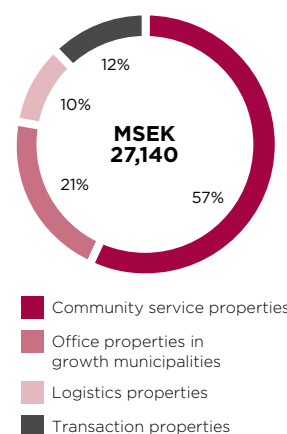
## Leasable area by segment

At March 31, 2015



## Net operating income by segment

At March 31, 2015



The largest acquisitions during the quarter were implemented in the Community service properties segment. In Norway, properties were acquired at a value of approximately SEK 3.0 billion. The properties, which are fully leased, are located in the Oslo region and comprise a total leasable area of 113,000 square meters. Tenants include government operations, such as colleges, judicial institutions and the police authority. In Västra Götaland, 11 community service properties were acquired, with Uddevalla municipality and Västra Götaland region as the major tenants and with such operations as healthcare, schools and retirement homes.

During the quarter, 12 properties were divested for a total underlying value of SEK 1.0 billion. The largest divestment pertained to nine logistics properties with a value of SEK 0.8 billion and an area of 116,000 square meters. Other divestments pertained to three small properties, one in the Offices in growth municipalities segment and two in the Transaction segment.

Investments totaling MSEK 94 were made in the existing property portfolio, of which MSEK 60 pertained to tenant-specific modifications, MSEK 19 to renovations and MSEK 16 to new construction projects.

## Property information, March 31, 2015

By segment	Leasable area, 000s of sqm*	Rental value, MSEK	Economic leasing rate, %	Maturity period for leases, years	Carrying amount, MSEK	Number of properties
Community service properties	1,137	1,450	96.5	6.9	15,459	185
Office properties	519	610	81.5	3.5	5,684	61
Logistics properties	405	233	95.1	8.1	2,788	22
Transaction properties	484	395	87.9	3.0	3,209	93
<b>Total</b>	<b>2,545</b>	<b>2,688</b>	<b>91.7</b>	<b>5.8</b>	<b>27,140</b>	<b>361</b>

\* excluding garage space

By region	Leasable area, 000s of sqm*	Rental value, MSEK	Economic leasing rate, %	Maturity period for leases, years	Carrying amount, MSEK	Number of properties
North	420	432	91.9	6.6	4,030	85
Central	599	593	94.0	4.8	5,811	76
Stockholm	413	579	91.5	5.6	6,267	52
South	604	487	91.9	4.4	4,547	91
West	399	394	84.0	6.0	3,616	49
Norway	109	204	100.0	10.1	2,869	8
<b>Total</b>	<b>2,545</b>	<b>2,688</b>	<b>91.7</b>	<b>5.8</b>	<b>27,140</b>	<b>361</b>

\* excluding garage space

The table below presents information about investments made in existing properties, concluded acquisitions and the carrying amount of properties divested during the quarter.

## January-March 2015

By segment	Investments in existing properties, MSEK	Acquisition of properties, MSEK	Divestment of properties, MSEK
Community service properties	40	3,260	-
Office properties	34	-	63
Logistics properties	9	-	771
Transaction properties	12	32	18
<b>Total</b>	<b>94</b>	<b>3,292</b>	<b>851</b>

By region	Investments in existing properties, MSEK	Acquisition of properties, MSEK	Divestment of properties, MSEK
North	17	32	-
Central	17	-	-
Stockholm	24	-	530
South	12	-	321
West	25	391	-
Norway	-	2,869	-
<b>Total</b>	<b>94</b>	<b>3,292</b>	<b>851</b>

## 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 in the field, as well as in the category of the properties appraised. The independent appraiser provides 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 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 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 is 0 percent for 2015 and thereafter 2 percent annually. Property expenses are estimated based on annual historical trends. The valuation is based on a present-value computation of cash flow, as well as the residual value at the end of the calculation period.

The weighted yield requirement was 6.8 percent, compared with an average yield requirement of 7.0 percent at December 31, 2014. The weighted cost of capital for the present value calculation of cash flows and residual values was 7.7 percent and 8.7 percent, respectively.

Hemfosa's property portfolio was valued at SEK 27.6 billion. The total change in value during the quarter was MSEK 2,881, of which MSEK 3,439 pertained to acquired properties, MSEK 94 to value-adding investments in properties, MSEK 939 to value on divested properties, MSEK 71 to realized changes in value and MSEK 198 to unrealized changes in value. Discount for deferred tax from acquisitions of MSEK 443, is included in the recognized value of properties in the statement of financial position. The total carrying amount is SEK 27.1 billion.

### Recognized property value

<b>MSEK</b>	<b>Mar 31, 2015</b>
Opening value for the year	24,718
Acquired properties	3,439
Investments in existing properties	94
Divested properties	-939
Realized changes in value in profit or loss for the year	71
Unrealized changes in value in profit or loss for the year	198
<b>Closing value for the quarter</b>	<b>27,583</b>
Acquired deferred tax	-443
<b>Recognized property value</b>	<b>27,140</b>

# Shares in joint ventures

At March 31, 2015, Hemfosa was a partner in three joint ventures. In all companies, Hemfosa's ownership is 50 percent, with only one other owner. 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 participation in joint ventures in the Statement of financial position. Shares in profit/loss in joint ventures are recognized in the Group's profit from property management.

At the end of 2014, Hemfosa acquired 100 percent of the previously half-owned company Kronfastigheter Holding AB, which means that the holding has changed from previously being a joint venture, recognized according to the equity method, to becoming a wholly owned subsidiary that will be consolidated.

MSEK	Söderport Holding AB		Kronfastigheter Holding AB		Gästgivaregatan Holding AB		Culmen Strängnäs II AB		Total	
	2015	2014	2015*	2014	2015	2014	2015	2014	2015	2014
Share in equity, Mar 31	610	376	-	39	23	21	7	13	640	450
Shareholding %, Mar 31	50	50	-	50	50	50	50	50	50	50
Share in profit/loss, Jan-Mar	36	-14	-	8	0	0	0	0	36	-5
<i>Of which:</i>										
Profit from property management	27	10	-	8	0	0	0	0	27	19
Changes in value of properties	39	-2	-	2	-	-	-	-	39	0
Changes in value of financial instruments	-16	-25	-	-	-	-	-	-	-16	-25
Deferred tax	-7	6	-	-3	-	-	-	-	-7	3
Other	-7	-3	-	1	-	-	-	-	-7	-2

\* The remaining 50 percent of the shares was acquired on December 22, 2014 when Kronfastigheter Holding AB became a wholly owned subsidiary of Hemfosa.

## SÖDERPORT HOLDING AB

Hemfosa and AB Sagax each own 50 percent of Söderport Holding AB. At March 31, 2015, Söderport owned properties valued at approximately SEK 5.1 billion with a focus in the Stockholm and Gothenburg areas.

For the quarter, Hemfosa's share in the profit of Söderport was MSEK 36 (-14), of which MSEK 27 (10) pertained to profit from property management, MSEK 39 (-2) to changes in the value of the property portfolio, MSEK 16 (-25) to changes in the value of financial instruments and MSEK -14 (3) to other items, including deferred tax.

During the quarter, Söderport signed agreements to acquire properties for a total consideration of SEK 0.4 billion. The acquisitions include 24 production and warehouse properties totaling 139,000 square meters leasable area and an average remaining lease period of 7.1 years. The largest properties are located in the districts of Hallstahammar, Olofström and Oskarshamn, with the other smaller properties in 16 districts in south and central Sweden. Possession is scheduled to be taken during the second quarter of 2015.

## Key figures for Söderport Holding AB

Property portfolio	March 31, 2015	March 31, 2014
Number of properties	45	19
Leasable area, 000s of sqm	613	363
<i>Hemfosa's share of selected financial information</i>		
Participating interest, %	50	50
Rental income, Jan-Mar, MSEK	64	39
Market value of properties, MSEK	2,534	1,488
Equity, MSEK	608	360
Interest-bearing liabilities, MSEK	1,605	981
Derivatives, MSEK	248	146
Deferred tax assets (-) or tax liabilities, MSEK	58	12

### GÄSTGIVAREGATAN HOLDING AB

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. The commercial premises comprising a total of approximately 10,000 square meters will undergo comprehensive renovation and upgrading. The project is scheduled for completion by mid-2016.

### CULMEN STRÄNGNÄS II AB

Hemfosa and Culmen AB each own 50 percent of Culmen Strängnäs II AB.

Culmen Strängnäs II AB is a project development company formed to develop and add value to the properties. The company owns the development rights for residential units totaling about 3,000 square meters.



# Financing

## EQUITY

On March 31, 2015, Hemfosa's shareholders' equity totaled MSEK 9,027 (5,765), corresponding to an equity/assets ratio of 31.5 percent (33.5). The Parent Company's shareholders' equity amounted to MSEK 8,598 (5,943) at March 31, 2015. In February 2015, properties were acquired in Norway using shareholders' equity and external financing raised in NOK. The investment in Norway is not currency hedged.

## INTEREST-BEARING LIABILITIES

Hemfosa's interest-bearing liabilities at March 31, 2015 totaled MSEK 17,880, of which MSEK 16,652 pertained to loans from credit institutions, MSEK 1,191 to bond loans, MSEK 18 to vendors' mortgages and MSEK 20 to other liabilities. Hemfosa has a revolving loan of MSEK 1,300, of which MSEK 118 was unutilized at the end of the quarter. The Group also has two overdraft facilities totaling MSEK 325, which were unutilized at March 31, 2015. A loan was raised in NOK for the acquisition of properties in Norway. The loan, MNOK 1,925, is not currency hedged.

The Group's interest-bearing liabilities to external credit institutes corresponded to 65.9 percent of the carrying amount of the property portfolio in the Statement of financial position. The average interest rate was 2.30 percent (4.28) at March 31, 2015. The average remaining fixed-rate were 1.5 years (2.4).

## Fixed-rate period distributed by instruments at March 31, 2015

	Overdraft facilities, MSEK	Interest swaps, MSEK	Caps, MSEK	Amount, MSEK	Proportion, %
<1 year	16,046	-7,039	-528	8,479	47
1-2 years	0	2,995	0	2,995	17
2-3 years	1,800	385	192	2,377	13
3-4 years	0	2,860	336	3,196	18
4-5 years	34	800	0	834	5
>5 years	0	0	0	0	0
<b>Total</b>	<b>17,880</b>	<b>0</b>	<b>0</b>	<b>17,880</b>	<b>100</b>

Agreements entered into for interest-rate swaps and interest-rate caps with a total volume of MSEK 7,567 have been taken into account in calculating the level of contractual interest rates and terms. The underlying loans carry interest at a variable rate that is mainly based on STIBOR 3m.

Fixed-income derivatives and interest-rate caps are used to limit the interest-rate risk and increase the predictability of Hemfosa's profit from property management. At March 31, 2015, the interest-rate swaps entered into totaled MSEK 7,039 and interest-rate caps MSEK 1,056. During the first quarter, Hemfosa increased part of its derivative portfolio with new interest-rate swaps totaling MSEK 385 in order to comply with conditions in the forthcoming acquisition financing and partly to capitalize on the low interest rates in the market.

According to Hemfosa's finance policy, the fixed-rate period for interest-rate caps is taken into account based on the strike level of the interest-rate cap and the market's pricing one year ahead of STIBOR 3 months (forward price). If the forward price one year ahead at STIBOR 3 months is more than 1.5 percentage points higher than the strike level, 50 percent of the underlying volume of the interest-rate cap, the fixed-rate period will be calculated at less than one year. The remaining 50 percent will be handled as a long-term fixed-rate period with the same term as the interest-rate cap. If the difference between the forward price and strike level falls below 1.5 percentage points, 100 percent of the cap's volume is counted as fixed interest rate until the cap falls due. As a result of falling market rates, as at March 31, 2015, the difference between the forward price at STIBOR 3 months and the strike level of the company's interest-rate cap exceeded 1.5 percentage points, which is why only 50 percent of the volume of the company's interest-rate cap in the table

above is regarded as a long-term fixed-rate period with the same term as the interest-rate cap, while the remaining 50 percent of the volume of the company's interest-rate cap is calculated as less than one year in respect of the fixed-rate period. However, the volume of the contractual interest-rate cap remains unchanged, at MSEK 1,056. Taking into account the fixed-income derivatives entered and the interest-rate caps, together with the loans that carry fixed interest rates, 52.6 percent of Hemfosa's loan portfolio is interest hedged.

### Fixed-rate period, interest-rate swaps, March 31, 2015

	Nominal amounts, MSEK	Average interest-rate swaps, %	Market value, MSEK
<1 year	0	0.00	0
1-2 years	2,995	0.45	-23
2-3 years	385	0.14	-1
3-4 years	2,860	1.06	-92
4-5 years	800	1.44	-40
>5 years	0	0.00	0
<b>Total</b>	<b>7,039</b>	<b>0.79</b>	<b>-155</b>

During the first quarter of 2015, new loans totaling MSEK 2,637 were raised, of which MSEK 2,073 pertained to the acquisition of properties in Norway, MSEK 16 to refinancing and MSEK 549 to the utilization of existing overdraft facilities. During the quarter, a total of MSEK 511 was repaid, of which MSEK 457 pertained to repayment of divested properties, MSEK 19 to repayment of an overdraft facility and MSEK 35 to continuous repayment under a loan agreement. Net changes in interest-bearing liabilities during the quarter increased MSEK 2,126.

The table below presents the maturity structure of Hemfosa's interest-bearing liabilities. The table also shows the net interest rate linked to interest-rate swaps. All interest-rate swaps had a negative fair value at March 31, 2015, while interest-rate caps had a positive fair value. In total, the value of the interest-rate swaps and interest-rate caps amount to MSEK -155. The loan maturity periods were 2.9 years (2.7) at the end of the quarter.

### Maturity structure, interest-bearing liabilities at March 31, 2015

	Nominal amounts, MSEK	Proportion, %	Loan interest, MSEK	Net interest, derivatives, MSEK*	Total, MSEK
2015	19	0	280	34	315
2016	3,430	19	344	42	386
2017	6,954	39	249	37	286
2018	5,189	29	144	32	176
2019	207	1	57	6	63
2020-	2,081	12	16	0	16
<b>Total</b>	<b>17,880</b>	<b>100</b>			

\* At March 31, 2015, all interest-rate swaps had a negative value. Accordingly, the net interest in the table is attributable to swaps with a negative value.

# Other disclosures

## **SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER**

No significant events occurred after the end of the quarter.

## **EMPLOYEES**

On March 31, 2015, the number of employees was 57, including 25 women. Hemfosa has offices in Nacka (head office), Gothenburg, Härnösand, Karlskrona, Karlstad, Kristianstad, Sundsvall, Västerås, Värnamo and Växjö.

## **PARENT COMPANY**

The Parent Company recognized profit of MSEK 40 (23) after tax for the first quarter of 2015. The Parent Company's fees for central and property administrative services from Group companies and joint ventures for the quarter amounted to MSEK 12 (10).

At March 31, 2015, the Parent Company had shareholders' equity totaling MSEK 8,598 (5,943), of which the restricted equity accounted for MSEK 71 (61).

At March 31, 2015, the Parent Company had interest-bearing bond loans totaling MSEK 1,200 (-).

Intra-Group liabilities amounted to MSEK 1,245 (75) and intra-Group receivables to MSEK 8,205 (3,999).

During the quarter, the Parent Company received a "cash-in-kind" payment from Hemfosa Norden AB, whereby the Parent Company received all the shares in Hemfosa Sverige AB.

## **ACCOUNTING POLICIES**

This condensed interim report for the Group has been prepared in accordance with 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 Chapter 9 Interim Reports of the Swedish Annual Accounts Act. 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 parenthesis pertain to the year-earlier period. Rounding off differences may occur.

IFRIC 21 Levies entails that certain taxes and levies imposed by the government or a corresponding body on companies must be entered as a liability. Swedish property tax is entered as a liability at the full annual amount already in the first quarter since the property tax is based on ownership on January 1. To the extent that the tax pertains to coming quarters, a corresponding amount is recognized as a deferred expense among assets in the balance sheet. IFRIC 21 is applied for the first time in this interim report.

This interim report has been prepared in accordance with the International Financial Reporting Standards (IAS) 34. Apart from the above, the accounting policies applied in this report and the calculation methods are unchanged compared with those applied in the 2014 annual report.

## **RELATED-PARTY TRANSACTIONS**

The Group owns participation in joint ventures; see pages 15–16 in the interim report. At March 31, 2015, the Group had no receivables in joint ventures.

## **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 2014 Annual Report on pages 30–32 and 79–81.

With the acquisition of properties in Norway in February 2015, the Group is now exposed to currency risks. Currency risks pertain to investments, income and expenses in foreign currency whereby the currency fluctuations impact earnings 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 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 possession or transfer of ownership and Hemfosa is exposed to currency fluctuations in the intermediary period. Accordingly, Hemfosa is exposed to currency flows and translation of currency rates. The company has currently not signed any currency hedges but works continuously on the issue and it is not impossible that the company may enter into currency hedges in the future.

### Sensitivity analysis, March 31, 2015

	Change, %	Earnings effect, MSEK
Contractual rental income, earnings capacity	+/- 1	+/- 24
Economic leasing rate, 91%		
Economic leasing rate, earnings capacity	+/- 1	+/- 24
Property expenses, earnings capacity	+/- 1	+/-7
Net operating income, earnings capacity	+/- 5	+/-86
Changes in exchange rates, SEK/NOK	+/- 10	+/- 80
Interest expenses for current fixed-rate periods and changed interest rates <sup>1</sup>	+/- 1	+/-83
Interest expenses for change in average interest rate level <sup>2</sup>	+/- 1	+/-179
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/- 1	+/-192

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 closing price paid on March 31, 2015 was SEK 197.00 for ordinary shares and SEK 337.00 for preference shares. The total market capitalization amounted to MSEK 14,812. At March 31, 2015, Hemfosa had 16,607 shareholders, of whom Swedish investors, institutions and private individuals owned 70.3 percent of the shares. International institutional investors owned 29.7 percent of the shares.

### Share distribution, March 31, 2015

Ägare	Number of shares		Percentage of	
	Ordinary shares	Preference shares	Share capital	Votes
The Fourth Swedish National Pension Fund	6,538,383		9.25%	9.87%
Länsförsäkringar Fondförvaltning AB	6,316,467		8.93%	9.54%
Swedbank Robur Funds	4,212,588	150,000	6.17%	6.38%
Kåpan Pensioner	3,431,781		4.85%	5.18%
Lannebo Funds	3,345,732		4.73%	5.05%
Ikano Invest AB	1,667,286		2.36%	2.52%
Enter funds	1,227,590		1.74%	1.85%
BP2S Lux/Henderson HHF SICAV	1,217,000		1.72%	1.84%
Board and Management	4,440,452	43,800	6.34%	6.71%
Others	33,322,825	4,806,200	53.92%	51.05%
<b>Total</b>	<b>65,720,104</b>	<b>5,000,000</b>	<b>100.0%</b>	<b>100.0%</b>

### PROPOSAL TO THE 2015 ANNUAL GENERAL MEETING

Hemfosa Fastigheter's dividend policy aims to achieve a long-term dividend of 60 percent of distributable profit. Distributable profit is defined as profit from property management less taxes paid and shares in the profit of joint ventures. Distributable profit for 2014 amounted to MSEK 580.

- For the 2014 fiscal year, the Board proposes that the AGM resolve to pay a dividend to holders of ordinary shares of SEK 6.00 per ordinary share with quarterly payment of SEK 1.50 per ordinary share. The Board also proposes that the AGM resolve to pay a dividend to holders of preference shares of SEK 20.00 per preference share with quarterly payment of SEK 5.00 per preference share. The proposed dividend corresponds to 70 percent of the distributable profit for 2014.
- The Board intends to propose to AGM that the company's shares be split on a 2-for-1 basis. The reason is to facilitate higher liquidity and boost share turnover.

Hemfosa's 2015 AGM will be held on May 7, at 3:00 p.m. in Stockholm.

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## BOARD ASSURANCE

The Board of Directors and the Chief Executive Officer give their assurance that this interim report provides a fair review 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, May 7, 2015

Hemfosa Fastigheter AB (publ)

(Corp. Reg. No. 556917-4377)

Bengt Kjell

*Chairman of the Board*

Jens Engwall

*Chief Executive Officer*

Magnus Eriksson

*Board member*

Anneli Lindblom

*Board member*

Daniel Skoghäll

*Board member*

Caroline Sundewall

*Board member*

Ulrika Valassi

*Board member*

This interim report was not audited.

In accordance with the Securities Market Act, Hemfosa is publishing the information in this interim report on Wednesday May 7, 2015, at 7:30 a.m.

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## REPORTING DATES

Interim report January–June 2015

**July 21, 2015**

Interim Report January–September 2015

**November 6, 2015**

Year-end report January – December 2015

**February 19, 2016**

## CONTACT INFORMATION

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# Summary of financial reports

## Consolidated statement of profit/loss and other comprehensive income

MSEK	Jan-Mar		Full-year
	2015	2014	2014
Rental income	589	395	1,612
Property expenses and property administration	-221	-151	-538
<b>Net operating income</b>	<b>367</b>	<b>244</b>	<b>1,074</b>
Central administration	-28	-16	-74
Other operating income and expenses	-3	20	62
Share in profit of joint ventures	36	-5	239
Financial income and expenses	-106	-176	-480
<b>Profit from property management</b>	<b>266</b>	<b>67</b>	<b>821</b>
Changes in value of properties, realized	71	-2	147
Changes in value of properties, unrealized	198	25	340
Changes in value of financial instruments, realized	-	-	-75
Changes in value of financial instruments, unrealized	-52	-68	-202
<b>Profit before tax for the year</b>	<b>482</b>	<b>22</b>	<b>1,031</b>
Current tax	-2	-1	-2
Deferred tax	-72	-9	-67
<b>Profit for the year</b>	<b>408</b>	<b>12</b>	<b>962</b>
<b>Other comprehensive income</b>			
<i>Items that have been transferred or could be transferred to profit for the period</i>			
Translation differences for the period when translating foreign operations	-32	-	-
<b>Comprehensive income for the year</b>	<b>376</b>	<b>12</b>	<b>962</b>
<i>Profit for the year attributable to:</i>			
Parent Company shareholders	416	12	960
Non-controlling interests	-8	0	2
<b>Profit for the year</b>	<b>408</b>	<b>12</b>	<b>962</b>
<b>Earnings per ordinary share for the year, before and after dilution, SEK</b>	<b>5.95</b>	<b>0.36</b>	<b>17.31</b>

## Consolidated statement of financial position

MSEK	Mar 31		2014
	2015	2014	
<b>ASSETS</b>			
Investment properties	27,140	16,390	24,400
Shares in joint ventures	641	450	609
Derivatives	1	-	3
Other fixed assets	12	27	7
<b>Total fixed assets</b>	<b>27,794</b>	<b>16,867</b>	<b>25,019</b>
Current receivables	303	151	94
Cash and cash equivalents	551	195	594
<b>Total current assets</b>	<b>854</b>	<b>346</b>	<b>688</b>
<b>TOTAL ASSETS</b>	<b>28,648</b>	<b>17,213</b>	<b>25,707</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity attributable to			
Parent Company shareholders	9,022	5,765	8,689
Non-controlling interests	5	0	12
<b>Shareholders' equity</b>	<b>9,027</b>	<b>5,765</b>	<b>8,701</b>
Non-current interest-bearing liabilities	17,697	8,553	15,532
Other long-term liabilities	157	179	106
Deferred tax liabilities	436	438	423
<b>Total non-current liabilities</b>	<b>18,290</b>	<b>9,170</b>	<b>16,061</b>
Current interest-bearing liabilities	183	1,645	228
Other current liabilities	1149	634	717
<b>Total current liabilities</b>	<b>1,332</b>	<b>2,279</b>	<b>945</b>
<b>Total liabilities</b>	<b>19,622</b>	<b>11,449</b>	<b>17,006</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28,648</b>	<b>17,213</b>	<b>25,707</b>

## Consolidated statement of changes in 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, 2014	25	225		2,118	2,368	1	2,369
Earnings January-March 2014	-	-	-	12	12	0	12
<b>Transactions with the Group's shareholders, January-March 2014</b>							
Offset issue	31	2,939	-	-	2,970	-	2,970
New issue, ordinary shares	5	409 <sup>1</sup>	-	-	414	-	414
Reduction of share capital	0	-	-	0	0	-	0
<b>Total transactions with the Group's shareholders</b>	<b>36</b>	<b>3,348</b>	<b>-</b>	<b>0</b>	<b>3,384</b>	<b>-</b>	<b>3,384</b>
<b>Closing shareholders' equity, Mar 31, 2014</b>	<b>61</b>	<b>3,573</b>	<b>-</b>	<b>2,130</b>	<b>5,764</b>	<b>1</b>	<b>5,765</b>
<b>Transactions with the Group's shareholders, April-December 2014</b>							
New issue, ordinary shares	5	390 <sup>1</sup>	-	-	395	-	395
New share issue, preference shares	5	1,586 <sup>2</sup>	-	-	1,591	-	1,591 <sup>3</sup>
Capital contribution from non-controlling interests	-	-	-	0	0	0	0
<b>Total transactions with the Group's shareholders</b>	<b>10</b>	<b>1,976</b>	<b>-</b>	<b>0</b>	<b>1,986</b>	<b>0</b>	<b>1,986</b>
Adjustment minority share	-	-	-	-13	-13	13	0
Earnings, April-December 2014	-	-	-	952	952	-2	950
<b>Closing equity, Dec 31, 2014</b>	<b>71</b>	<b>5,549</b>	<b>-</b>	<b>3,069</b>	<b>8,689</b>	<b>12</b>	<b>8,701</b>
Opening equity, Jan 1, 2015	71	5,549	-	3,069	8,689	12	8,701
Non-controlling interests	-	-	-	-	-	1	1
<b>Transactions with the Group's shareholders</b>							
Adjustment new share issue, preference shares	-	-2 <sup>3</sup>	-	-	-2	-	-2
Dividend, preference share	-	-	-	-50 <sup>4</sup>	-50	-	-50
<b>Total transactions with the Group's shareholders</b>	<b>-</b>	<b>-2</b>	<b>-</b>	<b>-50</b>	<b>-52</b>	<b>-</b>	<b>-52</b>
Earnings January-March 2015	-	-	-	416	416	-8	408
Other comprehensive income/loss, January-March 2015	-	-	-32	-	-32	-	-32
<b>Closing equity, Dec 31, 2015</b>	<b>71</b>	<b>5,547</b>	<b>-32</b>	<b>3,435</b>	<b>9,021</b>	<b>5</b>	<b>9,027</b>

1 This amount includes issue costs totaling MSEK 102, as well as tax of MSEK 22.

2 Preference share capital constitutes SEK 35.00 per preference share, totaling MSEK 1,625.

3 This amount includes issue costs totaling MSEK 34, as well as tax of MSEK 7. The adjustment line in the quarter pertains to issue costs attributable to the new issue of preference shares implemented in 2014.

4 During the quarter, MSEK 25 was distributed to holders of preference shares. The remaining MSEK 25 of the stipulated dividend has been reclassified as other current liabilities.



## Statement of cash flow for the Group

MSEK	Jan-Mar		Full-year
	2015	2014	2014
<b>Operating activities</b>			
Profit from property management	266	67	821
Adjustments for items not included in cash flow	-36	5	-239
Income tax paid	-8	-4	-1
<b>Cash flow from operating activities before changes in working capital</b>	<b>223</b>	<b>68</b>	<b>581</b>
<b>Cash flow from changes in working capital</b>			
Changes in operating receivables	-208	-87	91
Changes in operating liabilities	405	88	-45
<b>Cash flow from operating activities</b>	<b>420</b>	<b>69</b>	<b>627</b>
<b>Cash flow from investing activities</b>	<b>-855</b>	<b>-82</b>	<b>-2 499</b>
<b>Cash flow from financing activities</b>	<b>392</b>	<b>-76</b>	<b>2 182</b>
<b>Cash flow for the year</b>	<b>-43</b>	<b>-89</b>	<b>310</b>
Cash and cash equivalents at the beginning of the year	594	284	284
<b>Cash and cash equivalents at the end of the year</b>	<b>551</b>	<b>195</b>	<b>594</b>

## Segment information

MSEK	Jan-Mar									
	Community service properties		Office properties		Logistics properties		Transaction properties		Total consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Rental income	328	198	125	106	50	56	86	34	589	395
Property expenses										
<i>Operations</i>	-68	-48	-32	-27	-3	-5	-26	-13	-129	-93
<i>Maintenance</i>	-15	-13	-14	-8	-0	-2	-13	-3	-43	-27
<i>Property tax</i>	-8	-7	-9	-7	-1	-1	-4	-1	-22	-16
Property administration	-12	-7	-10	-4	-1	-1	-4	-2	-27	-15
<b>Net operating income</b>	<b>225</b>	<b>122</b>	<b>60</b>	<b>60</b>	<b>43</b>	<b>47</b>	<b>39</b>	<b>15</b>	<b>367</b>	<b>244</b>
Central administration									-28	-16
Other operating income and expenses									-3	20
Share in profit of joint ventures									36	-5
Financial income and expenses									-106	-176
<b>Profit from property management</b>									<b>266</b>	<b>67</b>
Changes in value of properties, realized									71	-2
Changes in value of properties, unrealized									209	25
Changes in value of financial instruments									-52	-68
<b>Profit before tax for the year</b>									<b>494</b>	<b>22</b>
Investments in existing portfolio, Jan-Mar	40	70	33	38	9	1	12	4	94	112
Carrying amount of investment properties, March 31	15,459	7,763	5,684	4,744	2,788	2,698	3,209	1,185	27,140	16,390

## Income statement for the Parent Company

MSEK	Jan-Mar		Full-year
	2015	2014	2014
Net sales	12	10	58
Other external costs	-9	-4	-38
Personnel expenses	-7	-6	-27
Depreciation/amortization	0	0	0
<b>Profit/loss before financial income and expenses</b>	<b>-4</b>	<b>0</b>	<b>-7</b>
Interest income and similar income items	88	83	924
Interest expenses and similar expense items	-12	-61	-135
<b>Profit/loss before appropriations for the year</b>	<b>72</b>	<b>23</b>	<b>782</b>
<b>Appropriations</b>			
Group contributions received and paid	-	-	-75
<b>Profit before tax for the year</b>	<b>72</b>	<b>23</b>	<b>707</b>
Current and deferred tax	-	-	-
<b>Profit for the year</b>	<b>72</b>	<b>23</b>	<b>707</b>

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

MSEK	Jan-Mar		Full-year
	2015	2014	2014
<b>Profit for the year</b>	<b>72</b>	<b>23</b>	<b>707</b>
<b>Other comprehensive income for the year</b>			
<i>Items that have or could be transferred to profit for the period</i>			
Translation differences for the period in translating foreign operations	-32	-	-
<b>Comprehensive income for the year</b>	<b>40</b>	<b>23</b>	<b>707</b>

## Balance sheet for the Parent Company

MSEK	Mar 31		2014
	2015	2014	
<b>ASSETS</b>			
Tangible assets	0	-	0
Shares in joint ventures	-	31	0
Participations in Group companies	2,876	2,533	2,661
Non-current receivables from Group companies	5,460	3,489	5,050
Other fixed assets	-	26	-
<b>Total fixed assets</b>	<b>8,336</b>	<b>6,079</b>	<b>7,711</b>
Current receivables from Group companies	2,749	510	2,076
Other current receivables	13	1	15
Cash and bank balances	34	0	313
<b>Total current assets</b>	<b>2,828</b>	<b>511</b>	<b>2,404</b>
<b>Total assets</b>	<b>11,164</b>	<b>6,590</b>	<b>10,115</b>
<b>Shareholders' equity and liabilities</b>			
Restricted equity	71	61	71
Unrestricted equity	8,527	5,882	8,536
<b>Shareholders' equity</b>	<b>8,598</b>	<b>5,943</b>	<b>8,607</b>
Non-current interest-bearing liabilities	1,200	495	1,200
Non-current liabilities to Group companies	75	75	75
<b>Total non-current liabilities</b>	<b>1,275</b>	<b>570</b>	<b>1,275</b>
Current interest-bearing liabilities	-	-	18
Current liabilities to Group companies	1,170	-	144
Other current liabilities	90	78	70
<b>Total current liabilities</b>	<b>1,260</b>	<b>78</b>	<b>232</b>
<b>Total liabilities</b>	<b>2,535</b>	<b>648</b>	<b>1,507</b>
<b>Total equity and liabilities</b>	<b>11,164</b>	<b>6,590</b>	<b>10,115</b>
<b>Pledged assets and contingent liabilities</b>			
<i>Pledged assets</i>			
Participations in Group companies	2,876	2,533	2,661
<i>Contingent liabilities</i>			
Sureties for liabilities in Group companies	11,472	6,506	11,356

# Glossary

## Return on equity

Profit/loss for the period as a percentage of average shareholders' equity during the quarter.

## Loan-to-value ratio

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

## Equity per ordinary share

Equity as a percentage of the number of ordinary shares for 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 value

Carrying amount of the property.

## Property

Properties held under title or site leasehold.

## 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 as a percentage of the weighted average number of ordinary shares.

## Rental income

Rents charged including supplements for heating and property tax.

## 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 an interest-rate swap 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 in income in joint ventures as a percentage of financial income and expenses.

## 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 preference share 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 period.

## 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.

## 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 as a percentage of the rental income.

## Business concept

Hemfosa's business concept is to own, develop and manage properties with publicly financed tenants, in order to generate a long-term, high and stable yield, and to create value by actively participating in the transaction market.

## Strategy

Hemfosa will generate long-term, high and stable growth with 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.

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

- Generate growth
- Maximize yield in relation to risks
- Generate transaction gains.

## Financial objective

- To deliver the highest yield among listed Swedish property companies over a five-year period
- To increase equity to SEK 10 billion over a five-year period
- To achieve a long-term dividend of 60 percent of profit from property management excluding participations from joint ventures and after deduction for tax paid.
- To achieve a long-term equity ratio of at least 30 percent.