

## Continued streamlining toward community service properties

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### JULY-SEPTEMBER 2015 QUARTER

- Rental income amounted to MSEK 615 (409)
- Profit from property management totaled MSEK 345 (243), corresponding to SEK 2.43 per ordinary share (1.85)\*
- Profit after tax amounted to MSEK 560 (227), corresponding to SEK 4.06 per ordinary share (1.75)\*
- Cash flow from operating activities was MSEK 260 (245), corresponding to SEK 2.14 per ordinary share (1.85)\*

### INTERIM PERIOD JANUARY-SEPTEMBER 2015

- Rental income amounted to MSEK 1,819 (1,190)
- Profit from property management totaled MSEK 958 (642), corresponding to SEK 6.81 per ordinary share (5.85)\*
- Profit after tax amounted to MSEK 1,642 (572), corresponding to SEK 11.93 per ordinary share (5.20)\*
- Recognized property value of SEK 28.0 billion (17.5) includes 369 (195) directly owned properties
- Net asset value (EPRA NAV) per ordinary share was SEK 69.48 (57.55)\*
- Cash flow from operating activities was MSEK 797 (380), corresponding to SEK 5.59 per ordinary share (3.45)\*

\* Key figures were retroactively restated due to a 2:1 share split implemented in May 2015.

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### SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- Hemfosa acquired a community service property in Karlstad. The property includes about 7,000 square meters of educational premises and is fully leased with a 20-year agreement.
- Hemfosa implemented a private placement of preference shares. Net proceeds of the issue amounted to SEK 166,299,833.70. After the issue, the number of preference shares totaled 10,999,999.
- After the end of the quarter, Hemfosa's partly owned joint venture, Gardermoen Campus Utvikling AS, signed an agreement to develop a local medical center at Gardermoen, near Oslo, adjacent to the specialist hospital the company began building in September 2015. Construction is scheduled to commence in spring 2016, with completion expected in January 2018.
- After the end of the quarter, Hemfosa's partly owned joint venture, Söderport Fastigheter AB, divested eight properties. The total sales price amounted to MSEK 154.

# Comments from the CEO

We continue to strengthen Hemfosa Fastigheter's position as the largest publicly listed property company with a focus on community service properties. An additional investment in the Oslo area confirms our position as a major player in the Norwegian market. We also analyze the possible acquisition of community service properties in Finland. In the third quarter, our earnings capacity was further strengthened in parallel with lower financing risk due to a lower loan-to-value ratio and a higher equity/assets ratio.

## INCREASED FOCUS ON COMMUNITY SERVICE PROPERTIES

During the year, we have worked determinedly to focus the property portfolio on community service properties, which now account for more than 60 percent of our income – and our aim is to increase that share. Every market condition requires new steps and approaches, having the courage to sit back and wait is sometimes the most opportunistic strategy. The most attractive opportunities for Hemfosa in the current climate are mainly large structural contracts and projects in the public sector in the Nordic region. Our infrastructure projects in Gardermoen are real examples of how we are literally laying the foundation for long-term stable earnings and close relationships with our tenants.

## BROADER NORDIC PLAYER

During the year, we established a clear position as a powerful player in community service properties in Norway and we continue to growth through both acquisitions and more projects. In autumn, our joint venture Gardermoen Campus Utvikling GCU signed another agreement for a municipal development project in the Oslo region – a local medical center adjacent to the specialist hospital that we started building in September. That GCU was selected as the partner for yet another project in this interesting area confirms that the company is also perceived as a major player in this segment outside of Sweden. We are now hoping to become a broader Nordic player in community service properties by turning our attention towards Finland and actively analyzing potential contracts in the Finnish market for community service properties. Despite some variations in the Swedish, Norwegian and Finnish property markets, there are more factors that unite us in our approach to community service properties, and we see great potential for a powerful and experienced player such as Hemfosa.

## A DEVELOPING ORGANIZATION

Since our foundation, Hemfosa has worked actively and consistently to secure expertise in all parts of this rapidly growing property company. In 2015, Hemfosa strengthened expertise in the Executive Management Team by appointing new employees, for whom we want to present an opportunity to grow and reach their full capacity. This kind of development is natural for our organization and we believe that foresight, openness and real faith in the next generation is the way forward. As part of this process, Stina Lindh Hök, currently the Head of Transactions, will assume Lars Thagesson's area of responsibility in connection with his transition to a freer role at year-end. Lars Thagesson will also continue to work exclusively with Hemfosa, as a consultant, mainly with responsibility for managing project activities in Norway and probing the Finnish market.

We are also proud of our nomination for the 2015 AllBright Award for a company that “promotes a business industry that see the potential in every individual and that recruits based on meritocracy.” In my eyes, a streamlined focus on expertise and results is the only path to lasting business success. The company's success is proof that this approach pays off, for both employees and investors.

With yet another stable quarter behind us, we will continue our journey down this path. During the quarter, a private placement of preference shares also strengthened our financial position. In other words, we are well-equipped, in every possible way, to continue our development of the company.

*Jens Engwall, CEO*

An additional project in Norway

Strengthened expertise in the Executive Management Team

# Overview

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

	Jan-Sep		Full-year	
	2015	2014	2014	2013
Rental income	1,819	1,190	1,612	1,584
Property expenses including property administration	-586	-388	-538	-537
<b>Net operating income</b>	<b>1,233</b>	<b>802</b>	<b>1,074</b>	<b>1,047</b>
Central administration	-83	-50	-74	-79
Other operating income and expenses	-1	50	62	0
Share in profit of joint ventures	141	224	239	125
Financial income and expenses	-332	-384	-480	-770
<b>Profit from property management</b>	<b>958</b>	<b>642</b>	<b>821</b>	<b>323</b>
Changes in value of properties	959	220	487	-214
Changes in value of financial instruments	-61	-208	-277	23
Current tax	-1	-1	-2	-
Deferred tax	-212	-80	-67	99
<b>Profit/loss for the year</b>	<b>1,642</b>	<b>572</b>	<b>962</b>	<b>231</b>

### Other comprehensive income

Exchange differences for the period in converting foreign operations	-86	-	-	-
<b>Comprehensive income for the year</b>	<b>1,555</b>	<b>572</b>	<b>962</b>	<b>231</b>

### Profit/loss for the year attributable to:

Parent Company shareholders	1,631	571	964	231
Non-controlling interests	11	1	-2	0
<b>Income for the year</b>	<b>1,642</b>	<b>572</b>	<b>962</b>	<b>231</b>

**Earnings per ordinary share for the year, before and after dilution, SEK**

	<b>11.93</b>	<b>5.21</b>	<b>8.66</b>	<b>3.70</b>
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## Consolidated statement of financial position, MSEK

	Sep 30		Dec 31	
	2015	2014	2014	2013
Investment properties	27,956	17,505	24,400	16,284
Shares in joint ventures	957	690	609	455
Derivatives	-	-	-	6
Other fixed assets	19	27	10	26
Current receivables	145	95	94	66
Cash and cash equivalents	324	498	594	284
<b>Total assets</b>	<b>29,402</b>	<b>18,815</b>	<b>25,707</b>	<b>17,121</b>
Shareholders' equity	9,850	6,720	8,701	2,369
Interest-bearing liabilities	17,649	10,957	15,760	13,660
Derivatives	163	85	106	118
Deferred tax liabilities	592	513	423	430
Other liabilities	1,148	541	717	544
<b>Total equity and liabilities</b>	<b>29,402</b>	<b>18,815</b>	<b>25,707</b>	<b>17,121</b>

## Statement of cash flow for the Group, MSEK

	Jan-Sep		Full-year	
	2015	2014	2014	2013
Cash flow from operating activities	797	380	627	261
Cash flow from investing activities	-1,014	-1,006	-2,499	-503
Cash flow from financing activities	-52	840	2,182	284
<b>Total cash flow</b>	<b>-269</b>	<b>214</b>	<b>310</b>	<b>42</b>

# Key figures

## Key financial data

	Jan-Sep		Full-year	
	2015	2014	2014	2013
Return on shareholders' equity, %	21.9	9.4	12.6	13.6
Equity/assets ratio, % <sup>1</sup>	33.5	35.7	33.7	13.8
Loan-to-value ratio, properties, % <sup>1</sup>	63.1	62.6	64.6	83.9
Debt/equity ratio, multiple <sup>1</sup>	1.8	1.6	1.8	5.8
Interest-coverage ratio, multiple <sup>2,3</sup>	3.5	2.1	2.2	1.3

## Share-related key figures, ordinary shares

	Jan-Sep		Full-year	
	2015	2014	2014	2013
Profit from property management, SEK per ordinary share <sup>4</sup>	6.81	5.85	7.36	6.46
Profit after tax, SEK per ordinary share <sup>4</sup>	11.93	5.20	8.66	3.70
Equity, SEK per ordinary share <sup>1</sup>	61.31	51.15	53.84	47.38
Net asset value (EPRA NAV), SEK per ordinary share <sup>1,4</sup>	69.48	57.55	59.98	58.20
Cash flow from operating activities, SEK per ordinary share <sup>4</sup>	5.59	3.45	5.59	5.22
Dividend, SEK per ordinary share	1.50	-	-	-
Weighted average number of ordinary shares, 000s	131,440	109,955	109,954	50,000
Number of ordinary shares outstanding, 000s <sup>1</sup>	131,440	131,440	131,440	50,000

## Share-related key figures, preference shares

	Jan-Sep		Full-year	
	2015	2014	2014	2013
Dividend, SEK per preference share	6.25	-	1.25	-
Equity, SEK per preference share <sup>1</sup>	162.85	-	162.50	-
Number of preference shares outstanding, 000s <sup>1</sup>	11,000	-	10,000	-

## Property-related key figures

	Sep 30		Dec 31	
	2015	2014	2014	2013
Number of properties	369	195	353	195
Rental value, MSEK	2,715	1,816	2,520	1,738
Leasable area, 000s of sqm	2,544	1,750	2,516	1,713
Carrying amount of properties in the balance sheet, MSEK	27,956	17,505	24,400	16,284
Property value, SEK per sqm	10,989	10,003	9,699	9,556
Economic leasing rate, %	90.7	90.1	90.7	90.0
Surplus ratio, %	67.8	67.4	66.6	66.1
Yield, %	5.9	6.3	6.1	6.4

1 At the end of the period.

2 Interest expenses for the Jan-Dec 2014 period include interest of MSEK 60 (312) on shareholders' loans.

3 Share of profit/loss of joint ventures is not included in profit from property management when calculating the interest-coverage ratio.

4 Key figures were retroactively restated due to a share split implemented in May 2015.

# Operations

## Summary of earnings

MSEK	Jul-Sep		Jan-Sep		Full-year
	2015	2014	2015	2014	2014
Rental income	615	409	1,819	1,190	1,612
Property expenses including property administration	-179	-121	-586	-388	-538
<b>Net operating income</b>	<b>436</b>	<b>288</b>	<b>1,233</b>	<b>802</b>	<b>1,074</b>
Central administration	-23	-17	-83	-50	-74
Other operating income and expenses	1	30	-1	50	62
Share in profit of joint ventures	41	29	141	224	239
Financial income and expenses	-111	-87	-332	-384	-480
<b>Profit from property management</b>	<b>345</b>	<b>243</b>	<b>958</b>	<b>642</b>	<b>821</b>
Changes in value of properties	359	62	959	220	487
Changes in value of financial instruments	-39	-63	-61	-208	-277
<b>Profit before tax for the year</b>	<b>664</b>	<b>241</b>	<b>1,855</b>	<b>653</b>	<b>1,031</b>
Current tax	0	0	-1	-1	-2
Deferred tax	-104	-14	-212	-80	-67
<b>Profit/loss for the year</b>	<b>560</b>	<b>227</b>	<b>1,642</b>	<b>572</b>	<b>962</b>

## THIRD QUARTER, JULY-SEPTEMBER 2015

In the third quarter of 2015, Hemfosa took over the three remaining properties in a portfolio totaling 13 properties in Norway, in which preschool operations are conducted. For the first eleven properties of the portfolio, possession were taken during the second quarter.

In Sweden, Hemfosa took possession of three properties, in which preschool and school operations are conducted, with private players as tenants. The properties are located in Stockholm and Karlstad, both with long leases of 15 and 20 years respectively. The possessions completed are within the Community service properties segment.

During the quarter, three properties in Karlstad were divested from the Office properties in growth municipalities and Transaction properties segments.

The leasable area of Hemfosa's total property portfolio was 2,544,000 square meters (1,750,000) at September 30, 2015. The leasing rate was 90.7 percent (90.1). Net operating income increased in line with the large property portfolio, compared with the year-on-year period. The surplus ratio was 70.8 percent (70.4) and the yield for the entire portfolio amounted to 5.9 percent (6.6).

The rental market remained strong during the quarter and several leases were renegotiated or newly negotiated. Maintenance and tenant-specific modification projects as well as other investments are ongoing in a number of properties. Investments in the existing property portfolio totaled MSEK 168 (153) during the quarter.

Central administration costs increased due to the expanded property portfolio, which required a larger organization and more local offices.

Profit from shares in joint ventures totaled MSEK 41 (29), mainly generated by holdings in Söderport Holding AB, and comprised MSEK 36 (38) in profit from property management, MSEK 19 (5) in revaluations of properties and financial instruments and a loss of MSEK 14 (loss: 14) in other items.

Financial income and expenses were positively impacted by both lower interest rates and reduced margins for new borrowings. The average loan portfolio was MSEK 17,649 (10,957), which was higher year-on-year and contributed to higher financial costs in relative terms. At September 30, 2015, the loan-to-value ratio was 63.1 percent (62.6).

Changes in the value of investment properties totaled MSEK 359 (62), for which realized changes accounted for a loss of MSEK 3 (loss: 3) and unrealized changes for MSEK 362 (65). Unrealized changes in the value of financial instruments amounted to a loss of MSEK 39 (loss: 63), due to the continued fall in interest rates.

The NOK continued to weaken against the SEK. During the quarter, translation of the Norwegian operations generated a translation difference of MSEK 43 (-) in other comprehensive loss.

## Cash flow

Cash flow from operating activities amounted to MSEK 306 (245), corresponding to SEK 2.14 per share (1.85). Investing activities had a negative impact of MSEK 260 (pos: 302) on cash flow, of which investments in existing properties accounted for MSEK -168 (-153), acquisitions of subsidiaries and properties for MSEK -83 (-5), divestments of subsidiaries and properties for MSEK 91 (-3), acquisitions of interests in joint ventures for MSEK -90 (-) and other items for MSEK -8 (463), which in the year-on-year period mainly comprised the repayment of loans and dividends from a joint venture.

During the quarter, financing activities had a negative impact of MSEK 175 (neg: 348) on cash flow. In addition to loans raised and repayments in connection with the acquisition and divestment of subsidiaries, loans raised amounted to MSEK 0 (115) and repayments to MSEK -243 (-463). During the quarter, MSEK 99 (-) was paid to Hemfosa's shareholders and a new issue of preference shares generated total proceeds of MSEK 166 (-).

Overall, the change in cash and cash equivalents during the quarter was MSEK -129 (pos: 199).

## INTERIM PERIOD JANUARY-SEPTEMBER 2015

### Earnings

During the period, Hemfosa implemented its first property acquisitions in Norway through Samfunnsbygg AS, in which Hemfosa has a 97.2 percent interest. A total of 21 community service properties were acquired in the Oslo area and southern Norway, with an underlying value corresponding to approximately SEK 3.1 billion. In addition, Hemfosa acquired community service properties in western Sweden and Stockholm at a value of SEK 0.4 billion, and signed an agreement to invest approximately SEK 1 billion in a hospital project in Norway.

During the period, properties were divested for a total underlying value of about SEK 1.4 billion. The largest divestment pertained to a portfolio of nine logistics properties in eight districts in southern, central and western Sweden.

The higher net operating income, year-on-year, is due to an expanded property portfolio. For the period, the surplus ratio was 67.8 percent (67.4).

Profit from shares in joint ventures amounted to MSEK 141 (225), mainly generated by holdings in Söderport Holding AB. The total share of profit of joint ventures comprised MSEK 96 (94) in profit from property management, MSEK 106 (202) in revaluations of properties and financial instruments, and a loss of MSEK 61 (loss: 72) in other items.

The decline in financial income and expenses derived partly from the conversion of an interest-bearing shareholders' loan into equity, but also to its repayment at the end of the first quarter of 2014. In addition, the item was positively impacted by both lower interest rates and reduced margins for new borrowings. The interest-coverage ratio was a multiple of 3.5 (2.1).

Changes in the value of investment properties totaled MSEK 959 (220), of which realized changes accounted for MSEK 91 (27) and unrealized changes for MSEK 868 (193). Changes in the value of financial instruments totaled MSEK -61 (-208), of which realized changes accounted for MSEK 0 (-55) and unrealized changes for MSEK -61 (-153).

Due to the possibility of making tax depreciation deductions and direct deductions for certain property refurbishments, as well as utilizing the tax losses generated by the operations, the current tax expense is low. Deferred tax expense for the period totaled MSEK 212 (80), of which deferred tax expense of MSEK 112 (27) is attributable to temporary differences in investment properties. Other items pertained to deferred tax income and expenses attributable to the revaluation of derivative instruments and completed property transactions. Hemfosa has no ongoing tax disputes.

During the period, translation of the Norwegian operations generated a translation difference of MSEK 86 (-) in other comprehensive loss.

## Cash flow

Cash flow from operating activities for the period amounted to MSEK 797 (380), corresponding to SEK 5.59 per ordinary share (3.45). Investing activities had a negative impact of MSEK 1,014 (neg: 1,006) on cash flow, of which investments in existing properties accounted for MSEK -409 (-387), acquisitions of subsidiaries and properties for MSEK -1,030 (-787), divestment of subsidiaries and properties for MSEK 641 (179), acquisition of interests in joint ventures for MSEK -166 (-) and other items for MSEK -49 (-11).

Financing activities had a negative impact of MSEK 52 (neg: 840) on cash flow for the year. In addition to loans raised and repayments in connection with the acquisition and divestment of subsidiaries, loans raised amounted to MSEK 297 (1,960) and repayments to MSEK -242 (-2,145). During the period, MSEK 272 (-) was paid to Hemfosa's shareholders. Overall, the change in cash and cash equivalents during the period was a negative MSEK 269 (pos: 214).

# 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 with 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 not deemed to generate an acceptable long-term, risk-adjusted return, or properties that are considered unique in terms of geography or category.

**61%**  
of the Group's  
net operating  
income

## COMMUNITY SERVICE PROPERTIES

Community service properties accounted for approximately 61 percent of Hemfosa's net operating income, which is an increase of 11 percentage points over the period. At September 30, 2015, the segment included a total of 199 properties with a leasable area of 1,156,000 square meters.

During the quarter, Hemfosa took over the three remaining properties in Norway from the previous acquisition – a total of 13 properties, in which preschool activities are conducted. The total leasable area was about 10,000 square meters. The leasing rate was 100 percent, and lease terms were 20 years. In Sweden, one property in Karlstad was taken in possession, in which a private player engaged in school activities signed a 20-year lease, and two properties with pre-school and school activities in Stockholm, both with 15-year leases.

The economic leasing rate for the Community service properties segment was 94.9 percent. The yield for the segment was 6.3 percent.

Leasing activities during the quarter included the renegotiation of several leases, as well as the modification and renovation of premises to meet tenant needs. Several conversion and new-build projects continued for a number of schools, as well as the Police Authority, the National Courts Administration, the Municipality of Härnösand and the Western Stockholm-Mälars Region Municipal Association.

Community service properties (MSEK)	Jul-Sep		Jan-Sep		Full-year
	2015	2014	2015	2014	2014
Rental income	352	210	1,033	590	806
Property expenses					
<i>Operations</i>	-45	-34	-170	-114	-159
<i>Maintenance</i>	-22	-14	-54	-34	-53
<i>Property tax</i>	-7	-7	-26	-20	-26
Property administration	-9	-7	-29	-21	-28
<b>Net operating income</b>	<b>269</b>	<b>147</b>	<b>754</b>	<b>401</b>	<b>540</b>
Number of properties			199	86	165
Leasable area, 000s of sqm*			1,156	667	977
Economic leasing rate, %			94.9	95.6	96.2

\* excluding garage space



**18%**  
of the Group's  
net operating  
income

### OFFICE PROPERTIES IN GROWTH MUNICIPALITIES

At September 30 2015, the Office properties in growth municipalities segment included a total of 58 properties. The leasable area was 506,000 square meters, and the economic leasing rate was 82.4 percent. The yield for Office properties in growth municipalities was 5.2 percent.

During the quarter, projects were concluded and new agreements with a number of major tenants commenced. Leasing activities during the quarter comprised both renegotiated and new leases, including new leases for approximately 3,000 square meters in Gothenburg. In addition, two properties were divested in Kristianstad.

Office properties in growth municipalities (MSEK)	Jul-Sep		Jan-Sep		Full-year
	2015	2014	2015	2014	2014
Rental income	125	115	374	332	443
Property expenses					
<i>Operations</i>	-20	-18	-76	-64	-86
<i>Maintenance</i>	-5	-6	-30	-21	-31
<i>Property tax</i>	-4	-7	-21	-22	-29
Property administration	-5	-5	-18	-15	-19
<b>Net operating income</b>	<b>91</b>	<b>78</b>	<b>229</b>	<b>211</b>	<b>278</b>
Number of properties			58	46	63
Leasable area, 000s of sqm*			506	438	527
Economic leasing rate, %			82.4	82.4	81.9

\* excluding garage space

**10%**  
of the Group's  
net operating  
income

### LOGISTICS PROPERTIES

At September 30, 2015, the Logistics properties segment included a total of 22 properties, of which half are located in southern and central Sweden. The leasable area was 408,000 square meters and the economic leasing rate was 94.4 percent. Most of the leases in this segment have been designed so that tenants can manage the operating expenses related to the leased spaces, so-called triple-net-agreements. The yield for Logistics properties was 5.8 percent. During the quarter, earnings were charged with MSEK 20 in maintenance costs attributable to the rectification of undersized flooring in one of the properties.

Logistics properties (MSEK)	Jul-Sep		Jan-Sep		Full-year
	2015	2014	2015	2014	2014
Rental income	53	52	155	160	221
Property expenses					
<i>Operations</i>	-1	-3	-7	-12	-18
<i>Maintenance</i>	-21	0	-22	-3	-4
<i>Property tax</i>	-1	-1	-4	-4	-5
Property administration	-2	-1	-4	-4	-6
<b>Net operating income</b>	<b>28</b>	<b>46</b>	<b>118</b>	<b>136</b>	<b>188</b>
Number of properties			22	23	31
Leasable area, 000s of sqm*			408	406	522
Economic leasing rate, %			94,4	94,8	91,4

\* excluding garage space

**11%**  
of the Group's  
net operating  
income

### TRANSACTION PROPERTIES

At September 30, 2015, the Transaction properties segment included 90 properties, mainly retail, industrial and office properties in the South and West geographic areas. During the quarter, one property in Karlskrona was divested. The economic leasing rate was 85.6 percent, and the leasable area was 475,000 square meters. The yield for Transaction properties was 5.4 percent.

Transaction properties (MSEK)	Jul-Sep		Jan-Sep		Full-year
	2015	2014	2015	2014	2014
Rental income	84	35	256	108	143
Property expenses					
<i>Operations</i>	-15	-9	-62	-33	-43
<i>Maintenance</i>	-14	-4	-39	-11	-16
<i>Property tax</i>	-3	-2	-11	-5	-7
Property administration	-3	-2	-10	-7	-9
<b>Net operating income</b>	<b>49</b>	<b>18</b>	<b>133</b>	<b>53</b>	<b>68</b>
Number of properties			90	40	94
Leasable area, 000s of sqm*			475	239	491
Economic leasing rate, %			85.6	79.8	87.4

\* excluding garage space

# Current earnings capacity

The table below shows the company's current earnings capacity on a 12-month basis at September 30, 2015. The earnings capacity is not a forecast, but should be considered 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>September 30, 2015</b>
Rental income	2,457
Property expenses	-651
Property administration	-75
<b>Net operating income</b>	<b>1,731</b>
Central administration	-104
Share in profit of joint ventures	131
Financial income and expenses	-426
<b>Profit from property management</b>	<b>1,332</b>

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 September 30, 2015 based on current leases.
- Operating and maintenance costs consist of an assessment of a standard year's operating costs and maintenance measures.
- Property tax has been calculated on the basis of the current taxable value of the properties, and the current costs for site leaseholds.
- Costs for central administration and marketing have been calculated on the basis of the existing organization, and the size of the property portfolio.
- Financial income and expenses have been calculated on the basis of the company's actual average interest rate at October 1, 2015.
- The earnings capacity for the Norwegian operations has been restated at the exchange rate on the balance-sheet date.
- Unconditional acquisition and sales agreements at the end of the period.

# Property portfolio

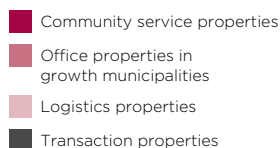
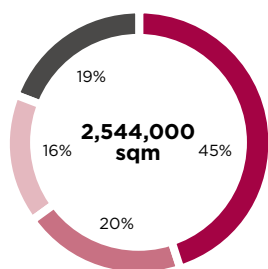
At September 30, 2015, the total property portfolio comprised 369 properties (195). Of the total property value, Sweden accounts for 89 percent and Norway for 11 percent. The geographic focus of the Swedish portfolio is southern and central Sweden. The metropolitan regions of Stockholm and Gothenburg as well as the Öresund region account for some 40 percent of the total property value in Sweden.

The total market value of the properties was SEK 28.0 billion (17.6). The total leasable area was 2,544,000 square meters (1,750,000), with a rental value of MSEK 2,715 (1,816).

During the period, Hemfosa acquired 37 properties with an underlying property value of SEK 3.7 billion, and a leasable area of some 183,000 square meters.

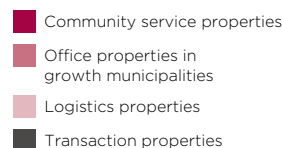
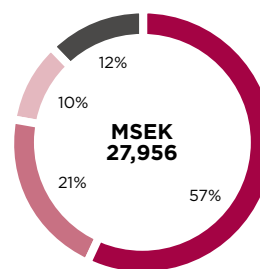
## Leasable property area

Per segment, September 30, 2015



## Recognized property value

Per segment, September 30, 2015



All acquisitions completed during the period were in the Community service properties segment. In Norway, properties were acquired at a value of approximately SEK 2.8 billion during the first quarter of the year, and approximately SEK 0.3 billion in the second and third quarters. The properties acquired in the second and third quarters comprise a total leasable area of 10,000 square meters and are fully leased. The tenant in these properties is a private player that conducts preschool activities in the premises.

In the first quarter, 11 community service properties were acquired in Västra Götaland, with the Municipality of Uddevalla and the Västra Götaland Region as major tenants, with operations including healthcare, schools and senior care homes. In the third quarter, three community service properties were taken in possession in Sweden – one in Karlstad, in which a private player is engaged in school activities, and two in Stockholm, in which preschool and school activities are conducted. Long leases have been signed for all three properties.

In the first quarter, 12 properties were divested for an underlying value of SEK 1.0 billion. The largest divestment pertained to the sale of nine logistics properties at a value of SEK 0.8 billion, and an area of 116,000 square meters. Divestments in the second quarter comprised a housing portfolio of 9,000 square meters in the Municipality of Haninge, and two small properties from the Transaction segment. In the third quarter, three small properties were divested in Kristianstad in the South region, from the Office properties in growth municipalities and Transaction properties segments.

To the existing property portfolio, investments totaling MSEK 409 (387). The largest projects in progress at September 30, comprised the remodeling and expansion of a property in Umeå for Vattenfall, the remodeling and expansion of the District Court in Alingsås, and a comprehensive facade renovation on a property in Gävle. The investments are generating a positive return and are expected to increase the value of the properties.

### Property information, September 30, 2015

By segment	Leasable area, 000s of sqm*	Rental value, MSEK	Economic leasing rate, %	Remaining lease term, years	Carrying amount, MSEK	No. of properties
Community service properties	1,156	1,472	94.9	7.0	16,020	199
Office properties	506	608	82.4	3.2	5,840	58
Logistics properties	408	243	94.4	8.0	2,858	22
Transaction properties	475	392	85.6	2.9	3,238	90
<b>Total</b>	<b>2,544</b>	<b>2,715</b>	<b>90.7</b>	<b>5.7</b>	<b>27,956</b>	<b>369</b>

\* excluding garage space

By region	Leasable area, 000s of sqm*	Rental value, MSEK	Economic leasing rate, %	Remaining lease term, years	Carrying amount, MSEK	No. of properties
North	418	441	92.0	6.1	4,197	84
Central	604	600	92.8	4.7	6,025	76
Stockholm	409	585	89.5	5.9	6,459	51
South	604	483	89.5	4.1	4,608	88
West	388	399	84.4	6.0	3,704	49
Norway	121	209	100.0	10.5	2,963	21
<b>Total</b>	<b>2,544</b>	<b>2,715</b>	<b>90.7</b>	<b>5.7</b>	<b>27,956</b>	<b>369</b>

\* excluding garage space

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

### Investments, acquisitions and divestments, January-September 2015

By segment	Investments in existing properties, MSEK	Acquisition of properties, MSEK	Divestment of properties, MSEK
Community service properties	181	3,674	295
Office properties	146	7	126
Logistics properties	41	0	854
Transaction properties	41	33	112
<b>Total</b>	<b>409</b>	<b>3,714</b>	<b>1,387</b>

By region	Investments in existing properties, MSEK	Acquisition of properties, MSEK	Divestment of properties, MSEK
North	50	41	1
Central	67	74	133
Stockholm	136	173	816
South	53	0	437
West	103	403	0
Norway	0	3,023	-
<b>Total</b>	<b>409</b>	<b>3,714</b>	<b>1,387</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 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 each quarter, starting from June 30, 2013.

### 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 for 2015 is 0 percent for Sweden, and 2.5 percent for Norway. For 2016 and the years ahead, the inflation assumption is 2 percent for Sweden and 2.5 percent for Norway. Property expenses are estimated on the basis of annual historical trends. The valuation is based on a present-value computation of cash flow, as well as the present market value at the end of the calculation period.

The weighted yield requirement was 6.6 percent (6.7), compared with an average yield requirement of 6.7 percent at June 30, 2015. The weighted cost of capital for calculating the present value of the cash flow and residual value was 7.7 percent (7.8) and 8.7 percent (8.8), respectively.

Hemfosa's property portfolio was valued at SEK 28.4 billion (17.6). The total change in value during the period was MSEK 3,689 (1,218), of which MSEK 3,714 (787) pertained to acquired properties, MSEK 409 (387) to value-added investment in the properties, MSEK 91 (27) to realized changes in value and MSEK 868 (193) to unrealized changes in value. Properties at a value of MSEK 1,387 (176) were divested during the period. Translation differences for the period amounted to a loss of MSEK 6 (-), attributable to acquisitions in Norway. In accordance with IFRS, a discount of MSEK 451 (107) for deferred tax in connection with acquisitions was included in the recognized property value in the statement of financial position. The total recognized property value was SEK 28.0 billion (17.5).

### Recognized property value

MSEK	September 30, 2015	September 30, 2014
Opening value for the year	24,718	16,394
Acquired properties	3,714	787
Investments in existing properties	409	387
Divested properties	-1,387	-176
Realized changes in value in profit or loss for the period	91	27
Unrealized changes in value in profit or loss for the period	868	193
Translation differences	-6	-
<b>Closing value for the period</b>	<b>28,407</b>	<b>17,612</b>
Acquired deferred tax	-451	-107
<b>Recognized property value</b>	<b>27,956</b>	<b>17,505</b>

# Shares in joint ventures

At June 30, 2015, Hemfosa was a partner in four joint ventures. Ownership is governed by a shareholders' agreement 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 Campus Utvikling AS		Gästgivaregatan Holding AB		Culmen Strängnäs II AB		Kronfastigheter Holding AB		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015*	2014	2015	2014
Share in equity, Sep 30	762	601	164	-	24	23	7	12	-	54	957	690
Participating interest %, Sep 30	50	50	65	-	50	50	50	50	-	50		
Share of profit/loss, Jan-Sep	143	201	-2	-	0	2	0	0	-	22	141	225
Of which:	96	72	0	-	0	2	0	0	-	20	96	94
Profit from property management	99	273	0	-	0	-	0	-	-	8	99	281
Changes in value of properties	7	-79	0	-	-	-	-	-	-	-	7	-79
Changes in value of financial instruments	-41	-50	0	-	-	-	-	-	-	-7	-41	-57
Deferred tax	-18	-15	-2	-	-	-	-	-	-	-	-20	-15
Other												

\* From December 31, 2014, Kronfastigheter Holding AB has been a wholly owned subsidiary.

## SÖDERPORT HOLDING AB

Hemfosa and AB Sagax each own 50 percent of Söderport Holding AB. At September 30, 2015, Söderport owned properties valued at approximately SEK 5.6 billion (5.2) with a focus on the Stockholm and Gothenburg areas. For the January-September 2015 period, Hemfosa's share of Söderport's profit was MSEK 143 (201), of which MSEK 96 (72) pertained to profit from property management, MSEK 99 (273) to changes in the value of the property portfolio, MSEK 7 (-79) to changes in the value of financial instruments, MSEK -41 (-50) to deferred tax and MSEK -18 (-15) to other items. In addition to current tax for Söderport, other items include de-recognition of the remaining Group items that arose when Hemfosa was acquired five years ago.

During the period, Söderport took over properties for a total purchase consideration of SEK 0.4 billion. The acquisition comprises 24 properties for production and warehousing, totaling 139,000 square meters of leasable area and an average remaining lease term of 7.1 years. The largest properties are located in Hallstahammar, Olofström and Oskarshamn, while the other smaller properties are in 16 locations across south and central Sweden. Two of the newly acquired properties were divested in the second quarter, and an undeveloped property was divested in the third quarter. At 30 September, Söderport owned 67 properties.

## Key figures for Söderport Holding AB

Property portfolio	Sep 30, 2015	Sep 30, 2014
Number of properties	67	45
Leasable area, 000s of sqm	749	613
<i>Hemfosa's share of selected financial information</i>		
Participating interest, %	50	50
Rental income, Jan-Sep, MSEK	202	162
Market value of properties, MSEK	2,817	2,451
Equity, MSEK	791	594
Interest-bearing liabilities, MSEK	1,706	1,594
Derivatives, negative value, MSEK	227	199
Deferred tax liability, MSEK	92	47

### GARDERMOEN CAMPUS UTVIKLING AS

In June 2015, Hemfosa acquired 65 percent of the shares in Gardermoen Campus Utvikling AS (GCU). The other partner of GCU is Aspelin Ramm, a Norwegian property development company.

GCU aims 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 detailed development plan for about half of the area. The detailed development plan has approved construction on up to 68,000 square meters.

The first phase of investment in GCU comprises the design and construction of a specialist hospital at Gardermoen in Norway. GCU has signed a 25-year lease with Landsforeningen for Hjerte og Lungesyke (LHL). LHL will co-locate two existing specialist hospitals to the new hospital when construction is completed. During the quarter, construction of the hospital commenced and is scheduled for completion in January 2018. At September 30, 2015, Hemfosa's investment in GCU amounted to MSEK 166.

After the end of the quarter, GCU signed an agreement with the Municipality of Ullensaker for a new local medical center adjacent to LHL's hospital. The project area is approximately 8,000 square meters and construction is planned to commence in spring 2016 with completion scheduled for January 2018. The municipality has signed a 30-year lease.

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 in GCU's Board of Directors and the project planners approved by the Board control all details in the progress of the projects.

### 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. Plans have been drawn up for the renovation and refurbishment of the commercial premises, totaling about 10,000 square meters.

### 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 properties. The company owns development rights for residential units in Strängnäs totaling some 3,000 square meters.



# Financing

## EQUITY

On September 30, 2015, Hemfosa's shareholders' equity amounted to MSEK 9,850 (6,720), corresponding to an equity/assets ratio of 33.5 percent (35.7). Hemfosa's financial target is an equity/assets ratio of at least 30 percent. At June 30, 2015, the Parent Company's shareholders' equity amounted to MSEK 8,367 (6,481). During the quarter, a private placement comprising 999,999 preference shares generated equity of MSEK 166 for the company. At the end of the period, preference capital totaled MSEK 1,755. The Annual General Meeting resolved on dividends totaling MSEK 394 to ordinary shareholders, and MSEK 100 to preference shareholders, with quarterly payment. Since the Board utilized its mandate to offer a private placement of new preference shares, approximately another MSEK 7 in dividend is added. At the end of the period, MSEK 272 had been paid and the remaining dividends were entered as a liability in the statement of financial position.

## INTEREST-BEARING LIABILITIES

At September 30, 2015, Hemfosa's interest-bearing liabilities totaled MSEK 17,649 (10,957), of which MSEK 16,419 (9,719) pertained to loans from credit institutions, MSEK 1,193 (1,188) to bond loans, MSEK 18 (46) to vendors' mortgages and MSEK 19 (3) to other liabilities. Hemfosa has a revolving credit of MSEK 1,300 (800), of which MSEK 619 (800) was unutilized at the end of the quarter. The Group also has two overdraft facilities totaling MSEK 325 (150), which were unutilized at September 30, 2015. The Group also has loans raised in NOK pertaining to property acquisitions in Norway.

The Group's interest-bearing liabilities to external credit institutes corresponded to 63.1 percent (62.6) of the property portfolio's carrying amount in the statement of financial position. At September 30, 2015, the average interest rate was 2.23 percent (2.94). STIBOR 3 months was negative throughout the entire period. In some cases, the Group has entered into loan agreements with an interest-rate floor provision, meaning that STIBOR 3 months cannot be negative. These loan agreements mean that Hemfosa is unable to fully benefit from low interest rates.

## Fixed-rate period distributed by instruments at September 30, 2015

	Overdraft facilities, MSEK	Swaps, MSEK	Caps, MSEK	Amount, MSEK	Proportion, %
<1 year	15,814	-6,957	-528	8,328	47
1-2 years	665	1,454	0	2,119	12
2-3 years	1,097	1,053	192	2,342	13
3-4 years	0	3,782	336	4,118	23
4-5 years	33	668	0	701	4
>5 years	40	0	0	40	0
<b>Total</b>	<b>17,649</b>	<b>0</b>	<b>0</b>	<b>17,649</b>	<b>100</b>

Agreements entered into for interest-rate swaps and interest-rate caps with a total volume of MSEK 9,126 have been taken into account when calculating the 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 loan agreements and manages interest-rate risk through interest-rate derivatives 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. At September 30, 2015, Hemfosa's outstanding interest-rate swaps amounted to a nominal value of MSEK 8,070 (6,579) and interest-rate caps to MSEK 1,056 (-). Taking into account the entered interest-rate derivatives and interest-rate caps, combined with the loans carrying fixed interest rates, 59.3 percent (66.3) of Hemfosa's loan portfolio is interest-hedged. During the period, new interest-rate swaps were entered into for loans in NOK. At the end of the quarter, the average remaining fixed-rate period was 1.5 years (2.1).

## Fixed-rate period, interest-rate swaps at September 30, 2015

	Nominal amount, MSEK	Average interest-rate swaps, %	Market value, MSEK
<1 year	1 112	0,8	-9
1-2 years	1 454	0,3	-9
2-3 years	1 053	0,9	-11
3-4 years	3 782	1,1	-130
4-5 years	668	1,3	-5
>5 years	0	0	0
<b>Total</b>	<b>8 070</b>	<b>0,9</b>	<b>-163</b>

During the quarter, the net change in interest-bearing liabilities was a decrease of MSEK 116 (348). The change was due to new loans totaling MSEK 155 (368) pertaining to property acquisitions in Sweden and Norway. The acquisition of preschools in Norway was largely financed after the end of the period. Repayments during the quarter totaled MSEK 271 (459), of which MSEK 100 (304) pertained to repayment of revolving credit facilities, MSEK 33 (-) to repayment on sales of properties, and MSEK 138 (19) to ongoing repayment under loan agreement.

In the fourth quarter, no credit will be payable except for a rolling credit facility of MSEK 19. For those loans maturing in 2016, Hemfosa assesses the probability of being able to refinance the loans on market terms as high.

At the end of the period, the total fair value of interest-rate swaps and interest-rate caps amounted to MSEK -163 (-22). The average loan maturity period was 2.6 (2.8) years. At September 30, 2015, all interest-rate swaps had a negative fair value, while interest-rate caps had a positive fair value.

## Maturity structure, interest-bearing liabilities at September 30, 2015

	Nominal amount, MSEK	Proportion, %	Loan interest, MSEK	Net interest, derivatives, MSEK*	Total, MSEK
2015	19	0	81	19	100
2016	3 353	19	299	68	367
2017	6 165	35	217	56	273
2018	4 496	26	144	47	191
2019	572	3	70	8	78
2020-	3 044	17	58	0	59
<b>Total</b>	<b>17 649</b>	<b>100</b>	<b>869</b>	<b>198</b>	<b>1 067</b>

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

# Other disclosures

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

Through its GCU joint venture, Hemfosa signed an agreement to develop a local medical center at Gardermoen Airport, near Oslo, adjacent to the specialist hospital the company began building in September 2015. A 30-year lease, encompassing operation and maintenance, was signed with the Municipality of Ullensaker for slightly more than half of the total project area of 7,826 sqm. Negotiations are in progress concerning the leasing of other areas in the property, which is being constructed adjacent to the specialist hospital. Construction is scheduled to commence in spring 2016, with completion expected in January 2018.

After the end of the quarter Söderport Fastigheter AB, which Hemfosa owns equally with AB Sagax, divested eight properties in three separate transactions. The total sales price amounted to MSEK 154. Hemfosa's profit amounted to MSEK 8. The properties will be transferred during the fourth quarter of 2015 and the first quarter of 2016.

## **EMPLOYEES**

At September 30, 2015, the number of employees was 61 (36), of whom 26 (18) were women. Hemfosa has offices in Nacka (head office), Gothenburg, Härnösand, Karlskrona, Karlstad, Kristianstad, Sundsvall, Västerås, Värnamo and Växjö. The acquisitions implemented by Hemfosa in the fourth quarter of 2014 meant that personnel increased by 21 employees, and that offices were established in Härnösand, Karlskrona, Värnamo, Växjö and Oslo.

The establishment of a management organization in Norway proceeded according to plan and in October, this was strengthened by the addition of a business controller. It is expected that the organization will be strengthened by one or two persons at the end of the year.

During the quarter, Hemfosa implemented management changes, including strengthening Group Management with a Head of Finance, Linda Eriksson, a CFO, Ann-Sofie Lindroth, and a COO for the Norwegian operations, Simon Venemyr Ottersland. At the same time, it was announced that Lars Thageson, COO of Sweden, will become a consultant to Hemfosa at year-end, working exclusively for Hemfosa. His responsibilities are shared between Annika Ekström, who is responsible for the management and Stina Lind Hök, responsible for transaction.

## **PARENT COMPANY**

For the January-September 2015 period, the Parent Company recognized profit after tax of MSEK 228 (173). The Parent Company's fees for central and property-administrative services from Group companies and joint ventures amounted to MSEK 41 (44) for the period.

At September 30, 2015, the Parent Company had shareholders' equity totaling MSEK 8,367 (6,481), of which restricted equity accounted for MSEK 72 (65).

At September 30, 2015, the Parent Company had interest-bearing bond loans totaling MSEK 1,200 (1,200), excluding costs in connection with borrowing. Intra-Group liabilities amounted to MSEK 1,249 (75), and intra-Group receivables to MSEK 8,191 (5,104).

## **NOMINATING COMMITTEE**

According to a decision by the preceding year's AGM of Hemfosa Fastigheter AB, the Nomination Committee is to consist of one representative of each of the four largest shareholders in terms of voting rights, and the Chairman of the Board. The member representing the largest shareholder is to be appointed Chairman of the Nomination Committee. The composition of the Nomination Committee prior to the 2016 AGM is to be based on the shareholder information in Euroclear Sweden AB's register on August 31, 2015. The names of the Committee members are to be announced as soon as the Nomination Committee has been appointed, but no later than six months prior to the AGM. The mandate period of the Nomination Committee extends until a new Nomination Committee is appointed.

Accordingly, the following individuals were appointed members of the Nomination Committee:  
 Mats Andersson, Fourth Swedish National Pension Fund,  
 Eva Gottfridsdotter-Nilsson, Länsförsäkringar Fondförvaltning AB,  
 Lennart Francke, Swedbank Robur Funds,  
 Maria Nordqvist, Lannebo Funds, and  
 Bengt Kjell, Chairman of the Board

## 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 and valuation policies were applied as in the most recent Annual Report. All amounts in this interim report are stated in millions of kronor (MSEK), unless otherwise stated. Amounts in parentheses pertain to the comparative year-earlier period. Rounding-off differences may occur.

IFRIC 21 Levies mean that certain taxes and levies imposed on companies by the government or equivalent bodies must be entered as a liability. Swedish property tax is already entered as a liability at the full annual value in the first quarter since the property tax is based on ownership on January 1. To the extent the tax pertains to the coming quarter, a corresponding amount is recognized as a deferred expense among assets in the balance sheet. IFRIC 21 was applied for the first time in the interim report for January-March 2015.

## RELATED-PARTY TRANSACTIONS

The Group owns shares in joint ventures, see pages 15–16 of the interim report. At September 30, 2015, the Group had no receivables from 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.

Due to the acquisition of properties in Norway in 2015, the Group is now exposed to currency risks. Currency risks pertain to investments, income and expenses in foreign currency, in which the currency fluctuations impact earnings and other comprehensive income for the year. Hemfosa's currency risk has been identified to arise in connection with shareholders' equity in foreign subsidiaries, and partly 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 transferring and Hemfosa is exposed to currency fluctuations in the intermediary period. Accordingly, Hemfosa is exposed to both currency flows and changes of currency rates. The company has not currently entered into any currency hedges but is continuously working on the issue, and it is not impossible that the company may enter into currency hedges from time to time.

## Sensitivity analysis, September 30, 2015

	Change, %	Earnings effect, MSEK
Contractual rental income according to earnings capacity	+/- 1	25
Economic leasing rate, 90.1%		
Economic leasing rate according to earnings capacity	+/- 1	25
Property expenses according to earnings capacity	+/- 1	7
Net operating income according to earnings capacity	+/- 5	87
Changes in SEK/NOK exchange rates	+/- 10	+109/-109
Interest expenses for current fixed-rate periods and changed interest rates <sup>1</sup>	+/- 1	+52/-18
Interest expenses for changes in average interest rate level <sup>2</sup>	+/- 1	+/-176
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/- 1	+/-215

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 2015 AGM resolved on a division of the company's shares, whereby one share in the company on May 19, 2015 would be divided into two shares of the same class of shares (2:1 share split).

At September 30, 2015, the number of Hemfosa shares was 141,440,208, of which 131,440,208 were ordinary shares and 10,000,000 preference shares. The Annual General Meeting 2015 authorized the Board to, at one or more occasions for the period until the end of the next Annual General Meeting, with or without deviation from the shareholders' preferential right, resolve upon a new issue of preference shares to the extent that such new issue can be made without amending the Articles of Association. After completion of the share split 2:1, the resolution entails that the total number of preference shares that may be issued pursuant to the authorisation may not exceed 10,000,000. On September 29, 2015, the Board of Directors decided to utilize this mandate to offer a private placement of new preference shares, totaling 999,999, to two institutional investors, see below paragraph Private placement, September 2015. After the issue, the number of Hemfosa shares was 142,440,207, of which 131,440,208 were ordinary shares and 10,999,999 preference shares.

The last price paid on September 30, 2015 was SEK 89.25 for the ordinary share, and SEK 162.00 for the preference share. Total market capitalization amounted to MSEK 13,351. At September 30, 2015, Hemfosa had 16,244 shareholders, of whom Swedish investors, institutions and private individuals owned 69.4 percent of the shares and 68 percent of the voting rights. International institutional investors owned 30.6 percent of the shares and 32 percent of the voting rights.

### Owner distribution, September 30, 2015

Owner	Number of shares		Percentage of owners	
	Ordinary shares	Preference shares <sup>1</sup>	Share capital	Votes
Fourth AP Fund	13,169,266	-	9.2%	9.9%
Länsförsäkringar Fondförvaltning AB	11,253,901	-	7.9%	8.5%
Swedbank Robur Funds	7,261,594	300,000	5.3%	5.5%
Kåpan Pensioner	6,863,562	-	4.8%	5.2%
AMF Försäkring och fonder	6,266,939	-	4.4%	4.7%
Lannebo Funds	5,973,647	-	4.2%	4.5%
Handelsbanken Fonder AB RE JPMEL	3,370,783	-	2.4%	2.5%
Ikano Invest AB	3,134,562	-	2.2%	2.4%
Board and management	8,849,304	152,600	6.3%	6.7%
Others	65,296,650	10,547,399	53.2%	50.1%
<b>Total</b>	<b>131,440,208</b>	<b>10,999,999</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>1</sup> Although the issue was registered on October 1, 2015, the settlement date for the newly issued preference shares was September 30, 2015, which is why these are also shown in the table.

### PRIVATE PLACEMENT, SEPTEMBER 2015

On September 29, 2015, the Board of Directors decided to utilize its mandate from the 2015 AGM to offer a private placement of new preference shares, totaling 999,999, to two institutional investors, The Swedish Foundation for Strategic Research and The Global Challenges Foundation. The subscription price was SEK 166.30 per preference share, corresponding to a discount of 2.5 percent compared with the volume-weighted average share price over the last ten days of trading until September 25, 2015. Net proceeds of the issue amounted to MSEK 166.3 and the settlement date was September 30, 2015.

The issue was registered on October 1, 2015 and the new preference shares carry entitlement to dividends as of the record date for dividends payable on October 9, 2015. After the issue, the number of preference shares in Hemfosa was 10,999,999.

## THE CHIEF EXECUTIVE OFFICER'S ASSURANCE

The Chief Executive Officer gives his 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 6 November, 2015  
Hemfosa Fastigheter AB (publ)  
(Corp.id. 556917-4377)

Jens Engwall  
Chief Executive Officer

This interim report has been audited by the company's auditors; see the Auditors' review on page 30.

In accordance with the Securities Market Act, Hemfosa will publish the information in this interim report on Friday, November 6, 2015, at 7:30 a.m.



## REPORTING DATES

Year-end report, January-December 2015	<b>February 19, 2016</b>
Interim report, January-March 2016	<b>April 19, 2016</b>
2016 Annual General Meeting	<b>April 19, 2016</b>
Interim report, January-June 2016	<b>July 21, 2016</b>

## CONTACT INFORMATION

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# Summary of financial reports

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

MSEK	Jul-Sep		Jan-Sep		Full-year
	2015	2014	2015	2014	2014
Rental income	615	409	1,819	1,190	1,612
Property expenses including property administration	-179	-121	-586	-388	-538
<b>Net operating income</b>	<b>436</b>	<b>288</b>	<b>1,233</b>	<b>802</b>	<b>1,074</b>
Central administration	-23	-17	-83	-50	-74
Other operating income and expenses	1	30	-1	50	62
Share in profit of joint ventures	41	29	141	224	239
Financial income and expenses	-111	-87	-332	-384	-480
<b>Profit from property management</b>	<b>345</b>	<b>243</b>	<b>958</b>	<b>642</b>	<b>821</b>
Changes in value of properties, realized	-3	-3	91	27	147
Changes in value of properties, unrealized	362	65	868	193	340
Changes in value of financial instruments, realized	-	-	-	-55	-75
Changes in value of financial instruments, unrealized	-39	-63	-61	-154	-202
<b>Profit before tax for the year</b>	<b>664</b>	<b>241</b>	<b>1,855</b>	<b>653</b>	<b>1,031</b>
Current tax	0	0	-1	-1	-2
Deferred tax	-104	-14	-212	-80	-67
<b>Profit/loss for the year</b>	<b>560</b>	<b>227</b>	<b>1,642</b>	<b>572</b>	<b>962</b>
<b>Other comprehensive income</b>					
<i>Items that have or could be transferred to profit for the period</i>					
Exchange differences for the period in converting foreign operations	-43	-	-86	-	-
<b>Comprehensive income for the year</b>	<b>517</b>	<b>227</b>	<b>1,555</b>	<b>572</b>	<b>962</b>
<i>Profit/loss for the year attributable to:</i>					
Parent Company shareholders	558	227	1,631	571	964
Non-controlling interests	2	0	11	1	-2
<i>Profit/loss for the year attributable to:</i>					
Parent Company shareholders	515	227	1,544	571	964
Non-controlling interests	2	0	11	1	-2
<b>Earnings per ordinary share for the year, before and after dilution, SEK</b>	<b>4.06</b>	<b>1.73</b>	<b>11.93</b>	<b>5.21</b>	<b>8.66</b>

## Consolidated statement of financial position

MSEK	Sep 30		Dec 31
	2015	2014	2014
<b>ASSETS</b>			
Investment properties	27,956	17,505	24,400
Shares in joint ventures	957	690	609
Other fixed assets	19	27	10
<b>Total fixed assets</b>	<b>28,933</b>	<b>18,222</b>	<b>25,019</b>
Current receivables from joint ventures	-	-	-
Current receivables	145	95	94
Cash and cash equivalents	324	498	594
<b>Total current assets</b>	<b>470</b>	<b>593</b>	<b>688</b>
<b>TOTAL ASSETS</b>	<b>29,402</b>	<b>18,815</b>	<b>25,707</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity attributable to Parent Company shareholders	9,842	6,718	8,689
Non-controlling interests	8	2	12
<b>Shareholders' equity</b>	<b>9,850</b>	<b>6,720</b>	<b>8,701</b>
Non-current interest-bearing liabilities	17,471	10,670	15,531
Other long-term liabilities	167	85	106
Deferred tax liabilities	592	513	423
<b>Total non-current liabilities</b>	<b>18,230</b>	<b>11,268</b>	<b>16,060</b>
Current interest-bearing liabilities	178	287	229
Other current liabilities	1,144	541	717
<b>Total current liabilities</b>	<b>1,322</b>	<b>828</b>	<b>946</b>
<b>Total liabilities</b>	<b>19,552</b>	<b>12,096</b>	<b>17,007</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>29,402</b>	<b>18,815</b>	<b>25,707</b>



# Consolidated statement of changes in equity

MSEK	Shareholders' equity attributable to Parent Company shareholders				Total	Non-controlling interests	Total share-holders' equity
	Share capital	Other con-tributed capital	Transla-tion reserve	Retained earnings incl. profit for the year			
Opening equity, Jan 1, 2014	25	225		2,118	2,368	1	2,369
<b>Transactions with the Group's shareholders, Jan-Sep 2014</b>							
<b>Contributions from and distributions to shareholders</b>							
Offset issue	31	2,939	-	-	2,970	-	2,970
New issue, ordinary shares	10	799 <sup>1</sup>	-	-	809	-	809
Reduction of share capital	0	-	-	0	0	-	0
<b>Changes in interests in subsidiaries</b>							
Capital contribution from non-con-trolling interests	-	-	-	0	0	0	0
<b>Total transactions with the Group's shareholders</b>	<b>41</b>	<b>3,738</b>	<b>-</b>	<b>0</b>	<b>3,779</b>	<b>0</b>	<b>3,779</b>
<b>Comprehensive income, Jan-Sep 2014</b>							
	-	-	-	571	571	1	572
<b>Closing equity, Sep 30, 2014</b>	<b>66</b>	<b>3,963</b>	<b>-</b>	<b>2,689</b>	<b>6,718</b>	<b>2</b>	<b>6,720</b>
<b>Transactions with the Group's shareholders, Oct-Dec 2014</b>							
<b>Contributions from and distributions to shareholders</b>							
New share issue, preference shares	5	1,586 <sup>2,3</sup>	-	-	1,591	-	1,591
<b>Changes in interests in subsidiaries</b>							
Adjustment of Non-controlling inter-ests	-	-	-	-13	-13	13	0
<b>Total transactions with the Group's shareholders</b>	<b>5</b>	<b>1,586</b>	<b>-</b>	<b>-</b>	<b>1,591</b>	<b>-</b>	<b>1,591</b>
<b>Comprehensive income, Oct-Dec 2014</b>							
	-	-	-	393	393	-3	390
<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
<b>Transactions with the Group's shareholders, Jan-Sep 2015</b>							
<b>Contributions from and distributions to shareholders</b>							
New share issue, preference shares	1	163 <sup>2,3</sup>	-	-	164	-	164
Dividend, preference shares <sup>4</sup>	-	-	-	-157	-157	-	-157
Dividend, ordinary shares <sup>4</sup>	-	-	-	-394	-394	-	-394
<b>Changes in interests in subsidiaries</b>							
Acquisition of subsidiaries with non-controlling interests	-	-	-	-5	-5	5	-
Divestment of partially-owned sub-sidiary	-	-	-	-	-	-20	-20
<b>Total transactions with the Group's shareholders</b>	<b>1</b>	<b>163</b>	<b>-</b>	<b>-556</b>	<b>-387</b>	<b>-15</b>	<b>-407</b>
<b>Comprehensive income, Jan-Sep 2015</b>							
	-	-	-86	1,631	1,544	11	1,555
<b>Closing equity, Sep 30, 2015</b>	<b>72</b>	<b>5,712</b>	<b>-86</b>	<b>4,144,</b>	<b>9,842</b>	<b>8</b>	<b>9,850</b>

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

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

3 This amount includes issue costs totaling MSEK 34, and tax of MSEK 7.

4 At September 30, 2015, MSEK 272 had been paid to holders of ordinary and preference shares.

## Statement of cash flow for the Group

MSEK	Jul-Sep		Jan-Sep		Full-year
	2015	2014	2015	2014	2014
<b>Operating activities</b>					
Profit from property management	345	243	958	642	821
Adjustments for non-cash items	-41	-29	-145	-224	-239
Income tax paid	0	0	-8	-4	-1
<b>Cash flow from operating activities before changes in working capital</b>	<b>304</b>	<b>214</b>	<b>805</b>	<b>414</b>	<b>581</b>
<b>Cash flow from changes in working capital</b>					
Changes in operating receivables	109	18	-135	-26	91
Changes in operating liabilities	-108	13	127	-8	-45
<b>Cash flow from operating activities</b>	<b>306</b>	<b>245</b>	<b>797</b>	<b>380</b>	<b>627</b>
<b>Cash flow from investing activities</b>	<b>-260</b>	<b>302</b>	<b>-1,014</b>	<b>-1,006</b>	<b>-2,499</b>
<b>Cash flow from financing activities</b>	<b>-175</b>	<b>-348</b>	<b>-52</b>	<b>840</b>	<b>2,182</b>
<b>Cash flow for the year</b>	<b>-129</b>	<b>199</b>	<b>-269</b>	<b>214</b>	<b>310</b>
Exchange-rate difference in cash and cash equivalents	-1	-	-	-	-
Cash and cash equivalents at the beginning of the year	455	299	594	284	284
<b>Cash and cash equivalents at year-end</b>	<b>325</b>	<b>498</b>	<b>325</b>	<b>498</b>	<b>594</b>

## Segment information

MSEK	Jan-Sep									
	Community service properties		Office properties		Logistics properties		Transaction properties		Total consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Rental income	1,033	590	374	332	155	160	256	108	1,819	1,190
Property expenses										
<i>Operations</i>	-170	-114	-76	-64	-7	-12	-62	-33	-316	-223
<i>Maintenance</i>	-54	-34	-30	-21	-22	-3	-39	-11	-145	-69
<i>Property tax</i>	-26	-20	-21	-22	-4	-4	-11	-5	-62	-50
Property administration	-29	-21	-18	-15	-4	-4	-10	-7	-62	-46
<b>Net operating income</b>	<b>754</b>	<b>401</b>	<b>229</b>	<b>211</b>	<b>118</b>	<b>136</b>	<b>133</b>	<b>53</b>	<b>1,233</b>	<b>802</b>
Central administration									-83	-50
Other operating income and expenses									-1	50
Share in profit of joint ventures									141	224
Financial income and expenses									-332	-384
<b>Profit from property management</b>									<b>958</b>	<b>642</b>
Changes in value of properties, realized									91	27
Changes in value of properties, unrealized									868	193
Changes in value of financial instruments									-61	-208
<b>Profit before tax for the year</b>									<b>1,855</b>	<b>653</b>
Investments in existing portfolio during the period	182	241	145	118	41	3	41	24	409	387
Carrying amount of investment properties, Sep 30	16,020	8,650	5,840	4,854	2,858	2,754	3,238	1,247	27,956	17,505

## Income statement for the Parent Company

MSEK	Jul-Sep		Jan-Sep		Full-year
	2015	2014	2015	2014	2014
Net sales	14	15	41	44	58
Other external costs	-7	-11	-26	-29	-38
Personnel expenses	-7	-6	-22	-18	-27
Depreciation/amortization	0	0	0	0	0
<b>Operating profit/loss</b>	<b>0</b>	<b>-2</b>	<b>-7</b>	<b>-3</b>	<b>-7</b>
Interest income and similar items	92	90	273	264	924
Interest expenses and similar expense items	-13	-13	-38	-88	-135
<b>Profit/loss after financial items</b>	<b>79</b>	<b>75</b>	<b>228</b>	<b>173</b>	<b>782</b>
<b>Appropriations</b>					
Group contributions received and paid	-	-	-	-	-75
<b>Profit/loss after appropriations</b>	<b>79</b>	<b>75</b>	<b>228</b>	<b>173</b>	<b>707</b>
Tax	-	-	-	-	-
<b>Profit/loss for the year</b>	<b>79</b>	<b>75</b>	<b>228</b>	<b>173</b>	<b>707</b>

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

MSEK	Jul-Sep		Jan-Sep		Full-year
	2015	2014	2015	2014	2014
<b>Profit/loss for the year</b>	<b>79</b>	<b>75</b>	<b>228</b>	<b>173</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	-40	-	-80	-	-
<b>Comprehensive income for the year</b>	<b>39</b>	<b>75</b>	<b>148</b>	<b>173</b>	<b>707</b>

## Balance sheet for the Parent Company

MSEK	Sep 30		Dec 31
	2015	2014	2014
<b>ASSETS</b>			
Tangible assets	0	0	0
Shares in joint ventures	0	31	-
Participations in Group companies	2,887	2,533	2,661
Non-current receivables from Group companies	704	4,758	5,050
Other fixed assets	-	26	-
<b>Total fixed assets</b>	<b>3,591</b>	<b>7,348</b>	<b>7,711</b>
		,	,
Current receivables from Group companies	7,487	346	2,076
Other current receivables	47	14	15
Cash and bank balances	10	76	313
<b>Total current assets</b>	<b>7,544</b>	<b>436</b>	<b>2,404</b>
<b>TOTAL ASSETS</b>	<b>11,135</b>	<b>7,784</b>	<b>10,115</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		,	,
Restricted equity	72	66	71
Unrestricted equity	8,295	6,416	8,536
<b>Shareholders' equity</b>	<b>8,367</b>	<b>6,481</b>	<b>8,607</b>
		,	,
Non-current interest-bearing liabilities	1,200	1,200	1,200
Non-current liabilities to Group companies	-	75	75
<b>Total non-current liabilities</b>	<b>1,200</b>	<b>1,275</b>	<b>1,275</b>
		,	,
Current interest-bearing liabilities	-	-	18
Current liabilities to Group companies	1,249	-	144
Other current liabilities	319	28	70
<b>Total current liabilities</b>	<b>1,568</b>	<b>28</b>	<b>232</b>
<b>Total liabilities</b>	<b>2,768</b>	<b>1,303</b>	<b>1,507</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,135</b>	<b>7,784</b>	<b>10,115</b>
<b>Pledged assets and contingent liabilities</b>			
<i>Pledged assets</i>			
Participations in Group companies	2,887	2,533	2,661
<i>Contingent liabilities</i>			
Sureties for liabilities in Group companies	12,074	6,690	11,356

# Review report

To the Board of Directors of Hemfosa Fastigheter AB (publ.)  
Corp. id. 556917-4377

## INTRODUCTION

We have reviewed the summary interim financial information (interim report) of Hemfosa Fastigheter AB (publ.) as of 30 September 2015 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 6 November 2015  
KPMG AB

Björn Flink  
Authorized Public Accountant

# 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 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 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 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 of profit/loss of joint ventures as a percentage of financial income and expenses.

## Community service properties

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

## 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 common 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.

## 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

Hemfosas affärsidé är att äga, utveckla och förvalta fastigheter med tydligt inslag av samhällsfinansierade hyresgäster, vilket genererar en långsiktig, hög och stabil avkastning, samt skapa värde genom att aktivt delta i transaktionsmarknaden.

## Strategy

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

- Developing and adding value to its property portfolio.
- Creating and maintaining long-term relationships with tenants by exercising 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 objectives

- 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 share of profit of joint ventures and after deduction for tax paid.
- To achieve a long-term equity ratio of at least 30 percent.