

Annual Report 2014





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The art of creating value

At Hemfosa, we are driven by the urge to develop. Finding roads that no-one else has taken, seeing opportunities yet to be seen by others. We collect, add value and take tender care. But we also sell if something no longer fits in. A bit like shaping a valuable art collection. We are both strategic and opportunist; stable yet flexible. Long-term in property management yet alert in transactions. A sustainable combination that benefits our owners, tenants and employees alike. We're experts in properties — and we know all there is to know about owning the right collection.

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Hemfosa's formal and audited annual accounts are on pages 37-43 and 50-89. While every care has been taken in the translation of this annual report, readers are reminded that the original annual report, signed by the Board of Directors, is in Swedish.

Hemfosa 2014

Key figures

	2014	2013
Rental income, MSEK	1,612	1,584
Profit from property management, MSEK	821	323
Profit after tax, MSEK	962	231
Profit after tax per ordinary share, SEK	17.31	7.40
Equity per ordinary share, SEK	107.67	94.76
Net asset value per ordinary share (EPRA NAV), SEK	119.96	116.40
Investment properties carrying amount, SEK billion	24.4	16.3

27 BSEK

Property portfolio, incl. joint ventures

INCREASED EARNINGS CAPACITY

Hemfosa's estimated earnings capacity increased 97 percent in 2014 primarily as a result of a substantially expanded portfolio mainly of high-yield community service properties, a stronger financial position and advantageous credit terms.

58%

Increase in community service properties, carrying amount

1,147 MSEK

December 31, 2014

581 MSEK

December 31, 2013



7.2 BSEK

Acquired properties, carrying amount

From 0 to SEK 27 billion in six years

2009

Major acquisitions: The first acquisition — three industrial properties, an office property and three warehouse properties in central Sweden.

The first community service properties — three healthcare and school properties in Gävle.

Number of properties: 13
Leasable area: 26,100 sqm
Property value: MSEK 220

2010

Major acquisitions: 44 properties from Landic VI in Västerås, Uppsala, Sundsvall, Umeå, Luleå and Södertälje.

42 retail and industrial properties in 40 locations from Lantmännen Fastigheter.

Acquisition of logistics properties together with Sagax, Söderport joint venture formed.

Number of properties: 164
Leasable area: 939,000 sqm
Property value: MSEK 7,900

2011

Major acquisitions: Landic VIII, 57 office properties spread over 42 locations, with the Police Authority as a tenant in one third.

42 properties in a large number of locations from the bankruptcy estate of Kefren Properties IX.

Saab's factory premises in Trollhättan are acquired together with a consortium of 11 properties from Däckia.

Number of properties: 279
Leasable area: 1,808,000 sqm
Property value: MSEK 15,100

An important year for Hemfosa

The year was characterized by a number of important events for the development of Hemfosa. At the same time, the everyday work of managing and developing the property portfolio continued, as did efforts to strengthen the organization to satisfy the needs of a growing business.



STOCK EXCHANGE LISTING AND ENHANCED FINANCIAL POSITION

In March, the Hemfosa ordinary share was successfully listed on Nasdaq Stockholm. The share price rose 69 percent during the year to SEK 165.00 on December 30, 2014. The company's financial position was strengthened through capital procurement and the repayment of shareholders' loans in connection with the listing, the issuance of a bond loan in June and a new issue of preference shares in November.



FOCUS ON COMMUNITY SERVICE PROPERTIES

Community service properties, with retirement homes, health-care centers, schools, the police and courts as tenants, accounted for about two-thirds of the value of the acquisitions that were implemented during the year. One of these properties houses Mid Sweden University in Sundsvall.



LARGE NUMBER OF ACQUISITIONS

During the year, Hemfosa acquired a large number of stable-yield properties, thus strengthening earnings capacity. The largest transaction, together with Hemsö, was finalized in November and was the acquisition of community service properties at a value of nearly 3.3 SEK billion, and the simultaneous divestment of a site leasehold. In total, property acquisitions at a total value SEK 7.2 SEK billion and of 742,000 square meters of floor area were implemented.



PROPERTY DEVELOPMENT AND EXTENDED LEASES

During 2014, Hemfosa continued to add value to the existing portfolio, in part through the extension of important leases and the development of properties. In November, a new 15-year lease was signed with the Police Authority in Sollentuna, which also included remodeling and expansion in order to better adapt the premises to the activity conducted.



2012

Major acquisitions: Svensk Bilprovning's 142 business properties throughout the country through Söderport.

Several divestments including properties acquired from Däckia and Lantmännen.

Number of properties: 204

Leasable area: 1,721,000 sqm

Property value: MSEK 16,000

2013

Major acquisitions: 28 commercial properties together with Crown Nordic Management in a joint venture.

Divestment through Söderport of 132 of the vehicle inspection properties acquired a year earlier.

Number of properties: 195

Leasable area: 1,710,000 sqm

Property value: MSEK 16,300

2014

Ownership spread and stock exchange listing of the Hemfosa share and preference shares.

Major acquisitions: Community service and office properties in Sundsvall, including Mid Sweden University.

54 properties in southern and western Sweden from Castellum and 60 community service properties in 11 locations from Hemsö.

Divestment of a site leasehold, at a total value SEK 1.1 billion, as part of the transaction with Hemsö.

Number of properties: 353

Leasable area: 2,516,000 sqm

Property value: MSEK 24,400, incl. joint ventures: approximately SEK 27 billion

Comments from the CEO

We honored our promises



For Hemfosa, 2014 was a very important year – in many ways. We increased our earnings capacity, grew sharply through a large number of acquisitions and equipped ourselves well for further growth, both financially and organizationally. Quite simply, we honored our promises. Now we are continuing to work at a fast pace to increase the quality of the property portfolio by focusing on our prioritized segment, community service properties. And, as usual, we are always prepared to take advantage of opportunities in a fluid property market.

ALERT AND STABLE

When we formed Hemfosa, we were careful to create a small organization with the ability and competency to act quickly and efficiently. Six years later, we are a fully fledged publicly traded property company with a property portfolio worth approximately SEK 27 billion, including our participations in joint ventures. We had opportunities to prove that we are still alert during 2014, which was a very intensive year for Hemfosa.

One important event was naturally the listing of the Hemfosa ordinary share on Nasdaq Stockholm in March 2014. By means of refinancing and a new issue of ordinary shares, we were able to repay shareholders' loans and

simultaneously welcome 11,000 new shareholders, both Swedish private individuals and Swedish and overseas well-reputed institutions. During the year, we further strengthened our finances through the issuance of a bond loan and a successful new issue of preference shares.

Financially well equipped, we were able to implement a large number of property transactions during the year. We acquired properties for a total of SEK 7.2 billion, which increased the aggregated carrying amount of our property portfolio by 50 percent. The major transactions included the SEK 3.3 billion acquisition of community service properties from Hemsö and a portfolio worth SEK 2 billion from Castellum.

COMMUNITY SERVICE PROPERTIES OUR PRIORITY

Most of the acquisitions implemented during the year were in the segment of community service properties with tenants including residential care facilities, schools, police and judicial institutions, as well as public authorities.

Community service properties generally have tenants with stable operations operating on long leases that generate healthy cash flows — precisely those things we value most in our business. In recent years, municipalities, county councils and government authorities have continued to sell properties to private operators and Hemfosa is an active counterparty. Today, we are the second largest private property owner in the segment of community service properties and the only listed company with this focus.

The trend towards greater private ownership of community service properties is not just noticeable in Sweden; it is also occurring in Norway, where Hemfosa implemented its first acquisitions in early 2015. We view the steps into the Norwegian market as an exciting and interesting part of Hemfosa's continued growth and hope to be able to complete a number of additional acquisitions in Norway during the current year.

INVESTMENTS AND ACTIVE MANAGEMENT

Another viable way of growing in community service properties is through new builds of, for example, residential care facilities, where demand is growing as a result of an increasing share of elderly people in the population. For us, this means that after the properties have been completed, we can enter the scene as an owner of attractive properties with long leases. In the case of new builds, we can also ensure environmental classification of the properties thus resulting in, for example, high energy efficiency. This is positive from the viewpoint of both operating expenses and sustainability, factors regarded as important by increasing numbers of tenants.

In our ongoing management and development of the property portfolio, we extended several leases with major tenants during the year, such as the Police Authority and the National Courts Administration, where we are also implementing conversions and expansions to adapt the properties to tenant needs and growing operations.

STABLE CASH FLOW — OUR MANTRA

On the whole, our efforts during the year, in combination with advantageous financing, resulted in considerably improved earnings capacity, the ratio that is most important to Hemfosa's development. Our business model and the operational direction towards community service properties also contribute to our having a stable cash flow. In view of this, we have decided to propose payment of a quarterly dividend. We have the capacity to pay a dividend in equal instalments over the year and can thus distribute what is possibly a somewhat higher dividend than is customary. By so doing, the healthy cash flow will also be of benefit to our shareholders.

“We have the ability, both organizationally and in terms of capital, to continue to do good business — and market conditions are favorable.”

GROWTH, STREAMLINING AND QUALITY

2015 has begun in an exciting manner, with a number of solid acquisitions of primarily community service properties in both Sweden and Norway. And we want more. The aim is to continue to grow during the year and to create even better quality in the property portfolio. We have the ability, both organizationally and in terms of capital, to continue to do good business — and market conditions are favorable. At the same time, we see opportunities in a liquid market to streamline the portfolio, sell properties that are not prioritized and to focus additionally on our niche — high-quality community service properties. In other words, we have a lot left to do.

Jens Engwall
CEO

This is Hemfosa

Combining property management with transactions

Hemfosa Fastigheter is a Swedish property company active in two principal areas of operation. Firstly, long-term management and development primarily of community service properties and, secondly, the acquisition and sale of properties. Hemfosa's approach enables the company to create a balanced property portfolio that generates stable and high yields, thus enabling it to develop and add value to even more properties.

NEW AND EXPERIENCED PROPERTY COMPANY

Hemfosa was founded in June 2009 by an experienced team with a solid background from value-creating property companies. The aim was to create an efficient organization with short decision-making paths that focuses on transaction-intensive high-yield property operations. Due to the turbulence that has characterized the market, both nationally and globally, the founders saw scope for a dynamic player in the Swedish property market.

“We know our markets and have close contact with many key parties. That means a lot when you have to act quickly.”

Hemfosa has since established an alert organization and amassed a balanced portfolio of commercial properties in Sweden. At the end of 2014, community service properties accounted for approximately half of Hemfosa's property portfolio in terms of property value, and office properties in growth municipalities, logistics properties and transaction properties for the remainder. The total property value at the same date was approximately SEK 27 billion including participations in joint ventures. Hemfosa's ordinary share has been listed on Nasdaq Stockholm since March 2014 and its preference shares were listed there in December. At the beginning of 2015, Hemfosa took the first step into the Norwegian market through the acquisition of eight community service properties in the Oslo region.

HEMFOSA'S BUSINESS MODEL

Community service properties generate a stable yield

Hemfosa pursues a strategy of focusing its property portfolio on community service properties with tenants that have tax-financed activities, such as schools, pre-schools, healthcare and elderly care facilities or premises used by the legal system or by public authorities. This segment of properties is generally characterized by longer leases, stable cash flows and low risk. Hemfosa is

currently one of the largest private property owners in this segment in Sweden.

Active property management and development

Hemfosa aims to be a responsible and receptive landlord by offering its customers excellent service and a high level of quality. It is important to be close to the tenants. By proactively developing and adding value to properties, the varying needs of the tenants can be satisfied. Hemfosa is a knowledgeable and proactive partner with which its tenants can grow and develop.

Specialists in transactions

Hemfosa evaluate and restructures the property portfolio continuously, and creates the right composition of properties in terms of geography and category through the acquisition and sale of properties. Property transactions are also conducted to generate value – for example, through acquisitions of large property portfolios whereby objects that do not fit in with Hemfosa's strategy are sold on. When attractive business opportunities arise in the market, Hemfosa wants to be involved. The solid knowledge, experience and entrepreneurship of the organization leads to excellent risk-assessment capability and considerable power of implementation.

STRATEGY

In order to achieve its aims, Hemfosa intends to:

- **Generate long-term, high and stable growth combined with a strong cash flow by:**
 - developing and adding value to its existing property portfolio
 - creating and maintaining long-term relationships with tenants by means of market-oriented and professional property management.
 - **Being active in the transaction market in order to:**
 - create growth
 - maximize yield in relation to risks
 - generate transaction gains
-

Objectives and target fulfillment

Hemfosa's Board of Directors formulated the following targets for the company in spring 2014 when Hemfosa was preparing to diversify ownership and for its IPO.

Overall objective

Hemfosa's overriding objective is to deliver the highest yield among listed Swedish property companies over a five-year period.

Result

Hemfosa's total return for 2014 was 8.7 percent.

Growth objective

Hemfosa is to increase its equity to SEK 10 billion over a five-year period.

Result

During the year, Hemfosa increased its equity from MSEK 2,369 to MSEK 8,701.

Financial objective

Long-term, the equity/assets ratio should amount to at least 30 percent.

Long-term, the interest coverage ratio should be at least 1.5.

Result

The equity/assets ratio was 33.7 percent in 2014.

The interest coverage ratio was a multiple of 2.7.

Dividend policy

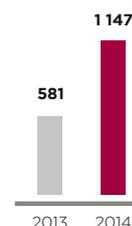
The dividend shall amount to 60 percent of distributable profit over time. Distributable profit is defined as profit from property management less taxes paid and shares in the profit of joint ventures.

Result

The proposed dividend corresponds to 70 percent of the distributable profit for the 2014 fiscal year.

Earnings capacity

Hemfosa's estimated earnings capacity increased during the year from MSEK 581 on December 31, 2013 to MSEK 1,147 on December 31, 2014. The reasons underlying the increase were a larger property portfolio combined with a stable yield, a stronger financial position and advantageous financing terms.



The Group's earnings capacity

MSEK	December 31, 2014
Rental income	2,244
Property expenses	-641
Property administration	-72
Net operating income	1,531
Central administration	-94
Share in profit of joint ventures	112
Financial income and expenses	-402
Profit from property management	1,147

The earnings capacity should be considered as a theoretical instantaneous impression presented to illustrate Hemfosa's estimated earnings capacity at a specific time. The data does not include the possible effects of property transactions. The current earnings capacity does not represent an assessment of the future trends in respect of rents, vacancy rates, operating costs, interest rates or other factors.



Hoppet 6 Alingsås

Focus on community service properties

An exciting development

Community service properties is the term that has been established as the overall designation for properties that house publicly financed operations active in such areas as education, healthcare, care services, retirement homes and the judicial system, as well as other public authorities. A few decades ago, these properties were almost exclusively owned by the government, municipalities and county councils, while today their ownership is shared among a number of private property owners, of which Hemfosa is one of the largest.

Community service properties represent a relatively new segment for real estate investment, which was created when the Swedish government, municipalities and county councils sold off their property assets to enable them to instead focus on their core operations. In recent years, numerous properties have been sold to private operators, such as the Swedish property companies Hemfosa, Hemsö, Stenvalvet and Rikshem. The private sector continues to be the largest owner of community service properties, with ownership of about 70 percent of the total property area, while the remaining approximately 30 percent is owned by private operators. Hemfosa is currently the second largest private owner of community service properties in Sweden and the only publicly traded company that focuses on this segment.

SEGMENT WITH STABLE EARNINGS

The private sector accounts for the financing of the activities conducted in community service properties, either through their own operations or via privately owned companies that conduct operations financed by tax funds, for example, school vouchers or healthcare charges. With the central government, county councils or municipalities as principals, the tenants are highly creditworthy and the opportunity for signing long-term leases is considerable. Leases can be signed for terms of up to 25 years for newly built properties and the general length of a lease is between five and ten years. This is longer than the leases signed in other commercial property segments, which generally run for three to five years.

“Hemfosa is the only listed property company that focuses on community service properties.”

The leasing rate in the segment of community service properties is high compared with other property segments, which is partly due to the fact that they are

generally more customized than, for example, office premises. A larger degree of customization usually results in higher rent levels and longer lease terms.

Accordingly, when viewed as a whole, the community service properties segment is characterized by stable yield in relation to risk.

TREND IN THE COMMUNITY SERVICE PROPERTIES SEGMENT

Unlike the office segment, where properties located in Sweden's three largest cities account for the lion's part of the transactions, the community service properties that are sold have a broad geographic spread around the country. When it comes to the major cities, there is a distinct trend whereby a number of public authorities and agencies, primarily in Stockholm, are relocating from the inner city to suburban locations to reduce their rental costs. Other community services are co-locating their operations to achieve a more efficient use of premises and to reduce their rental costs.

Properties with retirement homes have been one of the most sought-after categories of community service properties among investors, due to stable demand for healthcare and personal care driven by an aging Swedish population.

The company's assessment is that selloffs by, for example, municipalities and county councils will continue, thus enabling private operators to account for an ever increasing share of the market going forward. There is also a distinct need for newly built premises for such operations as healthcare and residential care services. The healthcare and residential care premises in Uppsala are an example of a project of this type; during 2014, Hemfosa signed an agreement with Skanska to acquire these properties on completion.

Hemfosa has a stated ambition to continue to grow in the segment of community service properties, primarily in Sweden but also in the Oslo area of Norway, which the company believes offers excellent opportunities for implementing attractive transactions.

Acquisition of a large number of community service properties in 2014

- Hemfosa acquired a total of 83 community service properties at an underlying property value of SEK 5.1 billion during 2014.
- Hemfosa's largest single transaction was the November acquisition from Hemsö of 60 community service properties in 11 locations. This transaction signified sharp expansion in the community service properties segment, in such areas as healthcare services and schools. The acquisition was an important step in achieving Hemfosa's strategy to grow and focus on the segment of community service properties.



Bondsjö 2:338 Härnösand, acquired from Hemsö in November 2014

Establishment in Norway during 2015

- During the first quarter of 2015, Hemfosa took the first step into the Norwegian market through the acquisition of eight community service properties in the Oslo region for an underlying property value corresponding to approximately SEK 3 billion. Hemfosa sees opportunities for further growth in the Norwegian market.



Kunnskapsveien 55 Lillestrøm, Norway, acquired in January 2015
Photo: Entra

Community service properties

Facts

- Hemfosa is the second largest private property owner of community service properties after Hemsö.
- Municipalities, county councils and the central government own about 70 percent of the total area of community service properties, while private operators own approximately 30 percent.

Advantages

Hemfosa sees a number of advantages with community service properties compared with other types of commercial properties.

- Stable yield
- Longer leases
- Lower risk
- Less sensitive to economic trends
- Stable rent levels
- High leasing rate
- Geographic location less important
- Demographic trend expected to increase demand for community service properties
- Provides conditions for advantageous financing

Property management and development of the property portfolio

A partner to grow with

Hemfosa manages properties comprising a total floor area of 2,516,000 square meters in five regions of Sweden. Publicly financed operations, such as schools, public authorities, health-care and care services, often on long leases, account for a large share of the tenants. Hemfosa ensures long-term relationships with tenants by being a responsible and receptive landlord that offers its customers excellent service, high quality and development opportunities.

A LANDLORD WHO IS ALWAYS THERE

Hemfosa aims to create long-term relationships with tenants by offering property management that is both efficient and market-oriented. For Hemfosa, this involves being accessible, providing the service expected at the agreed time and ensuring the quality of maintenance and upkeep. Since property managers must be easy to access and their response to tenants must be rapid and straightforward, Hemfosa's organization is decentralized and thus quick to react. The point of departure must always be that the tenants feel comfortable and secure in conducting their operations in Hemfosa's premises, regardless of the type of property, location or application.

“We're strong in new leasing. We think creatively in our efforts to find new tenants and we're experts in the local rental markets.”

SATISFYING THE NEEDS OF TENANTS

The requirements of tenants change over time. A key element of Hemfosa's property management and development is to find efficient and creative solutions to meet the changed requirements of the tenants' operations. Efficient premises and modern technical solutions benefit both the net operating income from the property and the environment, while also leading to satisfied tenants.

A common example of this is when an operation wants to switch from separate office rooms to an open office landscape, or when a business is growing and needs larger, customized premises. In such cases, Hemfosa can offer remodeling and extension of existing premises or a move to other premises in the property portfolio. Another solution is to build on land close to the property or in another location. Investments in existing buildings are usually made to adapt and modernize the premises in connection with new tenants moving in.



Guldheden 8:11 Gothenburg

FOCUS ON LEASING AND LEASE RENEGOTIATION

Work to lease out vacant premises is key to creating a property portfolio that generates a high and stable yield. Hemfosa has an in-house property management organization with considerable knowledge of local market conditions that focuses actively on leasing. The property

managers also have close relations with local real-estate agents and have a wide network of contacts throughout Sweden – which are two important ingredients for finding suitable tenants. In addition to leasing new premises, Hemfosa actively and successfully works to renegotiate and extend existing leases.

Significant events in 2014

Lease extensions

- In June, Hemfosa signed a new 15-year lease with Haninge Municipality pertaining to the municipal building in Haninge, covering approximately 22,000 square meters.
- In November, Hemfosa agreed on a 15-year extension of a lease with the Police Authority in Sollentuna, Stockholm, for a total floor area of approximately 13,000 square meters, and will implement remodeling and expansion work.



Söderbymalm 3:486 Haninge, with Haninge Municipality as a tenant

Expansion and new builds

- In October, Hemfosa signed a 15-year lease with the National Courts Administration in Alingsås and will build an additional approximately 1,000 sqm of courtroom and office space. In connection with this, the existing offices and shared spaces will be customized and upgraded for the District Court, which is already a tenant in the property.
- During the year, Hemfosa also signed a lease with Vattenfall for the conversion and extension of the Tyr property in Umeå. This entails conversion to open plan and the modernization of the premises.



Architect's drawing Tyr 8 Umeå, with Vattenfall as a tenant
Photo: Tirsén & Aili Arkitekter



Architect's drawing Tigern 4 Alingsås, with the National Courts Administration as a tenant Photo: Tengbom

Transaction operation

Capture opportunities in the property market

In addition to property management and development, Hemfosa actively participates in the transaction market by acquiring and selling properties. Property transactions are a bearing element of the company's business concept and strategy for continued growth and value creation. Thanks to solid knowledge, experience and entrepreneurship, the employees are astute at assessing potential and risks — and at making quick decisions.

“We can execute transactions quickly, perhaps faster than any other operator in Sweden, without compromising the risk assessment.”

The point of departure for Hemfosa's transaction operation is the need to continuously evaluate and restructure the property portfolio in order to generate a high and stable yield. This entails continuous reviews of the property portfolio in terms of both geography and property category, as well as risk and yield. Hemfosa's property holdings are being focused primarily on community service properties. This segment, which is characterized by stable tenants and longer leases, accounted for the predominant part of acquisitions during 2014. Particularly in the segment of community service properties, Hemfosa believes that active participation in the transaction market improves the company's prospects of succeeding to grow. For example, Hemfosa can acquire larger portfolios in which community service properties are included.

CAPITALIZING ON BUSINESS OPPORTUNITIES

One of Hemfosa's driving forces is capitalizing on attractive business opportunities arising in the property market in order to generate transaction gains. During the six years that Hemfosa has been in operation, the company has implemented a significant number of transactions involving individual properties, but it has also acquired larger, more complex property portfolios, frequently in rapid processes.

ESTABLISHED WORK MODEL

Hemfosa's transaction operation follows an established work model aimed at ensuring that property transactions are implemented in a business-like and efficient manner. The division has considerable expertise, a wide contact network and the resources to act swiftly and capture the business opportunities that arise. Every single acquisition is analyzed on the basis of its unique prerequisites and great emphasis is placed on being able to identify, evaluate and manage the risks and opportunities inherent in transaction processes.



Anisen 2 Mölndal

OPTIMIZING THE PROPERTY PORTFOLIO

Sales are assessed from the viewpoint of Hemfosa's business concept and objectives, which mean that properties that generate a yield that does not match the company's objectives and are also deemed to do so in the long-term should be divested. The same assessment can be made of properties that do not fit in geographically or in terms of category. An acquisition of a property portfolio can also

be implemented to gain control of a major portfolio in a single transaction. A number of the properties originating from acquisitions of a larger property portfolio can be sold on in their entirety or in smaller parts. The properties in the portfolio that do not fit into any of the prioritized segments - community service properties, office properties in growth municipalities or logistics properties - are categorized as transaction properties.

Significant events in 2014

Transactions 2014

- Hemfosa acquired properties at an underlying property value of approximately 7.2 SEK billion, of which community service properties accounted for 67 percent.
- Hemfosa also acquired the remaining shares in the previously half-owned company Hemfosa Kronfastigheter Holding, which owns 26 properties with a property value of SEK 1.3 billion.
- Hemfosa implemented sales of properties and one site leasehold with an underlying property value of SEK 1.3 billion.



Jungfrun 11 Värnamo



Linden 1 Värnamo



Fornminnet 6 Malmö (Sold in February 2015)

Hemfosa's responsibility

Moving towards increased sustainability

Hemfosa intends to be a responsible community player and landlord that complies with guidelines for good corporate governance in Sweden and the demands placed on a modern property owner. Tenants should feel comfortable and secure when conducting their operations in Hemfosa's premises, and the company's employees should regard Hemfosa as a receptive employer that cares about their development.

Hemfosa Fastigheter aims to create added value for its tenants, business partners and employees, while contributing to sustainable social development. Hemfosa believes in long-term business relations whereby the company together with its business partner creates a

platform for strong financial results, consideration for the environment and social involvement. Hemfosa has a stated ambition to progressively strengthen its sustainability efforts in relevant areas.



Vendelsö 3:1986 Vendelsö is a passive building that is heated by sun, internal heat gains and recycled heat in ventilation systems

Environment

Environmental work is an important control parameter in Hemfosa's property management and transaction operations, with a focus on sustainability and a long-term approach. This involves identifying and evaluating the environmental risks associated with property acquisitions and also managing the environmental liabilities in the existing property portfolio.

By focusing proactively on the environmental aspects of the business, Hemfosa can contribute to a better environment for both tenants and society at large, which also has a positive impact on the properties' value. At the same time as the harmful environmental effects of the operations are reduced at the rate and extent required, Hemfosa has to live up to demands for quality and competitiveness. The prerequisites for success are excellent knowledge and commitment from employees combined with an ambition to continuously learn more about the environmental area.

ENVIRONMENTAL WORK IN THE OPERATIONS

Hemfosa impacts the environment through its operations, in part in the form of energy consumption, waste generation and the use of materials. Reducing the use of energy in the properties is a prioritized area. In its ongoing property management, Hemfosa takes actions designed to reduce electricity consumption in the existing property portfolio, such as reviews of operational times for ventilation. More energy-efficient heating systems are installed continuously when older systems are replaced.

In January 2015, as a feature of efforts to achieve increased sustainability in property management, Hemfosa switched to the use of 100 percent renewable energy in its property portfolio, which takes the form of hydroelectric power declared on the basis of life-cycle analyses. While managing and developing its properties, Hemfosa endeavors to primarily select local solutions in respect of, for example, the choice of labor, raw materials and products.

In connection with project development, such as renovation and refurbishment, opportunities frequently arise to conduct comprehensive environmental analyses and to implement energy-saving measures. In the new-build projects in which Hemfosa is involved, the environmental aspect is a key feature of planning. This is partly due to the more stringent regulations that govern

new builds, but also because tenants are increasingly demanding environmentally compatible premises, not least in the segment of community service properties. In such cases, Hemfosa always considers sustainability aspects, such as the work environment, waste management and materials selection. In connection with all major new builds and conversions, the potential for some form of environmental certification is always studied.

The transaction operation includes a developed acquisition and sales process in which the environmental aspect is an important component. In connection with the acquisition of properties, environmental analyses of both land and buildings are performed to identify potential environmental risks and to assess the measures that could be required to reduce the environmental impact.

HEMFOSA'S ENVIRONMENTAL POLICY

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

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

ENVIRONMENTAL CERTIFICATION

Various forms of environmental certification systems have gained in significance in the property sector. Certification helps to emphasize for both property owners and tenants the requirements that can be placed on properties and to drive development towards more environmentally compatible construction and operational methods.

Hemfosa currently has seven properties in its property portfolio that are environmentally certified. During 2014, four properties were certified according to Green Building and according to the more demanding Miljöbyggnad certification. One property in the portfolio is also environmentally certified according to

the international environmental certification system BREEAM. One of the certified properties acquired by Hemfosa in 2014 is a passive building that is heated by sun, internal heat gains and recycled heat in ventilation systems, which results in substantial energy savings for heat while maintaining high comfort. Hemfosa views this as an interesting system and will study it further to identify opportunities to create passive building designs in its future new-build projects.

During 2015, Hemfosa has established a goal of implementing relevant environmental certification of an additional five properties.



GreenBuilding

GreenBuilding is an EU initiative launched in 2004 to hasten energy-efficiency enhancement in the construction and property sector. The requirement is that the building must use 25 percent less energy than previously, or compared with the requirements of the National Board of Housing, Building and Planning.



Miljöbyggnad

Miljöbyggnad is a certification system based on regulations from the Swedish construction industry and public agencies, and on Swedish construction practices. The Miljöbyggnad certification provides a guarantee of a building's critical qualities in terms of energy, the indoor environment and materials. Miljöbyggnad is used for new builds and existing buildings — housing, commercial premises and retail properties.

BREEAM

BRE Environmental Assessment Method (BREEAM) is an environmental certification system from the UK that is currently the most widespread of the international systems used in Europe. Assessments are made in the areas of project management, energy consumption, indoor climate, water husbandry, waste management, land use, impact on the surrounding area, building materials and pollution. Innovative technical solutions raise the ranking.

Corporate culture and employees

Hemfosa’s corporate culture is characterized by entrepreneurship, humanity and inclusion, which are supported by a flat and alert organization. Good business ethics and long-term, trusting relations are important starting points both internally and in contacts with external parties.

Hemfosa offers a creative and stimulating work environment with a focus on inclusion and personal development. The company thus attaches great importance to making sure that all employees are aware of and understand the company’s objectives and strategy. Thanks to close proximity to business decisions and inclusion in business development, employees are given the prerequisites for improved performance and increased satisfaction with their own work. The flat organization with short decision-making paths and decentralized responsibility is an important foundation for this by providing excellent market familiarity and proximity to tenants.

is believed that a healthy work environment, interesting duties and the opportunity for personal development contribute to this.

EFFORTS TO ACHIEVE EQUAL OPPORTUNITIES AT THE WORKPLACE

Hemfosa has a Code of Conduct and has adopted policy documents that form the foundation for both its business operations in terms of property management and transactions and for the work environment, business ethics and environmental work.

At Hemfosa, the objective of achieving equal opportunities is incorporated as a natural feature of the business. The conditions, rights and development opportunities of women and men should be equal throughout the company and not be dependent on gender or origin. Hemfosa is eager to ensure that all employees feel that they are active in a safe and productive work environment where they all have equal opportunities, the potential for development and are treated in the same manner.

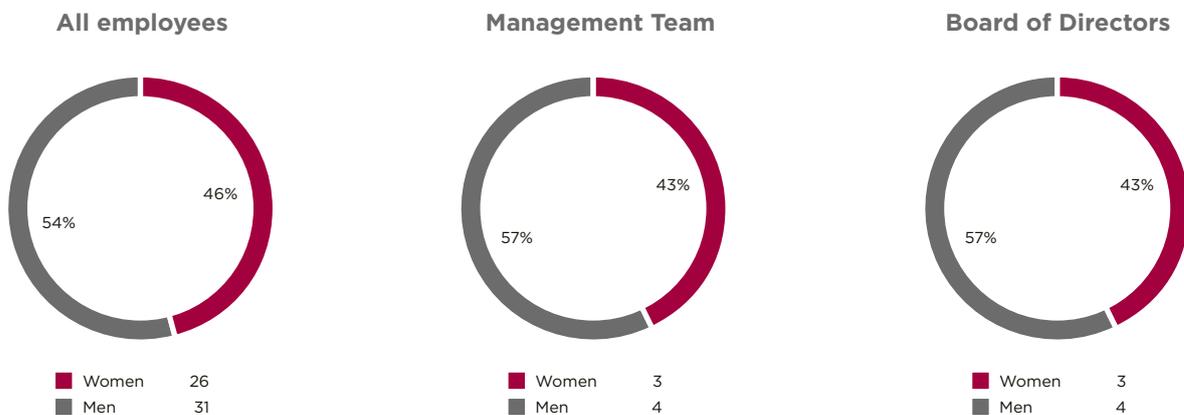
Hemfosa endeavors to achieve equality in the number of women and men at the workplace and currently has a relatively even gender distribution in most areas. Of the company’s total workforce of 57 employees, women account for 46 percent, while they account for 43 percent of members of the executive management group. Women account for three of the seven members of Hemfosa’s Board,

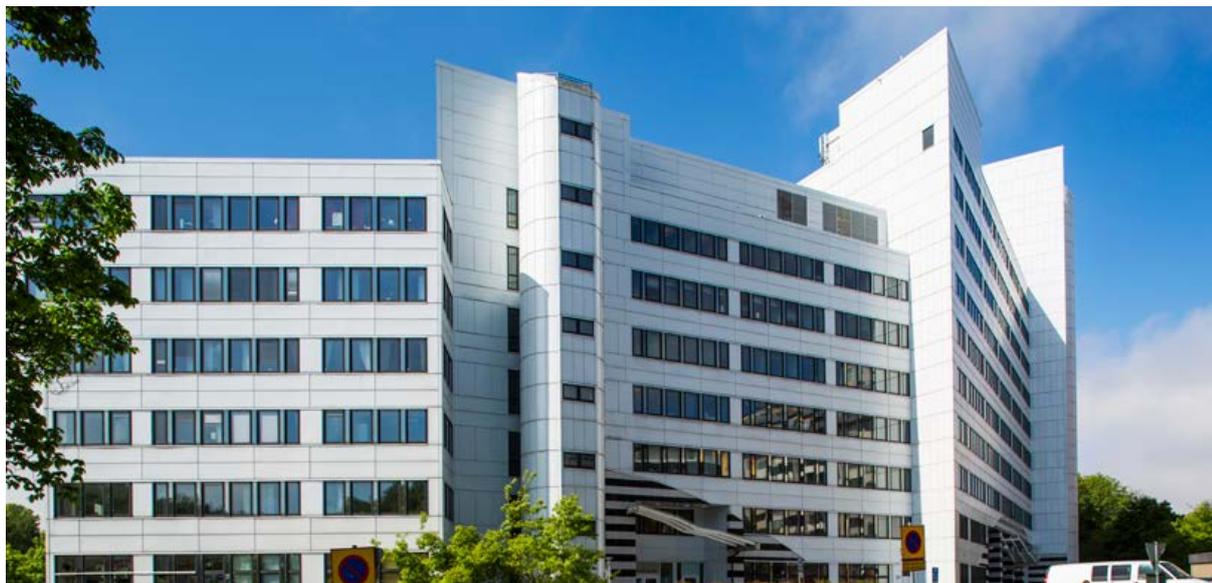
“We believe that employees perform better and find their work more satisfying when they understand their job and work close to the business.”

Hemfosa’s future development depends to a great extent on the knowledge, experience and commitment of Group Management and other key personnel. The company has decided to have a relatively small organization in order to work effectively and swiftly. Employee turnover and sickness absence are low in the company and it



Breakdown by gender





Sicklaön 358:1 Nacka, where Hemfosa has its Head Office

corresponding to 43 percent. Hemfosa was acknowledged in the 2015 Allbright Report for having equal distribution in both the executive management group and on the Board, and is included in Allbright’s white list. Allbright is a foundation whose objective is to have more women in executive positions and to achieve more diversified management group and boards of directors.

Hemfosa works actively according to its HR policy to eliminate all forms of discriminatory treatment of employees. The company has also implemented a whistleblower process that encourages employees to report any irregularities or unethical or illegal activities, thus further strengthening a sound ownership structure in the organization.

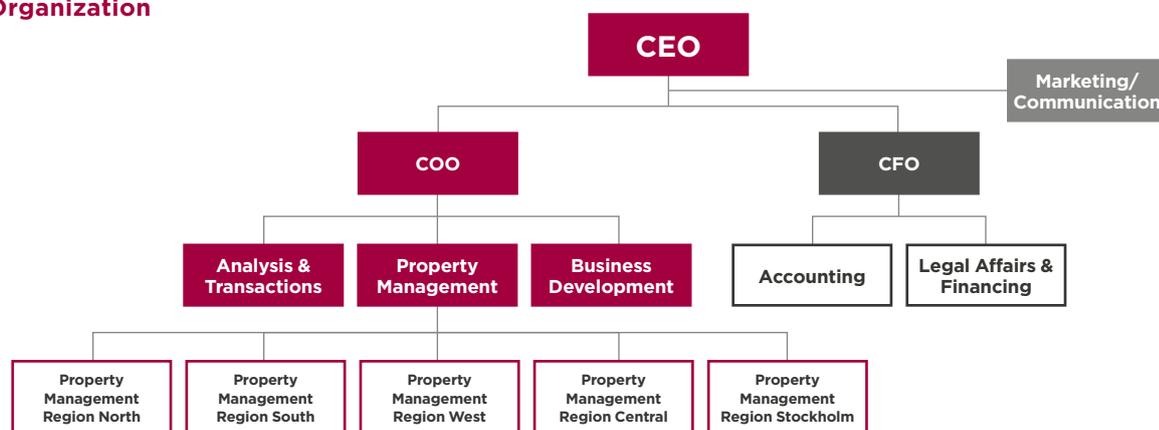
EMPLOYEES

To create a flexible organization that can be adapted to the company’s development, Hemfosa has decided to focus on having a small and alert organization whose own workforce only includes the most vital functions. Other more standardized functions are insourced from service providers who are renowned for their expertise.

At year-end, Hemfosa had 57 employees, employed at nine property management offices in five regions, and at one Head Office. The workforce includes 21 employees from the property management organizations of Corallen and Hemsö who were transferred to Hemfosa in connection with being acquired in late 2014.



Organization



Hemfosa's property portfolio

Community service properties in focus

Hemfosa's property portfolio consists of four segments, of which Community service properties is the largest accounting for approximately half of the property value, while Office properties in growth municipalities, Logistics properties and Transaction properties account for the remaining 50 percent.

A BALANCED PROPERTY PORTFOLIO

The geographic focus of Hemfosa's property portfolio is in southern and central Sweden. The metropolitan regions of Stockholm, Sweden and Gothenburg represent approximately 40 percent of the total property value.

The property portfolio is dominated by office properties for both community service operations and private companies, and largely lacks elements of retail and residential properties. Healthcare and care services, as well as the judicial system, are the principal property categories in the segment of Community service properties. Hemfosa's strategy is to continue to grow in the segment of Community service properties, which generate stable cash flows and also have longer leases.

“Hemfosa still seems like a small company where everyone knows each other; that makes it easier to get things done quickly.”

TENANTS AND LEASE STRUCTURE

Hemfosa has a number of major, well-reputed companies, public authorities and community services as tenants with the Police Authority, the Municipality of Härnösand and the National Courts Administration as the three largest tenants. At year-end, Hemfosa had approximately 3,746 leases and the average remaining lease term was 5.1 years.

The ten largest tenants' share of Hemfosa's rental income at December 31, 2014 was 28.7 percent and the average lease term for these was 6.7 years. At December 31, 2014, the rental value of Hemfosa's property portfolio was MSEK 2,520.

OPERATING AND MAINTENANCE COSTS

Hemfosa's largest operating cost item comprises heating, water, electricity and property upkeep. Other operating costs include insurance, surveillance and waste management. Hemfosa works continuously with energy-saving operations and maintenance measures in the property portfolio to both reduce the company's costs and to restrict the impact of its operations on the environment.

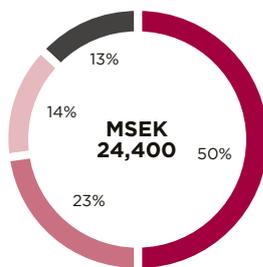


Samuel 2 Västerås

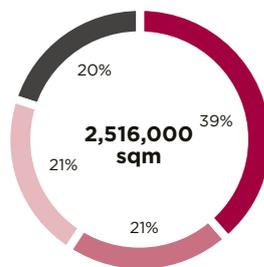
For example, energy consumption is monitored continuously and evaluated to identify areas offering improvement potential. Another category of property expenses that are charged against Hemfosa's operations is maintenance costs. With the aim of retaining the condition and standard of the properties, planned and regular maintenance is carried out continuously.

“A lot happened in 2014 – we expanded the property portfolio by 50 percent during the year.”

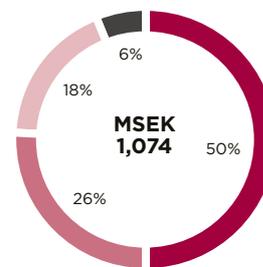
Property value by segment



Leasable area by segment



Net operating income by segment



Property information, December 31, 2014

By segment	Leasable area, 000s of sqm*	Rental value, MSEK	Financial occupancy rate, %	Lease term, years	Carrying amount, MSEK	No. of properties
Community service properties	977	1,198	96.2	6.4	12,143	165
Office properties	527	620	81.9	3.8	5,628	63
Logistics properties	522	310	91.4	7.1	3,518	31
Transaction properties	491	392	87.4	3.1	3,111	94
Total	2,516	2,520	90.7	5.4	24,400	353

By region	Leasable area, 000s of sqm*	Rental value, MSEK	Financial occupancy rate, %	Lease term, years	Carrying amount, MSEK	No. of properties
North	416	433	92.0	7.0	3,945	84
Central	617	601	92.9	4.8	5,840	78
Stockholm	481	626	91.2	5.2	6,652	57
South	664	514	90.4	4.6	4,804	96
West	337	345	84.7	5.9	3,159	38
Total	2,516	2,520	90.7	5.4	24,400	353

* Excluding garage space

INVESTMENTS

Hemfosa implements continuous investments in the existing property portfolio in the form of modification or improvement work, for example, tenant-specific modifications and project development of conversions and extensions. These investments are conducted in order to satisfy the tenants' changing needs over time, while improving cash flow and thus increasing the value of the property portfolio. Investments totaling MSEK 484 were made in the existing property portfolio, of which MSEK 115 pertained to tenant-specific modifications, MSEK 177 to renovations and MSEK 192 to new build projects.

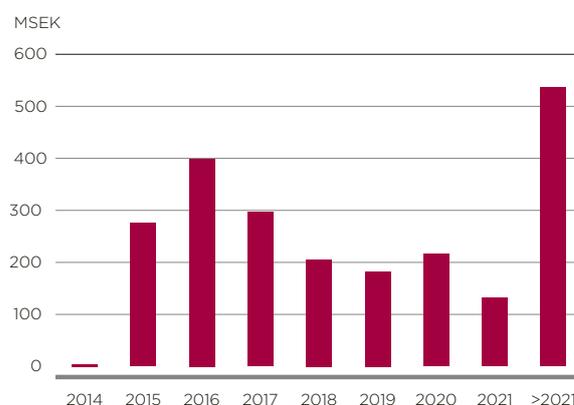
LEASEHOLDS

Hemfosa owns 14 properties with leaseholds. Owners of leasehold properties pay annual fees, ground rent, for land conceded on the basis of a usufruct by the landowner, usually the government and municipality. Accordingly, leaseholders do not own the land, only the buildings erected of the land.

PROPERTY OWNERSHIP VIA JOINT VENTURES

At December 31, 2014, Hemfosa had three joint ventures: Söderport Holding AB, Gästgivaregatan Holding AB and Culmen Strängnäs II AB. At December 31, 2014, Hemfosa's property owning joint ventures jointly owned 48 properties with a combined market value, for Hemfosa's share, of approximately SEK 2.3 billion. For further information, see "Joint Ventures" on page 29.

Lease structure, December 31, 2014



Hemfosa's ten largest tenants at December 31, 2014

Operation	Rental income MSEK	Percentage of total rental income	No. of leases	Average remaining maturity period, years
The Police Authority	135	6.0	44	3.9
Municipality of Härnösand	100	4.4	68	12.8
The National Courts Administration	99	4.4	22	6.1
TeliaSonera Group	86	3.8	57	3.2
Haninge Municipality	49	2.2	28	10.5
Mid Sweden University	42	1.9	14	8.2
Swedish Social Insurance Agency	37	1.6	15	3.0
DSV Group	36	1.6	7	9.3
AcadeMedia	31	1.4	11	8.0
Swedish Employment Service	30	1.3	29	2.3
Total	645	28.6	295	6.7



Community service properties

Community service properties represent the property segment prioritized by Hemfosa and the one in which it intends to continue to grow. This property segment is generally characterized by stable tenants, longer leases and a healthy yield.

About half of the value of Hemfosa's property portfolio is accounted for by community service properties, which house various types of tax-financed public operations with central and local governments as tenants, such as schools, preschools, healthcare services and residential care services or elements of the legal system and government agencies. Hemfosa's definition of community service properties is properties with publicly financed tenants, either directly or indirectly, that account for at least 70 percent of the rental value.

MARKET

In recent years, a large number of community service properties have been sold by municipalities and county

councils to private property owners. Municipalities and county councils still own most community service properties in Sweden, but Hemfosa is currently one of the major private owners in the country and the only publicly traded property company with this focus.

In recent years, rent levels in community service properties have generally been stable and the trend has been positive. At the same time, the leasing rate is higher in relation to other property segments, due to such factors as leases that generally have longer terms and that the tenants frequently lease entire properties. Accordingly, community service properties generate stable earnings for Hemfosa and reduce the risk in the property portfolio.



Bremen 3 Stockholm



Photo, top: Slottsträdgården 2 Västerås



Photo, bottom: Nannylund 1 Eksjö

The supply of public service properties is determined primarily by population growth and demographic distribution, but regulations and requirements have some impact since, for example, changing work-environment requirements can result in building modifications or new builds.

HEMFOSA'S COMMUNITY SERVICE PROPERTIES

Hemfosa owns community service properties in several parts of Sweden, with the emphasis on the Stockholm, Gothenburg and Öresund regions, Västerås, Karlstad and Sundsvall/Härnösand. At the beginning of 2015, Hemfosa took the first step into Norway and acquired a number of community service properties in the Oslo region.

At December 31, 2014, the average lease length for Hemfosa's community service properties was 6.4 years.

PERFORMANCE IN 2014

Community service properties contribute approximately half of Hemfosa's net operating income. At December 31, 2014, the segment included a total of 165 properties with a leasable area of 977,000 square meters. During the year, 83 properties were acquired with an underlying property value of SEK 5.1 billion and a leasable area of 402,000 square meters.

The leasing rate for the segment as a whole was positive during the year, rising from 92.0 percent to 96.2 percent at the end of the year. The yield on community service properties was 6.3 percent.

Leasing work included the renegotiation of several leases, as well as modifications and renovations of premises to meet the needs of tenants. Several conversion and new build projects continued, for such tenants as the Police Authority and the National Courts Administration.

Community service properties at December 31, 2014

Key figures

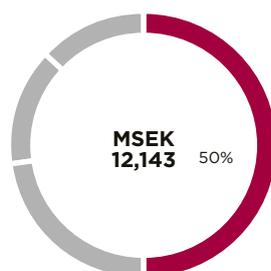
	2014	2013
Number of properties	165	85
Leasable area, 000s of sqm ¹	977	632
Property value, MSEK	12,143	7,679
Rental value, MSEK	1,198	840
Economic leasing rate, %	96.2	92.0
Lease term, years	6.4	5.2
Yield, %	6.3	6.7

¹ Excluding garage space

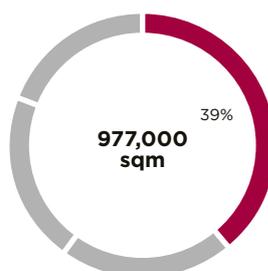
Largest tenants

	Sum total of rental income, MSEK	Share of the segment's total rental income	Average remaining lease term, years
The Police Authority	130	11.5	4.0
Municipality of Härnösand	100	8.8	12.8
The National Courts Administration	95	8.4	6.4
Haninge Municipality	47	4.1	10.9
Mid Sweden University	42	3.7	8.2

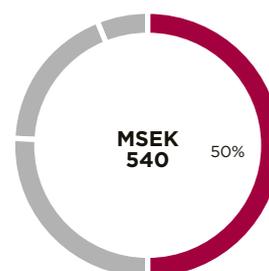
Property value



Leasable area



Net operating income



Office properties in growth municipalities

Hemfosa's office properties are located centrally primarily in growth municipalities. In addition to the three regions of Stockholm, Gothenburg and Skåne, Hemfosa has office properties in this segment in such cities as Västerås, Karlstad, Sundsvall, Umeå and Luleå, which are all cities with healthy population growth.

Office properties in growth municipalities represent Hemfosa's second largest segment and accounted for 23 percent of the property value at year-end. By growth municipalities, Hemfosa refers to municipalities in Sweden that have shown net population growth over the past five years and where such growth is expected to continue.

MARKET

In growth municipalities, Sweden's three largest cities, tenants are less inclined to move, since the supply of premises is usually lower. This contributes to a stable

supply and demand situation for office premises, as well as less volatile rent levels over time. The office tenants in growth municipalities are primarily services firms and a normal lease term extends over three years. In the case of major modifications or new builds, the lease duration is longer, usually between five and ten years. In many of Sweden's major cities, office properties in the best geographic locations have a high leasing rate. The reasons for this include limited new builds of office premises in these locations in the past few years.



Photo, top left: **Sägen 2** Västerås

Photo, top right: **Kungsången 12** Västerås

Photo, bottom: **Formen 1** Umeå

Recently, tenants have started to make more stringent demands in terms of the efficiency and flexibility of premises. Open plan solutions are currently the most typical design for office premises. Demand for environmentally classified buildings is also increasing.

HEMFOSA'S OFFICE PROPERTIES

Hemfosa's properties in these cities are often located centrally and frequently close to the city center. These office properties are characterized by long-term tenants, thus resulting in stable rental income. Hemfosa has also identified good potential for adding value to the property portfolio and increasing the leasing rate.

Good-quality properties in central locations are typically highly marketable, meaning that interest from other players in acquiring these properties is generally considerable, particularly among local property owners.

PERFORMANCE IN 2014

At December 31, 2014, the Office properties in growth municipalities segment included a total of 63 properties with a leasable area of 527,000 square meters. The economic leasing rate was 81.9 percent. Three properties with combined space of 132,000 square meters and a leasing rate of 63.4 percent mainly account for the low leasing rate. Other properties in the segment have a leasing rate of 87.4 percent. The yield on Office properties in growth municipalities was 5.6 percent.

Leasing work during the year included the renegotiation of leases together with implementation of tenant-specific modifications. During the year, 19 office properties with an underlying value of MSEK 819 and leasable area of 98,000 square meters were acquired.

Office properties in growth municipalities at December 31, 2014

Key figures

	2014	2013
Number of properties	63	45
Leasable area, 000s of sqm ¹	527	431
Property value, MSEK	5,628	4,708
Rental value, MSEK	620	513
Economic leasing rate, %	81.9	83.8
Lease term, years	3.8	3.5
Yield, %	5.6	5.7

¹ Excluding garage space

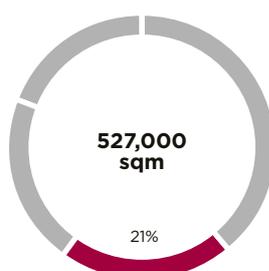
Largest tenants

	Sum total of rental income, MSEK	Share of the segment's total rental income	Average remaining lease term, years
TeliaSonera Group	83	16.6	3.2
SKF	29	5.9	4.0
Bombardier	18	3.6	7.5
Vattenfall	16	3.3	5.2
Västra Götaland County council	16	3.3	1.8

Property value



Leasable area



Net operating income



Logistics properties

Hemfosa's logistics properties are properties that are fitted with terminals or storage space for inventory management, reloading and distribution to the tenants' customers or business partners. The properties are attractively located near major European grade highways and key transportation hubs in various parts of Sweden, such as Greater Gothenburg, the Malmö region, Eskilstuna/Strängnäs and Växjö.

Logistics properties accounted for 14 percent of Hemfosa's total property value at year-end. According to Hemfosa's definition, logistics properties are primarily "a property developed with a terminal and/or warehouse building intended for handling goods and distribution to customers".

MARKET

Logistics properties are a link in the flow of goods and are primarily divided into three different property types: main warehouses, terminals and depots.

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

Modern logistics properties are optimized for logistics operations and the factors distinguishing them from older logistics properties include high ceilings, pillar systems that do not restrict operations and flexible loading docks and cargo ports where the height can be adjusted to accommodate different types of goods vehicles.

The logistics sector is closely linked to private and public consumption, as well as to foreign trade since these factors have a major impact on transport volumes in Sweden. Attractive logistics locations emerge in areas located near demographic hubs with good infrastructure. In this segment, a positive trend is expected for good logistics locations and the geographic location is expected to become even more important moving forward. Demand for logistic services and reloading depots is also expected to increase as a result of an increase in online shopping.



Photo, top **Örja 1:21** Landskrona

Photo, bottom: **Plåtslagaren 1** Vimmerby

HEMFOSA'S LOGISTICS PROPERTIES

BHemfosa's logistics properties include a considerable share of modern logistics buildings with a highly flexible range of applications and attractive locations at the largest logistics clusters in Sweden. Tenants comprise either Swedish or international companies.

In the logistics properties segment, Hemfosa frequently signs triple net leases with tenants; a type of lease whereby the tenant, in addition to the rent, agrees to pay all costs incurred by the property. These costs include operations and maintenance costs, property upkeep and property tax. At year-end, the proportion of signed triple net leases in this segment accounted for approximately 79 percent of total rental income.

Logistics portfolios are currently highly attractive in the property market, and a large number of players continuously contact Hemfosa to show interest in acquiring logistics properties.

PERFORMANCE IN 2014

At December 31, 2014, the Logistics properties segment included a total of 31 properties, of which locations in southern Sweden accounted for about half, with the remainder divided geographically between central Sweden, western Sweden and the Stockholm area. The leasing area was 522,000 square meters and the leasing rate 91.4 percent. The total yield for Logistics properties was 6.8 percent. During the year, 8 logistics properties with an underlying value of MSEK 762 and leasable area of 108,000 square meters were acquired.

In February 2015, Hemfosa finalized the sale of logistics properties at a value of approximately MSEK 900. The properties, comprising a total of about 116,000 square meters of leasable area, are situated in eight locations in southern, western and central Sweden.

Logistics properties at December 31, 2014

Key figures

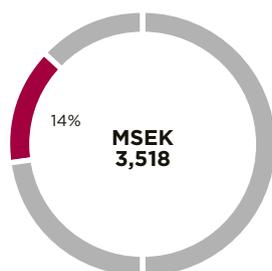
	2014	2013
Number of properties	31	23
Leasable area, 000s of sqm ¹	522	407
Property value, MSEK	3,518	2,677
Rental value, MSEK	310	235
Economic leasing rate, %	91.4	94.1
Lease term, years	7.1	7.5
Yield, %	6.8	7.1

¹ Excluding garage space

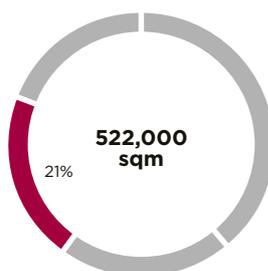
Largest tenants

	Sum total of rental income, MSEK	Share of the segment's total rental income	Average remaining lease term, years
Förlagssystem JAL AB	25	8.8	11.3
Skan Log	24	8.4	6.3
V-Tab (Stampen)	21	7.5	16.9
DSV Group	18	7.0	13.0
RPG Logistics AB	16	5.5	7.7

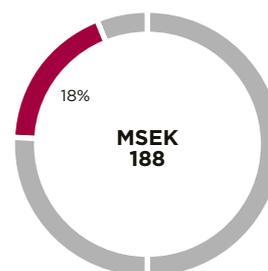
Property value



Leasable area



Net operating income



Transaction properties

Acquisitions and sales create opportunities for Hemfosa to pursue opportunistic transactions with the potential to increase yield, while the acquisition of, for example, large portfolios enables the company to grow in its prioritized segment, Community service properties.

Transaction properties accounted for 13 percent of Hemfosa's total property value at year-end. The segment includes properties from the other segments that are considered not to fit in from the viewpoint of geography and/or category.

Hemfosa continuously evaluates and restructures its overall property portfolio to assess whether there are any properties that should be sold. The transaction operations also facilitate market proximity, thus benefiting Hemfosa in its development of other properties in the portfolio, and growth in the prioritized segment of Community service properties. For example, Hemfosa may implement the acquisition of large property portfolios in which community service properties are retained while certain properties are designated transaction properties and resold either individually or in smaller portfolios when opportunities arise in the market.

Property transactions represent part of the backbone of Hemfosa's operations. The organization has accumulated a large amount of knowledge and experience from transaction-intensive operations that serves as a basis for good risk assessment and considerable power of implementation.

PERFORMANCE IN 2014

The acquisition of large property portfolios during the fourth quarter entailed an increase in the number of properties in the segment. At December 31, 2014, the Transaction properties segment included 94 properties primarily commercial, industrial and office properties in the South and West geographic areas. The leasing rate was 87.4 percent and the leasable area 491,000 square meters. The yield on Transaction properties was 5.3 percent.

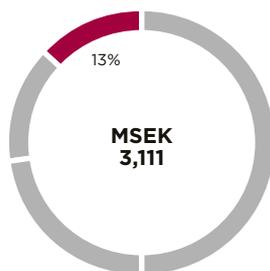
Transaction properties at December 31, 2014

Key figures

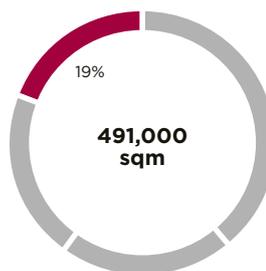
	2014	2013
Number of properties	94	42
Leasable area, 000s of sqm ¹	491	243
Property value, MSEK	3,111	1,221
Rental value, MSEK	392	166
Economic leasing rate, %	87.4	84.6
Lease term, years	3.1	3.1
Yield, %	5.3	6.1

¹ Excluding garage space

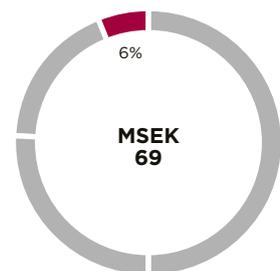
Property value



Leasable area



Net operating income



Joint ventures

At year-end, 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 a shareholders' agreement giving both owners equal power of decision. Hemfosa recognizes the holdings as shares and participation in joint ventures in the statement of financial position. Shares in profit/loss of joint ventures are recognized in the Group's profit from property management.

SÖDERPORT HOLDING AB

Hemfosa and AB Sagax each own 50 percent of Söderport Holding AB. At December 31, 2014, Söderport owned properties valued at approximately SEK 5.0 billion with a focus in the Stockholm and Gothenburg areas.

During the year, Söderport acquired properties for a total purchase consideration of SEK 1.8 billion from companies within the Volvo Group. The acquisition pertained to 12 properties totaling 300,000 square meters of leasable area and 900,000 square meters of land. Most of the properties are located in Torslanda, close to central Gothenburg and the Port of Gothenburg. In addition, five industrial properties were acquired in northern Greater Stockholm, with a total area of 7,000 square meters.

During 2014, Söderport fulfilled its plan to divest the remaining properties outside Greater Stockholm from the Bilprovning acquisition. The transaction involved an underlying property value of MSEK 56. During the year, Söderport also divested a housing project in Stockholm for MSEK 355.

During the fourth quarter, Söderport signed an agreement for a revolving credit facility totaling MSEK 3,000, with a term extending until April 15, 2020. Existing credits will be refinanced using MSEK 2,100 of the credit facility. The remaining share of the facility will provide the basis for the acquisition of properties. It will also

reduce the financial risk, since the duration of 65 percent of the Söderport Group's interest-bearing liabilities will be extended from one year to just over five years.

During 2014, Hemfosa's share in the profit of Söderport was MSEK 198 (125), of which MSEK 98 (46) pertained to profit from property management, MSEK 282 (21) to changes in the value of the property portfolio, MSEK 113 (65) to changes in the value of financial instruments and MSEK -70 (-7) to other items, including deferred tax.

OTHER JOINT VENTURES

Hemfosa is a partner in a further two joint ventures. Gästgivaregatan Holding AB, owned jointly with the Skanska Group, is a project development company with the purpose of developing and adding value to the Tellus 4 commercial property in Södertälje. Culmen Strängnäs II AB, owned jointly with Culmen AB, is a project development company formed to develop and add value to properties in Strängnäs.

At the end of 2014, Hemfosa acquired 100 percent of the previously half-owned company Kronfastigheter Holding AB, which means that the holding changes from a previous joint venture to becoming a wholly owned subsidiary that will be consolidated.

MSEK	Söderport Holding AB		Kronfastigheter Holding AB		Gästgivaregatan Holding AB		Culmen Strängnäs		Total	
	2014	2013	2014 ¹	2013	2014	2013	2014	2013	2014	2013
Share in equity, December 31	574	390	-	31	23	21	12	13	609	455
Shareholding %, December 31	50	50	-	50	50	50	50	50		
Participation in profit, Jan-Dec	198	125	40	-	2	2	-1	-3	239	124
<i>Of which</i>										
Profit from property management	98	46	28	-	2	2	-1	-3	127	45
Changes in value, properties	282	21	19	-	-	-	-	-	301	21
Changes in value of financial instruments	-113	65	-	-	-	-	-	-	-113	65
Deferred tax	-54	-12	-7	-	-	-	-	-	-61	-12
Other	-16	5	-	-	-	-	-	-	-16	5

¹ The remaining 50 percent of the shares were acquired on December 22, 2014. At December 31, 2014, Kronfastigheter Holding AB is a wholly owned subsidiary.

Financing and risk management

The property sector is a capital-intensive operation and, like many other property companies, Hemfosa is dependent on both equity and external borrowings to be able to maintain and develop its property ownership and optimize its property operations. During 2014, Hemfosa strengthened its financial position and access to capital, primarily through the refinancing and new issue of ordinary shares implemented in connection with its listing on Nasdaq Stockholm, the issuance of a bond and the new issue of preference shares.

Hemfosa's operations are financed by a combination of equity, interest-bearing liabilities and other liabilities, primarily interest-bearing liabilities in the form of debts to credit institutions and bond loans. Shareholders' equity accounts for approximately 34 percent of financing, while interest-bearing liabilities represent 61 percent and other liabilities 5 percent.

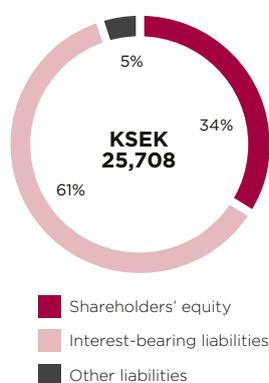
EQUITY

Hemfosa's shareholders' equity amounted to MSEK 8,701 on December 31, 2014, a rise of MSEK 6,332 during the year. In March 2014, Hemfosa implemented a share issue offsetting a shareholders' loan of MSEK 2,970 in connection with the listing of the company on Nasdaq Stockholm. At the same time, ordinary shares were issued in the amount of MSEK 809 after issue costs. In November 2014, preference shares were issued in the amount of MSEK 1,591 after issue costs. The Parent Company's equity amounted to MSEK 8,607 at December 31, 2014.

INTEREST-BEARING LIABILITIES

Hemfosa's interest-bearing liabilities on December 31, 2014 totaled MSEK 15,760, of which MSEK 14,534 pertained to loans from credit institutions, MSEK 1,190 to bond loans, MSEK 33 to vendors' mortgages and MSEK 3 to other liabilities. Hemfosa has a revolving credit of MSEK 1,300, of which MSEK 633 was utilized at December 31, 2014. The Group also has two overdraft facilities totaling MSEK 150, of which MSEK 18 was utilized at December 31, 2014. All loans are raised in SEK. The Group's interest-bearing liabilities to external creditors corresponded to 64.6 percent of the carrying amount of the property portfolio.

Capital structure



Fixed-rate period distributed by instruments at December 31, 2014

	Overdraft facilities, MSEK	Derivatives, MSEK	Caps, MSEK	Amounts, MSEK	Proportion, %
<1 year	13,913	-6,654	-1,056	6,202	39
1-2 years	0	2,995	0	2,995	19
2-3 years	1,830	0	384	2,214	14
3-4 years	0	2,660	672	3,332	21
4-5 years	18	1,000	0	1,018	6
>5 years	0	0	0	0	0
Total	15,760	0	0	15,760	100

Agreements entered into for interest-rate swaps with a total volume of MSEK 7,710 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.

Maturity structure, interest-bearing liabilities December 31, 2014

	Nominal amounts, MSEK	Proportion, %	Interest rate on loans, MSEK	Net interest, derivatives, MSEK ¹	Total, MSEK
2015	243	2	338	36	374
2016	3,743	24	305	33	338
2017	6,540	42	198	28	226
2018	5,198	33	91	25	116
2019	18	0	2	5	6
2020	19	0	8	0	8
Total	15,761	100			

¹ At December 31, 2014, all interest-rate swaps had a negative value. Accordingly, the net interest in the table is attributable to swaps with a negative value.

Changes during 2014

During the year, new loans were raised totaling MEK 7,195. Of these, MSEK 4,629 pertained to the acquisition of properties, MSEK 1,200 to bond loans, MSEK 1,166 to the acquisition of previous joint ventures, MSEK 182 to refinancing of existing loans and MSEK 18 to the utilization of existing overdraft facilities. Repayment of interest-bearing liabilities during 2014 totaled MSEK 1,611, of which MSEK 768 pertained to the repayment connected to the divestment of properties, MSEK 120 to the repayment of vendor's mortgages, MSEK 580 to the repayment of utilized overdraft facilities and MSEK 143 to the repayment of loans raised. Net changes in interest-bearing liabilities during 2014 amounted to an increase of MSEK 5,584.

Bond loan

A non-covered bond loan of MSEK 1,200 was issued during spring 2014. After transaction expenses, MSEK 1,188 was contributed to the company. The bonds, which are listed on the Nasdaq Stockholm, have a term of three years. Of the total bond loan, MSEK 1,100 carries a floating rate of STIBOR 3M plus 2.25 percent and MSEK 100 carries a fixed rate of 3.38 percent.

Fixed-rate and loan maturity period

The average remaining fixed-rate and loan maturity periods were 1.9 and 2.8 years, respectively, at year-end. The average interest rate at December 31, 2014 was 2.37 percent.

Fixed-income derivatives and interest-rate caps

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 December 31, 2014, the interest-rate swaps entered into totaled MSEK 6,654 and interest-rate caps totaled MSEK 1,056, meaning that, together with the fixed-interest-rate loans, 60.8 percent of the loan portfolio is interest-rate hedged. Interest-rate caps function as an interest-rate ceiling whereby Hemfosa pays variable interest up to a predetermined interest rate. Should the variable interest rate in the market be higher than this, Hemfosa will pay interest corresponding only to the predetermined interest rate. The interest-rate ceiling for the agreed interest-rate caps amounts to 1.5 percent. A market-based premium has been paid to sign interest-rate cap agreements. The fair value of the interest-rate caps at December 31, 2014 was MSEK 3.

Financial policy

The overall objectives of Hemfosa's financing operations are:

- To ensure that the financing operations are subject to efficient controls and conducted under orderly financial conditions
- That Hemfosa be perceived as a professional business partner
- To secure the company's loan financing
- To formulate financial strategies and risk management in accordance with the prerequisites for the operations
- To achieve the best possible financial net within the given risk mandate

Hemfosa intends to be a professional borrower and work to ensure that the company will always be offered financing on the best terms available in the market, based on comparable borrowers and comparable collateral. In cases where the financing is a feature of the business transaction when it comes to property acquisitions, the terms and conditions for the financing should be considered from the viewpoint of the entire business transaction.

In order to minimize interest-rate and borrowing risks, Hemfosa's financial policy includes the following guidelines:

- The company's total loan-to-value ratio may not exceed 75 percent (estimated at market value)
- The company is to have four to six main creditors
- Not more than 25 percent of the loan liability may fall due for renegotiation during the same 12-month period
- The average term for the loans may not be shorter than 1.5 years

The basis for the company's choice of strategy for managing the interest-rate risk comprises the choice of an interest-rate maturity strategy for the loans combined with a selection of derivative instruments to alter the interest-rate risk.

All interest-rate swaps had a negative fair value totaling MSEK 105 at December 31, 2014. During 2014, two restructurings of the derivative portfolio were implemented. As part of the first restructuring, Hemfosa redeemed all interest-rate swaps, a volume of MSEK 7,979, and new interest-rate swaps with a volume of MSEK 6,579 were entered into. As part of the second restructuring, Hemfosa redeemed interest-rate swaps with a volume of MSEK 2,682, and new interest-rate swaps with a volume of MSEK 2,082 were entered into. The total redemption cost of these restructurings was MSEK 284. In December, new interest-rate swaps totaling MSEK 675 and interest-rate caps totaling MSEK 1,056 were also entered into. At the end of 2014, Hemfosa had financial instruments with a total volume of MSEK 7,710.

RISKS AND UNCERTAINTIES

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.

Operations and organization

The company has decided to have a relatively small organization in order to work effectively and alertly, which could result in a certain dependence on individual employees. At the same time, Hemfosa's future development depends to a great extent on the knowledge, experience and commitment of Group Management and other key personnel. To reduce this dependency, the organization has been strengthened in recent years in

terms of training and additional recruitment. The company has also prepared documented job descriptions and clear process maps.

Within the framework of the continuing operations, Hemfosa could incur losses due to faulty procedures, inadequate control or irregularities. In 2013, an independent and comprehensive documentation of the Group's key processes and the internal control elements in the processes was performed, which led to a reduction of the operational risk. The results of the review and the proposed improvement areas have all been incorporated into daily operations. Work to develop internal processes and work methods continued during 2014.

Hemfosa has also implemented a whistleblower process that encourages employees to report any irregularities or unethical or illegal activities, thus further strengthening a sound ownership structure in the organization.

Financing

Fixed-income derivatives are used to limit the interest-rate risk and increase the predictability of Hemfosa's profit from property management. For more information on fixed-income derivatives, see pages 31–32.

Sensitivity analysis

The sensitivity analysis below shows how Hemfosa's full-year earnings would be affected, positively or negatively, if selected income and cost items were to change. The effect of changed income statement items is calculated based on earnings capacity.

Fixed-rate period, interest-rate swaps at December 31, 2014

	Nominal amounts, MSEK	Average interest-rate swaps, %	Market value, MSEK
<1 year	0	0	0
1-2 years	2,995	0.45	-9
2-3 years	0	0	0
3-4 years	2,660	1.10	-63
4-5 years	1,000	1.26	-32
>5 years	0	0	0
Total	6,654	0.83	-105

Sensitivity analysis, December 31, 2014

	Change, %	Impact on earnings, MSEK
Contractual rental income	+/-1	+/-22
Economic leasing rate, %		89%
Economic leasing rate	+/-1	+/-22
Property expenses	+/-1	+/-7
Net operating income	+/-5	+/-77
Interest expenses for current fixed-rate periods and changed interest rates ¹	+/-1	+/-61
Interest expenses for change in average interest rate level ²	+/-1	+/-158
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/-1	+/-209

1 Taking into account derivative agreements

2 Not taking into account derivative agreements



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Ordinary and preference shares

Hemfosa as an investment

The Hemfosa ordinary share has been listed on Nasdaq Stockholm, Mid-Cap, since March 21, 2014. The share is included in the sector index for real estate companies. The preference share was listed on Nasdaq Stockholm on December 12. Hemfosa's total year-end market capitalization was MSEK 12,516, based on ordinary and preference shares.

Hemfosa has two classes of shares: ordinary share and preference shares. The difference between the classes of shares comprises different voting rights and different rights to the company's assets and profit.

The Board intends to propose to Annual General Meeting that the company's shares be split on a 2 for 1 basis. The reason is to facilitate higher liquidity and bolster share turnover.

ORDINARY SHARE

The closing price for the ordinary share on December 30, 2014 was SEK 165.00. This represents a price increase of 69 percent since March 21. During the same period, Nasdaq Stockholm rose 9.0 percent in terms of the All Share-index, while the Carnegie Real Estate Index rose 22.2 percent. In total, 68,225,963 Hemfosa ordinary shares were traded at a total value MSEK 7,845,212,639 during the period March 21 to December 30, 2014. On an average trading day, 351,680 ordinary shares were traded in an average of 600 transactions.

Each ordinary share carries one voting right, while preference shares carry one tenth of a voting right. The

Hemfosa ordinary share is traded under the "HEMF" ticker.

PREFERENCE SHARE

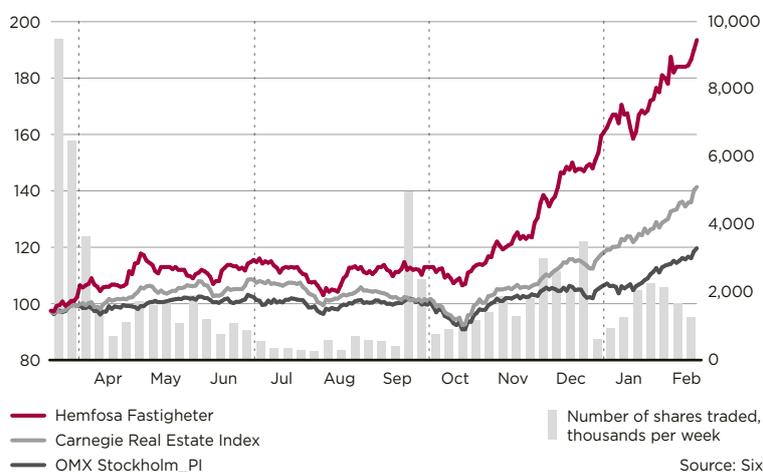
The closing price for the preference share on December 31, 2014 was SEK 334.50. This represents a price increase of 2 percent during the brief period from the listing on December 12 until year-end. Preference shares carry one tenth of a voting right while ordinary shares carry one voting right.

Preference shares provide preferential rights, in precedence to ordinary shares, to an annual dividend of SEK 20 per preference share divided among quarterly payments of SEK 5 per preferential share. Hemfosa's preference share is traded under the "HEMF PREF" ticker.

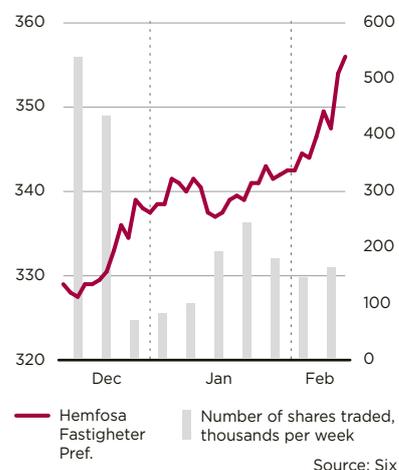
DIVIDENDS

Hemfosa's dividend policy aims to achieve a long-term dividend payment of 60 percent of distributable profit. Distributable profit is defined as profit from property management less taxes paid and shares in the profit of

Ordinary share



Preference share



joint ventures. Distributable profit for the year 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 (before the proposed share split). If the AGM votes to approve the 2-for-1 share split, the dividend will correspond to SEK 3.00 per ordinary share with quarterly payment of SEK 0.75 per ordinary share. The proposed record dates are May 11, July 10 and October 10, 2015 and January 10, 2016.

The Board also proposes that the AGM resolve to pay a dividend to holders of preference shares of SEK 20.00 per preference share (before the proposed share split). If the AGM votes to approve the 2-for-1 share split, the dividend will correspond to SEK 10.00 per preference share with quarterly payment of SEK 2.50 per preference

share. The proposed record dates for the dividend on preference shares are July 10 and October 10, 2015 and January 10 and April 10, 2016. The proposed dividend corresponds to 70 percent of the distributable profit for the 2014 fiscal year.

SHAREHOLDER INFORMATION

At December 31, 2014, Hemfosa had 16,462 shareholders, of whom Swedish investors, institutions and private individuals owned 71.8 percent of the shares. International institutional investors owned 28.2 percent of the shares. The five largest owners jointly controlled 31.19 percent of the total number of shares outstanding and 33.12 percent of the voting rights. Management and the Board of Directors held 6.70 percent of the share capital and 7.10 percent of the voting rights.

Ownership distribution, December 31, 2014

Owners	Number of shares		Percentage of	
	Ordinary shares	Preference shares	Share capital, %	Voting rights, %
Fourth AP Fund	6,538,383	-	9.25	9.87
Länsförsäkringar Fondförvaltning	4,216,063	-	5.96	6.37
Swedbank Robur Funds	3,954,914	150,000	5.80	6.00
Lannebo Funds	3,771,932	-	5.33	5.70
Kåpan Pensioner	3,431,781	-	4.85	5.18
AMF Försäkring and funds	2,056,996	-	2.91	3.11
Ikano Invest	1,667,286	-	2.36	2.52
Nordea Investment Funds	1,355,005	-	1.92	2.05
Board and Management	4,694,452	61,400	6.70	7.10
Others	34,033,292	4,788,600	54.9	52.1
Total	65,720,104	5,000,000	100.0	100.0

Ownership structure by size of holding at December 30, 2014

Holdings	No. of shareholders	Holdings, %	Voting rights, %
1-500	13,289	3.11	2.12
501-1,000	1,441	1.51	1.18
1,001-5,000	1,284	3.96	2.89
5,001-10,000	147	1.51	1.38
10,001-15,000	47	0.83	0.71
15,001-20,000	36	0.87	0.80
20,001-	219	88.00	90.92
Total	16,462	100.00	100.00

Source: Euroclear

For share-related key figures, see page 48

Trend of share capital

	Date	Shares	Quotient value	Share capital, MSEK
New issue, ordinary shares	Jan -13	50,000	1	0
New issue, ordinary shares	Jun -13	22,207,103	1	22
New issue, ordinary shares	Jun -13	2,792,897	1	3
Reduction in ordinary shares	Jun -13	-50,000	1	0
Share issue offsetting debt, ordinary shares	Mar -14	30,937,495	1	31
New issue, ordinary shares	Mar -14	9,782,608	1	10
New share issue, preference shares	Dec -14	5,000,000	1	5
Total		70,720,104		71



Corporate Governance Report

This corporate governance report constitutes part of Hemfosa's formal and audited Annual Report.

At Hemfosa, the purpose of corporate governance is to ensure that rights and obligations are allocated among the company's various bodies in accordance with applicable laws, regulations and processes. Efficient and transparent corporate governance enables the owners to assert their interests in relation to the company's management at the same time as the division of responsibility between management and the Board but also within the company is clear cut, thus enabling decisions to be taken efficiently and enabling Hemfosa to act swiftly when new business opportunities arise.

Hemfosa is a Swedish public limited-liability company whose shares were listed on Nasdaq Stockholm in March 2014. Corporate governance in Hemfosa is based on laws, the Articles of Association, the Nasdaq Stockholm Issuers Rules, the Swedish Corporate Governance Code (the Code) and the rules and recommendations issued by relevant organizations. According to the Code, adaptation to the Code must be completed in full no later than in connection with the first Annual General Meeting (AGM) held after the IPO, which in Hemfosa's case is the 2015 AGM, which is to be held on May 7, 2015. The Code is based on the "comply or explain" approach. This means that a company applying the Code may choose to depart from specific rules, but must then provide an explanation for the non-compliance. Hemfosa currently complies with the Code subject to certain deviations.

GENERAL SHAREHOLDER MEETINGS

Under the Swedish Companies Act, General Meetings of Shareholders are the company's highest decision-making body and shareholders are entitled to pass resolutions concerning the company at such meetings. Provisions regulating General Meetings of Shareholders are contained in the Swedish Companies Act, the Code and in Sections 12 and 13 of the Articles of Association.

A shareholder who wishes to have a matter dealt with at a General Meeting of Shareholders must submit a written request to that effect to the Board of Directors. The matter will be addressed at the AGM if the request has been submitted to the Board not later than seven weeks prior to the AGM. At the Meeting, all shareholders are entitled to present questions to the company concerning the items of business addressed at the Meeting, as well as the financial situation of the company and the Group. All shareholders who are registered in the shareholder regis-

ter on the record date and who have notified their intent to participate in time are entitled to attend the Meeting and vote for their total shareholding.

Notice to attend a General Meeting is issued by publishing the notice on the company's website and placing an advertisement in Post- and Inrikes Tidningar (the Swedish Official Gazette). At the same time, information confirming that official notification has taken place is published in Svenska Dagbladet or, should the national distribution of Svenska Dagbladet be discontinued, in Dagens Nyheter. The AGM is to be held at the location where the Board of Directors has its registered office, or in Stockholm, within a period of six months of the end of the fiscal year. The company's fiscal year extends from January 1 to December 31. Resolutions by the AGM include adoption of the company's annual report, disposition of the company's profit or loss and discharging Board members and the CEO from liability. The AGM also appoints Board members and auditors, and adopts resolutions regarding rules for the Nomination Committee, fees to the Board members and auditors, as well as guidelines for the determination of salaries and other remuneration for the CEO and other members of Group Management. Resolutions passed at General Meeting of Shareholders are normally made by simple majority, unless the Swedish Companies Act imposes requirements for a higher proportion of the shares represented and the votes cast, such as resolutions concerning amendments to the Articles of Association. Resolutions of any major significance that are adopted at a General Meeting of Shareholders are to be announced after the Meeting in a press release, and the minutes from the Meeting are to be published on the company's website.

Extraordinary General Meeting in Hemfosa Fastigheter on February 5, 2014

An Extraordinary General Meeting (EGM) of Hemfosa Fastigheter was held on February 5, 2014. Bengt Kjell was elected Chairman. All of the shares and votes in the company were represented at the Meeting.

The EGM resolved to authorize the Board of Directors on one or more occasions during the period up to the following AGM, disapplying the existing shareholders' preferential rights, to decide on the issuance of shares prior to or in connection with the IPO of the company's shares on Nasdaq Stockholm. The EGM also elected KPMG, a registered firm of accountants, as auditor and adopted rules for the Nomination Committee's composition and work, as well as guidelines for the remuneration of senior executives.

Annual General Meeting of Hemfosa Fastigheter on March 4, 2014

The AGM of Hemfosa Fastigheter was held on March 4, 2014. Bengt Kjell was elected Chairman. All of the shares and votes in the company were represented at the Meeting.

The AGM adopted the 2013 Annual Report. No dividend was proposed.

At the AGM, Bengt Kjell, Jens Engwall, Magnus Eriksson, Anneli Lindblom, Daniel Skoghäll, Caroline Sundewall and Ulrika Valassi were reelected as Board members. The registered firm of accountants, KPMG AB, was elected as the company's auditor.

In accordance with what is stated in the section "Director fees" on page 40, the fees to be paid for Board membership were also resolved, as was the fact that fees to auditors should be paid in return for approved invoices. The AGM repassed the resolutions passed at the EGM on February 5, 2014 without making any amendments.

Extraordinary General Meeting in Hemfosa Fastigheter on March 20, 2014

An EGM of Hemfosa Fastigheter was held on March 20, 2014. Bengt Kjell was elected Chairman. A total of 21,500,000 shares were represented at the Meeting, corresponding to approximately 86 percent of the company's 25,000,000 shares and voting rights.

The EGM resolved to reduce the share capital by SEK 199,597 through cancellation of 199,597 shares and then on the new issue of 199,597 shares disapplying the existing shareholders' preferential rights. This resolution resulted in a re-allotment of shares and was related to the owners' sale of shares that occurred in connection with the IPO.

Extraordinary General Meeting in Hemfosa Fastigheter on November 12, 2014

An EGM of Hemfosa Fastigheter was held on November 12, 2014. Bengt Kjell was elected Chairman. A total of 31,404,663 shares were represented at the Meeting, corresponding to approximately 47.8 percent of all of the company's shares and voting rights.

The EGM resolved to authorize the Board of Directors on one or more occasions during the period up to

the following AGM, either applying or disapplying the existing shareholders' preferential rights, to decide on the issuance of a total of no more than 5,000,000 preference shares. The AGM also resolved that a dividend on all new preference shares would be paid quarterly in an amount of SEK 5, although not higher than SEK 10, as of the day on which the shares had been entered in the share register maintained by Euroclear Sweden AB in accordance with the stipulations of the company's Articles of Association. Record dates for the quarterly payment of the dividend for the period up to the 2015 AGM were resolved as January 20, 2015 and April 20, 2015.

The EGM also resolved to adopt new Articles of Association with the purpose of facilitating the issue of preference shares and the dividend on these; also refer to the section called "Articles of Association".

THE HEMFOSA SHARE AND SHAREHOLDERS

The number of shares in the company on December 31, 2014 was 70,720,104, divided between two classes of shares: 65,720,104 ordinary shares and 5,000,000 preference shares. The preference shares provide entitlement and precedence to a dividend of SEK 20 per share but confer no further rights to the company's assets. The preference shares are limited in terms of the number of voting rights that each share carries, namely 1/10 of a voting right per preference share. At year-end, the share capital amounted to SEK 70,720,104 and the quotient value per share was SEK 1.

The number of shareholders on December 31, 2014 was 16,462. The company's five largest shareholders on December 31, 2014 are shown in the table below.

ARTICLES OF ASSOCIATION

Hemfosa's Articles of Association have been adopted by a general meeting of shareholders and are presented in full at www.hemfosa.se. The Articles of Association state that the company is to, directly or indirectly, own and manage properties and property-related assets and engage in related activities. The Board of Directors has its registered office in Nacka. The company is not permitted to take any decisions that conflict with the Articles of Association without first referring such a matter to a shareholders' meeting for resolution and a

Owners	Number of shares		Percentage of	
	Ordinary shares	Preference shares	Share capital, %	Voting rights, %
Fourth AP Fund	6,538,383	-	9.25	9.87
Länsförsäkringar Fondförvaltning	4,216,063	-	5.96	6.37
Swedbank Robur Funds	3,954,914	150,000	5.80	6.00
Lannebo Funds	3,771,932	-	5.33	5.70
Kåpan Pensioner	3,431,781	-	4.85	5.18

possible amendment of the Articles of Association. The Articles of Association contain no specific clauses governing the appointment or dismissal of Board members or regarding amendment of the Articles of Association.

NOMINATION COMMITTEE

Companies applying the Code shall accordingly have a Nominating Committee, and a General Meeting of Shareholders is to determine the process for how members are to be appointed to the Nomination Committee, as well as guidelines for the Nomination Committee's task of producing recommendations for the next AGM. According to the Code, the Nomination Committee is to have at least three members and a majority of these must be independent in relation to the company and Group Management. At least one of the Nomination Committee's members must be independent in relation to the company's largest shareholder or group of shareholders, in terms of votes, that cooperate on the administration of the company.

The AGM of Hemfosa on March 4, 2014 adopted instructions for the Nomination Committee's work. According to the instructions, the task of the Nomination Committee, which is to include the Chairman of the Board and four representatives of the four largest shareholders in the company in terms of voting rights, is to issue proposal to the AGM concerning the number of Board members and composition of the Board, including the Chairman of the Board, and proposals concerning fees to Board members, including any separate fees for Committee work. The Nomination Committee is also to present a proposal for the Chairman of the AGM and, where applicable, for auditors and their fees. Insofar as it is considered necessary, the Nomination Committee is also to present proposals concerning amendment to the current rules of the Nomination Committee.

All shareholders are entitled to submit proposals for Board members to the Nomination Committee. Proposals should be submitted to the Chairman of the Nomination Committee. The Nomination Committee's proposals concerning the appointment of Board members and fees to Board members and auditors is presented in the notice to attend the AGM. A statement from the Nomination Committee explaining its proposals concerning composition of the Board is published on the company's website when the notice to attend the AGM is issued.

Hemfosa's Nomination Committee prior to the 2015 AGM comprised:

- Mats Andersson (Fourth Swedish National Pension Fund),
- Christer Wachtmeister (Kåpan Pensioner),
- Ramsay Brufer¹ (Alecta Pensionsförsäkring),
- Eva Gottfridsdotter-Nilsson (Länsförsäkringar Fondförvaltning AB) and
- Bengt Kjell (Chairman of the Board).

Board of Directors

According to the Articles of Association, Hemfosa's Board of Directors is to comprise at least four and no more than ten members, with no deputy members. The Board members are elected annually at the company's AGM for the period until the end of the following AGM. At the AGM on March 4, 2014, Bengt Kjell, Jens Engwall, Magnus Eriksson, Anneli Lindblom, Daniel Skoghäll, Caroline Sundewall and Ulrika Valassi were reelected as Board members. For information on Board members and their assignments outside the Group, their education and shareholdings in the company etc., see pages 44–45 of the Annual Report.

The Board is required to satisfy the shareholders' long-term interests and is ultimately responsible for the company's organization and the administration of the company's affairs. The Board has adopted Rules of Procedure for the Board of Directors and an instruction for the CEO. The Board has also established a number of overall policies, guidelines and instructions for the company's operations. These include a financial policy, communication policy, insider policy, IT policy, environmental policy and ethical guidelines for the company's conduct. All of these internal governing documents are evaluated at least once annually and are also updated continuously to comply with legislation, or should other requirements arise. According to the Code, a majority of the AGM-elected Board members must be independent in relation to the company and the company's management. At least two of these are also to be independent in relation to the company's major shareholders. The company's Board is deemed to meet the independence requirements, since six of the seven AGM-elected Board members are independent in relation to the company and Group Management. The CEO, Jens Engwall, is not deemed independent in relation to the company and company management. All of the Board members have been deemed to meet the independence requirement in relation to major shareholders.

At least once annually, the Board of Directors, without the presence of the CEO and other members of Group Management, is to meet the company's auditors, which normally occurs at the Board meeting held to address the year-end report.

¹ On February 20, 2015, Ramsay Brufer announced his resignation from the Nomination Committee because Alecta Pensionsförsäkring had sold its shareholding in the company. Since by that time the Nomination Committee had in all significant respects completed its work ahead of the 2015 Annual General Meeting, no new member was appointed to the Nomination Committee.

Composition of the Board

AGM-elected ¹	Elected, year ²	Total annual fee, SEK ³	Independent in relation to shareholders	Independent in relation to company and management	Attendance Board meetings	Attendance Audit Committee ⁴	Attendance Remuneration Committee
Chairman of the Board							
Bengt Kjell	2009	350,000	Yes	Yes	26/27	1/2	2/2
Member							
Jens Engwall, CEO	2009	-	Yes	No	27/27		
Magnus Eriksson	2011	175,000	Yes	Yes	27/27		2/2
Anneli Lindblom	2013	225,000	Yes	Yes	27/27	6/6	
Daniel Skoghäll	2009	175,000	Yes	Yes	27/27		
Caroline Sundewall	2013	205,000	Yes	Yes	26/27	5/6	
Ulrika Valassi	2013	205,000	Yes	Yes	27/27	4/4	

1 Training and education, others assignments, shareholdings in the company, etc. of current members of the Board are presented on pages 44-45 of the Annual Report.

2 The table also states the year from which each member's Board assignments in the Group commenced.

3 For additional details, see the section "Director fees" below. The fees reported in the table above pertain to the annual period in office.

4 Up to March 4, 2014, the Audit Committee consisted of the members Bengt Kjell, Anneli Lindblom and Caroline Sundewall, and thereafter of Anneli Lindblom, Caroline Sundewall and Ulrika Valassi.

Chairman of the Board

The Chairman of the Board is elected by a general meeting of shareholders and directs the work of the Board of Directors. The Chairman of the Board is required to ensure that the work of the Board of Directors is conducted efficiently, that the Board fulfils its commitments and that the Board's decisions are executed by the company and company management. The Chairman is to ensure that the Board receives the information and the decision base necessary for making well-founded decisions.

Board of Directors work during 2014

The company's Board held 27 meetings during 2014, including a statutory Board meeting. The agenda ahead of each scheduled Board meeting included a number of standing items, such as: The CEO's review of the operations, acquisitions, sales and investments as well as financial reporting. In 2014, the Board made decisions on several major acquisitions, divestments and investments, as well as financing and refinancing programs. The Board also decided on a stock exchange listing of the company, the issuance of a bond loan and the introduction and issuance of preference shares in accordance with authorization received from the AGM.

Committees

The Board currently has two committees: an Audit Committee and a Remuneration Committee. The members of these committees are appointed by the Board.

Audit Committee

In accordance with the Swedish Companies Act, the Board has appointed an Audit Committee, which makes recommendations to the Board for its approval. The Committee works according to an annually established agenda and is tasked with monitoring the company's financial statements and the efficiency of the company's

internal control and risk management activities. The Audit Committee also keeps itself informed of the audit of the Annual Report and the consolidated financial statements. The Committee is also tasked with reviewing and monitoring the auditor's independence and objectivity, paying particular attention to whether the auditor provides services outside the scope of his/her audit. The Committee also assists by making proposals to the AGM on the appointment of an auditor.

According to the Code, the Audit Committee is to comprise at least three members, of whom the majority are to be independent in relation to the company and Group Management, and at least one member is to be independent in relation to the company's major shareholders. The Audit Committee comprises the Board members Anneli Lindblom (Chairman), Caroline Sundewall and Ulrika Valassi, who are all deemed independent in relation to the company, Group Management and the company's major shareholders.

During 2014, the Audit Committee held six meetings.

Remuneration Committee

The Remuneration Committee is tasked with preparing matters in respect of remuneration policies for the CEO and other senior executives, as well as individual remuneration for the CEO in accordance with the remuneration policy. The policy includes the relationship between fixed and any variable components of the remuneration as well as the link between performance and remuneration, the principal terms of any bonus and incentive schemes and the principal terms for non-monetary benefits, pensions, termination and severance pay. The Board in its entirety determines the remuneration and other terms of employment for the CEO. However, share-based incentive schemes for Group Management are determined by the AGM.

The Committee is also to assist the Board in monitoring the system by which the company complies with laws, stock-exchange rules and the Code of rules governing the disclosure of information related to remuneration of the CEO and other senior executives, and to monitor and evaluate any schemes that are ongoing or have been concluded during the year for variable remuneration of the CEO and other senior executives, the application of guidelines for remuneration of the CEO and other senior executives that the AGM is legally obliged to resolve and current remuneration structures and levels. The Remuneration Committee comprises the Board members Bengt Kjell (Chairman) and Magnus Eriksson.

During 2014, the Remuneration Committee held two meetings.

Director fees

At the AGM on March 4, 2014, the Meeting resolved that until the next AGM, an annual fee of SEK 350,000 is to be paid to the Chairman of the Board and that SEK 175,000 is to be paid to each of the other Board members who are not employed by the company. It was also resolved that fees for Committee work amounting to SEK 50,000 were to be paid to the Chairman of the Audit Committee and SEK 30,000 to each of the other members of the Audit Committee.

The Meeting also resolved, on condition that it is cost neutral for the company and after written agreement between the company and the Board member, that the company may permit the invoicing of director fees through a company that is wholly owned by the Board member. Where this occurs, the invoiced fee will be increased by an amount corresponding to statutory social security contributions and statutory value-added tax.

CEO AND OTHER SENIOR EXECUTIVES

Chief Executive Officer

The CEO is appointed by the Board and is responsible for the daily management of the company and the Group's activities in accordance with the Board's instructions and regulations. The division of responsibilities between the CEO and the Board is defined in the Board's Rules of Procedure, as well as the CEO Instructions and Delegation of Authority established by the Board. For information on the CEO and his assignments outside the Group, education and shareholdings in the company etc., see page 44 of the Annual Report.

Group Management

The CEO functions as Chairman of Group Management and makes decisions in consultation with other members of Group Management. In addition to Jens Engwall (CEO), Group Management consists of six executives: Karin Osslind (CFO), Lars Thagesson (COO), Karim Sahibzada (Head of Legal and Finance), Mikael Weiland (Head of Business Development), Annika Ekström (Property Manager) and Stina Lindh Hök (Transaction Manag-

er). For information on the individual members of Group Management, refer to page 46 of the Annual Report.

Group Management meets regularly every month or as required.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

In accordance with the guidelines adopted at the company's AGM on 4 March 2014, Hemfosa is to apply the remuneration levels and employment terms and conditions required to be able to recruit and retain a management team with high expertise and the capacity to achieve set goals. The forms of remuneration will be designed to motivate senior executives to do their utmost to ensure shareholder interests.

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

Senior executives may be offered incentive programs that are to primarily be share or share-price based. The aim of an incentive program must be to ensure long-term commitment to the company's development and be implemented on market-based terms. Share and share-price based incentive programs must be resolved by the AGM. The non-monetary benefits paid to senior executives are designed to facilitate the work of senior executives and correspond to what may be deemed reasonable in relation to standard practice in the market in which each senior executive is active.

Pension conditions for senior executives are to be based on defined-contribution pension plans and comply with or correspond to the general pension plan, the ITP1 plan in Sweden. Termination salary and severance pay for a senior executive is not to exceed a total of 18 months' salary, if notice is served by the company and six months if notice is served by the executive. Senior executives in this connection are the CEO, CFO and other members of Group Management.

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

In the 2014 fiscal year, remuneration was paid to the CEO and certain other senior executives in accordance with the table in Note 5.

AUDITOR

The Company's financial statements and accounting records, and the administration of the Board and management, are reviewed and audited by the company's auditor. The auditor is appointed by the AGM for the period up to the end of the following AGM. At the AGM on March 4, 2014, the registered firm of accountants KPMG AB was elected auditor for the period up to the end of the 2015 AGM. Authorized Public Accountant Mattias Johansson was appointed Auditor in Charge.

The auditor is to report significant accounting errors and suspected irregularities to the Audit Committee. On at least two occasions per year, normally in connection with the meeting to address the annual accounts, the auditor is to report his/her observations during the audit of the company and assessment of the company's internal control to the company's Board. The auditors also participate in the AGM to present the Auditors' Report, which describes the audit process and any observations made.

In 2014, in addition to the audit assignment, KPMG was engaged for additional services, primarily tax and accounting matters, but also listing-related matters and matters related to the issue of a bond and the issuance of preference shares. Such services have always, and solely, been provided insofar as they are compatible with the regulations and with FAR's rules of professional conduct pertaining to the objectivity and independence of auditors. Disclosures on the fee paid to the auditor, including consultancy fees, are presented in Note 6.

INTERNAL CONTROL OF FINANCIAL REPORTING

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

Control environment

The division and delegation of responsibilities has been documented and communicated in internal governing documents for the Board and the company including:

- Board of Directors' rules of procedure
- CEO instructions
- Delegation of Authority
- Attestation ordinance
- Other internal governing documents (such as the accounting manual and business policy).

All internal governing documents are regularly updated to include changes in, for example, legislation, accounting standards or listing requirements, and when otherwise required.

Risk assessment

In accordance with the Rules of Procedure, the Board and the Audit Committee undertake an annual evaluation of the company's internal control. Risks considered to exist are identified and measures are established to reduce these risks. The auditor is invited to present his/her report of the effectiveness of the internal control activities to a Board meeting and the Audit Committee.

The material risks that Hemfosa has identified are errors in the accounting records and measurement of properties, credit risk, refinancing risk, interest-rate risk, taxes and VAT, as well as the risk of fraud, loss or the embezzlement of assets.

Control activities

Since the company's accounting system is structured so that the conclusion of agreements, payment of invoices and so forth must comply with the decision paths, signing and payment authorizations set out in the internal governing documents, an underlying control structure has been established to counteract and prevent the risks identified by the company.

In addition to these control structures, a number of control activities are performed to further detect and correct errors and deviations. Such control activities comprise monitoring at various levels of the organization, such as the Board's monitoring and verification of compliance with Board decisions, a review and comparison of profit/loss items, reconciliation of accounts and approval and recognition of business transactions by the accounts department.

Information and communication

Hemfosa has built an organization that ensures the company's financial reporting is correct and effective. The internal governing documents clarify who is responsible for what, and the daily interaction between the officers concerned ensures that the necessary information and communication reaches all relevant parties.

Group Management is supplied with certain financial information about the company and its subsidiaries to keep itself informed of the development of leasing and other property management work, and to review and monitor ongoing and future investments and liquidity planning on both a weekly and a monthly basis. The Board is informed by the auditor of risk management, internal control and financial reporting.

The company's communication policy ensures that all information disclosed both externally and internally is correct and issued at the appropriate time on each occasion.

At various meetings, all Hemfosa employees been able to participate and influence the formulation of relevant internal policies and guidelines and, in so doing, have been directly involved in the development of these internal governing documents.

Follow-up activities

As presented above, regular follow-ups are performed at all levels of the organization. The Board performs regular evaluations of the information submitted by the company's management and the auditors. The Company's auditors also personally report their audit observations and assessment of the internal control activities directly to the Board. Monitoring undertaken by the Board to develop internal control activities and to ensure that measures are taken to deal with any problems and proposals that arise is particularly significant. This work is largely the responsibility of the Audit Committee.

Evaluation of the need for a separate internal audit function

Hemfosa currently has no internal audit function. The Board has addressed this matter and concluded that the existing follow-up and evaluation structures provide a satisfactory basis. On the whole, this has resulted in it not being considered warranted to have a special internal audit unit. The decision is re-evaluated annually.

DIFFERENCES IN RELATION TO THE CODE

Hemfosa has been applying the Code since some time before the company's shares were listed on March 21, 2014. As mentioned above, the Code is based on the "comply or explain" principle. This means that a company applying the Code may choose to depart from specific rules, but must then provide an explanation for the non-compliance. According to the Code, adaptation to the Code must be completed in full no later than in connection with the first AGM held after the IPO, which in Hemfosa's case will be the 2015 AGM, which is scheduled for May 7, 2015. Hemfosa currently complies with the Code subject to certain deviations.

Board of Directors and Auditor

Bengt Kjell, born in 1954

Chairman of the Board of the Company since 2013, as well as Chairman of the Remuneration Committee. Chairman of the Board in the Group since 2009.

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

Other assignments: Chairman of the Board of Skånska Byggar AB and Expandum Invest AB and Deputy Chairman of Indutrade AB. Board member of ICA Gruppen AB, Pandox AB, Swegon AB and Plastal Industri AB. Member of the Board and CEO of Aktiebolaget Handel och Industri.

Shareholding in the Company (incl. any shares held by related parties): 1,048,000 ordinary share and 20,000 preference shares.

Independent in relation to the company, Group Management and the company's major shareholders

Jens Engwall, born in 1956

Member of the Board and CEO of the company since 2013. Board assignments within the Group since 2009.

Education: Master of Engineering from the Royal Institute of Technology in Stockholm.

Other assignments: Board member of Bonnier Fastigheter AB, IKANO S.A., Nordic Service Partners Holding AB, Chengde Intressenter AB and Hemfosa Gård AB, among other companies.

Shareholding in the Company (incl. any shares held by related parties): 1,426,138 ordinary share and 16,000 preference shares.

Not independent in relation to the company and Group Management, independent in relation to the company's major shareholders

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



Magnus Eriksson, born in 1959

Board member of the company since 2013, as well as member of the Remuneration Committee. Board assignments within the Group since 2010.

Education: Economics studies at Uppsala University, and CEFA, Stockholm School of Economics.

Other assignments: Deputy CEO of the Fourth Swedish National Pension Fund. Board member of Rikshem Intressenter Holding AB and Vasakronan AB (publ), as well as assignments within the Rikshem Group.

Shareholding in the Company (incl. any shares held by related parties): 41,400 ordinary shares and 10,300 preference shares.

Independent in relation to the company, Group Management and the company's major shareholders

Anneli Lindblom, born in 1967

Board member of the Company since 2013 and Chairman of the Audit Committee. No previous assignments in the Group.

Education: School of Economics Degree, Frans Schartaus Business Institute, Stockholm.

Other assignments: CFO of Acando AB (publ) and Chairman of the Board and CEO of NoClds AB, as well as assignments within the Acando group.

Shareholding in the Company (incl. any shares held by related parties): 1,000 ordinary shares.

Independent in relation to the company, Group Management and the company's major shareholders

Daniel Skoghäll, born in 1962

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

Education: Master of Science in engineering, Chalmers Institute of Technology, Gothenburg.

Other assignments: Chairman of the Board and CEO of IKANO Fastighets AB, as well as assignments within the IKANO Group and Chairman of the Board of Föreningen Erikshjälpen Second Hand.

Shareholding in the Company (incl. any shares held by related parties): –

Independent in relation to the company, Group Management and the company's major shareholders

Caroline Sundewall, born in 1958

Board member of the company since 2013, and member of the Remuneration Committee. No previous assignments in the Group.

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

Other assignments: Chairman of the Board of Cloetta AB (publ). Board member and CEO of Caroline Sundewall AB, and Board member of Mertzig Asset Management AB, Lifco AB, Cramo Oyj and Södra Skogsägarna Economic Association. Chairman of the Board of the Streber Cup Foundation.

Shareholding in the Company (incl. any shares held by related parties): 2,500 ordinary shares.

Independent in relation to the company, Group Management and the company's major shareholders

Ulrika Valassi, born in 1967

Board member of the company since 2013, and member of the Audit Committee. No previous assignments in the Group.

Education: Graduate in business administration, Uppsala University.

Other assignments: Board member, partner and CEO of Au Management AB, partner in Network Office i Stockholm AB and Board member of A bit of Sweden AB.

Shareholding in the Company (incl. any shares held by related parties): 2,000 ordinary share and 300 preference shares.

Independent in relation to the company, Group Management and the company's major shareholders

AUDITOR**Mattias Johansson**, born in 1973

Auditor of the Group since 2009.

Authorized Public Accountant and partner at KPMG.

Other auditor assignments, such as:

Avega Group AB, eWork Scandinavia AB, Walleniusrederierna AB, Profi AB, Ancore Fastigheter AB.

No shareholdings in Hemfosa Fastigheter AB (publ) at December 31, 2014.

Information pertains to March 19, 2015.

Management

Jens Engwall, born in 1956
Chief Executive Officer

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

Karin Osslind, born in 1955
Chief Financial Officer

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

Other assignments: Assignments within the Group.

Shareholding in the Company (incl. any shares held by related parties): 144,012 ordinary shares and 2,000 preference shares.

Karim Sahibzada, born in 1971
Head of Legal Affairs and Funding

Education: Bachelor of Law Degree, Uppsala University.

Other assignments: Assignments within the Group.

Shareholding in the Company (incl. any shares held by related parties): 121,910 ordinary share.

Lars Thagesson, born in 1959
Chief Operating Officer

Education: High School.

Other assignments: Member of the Board and CEO of Trenäs Management AB and Board member of Cross Invest S.L.

Shareholding in the Company (incl. any shares held by related parties): 918,450 ordinary shares and 12,000 preference shares.

Mikael Weiland, born in 1958
Head of Business Development

Education: Degree in Industrial Economics, Linköping University.

Other assignments: Board member of Emendare AB.

Shareholding in the Company (incl. any shares held by related parties): 720,060 ordinary share.

Annika Ekström, born in 1965
Property Manager

Education: Master of Engineering from the Royal Institute of Technology in Stockholm.

Other assignments: -

Shareholding in the Company (incl. any shares held by related parties): 9,761 ordinary shares.

Stina Lindh Hök, born in 1973
Transaction Manager

Education: Master of Engineering from the Royal Institute of Technology in Stockholm.

Other assignments: -

Shareholding in the Company (incl. any shares held by related parties): 5,921 ordinary shares.

Information pertains to March 19, 2015.

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



Multi-year review

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

Jan 1 - Dec 31	2014	2013	2012	2011
Rental income	1,612	1,584	1,573	1,257
Property expenses and property administration	-538	-537	-587	-473
Net operating income	1,074	1,047	986	784
Central administration	-74	-79	-83	-62
Other operating income and expenses	62	0	21	40
Share in profit of joint ventures	239	125	62	-104
Financial income and expenses	-480	-770	-800	-556
Profit from property management	821	323	186	102
Change in value of properties	487	-214	946	953
Change in value of financial instruments	-277	23	-23	-142
Current tax	-2	-	0	-4
Deferred tax	-67	99	-187	-243
Profit for the year	962	231	923	667
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	962	231	923	667
Earnings per share for the year before and after dilution, SEK	17.31	7.40	36.88	27.70

Consolidated statement of financial position, MSEK

Dec 31	2014	2013	2012	2011
Investment properties	24,400	16,284	16,019	15,082
Interests in associated companies and joint ventures	609	455	282	100
Derivative instruments	-	6	-	-
Other fixed assets	10	36	48	294
Current receivables	94	66	125	131
Cash and cash equivalents	594	284	242	298
Total assets	25,707	17,131	16,716	15,905
Shareholders' equity	8,701	2,369	2,176	1,254
Interest-bearing liabilities	15,760	13,660	13,339	13,483
Derivative instruments	102	118	135	112
Deferred tax liabilities	423	430	527	413
Other liabilities	721	544	539	643
Total equity and liabilities	25,707	17,121	16,716	15,905

Key figures

Key financial data

	2014	2013	2012	2011
Return on shareholders' equity, %	12.6	13.6	53.8	75.6
Equity/assets ratio, %	33.7	13.8	13.0	7.9
Loan-to-value ratio, properties %	64.6	83.9	83.3	89.4
Debt/equity ratio, multiple	1.8	5.8	6.1	10.8
Interest-coverage ratio, multiple	2.2	1.3	1.2	1.2

Share-related key figures, ordinary shares

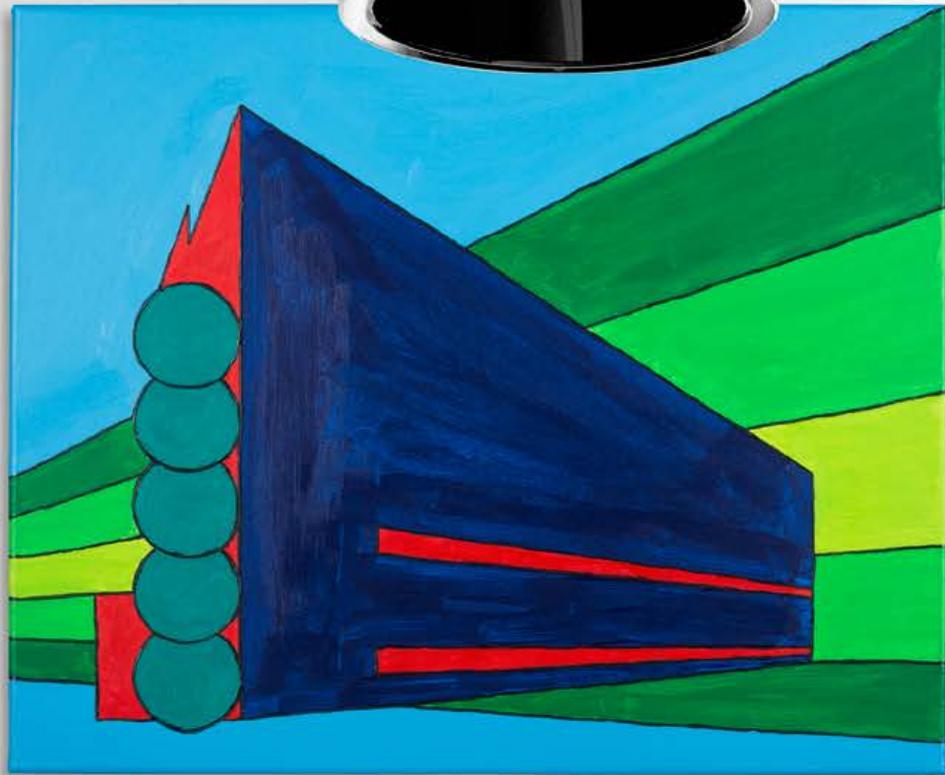
	2014	2013	2012	2011
Profit from property management, SEK per share	14.71	12.92	7.44	4.24
Profit after tax, SEK per share	17.31	7.40	36.92	27.73
Equity, SEK per share	107.67	94.76	87.04	50.16
Net asset value (EPRA NAV), SEK per share	119.96	116.40	113.52	71.16
Cash flow from operating activities, SEK per share	11.18	10.44	2.80	44.28
Dividend, SEK per share	-	-	-	-
Weighted average number of shares, 000s	54,977	25,000	25,000	24,053
Number of shares outstanding at balance-sheet date, 000s	65,720	25,000	25,000	25,000

Share-related key figures, preference shares

	2014	2013	2012	2011
Profit after tax, SEK per share	2.50	-	-	-
Equity, SEK per share	325.00	-	-	-
Cash flow from operating activities, SEK per share	2.50	-	-	-
Dividend, SEK per share	2.50	-	-	-
Weighted average number of shares, 000s	370	-	-	-
Number of shares outstanding at balance-sheet date, 000s	5,000	-	-	-

Property-related key figures

	2014	2013	2012	2011
Number of properties at year-end	353	195	204	279
Rental value at year-end, MSEK	2,520	1,738	1,764	1,426
Leasable area at year-end, 000s of sqm	2,516	1,713	1,720	1,506
Carrying amount of properties in the balance sheet, MSEK	24,400	16,284	16,019	15,082
Property value, SEK per sqm	9,699	9,556	9,310	8,341
Economic leasing rate, %	90.7	90.0	89.0	91.0
Surplus ratio, %	66.6	66.1	63.0	62.0
Yield, %	6.1	6.4	6.3	6.5



Administration report

The Board of Directors and the CEO of Hemfosa Fastigheter AB (publ) ("Hemfosa"), postal address Box 2020, SE-131 02 Nacka and Corp. Reg. No. 556917-4377, hereby submit the annual report and consolidated financial statements for the 2014 fiscal year.

Comparisons within parentheses pertain to the preceding year. Since the financial statements are presented in millions of Swedish kronor (MSEK), rounding-off differences may arise.

OPERATIONS

Hemfosa's business concept is to own, develop and manage properties with distinct elements of 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.

Hemfosa's property portfolio is divided into four segments

- Community service properties, which are defined as properties in which publicly financed tenants, either directly or indirectly, account for at least 70 percent of the rental value.
- Office properties in growth municipalities, which are defined as centrally located office properties in expanding districts.
- Logistics properties, which mainly pertain to modern logistics properties attractively located in attractive logistics hubs.
- Transaction properties, which are defined as properties that are unique in terms of geography and/or category.

In geographical terms, the property portfolio is mainly located in southern and central Sweden, with the metropolitan regions of Stockholm, Gothenburg and Öresund accounting for about 60 percent of the property value.

As of December 31, 2014, the total property portfolio comprised 353 properties (195). The total leasable area was 2,516,000 square meters (1,713,000) with a rental value of MSEK 2,250 (1,755). The economic leasing rate was 90.7 percent (89.8). The properties had a total market value of SEK 24.4 billion (16.3). In the balance sheet, the properties are recognized at a property value, less acquired deferred tax, of SEK 24.4 billion (16.3).

ORGANIZATION

Property Management

Hemfosa is organized in five regions. Each region is headed by a regional manager with operational responsibility for the properties in the region. Hemfosa has its own property managers in all regions.

Employees

At December 31, 2014, the number of employees in Hemfosa was 57 (32). The number of employees increased by 21 in connection with Hemfosa's acquisition of two major property portfolios from Corallen and Hemsö. As of December 2014, Hemfosa has offices at ten locations in Sweden, from Härnösand in the north to Kristianstad in the south, including the Head Office in Nacka. In order to create a flexible organization that can be adapted to the company's development, Hemfosa has decided to have a flat organizational structure, in which the most vital functions for the company are provided in-house. Other more standardized functions are insourced from professional service providers.

Group-wide functions

Hemfosa's Group-wide functions are Property Management, Transactions and Analysis, Business Development, Accounting, Legal Affairs and Financing and Marketing/Communication.

Group Management

Hemfosa's Group Management, which possesses solid knowledge of the property market and has long experience of successfully implementing property transactions, has seven members: the CEO, CFO, COO, Head of Properties, Transaction Manager, Head of Legal Affairs and Funding and Head of Business Development. Group Management has overall responsibility for such activities as strategy, business development, investments and divestments, profit follow-up and HR and IR matters. For more information about Group Management, refer to the section "Board of Directors, senior executives and auditors" in the Corporate Governance Report on pages 37–46.

CORPORATE GOVERNANCE

Corporate governance in Hemfosa is based on law and the Articles of Association. The purpose of corporate governance is to ensure that rights and obligations are allocated among the company's various bodies in accordance with applicable laws, regulations and processes. Efficient and transparent corporate governance enables the owners to

assert their interests in relation to the company's management at the same time as the division of responsibility between management and the Board, but also within the company, is clear cut, thus resulting in efficient decision making and enabling Hemfosa to act swiftly when new business opportunities arise. The Group's systems for internal control and risk management are described in the section "Internal control over financial reports" on page 42. The entire corporate governance report is presented in the Annual Report on pages 37–46.

Guidelines for remuneration of and other terms of employment for senior executives

The most recent Annual General Meeting (AGM) resolved on guidelines for remuneration of senior executives. In general, the guidelines entail that members of company management are to receive salaries and other terms of employment that are market aligned. Remuneration may be paid in the form of a fixed and a variable increment. Termination salary and severance pay for a senior executive is not to exceed a total of 18 months' salary, if notice is served by the company and six months if notice is served by the executive. The Board of Directors proposes that the coming AGM pass guidelines corresponding to the current ones.

OPPORTUNITIES AND RISKS

Hemfosa is continuously exposed to various risks, which could be significant to the company's future operations, earnings and financial position. Financial risks and risk management are described in Note 20.

Changes in value of investment properties

The value of properties is a central parameter determining the risk level in a property company. Hemfosa's strategy for managing this risk is to invest in properties generating stable cash flows. Long-term tenants and premises in attractive locations create conditions for stable property values even at times of less favorable economic development.

Lease portfolio

The Group pursues an objective of having a lease portfolio characterized by a favorable distribution between various tenants, tenant categories and maturities. The aim is to generate a stable cash flow.

Financial risks

Property ownership is a capital-intensive operations and access to financing on favorable terms is a prerequisite for freedom of action. When combined, the Group's

stable structure, the quality of the property holdings, the high leasing rate and the diversification and good geographic locations of the portfolio enable Hemfosa to borrow funds on cost-effective terms. Over time, Hemfosa strives to optimize the composition of forms of financing in order to maximize the cost-effectiveness of financing. To reduce the risk of interest expenses increasing in connection with rises in market interest rates, Hemfosa has chosen to employ interest-rate swaps and interest-rate caps. More detailed information is presented in Note 20.

SIGNIFICANT EVENTS DURING THE FISCAL YEAR

- In March 2014, an ownership spread was implemented through a combined new share issue and sale of existing shares. The total value of the offering was approximately SEK 3.6 billion and Hemfosa received a total of MSEK 809 after issue costs. The company's share was listed on Nasdaq Stockholm on March 21, 2014. In April, Hemfosa issued bond loans totaling SEK 1.2 billion, which were listed on Nasdaq Stockholm on June 12, 2014. In December 5,000,000 new preference shares were issued, which contributed MSEK 1,591 to the company after issue costs. The preferential share was listed on Nasdaq Stockholm on December 12, 2014.
- In terms of financing, a comprehensive restructuring of the derivative portfolio was implemented in June, when the existing derivative portfolio was settled in its entirety and new interest-rate swaps were raised. At the end of the year, additional derivative instruments were settled at the same time as new interest-rate swaps and interest-rate caps were entered into; also refer to Note 20.
- During the year, investment properties were acquired for a total of SEK 8.6 billion. The acquisitions encompassed community service, office and logistics properties. The two largest acquisitions pertained to a transaction with Corallen with a property value of SEK 2.0 billion and a transaction with Hemsö with a property value of SEK 3.3 billion.
- In December, the remaining 50 percent of Hemfosa Kronfastigheter Holding AB, which owns a portfolio of 26 commercial properties, was acquired. The portfolio, which contains community service, office and logistics properties in southern and central Sweden, has a total market value of approximately SEK 1.3 billion.

COMMENTS ON THE FINANCIAL STATEMENTS**Earnings**

During the year, the property portfolio grew successively from SEK 16.3 billion to SEK 24.4 billion. The number of properties increased from 195 to 353. Since the largest acquisitions were implemented at the end of 2014, they did not contribute significantly to net operating income for the year. Profit from property management amounted to MSEK 821 (323). The higher year-on-year earnings derived mainly from higher profit from Hemfosa's shares in Söderport Holding and from lower financial costs.

Other operating income mainly comprises compensation of MSEK 20 from a seller for a defect detected in a property when Hemfosa took over occupancy, as well as remuneration of MSEK 26 from a tenant as advance redemption of a lease.

Financial income and expenses amounted to MSEK -480 (-770). The lower year-on-year costs were attributable to a lower average interest rate on the loan portfolio, and to the conversion of the interest-bearing shareholders' loan to equity during the first quarter of 2014.

Changes in the value of Hemfosa's investment properties totaled MSEK 487 (-214), of which MSEK 147 (-21) pertained to realized changes in value.

Changes in the value of financial instruments totaled MSEK -277 (23), of which realized changes in value that arose in connection with the termination of interest-rate swaps in June and December 2014 accounted for MSEK -75 (-). The interest-rate swaps that existed at December 31, 2014 had a negative fair value of MSEK 105 (-112). During the year, Hemfosa signed interest-rate caps agreements.

The company recognized a current tax expense of MSEK -2 (0) and a deferred tax expense of MSEK -67 (99). Of the total deferred tax, MSEK -126 is attributable to investment properties, MSEK 61 to tax loss carryforwards, and MSEK -1 to financial instruments.

During the fourth quarter, Hemfosa acquired a company with tax loss carryforwards totaling SEK 1.3 billion, of which loss carryforwards attributable to the 2014 fiscal year accounted for MSEK 126. Following the expiration of the five-year block on Group contributions, the tax-loss carryforwards will henceforth be utilizable by other companies in the Hemfosa Group against future surpluses. The loss carryforwards will be measured as an asset as they become available for utilization.

Total loss carryforwards amounted to MSEK 1,912 at December 31, 2014. Since the company estimates that MSEK 1,090 of these carryforwards will be utilizable in operations during coming fiscal years, the loss carryforwards were measured as an asset at December 31, 2014.

Value of properties

Hemfosa's wholly owned property portfolio had a value of SEK 24.4 billion (16.2) on December 31, 2014. The property holdings resulted in an unrealized change in value of MSEK 340 (-193) during 2014. All of Hemfosa's properties are subject to independent valuation by an external appraiser every quarter. The external valuation is used as quality assurance in relation to Hemfosa's internal valuation. The point of departure for the valuation is an individual assessment of each property, in terms of both future cash flows and the required yield. For a more detailed description of Hemfosa's valuation method, see Note 11.

Shares in joint ventures

Hemfosa has shares in property-managing joint ventures. Hemfosa owns 50 percent of these companies. There is only one other partner in the companies. The largest joint venture is Söderport Holding AB, which manages a property with a market value of approximately SEK 5.0 billion. In December 2014, Hemfosa acquired the remaining 50 percent of Hemfosa Kronfastigheter Holding AB, which resulted in the value of Hemfosa's wholly owned property portfolio increasing by approximately SEK 1.3 billion. Also refer to Note 13.

Shareholders' equity

During 2014, Hemfosa issued new shares offsetting a shareholders' loan in an amount of MSEK 2,970, issued new ordinary shares in an amount of MSEK 809 after issue costs and issued preference shares in an amount of MSEK 1,591 after issue costs. On December 31, 2014, Hemfosa's shareholders' equity amounted to MSEK 8,701 (2,369), corresponding to SEK 107.67 (94.76) per ordinary share and SEK 325.00 (-) per preference share. The equity/assets ratio was 33.7 percent (13.8).

Hemfosa has two classes of shares: ordinary share and preference shares, which are listed on Nasdaq Stockholm, Mid Cap. For a list of the largest Hemfosa shareholders, reference is made to the section "Ordinary and preference shares" on pages 34-35 of the Annual Report.

Trend in share capital	Date	Shares	Share capital MSEK
At formation, ordinary shares	Jan -13	50,000	0
New issue, ordinary shares	Jun -13	22,207,103	22
New issue, ordinary shares	Jun -13	2,792,897	3
Reduction, ordinary shares	Jun -13	-50,000	0
Share issue offsetting debt, ordinary shares	Mar -14	30,937,495	31
New issue, ordinary shares	Mar -14	9,782,608	10
New issue, preferential shares	Dec -14	5,000,000	5
Total		70,720,104	71

At year-end, the share capital amounted to SEK 70,720,104 (25,000,000) represented by 65,720,104 (25,000,000) ordinary shares and 5,000,000 (-) preference shares with a par value of SEK 1 each (1). Each ordinary share carries one voting right and each preference share carries one tenth of a voting right. The preference shares provide entitlement to a dividend of SEK 20.00 per year, with quarterly payment of SEK 5.00 per preference share. The number of shareholders on the balance sheet date was 16,462.

Interest-bearing liabilities

The Group's interest-bearing liabilities amounted to MSEK 15,760 (13,660) at December 31, 2014. Interest-rate swaps and interest-rate caps have been entered into to limit the impact of an increase in market interest rates. These are measured at fair value in the balance sheet, with changes in value recognized in profit/loss. The change in the value of derivatives during 2014 was MSEK -277 (23). Also refer to Note 17.

Cash flow

Cash flow from operating activities for the year amounted to MSEK 627 (261), corresponding to SEK 11.18 per ordinary share (10.44). Investing activities impacted cash flow in the amount of MSEK -2,499 (-503), of which investments in existing properties accounted for MSEK -484 (-667), acquisitions of subsidiaries and properties for MSEK -2,411 (-65), divestment of subsidiaries and properties for MSEK 364 (323), dividends from joint ventures for MSEK 63 (-) and changes in financial assets for MSEK -31 (-74).

Financing activities had an impact of MSEK 2,181 (284) on cash flow for the year. In connection with the listing of the company's share on Nasdaq Stockholm in March 2014, Hemfosa received MSEK 809. Bond loans of MSEK 1,200 were raised, which contributed MSEK 1,188 to the company after issue costs. During the fourth quarter, a new issue of preferential shares contributed MSEK 1,592 (-) to the company after issue costs. In addition to acquiring properties, the capital contribution was used to repay existing loans and to strengthen liquidity. All existing interest-rate swaps were settled during the year for a redemption price of MSEK -284. In addition to loans raised and repayments in connection with the acquisition and divestment of subsidiaries, loans raised amounted to MSEK 2,119 and repayments to MSEK -2,055.

Cash and cash equivalents changed by a total of MSEK 310 (42) during the year.

Parent Company

The Parent Company recognized profit of MSEK 707 (-3) after tax for 2014. The Parent Company's fees for the year for central and property administrative services from Group companies and joint ventures amounted to MSEK 58 (8). At December 31, 2014, the Parent Company had shareholders' equity totaling MSEK 8,607 (2,530), of which the restricted equity accounted for MSEK 71 (25).

At December 31, 2014, the Parent Company had interest-bearing bond loans totaling MSEK 1,200 (-). Intra-Group liabilities amounted to MSEK 219 (235) and intra-Group receivables to MSEK 7,126 (3,635).

In December 2014, Hemfosa Fastigheter AB utilized an option to acquire the remaining 50 percent of the shares in Kronfastigheter Holding AB, which means that Kronfastigheter is now a wholly owned subsidiary. At the end of 2014, the company Hemfosa Norden AB was acquired and became the new Parent Company to Hemfosa Sverige AB.

ENVIRONMENTAL WORK

Hemfosa Fastigheter aims to be a good community citizen and a responsible landlord. The company complies with the Swedish guidelines for good corporate governance and the demands placed on a modern property owner. The environmental policy pursued by Hemfosa states that the organization is to focus actively on the energy efficiency of its buildings and premises. The company must keep itself informed of the environmental risks associated with the properties and strive to increase competencies and awareness in the environmental and sustainability fields. Hemfosa shall aim to develop solutions that are sustainable long term and engage in environmentally compatible conversions and new builds, while subjecting its suppliers to environmental and sustainability demands. Together with the tenants, the company is to work to achieve a healthy indoor environment.

SIGNIFICANT EVENTS AFTER YEAR-END

- In December 2014, Hemfosa signed a conditional agreement for the sale of nine logistics properties in eight locations in southern, western and central Sweden encompassing a total of about 116,000 square meters of leasable area and a value of approximately MSEK 900. The transaction was completed in February 2015. In conjunction with the sale, MSEK 442 of existing loans was repaid.
- Overdraft facilities were increased by MSEK 100 in January 2015 and by MSEK 75 in February 2015 and now total MSEK 325.

- In January 2015, Hemfosa signed an agreement to acquire six community service properties in the Oslo region. The acquired properties are located in the municipalities of Skedsmo, Moss and Fredrikstad in the eastern part of the Oslo region and have an underlying property value of SEK 1.5 billion. The total leasable area amounts to approximately 63,000 square meters. State-owned operations account for 100 percent of the tenants, of which the largest ones are colleges, judicial institutions and the police authority. All properties are fully leased and the average remaining lease term is 9.7 years. Hemfosa also signed an agreement in early February 2015 to acquire two more community service properties in Oslo at an underlying property value of SEK 1.5 billion and a leasable area of about 50,000 square meters. The properties are fully leased to government authorities. The remaining term on the leases is 8.2 and 13.7 years, respectively.
- At the beginning of 2015, Hemfosa acquired community service properties in locations including 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 acquired properties had a total underlying property value of SEK 0.4 billion.
- Hemfosa is investing in two community service properties located in western Stockholm, where a preschool and a school will be constructed for the tenant, who has signed a 15-year lease. The properties comprise approximately 5,000 square meters of total floor area. Possession will be taken when the properties have undergone final inspection and the tenant has moved in, which is estimated to be in July 2015.
- Hemfosa is also investing in a logistics property in Västra Götaland comprising a total of about 13,000 square meters following extension. A 25-year lease has been signed with the tenant. The project is scheduled for completion at the end of 2015.

EXPECTATIONS CONCERNING FUTURE DEVELOPMENT

Hemfosa does not provide a forecast on its future financial development. During 2015, the company will continue to develop and add value to its property portfolio. Hemfosa will continue to be an active player in the transaction market and foresees opportunities for both acquisition and divestment of properties.

BOARD OF DIRECTORS' DIVIDEND PROPOSAL

The following funds in the Parent Company Hemfosa Fastigheter AB (publ) will be available for distribution by the Annual General Meeting (AGM) (amounts in SEK).

Unrestricted equity, December 31, 2014

Premium reserve	7,832,652,745
Retained earnings	-3,263,795
Profit for the year	706,376,870
Total unrestricted equity	8,535,765,820

Dividend on preference shares as resolved by earlier General Meeting, which falls due prior to the AGM	-50,000,000
Funds available for distribution by the AGM	8,485,765,820

Dividend payable to holders of ordinary shares SEK 6.00 per ordinary share	394,320,624
Dividend payable to holders of preference share SEK 20.00 per preference share	100,000,000
To be carried forward	7,991,445,196
Total	8,485,765,820

Regarding the company's earnings and position in other respects, reference should be made to the following income statements and balance sheets and the accompanying notes to the accounts.

STATEMENT OF THE BOARD OF DIRECTORS ON THE PROPOSED DIVIDEND

In respect of the dividend payment proposed by the Board of Directors of Hemfosa Fastigheter AB (publ), corp. reg. no. 556917-4377, concerning the company's ordinary shares and preference shares for the 2014 fiscal year, the Board of Directors hereby submits the following reasoned opinion in accordance with Chapter 18, Section 4 of the Swedish Companies Act (2005:551).

Proposed dividend

The Board proposes that the AGM resolve to pay a dividend to holders of ordinary shares, up to the following AGM, totaling SEK 6.00 per ordinary share with quarterly payment of SEK 1.50 per ordinary share. After the proposed 2-for-1 share split, this means that each ordinary share will qualify for a dividend totaling SEK 3.00 per ordinary share with quarterly payment of SEK 0.75 per ordinary share. The Board proposes May 11, 2015, July 10, 2015, October 10, 2015 and January 10, 2016 as the record dates for receipt of dividends on ordinary shares. Should the proposed record dates not fall on a weekday, the record date is to be the following weekday. It is estimated that it will be possible to pay the dividend via Euroclear Sweden AB on the third weekday after the respective record dates.

The Board proposes that the AGM resolve to pay a dividend to holders of preference shares, up to the following AGM, totaling SEK 20.00 per preference share with quarterly payment of SEK 5.00 per preference share. After the proposed 2-for-1 share split, this means that each preference share will qualify for a dividend totaling SEK 10.00 per preference share with quarterly payment of SEK 2.50 per preference share. The Board

proposes July 10, 2015, October 10, 2016, January 10, 2016 and April 10, 2016 as the record dates for receipt of dividends on preference shares. Should the proposed record dates not fall on a weekday, the record date is to be the following weekday. It is estimated that it will be possible to pay the dividend via Euroclear Sweden AB on the third weekday after the respective record dates.

The proposed record dates for dividends are conditional upon the AGM resolving on an amendment of the Articles of Association in accordance with the Board's motion under Item 13 B) of the official notice of the Annual General Meeting. If this condition is not fulfilled, the record dates for dividends on ordinary shares will be May 11, 2015, July 20, 2015, October 20, 2015 and January 20, 2016 and those for preference shares will be July 20, 2015, October 20, 2015, January 20, 2016 and April 20, 2016.

The Board's proposal concerning dividends on preference shares is in accordance with what is stated in the Articles of Association, which stipulates conditions for the preference shares.

In total, the proposed dividend according to the above amounts to SEK 494,320,624.00.

The Board also proposes that the AGM resolve that the new preference shares that may be issued with the support of the authorization resolved by the AGM will provide entitlement to dividends in accordance with the above as of the day on which these shares have been entered into the share register maintained by Euroclear Sweden AB. Assuming that authorization is exercised in full, the dividend on additional preference shares will amount to no more than SEK 100,000,000.¹

The proposed dividend constitutes approximately 5.7 percent of the Parent Company's equity and 5.7 percent of consolidated equity at December 31, 2014. Should the authorization to issue preference shares, as proposed to the AGM, be exercised in full, the proposed dividend will instead amount to no more than 6.9 percent of the Parent Company's equity and no more than 6.8 percent of consolidated equity at December 31, 2014.²

Nature, scope and risks of the business

The nature, scope and risks of the business are specified in the Articles of Association and in the annual reports that have been issued. The activities conducted by the company and the Group companies do not entail any risks other than those that arise or can be anticipated to arise within the industry concerned, or those risks that are generally associated with operating a business. Apart from these, no other events have occurred that affect the company's ability to distribute funds to the shareholders. The company's dependence on economic conditions does not deviate from what is otherwise prevalent in the industry concerned.

The financial position of the company and Group

The financial position of the Parent Company and Group on December 31, 2014 is described in this Annual Report. The Annual Report also specifies the accounting policies that have been applied in valuing assets, provisions and liabilities.

The unappropriated earnings available for distribution by the AGM amount to SEK 8,485,765,820.00, the company's equity/assets ratio is 85.1 percent and the Group's equity/assets ratio is 33.7 percent. Including committed lines of credit, the company has access to considerable liquid funds. Unrealized gains account for a marginal portion of the company's and the Group's equity.

The company's and the Group's financial position is strong. The proposed distribution to shareholders (dividend) will not jeopardize fulfilment of the investments regarded as necessary.

Nor will the proposed distribution to shareholders impact the company's and the Group's ability to meet its payment obligations in a timely manner. The company's and the Group's liquidity forecasts encompass preparedness to manage variations in the company's continuous payment obligations.

The company's and the Group's financial position does not give rise to an assessment other than that the company and the Group will be able to continue to conduct operations and that the company and the Group can be expected to fulfil their commitments in the short and the long term.

The Board is of the opinion that the size of the equity, as reported in this Annual Report, is in reasonable proportion to the scope of the company's operations and the risks that are associated with conducting the operations, taking the currently proposed distribution to shareholders into account.

Justification of the dividend motion

With reference to the above and to other information that has been brought to the Board's attention, the Board is of the opinion that the company's and Group's financial position entails that the distribution to shareholders is justified in view of the demands that the nature, scope and risks in the business, including effects of the general economic situation, place upon the size of the company's and Group's equity and the company's and the Group's funding requirements, liquidity and position in general.

Nacka, March 2015
Hemfosa Fastigheter AB (publ)
Board of Directors

¹ Based on such newly issued preference shares receiving the full dividend, i.e. SEK 20.00 per preference share prior to the proposed share split.

² Based on the same assumptions as in the footnote above.

Consolidated statement of profit/loss and other comprehensive income

MSEK	Note	Jan 1-Dec 31 2014	Jan 1-Dec 31 2013
Rental income	3	1,612	1,584
Property expenses			
Operating expenses	7	-306	-298
Maintenance costs		-104	-110
Property tax		-67	-68
Property administration		-61	-61
Net operating income	2,5,6	1,074	1,047
Central administration	5,6,7	-74	-79
Other operating income	4	62	0
Share in profit of joint ventures	13	239	125
Financial income	8	10	9
Financial expenses	8	-490	-779
Profit from property management		821	323
Changes in value of properties, realized	11	147	-21
Change in value of properties, unrealized	11	340	-193
Changes in value of financial instruments, realized		-75	-
Changes in value of financial instruments, unrealized		-202	23
Profit before tax		1,031	132
Current tax	9	-2	-
Deferred tax	9	-67	99
Profit for the year		962	231
Other comprehensive income		-	-
Comprehensive income for the year		962	231
Profit for the year attributable to:			
Parent Company shareholders		964	231
Non-controlling interests		-2	0
Profit for the year		962	231
Earnings per share for the year before and after dilution, SEK	10	17.31	7.40

Consolidated statement of financial position

MSEK	Note	Dec 31, 2014	Dec 31, 2013
ASSETS			
Investment properties	11	24 400	16 284
Tangible assets	12	2	1
Shares in joint ventures	13	609	455
Other non-current receivables		-	26
Derivatives	19,20	3	6
Other financial costs		6	-
Total fixed assets		25 019	16 772
Rents receivables	14	20	26
Current receivables	15	74	39
Cash and cash equivalents	16	594	284
Total current assets		688	349
TOTAL ASSETS		25 707	17 121
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		71	25
Other contributed capital		5 549	225
Retained earnings including profit for the year		3 069	2 118
Shareholders' equity attributable to Parent Company shareholders		8 689	2 368
Non-controlling interests		12	1
Total shareholders' equity		8 701	2 369
Liabilities			
Non-current interest-bearing liabilities	17	15 531	11 829
Other non-current liabilities		1	-
Derivatives	19,20	105	114
Deferred tax liabilities	18	423	430
Total non-current liabilities		16 060	12 373
Current interest-bearing liabilities	17	229	1 831
Derivatives	19,20	-	4
Other current liabilities	21	717	544
Total current liabilities		946	2 379
Total liabilities		17 007	14 752
TOTAL EQUITY AND LIABILITIES		25 707	17 121

For information about the Group's pledged assets and contingent liabilities, refer to Note 22

Consolidated statement of changes in equity

Reconciliation of shareholders' equity	Shareholders' equity attributable to Parent Company shareholders				Non- controlling interests	Total Share- holders' equity
	Share- capital	Other contributed capital	Retained earnings incl. profit for the year	Total		
MSEK						
Opening shareholders' equity, Jan 1, 2013	10	240	1 926	2,176		2,176
Comprehensive income for the year						
Profit for 2013	-	-	231	231	0	231
Comprehensive income for the year			231	231		231
Transactions with the Group's shareholders						
Contributions from and distributions to owner						
New share issue	15	-15	-	0		0
Dividend to holders of preference shares in connection with conversion to ordinary shares	-	-	-47	-47		-47
Capital contribution from non-controlling interests	-	-	8	8	1	9
Total transactions with the Group's shareholders	15	-15	-39	-39		-38
Closing equity, Dec 31, 2013	25	225	2,118	2,368	1	2,369
Opening equity, Jan 1, 2014	25	225	2,118	2,368	1	2,369
Adjustment minority share			-13	-13	13	0
Comprehensive income for the year						
Profit for 2014	-	-	964	964	-2	962
Comprehensive income for the year	-	-	964	964	-2	962
Transactions with the Group's shareholders						
Contributions from and distributions to owner						
Reduction of share capital	0	-	0	0	-	0
Offset issue, ordinary shares	31	2,939	-	2,970	-	2,970
New issue, ordinary shares	10	,799 ¹	-	809	-	809
New share issue, preference shares	5	1,586 ²	-	1,591	-	1,591 ³
Total transactions with the Group's shareholders	46	5,324	0	5,370	0	5,370
Closing equity, Dec 31, 2014	71	5,549	3,069	8,689	12	8,701

1) This amount includes issue costs totaling MSEK 100, as well as tax of MSEK 22.

2) Preference share capital constitutes SEK 324.00 per preference share, totaling MSEK 1,625.

3) This amount includes issue costs totaling MSEK 34, as well as tax of MSEK 7.

Consolidated statement of cash flows

MSEK	Note	Jan 1-Dec 31 2014	Jan 1-Dec 31 2013
Operating activities			
Profit from property management		821	323
Adjustments for items not included in cash flow	24	-239	-130
Income tax paid		-1	3
Cash flow from operating activities before changes in working capital		581	196
Cash flow from changes in working capital			
Changes in operating receivables		91	60
Changes in operating liabilities		-45	5
Cash flow from operating activities		627	261
Investing activities			
Acquisition of investment properties		-25	-
Divestment of investment properties		60	21
Investments in existing properties		-485	-667
Acquisition of financial assets		19	-26
Shareholders' contribution paid		-49	-48
Dividends received from joint ventures		63	-
Indirect property acquisitions via subsidiaries		-2,386	-65
Indirect property divestments via subsidiaries		304	282
Cash flow from investing activities		-2,499	-503
Financing activities			
New share issue		2,434	-
Issue of bond loans		1,188	-
Shareholders' contribution received		0	9
Loans raised		904	412
Repayment of loans		-2,055	-90
Redemption of existing swap agreements		-289	-
Dividend paid		0	-47
Cash flow from financing activities		2,182	284
Cash flow for the year		310	42
Cash and cash equivalents at the beginning of the year		284	242
Cash and cash equivalents at the end of the year	16	594	284

Income statement for the Parent Company

MSEK	Note	Jan 1-Dec 31 2014	Jan 1-Dec 31 2013
Net sales		58	14
Other external costs	6	-38	-8
Personnel expenses	5	-27	-12
Depreciation/amortization		0	0
Profit/loss before financial income and expenses	23	-7	-6
Profit from share in Group companies	8	570	-
Interest income and similar income items	8	354	160
Interest expenses and similar expense items	8	-135	-157
Profit/loss before appropriations		782	-3
Appropriations			
Group contributions paid		-75	-
Profit before tax		707	-
Current tax		-	-
Deferred tax		-	-
Profit/loss for the year		707	-3

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

MSEK	Note	Jan 1-Dec 31 2014	Jan 1-Dec 31 2013
Profit/loss for the year		707	-3
Other comprehensive income for the year		-	-
Comprehensive income for the year		707	-3

Balance sheet for the Parent Company

MSEK	Note	Dec 31, 2014	Dec 31, 2013
Assets			
Tangible assets	12	0	0
Financial fixed assets			
Shares in joint ventures	13	-	31
Shares in Group companies	26	2,661	2 533
Non-current receivables from Group companies		5,050	3 489
Other non-current receivables		-	26
Total financial fixed assets		7,711	6,079
Total fixed assets		7,711	6 079
Current receivables from Group companies		2,076	146
Other current receivables		15	2
Cash and bank balance		313	15
Total current assets		2,404	163
Total assets		10,115	6 242
Shareholders' equity and liabilities			
Restricted equity			
Share capital	27	71	25
Unrestricted equity			
Retained earnings		7,829	2 508
Comprehensive income for the year		707	-3
Shareholders' equity		8,607	2 530
Liabilities			
Non-current interest-bearing liabilities	28	1,200	3 470
Non-current liabilities to Group companies		75	-
Total non-current liabilities		1,275	3 470
Current interest-bearing liabilities		18	-
Current liabilities to Group companies		144	235
Other current liabilities		70	7
Total current liabilities		232	242
Total liabilities		1,507	3 712
Total equity and liabilities		10,115	6 242
Pledged assets and contingent liabilities - Parent Company			
Pledged assets	22	283	,2,533
Contingent liabilities	22	11,356	5,811

Statement of changes in equity for the Parent Company

MSEK	Restricted equity	Unrestricted equity		Total equity
	Share capital	Premium reserve	Retained earnings incl. profit for the year	
Share capital paid at Jan 1, 2013	0	-	-	0
Comprehensive income for the year				
Profit/loss for the year	-	-	-3	-3
Comprehensive income for the year	-	-	-3	-3
Transactions with the company's owners				
New share issue	25	2 508	-	2 533
Reduction of share capital	0	-	-	0
Total transactions with the company's owners	25	2 508	-	2 533
Closing equity, Dec 31, 2013	25	2 508	-3	2 530
Opening equity, Jan 1, 2014	25	2,508	-3	2,530
Comprehensive income for the year				
Profit/loss for the year	-	-	707	707
Comprehensive income for the year	-	-	707	707
Transactions with the company's owners				
Reduction of share capital	0	-	-	0
Offset issue, ordinary shares	31	2,939	-	2,970
New issue, ordinary shares	10	799	-	809
New share issue, preference shares	5	1,586	-	1,591
Transactions with the company's owners	46	5,324	0	5,370
Closing equity, Dec 31, 2014	71	7,832	704	8,607

Cash-flow statement for the Parent Company

MSEK	Note	Jan 1-Dec 31 2014	Jan 1-Dec 31 2013
Operating activities			
Profit/loss before tax		782	-3
Adjustments for non-cash items	24	-570	0
Income tax paid		0	0
Cash flow from operating activities before changes in working capital		212	-3
Cash flow from changes in working capital			
Changes in operating receivables		-12	-173
Changes in operating liabilities		63	242
Cash flow from operating activities		264	66
Investing activities			
Acquisition of financial assets		-71	-2 564
Cash flow from investing activities		-71	-2 564
Financing activities			
Paid in share capital		-	25
New share issue		2,434	2 508
Loans raised		1,206	3,470
Loans to Group companies		-3,506	-3,489
Redemption of interest-rate swaps		-29	-
Cash flow from financing activities		105	2 514
Cash flow for the year	24	298	15
Cash and cash equivalents at the beginning of the year		15	0
Cash and cash equivalents at the end of the year		313	15

Notes to the financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as adopted by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied.

The Parent Company applies the same accounting policies as the Group except in cases listed below in the section "Parent Company accounting policies."

The annual report and the consolidated financial statements were approved for publication by the Board and the President on March 23, 2015. The consolidated statement of profit/loss and of other comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet will be subject to adoption by the Annual General Meeting (AGM) on May 7, 2015.

Measurement basis applied to the preparation of the financial statements

Assets and liabilities are recognized at historical cost, except for certain financial assets, liabilities and investment properties that are measured at fair value. Financial assets and liabilities measured at fair value comprise fixed-income derivative instruments.

Functional currency and reporting currency

The functional currency is Swedish kronor (SEK), which is also the reporting currency. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest million.

Judgements and estimates in the financial statements

The preparation of the financial statements in accordance with IFRS requires that company management make judgements and estimates, and make assumptions that affect the application of the accounting policies and the recognized amounts of assets, liabilities, income and expenses. The actual outcome may deviate from these judgements and estimates.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects the period in question and future periods.

Judgements made by company management in the application of IFRS that have a significant impact on the financial statements and estimates made that may entail significant adjustments in the following year's financial statements are described in more detail in Note 25.

Significant accounting policies applied

The accounting policies presented below have been consistently applied in all periods presented in the consolidated financial statements. The Group's accounting policies have also been applied consistently by Group companies, meaning joint ventures, by making adjustments to the Group's accounting policies as necessary.

Amended accounting policies

The amended accounting policies applied by the Group as of January 1, 2014 are described below.

The new accounting standards IFRS 10 and IFRS 11 have not had any impact on amounts or led to any classification differences. IFRS 12, Disclosure of Interests in Other Entities, gives rise

to expanded disclosures in the annual report, primarily in Note 13 Shares in joint ventures.

New IFRS that have not yet been applied

IFRIC 21 Levies contains rules on how to recognize a liability for different forms of levies imposed by government agencies and when an obligating event for the recognition of a liability arises. The statement is to be applied as of 2015 and entails that liability for property tax must be recognized in its entirety as early as January 1 each year. However, expensing of the item remains unchanged, which means on an accrual basis over the year.

IFRS 9 Financial instruments replaces IAS 32 Financial instruments: Recognition and Measurement, as of 2018. IFRS 9 addresses the classification and measurement of financial assets, financial liabilities and hedge accounting. IFRS 9 has not yet been approved for application by the EU and advance application is not permissible. The company has decided not to perform a consequence analysis at this time.

IFRS 15 Revenue from Contracts with Customers, with application as of January 1, 2017 assuming that the standard is adopted by the EU. The preliminary assessment is that IFRS 15 will not materially impact the consolidated financial statements.

Other new or amended IFRSs, including interpretations, are not deemed to have any effect on the consolidated financial statements.

Classification etc.

Non-current assets and non-current liabilities essentially comprise amounts expected to be recovered or paid more than 12 months of the balance sheet date. Current assets and current liabilities essentially comprise amounts expected to be recovered or paid within 12 months of the balance sheet date.

Operating segment reporting

An operating segment is a part of the Group that conducts operations from which it can generate revenues and incur costs and for which independent financial information is available. The earnings of an operating segment are also followed up by the chief operating decision maker for evaluation of results and for allocating resources to the operating segment. Hemfosa's segments are: Community service properties, Office properties in growth municipalities, Logistics properties and Transaction properties.

Consolidation policies and business combinations

Subsidiaries

DSubsidiaries are companies that are under the controlling influence of Hemfosa. Controlling influence is achieved when Hemfosa has control over the investment object, is exposed or entitled to a variable return from its holding in the company and can exercise control over the investment to influence the return. When assessing whether controlling influence prevails, potential vote-carrying shares are taken into account, as is whether the company has de facto control.

A corporate acquisition can either be considered as an asset acquisition or a business combination. When an asset is acquired (an asset purchase), the acquisition is not encompassed by IFRS 3. Asset acquisitions primarily take place in the Hemfosa Group, although each acquisition is assessed to determine whether it is business combination or asset acquisition.

Corporate acquisitions, the main purpose of which is to acquire the properties of the purchased company and where there is no property management organization, are recognized as an asset acquisition. Corporate acquisitions in which a property management organization exists are recognized as a business combination. No deferred tax is recognized for an asset acquisition and instead the value of the property is reduced by

the amount that on the acquisition date pertains to the deduction attributable to the deferred tax of the asset. The initially deducted deferred tax will subsequently have an effect on remeasurement in that deductions will be made from the new fair value (on the remeasurement date) in the amount of the initially deducted deferred tax.

Subsidiaries are recognized in accordance with the purchase method. This method entails that the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and takes over its liabilities. The fair value on the date of acquisition of the acquired identifiable assets and assumed liabilities, as well as any non-controlling interests, is determined in the acquisition analysis. Transaction costs that arise, except for transaction costs attributable to an issue of equity instruments or debt instruments, are recognized directly in profit or loss.

In the event of a business combination in which the consideration transferred, any non-controlling interests and the fair value of previously owned interests (in connection with step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are recognized separately, the difference is recognized as goodwill. When the difference is negative, what is known as a bargain acquisition, this is recognized directly in profit or loss.

Consideration transferred in connection with the acquisition does not include payments pertaining to settlement of previous business relations. This type of settlement is usually recognized in profit or loss.

Contingent consideration is recognized at fair value at the date of acquisition. If the contingent consideration is classified as an equity instrument, it is not remeasured and is settled in shareholders' equity. Other contingent consideration is remeasured on each reporting occasion and the change is recognized in profit or loss.

Should the acquisition not pertain to 100 percent of the subsidiary, non-controlling interests arise. There are two alternative ways of recognizing non-controlling interests. These two alternatives are recognizing the non-controlling interest's proportionate share of net assets or recognizing the non-controlling interest at fair value, which means that the non-controlling interest has a share of goodwill. The choice between these two alternative methods of recognizing non-controlling interests is made from acquisition to acquisition.

Acquisition of non-controlling interests

Acquisitions from non-controlling interests are recognized as a transaction in equity, meaning between the Parent Company shareholders and the non-controlling interest. This is the reason why goodwill does not arise in these transactions. The change in non-controlling interests is based on their proportionate share of net assets.

Sales to non-controlling interests

Sales to non-controlling interests in which the controlling influence is retained are recognized as a transaction in equity, meaning between the Parent Company shareholders and the non-controlling interest. The difference between the payment received and the non-controlling interest's proportionate share of acquired net assets is recognized as retained earnings.

Joint ventures

For accounting purposes, joint ventures are defined as companies in which the Group has a controlling influence through cooperation agreements with one or more partners, whereby the Group is entitled to the net assets rather than a direct right to assets and commitments pertaining to liabilities. In the consolidated financial statements, holdings in joint ventures are consolidated in accordance with the equity method.

The equity method entails that the value of the share in joint ventures recognized in the consolidated financial statements corresponds to the Group's share of the joint ventures' equity and consolidated goodwill as well as any other remaining values of consolidated surpluses or deficits. The Group's share of the profit/loss of joint ventures adjusted for any depreciation/amortization, impairment and dissolution of acquired surpluses or deficits is recognized in the Group's net profit for the year as "Share in profit/loss of joint ventures." These shares in profit

less dividends received from joint ventures comprise the main change in the carrying amount of shares in joint ventures. The Group's share in other comprehensive income in joint ventures is recognized on a separate line in the Group's Other comprehensive income.

Any differences arising from the acquisition between the cost of the holding and the owner company's share of the net fair value of the joint venture's identifiable assets and liabilities are recognized in accordance with the same policies as for acquisitions of subsidiaries.

Transaction costs that arise, except for transaction costs attributable to an issue of equity instruments or debt instruments, are included in cost.

When the Group's share of recognized losses in joint ventures exceeds the carrying amount of the shares in the consolidated financial statements, the value of the shares is reduced to zero. Losses are also deducted against long-term financial balances without collateral, which in their financial significance comprise the portion of the owner company's net investment in joint ventures. Continued losses are not recognized unless the Group has provided guarantees to cover losses arising in the joint venture. The equity method is applied until the date on which the significant influence ceases.

Transactions eliminated on consolidation

Intra-Group receivables and liabilities, income and expenses, and unrealized gains or losses arising from transactions between Group companies are eliminated in their entirety when the consolidated financial statements are prepared. Unrealized gains arising from transactions with joint ventures and from joint ventures are eliminated to an extent corresponding to the Group's participating interest in the company. Unrealized losses are eliminated in the same manner as unrealized gains, but only insofar as no impairment requirement exists.

Foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate prevailing on the date of the transaction.

Income

Income is the gross inflow of financial benefits arising in a company's normal business operations during a period and that increases the company's shareholders' equity, except for increases due to contributions from owners.

Income is measured at the fair value of the amount that has been received or will be received.

Rental income

Net sales encompass all types of rental income including such additions as property tax, heating, etc. Rental income is recognized straight line in profit or loss based on the conditions of the agreement. The total cost of discounts provided is recognized as a decrease in rental income straight line over the leasing term.

Leases are classified as operating leases. Rental income is distributed over time according to the lease. When rent discounts in a new lease exceed MSEK 1, the rent discount is allocated over the term of the lease.

Advance rent is recognized as prepaid rental income. Rental income from acquired properties is recognized from the day of taking possession.

Gains/losses from property sales

RGains/losses from the sale of properties and shares and participations in property-owning companies are recognized under the heading "Changes in value of properties, realized." Gains/losses from property sales are recognized on the date of taking possession, unless the risks and benefits have been transferred to the buyer on an earlier occasion. If the risks and benefits have been transferred, the property sale is recognized at the earlier date. In assessing the date of revenue recognition, agreements between the parties governing risks and benefits, as well as involvement in ongoing management, are taken into account. Circumstances beyond the control of the seller and/or buyer that could affect completion of the transaction are also taken into consideration.

Any provisions for such items as non-invoiced selling expenses or other remaining costs attributable to the transaction conducted are made on the sales date.

Gains/losses from property sales are recognized on a separate line in profit from property management.

Other operating income

Other operating income refers to income from secondary activities in the normal business operations such as capital gains on tangible assets, exchange-rate gains on receivables and operating liabilities.

Leasing

Assets leased under operating leases are not generally recognized as an asset in the statement of financial position. Operating leases do not give rise to a liability.

Expenses attributable to operating leases are recognized in profit or loss straight line over the leasing term. Discounts received when an agreement is signed are recognized in profit or loss as a decrease in leasing fees straight line over the term of the lease. Variable fees are expensed during the periods in which they arise.

All leases for the rental of premises are classified as operational leasing agreements. See Rental income above.

Hemfosa does not currently have any leases for company cars. These are, by definition, financial leases, but they are recognized as operating leases since they are not deemed to be significant.

The Group does not have any financial leases in which the Group is lessor.

Financial income and expenses

Financial income comprises interest income on invested funds. Interest income is recognized at the rate at which it is earned. Financial expenses refer to interest, fees and other expenses arising when Hemfosa takes up interest-bearing liabilities. Financial expenses are charged to profit or loss for the period to which they are attributable.

Exchange-rate gains and exchange-rate losses are recognized in the net amount.

Derivatives are utilized to financially hedge the risks of interest-rate exposure to which the Group is exposed. Interest payments regarding fixed-income derivatives (interest-rate swaps) are recognized as interest expenses in the period to which they refer. Other changes in the fair value of fixed-income derivatives are recognized on a separate line in profit or loss.

Taxes

Income tax comprises current tax and deferred tax. Income tax is recognized in profit or loss, except when the underlying transaction is recognized in other comprehensive income or in equity whereby the associated tax effects are recognized directly in other comprehensive income or equity.

Current tax is tax that is to be paid or received in the current year, with the application of the tax rates that have been decided or are decided in practice on the balance sheet date. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between carrying amounts and the tax bases of assets and liabilities. Temporary differences are not taken into account in consolidated goodwill, nor are they taken into account for differences arising on initial reporting of assets and liabilities that are not business combinations which, at the time of the transaction, do not affect recognized or taxable earnings. Nor are temporary differences attributable to participations in subsidiaries and joint ventures that are not expected to be reversed in the foreseeable future taken into consideration. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated with the application of the tax rates and tax rules established or decided in practice on the balance sheet date.

Deferred tax assets on deductible temporary differences and loss carryforwards are only recognized insofar as it is likely that it will be possible to utilize them in the future. The value of

deferred tax assets is reduced when it is no longer probable that they can be utilized.

Upon acquisition of an asset, deferred tax is not recognized on the date of acquisition; instead the asset is recognized at cost corresponding to the fair value of the asset less deferred tax. In subsequent financial statements, deferred tax is calculated on the basis of the temporary difference between the fair value of the investment property and its tax-assessment value. However, deferred tax on the difference between the recognized cost of the property on the acquisition date and the property's tax-assessment value on the acquisition date is not calculated.

Financial instruments

Financial instruments recognized in the statement of financial position include such assets as cash and cash equivalents, rents and accounts receivables and derivatives. Liabilities include accounts payable, loans and notes payable, as well as derivatives.

Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognized in the statement of financial position when the company becomes party to it in accordance with the instrument's contractual conditions.

A receivable is recognized when the Group has performed and a contractual obligation for the counterparty to pay exists, even if an invoice has not been sent. Accounts receivable are recognized in the statement of financial position when an invoice has been sent. A liability is recognized when the counterparty has performed and a contractual obligation for the company to pay exists, even if an invoice has not yet been received. Accounts payable are recognized when an invoice has been received.

A financial asset is derecognized from the statement of financial position when the contractual rights have been realized, expire or the company loses control of them. The same applies to portions of a financial asset. A financial liability is derecognized from the statement of financial position when the contractual obligation is met or extinguished in another manner. The same applies to a portion of a financial liability.

A financial asset and a financial liability are offset and recognized in a net amount in the statement of financial position only when a legal right exists to offset the amounts and there is an intention to settle the item in a net amount or to simultaneously realize the asset and settle the liability.

Acquisitions and divestments of financial assets are recognized on the date of transaction, meaning the date on which the company undertakes to acquire or divest the asset.

Classification and measurement

Financial instruments, which are not derivatives, are initially recognized at cost, corresponding to the fair value of the instrument plus transaction expenses. A financial instrument is classified upon initial recognition based on the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured following initial recognition, as described below.

Cash and cash equivalents comprise cash, as well as immediately available balances in banks and corresponding institutions.

Rents and accounts receivable

Rents and accounts receivable are financial assets that are not derivatives, that have fixed or fixable payments and that are not listed on an active market. The receivables are classified in the category loans and accounts receivable. These assets are measured at amortized cost. Amortized cost is determined based on the effective rate calculated on the acquisition date. Rents and accounts receivable have short terms and thus are recognized at nominal amounts. Rents and accounts receivable are recognized at the amount that is expected to flow in, meaning after deductions for doubtful receivables.

Other financial liabilities

Loans and other financial liabilities, such as accounts payable and liabilities to Group companies, are included in this category. Liabilities are recognized at amortized cost.

Derivatives

Hedge accounting is not applied for fixed-income derivatives. Fixed-income derivatives are used to financially hedge the interest-rate risks to which the Group is exposed. Derivative instruments are classified in the category financial assets/liabilities measured at fair value through profit or loss. The derivatives are measured at fair value according to measurement at Level 2, with changes in value in profit or loss.

Tangible assets

EA tangible asset is recognized in the statement of financial position if it is probable that future financial benefits that can be attributed to the asset will accrue to the company and if the cost of the asset can be reliably calculated. For Hemfosa, this item primarily comprises equipment.

Tangible assets are recognized at cost less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to transporting the asset to the correct site and preparing it for the manner intended by the acquisition.

The carrying amount of a tangible asset is derecognized from the statement of financial position when it is disposed or divested or when no future financial benefits are expected from the use or disposal/divestment of the asset. Gains or losses arising from the divestment or disposal of an asset comprise the difference between the selling price and the asset's carrying amount, less direct selling costs. Gains and losses are recognized as other operating income/expenses.

Additional expenses are added to the cost only if it is probable that the future financial benefits associated with the asset will accrue to the company and the cost can be reliably calculated. All other additional costs are recognized as an expense in the period in which they arise.

Depreciation takes place straight line over the estimated useful life of the asset. The estimated useful lives are:

Equipment	5-10 years
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Depreciated commences on the acquisition date. The useful life is the period during which the asset is expected to be available for use in the Group.

Investment properties

Investment properties are properties held for the purpose of receiving rental income or an increase in value or a combination of the two. Investment properties are initially recognized at cost, which includes expenses directly attributable to the acquisition such as expenses for land registration and taking out mortgage deeds. Investment properties are measured at fair value in the statement of financial position. Fair value is based on valuations performed by independent appraisers with recognized qualifications and adequate expertise in valuing this type of property and in the relevant locations. All properties are valued every quarter. Investments are also performed of properties that have not been visited by the appraiser in the past two years. Fair values are based on market values, which is the amount estimated to be received in a transaction on the valuation date between well-informed parties that are independent in relation to each other and are interested in the transaction being carried out according to standard market practice in a situation in which both parties are assumed to have acted insightfully, wisely and without compulsion. Additional expenses are capitalized only when it is probable that the Group will receive future financial benefits associated with the asset and the expenses can be reliably determined. Other repair and maintenance costs are expensed in the period in which they occur.

Borrowing costs directly attributable to the purchase, construction or production of assets that take a considerable amount of time to complete for their intended use or sale are included in cost. For the Hemfosa Group, this is mainly the case in conjunction with the construction of or major conversion projects for investment properties. Borrowing costs are calculated based on the financial requirements of the project and the Group's borrowing costs. Borrowing costs comprise interest and other expenses arising when a company borrows funds.

Both unrealized and realized changes in value are recognized in profit and loss, after profit/loss from property management.

Rental income and income from property sales are recognized in accordance with the policies described under the section on income recognition.

Properties under construction and conversion intended to be used as investment properties when the work is completed are also classified as investment properties.

Impairment losses

The recognized assets are impairment tested on every balance sheet date. IAS 36 is applied for the impairment of assets other than financial assets recognized in accordance with IAS 39, deferred tax assets and investment properties recognized at fair value (IAS 40). The carrying amounts of the exempted assets above are calculated according to the respective standard.

Impairment of intangible assets and shares in joint ventures

If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated in accordance with IAS 36 (see below).

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit (group of units) exceeds the recoverable amount. An impairment loss is recognized as an expense in net profit for the year.

The recoverable amount is the highest of the fair value less selling expenses and value in use. In calculating value in use, future cash flows are discounted at a discount rate that takes into account risk-free interest and risk related to the specific asset.

If it is not possible to determine essentially independent cash flows for an individual asset and its fair value less selling expenses cannot be used for impairment testing, the assets are to be grouped at the lowest level at which it is possible to identify essentially independent cash flows - this is referred to as a cash-generating unit.

Reversal of impairment

Impairment losses on assets included in the scope of IAS 36 are reversed if there is an indication that the impairment requirement no longer exists and a change has been made to the assumption that formed the basis of the calculation of the recoverable amount. A reversal is only performed insofar as the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognized, less any depreciation/amortization, if no impairment had been carried out.

Impairment of financial assets

On each reporting occasion, the company assesses whether there is objective evidence of impairment of a financial asset or group of assets. Objective evidence comprises observable circumstances that have occurred and that have a negative impact on the possibility of recovering the cost.

The value of past-due non-performing receivables is tested continuously. As long as the loss is not confirmed, the receivable and provision are recognized in gross amounts in the financial statements. Impairment of the receivables is determined based on historical experience of losses on similar receivables. Rents and accounts receivable that require impairment are recognized at the present value of expected future cash flows. However, receivables with short terms are not discounted.

The receivables are written off once the loss has been confirmed. It may be necessary to monitor written-off receivables, for example, before a bankruptcy has been completed. The cost for rents and accounts receivable affect net operating income in profit or loss.

Equity

Preference shares

The issued preference shares are classified as equity since Hemfosa is not subject to an obligation to either pay dividends on or redeem/buy back the preference shares. Dividends are recognized as an owner transaction directly in equity when the AGM has resolved on such a dividend.

Dividends

Dividends are recognized as a liability after the AGM has approved the dividend.

Earnings per ordinary share

The calculation of earnings per share is based on consolidated net profit/loss for the year attributable to the Parent Company's owners, reduced by the preference shares pre-emptive rights to a dividend, in relation to the weighted average number of shares outstanding during the year.

Employee benefits*Defined-contribution pension plans*

The Hemfosa Group has only defined-contribution pension plans. Defined-contribution pension plans are those plans in which the company's obligation is limited to the contributions the company undertakes to pay. In such cases, the amount of the employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the return generated by the contribution. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets will be insufficient for the expected remuneration). The company's obligation regarding contributions to defined-contribution plans are recognized as an expense in profit and loss at the rate in which they are earned by employees performing services for the company during a period.

Short-term remuneration

Short-term remuneration such as salaries to employees is calculated without discounting and is recognized as an expense when the related services are received. A provision is recognized for the anticipated cost of bonus payments and when the Group has a valid legal or informal duty to make such payments as a result of services received from employees and when the obligation can be reliably calculated.

Severance pay

A liability and expenses for severance pay are recognized at the earliest of the following times:

- When the company can no longer withdraw the offer of such remuneration
- When the company recognizes restructuring expenses that are within the scope of IAS 37 and encompass employee benefits

When remuneration is provided to employees due to the employee having accepted an offer of remuneration in exchange for terminating employment, the time at which the company can no longer withdraw the offer of remuneration is the earliest of the following times:

- When the employee accepts the offer, meaning signs a contract
- When a limit to the company's ability to withdraw the offer comes into effect

Provisions

A provision differs from other liabilities since there is uncertainty regarding the date of payment and the amount for settling the provision. A provision is recognized in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The provision is posted in an amount that represents the best estimate of what will be required to settle the existing obligation on the balance-sheet date. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

Contingent liabilities

A contingent liability is recognized when there is a possible commitment originating from events that have occurred and whose occurrence will be confirmed only by one or several uncertain future events or when there is a commitment that is not recognized as a liability or provision because it is probable that an outflow of resources will be required.

Parent Company accounting policies

The Parent Company prepares its annual financial statements in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for legal entities. The statements regarding listed companies as issued by the Financial Reporting Board were also applied. RFR 2 means that the Parent Company, in the annual financial statements for legal entities, will apply all EU-approved IFRSs and statements, as far as possible, within the framework of the Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the connection between accounting and taxation. This recommendation specifies the exceptions from and additions to IFRSs that may be applied.

Differences between the accounting policies of the Group and the Parent Company

The differences between the accounting policies of the Group and the Parent Company are stated below.

Classification and presentation

In the Parent Company, an income statement and a statement of profit and other comprehensive income are presented, while for the Group these two statements are combined into a statement of profit and other comprehensive income. For the Parent Company, the designations balance sheet and cash-flow statement are used for the statements that in the Group are designated statement of financial position and cash-flow statement, respectively. The income statement and balance sheet for the Parent Company are prepared according to the stipulations of the Annual Accounts Act while and the statement of profit and other comprehensive income, statement of changes in equity and cash-flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively. The differences compared with the Group's statements that apply in the Parent Company's income statement and balance sheet mainly comprise the recognition of fixed assets and equity.

Subsidiaries and joint ventures

Shares in subsidiaries and joint ventures are recognized in the Parent Company according to the cost method. This means that transaction charges are included in the carrying amount for holdings in subsidiaries and joint ventures. The value of contingent considerations is based on the probability that the consideration will be paid. Possible changes to the provision/receivable are added/deducted from the cost. In the consolidated financial statements, contingent consideration is recognized at fair value and the changes in value recognized in profit or loss.

Financial instruments

The Parent Company does not recognize financial instruments in accordance with IAS 39 and the categories specified in this standard. Long-term receivables are recognized at accrued cost, as are non-current interest-bearing liabilities. Receivables and financial liabilities that are current are recognized at nominal amounts, since the maturity is short and the impact of discounting is immaterial. Financial assets are impairment tested continuously.

Segment reporting

The Parent Company does not report segments according to the same distribution and scope as the Group. In the Parent Company, no breakdown of net sales is provided.

Tangible assets

Tangible fixed assets in the Parent Company are recognized at cost less accumulated depreciation and any impairment in the same manner as for the Group, with the addition of any revaluations.

Leased assets

In the Parent Company, all leasing agreements are recognized according to the rule for operational leasing.

Borrowing costs

In the Parent Company, borrowing costs are charged against profit and loss during the period to which they pertain.

Group contributions

Group contributions that the Parent Company receives from or grants to subsidiaries are recognized as appropriations in the Income statement for the Parent Company.

Financial guarantees

The Parent Company's financial guarantee agreements consist mainly of sureties for the benefit of subsidiaries. Financial guar-

antees entail that the company has a commitment to compensate the holder of a debt security for losses incurred by the holder due to a specific debtor not making payments when due in accordance with the contractual conditions. For the recognition of financial guarantee agreements, the Parent Company applies one of the relief rules permitted by the Swedish Financial Reporting Council, as compared with the rules of IAS 39. The relaxation rule pertains to financial guarantees written on behalf of subsidiaries. The Parent Company recognizes financial guarantees as a provision in the balance sheet when the company has a commitment for which payment will probably be required to regulate the commitment.

NOTE 2 OPERATING SEGMENTS

The segments used by company management to monitor the operations are Community service properties, Office properties in growth municipalities, Logistics properties and Transaction properties. Community service properties are defined as properties where at least 70 percent of the rental income derives from tenants with operations that are directly or indirectly financed by tax funds. Office properties in growth municipalities are primarily defined as centrally located office properties in large growth municipalities. Logistics properties are primarily defined as

modern logistics properties located in attractive logistics hubs. The Transaction properties segment includes properties that are unique in terms of geography and/or category.

Operational results are presented for all of the Group's segments, in harmony with the Group's internal reporting system.

Net operating income includes directly attributable items and items that can be distributed reasonably and reliably among the segments. Shared property-management expenses are allocated according to the cost-price principle.

Group	Community service properties		Office properties in growth municipalities		Logistics properties		Transaction properties		Group-wide and eliminations		Total consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
MSEK												
Rental income	806	785	443	436	221	216	143	148	-	0	1,613	1,584
Property expenses												
Operating expenses	-159	-156	-86	-86	-18	-15	-43	-41	-	-	-306	-298
Maintenance costs	-53	-54	-31	-35	-4	-9	-16	-13	-	1	-104	-110
Property tax	-26	-27	-29	-29	-5	-4	-7	-8	-	-	-67	-68
Property administration	-28	-28	-19	-19	-6	-7	-9	-6	-	-	-62	-61
Net operating income	540	520	278	267	188	181	68	80	-	1	1,074	1,047
Central administration											-74	-79
Other operating income											62	0
Share in profit of joint ventures											239	125
Financial income and expenses											-480	-770
Profit from property management											821	323
Changes in value of properties, realized											147	-21
Change in value of properties, unrealized											340	-193
Changes in value of financial instruments, realized											-75	-
Changes in value of financial instruments, unrealized											-202	23
Profit before tax											1,031	132
Investment properties, value Dec 31	12,124	7,679	5,647	4,708	3,518	2,677	3,110	1,221	-	-	24,400	16,284
Investment in existing portfolio, full year	271	402	169	232	4	13	31	20	-	-	475	667

NOTE 3 OPERATING LEASING

Hemfosa leases out its investment properties according to operational leasing agreement. Future non-terminable leasing payments are as follows:

Group				
2014				
MSEK Maturity year	Number of leases	Area, 000s of sqm	Contractual annual rent	Proportion, %
2015	1,810	282	276	12
2016	626	380	399	18
2017	493	272	297	13
2018	240	186	206	9
2019	113	161	183	8
>2019	313	901	884	39
Total	3,595	2,182	2,245	100

Group				
2013				
MSEK Maturity year	Number of leases	Area, 000s of sqm	Contractual annual rent	Proportion, %
2014	1,063	98	143	9
2015	457	245	245	16
2016	352	266	306	20
2017	252	216	263	17
2018	56	81	95	6
>2018	152	573	508	33
Total	2,332	1,480	1,561	100

Group**Contractual future rental income**

MSEK	2014	2013
Within one year	2,166	1,520
Between one and five years	5,490	5,169
Longer than five years	3,982	1,764

Hemfosa's costs as a lessee total MSEK 4.5 (5.8) and mainly pertain to ground rent.

NOTE 4 OTHER OPERATING INCOME**Group**

MSEK	2014	2013
Claims	46	-
Other income	16	0
Total other operating income	62	0

NOTE 5 EMPLOYEES, PERSONNEL EXPENSES AND REMUNERATION OF SENIOR EXECUTIVES**Group**

MSEK	2014	2013
<i>Executive Management Group</i>		
Salaries and other compensation, etc.	14	10
Pension costs, defined-contribution plans	2	2
Social security contributions	5	4
<i>of which, Chief Executive Officer</i>		
Salaries and other compensation, etc.	3	2
Pension costs, defined-contribution plans	1	1
Social security contributions	1	0
<i>Other employees</i>		
Salaries and other compensation, etc.	19	13
Pension costs, defined-contribution plans	2	2
Social security contributions	6	5
Total costs for compensation to employees	48	36

Average number of employees

Group	2014		2013	
	No. of employees	Proportion men	No. of employees	Proportion men
Average number of employees in Sweden	35	48%	32	47%

At the end of the year, the number of employees was 57, of whom 21 were transferred to Hemfosa in conjunction with acquisitions at the end of 2014.

Board of Directors

Director fees have been paid to seven Board Members in accordance with resolutions passed at the Annual General Meeting. The fees totaled MSEK 1.5 for 2014 and MSEK 0.4 for 2013, excluding social security contributions.

Agreements about severance pay

The CEO is subject to a period of notice of 18 months if his employment is terminated by the company and of six months if he resigns. Other senior executives are subject to a period of notice of 12 months if employment is terminated by the company and of six months if they resign. No agreements on severance pay have been reached.

Gender distribution in company management

Group	2014		2013	
	No. of persons	Proportion women	No. of persons	Proportion women
Board of Directors	7	43%	7	43%
Other senior executives	7	43%	7	43%

Salary and other remuneration for senior executives

Parent Company

SEK 000s	Basic salary, director fees		Variable remuneration		Pension contributions		Share-based remuneration		Other remuneration		Total	
	Jan 2 – Dec 31		Jan 2 – Dec 31		Jan 2 – Dec 31		Jan 2 – Dec 31		Jan 2 – Dec 31		Jan 2 – Dec 31	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Chairman of the Board												
Bengt Kjell												
Remuneration from Parent Company	402	85	-	-	-	-	-	-	-	-	402	85
Remuneration from subsidiaries	-	85	-	-	-	-	-	-	-	-	-	85
Board member												
Mats Israelsson												
Remuneration from Parent Company	-	35	-	-	-	-	-	-	-	-	-	35
Remuneration from subsidiaries	-	42	-	-	-	-	-	-	-	-	-	42
Board member												
Sören Ferin												
Remuneration from Parent Company	-	35	-	-	-	-	-	-	-	-	-	35
Remuneration from subsidiaries	-	42	-	-	-	-	-	-	-	-	-	42
Board member												
Jonas Nyrén												
Remuneration from Parent Company	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration from subsidiaries	-	28	-	-	-	-	-	-	-	-	-	28
Board member												
Anneli Lindblom												
Remuneration from Parent Company	278	14	-	-	-	-	-	-	-	-	278	14
Remuneration from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Board member												
Caroline Sundewall												
Remuneration from Parent Company	258	14	-	-	-	-	-	-	-	-	258	14
Remuneration from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Board member												
Ulrika Valassi												
Remuneration from Parent Company	258	14	-	-	-	-	-	-	-	-	258	14
Remuneration from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Board member												
Magnus Eriksson												
Remuneration from Parent Company	172	-	-	-	-	-	-	-	-	-	172	-
Remuneration from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Board member												
Daniel Skoghäll												
Remuneration from Parent Company	172	-	-	-	-	-	-	-	-	-	172	-
Remuneration from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Chief Executive Officer												
Jens Engwall												
Remuneration from Parent Company	3,121	1,083	-	-	737	271	-	-	182	55	4,040	1,409
Remuneration from subsidiaries	-	1,043	-	-	-	251	-	-	-	54	-	1,348
Other senior executives (6)												
Remuneration from Parent Company	7,728	3,232	1,054	-	1,619	948	-	-	540	214	10,941	4,394
Remuneration from subsidiaries	1,357	3,546	476	-	324	801	-	-	95	206	2,252	4,553
Total												
Remuneration from Parent Company	12,389	4,512	1,054	-	2,356	1,219	-	-	722	269	16,521	6,000
Remuneration from subsidiaries	1,357	4,756	476	-	324	1,052	-	-	95	260	2,252	6,098

Parent Company

MSEK	Jan 2–Dec 31	
	2014	2013
<i>Executive Management Group</i>		
Salaries and other compensation, etc.	12	5
Pension costs, defined-contribution plans	2	1
Social security contributions	4	2
<i>of which, Chief Executive Officer</i>		
Salaries and other compensation, etc.	3	1
Pension costs, defined-contribution plans	1	0
Social security contributions	1	0
<i>Other employees</i>		
Salaries and other compensation, etc.	6	2
Pension costs, defined-contribution plans	1	0
Social security contributions	2	1
Total costs for compensation to employees	27	12

Average number of employees**Parent Company**

	2014		Jan 2–Dec 31 2013	
	Number of persons	Proportion women	Number of persons	Proportion women
Average number of employees	16	25%	7	29%

Gender distribution in company management**Parent Company**

	2014		Jan 2–Dec 31 2013	
	Number of persons	Proportion women	Number of persons	Proportion women
Board of Directors	7	43%	7	43%
Other senior executives	7	43%	7	43%

NOTE 6 FEES AND COMPENSATION TO AUDITORS**Group**

MSEK	2014	2013
<i>KPMG</i>		
Auditing assignments	5	5
Remuneration for audit activity in addition to auditing assignments	2	1
Tax advisory services	2	2
Other assignments	6	4
Total fees and compensation to auditors	15	12

Auditing assignments are defined as the statutory auditing of the Annual Report and consolidated accounts, as well as the administration of the Board of Directors and the CEO, and the audit and other review conducted in accordance with contracts or agreements. This includes other assignments that are the responsibility of the company's auditors, as well as guidance and assistance occasioned by observations made in conjunction with such reviews or the completion of such other work assignments.

Parent Company

MSEK	Jan 2–Dec 31	
	2014	2013
<i>KPMG</i>		
Auditing assignments	4	4
Remuneration for audit activity in addition to auditing assignments	2	1
Tax advisory services	1	1
Other assignments	3	1
Total fees and remuneration to auditors	10	7

NOTE 7 OPERATING COSTS DISTRIBUTED BY TYPE**Group**

MSEK	2014	2013
Operating expenses ¹⁾	306	298
Maintenance costs	104	110
Property tax	67	68
Depreciation/amortization	0	3
Other external costs	86	101
Personnel expenses	49	36
Total operating expenses	612	616

1) Operating expenses include externally purchased services for property management.

NOTE 8 FINANCIAL INCOME AND EXPENSES**Group**

MSEK	2014	2013
Interest income	7	3
Interest income in joint ventures	2	-
Other financial income	1	6
Financial income	10	9
Interest expenses ¹⁾	-391	-436
Interest expenses on shareholders' loans	-60	-312
Other financial costs	-39	-31
Financial expenses	-490	-779
Net	-480	-770

1) Of the Group's interest expenses, interest attributable to debt valued at accrued cost accounted for MSEK 358 (392).

Parent Company

Mkr	Jan 2–Dec 31	
	2014	2013
Dividends from subsidiaries	2,647	–
Impairment of shares in Group companies	-2,077	–
Profit from shares in Group companies	570	–
Interest income	2	–
Interest income from Group companies	352	160
Other financial income	0	0
Financial income	354	160
Interest expenses, credit institutions	-60	–
Interest expenses on shareholders' loans	-60	-157
Interest expenses to Group companies	-2	–
Other financial costs	-13	0
Financial expenses	-135	-157
Total financial income and expenses	789	3

NOTE 9 INCOME TAX

In Sweden, the current tax rate for limited liability companies was 22.0%. The table below shows the sub-items underlying the effective tax rate in Hemfosa.

Group

Reconciliation of effective tax	2014		2013	
Profit before tax	1 031		132	
Tax according to applicable tax rate for Parent Company	-22.0%	-227	-22.0%	-29
Non-deductible costs	-0.2%	-2	–	–
Non-taxable income	–	–	1.5%	2
Profit from shares in joint ventures	5.1%	53	20.5%	27
Capitalization of loss carry-forwards not capitalized in prior years	5.5%	57	75.8%	100
Reversal of deferred tax in property sales	0.3%	3	–	–
Non-taxable sales of properties	4.4%	45	–	–
Tax attributable to previous years	-0.1%	-1	–	–
Other	0.3%	3	-0.8%	-1
Recognized effective tax	-6.7%	-69	75.0%	99

Tax on costs recognized directly in equity amounted to MSEK 29 and was attributable to issue costs.

Parent Company

Reconciliation of effective tax	2014		2013	
Profit/loss before tax	707		-3	
Tax according to applicable tax rate for Parent Company	-22.0%	-156	-22.0%	1
Non-deductible costs	-64.7%	-457	–	–
Non-taxable income	82.4%	582	–	–
Capitalization of loss carry-forwards not capitalized in prior years	4.3%	30	–	–
Other	–	–	22.0%	-1
Recognized effective tax	0.0%	0	0.0%	0

NOTE 10 EARNINGS PER SHARE

Consolidated profit for the year attributable to Parent Company shareholders amounted to MSEK 964 (231).

In December 2014, a dividend totaling MSEK 50 to owners of preference shares was resolved, corresponding to SEK 10.00 per share. A weighted share of the dividend, MSEK 13, reduced earnings for the year attributable to the company's owners.

In 2013, in connection with conversion of preference shares to ordinary shares in the subsidiary Hemfosa Tetis AB, a dividend of MSEK 47 was paid to holders of preference shares.

Group

	2014	2013
Profit for the year attributable to Parent Company shareholders, MSEK	964	231
Dividend on preference shares, MSEK	-13	-47
Profit attributable to Parent Company ordinary shareholders before dilution, MSEK	951	184
Average weighted number of ordinary shares, millions	55	25
Earnings per share before and after dilution, SEK	17.31	7.40

Since there are no instruments that generate a dilution effect, earnings per share after dilution matches earnings per share before dilution.

NOTE 11 INVESTMENT PROPERTIES

Investment properties are recognized according to the fair value method. The table below shows the changes in value within each segment.

Reconciliation of opening and closing balance for investment properties

Group MSEK	Total		Community service properties		Office properties in growth municipalities		Logistics properties		Transaction properties	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Fair value at the beginning of the year	16,394	16,129	7,745	7,309	4,712	4,752	2,711	2,630	1,226	1,438
Adjustment between segments	-	-	-120	-	-	-	-	-	120	-
Cost of investment properties, asset acquisition	8,656	65	5,138	-	819	-	762	65	1,937	-
Investment in existing portfolio	484	667	280	409	169	226	4	13	31	19
Reclassification from building equip- ment to investment properties	-	46	-	30	-	9	-	4	-	3
Divestment of investment properties	-1,303	-299	-1,120	-23	-39	-76	-	0	-145	-201
Realized change in value of divested properties	147	-21	127	2	-1	7	-	0	22	-30
Unrealized changes in value	340	-193	261	17	11	-206	86	-1	-18	-3
Fair value at the end of the year	24,718	16,394	12,311	7,745	5,671	4,712	3,563	2,711	3,173	1,226
Acquired deferred tax reduces property value	-318	-110								
Recognized property values	24,400	16,284								

Realized and unrealized changes in value are recognized after profit from property management. The measurement of fair value for all investment properties is classified at Level 3 of the fair value hierarchy.

Impact on profit after tax apart from changes in value

Group	2014	2013
MSEK		
Rental income	1,612	1,584
Direct costs for investment properties that generated rental income during the period	-431	-473
Direct costs for investment properties that did not generate rental income during the period	-46	-2

Determining fair value

The fair value of 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 that were appraised. The inde-

pendent appraisers provided the fair value of the Group's portfolio of investment properties during each quarter.

Valuation techniques

The value of the properties was assessed based on a market-adapted cash-flow estimate in which an analysis was made of the market's expectations concerning the valuation object, by simulating the calculated future income and expenses (five years or longer).

The yield requirement used in the estimates derives from sales of comparable properties. Significant factors when selecting required yield include an assessment of the object's future rent trend, changes in value and any potential to add value, as well as the maintenance condition of the property. Key value parameters are location and rent level, as well as vacancy rates.

The valuation is based on current earnings capacity. For each property, cash flow is established that extends over a future period of at least five years. On the income side, current leases are used. For vacant space, an estimate is performed by individually assessing each property. The inflation assumption is 0 percent for 2015 and thereafter 2 percent annually. Costs are assessed on the basis of annual historical figures. The valuation is based on a present-value calculation of cash flow and the present value of the market value at the end of the calculation period.

Calculation assumptions per segment	Carrying amount, MSEK		Net operating income, MSEK ¹⁾		Yield		Interval, yield requirement		Discount interest rate	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Community service properties	12,124	7,679	781	514	6.4%	6.8%	4.3%-10.0%	4.0%-10.0%	4.5%-12.2%	6.0%-12.0%
Office properties in growth municipalities	5,647	4,709	311	268	5.5%	5.7%	5.8%-8.5%	5.8%-8.7%	7.9%-10.7%	7.9%-10.9%
Logistics properties	3,519	2,676	234	189	6.6%	6.7%	6.3%-9.3%	6.7%-9.3%	6.5%-11.1%	8.8%-11.4%
Transaction properties	3,110	1,220	206	74	6.6%	6.5%	4.9%-10.0%	6.2%-10.0%	6.6%-12.2%	8.3%-12.2%
Total	24,400	16,284	1,531	1,045	6.3%	6.4%	6.9%	7.2%	8.0%	9.0%

1) According to earnings capacity

Sensitivity analysis - impact on fair valuee

MSEK		2014	2013
Change in net operating income	+/-5.0%	+/-957	+/-582
Change in yield requirement	+/-0.1%	+/-355	+/-226
Change in growth assumptions	+/-0.5%	+/-120	+/-72
Change in discount interest rate	+/-0.1%	+/-305	+/-181

Criteria for distinguishing between investment properties and other types of properties

All of Hemfosa's directly owned properties are classified as investment properties. In a few of the Group's properties, an insignificant portion of the floor area is used for administrative

purposes by the Group. These properties have been classified as investment properties.

If Hemfosa has signed an unconditional agreement concerning the divestment of a property, the property is reclassified from investment property to asset held for resale.

NOTE 12 TANGIBLE ASSETS**Group**

MSEK	Equipment		Building equipment	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Cost				
Opening balance	4	4	-	101
Other acquisitions	1	0	-	2
Reclassifications	-	0	-	-103
Closing balance, cost	5	4	-	0
Depreciation				
Opening balance	-3	-3	-	-54
Reclassifications		0	-	57
Depreciation for the year	0	0	-	-3
Closing balance, accumulated depreciation	-3	-3	-	0
Carrying amount	2	1	-	0

NOTE 13 SHARES IN JOINT VENTURES

In addition to Hemfosa's wholly owned property portfolio, the Group holds shares in a number of property owning companies, through which properties are held jointly with other investors. In December 2014, Hemfosa acquired the remaining 50 percent of the shares in Hemfosa Kronfastigheter Holding. The acquisition was classified as an asset acquisition. At December 31, 2014, Hemfosa had indirect property ownership in three (four) joint ventures. At December 31, 2014, the property owning joint ventures jointly owned 47 (75) properties with a recognized property value, for Hemfosa's share, of MSEK 2,514 (2,203).

Group

MSEK	Dec 31, 2014	Dec 31, 2013
Carrying amount at the end of the year	455	282
Acquisition of joint ventures	-	0
Acquisition of the remaining share of Hemfosa Kronfastigheter	-71	0
Dividends received	-63	-
Share in profit of joint ventures	239	125
Shareholders' contribution	49	48
Shares in joint ventures	609	455

Joint ventures	Corp. Reg. No.	Registered office	Proportion	Carrying amount	
				Dec 31, 2014	Dec 31, 2013
Hemfosa Kronfastigheter Holding AB	556950-1736	Stockholm	50%	-	31
Söderport Holding AB	556819-2230	Stockholm	50%	574	390
Gästgivaregatan Holding AB	556925-8808	Stockholm	50%	23	21
Culmen Strängnäs II AB	556799-1970	Stockholm	50%	12	13
Total carrying amount of shares in joint ventures				609	455

Property portfolio MSEK	Söderport Holding AB		Kronfastigheter Holding AB	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Number of properties	45	44	-	28
Leasable area, 000s of sqm	614	366	-	142
Hemfosa's share of selected financial information				
Participating interest, %	50	50	-	50
Rental income, MSEK	225	170	-	75
Market value of properties, MSEK	2,514	1,475	-	643
Interest-bearing loans, MSEK	1,592	1,005	-	590
Deferred tax assets (-) or tax liabilities, MSEK	51	-6	10	-
Fair value of interest derivatives, negative value, MSEK	233	120	-	-
Equity, MSEK	570	371	-	34
Comprehensive income for the year, MSEK	213	119	-	0

Hemfosa has entered into suretyship amounting to MSEK 50 (500) connected to its shares in joint ventures.

Parent Company

MSEK	Dec 31, 2014	Dec 31, 2013
Carrying amount at the beginning of the year	31	-
Acquisition/divestment of joint ventures	-31	31
Shares in joint ventures	0	31

Joint venture	Corp. Reg. No.	Registered office	Proportion	Carrying amount	
				Dec 31, 2014	Dec 31, 2013
Hemfosa Kronfastigheter Holding AB	556950-1736	Stockholm	50%	-	31

NOTE 14 RENT RECEIVABLES

Group

The due date structure for Hemfosa's rent receivables is presented in Note 20, Financial risks and risk management.

NOTE 15 CURRENT RECEIVABLES

Group

MSEK	Dec 31, 2014	Dec 31, 2013
Prepaid expenses and accrued income	31	18
Receivables from joint ventures	2	-
Current receivables	41	21
Total current receivables	74	39

NOTE 16 CASH AND CASH EQUIVALENTS

Group

MSEK	Dec 31, 2014	Dec 31, 2013
<i>The following subcomponents are included in cash and cash equivalents</i>		
Cash and bank balances	594	284

NOTE 17 INTEREST-BEARING LIABILITIES

Hemfosa's interest-bearing liabilities on December 31, 2014 totaled MSEK 15,760 (13,660), of which MSEK 14,534 (10,030) pertained to loans from credit institutions, MSEK 1,190 (-) to bond loans, MSEK 33 (156) to vendors' mortgages and MSEK 3 (4) to other liabilities. Hemfosa has a revolving credit of MSEK 1,300, of which MSEK 633 was utilized at December 31, 2014. The Group also has two overdraft facilities totaling MSEK 150, of which MSEK 18 was utilized at December 31, 2014. All loans are raised in SEK.

Group			
MSEK	Dec 31, 2014	Dec 31, 2013	
Interest-bearing liabilities			
Loans from shareholders	-	3,470	
Loans from credit institutions	14,572	10,083	
Bond loans	1,200	-	
Vendor's mortgage	33	156	
Overdraft facility	18	-	
Other liabilities	3	4	
Total interest-bearing liabilities	15,827	13,713	
Of which, current interest-bearing liabilities	229	1,831	
Less opening charges for raising new loans	-67	-53	
Total interest-bearing liabilities	15,760	13,660	

The Group's interest-bearing liabilities to external creditors correspond to 64.6 percent (62.6) of the carrying amount of the property portfolio in the balance sheet. The average remaining fixed-rate and loan maturity periods, excluding shareholder's loans, amounted to 1.9 years (2.5) and 2.8 years (3.0) at the end of the period.

Most of the Group's credit agreements with external creditors contain covenants concerning either a specific loan-to-value ratio and/or a specific interest coverage ratio. In certain credit agreements, the covenants are calculated solely in relation to the company raising the loan and its subsidiaries, while other credit agreements include covenants linked to the Group's profit and financial position. In the event of a compulsory take-over bid for Hemfosa's shares or if Hemfosa is delisted from Nasdaq Stockholm, Hemfosa's creditors will be entitled, in certain instances, to demand renegotiation of the credit agreements and ultimately the premature repayment of the loan.

The Group met the covenants included in the loan agreements for 2014 and 2013.

Group			
MSEK	Dec 31, 2014	Dec 31, 2013	
Loan-to-value ratio ¹⁾	64.6%	62.6%	
Remaining fixed-rate period ¹⁾	1.9 years	2.5 years	
Remaining term for loans	2.7 years	3.0 years	

1) A shareholders' loan of MSEK 3,470 have been excluded from the loan-to-value ratio for 2013. The loan, which was redeemed through a share issue offsetting debt in March 2014, carried annual interest at a rate of 9 percent. The fixed-rate period takes into account derivative instruments signed.

NOTE 18 DEFERRED TAX LIABILITY/RECEIVABLES

Deferred tax pertains to future tax consequences of events taken into account in the company's accounting. Hemfosa recognized deferred tax liabilities totaling MSEK 423 (430).

Hemfosa's total tax loss carryforwards amounted to MSEK 1,912 at December 31, 2014. Of these loss carryforwards, the company deemed that MSEK 1,091 (545) can be used in operations during the coming five financial years. Tax-loss carryforwards of approximately MSEK 1,200 are attributable to companies acquired during the year. These loss carryforwards will be blocked from being used as Group contributions through the 2020 tax year.

Hemfosa uses fixed-income derivatives to financially hedge the interest-rate risks to which the Group is exposed. Derivatives are measured at fair value according to measurement at Level 2. Deferred tax on changes in value impacts earnings and deferred tax receivables.

Temporary differences in the properties pertain to the difference between the carrying amount of the properties in the Statement of financial position and their taxable value. The deferred tax liability attributable to these temporary differences matches the tax that would be charged against earnings had the total property portfolio been divested on the balance-sheet date.

Deferred tax asset	2014	2013
<i>Loss carryforwards</i>		
At the beginning of the year	120	-
Changes for the year according to the income statement	57	120
Acquired and divested assets	63	-
At the end of the year	240	120

Derivatives		
At the beginning of the year	25	30
Changes for the year according to the income statement	-1	-5
At the end of the year	24	25

Deferred tax liability		
<i>Difference between the carrying amount and taxable value of the properties</i>		
At the beginning of the year	-575	-559
Changes in temporary differences for the year according to the income statement	-123	-16
Acquired and divested assets	12	-
At the end of the year	-686	-575

Total deferred tax liability		
At the beginning of the year	-430	-529
Changes for the year according to the income statement	-67	99
Acquired and divested assets	75	0
At the end of the year in the Statement of financial position	-422	-430

NOTE 19 FINANCIAL ASSETS AND LIABILITIES – BY CATEGORY AND FAIR VALUE

Group MSEK	Financial assets/liabilities measured at fair value via profit/loss		Loans and accounts receivable		Other liabilities		Total carrying amount	
	2014	2013	2014	2013	2014	2013	2014	2013
Rents and accounts receivable	-	-	20	26	-	-	20	26
Derivatives	3	6	-	-	-	-	3	6
Cash and cash equivalents	-	-	594	284	-	-	594	284
Total	3	6	614	310	-	-	616	316
Non-current interest-bearing liabilities	-	-	-	-	15,531	11,829	15,531	11,829
Non-current derivatives	105	114	-	-	-	-	105	114
Current interest-bearing liabilities	-	-	-	-	229	1,831	229	1 831
Current derivatives	-	4	-	-	-	-	-	4
Accounts payable	-	-	-	-	161	105	161	105
Total	105	118	-	-	15,921	13,765	16,026	13,883

The carrying amount is a reasonable estimate of the fair value. On the balance-sheet date, the level of interest rates, including margins, for the loan matched the terms in the loan contracts. Accounts receivable and accounts payable have the same short durations.

Hemfosa uses fixed-income derivatives and interest-rate caps to financially hedge the interest-rate risks to which the Group is exposed. Derivatives are initially recognized at fair value, entailing that transaction expenses are charged against earnings for the period. Following initial recognition, fixed-income derivatives are measured at fair value according to measurement at Level 2. Changes in the value of the fixed-income derivatives are recognized in profit or loss.

Should an interest rate agreed through fixed-income derivatives deviate from the market interest rate, a theoretical surplus or deficit value will arise in the Statement of financial position. The fair value recognized in the Statement of financial position changes in line with changes in market interest rates and the term of the portfolio. The changes in value are recognized in profit or loss.

Fixed-income derivatives have been measured at fair value, corresponding to the market appraisal obtained from Bloomberg

independent financial system. Bloomberg applies an established measurement technique for simple interest-rate swaps, whereby a company pays a fixed interest rate or receives variable rates or vice versa, whichever is relevant for Hemfosa. Since the measurement is based on average values for actually traded contracts, such as Hemfosa's financial instruments, in various official market-places, the prices quoted reflect prices from several interest-rate brokers and various risk and liquidity premiums.

The value of interest-rate caps is recognized as the present value of the estimated flows during the position's remaining term. The estimated flows are calculated by viewing the strike and forward rates of 3 months STIBOR and volatility. If the forward rates (or volatility) then declines, the value of the caps will decrease.

Offsetting of financial instruments

Hemfosa has binding framework agreements, known as ISDAs, pertaining to its trading in derivatives, which enable Hemfosa to offset financial liabilities against financial assets in the event, for example, that a counterparty becomes insolvent; these are also known as netting agreements. In the tables below, amounts are presented for the netting agreements at December 31, 2014 and December 31, 2013, respectively.

Kvittning av finansiella instrument

MSEK	Dec 31, 2014		Dec 31, 2013	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Carrying amount in the balance sheet	3	105	6	118
Amount encompassed by netting	-3	-3	-6	-6
Amount after netting	0	102	0	112

NOTE 20 FINANCIAL RISKS AND RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The Group is exposed to various financial risks through its business activities. The financial risks take the form of market, liquidity and credit risks associated with financial instruments. The Board of Directors of Hemfosa has adopted a financial policy that governs how these risks are to be managed and controlled. All financial risks are managed, reported and analyzed by Hemfosa's financial department, which is tasked with identifying and to the greatest extent possible minimizing these risks. This is done according to the company's prevailing procedures, the aim of which is to limit the company's financial risks.

Financial policy

The financial policy provides guidelines and rules for how financing activities are to be conducted and stipulates the division of responsibility and administrative regulations. Deviation from Hemfosa's financial policy requires the approval of the Board of Directors. Responsibility for Hemfosa's financial transactions and risks is managed centrally by the Parent Company's Finance Department. Financial risk management is performed at portfolio level. Financial transactions are implemented on the basis of an assessment of Hemfosa's overall requirement of liquidity, financing and interest-rate risk.

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

- ensure that the financing operations are subject to efficient controls and conducted under orderly financial conditions
- ensure that Hemfosa is perceived as a professional business partner
- safeguard the company's loan financing
- formulate financial strategies and risk management in accordance with the prerequisites for the operations
- achieve the best possible financial net within the given risk mandate.

Hemfosa is to be a professional borrower and work to ensure that the company will always be offered financing on the best terms in the market, based on comparable borrowers and comparable collateral. In cases of property acquisitions where financing is a feature of the business transaction, the terms and conditions for the financing should be considered from the viewpoint of the entire business transaction.

- The company's total loan-to-value ratio may not exceed 75 percent (estimated at market value)
- The company must have at least four main creditors.
- Not more than 25 percent of the loan liability may fall due for renegotiation during the same 12-month period
- The average term for the loans may not be shorter than 1.5 years.

Räntebindning uppdelat per instrument 2014-12-31

Due date structure	Fixed-rate period					Proportion, %
	Overdraft facilities, MSEK	Derivatives, MSEK	Cap, MSEK	Amounts, MSEK		
<1 year	13,913	-6,654	-1,056	6,202		39
1-2 years	0	2,995	0	2,995		19
2-3 years	1,830	0	384	2,214		14
3-4 years	0	2,660	672	3,332		21
4-5 years	18	1,000	0	1,018		6
>5 years	0	0	0	0		0
Total	15,760	0	0	15,760		100

The average interest rate for Hemfosa's loan portfolio was 2.37 percent (4.48) at Dec 31, 2014. Concluded interest-rate swap agreements with a total volume of MSEK 6,654 (9,079) have

The basis for the company's choice of strategy for managing the interest-rate risk comprises the choice of an interest-rate maturity strategy for the loans combined with a selection of derivative instruments to alter the interest-rate risk. Follow-up of the financial objectives is conducted continuously via reporting to the Board of Directors prior to the submission of the company's interim reports.

Market risks

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. IFRS divides market risks into three types: currency risk, interest-rate risk and other price risks. For Hemfosa, the interest-rate risk is the significant one.

Interest-rate risk

The market risk that mainly affects Hemfosa is the interest-rate risk. Interest-rate risk could result in a change in fair value, changes in cash flow and fluctuations in the company's profit. The company is exposed to interest-rate risks due to its loan liabilities. In order to limit the interest-rate risk, meaning the risk that changes in interest rates will have an excessive impact on Hemfosa's borrowing costs, the Group has entered into and regularly enters into derivative agreements mainly in the form of interest-rate swaps with various maturities, whereby Hemfosa pays a contractual fixed interest rate in exchange for a variable market interest rate but also interest-rate caps.

Interest-rate caps function as an interest-rate ceiling whereby Hemfosa pays variable interest up to a predetermined interest rate. The interest-rate ceiling for the agreed interest-rate caps is 1.5 percent.

Sensitivity analysis at December 31, 2014

	Change	Earnings effect, MSEK
Interest expenses for current fixed-rate periods and changed interest rates ¹⁾	+/-1%	+/-61
Interest expenses for change in average interest rate ²⁾	+/-1%	+/-158
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/-1%	+/-209

1) Taking derivative agreements into account

2) Not taking derivative agreements into account

If, during the term of the derivatives, the variable market interest rate deviates from the contractual fixed interest rate for the derivatives, this gives rise to a theoretical surplus or deficit value for the financial instrument. The derivatives are recognized continuously at fair value in the Statement of financial position and the change in value, which has no impact on cash flow, is recognized in profit or loss. Hemfosa does not apply hedge accounting on financial instruments.

In accordance with the Group's financial policy, an even distribution between variable and fixed interest rates and between short-term and long-term maturities is sought after.

been taken into account when agreeing on the level of interest rates and terms. The underlying loans carry interest at a variable rate that is mainly based on STIBOR 3m.

Fixed-rate period distributed by instruments, Dec 31, 2013

Due date structure	Fixed-rate period				
	Overdraft facilities, MSEK	Derivatives, MSEK	Cap, MSEK	Amounts, MSEK	Proportion, %
<1 year	10,016	-7,979	-	2,036	20
1-2 years	136	1,300	-	1,436	14
2-3 years	0	3,995	-	3,995	39
3-4 years	0	700	-	700	7
4-5 years	9	1,985	-	1,994	20
>5 years	29	-	-	29	0
Total	10,190			10,190	100

Fixed-rate period, interest-rate swaps, Dec 31, 2014

Year	Volume, MSEK	Proportion, %	Average interest rate, %	Market value, MSEK
2015	0	0	0	0
2016	2,995	45	0.45	-9
2017	0	0	0	0
2018	2,660	40	1.10	-63
2019	1,000	15	1.26	-32
2020	0	0	0	0
Total	6,654	100	0.83	-105

Liquidity risk

Liquidity risk is the risk of not having sufficient payment capacity in the short and the long term to be able to honor the Group's payment obligations. The Finance Department provides short-term liquidity forecasts that establish payment obligations on a week-by-week basis and also long-term rolling 12-month liquidity forecasts. The forecasts are updated continuously on a weekly and quarterly basis.

In accordance with the financial policy, continuous work on refinancing the long-term loans concerned is conducted. The financial policy also addresses the matter of the investment of surplus liquidity. In addition, the Group has overdraft facilities to ensure more flexible cash management and to effectively deal with peaks and troughs in payment streams.

Fixed-rate period, interest-rate swaps, Dec 31, 2013

Year	Volume, MSEK	Proportion, %	Average interest rate, %	Market value, MSEK
2014	1,100	12	3.34	-4
2015	1,300	14	2.53	-33
2016	3,995	44	2.02	-61
2017	700	8	1.54	6
2018	1,985	22	2.33	-21
2019	0	0	0	0
Total	9,079	100	2.28	-112

Due date structure, financial liabilities Dec 31, 2014

MSEK	Loan maturity	Proportion, %	Interest, loan	Net interest, interest-rate swaps, negative value	Subtotal	Net interest, interest-rate swaps, positive value	Total
2015	243	2	338	36	374	0	374
2016	3,743	24	305	33	338	0	338
2017	6,540	42	198	28	226	0	226
2018	5,198	33	91	25	116	0	116
>2019	36	0	9	5	14	0	14
Total	15,760	100	941	127	1,068	0	1,068

Due date structure, financial liabilities Dec 31, 2013

MSEK	Loan maturity	Proportion, %	Interest, loan	Net interest, interest-rate swaps, negative value	Subtotal	Net interest, interest-rate swaps, positive value	Total
2014	1,660	16	334	78	411	3	414
2015	136	1	298	75	373	3	375
2016	4,585	45	231	49	280	3	282
2017	61	1	136	24	161	2	163
>2018	3,748	36	93	20	112	0	112
Total	10,190	100	1,092	245	1,337	10	1,347

Refinancing risks

Refinancing risk is the risk that financing or refinancing of the company's liabilities or operations cannot be obtained to the same extent or can only be obtained at a significantly higher cost.

Hemfosa works in accordance with a financial policy established by the Board of Directors, which stipulates, inter alia, general rules for the company's financing work and how the risks associated with financing operations are to be limited. The company engages in continuous discussions with existing and prospective financiers to ensure that the necessary financing can be obtained in all situations.

During 2014, approximately SEK 3.1 billion (8.5) was refinanced. Hemfosa's loan-to-value ratio at December 31, 2014 was 64.6 percent (62.6).

Loan maturity, Dec 31, 2014**MSEK**

Due date	Due date, nominal amount, loan	Proportion, %
2015	243	2
2016	3,743	24
2017	6,540	42
2018	5,198	33
>2019	36	0
Total	15,760	100

Loan maturity, Dec 31, 2013**MSEK**

Due date	Due date, nominal amount, loan	Proportion, %
2014	1,660	16
2015	136	1
2016	4,585	45
2017	61	1
2018	3,702	36
2019-	46	0
Total	10,190	100

Credit risk

Credit risk is the risk that a counterparty is unable to fulfil its commitments, thus resulting in a loss for the Hemfosa Group.

The most significant counterparty risk faced by the Hemfosa Group is that its tenants are unable to honor their rental payments according to the lease.

Table, due date structure, rent receivables

	Dec 31, 2014	Dec 31, 2013
Rent receivables not due	0	2
Rent receivables past due 0-30 days	12	16
Rent receivables past due 30-90 days	1	4
Rent receivables past due > 90 days	7	4
Total	20	26

In accordance with the Group's financial policy, the counterparties in all financial transactions, including deposits in bank accounts, are banks and credit institutions with a credit rating of at least A (S&P) or A3 (Moody's) for Swedish Banks and at least A (S&P) or Aa3 (Moody's) for overseas banks.

Loss of rent and vacancies

Hemfosa has a stable and well-diversified property portfolio with a focus on large and midsize cities and growth municipalities, with an established business community that has a need for premises.

Directly or indirectly tax-financed tenants account for approximately 50 percent of the lease portfolio, which limits the risk of rent losses. These tenants are less liable to relocate, resulting in a lease portfolio with a low tenant turnover. The risk of bad debts is also managed by conducting credit assessments of tenants for all new leases and continuously during the lease term.

The ten largest tenants represent one third of rental income and have differentiated periods of notice, thus limiting Hemfosa's exposure in the event that any of them giving notice to vacate their premises. The average remaining term for all Hemfosa's leases is 5.1 years and short-term changes in market rents will have no impact on rental income except through new leasing. However, the re-negotiation of leases occurs continuously. Leases with terms exceeding three years are normally completely or partly tied to the Consumer Price Index (CPI).

Capital management

The company's financial policy includes a specified risk mandate governing the activities that are permissible to achieve the best possible net financial items within the given risk mandate. The company's total loan-to-value ratio may not exceed 75 percent (calculated on market value) and the company's interest-payment capacity may not be lower than an interest coverage ratio of 1.5. When calculating the loan-to-value ratio, the shareholders loans are regarded as shareholders' equity.

The loan-to-value ratio for 2014 was 64.6 percent (62.6) an increase compared with the preceding year. The main reason for the increase was a large acquisition totaling SEK 6.4 billion implemented at the end of 2014, which was financed with a higher proportion of external capital.

Surplus liquidity is to be invested in low-risk liquid assets until such time as the funds can be used for investments. Liquidity is only to be used for accelerated amortization if no investments or acquisitions are planned for the foreseeable future.

No changes in the subsidiaries' capital management occurred during the year, apart from the covenants described in Note 17.

Neither the Parent Company nor any of the subsidiaries is subject to any external capital requirements.

The dividend shall amount to 60 percent of distributable profit over time. Distributable profit is defined as profit from property management less taxes paid and shares in the profit of joint ventures.

NOTE 21 OTHER CURRENT LIABILITIES**Group**

MSEK	Dec 31, 2014	Dec 31, 2013
Accrued financial expenses	59	25
Prepaid rental income	279	332
Other accrued expenses and prepaid income	103	28
Accounts payable	161	105
Current liabilities that are not interest-bearing	116	54
Total	717	544

NOTE 22 PLEDGED ASSETS, CONTINGENT LIABILITIES AND ASSETS

Pledged assets for external liabilities include pledges of properties, pledges of shares as well as pledges in internal promissory notes. The measurement of pledged assets is stated in the table below.

Group		
MSEK	Dec 31, 2014	Dec 31, 2013
Pledged assets		
<i>In the form of pledged assets for own debts and provisions</i>		
Property mortgages	19,684	14,750
Participations in Group companies	2,755	2,372
Total pledged assets	22,439	17,122
Contingent liabilities		
Sureties for liabilities in joint ventures	258	600
Total contingent liabilities	258	600

Parent Company

MSEK	Dec 31, 2014	Dec 31, 2013
Pledged assets		
<i>In the form of pledged assets for own debts and provisions</i>		
Participations in Group companies	283	2,533
Total pledged assets	283	2,533
Contingent liabilities		
Sureties for liabilities in Group companies	11,356	5,311
Sureties for liabilities in joint ventures	-	500
Total contingent liabilities	11,356	5,811

NOTE 23 RELATED PARTIES

Summary of related-party transactions

In Hemfosa, there were loans from the institutional shareholders up to March 2014. The loans amounted to MSEK 3,470 at December 31, 2013. Profit was charged with approximately MSEK 60 (312), corresponding to an interest rate of 9 percent of the loan amount.

The Board Members and the senior executives received fees for their assignments; refer to Note 5. No non-cash remuneration was paid.

Group

The Group owns shares in joint ventures, see Note 13. At December 31, 2014, the Group had no receivables from or liabilities to joint ventures. The same applied at December 31, 2013.

Parent Company

The Parent Company's fee from Group companies and joint ventures for providing central administrative services amounted to MSEK 58 (14) during the year. No other purchases occurred between the Parent Company and its Group companies.

NOTE 24 SPECIFICATIONS FOR THE CASH-FLOW STATEMENT

Group

MSEK	Dec 31, 2014	Dec 31, 2013
Adjustments for non-cash items for operating activities		
Depreciation of equipment	0	-
Share in profit/loss of joint ventures	-239	-125
Other	-	-5
Total non-cash items for operating activities	-239	-130

Interest paid and received

MSEK	Dec 31, 2014	Dec 31, 2013
Interest received	8	3
Interest paid	-473	-700

During the year, Hemfosa acquired companies at a value of SEK 4.4 billion. At the same time, Hemfosa took over receivables that were offset against debt for purchase consideration, which meant that cash flow was only impacted by a negative MSEK 0.1.

Parent Company

MSEK	Dec 31, 2014	Dec 31, 2013
Adjustments for non-cash items for operating activities		
Depreciation of equipment	0	0
Dividends from subsidiaries	570	0
Total non-cash items for operating activities	570	0

NOTE 25 IMPORTANT ESTIMATES AND ASSUMPTIONS

Group management has discussed the trend, the selection and disclosures pertaining to the Group's key accounting policies and estimates and application with the Board of Directors.

Measurement of investment properties

For key assumptions and assessments affecting the measurement of Hemfosa's investment properties, see Note 11.

Hemfosa recognizes its investment properties according to the fair value method. Declining market value will have a negative impact on the company's balance sheet and income statement. This could occur due to a weakened economic climate, rising interest rates, increasing operating costs and higher vacancies, as well as other property-specific events.

The market value of the property portfolio is assessed by independent well-established external valuation companies. The valuation is conducted quarterly and captures changes in the properties and the market that could affect the value of the properties. By using external valuation companies and continuously updating the valuations, Hemfosa believes that it has a reliable and true valuation of the property portfolio.

Tax

Hemfosa has at its disposal tax loss carryforwards that primarily derive from earlier operations. There are also loss carryforwards in property-owning subsidiaries. Hemfosa believes that it will be possible to utilize all loss carryforwards against all future surpluses according to applicable tax regulations.

However, Hemfosa cannot provide any guarantees that today's, or new tax regulations, will not entail restrictions on opportunities to utilize the loss carryforwards.

Classification of acquisitions

The IFRS 3 accounting standard states that acquisitions must be classified as business combinations or asset acquisitions. For each individual transaction, an individual assessment of the character of the acquisition is required. For all acquisitions in the year, the assessment has been that the transactions are to be considered assets acquisitions.

NOTE 26 SHARES IN GROUP COMPANIES

MSEK	Dec 31, 2014	Dec 31, 2013
<i>Accumulated cost</i>		
At the beginning of the year	2,533	-
Acquisitions	4,424	2,533
Reclassifications	31	-
Divestment	-2,250	-
Impairment	-2,077	-
Carrying amount at the end of the year	2,661	2,533

Shares in subsidiaries

Hemfosa Fastigheter AB's directly owned and indirectly owned subsidiaries are presented below.

Directly owned subsidiaries	Carrying amount Dec 31, 2014, MSEK	Corp. Reg. No.	Registered office	Number of shares/ participations	Proportion, %
Hemfosa Norden AB	2,312	556710-6892	Stockholm	5,000,000	100
Hemfosa Tetis AB	283	556847-5825	Stockholm	11,700,000	100
Hemfosa Kronfastigheter Holding AB	66	556950-1736	Nacka	50,000	100

Indirectly owned subsidiaries

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Proportion, %
Bocksten AB	556756-3662	Stockholm	1,000	100.00
Bråtabergsen Fastighets AB	556811-5298	Stockholm	100,000	100.00
Brämön 4 Logistikfastigheter AB	556796-5891	Stockholm	1,000	100.00
D Älgskytten 4 Fastighets AB	556606-3888	Stockholm	100	100.00
Fastighets AB Isgrundet	556797-3051	Stockholm	1,000	100.00
Fastighetsaktiebolaget Tre Skåne	556044-1031	Stockholm	50,000	100.00
Fastighetsbolaget Götaholm nr 1 Kommanditbolag	957200-7681	Nacka	n/a	100.00
Fastighetsbolaget Hemfosa Örebro Änsta AB	556704-3368	Stockholm	1,000	100.00
Färsna Skola AB	556885-1199	Stockholm	1,000	100.00
Gävle Hälsöfastigheter AB	556719-1480	Stockholm	1,000	100.00
Görban AB	556716-2127	Stockholm	1,000	100.00
Hemfosa Adler HoldCo AB	556848-8034	Stockholm	500	100.00
Hemfosa Adrian HoldCo AB	556837-4309	Stockholm	500	100.00
Hemfosa Alexander 2 AB	556987-6799	Stockholm	50,000	100.00
Hemfosa Alexander AB	556987-3937	Stockholm	500	100.00
Hemfosa Almby 13.772 HoldCo AB	556981-8817	Stockholm	500	100.00
Hemfosa Anis Teti AB	556866-3941	Stockholm	500	100.00
Hemfosa Arendal AB	556715-8174	Nacka	1,000	100.00
Hemfosa Armaturen AB	556372-6933	Stockholm	1,000	100.00
Hemfosa Bagaren Fastighets AB	556738-6270	Stockholm	1,000	100.00
Hemfosa Bastionen Teti AB	556866-8296	Stockholm	500	100.00
Hemfosa Bataljonsgatan Fastighets AB	556378-6267	Stockholm	2,000	100.00
Hemfosa Björnsjö Fastighets AB	556928-0505	Stockholm	500	100.00
Hemfosa Blackeberg AB	556822-2516	Stockholm	500	100.00
Hemfosa Blåbäret Holding AB	556874-5011	Stockholm	50,000	100.00

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Proportion, %
Hemfosa Borås Sexdalern 1 Teti Fastighets AB	556877-5216	Stockholm	500	100.00
Hemfosa Borås Teti AB	556866-8106	Stockholm	500	100.00
Hemfosa Borås Åkermyntan 5 Teti Fastighets AB	556877-5224	Stockholm	500	100.00
Hemfosa Bremen 3 Fastighets AB	556761-8953	Stockholm	1,000	100.00
Hemfosa Brödtorget KB	916585-7682	Stockholm	100	100.00
Hemfosa Bykvarn AB	556974-7792	Stockholm	500	100.00
Hemfosa Centrum 18:1 AB	556670-3491	Nacka	1,000	100.00
Hemfosa Centrum Fastighets AB	556803-3533	Stockholm	500	100.00
Hemfosa Cityfront Uppsala AB	556803-3525	Stockholm	500	100.00
Hemfosa Dallas AB	556830-9396	Stockholm	500	100.00
Hemfosa Danmarks-Säby 6:11 HoldCo AB	556983-3709	Stockholm	500	100.00
Hemfosa Danvikscenter AB	556822-0684	Stockholm	500	100.00
Hemfosa Dynamon 5 AB	556949-0716	Nacka	50,000	100.00
Hemfosa Ekebybruk Fastighets AB	556803-3517	Stockholm	500	100.00
Hemfosa Eken Holding AB	556828-8350	Stockholm	500	100.00
Hemfosa Enen Teti AB	556866-3925	Stockholm	500	100.00
Hemfosa Enköping AB	556670-3509	Nacka	1,000	100.00
Hemfosa Eskilstuna Teti AB	556866-3818	Stockholm	500	100.00
Hemfosa Eskilstuna Viljan 2 Teti Fastighets AB	556855-6657	Stockholm	500	100.00
Hemfosa Falun Fastighets AB	556983-3642	Stockholm	500	100.00
Hemfosa Farsta I AB	556678-5530	Nacka	1,000	100.00
Hemfosa Filipstad Teti AB	556866-3909	Stockholm	500	100.00
Hemfosa Filipstad Trasten 12 Teti Fastighets AB	556878-2527	Stockholm	500	100.00
Hemfosa Fornminnet 6 AB	556822-4991	Stockholm	500	100.00
Hemfosa Fyrislund Fastighets AB	556803-3541	Stockholm	500	100.00
Hemfosa Försäljaren Teti AB	556866-8072	Stockholm	500	100.00
Hemfosa Garvaren 5 AB	556949-0732	Nacka	50,000	100.00
Hemfosa Gasmätaren Teti AB	556866-3974	Stockholm	500	100.00
Hemfosa Gastuben Teti AB	556866-3958	Stockholm	500	100.00
Hemfosa Gillet Fastighets AB	556881-0583	Stockholm	500	100.00
Hemfosa Grönsta 2:52 AB	556822-4983	Stockholm	500	100.00
Hemfosa Gästrike AB	556663-1676	Nacka	1,000	100.00
Hemfosa Gävle 12:5 Teti AB	556866-3776	Stockholm	500	100.00
Hemfosa Gävle 4:3 Teti AB	556866-3768	Stockholm	500	100.00
Hemfosa Gävle Muréngatan AB	556929-8440	Stockholm	500	100.00
Hemfosa Gävle Norr 12:5 Teti Fastighets AB	556855-6566	Stockholm	500	100.00
Hemfosa Gävle Näringen 4:3 Teti Fastighets AB	556855-6533	Stockholm	500	100.00
Hemfosa Görväln 2 AB	556616-0114	Nacka	1,000	100.00
Hemfosa Göteborg 2:5 Teti AB	556866-3859	Stockholm	500	100.00
Hemfosa Göteborg 2:5 Teti Fastighets AB	556878-2451	Stockholm	500	100.00
Hemfosa Göteborg 2:8 Teti AB	556866-3842	Stockholm	500	100.00
Hemfosa Göteborg 2:8 Teti Fastighets AB	556878-2501	Stockholm	500	100.00
Hemfosa Hagfors 1 Teti Fastighets AB	556878-2410	Stockholm	500	100.00
Hemfosa Hagfors Teti AB	556866-3933	Stockholm	500	100.00
Hemfosa Hanba AB	556968-9259	Stockholm	500	100.00
Hemfosa Hedenstorp AB	556869-5125	Stockholm	500	100.00
Hemfosa Hisingen 32 AB	556974-7883	Stockholm	500	100.00
Hemfosa Hov och Övernäs Fastighets AB	556967-5951	Stockholm	500	100.00
Hemfosa Huddinge AB	556936-1180	Stockholm	500	100.00
Hemfosa Hudiksvall Grottan 7 Teti Fastighets AB	556855-6541	Stockholm	500	100.00
Hemfosa Hudiksvall Teti AB	556866-3792	Stockholm	500	100.00
Hemfosa Husby Teti AB	556866-8346	Stockholm	500	100.00
Hemfosa Härbärgen AB	556970-6095	Stockholm	500	100.00
Hemfosa Härryda Baggatomen 6:1 Teti Fastighets AB	556877-5265	Stockholm	500	100.00
Hemfosa Härryda KB	969616-1224	Nacka	1,000	100.00
Hemfosa Härryda Teti AB	556866-8122	Stockholm	500	100.00
Hemfosa Kiruna Fastighets AB	556937-3896	Stockholm	500	100.00
Hemfosa Vilande I AB	556937-3748	Stockholm	500	100.00
Hemfosa Västra Götalandsregionen Fastighets AB	556937-3649	Stockholm	500	100.00
Hemfosa i Göteborg Fastighets AB	556802-5851	Stockholm	1,000	100.00
Hemfosa i Norrland AB	556974-7776	Stockholm	500	100.00
Hemfosa i Värnamo Fastigheter AB	556101-5107	Stockholm	80,000	100.00
Hemfosa i Växjö Fastigheter AB	556192-5305	Stockholm	1,000	100.00

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Proportion, %
Hemfosa Iput Förvaltning AB	556862-9876	Stockholm	500	100.00
Hemfosa Jungfrun 11 Fastighets AB	556911-2914	Stockholm	500	100.00
Hemfosa Karlskrona AB	556818-4658	Stockholm	500	100.00
Hemfosa Karlskrona Fastighets AB	556817-1416	Stockholm	50,000	100.00
Hemfosa Karlstad Bryggaren 12 AB	556820-8325	Stockholm	500	100.00
Hemfosa Karlstad Örnen 4 AB	556820-8333	Stockholm	500	100.00
Hemfosa Karolinen Fastigheter AB	556669-8394	Stockholm	1,000	100.00
Hemfosa Kilbäcksgatan 7 AB	556549-9620	Nacka	1,000	100.00
Hemfosa Kisa AB	556851-4417	Stockholm	50,000	100.00
Hemfosa Kortedala Teti AB	556866-8270	Stockholm	500	100.00
Hemfosa Kristianstad AB	556608-9339	Stockholm	1,000	100.00
Hemfosa Kronfastigheter AB	556950-1744	Nacka	50,000	100.00
Hemfosa Kronfastigheter Gävle Norr KB	969668-4787	Gävle	100	100.00
Hemfosa Kryss 8 Teti AB	556866-3800	Stockholm	500	100.00
Hemfosa Kryss 8 Teti Fastighets AB	556878-2394	Stockholm	500	100.00
Hemfosa Kungsgatan 2-8 AB	556519-3108	Nacka	21,000	100.00
Hemfosa Kungälv Skruven 3 Teti Fastighets AB	556877-5133	Stockholm	500	100.00
Hemfosa Kungälv Försäljaren 9 Teti Fastighets AB	556877-5232	Stockholm	500	100.00
Hemfosa Källsta AB	556688-8045	Stockholm	1,000	100.00
Hemfosa Lagunen Fastigheter AB	556176-1874	Stockholm	50,000	100.00
Hemfosa Life Science AB	556819-2842	Stockholm	500	100.00
Hemfosa Linnea Fastighets AB	556974-7875	Stockholm	500	100.00
Hemfosa Litografen AB	556578-3262	Stockholm	1,000	100.00
Hemfosa LND Fastighets AB	556827-3493	Stockholm	500	100.00
Hemfosa Luleå AB	556672-2632	Stockholm	1,000	100.00
Hemfosa Lyrestads Klockarbol Fastighets AB	556986-3201	Stockholm	50,000	100.00
Hemfosa Magasinet 7 KB	969688-0013	Stockholm	100	100.00
Hemfosa Malmen Fastighets AB	556561-0788	Stockholm	1,000	100.00
Hemfosa Malmö Skjutsstallslyckan 22 Teti Fastighets AB	556855-1120	Stockholm	500	100.00
Hemfosa Malmö Teti AB	556866-2927	Stockholm	500	100.00
Hemfosa Marieberg 5 KB	969684-6915	Stockholm	100	100.00
Hemfosa Mark Mekanikern 1 Teti Fastighets AB	556877-5273	Stockholm	500	100.00
Hemfosa Mark Teti AB	556866-8130	Stockholm	500	100.00
Hemfosa Mattläggaren 1 AB	556743-8022	Stockholm	1,000	100.00
Hemfosa MF Eskilstuna AB	556680-4836	Stockholm	1,000	100.00
Hemfosa MF Haninge AB	556688-0232	Stockholm	1,000	100.00
Hemfosa MF Norrköping AB	556688-0216	Stockholm	1,000	100.00
Hemfosa MF O AB	556688-0281	Stockholm	1,000	100.00
Hemfosa MF PD AB	556688-0265	Stockholm	1,000	100.00
Hemfosa MF SK AB	556688-0273	Stockholm	1,000	100.00
Hemfosa MF Sollentuna AB	556688-0257	Stockholm	1,000	100.00
Hemfosa Mimer 7 AB	556661-5125	Nacka	400	100.00
Hemfosa Missionen 2 Fastighets AB	556981-8767	Stockholm	500	100.00
Hemfosa Märsta 24:4 AB	556661-9671	Nacka	1,000	100.00
Hemfosa Mölndal Anisen 2 Teti Fastighets AB	556878-2485	Stockholm	500	100.00
Hemfosa Mölndal Gasmätaren 2 Teti Fastighets AB	556878-2493	Stockholm	500	100.00
Hemfosa Mölndal Gastuben 4 Teti Fastighets AB	556878-2519	Stockholm	500	100.00
Hemfosa Mölndal Snödroppen 2 Teti Fastighets AB	556878-2543	Stockholm	500	100.00
Hemfosa Mölndal Tulpanen 3 Teti Fastighets AB	556878-2550	Stockholm	500	100.00
Hemfosa Najaden AB	556822-0759	Stockholm	500	100.00
Hemfosa Nord AB	556971-2945	Stockholm	500	100.00
Hemfosa Nordvästra Uppsala AB	556974-7768	Stockholm	500	100.00
Hemfosa Norrmalm 4:6 AB	556653-2247	Nacka	1,000	100.00
Hemfosa Nyby Fastigheter AB	556974-7941	Stockholm	500	100.00
Hemfosa Nynäshamn AB	556920-3168	Stockholm	50,000	100.00
Hemfosa Orkestern 2 AB	556571-2105	Nacka	1,000	100.00
Hemfosa Partille Teti AB	556866-8304	Stockholm	500	100.00
Hemfosa Repslagaren 10 AB	556949-0742	Nacka	50,000	100.00
Hemfosa Residens AB	556818-4484	Stockholm	500	100.00
Hemfosa Riksdalern AB	556858-5458	Stockholm	50,000	100.00
Hemfosa Riverhook Holdco AB	556959-1372	Stockholm	1,000	100.00
Hemfosa Rosefinken 2 AB	556902-7898	Stockholm	500	100.00
Hemfosa Rådanvägen AB	556974-7909	Stockholm	500	100.00

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Proportion, %
Hemfosa Signalisten i Västerås HoldCo AB	556983-3931	Stockholm	500	100.00
Hemfosa Sigtuna Rosersberg 11:37 Teti Fastighets AB	556878-2436	Stockholm	500	100.00
Hemfosa Sigtuna Teti AB	556866-8338	Stockholm	500	100.00
Hemfosa Sigvald 6 AB	556909-4757	Stockholm	500	100.00
Hemfosa Sikhjälma AB	556858-1267	Stockholm	500	100.00
Hemfosa Skolfastigheter AB	556819-2891	Stockholm	500	100.00
Hemfosa Skruven Teti AB	556866-8312	Stockholm	500	100.00
Hemfosa Skövde 17 AB	556971-2937	Stockholm	500	100.00
Hemfosa Småland AB	556818-4666	Stockholm	500	100.00
Hemfosa Smålandsfastigheter Fastighets AB	556713-1866	Stockholm	1,000	100.00
Hemfosa Snödroppen Teti AB	556866-3966	Stockholm	500	100.00
Hemfosa Solbacken Teti AB	556866-8320	Stockholm	500	100.00
Hemfosa Solen AB	556796-8408	Stockholm	1,000	100.00
Hemfosa Stockholm AB	556740-9841	Stockholm	100,000	100.00
Hemfosa Strängnäs Holding AB	556736-5365	Stockholm	100,000	100.00
Hemfosa Strängnäs I AB	556706-3382	Stockholm	1,000	100.00
Hemfosa Sundsvall AB	556676-6415	Stockholm	1,000	100.00
Hemfosa Sundsvall Pan 5 AB	556971-2960	Stockholm	500	100.00
Hemfosa Svalöv Möllarp 3:2 Teti Fastighets AB	556845-8730	Stockholm	500	100.00
Hemfosa Svalöv Teti AB	556866-2844	Stockholm	500	100.00
Hemfosa Sverige AB	556780-5816	Stockholm	10,000,000	100.00
Hemfosa Sägklingan 10 AB	556906-5757	Stockholm	500	100.00
Hemfosa Söder 18:19 AB	556545-7024	Nacka	1,000	100.00
Hemfosa Söderbymalm AB	556822-0742	Stockholm	500	100.00
Hemfosa Södertälje AB	556676-6514	Stockholm	1,000	100.00
Hemfosa Södertälje Enen 8 Teti Fastighets AB	556878-2386	Stockholm	500	100.00
Hemfosa Sörby Urjäll 29:1 AB	556627-4162	Nacka	100,000	100.00
Hemfosa Takläggaren Fastighets AB	556625-5658	Stockholm	1,000	100.00
Hemfosa Tallrotsgatan AB	556974-7958	Stockholm	500	100.00
Hemfosa Tegel bruket Fastighets AB	556974-7917	Stockholm	500	100.00
Hemfosa Tjockö I AB	556006-7976	Nacka	600	100.00
Hemfosa Tordyveln 1 AB	556974-7891	Stockholm	500	100.00
Hemfosa Torlunda 1:278 Kommanditbolag	916624-6232	Nacka	1,000	100.00
Hemfosa Torlunda 1:278 HoldCo AB	556983-3634	Stockholm	500	100.00
Hemfosa Trappan 08 AB	556974-7933	Stockholm	500	100.00
Hemfosa Trollhättan Teti AB	556866-8098	Stockholm	500	100.00
Hemfosa Trollhättan Teti Fastighets AB	556877-5240	Stockholm	500	100.00
Hemfosa Tulpanen Teti AB	556866-3917	Stockholm	500	100.00
Hemfosa Tunnan i Trollhättan AB	556938-3994	Stockholm	500	100.00
Hemfosa Uddevalla Bastionen 28 Teti Fastighets AB	556878-2600	Stockholm	500	100.00
Hemfosa Uddevalla Hvitfeldt 22 Teti Fastighets AB	556878-2469	Stockholm	500	100.00
Hemfosa Uddevalla I AB	556694-7841	Nacka	1,000	100.00
Hemfosa Uddevalla Teti AB	556862-9884	Stockholm	500	100.00
Hemfosa Udevalla Solbacken 10 Teti Fastighets AB	556878-2618	Stockholm	500	100.00
Hemfosa Ullervad Fastighets AB	556974-7925	Stockholm	500	100.00
Hemfosa Umedalenfastigheter AB	556695-4870	Stockholm	1,000	100.00
Hemfosa Umeå AB	556676-6423	Stockholm	1,000	100.00
Hemfosa Unaman 8 Fastighets AB	556911-2906	Stockholm	500	100.00
Hemfosa Upplands Väsby Teti AB	556866-8189	Stockholm	500	100.00
Hemfosa Upplands Väsby Törnby 2:2 Teti Fastighets AB	556878-2402	Stockholm	500	100.00
Hemfosa Uppsala AB	556676-6431	Stockholm	1,000	100.00
Hemfosa Vaggeryd Holding AB	556870-6070	Stockholm	50,000	100.00
Hemfosa Valhalla 1:6 HoldCo AB	556983-3626	Stockholm	500	100.00
Hemfosa Vallentuna-Mörby 1:118 KB	969601-2633	Stockholm	100	100.00
Hemfosa Vendelsö AB	556845-2287	Stockholm	500	100.00
Hemfosa Wera AB	556987-3945	Stockholm	500	100.00
Hemfosa Vetlanda AB	556818-4476	Stockholm	500	100.00
Hemfosa Vimmerby AB	556720-6510	Stockholm	1,000	100.00
Hemfosa Vindruvan 22 Fastighets AB	556911-2872	Stockholm	500	100.00
Hemfosa VMO Fastighets AB	556942-6413	Stockholm	500	100.00
Hemfosa Vonco Fastighets AB	556761-9043	Stockholm	1,000	100.00
Hemfosa VXJ Fastighets 2 AB	556942-6504	Stockholm	500	100.00
Hemfosa Vänersborg KB	916848-9087	Nacka	1,000	100.00

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Proportion, %
Hemfosa Värnamo AB	556818-4443	Stockholm	500	100.00
Hemfosa Väst AB	556987-3853	Stockholm	500	100.00
Hemfosa Västberga Gård 2 AB	556604-0100	Nacka	1,000	100.00
Hemfosa Västernorrland AB	556974-7966	Stockholm	500	100.00
Hemfosa Västerås 1 AB	556676-6464	Stockholm	1,000	100.00
Hemfosa Västerås 2 AB	556676-6449	Stockholm	1,000	100.00
Hemfosa Västhagen Holdco AB	556959-1380	Stockholm	1,000	100.00
Hemfosa Växjö AB	556818-4450	Stockholm	500	100.00
Hemfosa Växjö Cityfastighet AB	556868-6710	Stockholm	500	100.00
Hemfosa Växjö Logistikfastigheter AB	556782-8420	Stockholm	100,000	100.00
Hemfosa Åkermyntan Teti AB	556866-8114	Stockholm	500	100.00
Hemfosa Årsta AB	556822-2508	Stockholm	500	100.00
Hemfosa ÖK 4:7 AB	556970-6087	Stockholm	500	100.00
Hemfosa Öst AB	556990-6547	Stockholm	500	100.00
Hemfosa Österåker AB	556818-4682	Stockholm	500	100.00
Hemfosa Österåker Husby Teti Fastighets AB	556878-2428	Stockholm	500	100.00
HF Almy 13.772 PropCo AB	556971-7209	Stockholm	50,000	100.00
HF Björnsjö 42.1 AB	556776-5895	Stockholm	1,000	100.00
HF Danmarks-Säby 6:11 PropCo AB	556865-9899	Stockholm	1,000	100.00
HF Falun PropCo AB	556769-8559	Stockholm	1,000	100.00
HF Finspång Fastigheter AB	556986-3177	Stockholm	50,000	100.00
HF Gamla Uppsala 94:6 Fastighets AB	556798-0148	Stockholm	1,000	100.00
HF Hisingen 32 Fastighets AB	556855-6830	Stockholm	500	100.00
HF Kungsängsilija Fastighets AB	556865-3215	Stockholm	500	100.00
HF Lötén 6:6 Fastighets AB	556803-0356	Stockholm	1,000	100.00
HF Marschen 1 Fastighets AB	556986-3227	Stockholm	50,000	100.00
HF Missionen PropCo AB	556971-7233	Stockholm	50,000	100.00
HF Nannylund Fastighets AB	556709-9204	Stockholm	1,000	100.00
HF Norrlandshus Fastighets AB	556744-8146	Stockholm	1,000	100.00
HF Regulatorvägen Fastighets AB	556863-0775	Stockholm	500	100.00
HF Roten 6 Fastighets AB	556986-3235	Stockholm	50,000	100.00
HF Roten 9 och Sköle 17 Fastigheter AB	556986-3045	Stockholm	50,000	100.00
HF Signalisten PropCo AB	556978-3599	Stockholm	1,000	100.00
HF Tordyveln 1 Fastighets AB	556986-3219	Stockholm	50,000	100.00
HF Trappan 08 AB	556746-9845	Stockholm	1,000	100.00
HF Ullervad 14:19 Fastighets AB	556986-3185	Stockholm	50,000	100.00
HF Valhalla 1.6 Eskilstuna PropCo AB	556799-7928	Stockholm	100	100.00
HF Växjölokaler Fastighets AB	556720-5629	Stockholm	1,000	100.00
Project Coast Luleå Handelsbolag	969687-0253	Västerås	n/a	100.00
Project Coast Skellefteå Handelsbolag	969687-0287	Skellefteå	n/a	100.00
Project Coast Sundsvall Handelsbolag	969687-0279	Västerås	n/a	100.00
Project Coast Umeå Handelsbolag	969687-0246	Västerås	n/a	100.00
Ribby Ångar Bostads AB	556887-6881	Nacka	500	100.00
Ribby Ångar Dotter 1 AB	556919-5000	Stockholm	500	100.00
Ribby Ångar Dotter 2 AB	556989-3562	Stockholm	500	100.00
Ribby Ångar Dotter 3 AB	556989-3612	Stockholm	500	100.00
Ribby Ångar Entreprenad AB	556921-3696	Stockholm	500	90.00
Samuel 2 Västerås AB	556720-6346	Stockholm	2,000	100.00
Skolfastighet i Lödde AB	556791-1036	Stockholm	1,000	100.00
Skolfastigheter i Parken AB	556766-4718	Stockholm	1,000	100.00
TBH Logistikfastigheter AB	556796-5909	Stockholm	1,000	100.00
Tryckerivägen i Landvetter AB	556748-0537	Stockholm	1,000	100.00
Tyresö Hus Fastighets AB	556814-7945	Stockholm	500	100.00
Valbo Hälsöfastigheter AB	556721-7913	Stockholm	1,000	100.00
Weibullsholm Östra LF AB	556796-5917	Nacka	1,000	100.00
Väsby Hus Fastighets AB	556814-7952	Stockholm	500	100.00
Åkersberga Företagsfastigheter AB	556508-3234	Stockholm	1,000	100.00
Åkersberga Företagshus AB	556544-1994	Stockholm	1,000	100.00

NOTE 27 SHAREHOLDERS' EQUITY**Parent Company**

Trend of share capital	Date	Shares, number	Par value SEK	Share premium amounts, MSEK	Share capital, MSEK
Paid in share capital	January -13	50,000	1	0	0
New issue, ordinary shares	June -13	22,207,103	1	2,228	22
New issue, ordinary shares	June -13	2,792,897	1	280	3
Reduction in ordinary shares	June -13	-50,000	1	0	0
Issue of ordinary shares offsetting debt	March -14	30,937,495	1	2,939	31
New issue, ordinary shares	March -14	9,782,608	1	799	10
New share issue, preference shares	December -14	5,000,000	1	1,586	5
Total		70,720,104		7,832	71

NOTE 28 NON-CURRENT INTEREST-BEARING
LIABILITIES

Non-current interest-bearing liabilities fall due for payment as follows:

Parent Company

MSEK	Dec 31, 2014	Dec 31, 2013
Between one and five years	1,275	3,470
Later than five years	-	-

BOARD ASSURANCE

The Board of Directors and the Chief Executive Officer give their assurance that this Annual Report provides a true and fair impression 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, March 23, 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

Auditors' Report

To the Annual General Meeting of Hemfosa Fastigheter AB (publ), Corp. Reg. No.: 556917-4377

Report on the annual accounts and the consolidated financial statements

We have audited the annual accounts and the consolidated financial statements of Hemfosa Fastigheter AB (publ) for the fiscal year from January 1, 2014 to December 31, 2014 with the exception of the Corporate Governance Report on pages 37–46. The company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 37–46 and 50–89.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated financial statements

The Board and the CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2014 and of its financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not encompass the Corporate Governance Report on pages 37–46. The statutory administration report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet for the Parent Company and statement of comprehensive income and the statement of financial position for the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and the consolidated financial statements, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Hemfosa Fastigheter AB (publ) for the year 2014. We have also performed a statutory review of the Corporate Governance Report.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act and for ensuring that the Corporate Governance Report on pages 37–46 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained, as described above, is sufficient and appropriate to provide a basis for our opinion.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially more limited in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

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

A Corporate Governance Report has been prepared and its statutory information is compliant with the provisions of the Companies Act and the other features of the annual accounts and consolidated financial statements.

Stockholm, March 27, 2015

KPMG AB

Mattias Johansson
Authorized Public Accountant

Glossary

Return on equity

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

Loan-to-value ratio

Interest-bearing liabilities at the end of the year as a percentage of the carrying amount of the properties in the statement of financial position.

Yield

Net operating income for the year as a percentage of the carrying amounts of the properties, adjusted for the holding period of the properties.

Equity per ordinary share

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

Equity per preference share

Equity per preference share corresponds to the average issue price of SEK 325 per share for the preference shares.

Economic leasing rate

Rental income as a percentage of the rental value during the year.

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 year, 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 preference share's issue price multiplied by the number of preference shares.

Earnings per ordinary share

Earnings for the year, 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.

Total return

Net operating income for the year, adjusted for the holding period of the properties, including changes in the value of the properties, in relation to the carrying amount of the properties.

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.

Property listing

COMMUNITY SERVICE PROPERTIES

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
Hoppet 6	Judicial	Solgatan 1	Alingsås	1957	1978	7,354	
Tigern 4	Judicial	Oscarsgatan 6	Alingsås	1899	1958	1,763	
Abborren 13	Judicial	Kungsgatan 42	Avesta	1974	1974	5,581	
Sparven 1	Judicial	Garnisonsgatan 6B	Boden	1930	1939	7,953	
Illern 4	Judicial	Riksvägen 19	Bräcke	1984	1984	435	
Boken 12	Office	Björkvägen 2	Eksjö	1958	1960	2,350	
Nannylund 1	Judicial	Mosstegsgatan 2	Eksjö	2009	2009	6,222	
Viljan 2	Office	Kungsgatan 13	Eskilstuna	1976	1976	9,162	
Vipan 14	Judicial	Nygatan 4	Eskilstuna	1958	1958	8,551	
Länsmannen 1	Judicial	Trädgårdsgatan 41	Falköping	1973	1973	3,998	
Trasten 7	Office	Viktoriagatan 6	Filipstad	1985	1985	2,528	
Betaren 4	Care services	Profilvägen 8	Finspång	1973	-	1,991	
Hårstorp 3:366	Care services	Hårstorpsvägen 13	Finspång	1972	-	2,880	
Östermalm 1:12	Care services	Södra Storängsvägen 50	Finspång	1950, 1960, 1994	-	8,510	
Tegelbruket 3	Care services	Östermalmsvägen 55	Finspång	2003	-	3,275	
Othem Stenhuggaren 2	Office	Kronbrunnsgatan 8	Gotland	1983	-	531	
Alkan 1	Judicial	Kvarngatan 2	Gällivare	1993	1993	4,530	
Beckasinen 11	Office	Kvarngatan 3	Gällivare	1983	1983	3,548	
Björnsjö 42:1	School	Pukslagarvägen 20	Gävle	1983, 1994	-	3,391	
Markheden 4:45, 4:46	Healthcare	Bäckvägen 5	Gävle	2009	-	1,986	
Sätra 108:21	Healthcare	Folkparksvägen 5	Gävle	2009	-	1,784	
Sätra 108:23	School	Folkparksvägen 5	Gävle	2009	-	498	
Guldheden 8:11	School	Reutersgatan 2C	Göteborg	1992	1995	10,500	L
Borgmästaren 4	Office	Dalavägen 8	Hagfors	1962	1980	4,917	
Vendelsö 3:1986	School	Norrbyvägen 104	Haninge	2012	-	4,857	
Söderbymalm 3:481	School	Marinens Väg 30	Haninge	1991	1991	14,759	
Söderbymalm 3:482	School	Marinens Väg 30	Haninge	1999	-	12,364	
Ribby 1:478	Residential	Ribby Allé 13A	Haninge	2014	2014	8,758	
Söderbymalm 3:486	Office	Rudsjöterrassen 2	Haninge	1988	1988	22,826	
Batteriet 6	School	Regulatorvägen 11	Huddinge	1993, 2003, 2014	-	3,819	
Gjutaren 6	Judicial	Norra Kyrkogatan 17A	Hudiksvall	1975	1975	6,226	
Grottan 7	Office	Kullgatan 5	Hudiksvall	1978	-	7,816	
Domaren 9	Office	Fjällvägen 15A	Härjedalen	1879	1929	845	
Akvilejan 4	School	Brännnavägen 29	Härnösand	1972	-	1,339	
Åland 22:1	School	Åland 650	Härnösand	1989	-	3,463	
Bondsjö 2:312	School	Slåttervägen 3	Härnösand	1954	-	2,807	
Bondsjö 2:338	School	Daghemsvägen 2	Härnösand	1976	-	653	
Brunne 12:18	School	Brunne 135	Härnösand	1989	-	2,906	
Eleven 1	School	Gymnastikgatan 4	Härnösand	1966	-	3,671	
Fastlandet 2:84	Care services	Hospitalsgatan 12	Härnösand	1845, 1862, 1950, 1971, 1980, 1988	1980	12,367	
Fastlandet 2:90	Recreational	Murbergsvägen 1	Härnösand	1960	-	1,575	
Geresta 1	School	Rosenbäcksgatan 39	Härnösand	1998	-	10,392	
Häcken 13	Care services	Källvägen 10	Härnösand	1996	-	787	
Hopparen 1	School	Murbergsvägen 25	Härnösand	1950	-	884	
Hörnän 2	School	Sehlstedtsvägen 1	Härnösand	1985	-	753	
Inspektorn 11	School	Brunnshusgatan 18	Härnösand	1903	-	24,087	
Läraren 1	School	Kastellgatan 35	Härnösand	1955	-	3,953	
Ön 2:63	Care services	Rosenbäcksgatan 15 A	Härnösand	1929, 1963	1979	5,141	

COMMUNITY SERVICE PROPERTIES CONT.

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
Orren 12	Care services	Institutgatan 16 B	Härnösand	1980	-	238	
Oxen 1	School	Sköldgatan 1	Härnösand	1968	-	805	
Prylen 1	School	Skolgränd 2	Härnösand	1968	-	829	
Rådhuset 6	Office	Norra Kyrkogatan 3	Härnösand	1959	1966	2,821	
Sågen 10	Care services	Kiörningsgatan 20	Härnösand	1955	-	755	
Solen 15	School	Södra Vägen 22	Härnösand	1895	-	10,869	
Stenhammar 1:223	School	Tjädevägen 114	Härnösand	1994	-	1,139	
Stenhammar 1:224	School	Koltrastvägen 171	Härnösand	1981	-	242	
Torget 1	Other	Stora Torget 2	Härnösand	1863	-	798	
Vangsta 1:102	School	Trumpetgatan 50	Härnösand	1976	-	830	
Västansjö 1:41	School	Folketshusv. 7	Härnösand	1963	-	327	
Västansjö 1:86	School	Folketshusvägen 9	Härnösand	1971	-	3,742	
Venus 7	Care services	Lönegrengsgatan 2 & 8 Vårstagatan 9, Vårstagatan 7	Härnösand	1950	1955	2,055	
Vinstocken 2	Office	Norra Kyrkogatan 2	Härnösand	1955	1955	2,904	
Adjunkten 1	Office	Backgränd 18	Härnösand	1962	1962	5,452	
Duvan 2	Judicial	Storgatan 2	Härnösand	1971	1971	6,535	
Hovsjorden 7, 9	Office	Rosenbäckshallén 18E	Härnösand	1919	-	9,561	
Juristen 6	Office	Nybrogatan 15B	Härnösand	1865	1929	7,119	
Åland 1:91	Care services	Nämndemansvägen 4A	Härnösand	1948	-	2,765	
Brunne 12:21	Care services	Brunne 157	Härnösand	1993	-	2,923	
Folkskolan 3	Office	Brunnshusgatan 4	Härnösand	1912	-	5,971	
Högsjö-Dal 2:90	Care services	Hälledalsvägen 53	Härnösand	1970	-	3,510	
Kattastrand 3:2	Healthcare	Solumsvägen 6	Härnösand	1961	1970	565	
Ön 2:58	Care services	Volontärvägen 39	Härnösand	1992	-	5,727	
Skolan 1	Care services	Norra Ringvägen 23	Härnösand	1947	1966	7,291	
Sländan 12	Care services	Brännvägen 67	Härnösand	1970	-	5,634	
Kullbäckstorp 2:268	School	Kvarnbacken 2	Härnösand	1988, 1992	-	7,237	
Kullbäckstorp 2:470	Land	Kvarnbacken 2	Härnösand	-	-	0	
Hantverkaren 1	Judicial	Värmlandsvägen 25	Karlskoga	1983	1983	6,890	
Bakareboda 1:162	Care services	Servicevägen 1	Karlskrona	1970, 2006	-	2,125	
Karlskrona 3:3	School	Arenavägen 1-11	Karlskrona	1940, 1973, 1995	1973	30,876	
Bryggaren 12	Office	Växnäsgränd 5A	Karlstad	1955	1967	12,144	
Karolinen 2	Office	Växnäsgränd 10	Karlstad	1978	1978	47,372	
Mätaren 3	Office	Bryggaregatan 11	Karlstad	1986	1986	5,618	
Örnen 4	Office	Kungsgatan 11	Karlstad	1869	1997	6,194	
Hjorten 1	Judicial	Djulögatan 26	Katrineholm	1984	1984	4,917	
Stjärnebo 1	Healthcare	Danboms Väg 2A	Kinda	1953	-	7,600	
Finkan 7	Judicial	Konduktörsgatan 2	Kiruna	1974	1974	5,598	
Fängelset 5	Judicial	Götgatan 1	Kristianstad	1952	1952	5,777	
Hunden 12	School	Götgatan 4	Kristianstad	1955, 2013	-	6,001	
Kristianstad 4:45	Judicial	Östra Kaserngatan 1	Kristianstad	1976	1976	11,041	
Kristianstad 4:7	Office	Kockumsgatan 6	Kristianstad	1904, 1906, 1940	1929, 1940	14,348	
Södra Kasern 2	Office	Västra Storgatan 51L	Kristianstad	1790	1981	25,972	
Uroxen 15	Office	Kungsgatan 30	Kristinehamn	1975	1975	6,950	
Löddeköpinge 23:26	School	Kunskapsvägen 1	Kävlinge	2011	-	3,000	
Botulf 4	Office	Hultgrensgatan 4	Köping	1969	1969	2,766	
Kyrkokvarteret 11	Judicial	Prästgatan 6	Lindesberg	1981	1981	5,748	
Norra Ljungkullen 7	Judicial	Södra Torggatan 1	Ljungby	1979	-	5,338	
Von Conow 57	Office	Själbodgatan 6-8	Malmö	1984	1984	6,910	

COMMUNITY SERVICE PROPERTIES CONT.

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
Lyrestads Klockarbol 5:39	Care services	Sjötorp svägen 2	Mariestad	1958	-	4,284	
Tordyveln 1	Healthcare	Brätenvägen 4	Mariestad	1984	-	810	
Ullervad 14:19	Care services	Ullervadsvägen 4A	Mariestad	1963, 2011	-	7,315	
Mekanikern 1	Judicial	Boråsvägen 50	Mark	1957	1957	2,314	
Väljaren 10	Office	Kungsvägen 69	Mjölby	1984	1984	4,354	
Ingenjören 6	Judicial	Järnvägsparken 1	Motala	1974	1974	6,979	
Presidenten 1	Office	Slottsgatan 78	Norrköping	1975	1975	35,515	
Biotiten 1	Preschool	Balders Bäge 2	Norrtälje	2012	-	3,087	
Älgen 17	Care services	Höjdgatan 3	Nynäshamn	1993	-	1,137	
Vakten 1	Office	Södergatan 1	Nässjö	1985, 1996, 2008	1985	2,634	
Venus 11	Judicial	Slottsgatan 5	Oskarshamn	1955	1955	4,535	
Brunnsgården 6	Office	Brännavägen 9	Skellefteå	1955	1955	1,999	
Måsen 21	Judicial	Strandgatan 47	Skellefteå	1975	1975	8,795	
Lärkan 8	Judicial	Hågestavägen 2	Sollefteå	1975	1975	5,250	
Skedom 21:1, 21:4	Office		Sollefteå	1957	-	2,500	
Tackan 9	Office	Bygdevägen 18	Sollentuna	1971, 2013	1979	5,926	
Marschen 1	Care services	Rådanvägen 27	Sollentuna	2006	-	4,308	
Transporten 2	Judicial	Tingsvägen 7	Sollentuna	1980	1980	16,835	
Stenung 3:84, 106:7	Office	Kyrkvägen 1	Stenungsund	1954	-	2,000	
Norrmannen 11	Healthcare	Vinjegatan 8	Stockholm	1974	-	3,775	L
Bremen 3	Office	Tegeluddsvägen 1	Stockholm	1963, 2006	2006	21,168	
Görväln 1	Healthcare	Bränningevägen 2	Stockholm	1966	-	3,618	L
Mimer 7	School	Hagagatan 23A	Stockholm	1967	1967	7,023	
Seminariet 6	Care services	Seminarievägen 10A	Strängnäs	1904	-	13,999	
Åkroken 1	School	Holmgatan 10	Sundsvall	-	-	26,416	
Granlo 3:220	Office	Kalmarvägen 48	Sundsvall	1960	1960	539	
Köpstaden 24	Office	Bultgatan 14	Sundsvall	1986	1986	1,420	
Västhagen 1	School	Universitetsallén 26	Sundsvall	-	-	6,296	
Nävern 1	School	-	Sundsvall	-	-	0	L
Roten 6	School	Tallrotsgatan 2	Sundsvall	1959	-	3,000	
Roten 9	Care services	Tomtegränd 5 A-C	Sundsvall	1993	1993	4,369	
Sköle 1:17	Care services	Skölevägen 15	Sundsvall	1984	-	6,006	
Forellen 19	Office	Bollmora Torg 1-3	Tyresö	1965	1967	7,995	
Bastionen 28	Office	Bastiongatan 40	Uddevalla	1950	-	6,980	
Hvitfeldt 22	Office	Bagges Gränd 1	Uddevalla	1980	1980	10,071	
Solbacken 10	Healthcare	Silentzvägen 6	Uddevalla	1980	1990	1,790	
Teatern 5	School	Aktörgränd 28	Umeå	1934, 1996	-	3,455	
Teatern 6	School	Aktörgränd 29-31	Umeå	1934, 1996	-	4,958	
Teatern 7	Care services	Rampljusallén 20	Umeå	1934, 1996	-	5,765	
Teatern 8	School	Aktrisgränd 14	Umeå	1969, 1994	-	1,765	
Vilunda 6:59	Office	Drabantvägen 11, Dragonvägen 86-90	Upplands Väsby	1972	1972	5,658	
Flogsta 47:1	School	Ekeby Bruk 35	Uppsala	1960	-	16,522	
Gamla Uppsala 94:6	Care services	Topeliusgatan 18	Uppsala	2011	-	5,677	
Hov 4:2, 5:2	Care services	Hov 57	Uppsala	1972, 2013	-	1,147	
Löten 6:6	Care services	Ferlingsgatan 31B	Uppsala	2011	-	1,568	
Övernäs 2:17	Care services	Övernäs 32	Uppsala	1954, 1980, 1990	-	1,600	
Vallentuna-Mörby 1:118	Office	Fabriksvägen 1A	Vallentuna	1981	1981	2,677	
Niklasberg 15	Healthcare	Regementsgatan 19	Vänersborg	1979	-	305	
Niklasberg 2	School	Repslagarvägen 9	Vänersborg	1916, 1970, 2008, 2011	-	8,764	
Niklasberg 3	School	Regementsgatan 13	Vänersborg	1929	1993	4,254	
Mon 13	Office	Karlsdalsgatan 2	Värnamo	1982	1982	1,986	
Kungsängen 12	Office	Pilgatan 8A	Västerås	1947	1991	9,750	
Lea 15	Office	Stora Gatan 58	Västerås	1972	1972	16,034	
Rosenfinken 2	Office	Lövtagsgatan 2	Västerås	1973	-	1,598	L

COMMUNITY SERVICE PROPERTIES CONT.

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
Samuel 2	Judicial	Sigurdsgatan 22	Västerås	2008	2008	7,141	
Signalisten 11	Land	Signalistgatan 4	Västerås	-	-	0	
Signalisten 18	Storage	Signalistgatan 4	Västerås	2008	-	6,658	
Slottsträdgården 2	Office	Slottsstigen 2	Västerås	1961	1961	9,725	
Västerås 1:199	Garage	-	Västerås	-	-	0	T
Nordstjärnan 1	Office	Kronobergsgatan 18-20	Växjö	1971, 2000	1987	6,130	
Segerstad 4	School	Segerstadsvägen 7	Växjö	1990	-	910	
Idre 5:114	Judicial	Byvägen 34	Älvdalen	1988	1988	256	
Almby 13:772	School	Braxenvägen 3	Örebro	2012	-	2,476	
Missionen 2	School	Åstadalsvägen 4	Örebro	2010	-	2,861	
Ungern 6	Judicial	Nytorngsgatan 1A	Örnsköldsvik	1972	1972	6,009	
Berga 6:489	Office	Luffarbacken 5	Österåker	1985	-	2,048	
Runö 7:162	School	Näsvägen 15	Österåker	1998	-	6,080	
Runö 7:163	School	Näsvägen 17	Österåker	1988	-	4,573	
In total 165 properties						976,506	

OFFICE PROPERTIES

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
Centrum 12:1	Retail	Källgatan 9	Enköping	1929	1947	587	
Centrum 20:1	Office	Källgatan 6	Enköping	1981	1981	3,947	
Söder 18:19	Office	Källgränd 4	Gävle	1964	1996	4,899	
Gamlestaden 2:5	Office	Kullagergatan 18	Gothenburg	1910	1929	24,829	
Gamlestaden 2:8	Office	Hornsgatan 1	Gothenburg	1963	1966	20,882	
Söderbymalm 3:462	Office	Rudsjöterrassen 1	Haninge	1983	1983	52,044	
Kanoten 1	Office	Kanikenäsbanken 10	Karlstad	1978	1978	2,915	
Härbärgget 1	Office	Östra Vallgatan 37A	Kristianstad	1950	1970	4,218	
Hovrätten 20	Office	Östra Storgatan 22	Kristianstad	1840-41	1929	2,031	
Karl X 1	Office	Cardellsgatan 8	Kristianstad	1905	1929	1,908	
Skruben 3	Office	Bultgatan 40B	Kungälv	1990	1991	8,026	
Haren 15	Office	Kungsgatan 35B	Luleå	1970	1970	7,728	
Hermelinen 15	Office	Kungsgatan 27	Luleå	1952	1952	7,562	
Mården 11	Office	Magasinsgatan 6	Luleå	1950	1985	9,735	
Ploggen 4	Office	Depåvägen 6Ba	Luleå	1966	1970	3,361	
Spiggen 4	Office	Kungsgatan 5	Luleå	1981	1981	6,506	L
Byrådirektören 3	Office	Von Troils Väg 1	Malmö	1974, 2013	1974	13,894	L
Gastuben 4	Office	Argongatan 2C	Mölnadal	1985	1985	2,388	
Snödroppen 2	Office	Flöjelbergsgatan 1C	Mölnadal	1961	1993	25,939	
Tulpanen 3	Office	Bergfotsgatan 2	Mölnadal	1960	1998	53,671	
Sicklaön 358:1	Office	Hästholmsvägen 26	Nacka	1987	1987	16,824	
Orkestern 2	Office	Folkborgsvägen 23	Norrköping	1977, 1986,	1989	3,931	
Högom 3:178	Office	Mejselvägen 9	Sundsvall	1970	1970	5,148	
Köpstaden 25	Office	Bultgatan 10B	Sundsvall	1975	1975	9,314	
Köpstaden 26	Office	Bultgatan 8	Sundsvall	1965	1965	1,855	
Ljusta 7:2	Office	Antennvägen 2	Sundsvall	1980	1980	9,035	
Marieberg 5	Office	Skönsbergsvägen 3	Sundsvall	1979	1985	7,381	
Norrmalm 4:6	Office	Heffnersvägen 22	Sundsvall	1970	1980	1,974	L
Öskaret 10	Office	Skepparegatan 3	Sundsvall	1989	1989	10,440	
Pan 5	Office	Bankgatan 10	Sundsvall	1886	1959	5,145	
Saturnus 7	Office	Bankgatan 13	Sundsvall	1912	1960	9,202	
Enen 8	Office	Nygatan 5	Södertälje	1937	1937	3,378	
Formen 1	Office	Formvägen 5	Umeå	1986	1986	7,513	
Höder 7	Office	Storgatan 59	Umeå	1890	1935	10,195	
Tyr 8	Office	Storgatan 69	Umeå	1997, 2013	1998	8,411	
Boländerna 10:1	Office	Säbygatan 5	Uppsala	1957	-	5,377	

OFFICE PROPERTIES CONT.

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
Kungsängen 15:1	Office	Muningatan 3	Uppsala	1993	2003	24,519	
Verkstaden 8	Office	Östra Ringvägen 2	Västerås	1936	1936	20,275	
Gaslyset 2	Office	Lysgränd 1	Västerås	1990	1990	2,573	
Sågen 2	Office	Ångsgårdsgatan 4	Västerås	1992	1992	3,333	
Sågen 6	Office	Ångsgårdsgatan 12	Västerås	1987	1987	6,007	
Sågklingan 10	Office	Ångsgårdsgatan 13	Västerås	1990	1990	1,709	
Samuel 1	Office	Sigurdsgatan 20	Västerås	1920	1944	6,735	
Sigurd 5	Office	Sigurdsgatan 21	Västerås	1991	1991	13,264	
Sigurd 6	Land	Sigurdsgatan 21	Västerås	-	-	0	
Sigvald 5	Land	Sigurdsgatan 21	Västerås	-	-	0	
Sigvald 6	Office	Sigurdsgatan 9	Västerås	1875, 1936	1937	3,643	
Bagaren 10	Office	Ljungadalsgatan 2	Växjö	1966	1972	30,928	
Båken 1	Office	Systratorpsvägen 16	Växjö	1983	1983	1,496	
Garvaren 4	Office	Hjalmar Petris Väg 32	Växjö	1981	1981	2,570	
Glasmästaren 1	Office	Arabygatan 80	Växjö	1966	1966	7,824	
Illern 5	Office	Isbjörnsvägen 11	Växjö	1987	1988	2,146	L
Ödman 15	Office	Storgatan 29	Växjö	1972	1972	4,321	
Plåtslagaren 4	Office	Verkstadsgatan 5	Växjö	1967, 1988	1974	5,602	
Sotaren 4	Office	Arabygatan 82	Växjö	1992	1992	2,979	
Svea 8	Office	Lineborgsplan 3	Växjö	1982	1982	2,160	
Unaman 8	Office	Kungsgatan 3	Växjö	1969	1969	5,609	
Husby 4:23	Land	Företagsallén 1	Österåker	-	-	0	
Husby 4:24	Land	Företagsallén 6	Österåker	-	-	0	
Husby 4:25	Office	Företagsallén 4	Österåker	1988	1988	1,103	
Husby 4:27	Office	Företagsallén 10	Österåker	1988	1988	1,261	
Husby 4:28	School	Företagsallén 8	Österåker	1988	1988	1,432	
Husby 4:32	School	Företagsallén 14B	Österåker	1992	1992	2,828	
In total 63 properties						526,511	

LOGISTICS PROPERTIES

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
Grönsta 2:52	Storage	Svista Lagerväg 8	Eskilstuna	2006	2006	13,780	
Källsta 1:5	Storage	Bolindervägen 12	Eskilstuna	1999	1999	34,258	
Litografen 8	Storage	Sättargatan 1	Eskilstuna	1960	1961	30,333	
Torlunda 1:278	Storage	Abramsons Väg 2	Eskilstuna	1990, 2007	-	15,814	
Valhalla 1:6	Storage	Bredängsgatan 55	Eskilstuna	1976, 2009	-	9,016	
Nedre Gruvriset 33:278	Storage	Tunavägen 90	Falun	2011	-	44,312	
Näringen 4:3	Storage	Strömsbrovägen 17	Gävle	1963	-	10,865	
Sörby Urfjäll 29:1	Storage	Utmarksvägen 4	Gävle	1971	1976	7,926	
Arendal 1:17	Storage	Synnerödsvägen 2	Gothenburg	2011	2011	20,548	
Torbornahögen 3	Storage	Stenbrovägen 15	Helsingborg	1981	1987	16,831	
Håltås 1:18	Storage	Kurirvägen 1	Härryda	2010	2010	10,450	
Älgskytten 4	Storage	Industrigatan 14A	Jönköping	1983	1983	6,357	
Hedenstorp 2:1	Storage	Mogölsvägen 14	Jönköping	2011	2011	9,000	
Försäljaren 9	Storage	Filaregatan 19B	Kungälv	1974	1974	8,525	
Örja 1:21	Storage	Österleden	Landskrona	2012	-	53,663	
Brämön 4	Storage	Bjurögatan 15	Malmö	1991	-	16,543	
Fornminnet 6	Storage	Stenåldersgatan 27	Malmö	1989	1989	4,710	
Blåbäret 4	Storage	Sörviksvägen 11	Oskarshamn	1964	1964	15,234	
Märsta 24:4	Storage	Industrigatan 7	Sigtuna	1967	1967	8,995	
Rosersberg 11:37	Storage	Tallbacksgatan 13	Sigtuna	1980	1999	11,394	
Tunnan 1	Storage	Turbovägen 11	Trollhättan	2002	2002	17,533	
Törnby 2:2	Storage	Jupitervägen 10	Upplands Väsby	1970	1970	19,463	

LOGISTICS PROPERTIES CONT.

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
Danmarks-Säby 6:11	Storage	Åkaregatan 8	Uppsala	2010, 2012	-	8,658	
Årsta 64:2	Storage	Rapsgatan 8	Uppsala	1974	-	25,956	
Bildhuggaren 1	Storage	Storgatan 70	Vaggeryd	1990	1990	14,647	
Plåtslagaren 1	Storage	Ålåkragatan 4	Vimmerby	2008	2009	10,259	
Armaturen 1	Storage	Armaturgatan 2	Värnamo	1987	1987	18,370	
Terminalen 1	Storage	Öjaby Nylanda 1	Växjö	2010	2010	21,662	
Isbjörnen 4	Industrial	Isbjörnsvägen 6	Växjö	1993	1993	10,933	
Sjömärket 3	Industrial	Annavägen 3	Växjö	1989	1989	9,495	
Ånsta 20:262	Storage	Lastgatan 2	Örebro	2006	2006	15,976	
In total 31 properties						521,506	

TRANSACTION PROPERTIES

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
Åkermyntan 5	Office	Rosendalsgatan 2	Borås	1976	1976	7,418	
Sexdalern 1	Office	Trandaredsgatan 200D	Borås	1967	1967	9,698	
Maskinen 6	Retail	Hultvägen 26	Eksjö	1979	1979	2,834	
Centrum 16:5	Retail	Källgatan 14	Enköping	1969	1969	2,026	
Centrum 18:1	Retail	Eriksgratan 24	Enköping	1971	1971	7,406	
Nålsögat 6	Retail	Tivoliallén 2	Eskilstuna	1996	1996	3,571	
Trasten 12	Retail	Stora Torget 4B	Filipstad	1980	1980	1,891	
Filen 5	Retail	Mårtensgatan 23A	Gislaved	1973	1973	1,643	
Marås 1:12	Office	Maråsliden	Gnosjö	1960	2014	1,140	
Norr 12:5	Office	Nygatan 13	Gävle	1978	1978	15,700	
Norr 22:3	Office	Drottninggatan 19	Gävle	1939	1979	4,130	
Norr 34:2	Residential	Drottninggatan 26B	Gävle	1955	1955	3,532	
Norr 35:1	Office	Drottninggatan 28	Gävle	1952	1960	2,022	
Norr 35:4	Office	Kyrkogatan 29	Gävle	1929	1958	2,654	
Norr 36:1	Residential	Drottninggatan 32	Gävle	1965	2002	2,563	
Flygfältet 1	Residential	Skolgatan 2	Hagfors	1960	1961	2,391	
Höjden 2	Office	Bergöös Väg 6	Hallsberg	1984	1984	3,187	
Ribby 1:480	Land	-	Haninge	-	-	0	
Ribby 1:481	Land	-	Haninge	-	-	0	
Hultåsa 1:18	Land	Lindenvägen 1	Hultsfred	-	-	0	
Baggatomen 6:1	Hotel	Hotellvägen 1	Härreda	1937	1937	4,559	
Kornet 2	Office	Järnvägsgatan 1	Hässleholm	1966	1966	3,698	
Kofoten 1	Retail	Uranvägen 4	Karlskrona	1982	1982	6,847	
Riksdalern 3	Retail	Ullebergsleden 10	Karlstad	2001	2001	6,692	
Träskon 6	Industrial	Särlogatan 14	Kristianstad	1951	1981	1,028	
Dynamon 5	Retail	Nygatan 19	Linköping	1969	1969	4,159	
Gänget 14	Retail	Fabriksgratan 7	Ljungby	1974	1974	2,639	
Skjutsstallslyckan 22	Storage	Lundavägen 54	Malmö	1955	1955	7,650	
Garvaren 5	Retail	Kungsgatan 3G	Motala	1963	1963	10,042	
Repslagaren 10	Retail	Kungsgatan 16B	Motala	1965	1965	2,403	
Anisen 2	Industrial	Johannefredsgatan 9	Mölnadal	1989	1991	5,500	
Gasmätaren 2	Storage	Argongatan 9	Mölnadal	1984	1992	14,183	
Bredmosstorpet 5	Judicial	Jansasgatan 8	Sandviken	1977	1983	8,300	
Lärkan 10	Office	Storgatan 50	Skellefteå	1930	1984	5,326	
Transistorn 1	Industrial	Svedjevägen 12	Skellefteå	1968	1968	9,320	
Puman 5	Office	Bangatan 11-19, Storgatan 22-26	Solna	1985	1985	4,097	
Magasinet 7	Storage	Varuvägen 15	Stockholm	1986	1986	6,546	L
Görväln 2	Industrial	Bränningevägen 20	Stockholm	1963	1963	7,279	L
Tjockö 1	Industrial	Fryksdalsbacken 40	Stockholm	1980	1980	11,491	L
Västberga Gärd 2	Retail	Västberga Gärdsväg 36	Stockholm	1970	1970	4,178	
Möllarp 3:2	Storage	Stenhuggaregatan 34	Svalöv	1960	1980	6,294	

TRANSACTION PROPERTIES CONT.

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
Sävsjö 12:4	Retail	Västra Järnvägsgatan 8	Sävsjö	1996	1996	1,793	
Isbrytaren 1	Storage	Hansavägen 8	Södertälje	1960	1976	17,577	
Kryssaren 8	Storage	Hansavägen 7	Södertälje	1960	1960	29,593	
Solen 7	Judicial	Storgatan 17	Södertälje	1964	1964	10,214	
Backen 10	Retail	Verkstadsgratan 1	Tranås	1945	1988	3,397	
Drivhjulet 3	Industrial	Kardanvägen 65	Trollhättan	1989	1999	1,680	
Hjulet 6	Industrial	Kardanvägen 12B	Trollhättan	1980	1980	1,710	
Kugghjulet 2	Industrial	Kardanvägen 66	Trollhättan	1980	1991	1,500	
Koch 7	Retail	Kungsgatan 8	Uddevalla	1977	1984	8,980	
Gyldenlöve 16	Retail	Kilbäcksgatan 11	Uddevalla	1953	1985	8,458	
Årsta 68:4	Hotel	Fyrislundsgatan 81	Uppsala	1985	1985	3,014	
Bikupan 20	Restaurant	Annebergsvägen 1A	Varberg	2012	2012	450	
Brudabäck 6	Industrial	Nydalavägen 2	Vetlanda	1978	1978	6,083	
Smeden 2, 10	Office	Volgsjövägen 25	Vilhelmina	1957	-	3,710	
Vik 1:36	Land	-	Vingåker	-	-	0	
Filen 2	Retail	Fabriksgatan 3	Värnamo	1966	1966	4,915	
Almen 9	Retail	Malmövägen 12	Värnamo	1957/ 1989	1982	12,457	
Bleckslagaren 1	Land	Repslagarevägen 5A	Värnamo	-	-	0	L
Bodarna 2	Office	Myntgatan 10	Värnamo	1934, 1991	1991	1,806	
Bokbindaren 20	Office	Västbovägen 56	Värnamo	1975, 1991	1987	2,561	
Drabanten 1	Retail	Nydalavägen 16	Värnamo	1940, 1986	1940	1,258	
Flundran 4	Industrial	Runemovägen 1A	Värnamo	1963, 1992	1968	11,606	
Gamla Gåsen 4	Office	Myntgatan	Värnamo	1907	-	200	
Gillet 1	Office	Flanaden 3 A	Värnamo	1974	1974	5,213	
Golvläggaren 2	Retail	Silkesvägen 30	Värnamo	1991	2008	11,154	
Jungfrun 11	Retail	Köpmansgatan 3	Värnamo	1982, 2001	1982	4,971	
Karpen 3	Retail	Jönköpingsvägen 105	Värnamo	1956, 1990	1990	2,670	
Lejonet 11	Office	Lasarettsgatan 1 B	Värnamo	1961, 1987	1970	5,248	
Linden 1	Retail	Växjövägen 24 A	Värnamo	1961, 1990, 1979, 1975, 1979	1990	6,314	
Ljuset 8	Retail	Nydalavägen 1	Värnamo	2003	2003	2,600	
Mattläggaren 1	Industrial	Silkesvägen 24	Värnamo	1997	2000	2,700	
Mattläggaren 2	Retail	Silkesvägen 26	Värnamo	1989	1991	3,133	
Plattläggaren 1	Office	Silkesvägen 18	Värnamo	1989	1992	1,798	
Posten 4	Industrial	Postgatan 3	Värnamo	1929	1940	4,184	
Rågen 1	Office	Expovägen 6	Värnamo	1965, 1990	1990	5,197	
Rödspättan 1	Storage	Runemovägen 10	Värnamo	1973	1973	4,705	
Rödspättan 4	Storage	Runemovägen 4	Värnamo	1980	1980	2,960	
Sandskäddan 4	Storage	Margretelundsvägen 9	Värnamo	1982	1982	2,780	
Sjötungan 3	Storage	Margretelundsvägen 6	Värnamo	1976	1981	2,570	
Takläggaren 4	Storage	Rörläggarevägen 8	Värnamo	1991	1991	9,067	
Takläggaren 8	Industrial	Silkesvägen 43	Värnamo	1999	2008	6,995	
Värnamo 14:11	Office	Jönköpingsvägen 41	Värnamo	1917, 1982	1950	4,135	
Värnamo 14:86	Land	Myntgatan	Värnamo	-	-	0	
Vindruvan 15	Office	Storgatsbacken 12	Värnamo	1989	1989	1,990	
Vindruvan 22	Retail	Storgatsbacken 20	Värnamo	1950, 1982	1950	7,267	
Vindruvan 4	Retail	Storgatsbacken 16 A	Värnamo	1960	1970	4,001	
Yxan 4	Storage	Fabriksgatan 10-12	Värnamo	1975	2006	5,595	
Yxan 6	Storage	Fabriksgatan 4	Värnamo	1978, 1990	1983	1,477	
Fläkten 7	Industrial	Lantmannavägen 3	Växjö	1963	1993	8,483	
Elefanten 3	Storage	Rådursvägen 6	Växjö	1988	1990	2,318	
Postiljonen 2	Land	-	Växjö	-	-	0	
Rimfrosten 1	Retail	Solängsvägen 2	Växjö	1972	1972	8,650	
Snickaren 12	Storage	Smedjegatan 10	Växjö	1965, 1982, 1989, 2009	1965, 1970, 1982, 1989, 2009	24,010	
In total 94 properties						491,185	

JOINT VENTURES

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
GÄSTGIVAREGATAN HOLDING AB							
Tellus 4	Retail	Köpmangatan 5, Gästgivaregatan 14 etc.	Södertälje	1968, 1998	1968	10 214	
In total 1 property						10 214	
CULMEN STRÄNGNÄS II AB							
Seminariet 8	Other	Regementsgatan 8	Strängnäs	under construction	2014	0	
Norrstacken 14	Other	Hertig Karls väg 14	Strängnäs	under construction	2014	0	
In total 2 properties						0	
SÖDERPORT HOLDING AB							
Vindbryggan 3	Industrial	Borgens Gata 20	Alingsås	1990	1990	1,439	
Botvidsgymnasiet 3	Logistics, storage and Industrial	Fågelviksvägen 9, 9A-M	Botkyrka	1991	1991	55,922	
Sörred 8:6	Industrial	Assar Gabrielssons väg et al.	Gothenburg	-	-	71,804	
Sörred 8:10	Industrial	Pressvägen	Gothenburg	-	-	23,243	
Sörred 7:20	Industrial	Assar Gabrielssons väg et al	Gothenburg	-	-	164 934	
Östergårde 31:1	Industrial	Örnekulans väg 2	Gothenburg	-	-	7,175	
Jordbromalm 6:23	Production	Dåntorpsvägen 11	Haninge	1980	2008	1,776	
Jordbromalm 1:11	Logistics, storage and industrial	Jordbrotorpsvägen 2	Haninge	1964	1975	900	
Köpingehill 1	Industrial	Trintegatan 2	Helsingborg	1991	1991	7,125	
Linjen 1	Logistics, storage and industrial	Pyramidbacken 3	Huddinge	1989	1989	2,150	
Kulingen 3	Industrial	Kulinggatan 2	Karlstad	1985	1985	7,373	
Kamaxeln 6	Industrial	Truckgatan 20	Kungälv	1976	1976	1,942	
Kamelen 14	Judicial	Storgatan 43A, Verkstads-gatan 4A	Malmö	1934	1934	13,510	
Haken 15	Storage/Production	Vinkelgatan 1	Malmö	1968	1973	7,187	
Görla 8:60	Industrial	Görlavägen 1	Norrtälje	2012	-	2,900	
Görla 9:40	Logistics, storage and industrial	Abborrvägen 4	Norrtälje	2009	2014	870	
Timmermannen 1	Logistics, storage and industrial	Teknikervägen 2	Nynäshamn	1990	1990	541	
Märsta 15:6	Logistics, storage and industrial	Industrigatan 10	Sigtuna	1972	1972	1,056	
Nattskiftet 6	Logistics, storage and industri	Elektravägen 5	Stockholm	1951	1951	5,714	L
Arbetsbasen 2	Logistics, storage and industrial	Elektravägen 64	Stockholm	1945	1965	1,797	L
Dikesrenen 11	Logistics, storage and industrial	Vretenborgsvägen 15	Stockholm	1947	1970	2,001	L
Vreten 24	Logistic, storage and industrial	Vretenborgsvägen 6	Stockholm	1945, 1974	1974	1,870	L
Vreten 23	Logistics, storage and industrial	Vretenborgsvägen 8	Stockholm	-	1984	1,590	L
Lagret 1	Logistics, storage and industrial	Upplagsvägen 13, 15, 17, 31, 17, 19	Stockholm	1969	1969	8,842	L
Lagerhuset 3	Logistics, storage and industrial	Upplagsvägen 21-27, 25B-C, 27A-B	Stockholm	1929, 1954, 1985	1954	10,588	L
Hällsättra 4	Logistics, storage and industrial	Stensättravägen 9, 9A-B	Stockholm	1975	1985	13,753	L

JOINT VENTURES CONT.

Property	Category	Address	Municipality	Year built	Valuation year	Leasable area, sqm 000s	Leasehold
Ostmästaren 3	Logistics, storage and industrial	Ostmästargränd 6-12, 8A	Stockholm	1982,1983	1983	19,065	L
Ostmästaren 4	Logistics, storage and industrial	Byängsgränd 4-16, Ostmästargränd 1-3	Stockholm	1983	1985	36,513	L
Ostmästaren 5	Office	Ostmästargränd 5, 11-13	Stockholm	1990	1990	10,237	L
Ostmästaren 6	Office	Byängsgränd 20-22	Stockholm	1991	1991	8,598	L
Varuhissen 1	Logistics, storage and industrial	Upplagsvägen 1-5	Stockholm	1987,199	1990	14,929	L
Asea 3	Logistics, storage and industrial	Västberga Allé 60, Västbergavägen 43	Stockholm	1929,1994	1980	68,321	
Ostmästaren 1	Logistics, storage and industrial	Ostmästargränd 2	Stockholm	1980	1980	15,287	L
Filmkameran 3	Logistics, storage and industrial	Bilprovningen	Stockholm	1970	1970	3,261	L
Förrådet 5	Logistics, storage and industrial	Skattegårdsvägen 122	Stockholm	1970	1974	2,175	L
Stensättra 2	Logistics, storage and industrial	Strömsättravägen 14	Stockholm	1970	1981	1,726	L
Maden 6	Office	Madenvägen 11	Sundbyberg-Rissne	2002	2002	1,403	L
Traktorn 1	Industrial	Morabergsvägen 21, Åkerivägen 2	Södertälje	1971	1971	4,154	
Grävmaskinen 11	Logistics, storage and industrial	Morabergsvägen 3	Södertälje	1970	1970	1,711	L
Olhamra 1:82	Logistic,s storage and industrial	Okvistavägen 30	Vallentuna	2005	2005	1,258	
Runö 7:109	Office and industrial	Rallarvägen 7	Österåker	1986	1986	1,436	
Runö 7:124	Industrial	Rallarvägen 9	Österåker	1990	1990	1,992	
Runö 7:111	Office	Rallarvägen 10	Österåker	1986	1990	1,435	
Runö 7:129	Office	Rallarvägen 39	Österåker	2004	2004	410	
Runö 7:133	Office	Rallarvägen 45	Österåker	1989	1989	1,845	
In total 56 properties						603,448	

Information to shareholders

Annual General Meeting

The Annual General Meeting (AGM) of Hemfosa Fastigheter AB (publ) will be held at 3 p.m. CET on Thursday May 7, 2015 at Hotell Rival, Mariatorget 3, Stockholm.

REGISTRATION

Shareholders wishing to attend the AGM must:

- be entered in the register of shareholders maintained by Euroclear Sweden AB on Thursday April 30, 2015,
- and notify their intention to attend the AGM no later than Thursday, April 30, 2015. Registration must be made in writing to: Hemfosa Fastigheter AB (publ), c/o Euroclear Sweden AB, "Årsstämma 2015", Box 191, SE-103 98 Stockholm or by telephone to +46-8-402 92 96. Notification is to include name, personal identification number or corporate registration number, address and telephone number, as well as the number of any accompanying advisors (at most two).

PARTICIPATION IN THE MEETING

To be able to participate in the AGM and to exercise their voting rights, shareholders whose shares are registered in a nominee's name must temporarily re-register their

shares in their own names. Such re-registration must be completed at Euroclear Sweden AB no later than Thursday, April 30, 2015. This means that the shareholder must inform the nominee of this well in advance of this date.

If participation is to occur by proxy or through a representative of legal entities, an original power of attorney, registration certificate and other authorizing documents should be sent to the company at the above address well in advance of the AGM. A form for proxies is downloadable from the company's website, www.hemfosa.se. Shareholders are not permitted to vote remotely or to attend the AGM in any other manner.

OFFICIAL NOTIFICATION OF THE AGM

Official notification of the AGM will be made in the form of an advertisement in Post- och Inrikes Tidningar, with an advertisement in Svenska Dagbladet informing that notification has been made. Notification will also be announced as a press release that will be available on the company's website. Documentation that is to be presented at the AGM will be made available on the company's website at least three weeks prior to the meeting.

Financial information

FINANCIAL CALENDAR

Interim report January–March 2015	May 7, 2015
Annual General Meeting	May 7, 2015
Interim report January–June 2015	July 21, 2015
Interim Report January–September 2015	November 6, 2015
Year-end report 2015	February 19, 2016
Annual General Meeting 2016	April 19, 2016

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