



# Hemfosa

FASTIGHETER

Annual Report 2015



## 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.

*Read more about the works of art presented in the Annual Report on pages 52–53.*







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*Hemfosa's formal and audited annual accounts are on pages 42-47 and 56-96. 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 2015

## From Swedish to Nordic property company

During 2015, Hemfosa developed into a Nordic property operator with an even clearer focus on community service properties. Meanwhile, the everyday work continued of developing the property portfolio and strengthening the organization to satisfy the needs of a growing business.

SEK **32.6** billion

Property portfolio,  
incl. joint ventures

**59** %

Share of community service  
properties in the property  
portfolio, excl. joint ventures

SEK **4.2** billion

Properties acquired  
during the year

### KEY FIGURES

	2015	2014
Rental income, MSEK	2,443	1,612
Profit from property management, MSEK	1,363	821
Profit after tax, MSEK	2,339	1,124
Profit after tax per ordinary share, SEK	16.86	10.13
Equity per ordinary share, SEK	68.06	55.63
Net asset value (EPRA NAV) per ordinary share	76.63	74.49
<i>Investment properties, fair value, SEK billion</i>		
- excluding joint ventures	29.6	24.7
- including joint ventures	32.6	27.2

### INCREASED EARNINGS CAPACITY

Hemfosa's estimated earnings capacity increased 19 percent in 2015, mainly as a result of a powerfully expanded portfolio of above all high-yield community service properties, a stronger financial position and advantageous credit terms.

MSEK **1,367**  
December 31, 2015

MSEK **1,147**  
December 31, 2014

From 0 to  
**SEK 29.6**  
billion in  
seven years

2009

Number of properties: 13  
Property value: MSEK 220  
Rental income MSEK 8

2010

Number of properties: 164  
Property value: SEK 7.9 billion  
Rental income: MSEK 529

2011

Number of properties: 279  
Property value: SEK 15.1 billion  
Rental income: MSEK 1,257

## QUARTER 1

### The first steps into Norway

- First acquisitions in Norway corresponding to approximately SEK 3 billion, with tenants including universities, public authorities and judicial institutions
- Community service properties valued at MSEK 420 acquired and transaction, office and logistic properties valued at MSEK 140 divested
- Investment valued at MSEK 230 in, among other assets, community service properties
- Divestment of logistics properties in Sweden valued at MSEK 900



## QUARTER 2

### Additional streamlining towards community service properties

- Agreement to build specialist hospital in Gardermoen as part of a new, SEK 1 billion, joint venture
- Acquisition of community service properties in Norway valued at MSEK 284
- Divestment of residential property, plus two housing development rights in Västerhaninge, Sweden for a combined value of MSEK 315
- Share split in Hemfosa Fastigheter

## QUARTER 3

### A stronger organization

- Expertise of Management Group and the rest of the organization strengthened through a number of new employees
- Advance notice that Stina Lindh Hök, Head of Analysis and Transactions, would take over Lars Thagesson's transaction responsibilities when he transitioned to a consultancy role. New Head of Finance takes office
- Acquisition of school property in Karlstad with 20-year lease
- Private placement of preference shares implemented



## QUARTER 4

### Operations broadened to Finland

- First step into the Finnish market through the acquisition of two community service properties in Helsinki for SEK 0.5 billion.
- Agreement to invest MSEK 200 in an additional Norwegian project, a health campus in Gardermoen, through a joint venture
- Agreement to acquire community service properties in Norway at a property value of MSEK 420 - transaction finalized in January 2016
- Acquisition of 43 healthcare properties in Sweden at a value of MSEK 258
- 20-year lease signed with Quality Hotel Winn in Haninge



**Number of properties:** 204  
**Property value:** SEK 16.0 billion  
**Rental income:** MSEK 1,573

**Number of properties:** 195  
**Property value:** SEK 16.3 billion  
**Rental income:** MSEK 1,584

**Number of properties:** 353  
**Property value:** SEK 24.7 billion  
**Rental income:** MSEK 1,612

**Number of properties:** 411  
**Property value:** SEK 29.6 billion  
**Rental income:** MSEK 2,443

## Comments from the CEO

# An eventful year



Following an eventful 2014, characterized by Hemfosa's stock-market listing and a large number of transactions, the expectations for 2015 could well have been that we would rest on our laurels - but that was not the case. Instead, we broadened the operations to two more markets, while implementing acquisitions in excess of SEK 4 billion and investing in sizeable new-build projects in our prioritized area, community service properties, which will ultimately account for at least 75 percent of the Group's total property value. In summary, it was a strong year on all levels and 2016 has started in the same vein.

### **A NORDIC PLAYER WITH BREADTH**

At the beginning of the year, we took the first steps into Norway, a market offering many opportunities that we wanted to leverage by taking quick actions. During 2015, community service properties in the Oslo region were acquired for a total value of some SEK 3 billion. Late in the year, following a meticulous market analysis, we were able to complete our first acquisition in Finland, two community service properties in Helsinki, for about SEK 0.5 billion, followed by an equally large transaction after year-end. We view this geographic expansion as a strategically important, and logical, progression for Hemfosa. The Finnish and Norwegian markets have distinct similarities with our Swedish core market, in terms of both function and development, and Hemfosa sees great potential for a large and specialized operator

in the community service market. To ensure efficient management of the Norwegian and Finnish property portfolios, we are now establishing in-house property management organizations in these countries, at the same time as we integrate the acquisitions and analyze additional attractive transactions in line with our strategic focus on community service properties and stable cash flows - a focus that we are the only listed property company to pursue.

### **COMMUNITY SERVICE PROPERTIES**

With the aim of continuing to grow in community service properties, we worked actively during the year to streamline the portfolio towards this area, through both focused acquisition activity and divestments of non-priority properties. Despite the prevailing market condi-

tions, we proved that we can implement transactions that are right for us, and I believe a key reason for our success is our position as a well-known and knowledgeable counterparty in the community service sector, where decisions made by property buyers are not solely based on monetary factors. During the first quarter of 2016, we took possession of community service properties valued at SEK 1.5 billion, including fully leased healthcare and personal care properties – a growing area in which we believe that Hemfosa is ideally suited as a property owner with its long-term approach and experience. At the same time, we vacated non-priority properties valued at MSEK 800. Viewed as a whole, this means that the community service properties’ share of the total property portfolio has risen to 59 percent while the Group’s net operating income has risen by 55 percent. This is a trend that we are expecting to continue. Through continued streamlining of the portfolio and focused acquisitions in our three markets, we intend to expand the community service properties’ share of the total property value to at least 75 percent. Nonetheless, we remain open to other types of business opportunities that may arise.

An interesting way of growing in community service properties is through project development, which provides us with potential to design attractive properties that give us scope to increase rental income and sign longer leases. This also enables us to ensure environmental certification of the properties, including high energy efficiency, which is positive from the viewpoint of both operating expenses and sustainability, something that increasing numbers of tenants are demanding. During the year, we started our large-scale joint-venture project, Gardermoen Campus, in a central location close to Oslo. The project comprises an investment in a specialist heart and lung hospital and a medical center that will provide primary care to the inhabitants of four neighboring municipalities. And we see excellent potential for additional attractive projects in this expansive area.

### A STRONG COMPANY

Since its foundation, Hemfosa has worked to secure succession by building an organization based on skillful employees with the ability and the will to grow within the company. During the year, we strengthened Group Management by promoting several company employees and also strengthened several departments in Sweden by recruiting new employees, as well as the new team in Norway. At year-end, Stina Lindh Hök took over principal responsibility for transactions when Lars Thagesson

“Despite the prevailing market conditions, we proved that we can implement transactions that are right for us.”

vacated his position in Hemfosa to switch to a role as external adviser to the company, with a focus on our major projects in Norway and Finland. We view the fact that we can fill key positions in the company by means of internal recruitment as evidence that our active efforts to secure the long-term supply of competence has been successful.

When we summarize the year, we can report strong growth in profit from property management; up 66 percent compared with 2014, and cash flow from operating activities that rose from MSEK 627 to MSEK 1,172. In line with our business concept, in which the lodestars are stable and healthy earnings, we should and we can pay a high dividend to our shareholders and our policy is to pay at least 60 percent of our distributable profit. The Board’s proposal that the dividend per ordinary share for 2015 be SEK 4.20 represents a 40-percent increase compared with 2014. We also aim to continue to pay quarterly dividends, something that benefits and is appreciated by our shareholders.

### FOCUS AHEAD

During 2016, our focus will be on investigating interesting business opportunities in primarily Norway and Finland at the same time as we establish the new property management organizations and integrate the acquisitions we have completed. Our intention is that these markets will soon develop so that they represent an ever-increasing share of the business. In view of this, we will propose to the Annual General Meeting that a rights issue of SEK 1.8 billion be implemented during the second quarter in order to increase the company’s scope for acquisitions and make us better prepared to capitalize on interesting business opportunities that arise in the future. There is no shortage of attractive prospects for a broad Nordic player with our unique position in community service properties.

Jens Engwall  
CEO



# Business model

## Combining property management with transactions

Hemfosa Fastigheter is a Swedish property company that combines the long-term management and development of community service properties with the acquisition and sale of properties. In seven years, the company has created an extensive and balanced property portfolio characterized by stable and high yields. In 2015, the focus was on streamlining the portfolio towards community service properties and increasing the value of the existing properties through various tenant-specific modifications. Hemfosa also established a position in Norway and Finland. As a result of this development, the company has chosen a new segment division based on the different markets.



The Missionen 2 property, Örebro

### BACKGROUND

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.

“When attractive business opportunities arise in the market, we want to be involved. The solid knowledge, experience and entrepreneurship in Hemfosa’s organization is a guarantee for good risk assessment and major force of execution.”

Due to the turbulence that had characterized the market for some time, both nationally and globally, the founders saw scope for a dynamic player in the Swedish property market. Hemfosa has since established an alert organization and amassed a balanced property portfolio in Sweden, and in 2015 also established a presence in Norway and Finland. Hemfosa’s ordinary share has been listed on Nasdaq Stockholm since March 2014 and its preference shares were listed there in December 2014.

### POSITIONING

Hemfosa is a Swedish property company with a Nordic orientation focusing on community service properties. The company’s portfolio also includes a smaller share of primarily office, logistic and warehouse properties. Hemfosa is currently the only listed company in Sweden focusing on community service properties. By combining long-term management and development with successful transaction activity, Hemfosa has generated strong growth combined with a high return for the shareholders ever since the company was formed seven years ago.



## Business concept

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

## Financial objectives

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

## Dividend policy

The dividend is to amount to 60 percent of profit from property management over time share of profit/loss joint ventures after tax. Dividends paid on preference shares are to be deducted from this amount first; the remainder can be distributed to holders of ordinary shares.

## Strategy

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

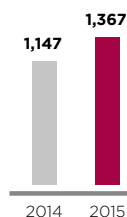
- developing and adding value to its property portfolio
- creating and maintaining long-term relationships with tenants by means of market-oriented and professional property management
- developing long-term relationships with government authorities, county councils and municipalities, as well as with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

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

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

## Earnings capacity

Hemfosa's estimated earnings capacity increased during the year from MSEK 1,147 on December 31, 2014 to MSEK 1,367 on December 31, 2015. The reasons underlying the increase were a larger property portfolio combined with a stable yield, a stronger financial position and advantageous financing terms.



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

- Annual contractual rental income (including supplements and taking rent discounts into account), plus other property-related income on December 31, 2015 based on current leases
- Operating and maintenance costs consist of an assessment of operating costs and maintenance measures for a standard year
- Property tax has been calculated on the basis of the current taxable value of the properties, and the current costs for site leaseholds
- Costs for central administration and marketing have been calculated on the basis of the existing organization and the size of the property portfolio
- Financial income and expenses have been calculated based on the company's actual average interest rate as of January 1, 2016
- The earnings capacity for the Norwegian operations has been restated at the exchange rate prevailing on the balance-sheet date

### The Group's earnings capacity

MSEK	December 31, 2015
Rental income	2,516
Property expenses	-674
Property administration	-76
<b>Net operating income</b>	<b>1,766</b>
Central administration	-110
Share in profit of joint ventures	126
Financial income and expenses	-415
<b>Profit from property management</b>	<b>1,367</b>

# Community service properties

## Unique focus

At Hemfosa, community service properties is the overall designation for properties in which the tenants are public sector agents or that conduct publicly financed operations in such areas as education, healthcare, care services and the judicial system. A few decades ago, these properties were almost exclusively owned by central and local government authorities, while today their ownership has been partly spread among a number of private property owners, of which Hemfosa is one of the largest.



The Akroken 1 property in Sundsvall

### STABLE RETURN IN RELATION TO RISK

Community service properties, a relatively new area for real estate investment, was created when the government, municipalities and county councils sold off their property assets to a large extent to enable them to instead focus on their core operations, such as education, judicial services, health and care services. These operations are conducted directly by the public sector or via privately owned companies; what they have in common is that they are funded in full or in part through tax revenues. The tenants are thus both stable and credit-worthy, the leasing rate is high and the opportunity for long-term leases is considerable.

Although the general length of a lease ranges from five to ten years, leases for newly built properties can be signed for terms of up to 25 years. This is longer than for leases signed for other commercial properties, which generally run for three to five years. For certain community service properties, particular demands for customization are placed due to the type of activity that is conducted, such as the security of police stations, the design of a care center or the layout of a school. A larger degree of customization usually results in new leases being signed at higher rent levels and on longer terms.

### A MARKET UNDER DEVELOPMENT

The public sector is the largest owner of community service properties in Sweden, accounting for about 70 percent of the market in terms of total property area, while the remaining approximately 30 percent is owned by private operators, according to a rough estimation from the trade magazine *Fastighetsvärlden*. In recent years, numerous community service properties in Sweden have been sold to private property companies, such as Hemfosa, Hemsö, Stenvalvet and Rikshem, both by county councils and municipalities and also by private individuals. The Norwegian and Finnish markets for community service properties display the same pattern, although the level of development is not as advanced. The assessment is that market mobility will continue and that opportunities are favorable for attractive acquisitions of community service properties.

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. There is also a pent-up need for renovation and refurbishment of these prem-



ises, whereby private property owners may have the resources and incentives to satisfy these needs.

### THE NORDIC MARKET FOR COMMUNITY SERVICE PROPERTIES

Hemfosa is currently one of the largest private owners of community service properties in Sweden and the only publicly traded company focusing on this property type. The Swedish market for community service properties is strong and is characterized by numerous prospective buyers and favorable financing terms compared with other types of properties. With the central government, county councils or municipalities as principals, the tenants are highly creditworthy and long leases, a higher rent level and a high leasing rate are commonplace, partly because the properties are generally more customized than, for example, office premises.

In 2014, the transaction volume for community service properties in the Nordic region slightly exceeded SEK 22 billion, to subsequently decline to only just over SEK 8 billion during 2015, due to fewer structural transactions, exchange transactions and portfolio transactions than in the preceding year. This development need not be of any great significance for the general trend in community service properties, since similar variations from one year to the next are also noticeable for other types of properties such as residential units and retail premises.

Three out of four Swedish municipalities state that they will probably sell parts of the property portfolio over the next five years. Many municipalities need capital to be able to maintain their existing property portfolio, build new residential properties and invest

“The assessment is that there will continue to be opportunities for private operators to account for an ever-increasing share of the market for community service properties going forward.”

in important infrastructure. Many municipalities also take a positive view to allowing private operators to account for a large share of the new builds of community service properties. Most municipalities state that the need of new schools and retirement homes will be considerable in the years immediately ahead, and it is estimated that the private market will account for parts of this new production. Also outside Sweden, interesting opportunities may arise in a market undergoing change. While the Swedish market for community service properties gained momentum following deregulation of the sector about 20 years ago, the Norwegian and Finnish community service property segments are in their infancy and are expected to track the Swedish trend, with a growing proportion of private property owners.

Hemfosa’s distinct ambition is to continue to grow in community service properties in the future, in Sweden and in Norway and Finland, and the company’s approach will be opportunity-oriented and long-term, with favorable prospects to capitalize on the business potentials that arise.

Market data provided by Newsec.

## Community service properties

### Facts

- Hemfosa is the second largest private owner of community service properties after Hemsö and is the only listed property company in Sweden with this focus.
- Hemfosa defines community service properties as “properties for which directly or indirectly tax-financed tenants account for at least 70 percent of the rental value”.

### Advantages

Hemfosa regards community service properties as offering a number of advantages compared with other types of commercial properties.

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





**Gardermoen Campus  
– Hemfosa's largest project**





Gardermoen Campus is Hemfosa's largest development project and is the first of its kind for the company in terms of focus. The initiative is fully in line with Hemfosa's strategy: to focus on community service properties with stable cash flows and to capitalize on opportunities in a fluid property market. During the initial phase, a specialist hospital and a local medical center will be built, and the plan is that the area will ultimately constitute an important national hub for expertise in health and social care, an area in which Hemfosa sees considerable potential to implement additional projects.

**“A long-term and well-structured development project in the community service sector together with skilled business partners.”**

During 2015, Hemfosa announced an investment of approximately SEK 1.2 billion in the development of a completely new health campus by Norway's largest airport, Gardermoen, close to Oslo. The project comprises a specialist hospital in which two existing heart and lung hospitals will be co-located, as well as a local medical center that will provide care and other services for the residents of four nearby municipalities.

The central location will make it possible for the specialist hospital to attract competence from and create accessibility for patients in other regions of Norway. The turf was broken during autumn 2015 and the hospital is scheduled for completion in January 2018.

“We have worked extensively on the preparations for this project, for which we have high hopes. It will give us a hospital for the future, which will be available to patients throughout the country,” says Frode Jahren, Secretary General of the Norwegian Heart and Lung Association, which will operate the specialist hospital.

#### **A powerful player in community service properties**

The plan for the campus area at Gardermoen, which is on a 260,000-square-meter site, is that it will ultimately represent a significant health and medical care competence park, and comprise operations in research, education, offices, restaurants and services. Hemfosa owns 65 percent of the project and is investing the equivalent of approximately SEK 1.2 billion of the estimated total project cost. This amount includes an investment in land and infrastructure for the area. The facilities to be established in the area include an energy plant based on renewable energy generated from ground-water, heat pumps and waste. Accordingly, the buildings will be self-sufficient in terms of electricity, with a highly efficient supply of heat and cooling, in line with the energy requirements expected to become effective for all buildings as of 2020.

“Investing in a new hospital project at Gardermoen offers us a unique opportunity to enter this expansive

area and establish Hemfosa's position as a major player in community service properties in the Norwegian market,” says Jens Engwall, CEO of Hemfosa Fastigheter.

#### **A number of possible projects moving forward**

Hemfosa and the property development company Aspelin Ramm Eiendom AS have formed a joint venture, Gardermoen Campus Utvikling (GCU), through which agreements have been signed concerning project engineering and construction of both the specialist hospital and the local medical center, which is already fully leased to established Norwegian care operators. Right from the start of the project, a lease for the premises was signed with the Municipality of Ullensaker for care services to nearby municipalities, which accounted for more than half of the total project area of the local medical center. The lease has a term of 30 years, including operation and maintenance. Leases have subsequently be signed for other space in the property. LHL has decided to locate its head office in the local medical center. Other tenants include PTØ, a treatment center for children and adolescents suffering from such disorders as cerebral palsy, and a Vitus pharmacy.

“The combination of LHL's position in Norwegian healthcare, Hemfosa with its strength and experience of financing community service properties and our own background in innovative property and local development is unique,” says Gunnar Bøyum, CEO of Aspelin Ramm.

Hemfosa sees considerable opportunities for implement additional projects in the forthcoming phases of the project. Through GCU, Hemfosa owns some 60,000 square meters of development rights on the campus area, of which about 21,000 square meters will remain after the current two properties have been constructed. There are also opportunities to acquire additional development rights.

# Property management and development

## Value-creation through long-term development

Hemfosa creates value in its property-management operations through long-term relationships with tenants and by adding value to the property portfolio. By being a responsible and receptive landlord that offers its customers excellent service, high quality and development opportunities, Hemfosa ensures a high and stable yield.



The Gamlestaden 2:5 property in Gothenburg

### VALUE-CREATING PROPERTY MANAGEMENT

The requirements of tenants change over time. A key element of Hemfosa's property management and development activities is to find efficient and creative solutions that meet new tenant requirements. 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, custom-

ized premises. In such cases, thanks to its size and local presence, Hemfosa can offer remodeling and extension of existing premises or relocation to other premises in the property portfolio. Another solution could be to build on land close to the property or in another location.

Some of the acquired properties are subject to a pent-up need for renovation and refurbishment. Hemfosa has excellent opportunities and clear incentives to implement these investment because they facilitate the signing of leases over a longer term and at a higher rent level. The needs could take the form of customizing the premises in connection with occupancy or lease extension. Another aim could be to attract completely new types of tenants to the property. An example of this is the Söderbymalm 3:462 property in Haninge, where the former zoning plan permitted only offices and hotel operations. A new zoning plan has now been approved that permits the establishment of community service operations such as retirement homes and schools, alongside the existing premises. By taking a holistic approach to the property, Hemfosa has increased both the leasing rate and earnings capacity.

“Our experience gives us understanding of the particular requirements and needs that frequently characterize the operations, and thus the ability to find suitable solutions.”



### SPECIALIST IN COMMUNITY SERVICE PROPERTIES

The tenants of community service properties are largely publicly financed operations such as schools, judicial institutions or health and care services, frequently on long leases. Hemfosa possesses a wealth of knowledge and has longstanding experience of community service operations. The company understands the particular requirements and needs that frequently characterize such operations and thus has the ability to find suitable solutions, such as when developing premises. An example of this is the District Court's premises in Alingsås, where Hemfosa is renovating, refurbishing and extending these culturally historic premises. This development project was implemented in connection with Hemfosa signing a new 15-year lease with the National Courts Administration, whose operations place rigorous demands on both functionality and security.

### ALERT AND STABLE

For Hemfosa, being a stable and appreciated landlord involves being accessible, providing the service expected at the agreed time and ensuring the quality of maintenance and upkeep. 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

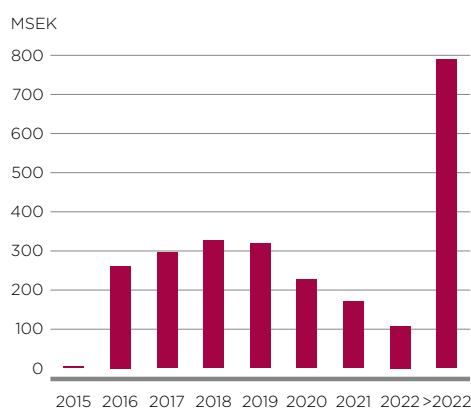
application. Property managers must be easy to contact and tenants must receive rapid and straightforward responses. With this ambition in mind, Hemfosa's organization is decentralized and alert.

Work on finding tenants for vacant premises is conducted centrally and Hemfosa's in-house property management organization focuses actively on this based on considerable knowledge of the local market. 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 works actively and successfully on renegotiating and extending existing leases.

### TENANTS AND LEASE STRUCTURE

Hemfosa's tenants include a number of major, well-reputed companies, public authorities and community services, of which the Police Authority, the Municipality of Härnösand and the National Courts Administration are the three largest. At year-end, Hemfosa had approximately 3,736 leases and the average remaining lease term was 5.9 years. The ten largest tenants' share of Hemfosa's rental income at December 31, 2015 was 27.7 percent and the average lease term for these was 8.0 years. At December 31, 2015, the rental value of Hemfosa's property portfolio was MSEK 2,768.

### Maturity structure of leases at December 31, 2015



### Hemfosa's ten largest tenants at December 31, 2015

Tenant	Rental income	Percentage of total rental income, %	Number of leases	Average remaining lease term, years
Police Authority	145	5.8	46	6.6
Municipality of Härnösand	103	4.1	79	12.7
National Courts Administration	100	4.0	25	6.6
TeliaSonera Group	86	3.4	63	5.3
Haninge Municipality	50	2.0	29	10.6
Oslo University College	46	1.8	1	8.9
Mid Sweden University	44	1.7	15	8.1
Swedish Social Insurance Agency	41	1.6	18	4.6
NAV - Norwegian Labor and Welfare Administration	40	1.6	1	8.7
DSV Group	38	1.5	9	8.6
<b>Total</b>	<b>694</b>	<b>27.7</b>	<b>286</b>	<b>8.0</b>

**OPERATION AND MAINTENANCE COSTS**

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

**INVESTMENTS IN THE PORTFOLIO**

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 535 were made in the existing property portfolio, of which MSEK 372 pertained to tenant-specific modifications, MSEK 91 to renovations and MSEK 72 to new-build projects.

**Performance in 2015**

Property management work in the past year was primarily characterized by renegotiations and extensions of a number of leases, together with the signing of new leases with long-term tenants. Hemfosa views this as confirmation that the company is perceived as a sensitive and competent landlord that meets the needs of its tenants, which in turn facilitates the signing of leases that generate stable, long-term cash flows.

**Sweden**

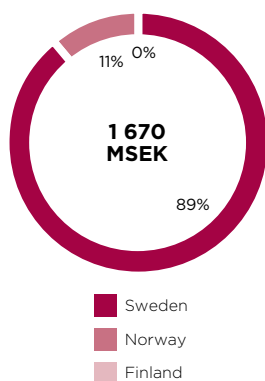
In Sweden, there is a distinct trend whereby a number of public authorities and agencies primarily in Stockholm, are relocating from the inner city to suburban locations to reduce their rental costs. Other community services are co-locating their operations to achieve a more efficient use of premises and to reduce their rental costs. In total, this is leading to increased mobility in the leasing

market, providing Hemfosa with opportunities to meet new tenants. During the year, Hemfosa signed a large number of leases for community service properties, notable among which were the ones with the Västra Götaland region (Mölndal), the County Council in Uppsala county (Uppsala) and the Western Stockholm-Mälars Region Municipal Association (Köping).

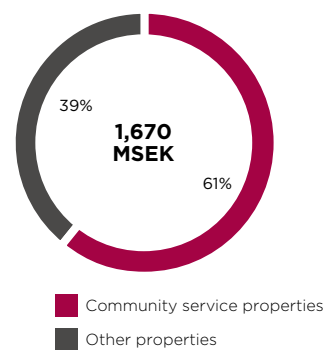
**Norway and Finland**

At year-end, Hemfosa had acquired 21 properties in Norway and two in Finland. Accordingly, property management work outside Sweden in the past year mainly focused on establishing the new property management organizations and meeting new tenants. In certain cases, as we take possession, inspections and possibly upgrades of the premises occur on the basis of tenant needs.

**Net operating income by segment**



**Net operating income by property category**







# Najaden – Digging where you stand

Nyréns arkitektkontor  
(architect firm)

The development of the Söderbymalm property in Haninge is an excellent example of how Hemfosa, in a close dialog with the tenants, adds value to a property in a way that increases the leasing rate and rental income while contributing to the long-term development of the neighborhood.

“An excellent example of how we identify potential, build long-term relationships and implement development projects that result in higher rental income and increased property value.”

When Hemfosa acquired the Söderbymalm 3:462 (Najaden) office property at Rudsjöterrassen in Haninge in 2010, the building was in great need of refurbishment and the leasing rate was low. Hemfosa then reviewed the zoning plan with a view to establishing operations other than those being conducted in the existing premises. The company decided to apply for a new zoning plan that included new development rights facilitating a focus on residential units, healthcare services and a school in the property, which was granted. Refurbishment of the entire property area is currently under way, comprising remodeling and upgrading of such features as facades, window sections and technical installations. The work is scheduled for completion in September 2016.

### Long-term development

An initial step was to sign a new 20-year lease with one of the existing tenants, Winn Hotel Group. The hotel increased its existing area by 1,440 square meters and, together with Hemfosa, drew up building plans for hotel rooms, the lobby and a restaurant, focusing on the long-term development of the hotel's operations. The aim

was to create a natural meeting place in Haninge for people who already work in the area and for all visitors.

“As a long-term property owner, Hemfosa is participating actively in the development of a new Haninge, and we are delighted to be working together with our tenant, Quality Hotel Winn Haninge, to develop a totally new Choice Quality Hotel,” says Annika Ekström, Head of Property Management at Hemfosa Fastigheter.

### Self-sufficient in heat

At the same time as refurbishing the hotel, Hemfosa is currently engaged in discussions with other interested parties regarding opportunities to establish other activities in the property, such as a retirement home and educational facilities, which the new zoning plan has made possible. In addition, a number of retail premises will be created on the ground floor. Hemfosa is also investigating the opportunity to utilize surplus heat from one of the existing operations in the Najaden property. With the help of energy stored in a drill hole and refining this, the energy will be sufficient to heat three of Hemfosa's properties in Haninge, representing a total of 100,000 square meters.

# Transactions

## A bearing element of the business

In addition to property management and development, Hemfosa actively participates in the transaction market. Property acquisitions and sales are a bearing element of the company's business model 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.



The Fastlandet 2:84 property in Härnösand

### CAPITALIZING ON BUSINESS OPPORTUNITIES

One of Hemfosa's original driving forces is capitalizing on attractive business opportunities arising in the property market. During the seven years that have passed since Hemfosa's formation, the company has implemented a significant number of transactions involving individual properties, but it has also acquired larger, complex property portfolios, frequently in rapid processes. An acquisition of a property portfolio can, for example, be implemented to gain control of an attractive larger portfolio of community service properties. A number of the properties originating from acquisitions of a larger property portfolio can subsequently be sold on. Hemfosa 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 identifying, evaluating and managing the risks and opportunities inherent in the transactions. When Hemfosa evaluates a prospective acquisition, the tenant and the operations conducted on the premises are important in the assessment, particularly for community service properties on long-term leases, where having a tenant that conducts respectable and sustainable operations is a prerequisite for good long-term relations. Hemfosa is subject to corresponding requirements in the form of transparency, security, function, safety and

“Transactions are a supporting feature of our business model. We have considerable expertise, a wide contact network and the resources to act swiftly and capture the business opportunities that arise.”

sustainability. Hemfosa also evaluates how the premises or the zoning plan can be further developed to establish other types of operations in the property.

### THE PROPERTY PORTFOLIO

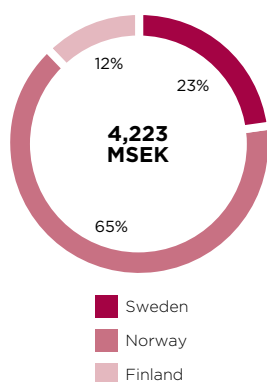
The point of departure for transaction operations is to continuously evaluate and restructure the property portfolio on the basis of the company's strategy in order to generate a high and stable yield. In recent years, this has meant that Hemfosa has increasingly focused its property holdings on community service properties, in terms of both acquisitions and also when divesting non-priority properties. In Sweden, the property portfolio predominantly comprises community service properties but also includes such other property classes as offices, logistic buildings and warehouses. In Norway and Finland, Hemfosa focuses exclusively on the acquisition of community service properties.



## Performance in 2015

During the past year, the climate in the transaction markets in Sweden, Norway and Finland has been hot, with high prices and many foreign buyers. Hemfosa implemented acquisitions in Sweden at a total value of approximately SEK 1 billion, with community service properties accounting for 90.4 percent. The company took its first steps into the Norwegian and Finnish markets through acquisitions at a total value SEK 3 billion in Norway and SEK 0.5 billion in Finland. During 2016, Hemfosa is continuing to investigate prospective transactions in the Norwegian and Finnish markets. Parallel work is being conducted to develop the Swedish property portfolio and strengthen the company's position as a specialist in community service properties in Sweden, Hemfosa's core market.

### Acquisition by segment



### Sweden

In Sweden, Hemfosa's transaction activity during the past year primarily involved streamlining the property portfolio towards community service properties. Hemfosa's acquisitions included a large number of school and healthcare premises, at the same time as the market situation benefited the divestment of other properties, such as residential units, logistic properties and offices. Viewed as a whole, acquisitions at a value SEK 1 billion were implemented as well as divestments valued at SEK 1.4 billion.

The Swedish property market remained buoyant in 2015 and the total volume of property transactions slightly exceeded SEK 133 billion, virtually the same as in 2014, which was a record year. Office properties accounted for nearly one third of the transactions, while community service properties accounted for only 6 percent.

The negative repo rate continues to fuel an already red hot Swedish property market. Growth in rents and certain downward pressure on yield requirements are expected to drive the total return in CBD and inner-city locations in the major cities, while a declining yield requirement and vacancies will be profitability drivers in more secondary locations in the major cities and in cities showing high growth. Investors and property owners are increasingly looking for new-build and conversion projects as a supplement to acquisitions of pure investment properties. While domestic investors continue to dominate the transaction market, interest from foreign capital is definitely on the rise.

### Sweden

Property type/Category	Acquisitions, MSEK	Divestments, MSEK
<b>Community service properties</b>		
Schools	252	-
Offices	-	95
Judicial	-	-
Healthcare and care services	622	-
Other	-	292
<b>Other properties</b>		
Offices	37	294
Logistics and warehouses	36	576
Other	17	185
<b>Sweden total</b>	<b>963</b>	<b>1,441</b>

Market data provided by Newsec.

### Norway

In early 2015, Hemfosa took the step into the Norwegian market by acquiring eight community service properties in the Oslo region at a value of approximately SEK 3 billion. As a result, the company had established a presence outside Sweden and become a major player in community service properties in Norway. During the year, an additional number of major acquisitions were implemented, including 13 preschools in Oslo and southern Norway. Hemfosa also announced that it was investing, through a joint venture, SEK 1.2 billion in the development of a completely new health campus by Gardermoen Airport, close to Oslo, including construction of a specialist hospital and a local medical center. The fact that Hemfosa was selected as a business partner in this major project is evidence that the company is currently regarded as a powerful player in community service properties in Norway.

In common with Sweden, prices in the Norwegian market for community service properties are high, with an increasing share of international buyers. The past year, 2015, was an extremely good year in the Norwegian property market and the total transaction volume was some SEK 116 billion, which can be compared with the transaction volume of about SEK 75 billion in the previous record year, 2014. Both domestic and foreign capital has flowed into the Norwegian property market, in search of higher yields and an increased spread of risks. Oslo accounted for nearly half of the property transactions implemented in 2015.

### Norway

Property type/Category	Acquisitions, MSEK	Divestments, MSEK
<b>Community service properties</b>		
Schools	1,124	-
Offices	830	-
Judicial	545	-
Healthcare and care services	249	-
<b>Norway total</b>	<b>2,748</b>	<b>-</b>

Market data provided by Newsec.

### Finland

In late 2015, Hemfosa expanded into Finland through the acquisition of site leaseholds to two community service properties in the Helsinki area at an underlying property value of MSEK 512. The Finnish Red Cross's Blood Service conducts national operations in one of the properties, by supplying blood products to the Finnish healthcare sector. The second property is leased by a vocational college operated by the Haaga Institute Foundation, which houses a hotel and a college in addition to the school building. Just after year-end, Hemfosa completed its next transaction: three community service properties in Tampere, the country's third largest city, and in Raahe, just south of Oulu, at a value of approximately MSEK 500. The tenants include Tampere University, the Finnish Tax Agency, the Police Authority, the Prosecution Authority and the Enforcement Authority.

Prices in the Finnish market are slightly lower than in Sweden, but still high, and are attracting considerable international interest since Finland is a member of the Eurozone. The increase in activity noted in the Finnish property market during 2014 continued to rise in 2015. In terms of volume, major transactions totaled EUR 5 billion during 2015, in line with the record years of 2006–2007, with Helsinki accounting for more than half of the transactions. In Europe's major market areas, the shortage of properties to invest in has resulted in investors seeking a higher return and a better spread of risks venturing into the Nordic countries.

On the other hand, domestic investors of pension capital have adopted a passive stance to purchasing. The increased demand has affected prices in the property market and the required yield on prime properties has declined.

Hemfosa is one of few players in the Finnish market to focus on community service properties.

### Finland

Property type/Category	Acquisitions, MSEK	Divestments, MSEK
<b>Community service properties</b>		
Schools	218	-
Offices	294	-
Judicial	-	-
Healthcare and care services	-	-
<b>Finland, total</b>	<b>512</b>	<b>-</b>







# Hemfosa's responsibility

## - to develop sustainably

Hemfosa intends to be a responsible community player and a landlord that complies with guidelines for good corporate governance in Sweden and the demands placed on a modern property owner. Hemfosa Fastigheter aims to create value for its tenants, business partners, employees, shareholders and business partners, while contributing to sustainable social development. The point of departure is long-term business relations whereby the company and its business partners jointly create a platform for healthy financial results, consideration for the environment and social involvement.



The Åland 22:1 property in Härnösand

Various types of community service operations account for a predominant proportion of Hemfosa's tenants. Schools and preschools, health and medical care services, judicial institutions and other public authorities are activities that frequently want to continue to offer their services in the same premises and geographic location over a protracted period. As a result, it is important for Hemfosa to offer the tenants long-term solutions, flexibility and opportunities to grow through remodeling and expansion. By being a responsible owner of community service operations and a partner with which they can grow, Hemfosa can contribute to creating social value in the markets served by the company. A key part of this role is being creative in developing new solutions for satisfying tenant needs, which may vary over time. It is also important to have a stable financial position that enables long-term investments, in locations outside metropolitan regions too.

### HEMFOSA'S SUSTAINABILITY EFFORT

Hemfosa has a stated ambition to progressively strengthen its sustainability efforts in areas of relevance to the company. During the year, Hemfosa initiated a more systematic approach to sustainability. The aim is

to include sustainability aspects as a natural feature of decisions and work processes in all parts of Hemfosa's property management, projects and corporate development. Day-to-day work on managing and developing sustainability issues is conducted in the areas of the organization that are affected. The Code of Conduct and adopted policy documents constitute a foundation for both the business operations, in respect of property management, transactions, communication and business ethics, and for work involving the environment, the work environment and equal opportunities.

### MATERIALITY ANALYSIS

During 2015, Hemfosa implemented a materiality analysis by establishing the questions and the areas that are most important to Hemfosa and the parties with which the company interacts, meaning Hemfosa's stakeholders. The purpose is to ensure that governance of Hemfosa's sustainability efforts takes the right direction and focuses on the sustainability areas where the company has the greatest impact. The analysis was based on the Global Reporting Initiatives (GRI) framework. Hemfosa aims to develop its sustainability reporting so that it will eventually match the GRI guidelines.



### HEMFOSA'S STAKEHOLDERS

Hemfosa's operations are part of a network of various stakeholders that influence each other, and in which smoothly functioning cooperation can contribute to success for all parties. Hemfosa has identified the following stakeholder groups as the most significant for the company.

- Tenants and customers
- Employees and external property managers
- Lenders
- Shareholders, board members and analysts
- Suppliers and business partners

### SIGNIFICANT SUSTAINABILITY AREAS

Through the materiality analysis, Hemfosa has assessed the relevance for the company of the various sustainability areas. This involves a grading of the significance of the area for Hemfosa's capacity to attain success, plus how it affects the company, and in turn whether the company has the potential to influence the particular issue. A parallel appraisal has been made to ascertain

how important each sustainability area is for decisions made by Hemfosa stakeholders and their assessments of the company.

On the basis of an ongoing dialog with stakeholders and in-house appraisals, Hemfosa has elected to focus its sustainability programs on a number of essential, priority areas within the categories of Financial Responsibility, Environmental Responsibility and Social Responsibility.

#### Financial responsibility

- Financial development
- Value creation in society

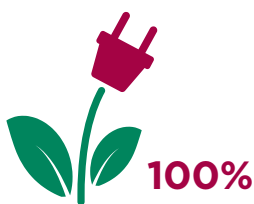
#### Environmental responsibility

- Energy consumption

#### Social responsibility

- Health and safety
- Business ethics och corporate governance
- Competency development and supply

## Events during 2015



100%

### 100 percent renewable energy

In January 2015, Hemfosa switched to using 100-percent renewable electricity throughout its property portfolio. This was facilitated by an agreement with the Swedish power generator Vattenfall covering the supply of hydropower-generated electricity to the entire property portfolio. The use of renewable electricity is one step towards attaining greater sustainability in Hemfosa's property management operations.



#### Executive Management

75% 25%

#### Board of Directors

43% 57%

### On AllBright's 2015 gender-equality list

Hemfosa was one of 27 companies on the "White List" presented annually by the AllBright Foundation in respect of Swedish companies with executive management groups and boards characterized by gender equality. Hemfosa has a 75-percent share of women among members of its Management Group, with 43 percent of the Board consisting of women.



Gardermoen Campus

### Sustainable energy generation in Gardermoen, Norway

Hemfosa's joint venture, Gardermoen Campus Utvikling (GCU), is working on the development of a site in Gardermoen, near Oslo, featuring a specialist hospital and local medical center. To supply the entire area with heating and cooling, GCU is building a modern energy facility on the site, based on renewable energy from groundwater, heat pumps and waste.

## Financial responsibility

**Hemfosa sees the potential to sustainably generate positive financial results as the basis for sustainable enterprise. Profitability creates conditions for sustainable, long-term performance. Meanwhile, sustainable operations can also contribute to the company's profitability. Hemfosa's creation of financial value also benefits the company's stakeholders – tenants, employees, shareholders, suppliers, credit providers and society.**

Since its inception seven years ago, Hemfosa has grown to become a stable, listed property company with favorable earnings. With a distinct focus on community properties – with the Swedish state and municipalities as the major tenants – Hemfosa concentrates on properties offering stable cash flow and limited risk. Hemfosa works to ensure a long-term robust financial trend by continuously developing expertise and a business-like approach throughout the organization, and by observing set guidelines for financing, risk, internal control and

accounting. Thanks to favorable property management and development of the property portfolio, Hemfosa can increase its value over time. As regards the dividend to be distributed to shareholders from the company's financial earnings, Hemfosa's policy is that, over the long term, 60 percent of distributable earnings is to be paid as a dividend.

Hemfosa's earnings capacity, profit, financial position and key data are presented in this annual report; refer to the table of contents.

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## Environmental responsibility

**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 acquire greater knowledge in the environmental area.

Hemfosa impacts the environment through its operations, in part in the form of energy consumption, waste generation, water consumption and the consumption and use of materials. These are the areas in which Hemfosa conducts continuous work with a view to developing in its ongoing property management, in part in line with applicable regulations and laws and in part to find solutions that are effective for the user, but also from a cost and sustainability perspective.

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 governing new builds and also to tenants increasingly demanding environmentally compatible premises, not least in community service properties. In such cases, Hemfosa always considers sustainability aspects, such as the work environment, waste management and materials selection.

While managing and developing properties, Hemfosa endeavors to primarily select local suppliers for providing, for example, labor, raw materials and products. 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. When acquiring 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.

### ENERGY CONSUMPTION

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, in the form of “water-based electricity”, which means that all electricity used in the properties derives from hydroelectric power. When selling this specific form of electricity, a declaration is provided in the form of a lifecycle analysis containing information on the total environmental impact through emissions of greenhouse gases, nitric oxides and sulfur dioxide, which – when it comes to “water-based electricity” – are extremely limited and

mainly derive from the period of construction of the hydroelectric power plants.

One initiative for contributing to more sustainable energy generation is the project that Hemfosa’s joint venture, GCU, is working on at Gardermoen Campus near Oslo, where, among other structures, a specialist hospital and a local medical center are being built. To supply the properties in the area with heat and cooling, work has been launched to build a modern energy facility based on renewable energy from groundwater, heat pumps and waste. This is the result of innovative and effective energy solutions based on state-of-the-art energy facilities that are well equipped to satisfy the more stringent energy requirements of the future.

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## 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 construction
  - 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 a total of eight properties in its property portfolio that are environmentally certified. During 2015, a property was added that is

Green Building certified, a certification for which an additional number of buildings are currently being processed. One property in the portfolio is certified under the more demanding Sweden Green Building Council system, while another property in the portfolio is environmentally certified according to the international environmental certification system, BREEAM. In 2016, Hemfosa will be pursuing a goal of implementing relevant environmental certification of an additional ten 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.



### SGBC

Sweden Green Building Council (SGBC) is a certification system based on regulations from the Swedish construction industry and public agencies, and on Swedish construction practices. SGBC certification provides a guarantee of a building’s critical qualities in terms of energy, indoor environment and materials. SGBC 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 encompassing 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.

## Social responsibility

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. Occupational health and safety are areas of vital importance to both employees and tenants.



The Åkroken 1 property in Sundsvall

### OCCUPATIONAL HEALTH AND SAFETY

Hemfosa's tenants must always be able to rely on the fact that Hemfosa's properties offer an environment that is safe and healthy. Ensuring safety in and around buildings is therefore extremely important to Hemfosa and is an area that is largely governed by rules and regulations and laws. Examples of important safety areas are taking care of icicles from roof tops, the risk of snow falling from roofs, fire safety and electricity audits. Creating and maintaining efficient procedures and work methods for managing safety in and around the company's buildings is something to which Hemfosa assigns a high priority and for which it conducts continuous improvement work.

For various reasons, properties may require remediation or more comprehensive measures to rectify faults that could endanger health or safety. Hemfosa believes that primarily systematic property-manage-

ment work is required to counter the occurrence of such problems. Should such issues requiring remediation arise, Hemfosa will act according to applicable laws and regulations and rectify the problems in an efficient way. Communication with the tenants affected must be candid and frequent, and Hemfosa will work to resolve any problems in a way that has as little impact as possible on the tenant.

### CORPORATE CULTURE AND EMPLOYEES

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. By relying on great individual responsibility for implementing work duties, Hemfosa offers employees a great deal of potential to shape their own time, which could be of considerable value, especially for creating a well-functioning work situation providing a balance between work and leisure time.

Hemfosa's future development depends to a great extent on the knowledge, experience and commitment of Group Management and the employees. 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 is believed that a healthy work environment, interesting duties and the opportunity for personal development contribute to this. As a feature of efforts to prevent ill health, Hemfosa offers all employees regular health checks, and all Hemfosa employees are covered by medical insurance.

#### **FOCUS ON EXPERTISE**

Hemfosa regards a clear focus on expertise and performance as the route to permanently successful operations. The specific orientation towards community service properties and property transactions requires relevant experience, a broad network of contacts and considerable know-how among employees.

Since its formation, Hemfosa has worked actively to ensure skills development and the supply of expertise at all levels of the rapidly growing property company, particularly over the past year. A key feature of this is to allow employees to grow within the organization by giving them gradually increased responsibility. An example of this approach was the fact that a number of employees were assigned new executive positions and joined the company's Management Group during 2015.

#### **EQUAL OPPORTUNITIES AND TREATMENT**

Hemfosa is of the opinion that equal opportunities and equal treatment depend in full on the supply of competence in the company, in addition to the fact that this is something that the company obviously intends to focus on for ethical and legal reasons. To ensure that all competencies in the organization are utilized optimally and that all employees will be able to develop, it is essential that each individual is judged strictly on his or her own merits. Competency must also be the decisive factor when recruiting the best candidates to the company. The conditions, rights and development opportunities of women and men should be equal throughout the company and not be dependent on gender or origin. The aim is that all employees will feel that they are active in

“For Hemfosa, it is important and self-evident that all employees are offered a safe and productive work environment where they all have equal opportunities, the potential for development and are treated in the same manner.”

a safe and productive work environment where they all have equal opportunities, the potential for development and are treated in the same manner.

Hemfosa currently has an even distribution between men and women in most areas of operation. Of the company's total workforce of 59 employees, women account for 42 percent, while they account for 75 percent of members of the Management Group. Women account for three of the seven members of Hemfosa's Board, corresponding to 43 percent. Hemfosa was acknowledged in the 2015 AllBright Report for having equal distribution in both the 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.

#### **CODE OF CONDUCT AND HR POLICY**

Hemfosa has a Code of Conduct encompassing guidelines for the company's equal opportunities work and the aim is that this work should be a natural feature of operations. Hemfosa works actively according to its HR policy to eliminate all forms of discriminatory treatment of employees and to promote sound business ethics in the company.

Hemfosa has implemented a whistleblower process that encourages employees to report any irregularities or unethical or illegal activities, thus further strengthening a sound governance structure in the organization. Hemfosa endeavors to act credibly, honestly and transparently in all contexts. The company also regards it as natural and desirable that employees, business partners and others with whom the Group has contacts or engages in business, and who have serious suspicions concerning fraud, corruption or similar actions within the Group's operations, come forward and reveal their suspicions. The whistleblower possibility in the company is described in Hemfosa's Code of Conduct.

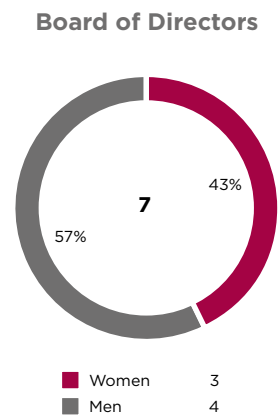
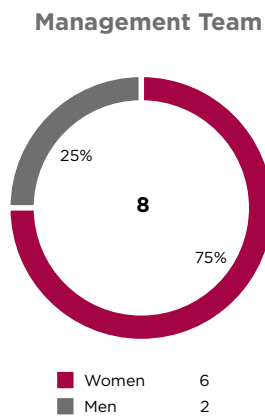
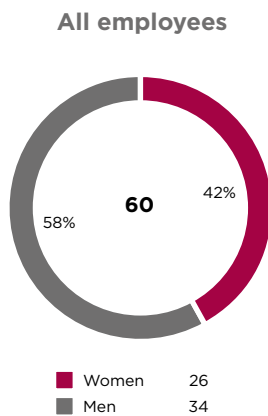
**EMPLOYEES AND ORGANIZATION**

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 59 employees, employed at nine property management offices in five regions, and at the head office in Sweden and offices in Oslo. During the third quarter of 2015, Hemfosa implemented certain management changes, including strengthening Group Management with a Head of Finance, Linda Eriksson, a Chief Accountant, Ann-Sofie Lindroth, and the COO for Norwegian operations, Simon Venemyr Ottersland

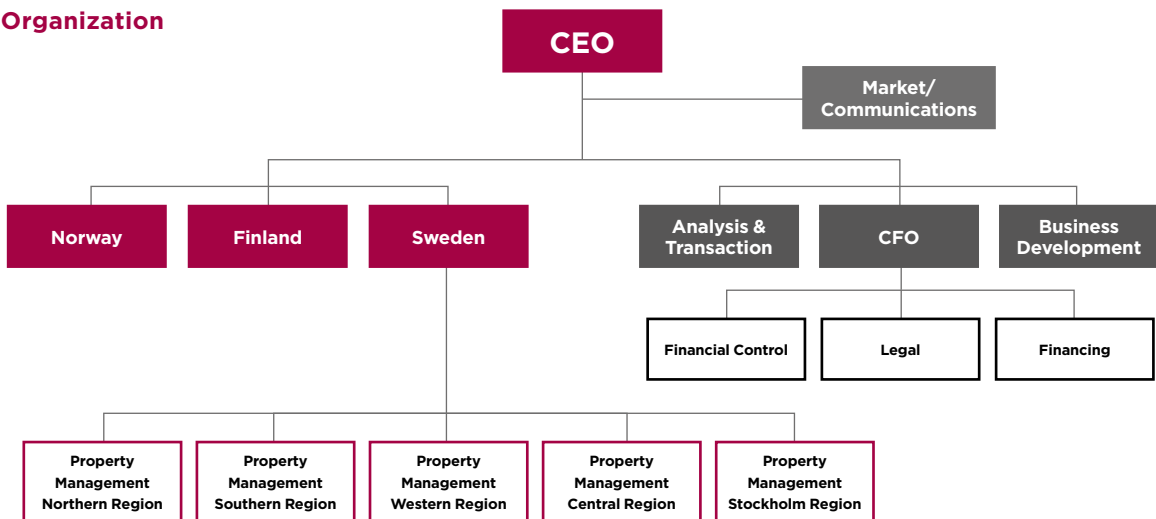
(co-opted). At year-end, the COO for Sweden, Lars Thagesson, transitioned to a consultancy role in which he works exclusively for Hemfosa. His former areas of responsibility are shared between Annika Ekström, Head of Property Management, and Stina Lindh Hök, Head of Transactions. Karim Sahibzada’s position as Head of Legal ended on December 31, 2015 and he was succeeded by Ylva Hult Palmryd, former Legal Counsel at Hemfosa.

During the year, a property management organization was established in Norway to manage Hemfosa’s property portfolio in the country and the aim is to also establish an organization in Finland due to the acquisitions implemented by Hemfosa during winter 2015/2016.

**Breakdown by gender**



**Organization**









# Hemfosa's property portfolio

During the year, Hemfosa worked determinedly to focus the property portfolio on community service properties, which now account for 57 percent of rental income in the Group and the aim is to further increase the share. During 2015, Hemfosa established a distinct position as a powerful player in community service properties in Norway and, at the end of the year, completed the first transaction in Finland. As a result, Hemfosa currently regards itself a Nordic player in the market for community service properties and the plan is to continue to grow in the Swedish core market and also in Norway and Finland.

## SEGMENTS

Community service properties account for an ever-increasing and more prioritized share of Hemfosa's property portfolio. As a result of this development and the past year's expansion of the company's operations into Norway and Finland, where the portfolios consist exclusively of community service properties, Hemfosa has chosen a new segment division based primarily on the different markets of Sweden, Norway and Finland and secondarily on the property types of Community service properties and Other properties. The assessment is that the new division provides a clearer overview of the profit trend and of Hemfosa's property portfolio.

### Sweden

Sweden is and will continue to be Hemfosa's core market. The Swedish property portfolio continues to be mixed, albeit with a definite focus on community service properties. Although active transaction work is being conducted to additionally streamline the portfolio towards community service properties, the portfolio will remain more varied than other segments in the future.

The geographical focal point in this segment is on the Stockholm, Gothenburg and Öresund regions, as well as growth municipalities in central Sweden and along the coast of Norrland. The metropolitan regions of Stockholm and Gothenburg represent approximately 40 percent of the total property value.

### Norway

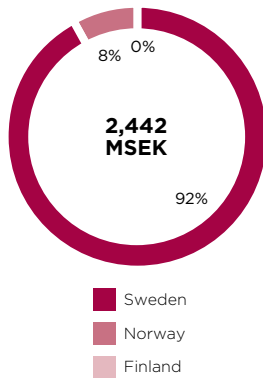
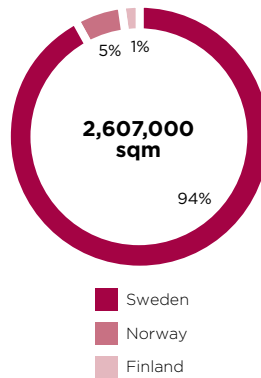
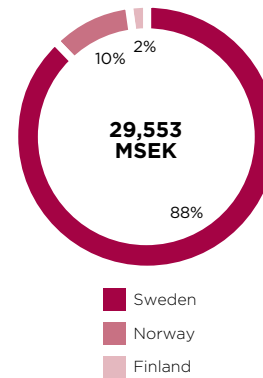
Hemfosa took an initial step into the Norwegian market in early 2015 and the property portfolio in Norway accounted for 10 percent of Hemfosa's total year-end property value. Overall, Hemfosa owned around 20 community service properties in Norway at year-end, with operations ranging from offices and premises for judicial institutions to schools and health and care services, with the largest tenants being Oslo University College, NAV – the Norwegian Labor and Welfare Administration – and Østfold University College. The property portfolio is focused on the Oslo region.

### Finland

In December 2015, Hemfosa implemented its first transaction in Finland, through the acquisition of two community service properties in Helsinki at a total value MSEK 500.



The Missionen 2 property in Örebro

**Rental income by segment****Leasable area<sup>1</sup> by segment****Property value by segment**

<sup>1</sup> Excluding garage space

**TYPES AND CATEGORIES OF PROPERTIES**

Hemfosa's property portfolio is divided into the property types Community service properties and Other properties. Within the Community service properties, the principal property categories are offices, schools, judicial institutions and health and care services, while Other properties primarily comprises office, logistic and warehouse properties.

**Community service properties**

The Norwegian and Finnish property portfolios are more streamlined than the Swedish portfolio and exclusively comprise community service properties. This gives Hemfosa a unique position in these markets and the company has become a significant and powerful player in a short period of time. Hemfosa's strategy is to continue to grow in community service properties, which generate stable cash flows and usually also have longer leases. The average remaining lease term at year-end was seven years, more than six months higher than in the preceding year. The economic leasing rate was 94.9 percent.

Hemfosa's largest tenants are the Swedish Police Authority, the Swedish National Courts Administration and the Swedish Municipality of Härnösand. With an aging population in Sweden, investors are showing an increasing interest in community service properties adapted for retirement homes and health and care services. In recent years, Hemfosa has invested significant

amounts in these categories. In February, for example, 13 properties were acquired, most of which located in western Sweden, with major tenants and operations in healthcare and in retirement homes. In November 2015, Hemfosa also acquired 43 healthcare and personal care properties in central Sweden.

Since the tenants and the operations conducted on the premises are just as important as the properties' standard, Hemfosa places great emphasis on analysis prior to each acquisition. Although the lease terms for community service properties are generally long, resulting in stable revenue streams, this presupposes long-term relationships in which Hemfosa satisfies the tenants' long-term requirements through customization and refurbishment of the premises. Many of the properties acquired by Hemfosa have a considerable need for renovation and refurbishment, which gives rise to an opportunity to renegotiate leases, assuming that the company can meet the tenants' long-term needs and develop the premises in line with their requirements.

*Offices*

This category of properties comprises office premises in which the tenants conduct publicly funded operations, but where the operations do not require customization of the premises in terms of, for example, security. The largest tenants include the Swedish Municipality of Haninge, NAV – the Norwegian Labor and Welfare Administration – and the Finnish Red Cross/Suomen



Punainen Risti. Rental income from office properties represents 18 percent of Hemfosa's total rental income and 31 percent of rental income from the community services type of properties.

#### Schools

School properties generally include a large proportion of customized premises and outdoor space. The largest tenants include the Swedish Municipality of Härnösand, Oslo University College and Mid Sweden University. Rental income from school properties represents 18 percent of Hemfosa's total rental income and 31 percent of rental income from the community services type of properties.

#### Judicial institutions

This category of properties for judicial institutions usually comprises properties customized on the basis of special requirements such as the need for security. The largest tenants include the Swedish National Courts Administration, the Swedish Police Authority and the Norwegian Police Service. Rental income from prop-

erties for judicial institutions represents 12 percent of Hemfosa's total rental income and 21 percent of rental income from the community services type of properties.

#### Health and care services

The operations in the category of properties for health and care services include retirement homes, elderly care facilities, healthcare centers, hospitals and child care. The premises used by these activities generally require some form of customization. The largest tenants include Espira Barnehager AS of Norway and the Swedish Municipalities of Härnösand and Strängnäs. Rental income from properties used for health and care services represents 10 percent of Hemfosa's total rental income and 17 percent of rental income from the community services type of properties.

#### Others

Other community service properties could be land, garages or warehouses. The largest tenants include the Swedish Municipality of Härnösand and the Swedish County Council of Västmanland.

### Community service properties

Key figures per property category 31	School		Offices		Judicial institutions		Care services		Other		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Rental value, MSEK	473	334	485	483	320	187	250	170	8	24	1,535	1,198
Leasable area <sup>1</sup> , 000s sqm	366	273	381	375	233	163	233	147	9	18	1,222	977
Fair value properties, MSEK	5,504	3,404	5,171	3,742	3,717	2,871	2,869	1,902	102	392	17,363	12,311
No. of properties	55	47	42	46	38	27	103	38	6	7	244	165
Yield <sup>2</sup> , %											6.1	6.3

<sup>1</sup> Excluding garage space

<sup>2</sup> According to earnings capacity



The Samuel 2 property in Västerås

## Other properties

Other properties account for 43 percent of Hemfosa's rental income and mainly comprise offices and logistic and warehouse properties. They also include a small number of other properties such as residential units, hotels and retail properties. The average remaining lease term at year-end was 4.4 years, while the economic leasing rate was 84.8 percent.

### Offices

Hemfosa's office properties are located centrally in primarily the Swedish metropolitan regions of Stockholm and Gothenburg, and also in such growth municipalities as Västerås, Karlstad, Sundsvall, Umeå and Luleå.

Good-quality office properties in central locations are usually highly marketable, since the interest from other players in acquiring these properties is generally considerable, particularly among local property owners. In growth municipalities, excluding Sweden's three largest cities, the supply of premises is usually lower and the tenants are less inclined to move. 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 service 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.

Recently, tenants have started to make greater 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 has identified solid potential for adding value to the property portfolio and increasing the leasing rate.

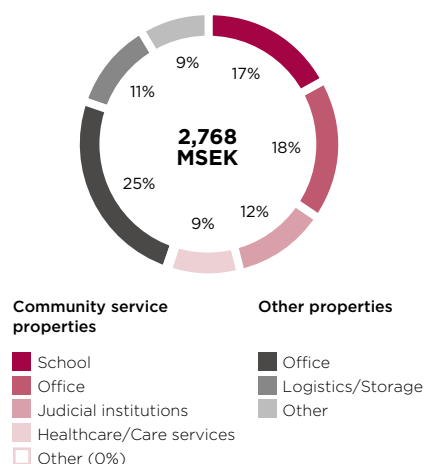
## Other properties

Key figures per property category 31	Offices		Logistics /Storage		Other		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Rental value, MSEK	691	694	304	373	238	255	1,233	1,322
Leasable area <sup>1</sup> , 000s sqm	595	613	521	638	269	288	1,385	1,539
Fair value of properties, MSEK	6,545	6,243	3,511	4,050	2,135	2,113	12,191	12,407
No. of properties	73	77	35	44	59	67	167	188
Yield <sup>2</sup> , %							5.8	6.0

1 Excluding garage space

2 According to earnings capacity

## Rental value by property category



### Logistics and storage

Logistic properties are properties fitted with terminals or warehouse space for inventory management, reloading and distribution. They are attractively located near major European grade highways and key transportation hubs mainly in southern and central Sweden.

Hemfosa's logistic properties include a considerable share of modern logistic buildings with a highly flexible range of applications. In recent years, portfolios of logistics properties have been highly attractive in the property market, and a large number of players continuously contact Hemfosa to show interest in acquiring logistic properties.



# Sweden

Sweden is Hemfosa's core market, accounting for 88 percent of the Group's property value and with a distinct emphasis on community service properties. The 388 properties are primarily located in the Stockholm and Gothenburg regions, as well as in growth municipalities in central Sweden and along the coast of Norrland.

With the aim of continuing to grow in community service properties, Hemfosa worked actively during the year to streamline the portfolio towards this area and the buoyant market conditions facilitated this work. The major acquisitions included 13 community service properties in primarily Västra Götaland for activities such as care services, schools and retirement homes and 43 fully leased community service properties for healthcare and personal care activities; a growing area in which we believe that Hemfosa is ideally suited as a property owner with its long-term approach and experience. Viewed as a whole, the share of rental income from community service properties increased during the year from 50 percent to 53 percent as a result of active

transaction work. The average remaining term of Swedish leases at year-end was 5.4 years, while the economic leasing rate was 89.5 percent.

Divestment of non-priority properties totaled SEK 1.4 billion. Early in the year, nine logistics properties were divested in eight locations in southern, western and central Sweden and, at the end of the year, an additional four logistics properties were divested in Stockholm, Eskilstuna and Södertälje. At the same time, Hemfosa invested in a logistic property in Västra Götaland, which is being customized and extended under an agreement with the tenant. In total, the year-end value of the Swedish portfolio was SEK 26 billion, and it accounted for 92 percent of the Group's rental income.

## Sweden

Property type/Category	Leasable area, 000s of square meters <sup>1</sup>	Rental value, MSEK	Fair value	No. of properties
<b>Community service properties</b>				
Schools	292	364	4,036	52
Offices	333	403	3,977	39
Judicial	207	277	3,109	34
Healthcare/care services	223	232	2,584	90
Other	9	8	102	6
<b>Other properties</b>				
Offices	595	691	6,545	73
Logistic/Storage	521	304	3,511	35
Other	270	238	2,135	59
<b>Sweden total</b>	<b>2,451</b>	<b>2,518</b>	<b>25,999</b>	<b>388</b>

<sup>1</sup> Excluding garage space



The Nannylund 1 property in Eksjö

# Norway

In Norway, Hemfosa built up a portfolio of 21 properties during the year at a total value of SEK 3 billion, primarily in the Oslo region and southern Norway. The Norwegian portfolio accounted for 10 percent of Hemfosa's total property value at year-end. The properties are located in the Oslo region and consist exclusively of community service properties.

The tenants include schools and preschools, judicial institutions, the Norwegian Police Authority, the Norwegian Employment Service, the Norwegian Social Insurance Agency and the Norwegian Tax Agency. In addition, Hemfosa further strengthened its presence in Norway through development, conducted in a joint venture, of a new health campus and the construction of both a specialist hospital and a local medical center, situated centrally by Gardermoen Airport, near Oslo. Hemfosa is investing approximately SEK 1.2 billion in the project, which will be carried out in partnership with

the property development company Aspelin Ramm. Construction started in autumn 2015 and the tenant, the Norwegian Heart and Lung Patient Organization (LHL), has signed a 25-year lease on the specialist hospital with occupancy scheduled for January 2018. The local medical center, which is located close by, is also fully leased. In total, the year-end value of the Norwegian portfolio was SEK 3.0 billion, and it accounted for 8 percent of the Group's rental income. The average remaining term of Norwegian leases at year-end was 10.2 years, while the economic leasing rate was 100 percent.

## Norway

Property type/Category	Leasable area, 000s of square meters <sup>1</sup>	Rental value, MSEK	Fair value	No. of properties
<b>Community service properties</b>				
Schools	56	91	1,249	2
Offices	28	54	900	2
Judicial	25	43	608	4
Healthcare/care services	10	18	285	13
Other	-	-	-	-
<b>Norway total</b>	<b>119</b>	<b>206</b>	<b>3,042</b>	<b>21</b>

<sup>1</sup> Excluding garage space



The Statens Park property in Tønsberg, Norway



# Finland

Finland is the third market in which Hemfosa has established operations and the property portfolio there consists exclusively of community service properties, with the focus on the country's largest cities. At year-end, the property portfolio in Finland accounted for 2 per cent of Hemfosa's property value.

In late 2015, Hemfosa took the initial step into Finland through the acquisition of site leaseholds to two community service properties in the Helsinki area at an underlying property value corresponding to SEK 0.5 billion. Just after year-end, Hemfosa completed its second transaction: three community service properties in Tampere, the country's third largest city, and in Raahe, just south of Oulu. The tenants include Tampere

University, the Finnish Tax Agency, the Finnish Police Authority, the Finnish Prosecution Authority and the Finnish Enforcement Authority.

At year-end, the Finnish property portfolio consisted of two properties comprising 31,000 square meters of floor area at a property value of MSEK 512. The average remaining term of Finnish leases at year-end was 8.6 years, while the economic leasing rate was 100 percent.

## Finland

Property type/Category	Leasable area, 000s of square meters <sup>1</sup>	Rental value, MSEK	Fair value	No. of properties
<b>Community services</b>				
Schools	18	18	218	1
Offices	19	27	294	1
Judicial	-	-	-	-
Healthcare/care services	-	-	-	-
Other	-	-	-	-
<b>Finland, total</b>	<b>37</b>	<b>45</b>	<b>512</b>	<b>2</b>

<sup>1</sup> Excluding garage space



The Kivihaantie 7 property in Helsinki, Finland







# 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 to optimize its property operations. During 2015, Hemfosa strengthened its financial position and access to capital, through a private placement 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 loans from credit institutions and a bond loan. Shareholders' equity accounts for approximately 34 percent of financing, while interest-bearing liabilities represent 60 percent and other liabilities 6 percent.

## EQUITY

At December 31, 2015, Hemfosa's shareholders' equity totaled MSEK 10,749 (8,949), equal to an equity/asset ratio of 34.2 percent (34.4). Hemfosa's financial target is an equity/assets ratio in excess of 30 percent. The Parent Company's equity amounted to MSEK 8,985 (8,607) at December 31, 2015.

During the year, a private placement of a total of 999,999 new preference shares was implemented, which contributed equity of MSEK 165 to Hemfosa. At year-end, preference capital totaled MSEK 1,791 (1,591). The 2015 Annual General Meeting resolved to pay dividends totaling MSEK 394 to ordinary shareholders, and MSEK 100 to preference shareholders, subject to quarterly payment. Since the Board exercised its mandate to implement a private placement of new preference shares, this resulted in additional dividends of about MSEK 7. At year-end, dividends of MSEK 399 had been paid, with the remaining dividends expensed in the statement of financial position.

The amended accounting policy for investment properties affected equity by a total of MSEK 375; see page 70.

## INTEREST-BEARING LIABILITIES

At 31 December 2015, Hemfosa's interest-bearing liabilities amounted to MSEK 18,898 (15,760), with MSEK 17,672 (14,534) pertaining to loans from credit institutions, MSEK 1,194 (1,190) to bond loans, MSEK 14 (33) to vendor's mortgages and MSEK 18 (3) to other liabilities. Hemfosa has a revolving credit of MSEK 1,300 (1,300), of which MSEK 1 (633) was unutilized at year-end.

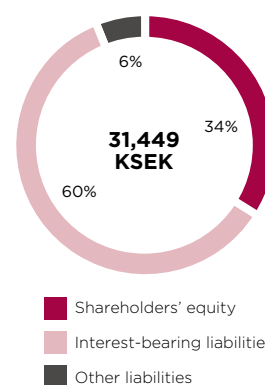
The Group also has two overdraft facilities totaling MSEK 325 (150), which were unutilized at December 31, 2015. In addition, the Group has loans raised in NOK pertaining to the property portfolio in Norway, as well as loans raised in EUR for the Finnish property portfolio.

The Group's interest-bearing liabilities to external creditors corresponded to 63.9 percent (64.6) of the fair value of the property portfolio. At December 31, 2015, the average interest rate was 2.03 percent (2.37). From March 19 through year-end, STIBOR 3-months was negative. In some cases, the Group has entered into loan agreements with an interest-rate floor provision, meaning that STIBOR 3 months cannot be negative. Due to these loan agreements, Hemfosa is not able to fully capitalize on the lower interest rates.

## Changes during 2015

During the year, new loans were raised totaling MSEK 4,240. Of these, MSEK 3,680 pertained to the acquisition of properties, MSEK 525 to refinancing of existing

### Capital structure



loans and MSEK 35 to project financing. Repayment of interest-bearing liabilities during 2015 totaled MSEK 1,101, of which MSEK 744 pertained to repayments connected to the divestment of properties and MSEK 357 to the repayment of loans raised. Net changes in interest-bearing liabilities during 2015 amounted to an increase of MSEK 3,138.

For loans maturing in 2016, Hemfosa assesses that the probability of refinancing the loans on market terms is high.

#### Fixed-rate period

At year-end, the average remaining fixed-rate period was 1.3 years (1.9). During January 2016, Hemfosa raised interest-rate caps of MSEK 201 for loans applying to the acquisition of community service properties in Finland. After entering into the interest-rate caps in January 2016, the remaining fixed-rate period is 1.4 years.

#### Interest-rate swaps and interest-rate caps

Interest-rate swaps and interest-rate caps are used to limit the interest-rate risk and increase the predictability of Hemfosa's profit from property management. Hemfosa mainly works with floating interest rates in its loan agreements and manages interest-rate risk through interest-rate swaps and interest-rate caps. By limiting the interest-rate risk, the predictability of Hemfosa's profit from property management increases, and changes

in interest rates have less impact on the Group's interest expenses. Taking into account the interest-rate swaps and interest-rate caps entered into, together with the loans that carry fixed interest rates, 52.4 percent (60.8) of Hemfosa's loan portfolio is interest hedged.

Interest-rate caps were entered into and swaps settled in order to adapt the company's fixed-rate periods to the decided financial policy and existing loan agreements.

#### 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 systematically 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 dependence, Hemfosa works in a long-term and structured manner to secure the supply of competence by means

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## 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
- To ensure that Hemfosa is perceived as a professional business partner
- To secure the company's loan financing
- To formulate financial strategies and risk management that match 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 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

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.

of new recruitments and by creating conditions for the employees to develop and be promoted within the company. The operations are based on documented job descriptions and clear process maps to assure quality and knowledge transfer.

Within the framework of the continuing operations, Hemfosa could incur losses due to faulty procedures, inadequate control or irregularities. Hemfosa has implemented an independent and comprehensive mapping of the Group's key processes and the internal control elements in the processes, which has reduced the operational risk. The results of the mapping and the proposed improvement areas have all been incorporated into daily operations. Efforts to develop internal processes and work methods are conducted continuously. 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, refer to Fixed-income derivatives and interest-rate caps above.

### Currency

Due to the acquisition of properties in Norway and Finland, the Group is currently exposed to currency risk. Currency risks pertain to investments, income and expenses in foreign currency, in which the currency fluctuations impact profit/loss and other comprehensive income for the year. Hemfosa's currency risk has been identified to arise in connection with shareholders' equity in foreign subsidiaries, and partly in net flows in foreign currency, as well as in connection with acquisitions and divestments of foreign companies and properties when the transactions are frequently negotiated

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

	Overdraft facilities <sup>1</sup> MSEK	Interest-rate swaps, MSEK	Interest-rate cap, MSEK	Interest-rate hedged loans, MSEK	Proportion, %
<1 year	17,067	-4,655	-2,286	10,126	54
1-2 years	1,763	385	384	2,532	13
2-3 years	0	3,304	1,902	5,206	28
3-4 years	0	322	0	322	2
4-5 years	29	644	0	673	4
>5 years	39	0	0	39	0
<b>Total</b>	<b>18,898</b>	<b>0</b>	<b>0</b>	<b>18,898</b>	<b>100</b>

<sup>1</sup> The table shows the discounted value of loans, which deviates by an insignificant amount from the nominal amount.

Agreements entered into for interest-rate swaps and interest-rate caps with a total volume of MSEK 8,053 have been taken into account in contractual interest rates and terms. The underlying loans carry a floating interest rate that is mainly based on STIBOR 3 months.

### Maturity structure, interest-bearing liabilities December 31, 2015

	Overdraft facilities, MSEK	Proportion, %	Loan interest, MSEK	Net interest, derivatives, MSEK <sup>1</sup>	Total
2016	1,569	8	318	50	369
2017	6,646	35	262	44	305
2018	6,492	34	184	35	219
2019	796	4	80	1	81
2020	3,286	17	23	0	23
2021-	109	1	49	0	49
<b>Total</b>	<b>18,898</b>	<b>100</b>	<b>916</b>	<b>131</b>	<b>1,047</b>

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

### Fixed-rate period, interest-rate swaps at December 31, 2015

	Nominal amount	Average interest rate interest-rate swaps, %	Market value, MSEK
<1 year	112	0.8	-6
1-2 years	385	0.1	-2
2-3 years	3,304	1.1	-86
3-4 years	322	0.5	-3
4-5 years	644	1.3	-6
>5 years	0	0	0
<b>Total</b>	<b>5,767</b>	<b>1.0</b>	<b>103</b>



and agreed in the period prior to taking or handing over possession and Hemfosa is exposed to currency fluctuations in the intermediary period. Accordingly, Hemfosa is exposed to risks in both currency flows and changes in currency exchange rates. Hemfosa has not entered into any currency hedges to date but is continuously working on the issue, and it is not impossible that the company could enter into currency hedges from time to time.

### Sensitivity analysis

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

### Sensitivity analysis 31 2015

	Change, %	Earnings effect, MSEK
Contractual rental income	+/-1	-25
Economic leasing rate, %		90.6%
Economic leasing rate	+/-1	-25
Property expenses	+/-1	+8
Net operating income	+/-5	-88
Changes in SEK/NOK exchange rates	+/-	-113
Change in SEK/EUR exchange rate	+/-	-19
Interest expenses assuming current fixed-interest periods and changed interest rates <sup>1</sup>	+/-1	-74/ +9
Interest expenses assuming change in average interest rate level <sup>2</sup>	+/-1	-/+189
Remeasurement of fixed-income derivatives resulting from shift in interest rate curves	+/-1	-154

<sup>1</sup> Taking into account derivative agreements

<sup>2</sup> Not taking into account derivative agreements

### COMMUNITY SERVICE PROPERTIES

Hemfosa owns community service properties in a number of cities, with the emphasis in Sweden on the Stockholm, Gothenburg and Öresund regions, Västerås, Karlstad and Sundsvall/Härnösand, in Norway on the Oslo region and in Finland on the largest cities.



# Ordinary and preference shares

## Hemfosa as an investment

Hemfosa’s ordinary share has been listed on Nasdaq Stockholm, Mid Cap, since March 21, 2014 under the ticker symbol “HEMF.” The company’s preference share has been listed on NASDAQ Stockholm, Mid-Cap, since December 12, 2014 under the ticker symbol “HEMF PEF.” Hemfosa’s total year-end market capitalization was MSEK 14,065.

Hemfosa has two classes of shares: ordinary shares 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 2015 AGM on May 7, 2015 resolved on a split of the company’s ordinary shares, whereby one existing ordinary share on May 19, 2015 was divided into two shares of the same class (2-for-1 share split). On September 29, 2015, the Board decided to utilize its mandate from the 2015 AGM to offer a private placement of new preference shares, totaling 999,999, to two institutional investors. At December 31, 2015, 142,440,207 shares of which 131,440,208 were ordinary shares and 10,999,999 were preferential shares. Hemfosa’s share capital amounted to SEK 71,220,103.50.

### ORDINARY SHARE

The closing price for the ordinary share on December 30, 2015 was SEK 94.25, representing a price increase of 17.9 percent during the year. During the same period, the Nasdaq Stockholm All Share-index rose 10.2 percent, while the Carnegie Real Estate Index rose 26.3 percent. A total of 1,112,733,743 ordinary shares were

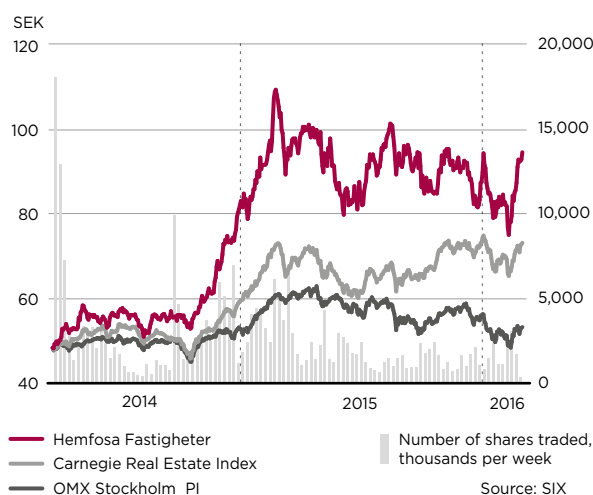
traded at a value of SEK 10,217,059,896 during 2015. On an average trading day, 441,562 ordinary shares were traded in an average of 833 transactions. Of total trading in Hemfosa’s ordinary shares, 86.7 percent occurred on Nasdaq Stockholm, 11.9 percent on BATS Chi-X Europe and 1.4 percent on other exchanges.

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.

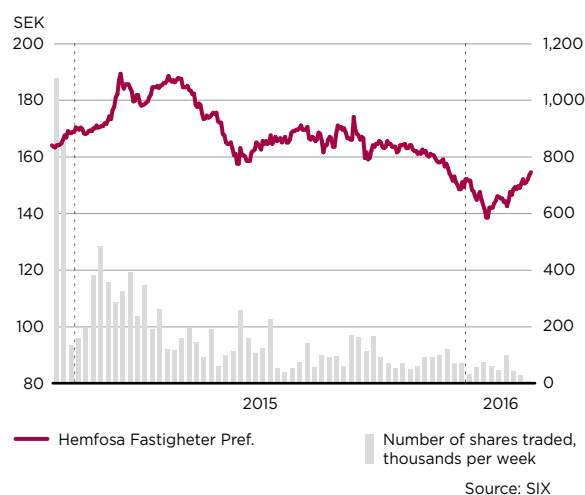
### PREFERENCE SHARE

The closing price for the preference share on December 30, 2015 was SEK 152.50, representing a price decline of 1.4 percent during the year. 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 10 per preference share divided among quarterly payments of SEK 2.50 per preference share. Hemfosa’s preference share is traded under the “HEMF PEF” ticker.

### Ordinary share



### Preference share



## 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 joint ventures. Distributable profit for the year amounted to MSEK 1,103. For the 2015 fiscal year, the Board proposes that the AGM resolve to pay a dividend to holders of ordinary shares of SEK 4.20 per ordinary share with quarterly payment of SEK 1.05 per ordinary share. The proposed record dates are April 21, July 10 and October 10, 2016 and January 10, 2017. The Board also proposes that the AGM resolve to pay a dividend of SEK 10 per preference share to holders of preference shares divided among quarterly payments of SEK 2.50 per preference share. The proposed record dates for the

dividend on preference shares are July 10 and October 10, 2016 and January 10 and April 10, 2017. The proposed dividend corresponds to 60 percent of the distributable profit for 2015.

## SHAREHOLDER INFORMATION

At December 30, 2015, Hemfosa had 16,019 shareholders, of whom Swedish investors, institutions and private individuals owned 69.4 percent of the shares. International institutional investors owned 30.6 percent of the shares. The five largest owners jointly controlled 30.9 percent of the share capital and 33.2 percent of the voting rights. Hemfosa's Board and Management held 6.3 percent of the share capital and 6.7 percent of the voting rights.

### Owner distribution, December 30, 2015

Owners	Number of shares		Percentage of	
	Ordinary shares	Preference shares	Share capital, %	Voting rights, %
Fourth AP Fund	13,218,166	-	9.30	10.00
Länsförsäkringar Fondförvaltning AB	11,497,055	-	8.10	8.70
AMF Försäkring och fonder	6,877,846	-	4.80	5.20
Kåpan Pensioner	6,863,562	-	4.80	5.20
Lannebo Funds	5,568,845	-	3.90	4.20
Swedbank Robur Funds	5,402,647	300,000	4.00	4.10
Handelsbanken Fonder AB RE JPMEL	4,499,413	-	3.20	3.40
Ikano Invest AB	3,134,562	-	2.20	2.30
Board and Management	8,852,507	104,000	6.30	6.70
Others	65,525,605	10,595,999	53.40	50.20
<b>Total</b>	<b>131,440,208</b>	<b>10,999,999</b>	<b>100.00</b>	<b>100.00</b>

### Ownership structure by size of holding at December 30, 2015

Holdings	No. of shareholders	Holdings, %	Voting rights, %
1-500	9,848	1.47	1.01
501-1,000	2,756	1.49	1.11
1,001-5,000	2,542	3.92	2.84
5,001-10,000	379	1.92	1.48
10,001-15,000	104	0.91	0.76
15,001-20,000	63	0.81	0.67
20,001-	327	89.47	92.14
<b>Total</b>	<b>16,019</b>	<b>100.00</b>	<b>100.00</b>

Source: Euroclear

### Trend in share capital

	Date	Change in number of ordinary shares	Change in number of preference shares	Change in share capital, MSEK
New issue, 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, preference shares	Dec -14		5,000,000	5
Share split 2-for-1	May -15	65,720,104	5,000,000	-
Private placement, preference shares	Sep -15		999,999	1
<b>Total</b>		<b>131,440,208</b>	<b>10,999,999</b>	<b>72</b>

For share-related key figures, see page 55.



# Corporate Governance 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 in other respects 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. 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 such non-compliance, and describe the solution chosen instead. The Code is available at [www.bolagsstyrning.se](http://www.bolagsstyrning.se), where the Swedish model for corporate governance is also described. During 2015, Hemfosa complied with the Code without any deviations. During the year, Hemfosa also applied the Nasdaq Stockholm Rule Book for Issuers and generally acceptable practices in the stock market.

This Corporate Governance Report is being issued in accordance with the Swedish Annual Accounts Act and the Code and provides an account of Hemfosa's corporate governance during 2015. This year's Corporate Governance Report endeavors to avoid the repetition of what follows from applicable rules and regulations and focuses on reporting how the rules are applied specifically by Hemfosa.

## GENERAL SHAREHOLDER MEETINGS

Hemfosa's 2016 Annual General Meeting (AGM) will be held on April 19, 2016 in Stockholm. Shareholders are entitled to have a matter addressed at the AGM assuming that a written request to this effect has been received by the Board of Directors no later than March 1, 2016. For practical reasons, however, the company would like to receive such a request no later than February 10, 2016. Such requests are to be addressed to the Board of Directors. Contact details are available on the company's [www.hemfosa.se](http://www.hemfosa.se) website. Hemfosa always endeavors to ensure that the Board of Directors, Executive Management Team, Nomination Committee and the auditor attend general meeting of shareholders.

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.

In addition to what is stipulated by law, it is stated in Hemfosa's Articles of Association concerning a shareholder's entitlement to attend a General Meetings of Shareholders that pre-notification must be completed no later than the day specified in the notice to attend the Meeting.

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 of the Board of Directors' registered office or in Stockholm and the AGM is to be held within six months of the end of the fiscal year. The company's fiscal year extends from January 1 to December 31.

Resolutions passed at Hemfosa's 2015 AGM included authorization of the Board 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 not more than 1,000,000 preference shares. This authorization was utilized by the Board in September 2015 through the issuance of 999,999 new preference shares.

## THE HEMFOSA SHARE AND SHAREHOLDERS

The number of shares in the company on December 31, 2015 was 142,440,207, divided between two classes of shares: 131,440,208 ordinary shares and 10,999,999 preference shares. The preference shares provide entitlement and precedence to a dividend of SEK 10 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 71,220,103.50 and the quotient value per share was SEK 0.5.

The number of shareholders on December 31, 2015 was 16,019. The company's five largest shareholders on December 31, 2015 were: The Fourth Swedish National Pension Fund (holding a total of 13,218,166 shares or 9.97 percent of the voting rights), Länsförsäkringar

Fondförvaltning AB (holding a total of 11,497,055 shares or 8.67 percent of the voting rights), AMF Försäkring och fonder (holding a total of 6,877,846 shares or 5.19 percent of the voting rights), Kåpan Pensioner Försäkringsförening (holding a total of 6,863,562 shares or 5.18 percent of the voting rights) and Lannebo funds (holding a total of 5,568,845 shares or 4.20 percent of the voting rights).

### ARTICLES OF ASSOCIATION

Hemfosa's Articles of Association were adopted by the AGM on May 7, 2015 and are presented in full at [www.hemfosa.se](http://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 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

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.

Hemfosa's Nomination Committee ahead of the 2016 Annual General Meeting comprises Mats Andersson (Fourth Swedish National Pension Fund), Maria Nordqvist, (Lannebo funds), Eva Gottfridsdotter-Nilsson (Länsförsäkringar Fondförvaltning AB), Lennart Francke, (Swedbank Robur funds) and Bengt Kjell (Chairman of the Board). Mats Andersson is Chairman of the Nomination Committee.

Prior to the 2016 AGM, the Nomination Committee held two minuted meetings during 2015.

### 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. The AGM on May 7, 2015

resolved to reelect Bengt Kjell, Caroline Sundewall, Jens Engwall, Anneli Lindblom, Magnus Eriksson, Ulrika Valassi and Daniel Skoghäll. For information about the Board members, their assignments outside the Group and their shareholdings in Hemfosa, refer to the section "Board of Directors and auditors" on pages 48–49.

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 thereto updated continuously to comply with legislation, or should other requirements arise. According to the Code, a majority of the Board members elected by the Meeting shall 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.

### 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 2015

The company's Board held 15 meetings during 2015, including a statutory Board meeting. The agenda ahead of each scheduled Board meeting included a number of standing items: The CEO's review of the operations, acquisitions, divestments, organization and organizational development and investments as well as financial reporting. In 2015, the Board made decisions on several major acquisitions, divestments and investments, as well as financing and refinancing programs. The Board also decided on the issuance of preference shares in accordance with authorization received from the AGM.

## Composition of the Board

AGM-elected <sup>1</sup>	Elected, year <sup>2</sup>	Born in	Total annual fee, year <sup>3</sup>	Independent in relation to shareholders	Independent in relation to company and management	Attendance Board meetings
Chairman						
Bengt Kjell	2009	1954	350,000	Yes	Yes	15/15
Members						
Jens Engwall	2009	1956	-	Yes	No	15/15
Magnus Eriksson	2011	1959	175,000	Yes	Yes	14/15
Anneli Lindblom	2013	1967	235,000	Yes	Yes	15/15
Daniel Skoghäll	2009	1962	175,000	Yes	Yes	15/15
Caroline Sundewall	2013	1958	210,000	Yes	Yes	15/15
Ulrika Valassi	2013	1967	210,000	Yes	Yes	15/15

1 Training and education, others assignments, shareholdings in the company, etc. of current members of the Board are presented on pages 48-49 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 "Director fees" section below. The fees reported in the table above pertain to the annual period in office.

### Responsibilities of the Board of Directors and the CEO

Once annually, in accordance with the Board of Directors' rules of procedure, the Chairman of the Board initiates an evaluation of the Board's work. The 2015 evaluation was performed via a questionnaire answered by the Board members. In addition, the Chairman of the Board had some separate contacts with the members. The purpose of the evaluation was to gain an impression of the Board members' views concerning how the work of the Board is conducted and the type of measures that could be implemented to increase the efficiency of the Board's work. Another aim was to gain an impression of the type of matters that the Board should be given more scope to address and the areas that could potentially require additional experience and expertise on the Board. The results of the evaluation were reported within the Board and were forwarded by the Chairman of the Board to the Nomination Committee.

### Committees

The Board currently has two committees: an Audit Committee and a Remuneration Committee. The members of the committees are appointed for one year at a time at the statutory Board meeting and the work conducted by the committees and their decision-making rights are regulated in annually adopted committee instructions. The committees have a preparatory and administrative role. The matters addressed at committee meetings are minuted and reported at the next Board meeting.

### Audit Committee

The Audit 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 activ-

ities. 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 (Chairperson), Caroline Sundewall and Ulrika Valassi, who are all deemed independent in relation to the company, Group Management and the company's major shareholders.

During 2015, the Audit Committee held seven meetings. Anneli Lindblom participated in six of seven meetings. Otherwise all committee members attended all meetings. The meetings addressed such matters as the company's interim reports, the orientation of the external audit and the company's internal control of financial statements.

### 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, who are deemed to be independent in relation to the company and the Group Management.

During 2015, the Remuneration Committee held three meetings. The committee members attended all meetings. The meetings addressed such matters as the company's guidelines for remuneration of senior executives and remuneration levels for the CEO and other senior executives.

## REMUNERATION

At the AGM on May 7, 2015, 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 60,000 were to be paid to the Chairman of the Audit Committee and SEK 35,000 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

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. 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 seven executives: Karin Osslind (CFO), Linda Eriksson (Head of Finance), Ann-Sofie Lindroth (Head of Financial Control), Mikael Weiland (Head of Business Development), Annika Ekström (Head of Property Management), Stina Lindh Hök (Head of Transactions) and Ylva Hult Palmryd (Head of Legal) as well as the co-opted member Simon Venemyr Ottersland (COO Norway).<sup>1</sup>

Group Management meets regularly every month or otherwise as required.

## GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

In accordance with the guidelines adopted at the company's AGM on May 7, 2015, 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 is capped at MSEK 3 for 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 must not exceed a total of 18

<sup>1</sup> Lars Thagesson (COO) and Karim Sahibzada (Head of Financing and Legal Affairs) were members of Group Management through December 31, 2015. Ylva Hult Palmryd has been a member of Group Management since January 1, 2016.

months' salary, if termination is from the company and six months if termination is from the senior executive. Senior executives in this connection mean 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 2015 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. At the AGM on May 7, 2015, the registered firm of accountants KPMG AB was elected auditor for the period up to the end of the 2016 AGM. Authorized Public Accountant Björn Flink was appointed Auditor in Charge.

The auditor shall 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 2015, in addition to the audit assignment, KPMG was engaged for additional services, primarily tax and accounting matters, but also matters related to the issuance of preference shares. Such services were always, and solely, provided to the extent that is consistent with the regulations in the Swedish Auditing Act and FAR's rules of professional conduct pertaining to the objectivity and independence of auditors.

## INTERNAL CONTROL OVER FINANCIAL REPORTING AND RISK MANAGEMENT

Hemfosa's internal control of financial reporting is designed to manage risks and ensure high reliability in the processes for the preparation of financial statements, and for ensuring compliance with applicable reporting requirements and other requirements to which Hemfosa is subject as a listed company. 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.

## The 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 comprises 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 regularly 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. The Board is informed by the Group Management about 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-up activities 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 applies the Code. 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. During 2015, Hemfosa complied with the Code without any deviations.

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## **Auditors' report of the Corporate Governance Statement**

To the annual meeting of the shareholders in Hemfosa Fastigheter AB (publ), Corporate identity number 556917-4377

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2015 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the Corporate Governance Statement has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the Corporate Governance Statement and assessed its statutory content based on our knowledge of the company. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

In our opinion, a Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm 23 March 2016  
KPMG AB

Björn Flink  
Authorized Public Accountant



# 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 SSAB and Expandum Invest AB and Deputy Chairman of Indutrade AB. Board member of AB Industrivärden, ICA Gruppen AB, Pandox AB among others companies.

**Shareholding in the company (incl. any shares held by related parties):** 2,056,000 ordinary share and 40,000 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, Quantafuel AS and Hemfosa Gård AB, among other companies.

**Shareholding in the company (incl. any shares held by related parties):** 2,855,079 ordinary share and 4,000 preference shares.

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

**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. 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):** 82,800 ordinary shares and 20,600 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 of NoClds AB, as well as assignments within the Acando group.

**Shareholding in the company (incl. any shares held by related parties):** 2,000 ordinary shares.

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

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



**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, Elanders AB and Cramo Oyj. Chairman of the Board of the Streber Cup Foundation.

**Shareholding in the company (incl. any shares held by related parties):** 5,000 ordinary shares and 2,000 preference shares.

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

Information pertains to March 10, 2016.

**Ulrika Valassi**, born in 1967

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

**Education:** Graduate in business administration, Uppsala University.

**Other assignments:** Board member and chairman of Audit Committee of Ålandsbanken Abp, Board member of Qliro AB and owner of Au Management AB.

**Shareholding in the company (incl. any shares held by related parties):** 4,000 ordinary shares.

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

**AUDITOR****KPMG AB****Auditor in Charge:****Björn Flink**, born in 1959

Auditor of the Group since 2015.  
Authorized Public Accountant and partner at KPMG

**Other auditor assignments, such as:**

Akademiska Hus, AxFast, MTR and Stenvalvet

**Other assignments:**

Board member of KPMG Sweden and of FAR (The professional institute for authorized public accountants).

# Management

**Jens Engwall**, born in 1956  
Chief Executive Officer

For further information about Jens Engwall, refer to the section "Board of Directors" on page 48.

**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):** 288,024 ordinary shares and 4,000 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):** 1,441,720 ordinary shares.

**Annika Ekström**, born in 1965  
Head of Property Management

**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):** 19,922 ordinary shares.

**Stina Lindh Hök**, born in 1973  
Head of Transactions

**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):** 11,842 ordinary shares.

**Ann-Sofie Lindroth**, born in 1976  
Head of Financial Control

**Education:** Master's Degree in Business Administration, Lund University

**Other assignments:** -

**Shareholding in the company (incl. any shares held by related parties):** 5,400 ordinary shares.

**Linda Eriksson**, born in 1975  
Head of Finance

**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):** -

**Ylva Hult Palmryd**, born in 1976  
Head of Legal

**Education:** Bachelor of Law, Uppsala University

**Other assignments:** -

**Shareholding in the company (incl. any shares held by related parties):** 6,122 ordinary shares.

**Simon Venemyr Ottersland**, born in 1976  
Co-opted member

Information pertains to March 10, 2016.

From left: Linda Eriksson, Ann-Sofie Lindroth, Simon Venemyr Ottersland, Annika Ekström, Jens Engwall, Ylva Hult Palmryd, Mikael Weiland, Karin Osslind and Stina Lindh Hök









# THE ART OF OWNING THE RIGHT COLLECTION

Hemfosa's world is all about finding beauty and identifying opportunities yet to be seen by others. A bit like shaping a valuable art collection. Our point of departure is how things look today and we ask ourselves: can we make it bigger? Can we make it more beautiful? Can it be improved – together with others or separately? For us, it's all about development. For our tenants, for our owners, for ourselves, for our property managers. We like the difficult. We like the challenging. We know we are in the right place when the ugly is made beautiful, when the complex is made easy. We are experts in the art of finding the right way.

Hemfosa asks various artists to interpret the properties in our portfolio based on their own artistic expression. We have previously cooperated with the artists Mattias Öhrberg, Tomas Nanne Sandberg and Hans von Corswant, who interpreted Hemfosa's properties from the perspective of their own personal artistic expression. This year is the turn of four other artists – Gouge, Huge, JAG and RCW – all of whom have roots in street art, followed by successes in the more traditional world of art.

Street art has long been plagued by prejudice among conservative connoisseurs concerning what art really is and it has taken time for this genre to be appreciated by the broad public. Such world-famous graffiti artists as Banksy have paved the way for additional talent and today you only have to look for an abandoned concrete pillar or a decrepit industrial property to view this form of art. Promising artists have earned their rightful place on the art scene and art collectors have opened their eyes to this form of expression.



**“You have to be aware that a ‘tag’ on the seat of a commuter train is not street art. Just like a scribble on a notepad is hardly Picasso”**

**- Jimmie Hall, of the Wallery art gallery**



**GOUGE (1977)**

Gouge has painted graffiti since the late 1980s. He has a Master of Fine Arts from the University College of Arts, Crafts and Design in Stockholm and currently works fulltime on a variety of creative projects, usually involving graffiti in one way or another. His artistic focus is on both letters and characters design, influenced by both pop art and his upbringing in a suburb of northern Stockholm. In 2013, Gouge was named graffiti artist of the year by Kingsize Magazine.



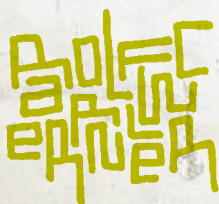
**HUGE (1975)**

Huge made a name for himself in the early 1990s, when he stirred up hype about his hidden paintings in the Stockholm area. He opted for convenient places in isolated locations that enabled him to take plenty of time to complete his works. This also meant that his paintings were left for some time before being washed off, so that plenty of people had time to view them. Huge uses spray cans to paint on canvas and walls in a photorealistic style, with imagery that retains a graffiti feel. His works include a large mural in the Slakthus area of Stockholm on commission from the property company Brostaden, which is thought to be one of the largest murals in Sweden.



**JAG (1970S)**

JAG was born in Stockholm in the 1970s. After completing studies in art and design, he spent many years working in exhibitions and focusing on architecture and design in Stockholm, Paris, London and Tokyo. His works have been exhibited at the Liljevalchs Spring Salon on several occasions and he is the author of the book entitled The Diagnosed Generation. He is now once again working with graffiti in the form of works on canvas, parallel with street art actions, under his alias JAG.



**ROLF CARL WERNER (1971)**

Rolf Carl Werner (RCW) is an established spray artist with a track record of many exhibitions and projects. From being a self-taught graffiti artist in the 1980s, RCW developed his artistry in the mid-1990s through studies at the University College of Arts, Crafts and Design in Stockholm, with Tom Hedqvist as his professor. He likes working with figurative, suggestive motifs as well as abstract letter-based motifs. RCW is exhibited in Swedish municipalities, county councils and museums, as well as in private art collections. In 2007, RCW was commissioned to depict/spray paint a complete residential area, something that was unique in Sweden at the time.

*The images featuring works of art in the Annual Report are digital montages.*



# Multi-year review

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

Full-year	2015	2014	2013	2012
Rental income	2,443	1,612	1,584	1,573
Property expenses and property administration	-773	-538	-537	-587
<b>Net operating income</b>	<b>1,670</b>	<b>1,074</b>	<b>1,047</b>	<b>986</b>
Central administration	-112	-74	-79	-83
Other operating income and expenses	0	62	0	21
Share in profit of joint ventures	255	239	125	62
Financial income and expenses	-450	-480	-770	-800
<b>Profit from property management</b>	<b>1,363</b>	<b>821</b>	<b>323</b>	<b>186</b>
Changes in value of properties	1,500	695	-214	946
Changes in value of financial instruments	-42	-277	23	-23
Current tax	-5	-2	-	0
Deferred tax	-478	-113	99	-187
<b>Profit for the year</b>	<b>2,339</b>	<b>1,124</b>	<b>231</b>	<b>923</b>
Other comprehensive income/loss	-131	-	-	-
<b>Comprehensive income for the year</b>	<b>2,207</b>	<b>1,124</b>	<b>231</b>	<b>923</b>
<b>Earnings per share for the year before and after dilution, SEK</b>	<b>16.87</b>	<b>10.13</b>	<b>7.40</b>	<b>36.88</b>

## Consolidated statement of financial position, MSEK

Dec 31	2015	2014	2013	2012
Investment properties	29,553	24,718	16,284	16,019
Interests in associated companies and joint ventures	1,075	609	455	282
Derivatives och other fixed assets	7	10	32	48
Current receivables	82	94	66	125
Cash and cash equivalents	732	594	284	242
<b>Total assets</b>	<b>31,449</b>	<b>26,025</b>	<b>17,121</b>	<b>16,716</b>
Shareholders' equity	10,749	8,949	2,369	2,176
Interest-bearing liabilities	18,898	15,760	13,660	13,339
Derivatives	103	105	118	135
Deferred tax liabilities	701	492	430	527
Other liabilities	997	718	544	539
<b>Total equity and liabilities</b>	<b>31,449</b>	<b>26,025</b>	<b>17,121</b>	<b>16,716</b>

## Statement of cash flow for the Group, MSEK

	2015	2014	2013	2012
Cash flow from operating activities	1,220	627	261	70
Cash flow from investing activities	-3,943	-7,504	-503	78
Cash flow from financing activities	2 862	7 187	284	-204
<b>Total cash flow</b>	<b>138</b>	<b>310</b>	<b>42</b>	<b>-56</b>

# Key figures

## Key financial data

	2015	2014	2013	2012
Return on shareholders' equity, %	23.7	19.7	13.6	53.8
Equity/assets ratio, %	34.2	34.4	13.8	13.0
Loan-to-value ratio, properties, %	63.9	63.8	83.9	83.3
Debt/equity ratio, multiple	1.8	1.8	5.8	6.1
Interest-coverage ratio, multiple	3.5	2.2	1.3	1.2

## Share-related key figures, ordinary shares

	2015	2014	2013	2012
Profit from property management, SEK per share	9.55	7.36	12.92	7.44
Profit after tax, SEK per share	16.87	10.13	7.40	36.92
Equity, SEK per share	68.06	55.63	94.76	87.04
Net asset value (EPRA NAV), SEK per share	76.63	74.49	116.40	113.52
Cash flow from operating activities, SEK per share	8.47	5.59	10.44	2.80
Dividend, SEK per share	3.00	-	-	-
Weighted average number of shares, 000s	131,440	109,954	25,000	25,000
Number of shares outstanding at balance-sheet date, 000s	131,440	131,440	25,000	25,000

## Share-related key figures, preference shares

	2015	2014	2013	2012
Equity, SEK per share	162.85	162.50	-	-
Dividend, SEK per share	10.00	1.25	-	-
Number of shares outstanding at balance-sheet date, 000s	11,000	10,000	-	-

## Property-related key figures

	2015	2014	2013	2012
Number of properties at year-end	411	353	195	204
Rental value at year-end, MSEK	2,768	2,520	1,738	1,764
Leasable area at year-end, 000s of sqm	2,607	2,516	1,713	1,720
The properties' fair value in the balance sheet, MSEK	29,553	24,718	16,284	16,019
Property value, SEK per sqm	11,336	9,824	9,556	9,310
Economic leasing rate, %	90.4	90.7	90.0	89.0
Surplus ratio, %	68.4	66.6	66.1	63.0
Yield, %	5.8	6.1	6.4	6.3

# 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 2015 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 community service properties long term and to create value through active participation in a changing property market in order to generate long-term, high and stable profitability.

Community service properties account for an ever-increasing and more prioritized share of Hemfosa's property portfolio. As a result of this development and the expansion of the company's operations into Norway and Finland, where the portfolios consist exclusively of community service properties, Hemfosa has chosen a new segment division based primarily on the different markets Sweden, Norway and Finland and secondarily on the property types of Community service properties and Other properties. At Hemfosa, a property is defined as a community service property if tenants who, directly or indirectly, are publicly financed account for at least 70 percent the rental income.

As of December 31, 2015, the total property portfolio comprised 411 properties (353). The total leasable area was 2,607 square meters (2,516) with a rental value of MSEK 2,768 (2,520). The economic leasing rate was 90.4 percent (90.7). The properties had a total fair value of SEK 29.6 billion (24.7).

Sweden accounts for 88 percent of the property value, Norway for 10 percent and Finland for 2 percent. In Sweden, the metropolitan regions of Stockholm and Gothenburg represent approximately 40 percent of the total value.

## ORGANIZATION

### Sweden

In Sweden, 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.

### Norway

In connection with the acquisition of community service properties in Norway, a property management organization in Oslo has been established. Simon Venemyr Ottersland, the Head of Operations in Norway. Hemfosa, through the subsidiary Hemfosa Samfunnsbygg AS, has signed a consultancy contract with Immo Holding AS, a company that is wholly owned by Simon Venemyr Ottersland.

### Finland

The acquisitions in Finland were implemented at the end of the year. Work on establishing a property management organization in Finland has been initiated.

### Employees

At December 31, 2015, the number of employees in Hemfosa was 59 (57). Hemfosa has offices in Nacka (head office), Gothenburg, Härnösand, Karlskrona, Karlstad, Kristianstad, Sundsvall, Västerås, Värnamo, Växjö and Oslo.

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, Financing, Legal Affairs 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 eight members: the CEO, CFO, Head of Properties, Head of Transactions, Head of Business Development, Head of Accounting, Head of Finance and Head of Legal. To address matters involving the Norwegian operations, Simon Venemyr Ottersland has been co-opted. 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 42–47.

### 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 46. The entire corporate governance report is presented in this printed document on pages 42–47.

### 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.

### 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 spread among various tenants, tenant categories and maturities in order to secure a stable cash flow.

### Financial risks

Property ownership is a capital-intensive operation and access to financing on reasonable 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, which contains a description of Financial risks and risk management.

### SIGNIFICANT EVENTS DURING THE FISCAL YEAR

- In Sweden, the focus on community service properties continued. Community service properties at a total value of approximately SEK 871 million were acquired. During the year, non-prioritized properties were divested for a total of SEK 1.4 billion, including a logistics portfolio worth SEK 0.8 billion.
- During the year, Hemfosa completed its first property acquisitions in Norway. Community service properties were acquired at a total value of approximately SEK 3.0 billion, primarily located in the Oslo region.
- Hemfosa signed an agreement to invest approximately SEK 1.0 billion in the project planning and construction of a specialist hospital in Gardermoen, Norway. An agreement concerning the development of a local medical center, for approximately MSEK 200, directly adjacent to the hospital, was also signed.

- At the end of the year, Hemfosa completed its first property acquisition in Finland, comprising two community service properties in Helsinki at an underlying property value of approximately MSEK 512.
- In 2015, a 2-for-1 share split was implemented entailing that each existing share was divided into two new shares of the same type.
- Hemfosa implemented a private placement of preference shares. Net proceeds of the issue totaled MSEK 165.

### COMMENTS ON FINANCIAL PERFORMANCE DURING THE YEAR

Hemfosa has changed its accounting policy so that investment properties in the Statement of financial position are recognized at fair value without deductions for acquired deferred tax; also refer to page 70.

#### Earnings

During the year, the property portfolio grew successfully from SEK 24.7 billion to SEK 29.6 billion. The number of properties increased from 353 to 411. Rental income for the full-year amounted to MSEK 2,443 (1,612). At December 31, 2015, the leasable area of Hemfosa's total property portfolio totaled 2,607,000 square meters (2,516,000). The average rental income was SEK 1,290 (1,262) per square meter for Community service properties and SEK 919 (867) per square meter for Other properties.

Property expenses amounted to MSEK 773 (538), corresponding to SEK 302 per square meter (254). Due to the rectification of undersized flooring in one of the properties, maintenance costs of MSEK 26 are included in the year's property expenses. Profit was charged with approximately MSEK 17 for the cost of major maintenance work at a property in Gävle. The surplus ratio was 68.4 percent (66.6) and the yield on the entire portfolio was 5.8 percent (6.1).

Net operating income amounted to MSEK 1,670 (1,074), up MSEK 596 or 55 percent.

Profit from property management amounted to MSEK 1,363 (821), up 66 percent year-on-year. Profit from property management per ordinary share amounted to SEK 9.55 (7.36) after taking the pre-emptive rights of preference shares into account.

Financial income and expenses were positively impacted by both lower interest rates and reduced margins on new borrowings. At December 31, 2015, the average interest rate was 2.03 percent (2.37). Hemfosa mainly works with floating interest rates in its loan agreements and manages interest-rate risk through interest-rate swaps and interest-rate caps. Certain loan agreements include an interest-rate floor provision,

which entails that Hemfosa is not able to fully capitalize on the lower interest rate scenario because STIBOR 3 months has been negative. The loan-to-value ratio was 63.9 percent (63.8).

Changes in the value of Hemfosa's investment properties totaled MSEK 1,500 (695), of which MSEK 91 (147) pertained to realized changes in value.

At December 31, 2015, interest-rate swaps and interest-rate caps had a negative fair value of MSEK 101 (-102). The unrealized negative change in the value of interest-rate swaps and interest-rate caps amounted to MSEK 45 (202) during the year. Settlement of interest-rate swaps during the year resulted in a realized positive change in value of MSEK 3 (neg: 75).

The effective tax rate for Hemfosa was 17.1 percent (9.3). This is mainly due to the fact that consolidated profit includes shares in the profit of joint ventures, which is shown after tax, and that the capital gain on sales of shares in subsidiaries is not taxable.

The current tax expense amounted to MSEK 5 (2) and is attributable to companies acquired during the year, which do not qualify for group contributions. The deferred tax expense for the year totaled MSEK 478 (113), of which MSEK 412 (154) was attributable to unrealized changes in the value of investment properties.

#### Value of properties

Rising demand in the property market reduced the required yield during the year. This also affected the valuation of the property portfolio, resulting in a positive value trend. Hemfosa's wholly owned property portfolio had a value of SEK 29.6 billion (24.7) on December 31, 2015. The property holdings resulted in an unrealized change in value of MSEK 1,409 (548) during 2015. 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 owns shares in four joint ventures. Ownership is governed by a shareholders' agreement giving both owners equal power of decision, meaning that neither partner has a controlling influence. The largest joint venture is Söderport Holding AB, which manages a property with a market value of approximately SEK 5.6 billion. In June 2015, Hemfosa entered into an agreement concerning the formation of a joint venture, Gardermoen Campus Utvikling AS (GCU) was acquired.

The other partner in GCU is Aspelin Ramm Eiendom AS, a Norwegian property development company. GCU aims to own and develop an area at Gardermoen Airport, near Oslo, into an important national hub for expertise in health and social care. Also refer to Note 13.

### Equity

On December 31, 2015, Hemfosa's shareholders' equity amounted to MSEK 10,749 (8,949), corresponding to SEK 68.06 (55.63) per ordinary share and SEK 162.85 (162.50) per preference share. The equity/assets ratio was 34.2 percent (34.4). 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 40–41 of the Annual Report. In May 2015, Hemfosa implemented a 2-for-1 share split entailing that each existing share was divided into two new shares of the same class, as well as a private placement of MSEK 165 after issuance costs.

Trend in share capital	Date	Change in number of shares	Change in share capital, MSEK
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 in 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
Share split 2-for-1	May -15	70,720,104	-
Private placement, preference shares	Sep -15	999,999	1
<b>Total</b>		<b>142,440,207</b>	<b>72</b>

At year-end, the share capital amounted to MSEK 72 (71) represented by 131,440,208 (131,440,208) ordinary shares and 10,999,999 (10,000,000) preference shares with a quotient 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 10.00 per year, with quarterly payment of SEK 2.50 per preference share. The number of shareholders on the balance sheet date was 16,019.

### Interest-bearing liabilities

The Group's interest-bearing liabilities amounted to MSEK 18,898 (15,760) at December 31, 2015. 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 statement of financial position, with changes in value recognized in profit/loss. The change in the value of interest-rate swaps and interest-rate caps was MSEK -42 (-277) during 2015. Also refer to Note 17.

### Cash flow

Cash flow from operating activities for the year amounted to MSEK 1,220(627), corresponding to SEK 8.47 per ordinary share (5.59). Investing activities had an impact of MSEK -3,943 (-7,504) on cash flow, of which investments in existing properties accounted for MSEK -566 (-484), acquisitions of subsidiaries and properties for MSEK -4,594 (-8,325), divestment of subsidiaries and properties for MSEK 1,423 (1,214), acquisition of interests in joint ventures for MSEK -221 (-) and other items for MSEK 5 (-), as well as dividends received from and shareholders' contribution granted to Söderport Holding AB in an amount of MSEK 50 (63) and MSEK -41 (-49), respectively.

Financing activities had an impact of MSEK 2,862 (7,187) on cash flow. During the year, MSEK 399 (-) was paid to Hemfosa's shareholders. During 2015, a private placement of preferential shares contributed capital of MSEK 165 (1,592) after issuance costs. Overall, the change in cash and cash equivalents during the year was MSEK 138 (310).

### Parent Company

The Parent Company recognized profit of MSEK 765 (707) after tax for 2015. The Parent Company's fee during the year for central and property administrative services on behalf of Group companies was MSEK 53 (58). Dividends received from shares in subsidiaries amounted to MSEK 850 (570).

At December 31, 2015, the Parent Company had shareholders' equity totaling MSEK 8,985 (8,607), of which restricted equity accounted for MSEK 72 (71).

At December 31, 2015, the Parent Company had interest-bearing liabilities of MSEK 1,200 (1,200), excluding borrowing costs. Intra-Group liabilities amounted to MSEK 1,101 (144) and intra-Group receivables to MSEK 7,626 (7,126).

The Parent Company acquired companies with tax loss carryforwards totaling SEK 3.6 billion, of which MSEK 249 pertained to loss carryforwards attributable to the 2015 fiscal year. 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.



## 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

- After year-end, Hemfosa acquired nine community service properties in Norway through the acquisition of Statens Park in the municipality of Tønsberg at an underlying property value approximately MSEK 420.
- After year-end, Hemfosa acquired another three community service properties in Finland at an underlying property value of approximately MSEK 512.
- After year-end, Hemfosa signed a ten-year lease with If Skadeförsäkring for 11,000 square meters of previously vacant floor space in the Södra Porten area of Mölndal.
- The Board of Directors decided, subject to the approval by the Annual General Meeting, to implement a rights issue of ordinary shares in an amount of approximately SEK 1,800m with preferential rights for holders of ordinary Hemfosa shares.

## EXPECTATIONS CONCERNING FUTURE DEVELOPMENT

Hemfosa does not provide a forecast on its future financial development. During 2016, the company will continue to develop and add value to its property portfolio by increasing the focus on community service properties. Hemfosa will continue to be an active player in the transaction market.

## 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, 2015

Premium reserve	7,996,869,014
Retained earnings	151,292,459
Profit for the year	765,243,849
<b>Total unrestricted equity</b>	<b>8,913,405,322</b>
<hr/>	
<b>Funds available for distribution by the AGM</b>	<b>8,913,405,322</b>
<hr/>	
Dividend payable to holders of ordinary shares SEK 4.20 per ordinary share	552,048,874
Dividend payable to holders of preference share is SEK 10.00 per preference share	109,999,990
To be carried forward	8,251,356,458
<b>Total</b>	<b>8,913,405,322</b>

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 proposal of the Board of Directors of Hemfosa Fastigheter AB (publ), corp. reg. no. 556917-4377, concerning the payment of dividends on the company's ordinary shares and preference shares for the 2015 fiscal year, the Board hereby submits the following reasoned opinion in accordance with Chapter 18, Section 4 of the Swedish Companies Act.

### 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 4.20 per ordinary share with quarterly payment of SEK 1.05 per ordinary share. The Board proposes April 21, 2016, July 10, 2016, October 10, 2016 and January 10, 2017 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 immediately preceding banking day. 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 10.00 per preference share with quarterly payment of SEK 2.50 per preference share. The Board proposes July 10, 2016, October 10, 2017, January 10, 2017 and April 10, 2017 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 immediately preceding banking day. 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'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.

The proposed dividend according to the above totals SEK 662,048,863.60.

The Board has made a decision to implement a rights issue subject to approval by the Annual General Meeting (AGM). The Board proposes that the new ordinary shares that may be issued according to the Board's decision concerning a rights issue 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. On condition that the AGM adopts the Board's decision concerning a rights issue, dividends on the newly added ordinary shares may not exceed SEK 105,000,000.00.

The Board has also proposed that the AGM authorize the Board to make decisions on the new issue of ordinary shares. The Board proposes that the new ordinary shares that may be issued with the support of the authorization 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 the authorization is exercised in full, the dividend on additional ordinary shares will not exceed SEK 51,903,666.00.

The proposed dividend constitutes approximately 7.4 percent of the Parent Company's equity and 6.2 percent of consolidated equity at December 31, 2015. Assuming payment of the maximum dividend stated above on the additional ordinary shares pursuant to the rights issue and exercise of the authorization, the proposed dividend will instead represent no more than 9.1 percent of the Parent Company's equity and no more than 7.6 percent of consolidated equity at December 31, 2015.

#### **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 financial statements. The activities conducted by the company and 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 Parent Company and the Group**

The financial position of the Parent Company and the Group on December 31, 2015 is described in the financial statements. Note 1 specifies the accounting policies that have been applied when valuing assets, provisions and liabilities.

The unappropriated earnings available for distribution by the AGM total SEK 8,913,405,322.00, the company's equity/assets ratio is 78.3 percent and the Group's equity/assets ratio is 34.2 percent. Including committed lines of credit, the company has access to considerable liquid funds. Unrealized gains account for a minor 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 2016  
Hemfosa Fastigheter AB (publ)  
Board of Directors

# Consolidated statement of profit/loss and other comprehensive income

<b>MSEK</b>	<b>Note</b>	<b>Full-year 2015</b>	<b>Full-year 2014</b>
Rental income	3	2,443	1,612
Property expenses	7		
Operating expenses		-413	-306
Maintenance costs		-194	-104
Property tax		-86	-67
Property administration		-81	-61
<b>Net operating income</b>	2,5,6	<b>1,670</b>	<b>1,074</b>
Central administration	5,6,7	-112	-74
Other operating income	4	0	62
Share in profit of joint ventures	13	255	239
Financial income	8	5	10
Financial expenses	8	-455	-490
<b>Profit from property management</b>		<b>1,363</b>	<b>821</b>
Changes in value of properties, realized	11	91	147
Change in value of properties, unrealized	11	1,409	548
Changes in value of financial instruments, realized		3	-75
Changes in value of financial instruments, unrealized		-45	-202
<b>Profit before tax</b>		<b>2,821</b>	<b>1,239</b>
Current tax	9	-5	-2
Deferred tax	9	-478	-113
<b>Profit for the year</b>		<b>2,339</b>	<b>1,124</b>
<b>Other comprehensive income</b>			
<i>Items that have or could be transferred to profit for the period</i>			
Translation differences for the period when translating foreign operations		-131	-
<b>Comprehensive income for the year</b>		<b>2,207</b>	<b>1,124</b>
<i>Profit/loss for the year attributable to:</i>			
Parent Company shareholders		2,324	1,126
Non-controlling interests		15	-2
<b>Profit for the year</b>		<b>2,339</b>	<b>1,124</b>
<i>Comprehensive income for the year attributable to:</i>			
Parent Company shareholders		2,191	1,126
Non-controlling interests		16	-2
<b>Comprehensive income for the year</b>		<b>2,207</b>	<b>1,124</b>
<b>Earnings per share for the year before and after dilution, SEK</b>	10	<b>16.87</b>	<b>10.13</b>



# Consolidated statement of financial position

<b>MSEK</b>	<b>Note</b>	<b>Dec 31, 2015</b>	<b>Dec 31, 2014</b>
<b>ASSETS</b>			
Investment properties	11	29,553	24,718
Tangible assets	12	1	2
Shares in joint ventures	13	1,075	609
Derivatives	19.20	2	3
Other financial assets		3	6
<b>Total fixed assets</b>		<b>30,635</b>	<b>25,337</b>
Rents receivables	14	34	20
Current receivables	15	48	74
Cash and cash equivalents	16	732	594
<b>Total current assets</b>		<b>814</b>	<b>688</b>
<b>TOTAL ASSETS</b>		<b>31,449</b>	<b>26,025</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	27	72	71
Other contributed capital		5,713	5,549
Provision		-132	-
Retained earnings including profit for the year		5,084	3,317
<b>Shareholders' equity attributable to Parent Company shareholders</b>		<b>10,737</b>	<b>8,938</b>
<b>Non-controlling interests</b>		<b>12</b>	<b>12</b>
<b>Total shareholders' equity</b>		<b>10,749</b>	<b>8,949</b>
<b>Liabilities</b>			
Non-current interest-bearing liabilities	17	17,228	15,531
Other long-term liabilities		3	1
Derivatives	19.20	103	105
Deferred tax liabilities	18	701	492
<b>Total non-current liabilities</b>		<b>18,035</b>	<b>16,129</b>
Current interest-bearing liabilities	17	1,670	229
Other current liabilities	21	994	717
<b>Total current liabilities</b>		<b>2,664</b>	<b>946</b>
<b>Total liabilities</b>		<b>20,699</b>	<b>17,076</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,449</b>	<b>26,025</b>

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, (MSEK)	Shareholders' equity attributable to Parent Company shareholders					Non-controlling interests	Total Shareholders' capital
	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit for the year	Total		
Opening equity, Jan 1, 2014	25	225	-	2,118	2,368	1	2,369
Translation due to application of new policy for measuring deferred tax on acquisitions	-	-	-	86	86	-	86
<b>Transactions with the Group's shareholders, Jan-Dec 2014</b>							
<b>Contributions from and distributions to shareholders</b>							
Share issue offsetting debt, ordinary shares	31	2,939	-	-	2,970	-	2,970
New issue, ordinary shares	10	799 <sup>1</sup>	-	-	809	-	809
New share issue, preference shares	5	1,586 <sup>3</sup>	-	-	1,591	-	1,591
Reduction of share capital	0	-	-	0	0	-	0
<b>Changes in interests in subsidiaries</b>							
Capital contribution from non-controlling interests	-	-	-	0	0	0	0
Adjustment of non-controlling interests	-	-	-	-13	-13	13	0
<b>Total transactions with the Group's shareholders</b>	<b>46</b>	<b>5,324</b>	<b>-</b>	<b>-13</b>	<b>5,370</b>	<b>13</b>	<b>5,371</b>
<b>Total comprehensive income Jan-Dec 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,126</b>	<b>1,126</b>	<b>-2</b>	<b>1,124</b>
<b>Closing equity, Dec 31, 2014</b>	<b>71</b>	<b>5,549</b>	<b>-</b>	<b>3,317</b>	<b>8,938</b>	<b>12</b>	<b>8,949</b>
<b>Opening equity, Jan 1, 2015</b>	<b>71</b>	<b>5,549</b>	<b>-</b>	<b>3,317</b>	<b>8,938</b>	<b>12</b>	<b>8,949</b>
<b>Transactions with the Group's shareholders</b>							
<b>Contributions from and distributions to shareholders</b>							
New share issue, preference shares	1	164	-	-	165	-	165
Dividend, preference shares <sup>4</sup>	-	-	-	-157	-157	-	-157
Dividend, ordinary shares <sup>4</sup>	-	-	-	-394	-394	-	-394
<b>Changes in interests in subsidiaries</b>							
Acquisition of subsidiaries with non-controlling interests	-	-	-	-4	-4	4	-
Divestment of part-owned subsidiary	-	-	-	-	-	-20	-20
<b>Total transactions with the Group's shareholders</b>	<b>1</b>	<b>164</b>	<b>-</b>	<b>-556</b>	<b>-391</b>	<b>-14</b>	<b>-407</b>
<b>Total comprehensive income Jan-Dec 2015</b>	<b>-</b>	<b>-</b>	<b>-132</b>	<b>2,324</b>	<b>2,191</b>	<b>16</b>	<b>2,207</b>
<b>Closing equity, Dec 31, 2015</b>	<b>72</b>	<b>5,713<sup>2</sup></b>	<b>-132</b>	<b>5,084</b>	<b>10,737</b>	<b>12</b>	<b>10,749</b>

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

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

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

4 At December 31, 2015, MSEK 399 had been distributed to holders of ordinary and preference shares.

# Consolidated statement of cash flows

MSEK	Note	Full-year 2015	Full-year 2014
<b>Operating activities</b>			
Profit from property management		1,363	821
Adjustments for non-cash items	24	-264	-239
Income tax paid		0	-1
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,100</b>	<b>581</b>
<b>Cash flow from changes in working capital</b>			
Changes in operating receivables		22	91
Changes in operating liabilities		98	-45
<b>Cash flow from operating activities</b>		<b>1,220</b>	<b>627</b>
<b>Investing activities</b>			
Acquisition of investment properties		-103	-25
Divestment of investment properties		45	60
Acquisition of joint ventures		-221	-
Investments in existing properties		-566	-485
Acquisition of financial assets		-	19
Divestment of financial assets		4	-
Shareholders' contribution paid		-40	-49
Dividends received from joint ventures		50	63
Indirect property acquisitions via subsidiaries	24	-4,491	-8,300
Indirect property divestments via subsidiaries	24	1,378	1,214
<b>Cash flow from investing activities</b>		<b>-3,943</b>	<b>-7,504</b>
<b>Financing activities</b>			
New share issue		165	2,434
Issue of bond loans		-	1,188
Shareholders' contribution received		-	0
Loans raised		4,240	6,803
Amortization of loans		-1,101	-2,949
Redemption of existing swap agreements		-43	-289
Dividend paid		-399	0
<b>Cash flow from financing activities</b>		<b>2,862</b>	<b>7,187</b>
<b>Cash flow for the year</b>		<b>138</b>	<b>310</b>
Exchange-rate difference in cash and cash equivalents		0	-
Cash and cash equivalents at the beginning of the year		594	284
<b>Cash and cash equivalents at year-end</b>	16	<b>732</b>	<b>594</b>



## Income statement for the Parent Company

MSEK	Note	Full-year 2015	Full-year 2014
Net sales		53	58
Other external costs	6	-33	-38
Personnel expenses	5	-30	-27
Depreciation/amortization		0	0
<b>Profit before financial income and expenses</b>	<b>23</b>	<b>-10</b>	<b>-7</b>
Profit from shares in Group companies	8	850	570
Interest income and similar items	8	286	354
Interest expenses and similar expense items	8	-87	-135
<b>Profit before appropriations</b>		<b>1,039</b>	<b>782</b>
<b>Appropriations</b>			
Group contributions paid		-187	-75
<b>Profit before tax</b>		<b>851</b>	<b>707</b>
Current tax		-	-
Deferred tax		-	-
<b>Profit for the year</b>		<b>851</b>	<b>707</b>

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

MSEK	Note	Full-year 2015	Full-year 2014
<b>Profit for the year</b>		<b>851</b>	<b>707</b>
<b>Other comprehensive income for the year</b>			
<i>Items that have or could be transferred to profit for the period</i>			
Translation differences for the period when translating foreign operations		-110	-
Deferred tax attributable to translation differences		24	
<b>Comprehensive income for the year</b>		<b>765</b>	<b>707</b>

# Balance sheet for the Parent Company

MSEK	Note	Dec 31, 2015	Dec 31, 2014
<b>ASSETS</b>			
Tangible assets		0	0
<b>Financial fixed assets</b>			
Shares in Group companies	26	3,527	2,661
Non-current receivables from Group companies		523	5,050
Deferred tax asset		24	-
<b>Total financial fixed assets</b>		<b>4,074</b>	<b>7,711</b>
<b>Total fixed assets</b>		<b>4,074</b>	<b>7,711</b>
Current receivables from Group companies		7,103	2,076
Other current receivables		13	15
Cash and bank balances		286	313
<b>Total current assets</b>		<b>7,402</b>	<b>2,404</b>
<b>TOTAL ASSETS</b>		<b>11,476</b>	<b>10,115</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	27	72	71
<b>Unrestricted equity</b>			
Retained earnings		8,148	7,829
Comprehensive income for the year		765	707
<b>Shareholders' equity</b>		<b>8,985</b>	<b>8,607</b>
<b>Liabilities</b>			
Bond loan	28	1,200	1,200
Non-current liabilities to Group companies		-	75
<b>Total non-current liabilities</b>		<b>1,200</b>	<b>1,275</b>
Current interest-bearing liabilities		-	18
Current liabilities to Group companies		1,101	144
Other current liabilities		190	70
<b>Total current liabilities</b>		<b>1,291</b>	<b>232</b>
<b>Total liabilities</b>		<b>2,491</b>	<b>1,507</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,476</b>	<b>10,115</b>
Pledged assets and contingent liabilities - Parent Company			
Pledged assets	22	3,527	2,661
Contingent liabilities	22	12,639	11,356

# Statement of changes in equity for the Parent Company

MSEK	Restricted equity	Unrestricted equity			Total capital
	Share capital	Premium reserve	Translation reserve	Retained earnings incl. profit for the year	
<b>Opening shareholders' equity, Jan 1, 2014</b>	<b>25</b>	<b>2,508</b>	<b>-</b>	<b>-3</b>	<b>2,530</b>
<b>Transactions with the company's owners, Jan-Dec 2014</b>					
Share issue offsetting debt, ordinary shares	31	2,939	-	-	2,970
New issue, ordinary shares	10	799	-	-	809
New share issue, preference shares	5	1,586	-	-	1,591
Reduction of share capital	0	-	-	-	0
<b>Total transactions with the company's owners</b>	<b>46</b>	<b>5,324</b>	<b>-</b>	<b>0</b>	<b>5,370</b>
<b>Total comprehensive income Jan-Dec 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>707</b>	<b>707</b>
<b>Closing equity, Dec 31, 2014</b>	<b>71</b>	<b>7,832</b>	<b>-</b>	<b>704</b>	<b>8,607</b>
<b>Opening equity, Jan 1, 2015</b>	<b>71</b>	<b>7,832</b>	<b>-</b>	<b>704</b>	<b>8,607</b>
<b>Transactions with the company's owners</b>					
New share issue, preference shares	1	164	-	-	165
Dividend, preference shares	-	-	-	-157	-157
Dividend, ordinary shares	-	-	-	-394	-394
<b>Total transactions with the company's owners</b>	<b>72</b>	<b>7,996</b>	<b>-</b>	<b>-551</b>	<b>-387</b>
<b>Total comprehensive income Jan-Dec 2015</b>	<b>-</b>	<b>-</b>	<b>-86</b>	<b>851</b>	<b>765</b>
<b>Closing equity, Dec 31, 2015</b>	<b>72</b>	<b>7,996</b>	<b>-86</b>	<b>1,004</b>	<b>8,985</b>



# Cash-flow statement for the Parent Company

MSEK	MSEK	Full-year 2015	Full-year 2014
<b>Operating activities</b>			
Profit before tax		1,039	782
Adjustments for non-cash items	24	-850	-570
Income tax paid		-	0
<b>Cash flow from operating activities before changes in working capital</b>		<b>189</b>	<b>212</b>
<b>Cash flow from changes in working capital</b>			
Changes in operating receivables		4	-12
Changes in operating liabilities		-36	63
<b>Cash flow from operating activities</b>		<b>157</b>	<b>264</b>
<b>Investing activities</b>			
Acquisition of financial assets		-868	-71
Divestment of financial assets		2	-
Deposits and lending to/from Group companies		934	-3,506
<b>Cash flow from investing activities</b>		<b>68</b>	<b>-3,577</b>
<b>Financing activities</b>			
New share issue		165	2,434
Dividend paid		-399	-
Loans raised		-	1,206
Repayment of loan liabilities		-18	-
Redemption of interest-rate swaps		-	-29
<b>Cash flow from financing activities</b>		<b>-252</b>	<b>3,611</b>
<b>Cash flow for the year</b>		<b>-27</b>	<b>298</b>
Cash and cash equivalents at the beginning of the year		313	15
<b>Cash and cash equivalents at year-end</b>		<b>286</b>	<b>313</b>

# 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, 2016. The consolidated statement of profit/loss and other comprehensive income and the 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 April 19, 2016.

### 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 amounts of assets, liabilities, income and expenses recognized. 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 29.

### Significant accounting policies applied

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

### Amended accounting policies

The amended accounting policies applied by the Group as of January 1, 2015 are described below. No other IFRS amendments with effect from January 1, 2015 have had any material effect on the consolidated financial statements.

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 entails that a liability for property tax is to be recognized on January 1 when the obligation to pay the tax arises. The entire liability is to be recognized on January 1 at the same time as deferred expense regarding property tax is recognized. However, expensing of the item remains unchanged, as being accrued over the year.

### Voluntary change in accounting policy

During 2015, the following change was made in the accounting policies applied by the Group which were not the result of the application of new IFRSs: The change primarily results in more relevant information in the Statement of financial position. In connection with asset purchases, the purchaser may receive compensation for assuming responsibility for the prevailing tax-related situation of the acquired company. Previously, this compensation was recognized as a deductible item on the asset side, within the balance-sheet item Investment properties in the Statement of financial position. The deductible item remained unchanged in the financial statements as long as the acquired legal entity was owned by the Group.

The policy that is now being applied entails that property assets acquired through asset purchases are remeasured at fair value the day after the acquisition, meaning that they are measured to reflect the value change corresponding to the deferred tax liability.

The remeasurement is recognized in the Consolidated statement of profit and other comprehensive income as an unrealized change in value, together with the deferred tax expense attributable to the increase in the temporary difference arising from the remeasurement. The change in accounting policy has been implemented in accordance with IAS 8, which means that the policy is being applied retroactively and that the comparison year has been restated.

### Impact on Hemfosa's financial statements

#### Statement of profit/loss and other comprehensive income

MSEK	2015	2014
Change in value of properties unrealized	164	207
Deferred tax expense	-36	-46
<b>Net</b>	<b>128</b>	<b>161</b>

#### Statement of financial position

MSEK	Dec 31, 2015	Dec 31, 2014	Jan 1, 2014
Change in investment properties	481	317	110
Change in deferred tax liability	107	71	24

Effect on retained earnings in shareholders' equity	374	246	85
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### New IFRS that have not yet been applied

IFRS 9 Financial instruments replaces IAS 39 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 appli-

cation 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, 2018 assuming that the standard is adopted by the EU. The preliminary assessment is that IFRS 15 will not materially impact the consolidated financial statements apart from materially new disclosure requirements.

IFRS 16 Leases is a new standard concerning recognition of leasing. The assessment is that this will not result in any major changes for lessors, since the rules of IAS 17 will be kept essentially in tact, with the exception of disclosure requirements. For lessees, the IAS 17 classification "operational and financial leasing" will no longer exist and will be replaced by a model requiring that assets and liabilities connected to all leases be recognized in the balance sheet. Exceptions from recognition in the balance sheet are permissible for leases of minor value and leases with a maximum term of 12 months. In profit or loss, depreciation is to be recognized separately from interest expenses attributable to the lease liability. IFRS 16 is to be applied to fiscal years commencing January 1, 2019 or later. Advance application is permitted on condition that IFRS 15 is applied from the same date. It has yet to be announced when the EU is expected to approve the standard.

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 Sweden, Norge and Finland.

#### **Consolidation policies and business combinations**

##### *Subsidiaries*

Subsidiaries 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.

Property assets acquired through asset purchases are remeasured at fair value the day after the acquisition, meaning that they are measured to reflect the value change corresponding to the deferred tax liability. The remeasurement is recognized in the Consolidated statement of profit and other comprehensive income as an unrealized change in value, together with the deferred tax expense attributable to the increase in the temporary difference arising from the remeasurement.

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% 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.

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

When the Group's share of recognized losses in joint ventures exceeds the carrying amount of the participations in the Group, the value of the participations is reduced to zero. Losses are also deducted against long-term financial balances without collateral, which in their financial significance comprise the portion of the owner company's net investment in joint ventures. 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 the extent corresponding to the Group's participating interest in the company. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that no impairment requirement exists.

#### **Foreign currencies**

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

#### **Financial statements of foreign operations**

Assets and liabilities in foreign operations, including goodwill and other surplus and deficit value consolidated value, are translated from the foreign operations' functional currency to the Group's reporting currency, SEK, using the exchange rate prevailing on the balance sheet date. Revenues and costs in foreign operations are translated to SEK at the average exchange rate representing an approximation of the exchange rates prevailing on the transaction date. Translation differences arising from translation of foreign operations are recognized in the statement of comprehensive income and accumulated as a separate component of equity, known as the translation reserve. In cases where the foreign operation is not wholly owned, the translation difference is allocated to non-controlling interest on this basis of its proportional shareholding. When controlling influence, significant influence or common control ceases for a foreign operation, the translation differences attributable to the operation are realized, whereby they are restated from translation reserve in equity to net profit for the year. In the event that divestment occurs but the controlling influence remains, the proportional share of the accumulated translation differences from the translation reserve are transferred to non-controlling interest. On the divestment of portions of associated companies and joint ventures when significant influence or common control remains, the proportional share of the translation differences is transferred to profit or loss.

#### **Net investment in a foreign operation**

Monetary non-current receivables or liabilities from/to a foreign operation for which settlement is not scheduled or will probably not occur in the foreseeable future are essentially a part of the company's net investment in foreign operations. An exchange-rate difference arising from the monetary non-current receivable or liability is recognized in other comprehensive income and accumulated as a separate component of equity, known as the translation reserve. When a foreign operation is divested, the accumulated exchange-rate differences attributable to monetary non-current receivables or liabilities are to be included in the accumulated translation differences that are reclassified from the translation reserve in equity to net profit for the year.

#### **Revenue**

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 to be 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 for discounts provided are 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 to be accrued 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*

Gains/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 in 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 in 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 at 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 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 that, at the time of the transaction, do not affect recognized or taxable earnings. Temporary differences attributable to participations in subsidiaries and joint ventures that are not expected to be reversed in the foreseeable future are also not taken into consideration. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be 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 to the extent that it is likely that it will be possible to utilize these. The value of the deferred tax assets is reduced when it is no longer considered likely 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. 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. Derivative instruments are initially recognized at fair value without additions or deductions for transaction expenses; transaction expenses are recognized in profit or loss. 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.

#### *Loans and rents receivable*

Loans and rents receivable are financial assets that are not derivatives, that have fixed or fixable payments and that are not listed on an active market. 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 are recognized at the amount that is expected to flow in, meaning after deductions for doubtful receivables.

#### *Other current receivables*

Other current receivables have short terms and are thus recognized in nominal amounts.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash, as well as immediately available balances in banks and corresponding institutions. Recognition is applied in nominal amounts.

#### *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 at Level 2, with changes in value recognized in profit or loss.

#### **Tangible assets**

A 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 transport the asset to the correct site and prepare 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 of 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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The asset is depreciated from 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 money.

Both unrealized and realized changes in value are recognized in profit or loss, after profit 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

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 participations in joint ventures*

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

An impairment loss is 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.

#### Shareholders' equity

##### *Preference shares*

The issued preference shares are classified as equity since Hemfosa is not subject to an obligation to either pay dividends or to 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 liabilities after the Annual General Meeting 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 pre-emptive rights to a dividend of preference shares, in relation to the weighted average number of shares outstanding during the year.

#### Remuneration of employees

##### *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 expenses for restructuring that are within the scope of IAS 37 and encompass payment of 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 due to 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's accounting policies**

The Parent Company prepares its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation *RFR 2 Accounting for legal entities*. The statements regarding listed companies as issued by the Financial Reporting Board were also applied. Under RFR 2, in its Annual Report for the legal entity, the Parent Company is to apply all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and with respect to the relationship 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, respec-

tively. The income statement and balance sheet for the Parent Company are prepared according to the stipulations of the Annual Accounts Act 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 of 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.

#### *Operating 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 fixed 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 to profit or loss for the period to which they are attributable.

#### *Group contributions*

Group contributions received from or granted by the Parent Company 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 guarantees 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

Community service properties account for an ever-increasing and more prioritized share of Hemfosa's property portfolio. As a result of this development and of the expansion of the company's operations into Norway and Finland, where the portfolios consist exclusively of community service properties, Hemfosa has chosen a new segment division based primarily on the different markets of Sweden, Norway and Finland and secondarily on the property types of Community service properties and Other properties.

The assessment is that the new division provides a clearer overview of the profit trend and of Hemfosa's property portfolio.

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.

At the very bottom of Note 2, the outcome for full-year 2015 is recognized on the basis of the former segments Community service properties, Office properties in growth municipalities, Logistics properties and Transaction properties. Investments per segment are presented in Note 11.

Group	Sweden		Norway		Finland		Total consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>MSEK</b>								
Rental income	2,247	1,612	196	-	0	-	2,443	1,612
Property expenses								
Operating expenses	-411	-306	-2	-	0	-	-413	-306
Maintenance costs	-191	-104	-3	-	0	-	-194	-104
Property tax	-83	-67	-2	-	0	-	-86	-67
Property administration	-79	-61	-2	-	0	-	-81	-61
<b>Net operating income</b>	<b>1,483</b>	<b>1,074</b>	<b>187</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>1,670</b>	<b>1,074</b>
Central administration							-112	-74
Other operating income							0	62
Share in profit of joint ventures							255	239
Financial income and expenses							-450	-480
<b>Profit from property management</b>							<b>1,363</b>	<b>821</b>
Changes in value of properties, realized							91	147
Change in value of properties, unrealized							1,409	548
Changes in value of financial instruments, realized							3	-75
Changes in value of financial instruments, unrealized							-45	-202
<b>Profit before tax</b>							<b>2,821</b>	<b>1,239</b>

### Segment reporting according to former segment division

MSEK	Community service properties		Office properties		Logistics properties		Transaction properties		Total consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Rental income	1,388	806	505	443	208	221	341	143	2,443	1,612
Property expenses										
Operations	-225	-159	-99	-86	-9	-18	-79	-43	-413	-306
Maintenance	-70	-53	-40	-31	-32	-4	-52	-16	-194	-104
Property tax	-36	-26	-28	-29	-6	-5	-15	-7	-86	-67
Property administration	-39	-28	-22	-20	-5	-6	-12	-9	-81	-61
<b>Net operating income</b>	<b>1,017</b>	<b>540</b>	<b>314</b>	<b>276</b>	<b>156</b>	<b>188</b>	<b>183</b>	<b>69</b>	<b>1,670</b>	<b>1,074</b>

### NOTE 3 OPERATIONAL LEASING

Hemfosa rents out its investment properties according to operational leasing agreement. The most prevalent term of newly signed leases is 3 to 6 years. The average remaining lease term is 5.9 years (5.4). Leases expiring during the year ahead are expected to be renegotiated at corresponding rent levels. The expiration years of contractual rental income at December 31 are shown in the table below.

#### The Group, 2015

MSEK Lease expiry	Number of leases	Leasable area, 000s of sqm	Contractual annual rent	Proportion, %
2016	1,929	253	267	11
2017	654	277	296	12
2018	453	292	327	13
2019	281	271	319	13
2020	93	227	227	9
>2020	326	948	1,068	43
<b>Total</b>	<b>3,736</b>	<b>2,268</b>	<b>2,503</b>	<b>100</b>

#### The Group, 2014

MSEK Lease expiry	Number of leases	Leasable 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
<b>Total</b>	<b>3,595</b>	<b>2,182</b>	<b>2,245</b>	<b>100</b>

#### Group

##### Contractual future rental income

MSEK	2015	2014
Within one year	2,455	2,166
Between one and five years	6,634	5,490
Longer than five years	5,671	3,982

Hemfosa's costs as a lessee total MSEK 3.7 (4.5) and mainly pertain to ground rent.

### NOTE 4 OTHER OPERATING INCOME

#### Group

MSEK	2015	2014
Claims	-	46
Other income	0	16
<b>Total other operating income</b>	<b>0</b>	<b>62</b>

### NOTE 5 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES

#### Group

MSEK	2015	2014
<i>Management Group</i>		
Salaries and other compensation, etc.	16	14
Pension costs, defined-contribution plans	3	2
Social security contributions	6	5
<i>Of which, Chief Executive Officer</i>		
Salaries and other compensation, etc.	4	3
Pension costs, defined-contribution plans	1	1
Social security contributions	1	1
<i>Other employees</i>		
Salaries and other compensation, etc.	30	19
Pension costs, defined-contribution plans	3	2
Social security contributions	10	6
<b>Total costs of employee benefits</b>	<b>68</b>	<b>48</b>

#### Average number of employees

Group	2015		2014	
	Number of persons	Proportion of women	Number of persons	Proportion of women
Average number of employees in Sweden	58	44%	35	52%
Average number of employees in Norway	1	0%	-	-

At the end of the year, the number of employees was 59 (57).

#### Board of Directors

Director fees have been paid to six Board Members in accordance with resolutions passed at the Annual General Meeting. The fees totaled MSEK 1.4 for 2015 and MSEK 1.5 for 2014, 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

	2015		2014	
	Number of persons	Proportion of women	Number of persons	Proportion of women
Board of Directors	7	43%	7	43%
Other senior executives	8	50%	7	43%



## NOTE 5 CONT'D.

## Salary and other remuneration for senior executives

## Parent Company

KSEK	Basic salary, director fees		Variable remuneration		Pension contributions		Share-based remuneration		Other		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Chairman of the Board</b>												
<b>Bengt Kjell</b>												
Remuneration from Parent Company	460	402	-	-	-	-	-	-	-	-	460	402
<b>Board member</b>												
<b>Anneli Lindblom</b>												
Remuneration from Parent Company	306	278	-	-	-	-	-	-	-	-	306	278
<b>Board member</b>												
<b>Caroline Sundewall</b>												
Remuneration from Parent Company	274	258	-	-	-	-	-	-	-	-	274	258
<b>Board member</b>												
<b>Ulrika Valassi</b>												
Remuneration from Parent Company	274	258	-	-	-	-	-	-	-	-	274	258
<b>Board member</b>												
<b>Magnus Eriksson</b>												
Remuneration from Parent Company	230	172	-	-	-	-	-	-	-	-	230	172
<b>Board member</b>												
<b>Daniel Skoghäll</b>												
Remuneration from Parent Company	230	172	-	-	-	-	-	-	-	-	230	172
<b>Chief Executive Officer</b>												
<b>Jens Engwall</b>												
Remuneration from Parent Company	3,567	3,121	-	-	788	737	-	-	255	182	4,610	4,040
<b>Other senior executives (7 (6) persons)</b>												
Remuneration from Parent Company from subsidiaries	10,363	9,085	1,455	1,530	2,257	1,943	-	-	737	635	14,812	13,193
<b>Total</b>												
Remuneration from Parent Company from subsidiaries	<b>15,705</b>	<b>13,746</b>	<b>1,455</b>	<b>1,530</b>	<b>3,045</b>	<b>2,680</b>	<b>0</b>	<b>0</b>	<b>992</b>	<b>817</b>	<b>21,196</b>	<b>18,773</b>

## NOTE 5 CONT'D.

## Parent Company

MSEK	2015	2014
<i>Management Group</i>		
Salaries and other compensation, etc.	14	12
Pension costs, defined-contribution plans	3	2
Social security contributions	5	4
<i>Of which, Chief Executive Officer</i>		
Salaries and other compensation, etc.	4	3
Pension costs, defined-contribution plans	1	1
Social security contributions	1	1
<i>Other employees</i>		
Salaries and other compensation, etc.	6	6
Pension costs, defined-contribution plans	1	1
Social security contributions	2	2
<b>Total costs of employee benefits</b>	<b>31</b>	<b>27</b>

## Average number of employees

## Parent Company

	2015		2014	
	Number of persons	Proportion of women	Number of persons	Proportion of women
Average number of employees	16	31%	16	25%

## Gender distribution in company management.

## Parent Company

	2015		2014	
	Number of persons	Proportion of women	Number of persons	Proportion of women
Board of Directors	7	43%	7	43%
Other senior executives	8	50%	7	43%

## NOTE 6 FEES AND REMUNERATION TO AUDITORS

## Group

MSEK	2015	2014
<i>KPMG</i>		
Auditing assignments	6	5
Remuneration for audit activity in addition to auditing assignments	-	2
Tax advisory services	1	2
Other assignments	2	6
<b>Total fees and remuneration to auditors</b>	<b>9</b>	<b>15</b>

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	2015	2014
<i>KPMG</i>		
Auditing assignments	3	4
Remuneration for audit activity in addition to auditing assignments	-	2
Tax advisory services	-	1
Other assignments	-	3
<b>Total fees and remuneration to auditors</b>	<b>3</b>	<b>10</b>

## NOTE 7 OPERATING EXPENSES SPECIFIED BY COST TYPE

## Group

MSEK	2015	2014
Operating expenses <sup>1</sup>	412	306
Maintenance costs	194	104
Property tax	86	67
Depreciation/amortization	1	0
Other external costs	124	86
Personnel expenses	68	49
<b>Total operating expenses</b>	<b>885</b>	<b>612</b>

<sup>1</sup> Operating expenses include externally purchased services for property management.

## NOTE 8 FINANCIAL INCOME AND EXPENSES

## Group

MSEK	2015	2014
Interest income	2	7
Interest income in joint ventures	-	2
Other financial income	3	1
<b>Financial income</b>	<b>5</b>	<b>10</b>
Interest expenses <sup>1</sup>	-414	-391
Interest expenses on shareholders' loans	-	-60
Other financial costs	-41	-39
<b>Financial expenses</b>	<b>-455</b>	<b>-490</b>
<b>Net</b>	<b>-450</b>	<b>-480</b>

<sup>1</sup> Interest attributable to liabilities measured at accrued cost accounted for MSEK 292 (285) of the Group's interest expenses.

## NOTE 8 CONT'D.

## Parent Company

MSEK	2015	2014
Dividends from subsidiaries	4,969	2,647
Impairment of shares in Group companies	-4,119	-2,077
<b>Profit from shares in Group companies</b>	<b>850</b>	<b>570</b>
Interest income	0	2
Interest income from Group companies	286	352
Other financial income	0	0
<b>Interest income</b>	<b>286</b>	<b>354</b>
Interest expenses, credit institutions	-80	-60
Interest expenses on shareholders' loans	-	-60
Interest expenses to Group companies	-1	-2
Other financial costs	-6	-13
<b>Interest expense</b>	<b>-87</b>	<b>-135</b>
<b>Net interest income and expenses</b>	<b>1,049</b>	<b>789</b>

## NOTE 9 INCOME TAX

During 2015, nominal corporate tax rates were 22 percent in Sweden, 27 percent in Norway and 20 percent in Finland. The table below shows the sub-items underlying the effective tax rate in Hemfosa.

## Group

Reconciliation of effective tax	2015	2014
Profit before tax	2,821	1,239
Tax according to applicable tax rate for Parent Company	-22.0% -621	-22.0% -227
Other tax rates within the Group	-0.4% -11	-
Non-deductible costs	0.0% 0	-0.2% -2
Non-taxable income	2.0% 55	3.8% 48
Profit/loss from shares in joint ventures <sup>1</sup>	2.0% 56	5.1% 53
Capitalization of loss carry-forwards not capitalized in prior years	0.1% 22	2.3% 28
Tax attributable to previous years	-0.1% -2	-0.1% -1
Other	0.6% 18	2.6% 32
<b>Recognized effective tax</b>	<b>-17.1% -483</b>	<b>-9.2% -115</b>

<sup>1</sup> Share of profit/loss after tax in joint ventures.

## Parent Company

Reconciliation of effective tax	2015	2014
Profit before tax	850	707
Tax according to applicable tax rate for Parent Company	-22.0% -187	-22.0% -156
Non-deductible costs	-	-36.9% -457
Non-taxable income	6.6% 187	47.0% 582
Capitalization of loss carry-forwards not capitalized in prior years	-	- 2.4% 30
<b>Recognized effective tax</b>	<b>-15.4% 0</b>	<b>-9.5% 0</b>

## NOTE 10 EARNINGS PER SHARE

Consolidated profit for the year attributable to Parent Company shareholders amounted to MSEK 2,324 (1,126).

During 2015, Hemfosa paid a dividend of SEK 3.00 (-) per ordinary share and of SEK 10.00 (2.50) per preference share.

## Group

	2015	2014
Profit for the year attributable to Parent Company shareholders, MSEK	2,324	1,126
Dividend on preference shares, MSEK	-108	-25
Profit attributable to Parent Company ordinary shareholders before dilution, MSEK	2,216	1,101
Average weighted number of ordinary shares, millions	131	110
Earnings per share before and after dilution, SEK	16.87	10.13

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		Sweden		Norway		Finland	
	2015	2014	2015	2014	2015	2014	2015	2014
Fair value at the beginning of the year	24,718	16,394	24,718	16,394	-	-	-	-
Cost of investment properties, asset acquisition	4,223	8,448	963	8,448	2,748	-	512	-
Investment in existing portfolio	566	484	555	484	11	-	-	-
Divestment of investment properties	-1,441	-1,303	-1,441	-1,303	-	-	-	-
Realized change in value of divested properties	91	147	91	147	-	-	-	-
Unrealized changes in value of properties	1,409	548	1,113	548	296	-	-	-
Translation differences	-13	-	-	-	-13	-	-	-
<b>Fair value at the end of the year</b>	<b>29,553</b>	<b>24,718</b>	<b>25,999</b>	<b>24,718</b>	<b>3,042</b>	<b>-</b>	<b>512</b>	<b>-</b>

Realized and unrealized changes in value are recognized after profit from property management in the Statement of profit/loss and other comprehensive income. 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 MSEK	2015	2014
Rental income	2,443	1,612
Direct costs for investment properties that generated rental income during the year	-633	-431
Direct costs for investment properties that did not generate rental income during the year	-59	-46

### 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 independent appraisers provide the fair value of the Group's portfolio of investment properties during each quarter.

### Valuation techniques

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

The yield requirement used in the estimate derives from sales of comparable properties. Significant factors when selecting required returns include an assessment of the object's future rent trend, changes in value and any development potential, as well as the maintenance condition of the property. Key value parameters are location and rent level, as well as vacancy rates. For each property, a cash flow is prepared that extends at least five years into the future. With respect to income, current leases are used. For vacant spaces, an estimate is performed by individually assessing each property. The inflation assumption for Sweden is 1.0 percent for 2016 and 2017, and 2.0 percent thereafter. The inflation assumption for Norway is 2.5 percent and that for Finland is 2.0 percent. Property expenses are estimated on the basis of annual historical trends. The valuation is based on a present-value calculation of cash flow and the present value of the market value at the end of the calculation period.

The weighted yield requirement was 6.4 percent (6.9), compared with an average yield requirement of 6.6 percent at September 30, 2015. The weighted cost of capital for calculating the present value of the cash flow and residual value was 7.6 percent (8.0) and 8.4 percent (9.0), respectively.

Hemfosa's property portfolio was valued at MSEK 29,553 (24,718). The total change in value during the year was MSEK 4,835 (8,324), of which MSEK 4,223 (8,449) pertained to acquired properties, MSEK 566 (484) to value-adding investment in the properties, MSEK 91 (147) to realized changes in value and MSEK 1,409 (548) to unrealized changes in value. Of the unrealized change in value, MSEK 164 (207) was attributable to revaluation in accordance with IAS 8, in connection with a voluntary change of accounting policy. Properties at a value of MSEK 1,441 (1,304) were divested during the year. Translation differences for the period amounted to MSEK -13 (-), attributable to acquisitions in Norway.

Calculation assumptions per segment	Carrying amount, MSEK		Net operating income, MSEK <sup>1</sup>		Yield		Interval, required yield		Discount interest rate	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
	Sweden	25,999	24,718	1,537	1,531	5.9%	6.2%	4.0%-10.0%	4.3 -10.0%	5.0 -12.1%
Norway	3,042	-	191	-	6.3%	-	5.1 -7.4%	-	7.7 -10.1%	-
Finland	512	-	38	-	7.4%	-	7.0 -7.1%	-	8.9 -8.9%	-
<b>Total</b>	<b>29,553</b>	<b>24,718</b>	<b>1,766</b>	<b>1,531</b>	<b>6.0%</b>	<b>6.2%</b>	<b>6.4%</b>	<b>6.9%</b>	<b>7.6%</b>	<b>8.0%</b>

<sup>1</sup> According to earnings capacity

## NOTE 11 CONT'D.

## Sensitivity analysis - impact on fair value

MSEK		Total		Sweden		Norway		Finland	
		2015	2014	2015	2014	2015	2014	2015	2014
Change in net operating income	+/-5.0%	+/-1,167	+/-957	+/- 1,030	+/-957	+/- 109	-	+/- 21	-
Change in required yield	+/-0.1%	+/-463	+/-355	+/- 403	+/-355	+/- 50	-	+/- 7	-
Change in growth assumptions	+/-0.5%	+/-146	+/-120	+/- 129	+/-120	+/- 14	-	+/- 3	-
Change in discount interest rate	+/-0.1%	+/-391	+/-305	+/- 348	+/-305	+/- 35	-	+/- 6	-

## 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 administra-

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

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

## NOTE 12 TANGIBLE FIXED ASSETS

## Group

MSEK	Equipment	
	Dec 31, 2015	Dec 31, 2014
<b>Cost</b>		
Opening balance	5	4
Acquisitions during the year	1	4
<b>Closing balance, cost</b>	<b>6</b>	<b>5</b>
<b>Depreciation</b>		
Opening balance	-3	-3
Divestments during the year	-1	-
Depreciation for the year	-1	0
<b>Closing balance, accumulated depreciation</b>	<b>-5</b>	<b>-3</b>
<b>Carrying amount</b>	<b>1</b>	<b>2</b>

## 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 together with other investors. The largest joint venture is Söderport Holding AB, which manages a property with a market value of approximately SEK 5.6 billion. In June 2015, Hemfosa entered into an agreement concerning the formation of a joint venture, Gardermoen Campus Utvikling AS (GCU), together with Aspelin

Ramm Eiendom AS, a Norwegian property development company. GCU aims to own and develop an area at Gardermoen Airport, near Oslo, into an important national hub for expertise in health and social care. At December 31, 2015, Hemfosa had indirect property ownership in four (3) joint ventures. At December 31, 2015, the property owning joint ventures jointly owned 61 (47) properties with a recognized property value, for Hemfosa's share, of MSEK 3,049 (2,514).

Group	Total		Söderport Holding AB		Gardermoen Campus Utvikling AS		Other holdings	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
<b>MSEK</b>								
Carrying amount at the end of the year	609	455	574	390	-	-	35	66
Acquisition of joint ventures	209	-	-	-	209	-	-	-
Acquisition of the remaining share of Hemfosa Kronfastigheter	0	-71	-	-	-	-	-	-71
Dividends received	-50	-63	-50	-63	-	-	-	-
Share in profit of joint ventures	255	239	253	198	-	-	2	40
Shareholders' contribution	40	49	45	49	-	-	-5	-
Other	9	-	9	-	-	-	-	-
<b>Shares in joint ventures</b>	<b>1,075</b>	<b>609</b>	<b>832</b>	<b>574</b>	<b>209</b>	<b>-</b>	<b>32</b>	<b>35</b>

## NOTE 13 CONT'D.

Joint ventures	Corp. Reg. No.	Registered office	Proportion	Carrying amount	
				Dec 31, 2015	Dec 31, 2014
Söderport Holding AB	556819-2230	Stockholm	50%	833	574
Gardermoen Campus Utvikling AS	913,111,915	Oslo, Norway	65%	209	-
Gästgivaregatan Holding AB	556925-8808	Stockholm	50%	24	23
Culmen Strängnäs II AB	556799-1970	Stockholm	50%	7	12
<b>Total carrying amount of shares in joint ventures</b>				<b>1,075</b>	<b>609</b>

**Söderport Holding AB**

100%	Dec 31, 2015	Dec 31, 2014
Rental income, MSEK	542	450
Comprehensive income for the year, MSEK	537	425
<i>of which, Hemfosa's share</i>	269	213
Market value of properties, MSEK	5,631	4,975
Interest-bearing loans, MSEK	3,257	3,183
Deferred tax liability, MSEK	237	102
Derivatives, negative value, MSEK	412	465
Equity, MSEK	1,665	1,139
<i>of which, Hemfosa's share</i>	832	570
No. of properties	59	45
Leasable area, 000s of sqm	670	614

**Gardermoen Utvikling Campus AS**

100%	Dec 31, 2015	Dec 31, 2014
Market value of properties, MSEK	317	-
Interest-bearing loans, MSEK	-	-
Equity, MSEK	321	-
<i>of which, Hemfosa's share</i>	209	-
No. of properties	2	-

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

**Parent Company**

MSEK	Dec 31, 2015	Dec 31, 2014
Carrying amount at the end of the year	-	31
Acquisition/divestment of joint ventures	-	-31
<b>Shares in joint ventures</b>	<b>-</b>	<b>-</b>

## NOTE 14 RENTS RECEIVABLES

**Group**

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

## NOTE 15 CURRENT RECEIVABLES

**Group**

MSEK	Dec 31, 2015	Dec 31, 2014
Prepaid expenses and accrued income	25	31
Receivables from joint ventures	-	2
Current receivables	23	41
<b>Total current receivables</b>	<b>48</b>	<b>74</b>

## NOTE 16 CASH AND CASH EQUIVALENTS

**Group**

MSEK	Dec 31, 2015	Dec 31, 2014
<i>The following subcomponents are included in cash and cash equivalents:</i>		
Cash and bank balances	732	594

## NOTE 17 INTEREST-BEARING LIABILITIES

Hemfosa's interest-bearing liabilities at December 31, 2015, after deductions for arrangement fees of MSEK 63 (67), were MSEK 18,898 (15,760), of which MSEK 17,672 (14,534) pertained to loans from credit institutions MSEK 1,194 (1,190) to bond loans, MSEK 14 (33) to vendor's mortgage and MSEK 18 (3) to other liabilities. Hemfosa has a revolving credit of MSEK 1,300 (1,300), of which MSEK 1 (633) was utilized at December 31, 2015. The Group also has two overdraft facilities totaling MSEK 325 (150), which were unutilized at December 31, 2015. The Group also has loans raised in NOK pertaining to the property portfolio in Norway, as well as loans raised in EUR for the Finnish property portfolio.

**Group**

MSEK	Dec 31, 2015	Dec 31, 2014
<b>Interest-bearing liabilities</b>		
Loans from credit institutions	17,729	14,572
Bond loan	1,200	1,200
Vendor's mortgages	14	33
Overdraft facility	-	18
Other liabilities	18	3
<b>Total interest-bearing liabilities</b>	<b>18,961</b>	<b>15,827</b>

Of which, current interest-bearing liabilities	1,670	229
Less opening charges for raising new loans	-63	-67
<b>Total interest-bearing liabilities</b>	<b>18,898</b>	<b>15,760</b>



## NOTE 17 CONT'D.

The Group's interest-bearing liabilities to external creditors correspond to 63.9 percent (64.6) of the carrying amount of the property portfolio in the balance sheet. The average remaining fixed-rate and loan maturity periods were 1.3 years (1.9) and 2.7 years (2.7), respectively, at the end of the year.

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 takeover 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 2015 and 2014.

**Group**

MSEK	Dec 31, 2015	Dec 31, 2014
Loan-to-value ratio	63.9%	63.8%
Remaining fixed-rate period	1.3 years	1.9 years
Remaining term for loans	2.7 years	2.7 years

## NOTE 18 DEFERRED TAX LIABILITY/ASSET

Deferred tax pertains to future tax consequences of events taken into account in the company's accounting. Hemfosa recognized deferred tax liabilities totaling MSEK 1,149 (423).

Hemfosa's total tax loss carryforwards amounted to MSEK 5,537 (1,912) at December 31, 2015. Of these loss carryforwards, the company has deemed that MSEK 1,823 (1,091) can be used in operations during the coming five fiscal years and this amount has thus been assigned a value in the Statement of financial position. Loss carryforwards of approximately MSEK 3,600 (1,200) are attributable to companies acquired during the year. These loss carryforwards will be blocked from being used as Group contributions through the 2021 tax year and have not been valued in full in the Statement of financial position.

Temporary differences in the properties pertain to the difference between the carrying amount of the properties 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. According to the prevailing regulatory framework, temporary differences on all assets and liabilities are to be taken into account in the Statement of financial position, with the exception of temporary differences on properties in connection with asset acquisitions. The total residual value of investment properties for tax purposes was MSEK 21,314 (20,730) at December 31, 2015.

Deferred tax asset	2015	2014
<i>Loss carryforwards</i>		
At the beginning of the year	240	120
Recognized in profit or loss	-74	57
Recognized in other comprehensive income during the year	36	-
Acquired and divested assets	222	63
<b>At the end of the year</b>	<b>424</b>	<b>240</b>

<i>Derivatives</i>		
At the beginning of the year	24	25
Recognized in profit or loss	-1	-1
<b>At the end of the year</b>	<b>23</b>	<b>24</b>

Deferred tax liability	2015	2014
<i>Temporary difference in value of the properties</i>		
At the beginning of the year	-756	-599
Recognized in profit or loss	-402	-169
Translation difference	9	-
Acquired and divested assets	1	12
<b>At the end of the year</b>	<b>-1,149</b>	<b>-756</b>

Net deferred tax liability	2015	2014
At the beginning of the year	-492	-454
Changes for the year according to the income statement	-478	-113
Recognized in other comprehensive income during the year	36	-
Acquired and divested assets	223	75
Translation difference	9	-
<b>At the end of the year in the Statement of financial position</b>	<b>-701</b>	<b>-492</b>

## NOTE 19 FINANCIAL ASSETS AND LIABILITIES - BY CATEGORY AND FAIR VALUE

Group	Financial assets/ liabilities measured at fair value via state- ment of profit/loss		Loans and accounts receivable		Other liabilities		Total carrying amount	
	2015	2014	2015	2014	2015	2014	2015	2014
Rents and accounts receivable		-	34	20	-	-	34	20
Derivatives	2	3		-	-	-	2	3
Cash and cash equivalents		-	732	594	-	-	732	594
<b>Total</b>	<b>2</b>	<b>3</b>	<b>766</b>	<b>614</b>	<b>-</b>	<b>-</b>	<b>768</b>	<b>616</b>
Non-current interest-bearing liabilities	-	-	-	-	17,228	15,531	17,228	15,531
Non-current derivatives	103	105	-	-	-	-	103	105
Current interest-bearing liabilities	-	-	-	-	1,670	229	1,670	229
Current derivatives	-	-	-	-	-	-	0	-
Accounts payable	-	-	-	-	89	161	89	161
<b>Total</b>	<b>103</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>18,987</b>	<b>15,921</b>	<b>19,090</b>	<b>16,026</b>

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 marketplaces, 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 level and forward rates of 3-month Stibor and their volatility. If the forward rates (or the volatility) then decline, 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 should, for example, a counterparty become insolvent; these are also known as netting agreements. In the tables below, amounts are presented for the netting agreements at December 31, 2015 and December 31, 2014, respectively.

### Offsetting of financial instruments

MSEK	Dec 31, 2015		Dec 31, 2014	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Carrying amount in the balance sheet	2	103	3	105
Amount encompassed by netting	-2	-2	-3	-3
<b>Amount after netting</b>	<b>0</b>	<b>101</b>	<b>0</b>	<b>102</b>

## NOTE 20 FINANCIAL RISKS AND RISK MANAGEMENT

### Financial risk management

The Group is exposed to various financial risks through its business activities. Financial risks involve market, liquidity and credit risks associated with financial instruments. The Board of Directors of Hemfosa have 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 require the approval of the Board of Directors. Responsibility for Hemfosa's financial transactions and risks is managed centrally by the Parent Company's Finance Department. Financial risk management is performed at portfolio level. Financial transactions are to be implemented on the basis of an assessment of Hemfosa's overall requirement of liquidity and financing, as well as the interest-rate risk.

## NOTE 20 CONT'D.

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

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

Hemfosa 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 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 (calculated 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

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, and also interest-rate caps.

Hemfosa pays variable interest up to a predetermined interest rate. The predetermined interest-rate ceiling for the agreed interest-rate caps ranges from 1.5 to 2.0 percent.

#### Sensitivity analysis at December 31, 2015

	Change	Earnings effect, MSEK
Interest expenses resulting from current fixed-rate period and changed interest-rate position <sup>1</sup>	+/-1%	-74/ +9
Interest expenses resulting from change in average level of interest rates <sup>2</sup>	+/-1%	-/+189
Remeasurement of fixed-income derivatives resulting from shift in interest rate curves	+/-1%	-154

<sup>1</sup> Taking derivative agreements into account

<sup>2</sup> 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 of 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.

#### Fixed-rate period per instrument at Dec 31, 2015

Maturity structure	Fixed-rate period			Amount, MSEK	Proportion, %
	Loans <sup>1</sup> , MSEK	Interest-rate swap, MSEK	Interest-rate cap, MSEK		
<1 year	17,067	-4,655	-2,286	10,126	54
1-2 years	1,763	385	384	2,532	13
2-3 years	0	3,304	1,902	5,206	28
3-4 years	0	322	0	322	2
4-5 years	29	644	0	673	4
>5 years	39	0	0	39	0
<b>Total</b>	<b>18,898</b>	<b>0</b>	<b>0</b>	<b>18,898</b>	<b>100</b>

<sup>1</sup> The fixed-rate period in the tables shows the discounted value of the liabilities, which deviates by an insignificant amount from the nominal value.

The average interest rate for Hemfosa's loan portfolio was 2.03 percent (2.37) at Dec 31, 2015. Agreements entered into for interest-rate swaps and interest-rate caps with a total volume of MSEK 8,053 (6,654) have been taken into account in

contractual interest rates and terms. The underlying loans carry a floating interest rate that is mainly based on STIBOR 3 months.



## NOTE 20 CONT'D.

## Fixed-rate period per instrument, Dec 31, 2014

Maturity structure	Fixed-rate period				
	Overdraft facilities, MSEK	Interest-rate swap, MSEK	Interest-rate cap, MSEK	Amount, 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
<b>Total</b>	<b>15,760</b>	<b>0</b>	<b>0</b>	<b>15,760</b>	<b>100</b>

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

Year	Nominal amount, MSEK	Average interest rate, %	Market value, MSEK
<1 year	112	0.8	-6
1-2 years	385	0.1	-2
2-3 years	3,304	1.1	-86
3-4 years	322	0.5	-3
4-5 years	644	1.3	-6
>5 years	0	0	0
<b>Total</b>	<b>5,767</b>	<b>1.0</b>	<b>-103</b>

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

Year	Nominal amount, MSEK	Average interest rate, %	Market value, MSEK
<1 year	0	0	0
1-2 years	2,995	0.5	-9
2-3 years	0	0	0
3-4 years	2,660	1.1	-63
4-5 years	1,000	1.3	-32
>5 years	0	0	0
<b>Total</b>	<b>6,654</b>	<b>0.8</b>	<b>-105</b>

## Liquidity risk

Liquidity risk is the risk of not having sufficient payment capacity in the short and the long term to be able to honour 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.

## Maturity structure, interest-bearing liabilities, Dec 31, 2015

MSEK	Loan maturity <sup>2</sup>	Proportion, %	Interest, loan	Net interest, derivatives, MSEK <sup>1)</sup>	Total interest
2016	1,569	8	318	50	369
2017	6,646	35	262	44	305
2018	6,492	34	184	35	219
2019	796	4	80	1	81
2020-	3,395	18	72	0	72
<b>Total</b>	<b>18,898</b>	<b>100</b>	<b>916</b>	<b>131</b>	<b>1,047</b>

## Maturity structure, interest-bearing liabilities, Dec 31, 2014

MSEK	Loan maturity <sup>2</sup>	Proportion, %	Interest, loan	Net interest, derivatives, MSEK <sup>1)</sup>	Total interest
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	36	0	9	5	14
<b>Total</b>	<b>15,760</b>	<b>100</b>	<b>941</b>	<b>127</b>	<b>1,068</b>

1 The net interest rate shown in the Maturity structure tables is attributable to negative value swaps, according to IAS 39.

2 The Maturity structure tables show the discounted value of the loans, which deviates by an insignificant amount from the nominal amount.

## Refinancing risks

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

Hemfosa works in accordance with a finance policy established by the Board of Directors, which stipulates, inter alia, general rules for the company's financing work and how the

risks associated with financing operations are to be limited. The company engages in continuous discussions with existing and prospective financiers to ensure that the necessary financing can be obtained in all situations.

During 2015, refinancing of approximately SEK 3.2 billion (3.1) was implemented. Hemfosa's loan-to-value ratio at 31 December 2015 was 63.9% (63.8).

## NOTE 20 CONT'D.

**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.

The total credit risk is estimated to match the asset items shown below in the Statement of financial position:

<b>Credit risk</b>	<b>Dec 31, 2015</b>	<b>Dec 31, 2014</b>
Rents receivables	36	20
Other current receivables	48	74
Cash and bank balances	732	594
<b>Total</b>	<b>814</b>	<b>688</b>

The breakdown of the maturity structure of Hemfosa's rent receivables is shown in the table below:

<b>Current receivables</b>	<b>Dec 31, 2015</b>	<b>Dec 31, 2014</b>
Rent receivables not due	6	0
Rent receivables past due 0-30 days	15	12
Rent receivables past due 30-90 days	1	1
Rent receivables past due > 90 days	12	7
<b>Total</b>	<b>34</b>	<b>20</b>

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 are subject to differentiated periods of notice, thus limiting Hemfosa's exposure should any of them give notice to vacate their premises. The average remaining term for all Hemfosa leases is 5.9 years and changes in market rents will have no short-term impact on rental income except in connection with new letting. However, the re-negotiation of leases occurs continuously.

Leases with terms exceeding three years are normally completely or partly tied to the Consumer Price Index (CPI).

**Capital management**

At December 31, 2015, Hemfosa's shareholders' equity totaled MSEK 10,735 (8,949). During the year, a private placement of a total of 999,999 new preference shares was implemented, which contributed equity of MSEK 165 to Hemfosa. At year-end, preference capital totaled MSEK 1,791 (-). The 2015 Annual General Meeting resolved to pay dividends totaling MSEK 494 to holders of ordinary and preference shares, subject to quarterly payment. Since the Board exercised its mandate to implement a private placement of new preference shares, this resulted in additional dividends of about MSEK 7. At year-end,

dividends of MSEK 399 had been paid, with the remaining dividends expensed in the statement of financial position.

The company's financial policy specifies the risk mandate 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, interest-payment capacity may not be lower than an interest coverage ratio of 1.5 and the equity/assets ratio is to be at least 30 percent.

During 2015, the loan-to-value ratio was 63.9 percent (63.8), the interest-coverage ratio was a multiple of 3.5 (2.2) and the equity/assets ratio was 34.2 percent (34.4).

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. Dividends paid on preference shares are deducted from this amount first; the remaining amount can be distributed to holders of ordinary shares.

## NOTE 21 OTHER CURRENT LIABILITIES

**Group**

<b>MSEK</b>	<b>Dec 31, 2015</b>	<b>Dec 31, 2014</b>
Accrued financial expenses	58	59
Prepaid rental income	504	279
Other accrued expenses and prepaid income	89	103
Accounts payable	89	161
Current liabilities that are not interest-bearing	254	116
<b>Total</b>	<b>994</b>	<b>717</b>

## 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.

**Group**

<b>MSEK</b>	<b>Dec 31, 2015</b>	<b>Dec 31, 2014</b>
<b>Pledged assets</b>		
<i>In the form of pledged assets for own debts and provisions</i>		
Property mortgages	25,168	19,684
Participations in Group companies	5,292	3,004
<b>Total pledged assets</b>	<b>30,460</b>	<b>22,688</b>
<b>Contingent liabilities</b>		
Sureties for liabilities in joint ventures	50	50
<b>Total contingent liabilities</b>	<b>50</b>	<b>50</b>

## NOTE 22 CONT'D.

## Parent Company

MSEK	Dec 31, 2015	Dec 31, 2014
Pledged assets		
<i>In the form of pledged assets for own debts and provisions</i>		
Participations in Group companies	3,527	2,661
<b>Total pledged assets</b>	<b>3,527</b>	<b>2,661</b>

## Contingent liabilities

Sureties for liabilities in Group companies	12,639	11,356
<b>Total contingent liabilities</b>	<b>12,639</b>	<b>11,356</b>

## NOTE 23 RELATED PARTIES

## Summary of related-party transactions

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, 2015, the Group had no receivables or liabilities with joint ventures. The same applied at December 31, 2014.

## Parent Company

The Parent Company's fee from Group companies for providing central administrative services amounted to MSEK 53 (58) 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, 2015	Dec 31, 2014
<b>Adjustments for non-cash items for operating activities</b>		
Depreciation of equipment	1	0
Share in profit/loss of joint ventures	-255	-239
Other	-9	-
<b>Total non-cash items for operating activities</b>	<b>-264</b>	<b>-239</b>

## Interest paid and received

MSEK	Dec 31, 2015	Dec 31, 2014
Interest received	2	8
Interest paid	-416	-473

## Acquisition of subsidiaries

MSEK	Dec 31, 2015	Dec 31, 2014
<i>Acquired assets and liabilities</i>		
Investment properties	4,297	8,440
Tax loss carryforwards	222	59
Operating receivables	3	45
Cash and cash equivalents	84	76
<b>Total assets</b>	<b>4,606</b>	<b>8,627</b>
Current operating liabilities	31	252
<b>Total provisions and liabilities</b>	<b>31</b>	<b>252</b>
Purchase consideration paid	4,575	8,376
Less: Cash and cash equivalents in the acquired operations	-84	-76
Impact on cash and cash equivalents	4,491	8,300

## Divestment of subsidiaries

MSEK	Dec 31, 2015	Dec 31, 2014
<i>Assets and liabilities divested</i>		
Investment properties	1,395	1,244
Operating receivables	8	2
Cash and cash equivalents	18	30
<b>Total assets</b>	<b>1,421</b>	<b>1,276</b>
Current operating liabilities	26	28
<b>Total provisions and liabilities</b>	<b>26</b>	<b>28</b>
Purchase considerations received	1,395	1,244
Less: Cash and cash equivalents in the divested operations	-18	-30
Impact on cash and cash equivalents	1,378	1,214

## Parent Company

MSEK	Dec 31, 2015	Dec 31, 2014
<b>Adjustments for non-cash items for operating activities</b>		
Depreciation of equipment	0	0
Dividends from subsidiaries	850	570
<b>Total non-cash items for operating activities</b>	<b>850</b>	<b>570</b>



## NOTE 25 IMPORTANT ESTIMATES AND JUDGMENTS

Group Management has discussed the trend, the selection and disclosures pertaining to the Group's key accounting policies and estimates and their application.

### 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 as a result of weakened economic climate, rising interest rates, increasing operating costs and higher vacancies, as well as specific events in other properties.

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

### Tax

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

However, Hemfosa is unable to provide any guarantees that today's, or new tax regulations, do not entail restrictions in the opportunities to utilize the loss carryforwards.

### Classification of acquisition

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

### Preference shares

The terms and conditions for Hemfosa's preference shares do not include contractual payment obligations since both dividends and buybacks are only permissible following a resolution by the Annual General Meeting or some another general meeting of shareholders. The company's assessment is that the issued preference shares should be recognized as shareholders' equity.

### Classification of shares in Gardermoen Utvikling Campus AS

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

## NOTE 26 SHARES IN GROUP COMPANIES

MSEK	Dec 31, 2015	Dec 31, 2014
<i>Accumulated cost</i>		
At the beginning of the year	2,661	2,533
Acquisitions	4,798	4,424
Reclassifications	-	31
Divestments	-	-2,250
Shareholders' contribution	186	-
Impairment	-4,118	-2,077
<b>Carrying amount at the end of the year</b>	<b>3,527</b>	<b>2,661</b>

### Shares in subsidiaries

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

Loan agreement in two of Hemfosa's subgroups include restrictions limiting the possibility to receive dividends from these subgroups.

Directly owned subsidiaries	Carrying amount	Corp. Reg. No.	Registered office	Number of shares/	
	Dec 31, 2015,			participations	Proportion, %
	MSEK				
Hemfosa Sverige AB	2,250	556780-5816	Stockholm	10,000,000	100
Hemfosa Tetis AB	283	556847-5825	Stockholm	11,700,000	100
Hemfosa Samfunnsbygg AS	225	914,149,703	Oslo	976,471	97 <sup>1</sup>
Hemfosa Kronfastigheter Holding AB	66	556950-1736	Nacka	50,000	100
Hemfosa Fastigheter AB	0	559036-7404	Stockholm	500	100
Hemfosa Norden AB	62	556710-6892	Stockholm	5,000,000	100
Hemfosa Tetis AB	640	556245-5567	Stockholm	320,850,500	100

<sup>1</sup> The remaining shareholding is owned by Immob Holding AS

## NOTE 26 CONT'D.

## Indirectly owned subsidiaries

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Proportion, %
Brochsgate 3 AS	813 013 282	Oslo	1	97 <sup>1</sup>
Bråtaberg Property AB	556811-5298	Stockholm	100,000	100
Eventyrskogen Eiendom AS	915 165 834	Oslo	1,000	97 <sup>1</sup>
Fastighets AB Bredmosstorpet 5	559041-1368	Stockholm	500	100
Fastighets AB Isgrundet	556797-3051	Stockholm	1,000	100
Fastighetsaktiebolaget Tre Skåne	556044-1031	Stockholm	50,000	100
Fastighetsbolaget Hemfosa Örebro Ånsta AB	556704-3368	Stockholm	1,000	100
Felis AS	991 742 646	Oslo	100,000	97 <sup>1</sup>
Finnås Barnehage AS	915 166 296	Oslo	100	97 <sup>1</sup>
Fredrikstad Eiendomsinvest AS	894 881 852	Oslo	1,000	97 <sup>1</sup>
Färsna Skola AB	556885-1199	Stockholm	1,000	100
Gronnestolen Barnehage AS	994 310 658	Oslo	100	97 <sup>1</sup>
Gunnar Nilsens Gate 25 AS	913 013 301	Oslo	1	97 <sup>1</sup>
Gävle Hälsöfastigheter AB	556719-1480	Stockholm	1,000	100
Görban AB	556716-2127	Stockholm	1,000	100
Hemfosa Adler HoldCo AB	556848-8034	Stockholm	500	100
Hemfosa Adrian HoldCo AB	556837-4309	Stockholm	500	100
Hemfosa Alexander 2 AB	556987-6799	Stockholm	50,000	100
Hemfosa Alexander AB	556987-3937	Stockholm	500	100
Hemfosa Almbj 13.772 HoldCo AB	556981-8817	Stockholm	500	100
Hemfosa Anis Teti AB	556866-3941	Stockholm	500	100
Hemfosa Arendal AB	556715-8174	Nacka	1,000	100
Hemfosa Armaturen AB	556372-6933	Stockholm	1,000	100
Hemfosa Atrecal 1 AB	556344-6730	Stockholm	1,200	100
Hemfosa Atrecal 2 AB	556846-8432	Stockholm	1,000	100
Hemfosa Atrecal 3 AB	556789-9223	Stockholm	1,000	100
Hemfosa Atrecal 4 AB	556851-9556	Stockholm	50,000	100
Hemfosa Atrecal 5 AB	556645-0473	Stockholm	1,000	100
Hemfosa Atrecal Fastigheter Norr AB	559031-2913	Stockholm	50,000	100
Hemfosa Atrecal Fastigheter Syd AB	559032-9461	Stockholm	50,000	100
Hemfosa Atrecal Holding 1 AB	559035-5904	Stockholm	50,000	100
Hemfosa Atrecal Holding 2 AB	559035-5912	Stockholm	50,000	100
Hemfosa Bagaren Fastighets AB	556738-6270	Stockholm	1,000	100
Hemfosa Bastionen Teti AB	556866-8296	Stockholm	500	100
Hemfosa Bataljonsgatan Fastighets AB	556378-6267	Stockholm	2,000	100
Hemfosa Björnsjö Fastighets AB	556928-0505	Stockholm	500	100
Hemfosa Blackeberg AB	556822-2516	Stockholm	500	100
Hemfosa Blåbäret Holding AB	556874-5011	Stockholm	50,000	100
Hemfosa Borås Teti AB	556866-8106	Stockholm	500	100
Hemfosa Borås Åkermyntan 5 Teti Fastighets AB	556877-5224	Stockholm	500	100
Hemfosa Bremen 3 Fastighets AB	556761-8953	Stockholm	1,000	100
Hemfosa Brödtorget KB	916585-7682	Stockholm	100	100
Hemfosa Bykvarn AB	556974-7792	Stockholm	500	100
Hemfosa Centrum 18:1 AB	556670-3491	Nacka	1,000	100
Hemfosa Cityfront Uppsala AB	556803-3525	Stockholm	500	100
Hemfosa Dallas AB	556830-9396	Stockholm	500	100
Hemfosa Danmarks-Säby 6:11 HoldCo AB	556983-3709	Stockholm	500	100
Hemfosa Danvikscenter AB	556822-0684	Stockholm	500	100
Hemfosa Dynamon 5 AB	556949-0716	Nacka	50,000	100
Hemfosa Dyrtorp Fastighets AB	556989-0154	Nacka	50,000	100
Hemfosa Ekebybruk Fastighets AB	556803-3517	Stockholm	500	100
Hemfosa Eken Holding AB	556828-8350	Stockholm	500	100
Hemfosa Enen Teti AB	556866-3925	Stockholm	500	100
Hemfosa Enköping AB	556670-3509	Nacka	1,000	100
Hemfosa Eskilstuna Teti AB	556866-3818	Stockholm	500	100
Hemfosa Falun Fastighets AB	556983-3642	Stockholm	500	100
Hemfosa Farsta I AB	556678-5530	Nacka	1,000	100
Hemfosa Filipstad Teti AB	556866-3909	Stockholm	500	100
Hemfosa Finland Holding 2 Oy	2714785-4	Helsinki	100	100
Hemfosa Finland Oy	2714789-7	Helsinki	100	100
Hemfosa Flugsvampen 7 Fastighets AB	556989-0147	Nacka	50,000	100

<sup>1</sup> The remaining shareholding is owned by Immob Holding AS

## NOTE 26 CONT'D.

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Proportion, %
Hemfosa Foss 12.24 Fastighets AB	556990-3346	Nacka	50,000	100
Hemfosa Försäljaren Teti AB	556866-8072	Stockholm	500	100
Hemfosa Garvaren 5 AB	556949-0732	Nacka	50,000	100
Hemfosa Gasmätaren Teti AB	556866-3974	Stockholm	500	100
Hemfosa Gastuben Teti AB	556866-3958	Stockholm	500	100
Hemfosa Gillet Fastighets AB	556881-0583	Stockholm	500	100
Hemfosa Grönsta 2:52 AB	556822-4983	Stockholm	500	100
Hemfosa Gästrike AB	556663-1676	Nacka	1,000	100
Hemfosa Gävle 12:5 Teti AB	556866-3776	Stockholm	500	100
Hemfosa Gävle 4:3 Teti AB	556866-3768	Stockholm	500	100
Hemfosa Gävle Muréngatan AB	556929-8440	Stockholm	500	100
Hemfosa Görväln 2 AB	556616-0114	Nacka	1,000	100
Hemfosa Göteborg 2:5 Teti AB	556866-3859	Stockholm	500	100
Hemfosa Göteborg 2:8 Teti AB	556866-3842	Stockholm	500	100
Hemfosa Hanba AB	556968-9259	Stockholm	500	100
Hemfosa Hedenstorp AB	556869-5125	Stockholm	500	100
Hemfosa Hisingen 32 AB	556974-7883	Stockholm	500	100
Hemfosa Hov och Övernäs Fastighets AB	556967-5951	Stockholm	500	100
Hemfosa Huddinge AB	556936-1180	Stockholm	500	100
Hemfosa Hudiksvall Teti AB	556866-3792	Stockholm	500	100
Hemfosa Husby Teti AB	556866-8346	Stockholm	500	100
Hemfosa Huskvarna Fastighets AB	559012-0910	Stockholm	500	100
Hemfosa Härryda KB	969616-1224	Nacka	1,000	100
Hemfosa Härryda Teti AB	556866-8122	Stockholm	500	100
Hemfosa i Norrland AB	556974-7776	Stockholm	500	100
Hemfosa i Värnamo Fastigheter AB	556101-5107	Stockholm	80,000	100
Hemfosa i Växjö Fastigheter AB	556192-5305	Stockholm	1,000	100
Hemfosa Iput Förvaltning AB	556862-9876	Stockholm	500	100
Hemfosa Jungfrun 11 Fastighets AB	556911-2914	Stockholm	500	100
Hemfosa Karlskrona Fastighets AB	556817-1416	Stockholm	50,000	100
Hemfosa Karlstad Blyet 2 Fastighets AB	556968-9390	Stockholm	500	100
Hemfosa Karlstad Bryggaren 12 AB	556820-8325	Stockholm	500	100
Hemfosa Karlstad Örnen 4 AB	556820-8333	Stockholm	500	100
Hemfosa Karolinen Fastigheter AB	556669-8394	Stockholm	1,000	100
Hemfosa Kilbäcksgatan 7 AB	556549-9620	Nacka	1,000	100
Hemfosa Kiruna Fastighets AB	556937-3896	Stockholm	500	100
Hemfosa Kisa AB	556851-4417	Stockholm	50,000	100
Hemfosa Kristianstad AB	556608-9339	Stockholm	1,000	100
Hemfosa Kronfastigheter AB	556950-1744	Nacka	50,000	100
Hemfosa Kronfastigheter Gävle Norr KB	969668-4787	Gävle	100	100
Hemfosa Kryss 8 Teti AB	556866-3800	Stockholm	500	100
Hemfosa Kungsgatan 2-8 AB	556519-3108	Nacka	21,000	100
Hemfosa Källsta AB	556688-8045	Stockholm	1,000	100
Hemfosa Lagunen Fastigheter AB	556176-1874	Stockholm	50,000	100
Hemfosa Life Science AB	556819-2842	Stockholm	500	100
Hemfosa Linnea Fastighets AB	556974-7875	Stockholm	500	100
Hemfosa Litografen AB	556578-3262	Stockholm	1,000	100
Hemfosa LND Fastighets AB	556827-3493	Stockholm	500	100
Hemfosa Luleå AB	556672-2632	Stockholm	1,000	100
Hemfosa Läkaren 5 AB	556989-0071	Nacka	50,000	100
Hemfosa Malmen Fastighets AB	556561-0788	Stockholm	1,000	100
Hemfosa Malmö Teti AB	556866-2927	Stockholm	500	100
Hemfosa Marieberg 5 KB	969684-6915	Stockholm	100	100
Hemfosa Mark Teti AB	556866-8130	Stockholm	500	100
Hemfosa Mattläggaren 1 AB	556743-8022	Stockholm	1,000	100
Hemfosa MF Eskilstuna AB	556680-4836	Stockholm	1,000	100
Hemfosa MF Haninge AB	556688-0232	Stockholm	1,000	100
Hemfosa MF Norrköping AB	556688-0216	Stockholm	1,000	100
Hemfosa MF O AB	556688-0281	Stockholm	1,000	100
Hemfosa MF PD AB	556688-0265	Stockholm	1,000	100
Hemfosa MF SK AB	556688-0273	Stockholm	1,000	100
Hemfosa MF Sollentuna AB	556688-0257	Stockholm	1,000	100
Hemfosa Mimer 7 AB	556661-5125	Nacka	400	100
Hemfosa Missionen 2 Fastighets AB	556981-8767	Stockholm	500	100
Hemfosa Misteln 13 AB	556989-0055	Nacka	50,000	100
Hemfosa Myrås Fastighets AB	556989-0022	Nacka	50,000	100

## NOTE 26 CONT'D.

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Proportion, %
Hemfosa Märsta 24:4 AB	556661-9671	Nacka	1,000	100
Hemfosa Mölndal Gastuben 4 Teti Fastighets AB	556878-2519	Stockholm	500	100
Hemfosa Najaden AB	556822-0759	Stockholm	500	100
Hemfosa Njord 32 Fastighets AB	556989-0063	Nacka	50,000	100
Hemfosa Nord AB	556971-2945	Stockholm	500	100
Hemfosa Nordvästra Uppsala AB	556974-7768	Stockholm	500	100
Hemfosa Norrmalm 4:6 AB	556653-2247	Nacka	1,000	100
Hemfosa Nyby Fastigheter AB	556974-7941	Stockholm	500	100
Hemfosa Nynäshamn AB	556920-3168	Stockholm	50,000	100
Hemfosa Nödinge 38.25 AB	556989-0048	Nacka	50,000	100
Hemfosa Orkesteren 2 AB	556571-2105	Nacka	1,000	100
Hemfosa Red Oy	2714894-5	Helsinki	100	100
Hemfosa Riksdalern AB	556858-5458	Stockholm	50,000	100
Hemfosa Riverhook Holdco AB	556959-1372	Stockholm	1,000	100
Hemfosa Rosenfinken 2 AB	556902-7898	Stockholm	500	100
Hemfosa Rosenhäll 1 Fastighets AB	556989-0030	Nacka	50,000	100
Hemfosa Rådanvägen AB	556974-7909	Stockholm	500	100
Hemfosa Signalisten i Västerås HoldCo AB	556983-3931	Stockholm	500	100
Hemfosa Sigtuna Teti AB	556866-8338	Stockholm	500	100
Hemfosa Sigvald 6 AB	556909-4757	Stockholm	500	100
Hemfosa Sikhjälma AB	556858-1267	Stockholm	500	100
Hemfosa Skruven Teti AB	556866-8312	Stockholm	500	100
Hemfosa Skövde 17 AB	556971-2937	Stockholm	500	100
Hemfosa Skövde 18 AB	556692-8973	Nacka	1,000	100
Hemfosa Småland AB	556818-4666	Stockholm	500	100
Hemfosa Smålandsfastigheter Fastighets AB	556713-1866	Stockholm	1,000	100
Hemfosa Snödroppen Teti AB	556866-3966	Stockholm	500	100
Hemfosa Solbacken Teti AB	556866-8320	Stockholm	500	100
Hemfosa Solen AB	556796-8408	Stockholm	1,000	100
Hemfosa Stockholm AB	556740-9841	Stockholm	100,000	100
Hemfosa Strängnäs Holding AB	556736-5365	Stockholm	100,000	100
Hemfosa Strängnäs I AB	556706-3382	Stockholm	1,000	100
Hemfosa Sundsvall AB	556676-6415	Stockholm	1,000	100
Hemfosa Sundsvall Pan 5 AB	556971-2960	Stockholm	500	100
Hemfosa Svalöv Teti AB	556866-2844	Stockholm	500	100
Hemfosa Svenljunga AB	556992-0795	Nacka	50,000	100
Hemfosa Sägklingan 10 AB	556906-5757	Stockholm	500	100
Hemfosa Söder 18:19 AB	556545-7024	Nacka	1,000	100
Hemfosa Söderbymalm AB	556822-0742	Stockholm	500	100
Hemfosa Södertälje AB	556676-6514	Stockholm	1,000	100
Hemfosa Takläggaren Fastighets AB	556625-5658	Stockholm	1,000	100
Hemfosa Tallrotsgatan AB	556974-7958	Stockholm	500	100
Hemfosa Tegelbruket Fastighets AB	556974-7917	Stockholm	500	100
Hemfosa Tjockö I AB	556006-7976	Nacka	600	100
Hemfosa Tordyveln I AB	556974-7891	Stockholm	500	100
Hemfosa Torlunda 1.278 Kommanditbolag	916624-6232	Nacka	1,000	100
Hemfosa Torlunda 1:278 HoldCo AB	556983-3634	Stockholm	500	100
Hemfosa Trappan 08 AB	556974-7933	Stockholm	500	100
Hemfosa Trivium Fastighets AB	556937-3748	Stockholm	500	100
Hemfosa Trollhättan Teti AB	556866-8098	Stockholm	500	100
Hemfosa Tulpanen Teti AB	556866-3917	Stockholm	500	100
Hemfosa Tunnan i Trollhättan AB	556938-3994	Stockholm	500	100
Hemfosa Tändstickan Fastighets AB	556971-2895	Nacka	500	100
Hemfosa Uddevalla I AB	556694-7841	Nacka	1,000	100
Hemfosa Uddevalla Teti AB	556862-9884	Stockholm	500	100
Hemfosa Ullervad Fastighets AB	556974-7925	Stockholm	500	100
Hemfosa Umedalenfastigheter AB	556695-4870	Stockholm	1,000	100
Hemfosa Umeå AB	556676-6423	Stockholm	1,000	100
Hemfosa Unaman 8 Fastighets AB	556911-2906	Stockholm	500	100
Hemfosa Upplands Väsby Teti AB	556866-8189	Stockholm	500	100
Hemfosa Uppsala AB	556676-6431	Stockholm	1,000	100
Hemfosa Valhalla 1:6 HoldCo AB	556983-3626	Stockholm	500	100
Hemfosa Vallentuna-Mörby 1:118 KB	969601-2633	Stockholm	100	100
Hemfosa Vendelsö AB	556845-2287	Stockholm	500	100
Hemfosa Wera AB	556987-3945	Stockholm	500	100
Hemfosa Vetlanda AB	556818-4476	Stockholm	500	100



## NOTE 26 CONT'D.

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Proportion, %
Hemfosa Vimmerby AB	556720-6510	Stockholm	1,000	100
Hemfosa Vindruvan 22 Fastighets AB	556911-2872	Stockholm	500	100
Hemfosa VMO Fastighets AB	556942-6413	Stockholm	500	100
Hemfosa Vonco Fastighets AB	556761-9043	Stockholm	1,000	100
Hemfosa VXJ Fastighets 2 AB	556942-6504	Stockholm	500	100
Hemfosa Vällingby Fastighets AB	556818-1589	Stockholm	1,000	100
Hemfosa Vänersborg KB	916848-9087	Nacka	1,000	100
Hemfosa Värnamo AB	556818-4443	Stockholm	500	100
Hemfosa Väst AB	556987-3853	Stockholm	500	100
Hemfosa Västberga Gård 2 AB	556604-0100	Nacka	1,000	100
Hemfosa Västernorrland AB	556974-7966	Stockholm	500	100
Hemfosa Västerås 1 AB	556676-6464	Stockholm	1,000	100
Hemfosa Västerås 2 AB	556676-6449	Stockholm	1,000	100
Hemfosa Västnäs AB	556959-1380	Stockholm	1,000	100
Hemfosa Västra Götalandsregionen Fastighets AB	556937-3649	Stockholm	500	100
Hemfosa Växjö AB	556818-4450	Stockholm	500	100
Hemfosa Växjö Cityfastighet AB	556868-6710	Stockholm	500	100
Hemfosa Växjö Logistikfastigheter AB	556782-8420	Stockholm	100,000	100
Hemfosa Åkermyntan Teti AB	556866-8114	Stockholm	500	100
Hemfosa Årsta AB	556822-2508	Stockholm	500	100
Hemfosa ÖK 4:7 AB	556970-6087	Stockholm	500	100
Hemfosa Öst AB	556990-6547	Stockholm	500	100
Hemfosa Österåker AB	556818-4682	Stockholm	500	100
HF Signalisten Fastighets AB	556978-3599	Stockholm	1,000	100
HF Trappan 08 AB	556746-9845	Stockholm	1,000	100
Holum Barnehage AS	915 165 818	Oslo	100	97 <sup>1</sup>
Hovsmarka Barnehage AS	994 926 330	Oslo	1,000	97 <sup>1</sup>
Jonas Lies Gate 20 AS	914 718 198	Oslo	1	97 <sup>1</sup>
Kiinteistö Oy Helsingin Kivihaantie 7	2157484-7	Helsinki	2,500	100
Kiinteistö Oy Helsingin Pajuniityntie 11	2100525-7	Helsinki	8,672	100
Kristianstad Hovrätten 20 Fastighets AB	559027-5334	Stockholm	500	100
Kunnskapsbyen Barnehage AS	915 165 974	Oslo	100	97 <sup>1</sup>
Kunnskapsveien 55 AS	884 038 502	Oslo	10,000	97 <sup>1</sup>
Moster Barnehage AS	915 165 982	Oslo	100	97 <sup>1</sup>
Oria AS	991 742 549	Oslo	100,000	97 <sup>1</sup>
Oslo Kontorbygg II AS	996 284 808	Oslo	10,000	97 <sup>1</sup>
Prins Chr. Augusts Pl. AS	914 717 981	Oslo	1	97 <sup>1</sup>
Project Coast Luleå Handelsbolag	969687-0253	Västerås	n/a	100
Project Coast Skellefteå Handelsbolag	969687-0287	Skellefteå	n/a	100
Project Coast Sundsvall Handelsbolag	969687-0279	Västerås	n/a	100
Project Coast Umeå Handelsbolag	969687-0246	Västerås	n/a	100
Samhold AS	914 884 926	Oslo	50,000	97 <sup>1</sup>
Samhold II AS	915 595 251	Oslo	50,000	97 <sup>1</sup>
Samhold III AS	916 328 036	Oslo	50,000	97 <sup>1</sup>
Samuel 2 Västerås AB	556720-6346	Stockholm	2,000	100
Skolfastighet i Lödde AB	556791-1036	Stockholm	1,000	100
Skolfastigheter i Parken AB	556766-4718	Stockholm	1,000	100
Sletten Barnehage AS	992 747 412	Oslo	1,000	97 <sup>1</sup>
Steinsviken Barnehage AS	986 927 867	Oslo	1,000	97 <sup>1</sup>
Tau Barnehage AS	992 747 390	Oslo	1,000	97 <sup>1</sup>
TBH Logistikfastigheter AB	556796-5909	Stockholm	1,000	100
Tryckerivägen i Landvetter AB	556748-0537	Stockholm	1,000	100
Trygstad Barnehage AS	994 524 011	Oslo	1,000	100
Tyresö Hus Fastighets AB	556814-7945	Stockholm	500	100
Ulvvatnet Barnehage AS	992 864 206	Oslo	1,000	97 <sup>1</sup>
Valbo Hälsofastigheter AB	556721-7913	Stockholm	1,000	100
Weibullsholm Östra LF AB	556796-5917	Nacka	1,000	100
Vogts gate AS	913 013 395	Oslo	1	97 <sup>1</sup>
Väsby Hus Fastighets AB	556814-7952	Stockholm	500	100
Åkersberga Företagsfastigheter AB	556508-3234	Stockholm	1,000	100
Åkersberga Företagshus AB	556544-1994	Stockholm	1,000	100
Årskjær Eiendom AS	915 165 923	Oslo	100	97 <sup>1</sup>

<sup>1</sup> The remaining shareholding is owned by Immob Holding AS

## NOTE 27 SHAREHOLDERS' EQUITY

Trend in share capital	Date	Changes in number of ordinary shares	Changes in number of preference shares	Quotient value SEK	Share premium amounts, MSEK	Changes in 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
New issue, ordinary shares	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
Share split 2-for-1	May -15	65,720,104	5,000,000	0.5	-	-
Private placement, preference shares	Sep -15		999,999	0.5	164	1
<b>Total</b>		<b>131,440,208</b>	<b>10,999,999</b>	<b>0.5</b>	<b>7,996</b>	<b>72</b>

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

### Ordinary share

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

Preference shares carry one tenth of a voting right each while ordinary shares carry one voting right each. Preference shares provide preferential rights, in precedence to ordinary shares, to an annual dividend of SEK 10 per preference share divided among quarterly payments of SEK 2.50 per preference 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 joint ventures. Distributable profit for the year amounted to MSEK 1,103. For the 2015 fiscal year, the Board proposes that the AGM resolve to pay a dividend to holders of ordinary shares of SEK 4.20 per ordinary share with quarterly payment of SEK 1.05 per ordinary share. The proposed record dates are April 21, July 10 and October 10, 2016 and January 10, 2017. The Board also proposes that the AGM resolve to pay a dividend of SEK 10 per preference share to holders of preference shares. The proposed record dates for the dividend on preference shares are July 10 and October 10, 2016 and January 10 and April 10, 2017. The proposed dividend corresponds to 60 percent of the distributable profit for 2015.

## NOTE 28 NON-CURRENT INTEREST-BEARING LIABILITIES

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

### Parent Company

MSEK	Dec 31, 2015	Dec 31, 2014
Between one and five years	1,200	1,275
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, 2016  
Hemfosa Fastigheter AB (publ) (Corp.  
(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 meeting of the shareholders of  
Hemfosa Fastigheter AB (publ), corp. id 556917-4377

## Report on the annual accounts and con-solidated accounts

We have audited the annual accounts and consolidated accounts of Hemfosa Fastigheter AB (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 56–96.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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 accounts 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 accounts 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 accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, 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 accounts 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 Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

### 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 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts 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 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and in accordance with the

Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the statement of income and comprehensive income and statement of financial position for the group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Hemfosa Fastigheter AB (publ) for the year 2015.

### Responsibilities of the Board of Directors and the Managing

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 Managing Director are responsible for administration under the Companies 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 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 basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, 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 Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director 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 is sufficient and appropriate to provide a basis for our opinions.

### 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.

Stockholm 23 March 2016

KPMG AB

Björn Flink  
Authorized Public Accountant







# Glossary

## Cash flow from operating activities per common 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.

## Community service properties

Properties with publicly financed tenants either directly or indirectly, who account for at least 70

## Debt/equity ratio

Interest-bearing liabilities as a percentage of equity.

## Dividend policy

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

## Earnings per ordinary share

Earnings for the year, less preferential right to a dividend for preferential shares for the period, as a percentage of the weighted average number of common shares.

## Economic leasing rate

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

## Equity/assets ratio

Equity as a percentage of total assets.

## Equity per ordinary share

Equity as a percentage of the number of common 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 for the preference shares.

## Fair value of properties

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

## Ground rent

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

## 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.

## 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.

## Interest-rate cap

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

## Interest-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.

## 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.

## Loan-to-value ratio

Total interest-bearing liabilities at the end of the year value statement of financial position

## Market value of properties

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

## Net asset value (EPRA NAV) per ordinary share

Recognized equity, after taking into account the preferential capital, with the reversal of derivatives and deferred tax according to the statement of financial position, as a percentage of the number of ordinary shares at the end of the interim period.

## Preference share capital

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

## 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 common shares.

## Property

Properties held under title or site leasehold.

## Rental income

Rents charged plus, for example, supplements for heating and property tax.

## Return on equity

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

## Surplus ratio

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

## 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.

# Property listing

## Sweden

### Community service properties

#### CATEGORY SCHOOLS

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Njord 32	School	Parkgatan 49	Falköping	1980	2012	613	
Björnsjö 42:1	School	Pukslagarvägen 20	Gävle	1983, 1994	-	3,391	
Sätra 108:23	School	Uppgift saknas	Gävle	2009	-	498	
Guldheden 8:11	School	Reutersgatan 2C	Göteborg	1992	1995	10,500	
Söderbymalm 3:481	School	Marinens Väg 30	Haninge	1991	1991	14,772	
Söderbymalm 3:482	School	Marinens Väg 30	Haninge	1999	1999	12,364	
Vendelsö 3:1986	School	Norrbyvägen 104	Haninge	2012	-	4,857	
Batteriet 6	School	Regulatorvägen 11	Huddinge	1993, 2003, 2014	-	3,819	
Akvilejan 4	School	Brännavägen 29	Härnösand	1972	2002	1,339	
Bondsjö 2:312	School	Slåttervägen 3	Härnösand	1954	2009	2,807	
Bondsjö 2:338	School	Daghemsavägen 2	Härnösand	1976	2011	653	
Brunne 12:18	School	Brunne 135	Härnösand	1989	1989	2,906	
Eleven 1	School	Gymnastikgatan 4	Härnösand	1966	2010	3,671	
Geresta 1	School	Rosenbäcksgatan 39	Härnösand	1998	2011	10,392	
Hopparen 1	School	Murbergsvägen 25	Härnösand	1950	1979	884	
Hörnan 2	School	Sehlstedtsvägen 1	Härnösand	1985	1991	753	
Inspektorn 11	School	Brunnshusgatan 18	Härnösand	1903	2010	24,087	
Läraren 1	School	Kastellgatan 35	Härnösand	1955	1979	3,953	
Oxen 1	School	Sköldgatan 1	Härnösand	1968	2005	805	
Prylen 1	School	Skolgränd 2	Härnösand	1968	2003	829	
Solen 15	School	Södra Vägen 22	Härnösand	1895, 1979	1979	10,869	
Stenhammar 1:223	School	Tjärdervägen 114	Härnösand	1994	1994	1,139	
Stenhammar 1:224	School	Koltrastvägen 171	Härnösand	1981	1981	242	
Vangsta 1:102	School	Trumpetgatan 50	Härnösand	1976	1993	830	
Västansjö 1:41	School	Folketshusv. 7	Härnösand	1963	2014	327	
Västansjö 1:86	School	Folketshusvägen 9	Härnösand	1971	2008	3,742	
Åland 22:1	School	Åland 650	Härnösand	1989	2015	3,463	
Kullbäckstorp 2:268	School	Kvarnbacken 2	Härnösand	1988, 1992	-	9,759	
Karlskrona 3:3	School	Arenavägen 1-11	Karlskrona	1972	2004	30,846	
Blyet 2	School	Gruvgången 4	Karlstad	2015	-	7,620	
Hunden 12	School	Götgatan 4	Kristianstad	1955, 2013	-	6,001	
Löddeköpinge 23:26	School	Kunskapsvägen 1	Kävlinge	2011	-	3,000	
Biotiten 1	School	Balders Båge 2	Norrhälje	2012	-	3,087	
Häftklammern 9	School	Alnötorget 1-3	Stockholm	1960	2015	1,649	
Mimer 7	School	Hagagatan 23A	Stockholm	1967	2015	6,805	
Vattenfallet 16	School	Östersundsgatan 3	Stockholm	1960	2015	3,559	L
Roten 6	School	Tallrotsgatan 2	Sundsvall	1952	2004	3,000	
Västhagen 1	School	Universitetsallén 26	Sundsvall	1916, 1986	2012	6,296	
Åkroken 1	School	Holmgatan 10	Sundsvall	1870, 1920, 1933, 1997, 2001, 2005, 2009	2009	26,416	
Nävern 1	School	Uppgift saknas	Umeå	2016	-	0	L
Teatern 5	School	Aktörgränd 28	Umeå	1930	1998	3,455	
Teatern 6	School	Aktörgränd 29-31	Umeå	1930	1996	4,789	

## CATEGORY SCHOOLS CONT.

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Teatern 8	School	Aktrisgränd 14	Umeå	1998	1998	1,765	
Flogsta 47:1	School	Ekeby Bruk 35	Uppsala	1960	1990	16,522	
Niklasberg 2	School	Repslagarvägen 9	Vänernborg	1916, 1970, 2008, 2011	2012	8,764	
Niklasberg 3	School	Regementsgatan 13	Vänernborg	1916	2010	4,228	
Segerstad 4	School	Segerstadsvägen 7	Växjö	1990	2015	1,375	
Almby 13:772	School	Braxenvägen 3	Örebro	2012	-	2,476	
Missionen 2	School	Åstadalsvägen 4	Örebro	2010	-	2,861	
Husby 4:32	School	Företagsallén 14B	Österåker	1992	1992	2,828	
Runö 7:162	School	Näsvägen 15	Österåker	1998	1998	6,080	
Runö 7:163	School	Näsvägen 17	Österåker	1988	1988	4,573	
<b>Total no. 52</b>						<b>292,259</b>	

## CATEGORY OFFICES

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Viljan 2	Office	Kungsgatan 13	Eskilstuna	1976	1976	9,162	
Trasten 7	Office	Viktorigatan 6	Filipstad	1985	1985	2,528	
Othem Stenhuggaren 2	Office	Kronbrunnsgatan 8	Gotland	1983	-	531	
Borgmästaren 4	Office	Dalavägen 8	Hagfors	1962	1980	4,917	
Söderbymalm 3:486	Office	Rudsjöterrassen 2	Haninge	1988	1988	22,826	
Grottan 7	Office	Kullgatan 5	Hudiksvall	1978	1990	7,816	
Adjunkten 1	Office	Backgränd 18	Härnösand	1962	1998	5,452	
Folkskolan 3	Office	Brunnshusgatan 4	Härnösand	1912	2010	5,971	
Hovsjorden 7, 9	Office	Rosenbäckallén 18E	Härnösand	1919	1994	9,561	
Juristen 6	Office	Nybrogatan 15B	Härnösand	1865	1994	7,119	
Rådhuset 6	Office	Norra Kyrkogatan 3	Härnösand	1959	1970	2,821	
Vinstocken 2	Office	Norra Kyrkogatan 2	Härnösand	1955	2000	2,904	
Bryggaren 12	Office	Växnäsagatan 5A	Karlstad	1955	1967	9,494	
Karolinen 2	Office	Växnäsagatan 10	Karlstad	1978	1978	50,021	
Kristianstad 4:7	Office	Kockumsgatan 6	Kristianstad	1904, 1906, 1940	1929, 1940	14,348	
Södra Kasern 2	Office	Västra Storgatan 51L	Kristianstad	1790	-	25,973	
Uroxen 15	Office	Kungsgatan 30	Kristinehamn	1975	1975	6,950	
Botulf 4	Office	Hultgrensgatan 4	Köping	1969	1969	3,118	
Spiggen 4	Office	Kungsgatan 5	Luleå	1981	2008	6,506	L
Väljaren 10	Office	Kungsvägen 69	Mjölby	1984	1984	4,354	
Presidenten 1	Office	Slottsgatan 78	Norrköping	1975	1975	35,515	
Skedom 21:1, 21:4	Office	Skedom 107-109	Sollefteå	1957	1990	2,500	
Tackan 9	Office	Bygdevägen 18	Sollentuna	1971, 2013	2015	5,938	
Stenung 3:84, 106:7	Office	Kyrkvägen 1	Stenungsund	1954	-	2,000	
Granlo 3:220	Office	Kalmarvägen 48	Sundsvall	1960	1993	539	
Köpstaden 24	Office	Bultgatan 14	Sundsvall	1986	2011	1,420	
Forellen 19	Office	Bollmora Torg 1-3	Tyresö	1965	1967	7,995	
Bastionen 28	Office	Bastiongatan 40	Uddevalla	1950	2007	6,980	
Hvitfeldt 22	Office	Bagges Gränd 1	Uddevalla	1980	2013	10,071	
Vilunda 6:59	Office	Drabantvägen 11, Dragonvägen 86-90	Upplands Väsby	1972	1972	5,658	
Vallentuna-Mörby 1:118	Office	Fabriksvägen 1A	Vallentuna	1981	1981	2,668	
Mon 13	Office	Karlsdalsgatan 2	Värnamo	1983	2003	1,976	



## CATEGORY OFFICES CONT.

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Gaslyset 2	Office	Lysgränd 1	Västerås	1990	1990	2,573	
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	2015	1,598	L
Slottsträdgården 2	Office	Slottsstigen 2	Västerås	1961	1961	9,725	
Nordstjärnan 1	Office	Kronobergsgatan 18-20	Växjö	1971/2000	2010	6,130	
Berga 6:489	Office	Luffarbacken 5	Österåker	1985	1985	2,048	
<b>Total no. 39</b>						<b>333,490</b>	

## CATEGORY JUDICIAL INSTITUTIONS

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Hoppet 6	Judicial	Solgatan 1	Alingsås	1957, 1974, 1992	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	2014	7,953	
Illern 4	Judicial	Riksvägen 19	Bräcke	1984	1984	435	
Boken 12	Judicial	Björkvägen 2	Eksjö	1958	1960	2,350	
Nannylund 1	Judicial	Mosstegsgatan 2	Eksjö	2009	2009	6,222	
Vipan 14	Judicial	Nygatan 4	Eskestuna	1958	1958	8,541	
Länsmannen 1	Judicial	Trädgårdsgatan 41	Falköping	1973	1973	3,998	
Alkan 1	Judicial	Kvarngatan 2	Gällivare	1993	1993	4,530	
Beckasinen 11	Judicial	Kvarngatan 3	Gällivare	1983	2013	3,548	
Gjutaren 6	Judicial	Norra Kyrkogatan 17A	Hudiksvall	1975	2014	6,226	
Duvan 2	Judicial	Storgatan 2	Härnösand	1971	1993	6,535	
Hantverkaren 1	Judicial	Värmlandsvägen 25	Karlskoga	1983	1983	6,890	
Örnen 4	Judicial	Kungsgatan 11	Karlstad	1869	1997	6,194	
Hjorten 1	Judicial	Djulögatan 26	Katrineholm	1984	1984	4,917	
Finkan 7	Judicial	Konduktörsgatan 2	Kiruna	1974	1974	5,598	
Fängelset 5	Judicial	Götgatan 1	Kristianstad	1952	1952	5,777	
Kristianstad 4:45	Judicial	Östra Kaserngatan 1	Kristianstad	1976	1976	11,041	
Kyrkokvarteret 11	Judicial	Prästgatan 6	Lindesberg	1981	1981	5,869	
Norra Ljungkullen 7	Judicial	Södra Torggatan 1	Ljungby	1979	-	5,338	
Von Conow 57	Judicial	Själbodgatan 6-8	Malmö	1984	1984	6,910	
Mekanikern 1	Judicial	Boråsvägen 50	Mark	1957	1957	2,314	
Ingenjören 6	Judicial	Järnvägsparken 1	Motala	1974	1974	6,985	
Vakten 1	Judicial	Södergatan 1	Nässjö	1985, 1996, 2008	1985	2,634	
Venus 11	Judicial	Slottsgatan 5	Oskarshamn	1955	1955	4,535	
Brunnsgården 6	Judicial	Brännvägen 9	Skellefteå	1955	2012	1,999	
Måsen 21	Judicial	Strandgatan 47	Skellefteå	1975	1990	8,795	
Lärkan 8	Judicial	Hågestavägen 2	Sollefteå	1975	1975	5,250	
Transporten 2	Judicial	Tingsvägen 7	Sollentuna	1980	2000	16,815	
Bremen 3	Judicial	Tegeluddsvägen 1	Stockholm	1963/ 2006	2006	21,183	
Samuel 2	Judicial	Sigurdsgatan 22	Västerås	2008	2008	7,141	
Idre 5:114	Judicial	Byvägen 34	Älvdalen	1988	1988	256	
Ungern 6	Judicial	Nytorngatan 1A	Örnsköldsvik	1972	1986	6,009	
<b>Total no. 34</b>						<b>207,486</b>	

## CATEGORY HEALTH AND CARE

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Nödinge 38:25	Healthcare	Klockarevägen 14	Ale	1985	-	1,094	
Norränge 3:72	Healthcare	Norrängevägen 114	Bollnäs	1965	-	3,300	
Österböle 2:13	Healthcare	Österböle 9031	Bollnäs	1964	-	1,000	
Buskåker 24:2	Healthcare	Tunavägen 246	Borlänge	1927	-	540	
Gropen 1:2	Healthcare	Tunavägen 240	Borlänge	1849	-	530	
Hansgårdarna 8:9	Healthcare	Hansgårdarna 50a	Borlänge	1940/2014	-	784	
Pusselbo 2:19	Healthcare	Heduddsvägen 20	Borlänge	1900	-	600	
Misteln 13	Healthcare	Ängsgatan 3	Essunga	1985	1985	1,778	
Årstad 9:40	Healthcare	Smeagårdsvägen 5	Falkenberg	1963/1980	-	1,311	
Läkaren 5	Healthcare	Sankt Olofsgatan 8	Falköping	1948/2003	2003	3,320	
Röne 1:9, Hässjö 1:3	Healthcare	Grolanda Hagalund 1	Falköping	1930	-	150	
Betaren 4	Care services	Profilvägen 8	Finspång	1973	1973	1,991	
Hårstorp 3:366	Care services	Hårstorpsvägen 13	Finspång	1972	1995	2,880	
Tegelbruket 3	Care services	Östermalmsvägen 55	Finspång	2003	2003	3,275	
Östermalm 1:12	Care services	Södra Storängsvägen 50	Finspång	1950/1960/ 1994	-	8,510	
Dyrtorp 1:129	Care services	Hävestensvägen 5a	Färgelanda	1977	2013	6,979	
Barrebacken 6:1	Healthcare	Barrebacken 3	Gullspång	1969	-	400	
Källtorp 2:63, 2:93	Healthcare	Stiftelsen Källtorp 2	Gullspång	1954/2009	-	220	
Solbacken 1:5	Healthcare	Solbacken 5	Gullspång	1981	-	150	
Markheden 4:45, 4:46	Healthcare	Bäckvägen 5	Gävle	2009	-	1,986	
Sätra 108:21	Healthcare	Folkparksvägen 5	Gävle	2009	-	1,784	
Tuve 15:90	Healthcare	Kärrdalsvägen 42	Göteborg	1925	-	299	
Tuna 2:70	Healthcare	Bryggargatan 8	Hallstahammar	1977	-	571	
Jälkarbyn 132:68	Healthcare	Vintervägen 37	Hedemora	1976	-	175	
Jälkarbyn 132:77	Healthcare	Vintervägen 39	Hedemora	1991	-	250	
Jälkarbyn 132:80, 132:81	Healthcare	Angersteinvägen 54	Hedemora	1991	-	250	
Vikmanshyttan 3:2	Healthcare	Björkallén 1	Hedemora	1741/1973	-	1,900	
Flugsvampen 7	Healthcare	Horsbyvägen 16a	Herrljunga	1978/1999	1999	2,866	
Brunne 12:21	Care services	Brunne 157	Härnösand	1993	2011	2,923	
Fastlandet 2:84	Care services	Hospitalsgatan 12	Härnösand	1845/1862/ 1950/1971/ 1980/1988	2015	12,367	
Häcken 13	Care services	Källvägen 10	Härnösand	1996	1996	787	
Högsjö-Dal 2:90	Care services	Hälledalsvägen 53	Härnösand	1970	1970	3,510	
Kattastrand 3:2	Healthcare	Solumsvägen 6	Härnösand	1960	1983	565	
Orren 12	Care services	Institutgatan 16 B	Härnösand	1980	1991	238	
Skolan 1	Care services	Norra Ringvägen 23	Härnösand	1947	1968	7,291	
Sländan 12	Care services	Brännvägen 67	Härnösand	1970	1985	5,634	
Sågen 10	Care services	Kiörningsgatan 20	Härnösand	1955	1998	755	
Venus 7	Care services	Lönegrensgatan 2 & 8 Vårstagatan 9, Vårstagatan 7	Härnösand	1950	1991	2,055	
Äland 1:91	Care services	Nämndemansvägen 4A	Härnösand	1948	2008	2,765	
Ön 2:58	Care services	Volontärvägen 39	Härnösand	1992	1992	5,727	
Ön 2:63	Care services	Rosenbäcksalen 15 A	Härnösand	1963	1963	5,141	
Brotschen 10, 11	Healthcare	P A Perssons Gata 6	Hässleholm	1900/1955	-	380	
Brotschen 9, 12	Healthcare	P A Perssons Gata	Hässleholm	1910/1973	-	2,100	
Ljusbadet 1	Healthcare	Terapivägen 3	Hässleholm	1973/1980	-	415	
Svarven 4, 5	Healthcare	Chuckvägen 3	Hässleholm	1987	-	572	
Tormestorp 31:1	Healthcare	Garnvägen 5	Hässleholm	1996	-	250	
Tyringemölla 1:11	Healthcare	Möllegatan 3	Hässleholm	1999	-	337	
Gunnarp 5:42, 5:10	Healthcare	Gunnarp Jeppatorpet 125	Höör	1982	-	330	
Bakareboda 1:162	Care services	Servicevägen 1	Karlskrona	1960	2006	2,125	
Stjärnebo 1	Healthcare	Danboms Väg 2A	Kinda	1953	-	7,600	
Äsphult 24:1, 24:3	Healthcare	Oravägen 197	Kristianstad	1981/2000	-	2,172	
Tom 2:28	Healthcare	Tomvägen 49	Kungsbacka	1930	-	272	

## CATEGORY HEALTH AND CARE CONT.

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Lunna 1:22	Healthcare	Gösslunda Lunna Gård 1	Lidköping	1856, 1974, 2003	-	250	
Lyrestads Klockarbol 5:39	Care services	Sjötorpsvägen 2	Mariestad	1958	1992	4,284	
Tordyveln 1	Healthcare	Bråtenvägen 4	Mariestad	1984	2014	810	
Ullervad 14:19	Care services	Ullervadsvägen 4A	Mariestad	1963/2011	2011	7,315	
Foss 12:24	Healthcare	Centrumvägen 34	Munkedal	1980/2007	2007	1,917	
Norbergsby 14:101	Healthcare	Linnévägen 29	Norberg	1965	-	315	
Norbergsby 7:60	Healthcare	Linnévägen 2a	Norberg	1750/1800-1826/2010	-	606	
Spännarhyttan 2:7	Healthcare	Spännarhyttan 12	Norberg	1883	-	415	
Älgen 17	Care services	Höjdgatan 3	Nynäshamn	1993	-	1,137	
Färnebo Prästgård 1:28	Healthcare	Gårdsbovägen 18a	Sala	1955	-	288	
Salbohed 1:3	Healthcare	Kopparbergsvägen 31	Sala	1980	-	3,716	
Risingsbo Herrgård 1	Healthcare	Herrgårdsvägen 4	Smedjebacken	1750/2000	-	1,320	
Marschen 1	Care services	Rådanvägen 27	Sollentuna	2006	-	4,308	
Görväln 1	Healthcare	Bränningevägen 2	Stockholm	1966	2007	3,618	L
Norrmannen 11	Healthcare	Vinjegatan 8	Stockholm	1974	1974	3,775	L
Seminarieriet 6	Care services	Seminarievägen 10A	Strängnäs	1904, 1980	208-2010	13,999	
Roten 9	Care services	Tomtegränd 5 A-C	Sundsvall	1993	1993	4,369	
Sköle 1:17	Care services	Skölevägen 15	Sundsvall	1985	1985	6,006	
Moga 1:116	Healthcare	Klockaregatan 3	Svenljunga	1950, 1965	1995, 2016	6,867	
Boberg 4:10	Healthcare	Boberg 9	Säter	1900/2001	-	500	
Kläringe 4:2	Healthcare	Kläringe 214	Tierp	1922	2013	310	
Sörby 1:34	Healthcare	Sörby Sörgården 17	Töreboda	1930/1980	-	150	
Fjällräven 15	Healthcare	Myråsvägen 6	Uddevalla	1972	2015	4,386	L
Rosenhäll 1	Healthcare	Österled 2	Uddevalla	1972	2012	16,160	
Råane 1:16	Healthcare	Råane 250	Uddevalla	1990	-	251	
Solbacken 10	Healthcare	Silentzvägen 6	Uddevalla	1980	2000	1,790	
Teatern 7	Care services	Rampplusallén 20	Umeå	1930, 1996	1998	5,765	
Gamla Uppsala 94:6	Care services	Topeliusgatan 18	Uppsala	2011	-	5,677	
Gränome 1:13	Healthcare	Gränome 61	Uppsala	1993/1997	-	813	
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	
Norrvisjö 1:24	Healthcare	Norrvisjö 154	Uppsala	1960	-	480	
Skeberga 4:3	Healthcare	Skeberga 55	Uppsala	1969	-	530	
Övernäs 2:17	Care services	Övernäs 32	Uppsala	1954, 1980, 1990	-	1,600	
Niklasberg 15	Healthcare	Regementsgatan 19	Vänersborg	1979	2010	305	
Älvkarleby 2:2	Healthcare	Älvkarleövägen 4a	Älvkarleby	1930	-	700	
Hägern 4	Healthcare	Gammelvägen 12	Älvsbyn	1950	-	196	
Gimo 11:97	Healthcare	Vattmyren 321	Östhammar	1983	-	172	
<b>Total no. 90</b>						<b>223,019</b>	

## CATEGORY OTHER

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Fastlandet 2:90	Sport center	Murbergsvägen 1	Härnösand	1960	1960	1,575	
Torget 1	Other	Stora Torget 2	Härnösand	1863	1984	798	
Kullbäckstorp 2:470	Land	Uppgift saknas	Härryda	-	-	0	
Signalisten 11	Land	Signalistgatan 4	Västerås	-	-	0	L
Signalisten 12	Storage	Signalistgatan 4	Västerås	1990	1990	6,658	
Västerås 1:199	Garage	Uppgift saknas	Västerås	-	-	0	L
<b>Total no. 6</b>						<b>9,031</b>	

## Property type Other properties

### CATEGORY OFFICES

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Sexdalern 1	Office	Trandaredsgatan 200D	Borås	1967	1967	9,698	
Åkermyntan 5	Office	Rosendalsgatan 2	Borås	1976	1976	7,418	
Centrum 20:1	Office	Källgatan 6	Enköping	1981	1981	3,947	
Marås 1:12	Office	Maråsliden	Gnosjö	1930, 1964	-	1,140	
Norr 12:5	Office	Nygatan 13	Gävle	1978	1978	15,738	
Norr 22:3	Office	Drottninggatan 19	Gävle	1939	1979	4,002	
Norr 35:1	Office	Drottninggatan 28	Gävle	1952	1960	2,022	
Norr 35:4	Office	Kyrkogatan 29	Gävle	1929	1958	2,428	
Söder 18:19	Office	Källgränd 4	Gävle	1964,	1996	4,899	
Gamlestaden 2:5	Office	Kullagergatan 18	Göteborg	1910	1929	24,829	
Gamlestaden 2:8	Office	Hornsgatan 1	Göteborg	1963	1966	20,882	
Höjden 2	Office	Bergöös Väg 6	Hallsberg	1984	1984	3,187	
Söderbymalm 3:462	Office	Rudsjöterrassen 1	Haninge	1983	1983	52,040	
Kornet 2	Office	Järnvägsgatan 1	Hässleholm	1966	1966	3,698	
Mätaren 3	Office	Bryggaregatan 11	Karlstad	1986	1986	5,641	
Grävmaskinen 1	Office	Lastvägen 18	Kiruna	1991	1998	3,419	
Hovrätten 20	Office	Östra Storgatan 22	Kristianstad	1840- 41	1929	2,201	
Skruven 3	Office	Bultgatan 40B	Kungälv	1990	1991	8,026	
Haren 15	Office	Kungsgatan 35B	Luleå	1970	2004	7,728	
Hermelinen 15	Office	Kungsgatan 27	Luleå	1952	2004	7,562	
Mården 11	Office	Magasinsgatan 6	Luleå	1950	1985	9,735	
Plogan 4	Office	Depåvägen 6Ba	Luleå	1966	2008	3,456	
Byrådirektören 3	Office	Von Troils Väg 1	Malmö	1974, 2013	1974	13,894	L
Gastuben 4	Office	Argogatan 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	16,609	
Orkestern 2	Office	Folkborgsvägen 23	Norrköping	1977, 1986	1989	3,931	
Lärkan 10	Office	Storgatan 50	Skellefteå	1930	2015	5,407	
Puman 5	Office	Bangatan 11-19, Storgatan 22-26	Solna	1985	1985	4,097	
Högom 3:178	Office	Mejselvägen 9	Sundsvall	1970	2002	5,148	
Köpstaden 25	Office	Bultgatan 10B	Sundsvall	1975	2002	9,314	
Köpstaden 26	Office	Bultgatan 8	Sundsvall	1965	1998	1,855	
Ljusta 7:2	Office	Antennvägen 2	Sundsvall	1980	2013	9,035	
Marieberg 5	Office	Skönsbergsvägen 3	Sundsvall	1979	2014	7,336	
Norrmalm 4:6	Office	Heffnersvägen 22	Sundsvall	1970	1991	1,974	L
Pan 5	Office	Bankgatan 10	Sundsvall	1889	2014	5,145	
Saturnus 7	Office	Bankgatan 13	Sundsvall	1912	2014	9,202	
Öskaret 10	Office	Skepparegatan 3	Sundsvall	1989	2004	10,440	
Enen 8	Office	Nygatan 5	Södertälje	1937	1937	3,378	
Formen 1	Office	Formvägen 5	Umeå	1986	2004	7,513	
Höder 7	Office	Storgatan 59	Umeå	1890	2000	10,195	
Tyr 8	Office	Storgatan 69	Umeå	1997, 2013	2014	8,411	
Kungsängen 15:1	Office	Muningatan 3	Uppsala	1993	2003	24,519	
Smeden 2, 10	Office	Volgsjövägen 25	Vilhelmina	1957	1980	3,710	
Bodarna 2	Office	Myntgatan 10	Värnamo	1934, 1991	-	1,781	
Bokbindaren 20	Office	Västbovägen 56	Värnamo	1975	1991	2,561	
Gamla Gåsen 4	Office	Myntgatan	Värnamo	1907	-	200	
Gillet 1	Office	Flanaden 3 A	Värnamo	1974	2003	5,228	
Lejonet 11	Office	Lasarettsgatan 1 B	Värnamo	1961, 1987	2005	5,086	
Plattläggaren 1	Office	Silkesvägen 18	Värnamo	1989, 2013	-	1,798	



## CATEGORY OFFICES CONT.

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Rågen 1	Office	Expovägen 6	Värnamo	1965, 1990	2011	5,197	
Vindruvan 15	Office	Storgatsbacken 12	Värnamo	1989	-	1,990	
Värnamo 14:11	Office	Jönköpingsvägen 41	Värnamo	1917, 1940, 1966	2012	4,058	
Samuel 1	Office	Sigurdsgatan 20	Västerås	1920	1985	6,735	
Sigurd 5	Office	Sigurdsgatan 21	Västerås	1991	1991	13,264	
Sigvald 6	Office	Sigurdsgatan 9	Västerås	1875, 1936	1937	3,643	
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	
Verkstaden 8	Office	Östra Ringvägen 2	Västerås	1936	1951, 1977	20,275	
Bagaren 10	Office	Ljungadalsgatan 2	Växjö	1987	2009-2015	29,913	
Båken 1	Office	Systratorpsvägen 16	Växjö	1983	1983	1,496	
Garvaren 4	Office	Hjalmar Petris Väg 32	Växjö	1981	2010	2,570	
Glasmästaren 1	Office	Arabygatan 80	Växjö	1966	2005	6,199	
Illern 5	Office	Isbjörnsvägen 11	Växjö	1987	2014	2,146	
Plåtslagaren 4	Office	Verkstadsgatan 5	Växjö	1967/1988	2013	5,602	
Sotaren 4	Office	Arabygatan 82	Växjö	1992	1992	2,979	
Svea 8	Office	Lineborgsplan 3	Växjö	1982	2014	2,160	
Unaman 8	Office	Kungsgatan 3	Växjö	1969	2009	5,449	
Ödman 15	Office	Storgatan 29	Växjö	1972	2015	4,321	
Husby 4:25	Office	Företagsallén 4	Österåker	1988	1988	1,103	
Husby 4:27	Office	Företagsallén 10	Österåker	1988	1988	1,261	
<b>Total no. 73</b>						<b>594,871</b>	

## CATEGORY LOGISTICS AND WAREHOUSES

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	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	L
Valhalla 1:6	Storage	Bredängsgatan 55	Eskilstuna	1976, 1984, 1991, 2009	1976, 1984, 1991, 2009	9,016	
Nedre Gruvriset 33:278	Storage	Tunavägen 90	Falun	2011	-	44,312	
Arendal 1:17	Storage	Synnerödsvägen 2	Göteborg	2011	2011	20,548	
Torbornahögen 3	Storage	Stenbrovägen 15	Helsingborg	1981	-	16,831	
Håltås 1:18	Storage	Kurirvägen 1	Härryda	2010	2010	13,316	
Hedenstorp 2:1	Storage	Mogölsvägen 14	Jönköping	2011	2011	9,000	
Stensholm 1:755	Storage	Stensholmsvägen 20	Jönköping	2015	-	3,100	
Försäljaren 9	Storage	Filaregatan 19B	Kungälv	1974	1974	8,525	
Örja 1:21	Storage	Österleden	Landskrona	2012	-	53,663	
Skjutsstallslyckan 22	Storage	Lundavägen 54	Malmö	1955	1955	7,650	
Gasmätaren 2	Storage	Argogatan 9	Mölnådal	1984	1992	14,183	
Blåbäret 4	Storage	Sörviksvägen 11	Oskarshamn	1964	1964	15,234	
Märsta 24:4	Storage	Industrigatan 7	Sigtuna	1967	1967	8,995	
Möllarp 3:2	Storage	Stenhuggaregatan 34	Svalöv	1960	1980	6,112	
Isbrytaren 1	Storage	Hansavägen 8	Södertälje	1960	1976	17,577	
Kryssaren 8	Storage	Hansavägen 7	Södertälje	1960	1960	29,618	
Tunnan 1	Storage	Turbovägen 11	Trollhättan	2002	2002	17,533	
Danmarks-Säby 10:2	Storage	Åkaregatan 8	Uppsala	2013	2013	9,793	

## CATEGORY LOGISTICS AND WAREHOUSES CONT.

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Plåtslagaren 1	Storage	Ålåkragatan 4	Vimmerby	2008	2009	10,259	
Armaturen 1	Storage	Armaturgatan 2	Värnamo	1987	-	18,370	
Rödspättan 1	Storage	Runemovägen 10	Värnamo	1973	-	4,705	
Rödspättan 4	Storage	Runemovägen 4	Värnamo	1980	2000	2,960	
Sandskäddan 4	Storage	Margretelundsvägen 9	Värnamo	1982	-	2,780	
Sjötungan 3	Storage	Margretelundsvägen 6	Värnamo	1989	-	2,570	
Takläggaren 4	Storage	Rörläggarevägen 8	Värnamo	1991	2000	9,067	
Yxan 4	Storage	Fabriksgratan 10-12	Värnamo	1975, 2006, 2008	-	5,595	
Yxan 6	Storage	Fabriksgratan 4	Värnamo	1978, 1990, 2009	-	1,477	
Elefanten 3	Storage	Rådjursvägen 6	Växjö	1988	1990	2,318	
Snickaren 12	Storage	Smedjegatan 10	Växjö	1976/1989	2001	24,010	
Terminalen 1	Storage	Öjaby Nylanda 1	Växjö	2010	2010	21,662	
Ånsta 20:262	Storage	Lastgatan 2	Örebro	2006	2006	15,976	
<b>Total no. 35</b>						<b>520,940</b>	

## CATEGORY OTHER

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Centrum 12:1	Retail	Källgatan 9	Enköping	1929	1947	587	
Centrum 16:5	Retail	Källgatan 14	Enköping	1969	1969	2,026	
Centrum 18:1	Retail	Eriksgatan 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	
Norr 34:2	Residential	Drottninggatan 26B	Gävle	1955	1955	3,532	
Norr 36:1	Residential	Drottninggatan 32	Gävle	1965	2002	2,562	
Hultåsa 1:18	Land	Lindenvägen 1	Hultsfred	-	-	0	
Baggatomten 6:1	Hotel	Hotellvägen 1	Härjedalen	1937	-	4,559	
Riksdalern 3	Retail	Ullebergsleden 10	Karlstad	2001	2001	6,692	
Dynamon 5	Retail	Nygatan 19	Linköping	1969	1969	4,159	
Gänget 14	Retail	Fabriksgratan 7	Ljungby	1974	1974	2,639	
Garvaren 5	Retail	Kungsgatan 3G	Motala	1963	1963	9,999	
Anisen 2	Industrial	Johannefredsgatan 9	Mölnådal	1989	1991	5,500	
Bredmosstorpet 5	Judicial	Jansasgatan 8	Sandviken	1977	1983	8,300	
Transistorn 1	Industrial	Svedjevägen 12	Skellefteå	1968	1985	9,320	
Resecentrum 3	Land	Stationsgatan 7	Skövde	-	-	0	
Görväln 2	Industrial	Bränningevägen 20	Stockholm	1963	1963	7,279	L
Tjockö 1	Industrial	Fryksdalsbacken 40	Stockholm	1980	1980	11,491	L
Västberga Gård 2	Retail	Västberga Gårdsväg 36	Stockholm	1970	1970	4,178	
Sävsjö 12:4	Retail	Västra Järnvägsgatan 8	Sävsjö	1996	1996	1,793	
Solen 7	Judicial	Storgatan 17	Södertälje	1964	1964	10,214	
Backen 10	Retail	Verkstadsgatan 1	Tranås	1945	1988	3,397	
Drivhjulet 3	Industrial	Kardänvägen 65	Trollhättan	1989	1999	1,680	
Hjulet 6	Industrial	Kardänvägen 12B	Trollhättan	1980	2009	1,710	
Kugghjulet 2	Industrial	Kardänvägen 66	Trollhättan	1980	1991	1,500	
Gylidenlöve 16	Retail	Kilbäcksgatan 11	Uddevalla	1953	1985	8,458	
Koch 7	Retail	Kungsgatan 8	Uddevalla	1977	1984	8,980	
Årsta 68:4	Hotel	Fyrislundsgatan 81	Uppsala	1985	1985	3,014	
Brudabäck 6	Industrial	Nydalavägen 2	Vetlanda	1978	1978	6,658	
Vik 1:36	Land	Uppgift saknas	Vingåker	-	-	0	

## CATEGORY OTHER CONT.

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Almen 9	Retail	Malmövägen 12	Värnamo	1957	2009	12,018	
Bleckslagaren 1	Land	Repslagarevägen 5A	Värnamo	-	-	0	L
Drabanten 1	Retail	Nydalavägen 16	Värnamo	1940, 1986	-	1,258	
Filen 2	Retail	Fabriksgatan 3	Värnamo	1966, 1997, 2000	1989, 2003	4,915	
Flundran 4	Industrial	Runemovägen 1A	Värnamo	1963, 1992, 2008	-	11,606	
Golvläggaren 2	Retail	Silkesvägen 30	Värnamo	1991, 2008, 2010	-	11,154	
Jungfrun 11	Retail	Köpmansgatan 3	Värnamo	1950, 2000	2000	4,970	
Karpen 3	Retail	Jönköpingsvägen 105	Värnamo	1956, 1990	-	2,670	
Linden 1	Retail	Växjövägen 24 A	Värnamo	1960, 1989, 2012	-	6,319	
Ljuset 8	Retail	Nydalavägen 1	Värnamo	2003	-	2,600	
Mattläggaren 1	Industrial	Silkesvägen 24	Värnamo	1997	2000	2,700	
Mattläggaren 2	Retail	Silkesvägen 26	Värnamo	1991, 2008	2012	3,133	
Posten 4	Industrial	Postgatan 3	Värnamo	1929, 1940, 1968	1989, 2015	4,174	
Takläggaren 8	Industrial	Silkesvägen 43	Värnamo	1999	2008	6,995	
Vindruvan 22	Retail	Storgatsbacken 20	Värnamo	1955	2001	7,267	
Vindruvan 4	Retail	Storgatsbacken 16 A	Värnamo	1982	2001	4,001	
Värnamo 14:86	Land	Myntgatan	Värnamo	-	-	0	
Sigurd 6	Land	Sigurdsgatan 21	Västerås	-	-	0	
Sigvald 5	Land	Sigurdsgatan 21	Västerås	-	-	0	
Fläkten 7	Industrial	Lantmannavägen 3	Växjö	1963	1993	8,483	
Isbjörnen 4	Industrial	Isbjörnsvägen 6	Växjö	1993	2014	10,933	
Postiljonen 2	Land	Uppgift saknas	Växjö	-	-	0	
Rimfrosten 1	Retail	Solängsvägen 2	Växjö	1972	2008	8,650	
Sjömärket 3	Industrial	Annävägen 3	Växjö	1989	2000	9,495	
Husby 4:23	Land	Företagsallén 1	Österåker	-	-	0	
Husby 4:24	Land	Företagsallén 6	Österåker	-	-	50	
Husby 4:28	School	Företagsallén 8	Österåker	1988	1988	1,432	
<b>Total no. 59</b>						<b>269,561</b>	

# Norway

## Community service properties

### CATEGORY SCHOOLS

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Fredrikstad-423/159-160, 164-165, 171-173	School	Stadion 2	Fredrikstad	1948, 1995, 1999, 2003, 2007, 2009, 2011	1989, 1995, 2011	30,408	
Skedsmo-24/89	School	Kunnskapsveien 55	Skedsmo	1972, 1977, 1986, 1992, 2003	-	25,256	
<b>Total no. 2</b>						<b>55,664</b>	

### CATEGORY OFFICES

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Moss-2/1431, 1482, 1484, 1486, 1489, 2261	Office	Vogts gate 17	Moss	1993	-	9,462	
Oslo-225/261	Office	Sannergata 2	Oslo	2003	-	18,818	
<b>Total no. 2</b>						<b>28,280</b>	

### CATEGORY JUDICIAL INSTITUTIONS

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Fredrikstad-300/1542	Judicial	Gunnar Nielsens Gate 25	Fredrikstad	1992	-	4,370	
Fredrikstad-300/210	Judicial	Brochs Gate 3	Fredrikstad	1976	1994-96	3,785	
Moss-2/2837	Judicial	Prins Christian Augusts Plass 3-7	Moss	2004	-	4,695	
Skedsmo-83/748	Judicial	Jonas Lies Gate 20-28	Skedsmo	1990, 2009	-	12,254	
<b>Total no. 4</b>						<b>25,104</b>	

### CATEGORY HEALTH AND CARE

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Bergen-122/610	Care services	Bjørgeveien 316	Bergen	2004	-	603	
Bergen-18/348	Care services	Fredlundsveien 45	Bergen	2013	-	735	
Bergen-38/140	Care services	Steinsvikvegen 89	Bergen	1967, 1983, 1987	1987	495	
Bømlo-12/17, 12/20	Care services	Færvågen 2	Bømlo	2005	-	825	
Bømlo-123/72	Care services	Motorsportvegen 7	Bømlo	1992	-	592	
Karmøy-5/34	Care services	Slettatunet 10	Karmøy	2008	-	1,022	
Mandal-123/5, 123/16	Care services	Daleveien 274	Mandal	1957	-	650	
Mandal-99/229	Care services	Laustøheia	Mandal	2003	-	590	
Os-54/765	Care services	Industrivegen 111	Os	2009	-	1,044	
Ringerike-38/217	Care services	Trygstadveien 1	Ringerike	2000	-	712	
Ringerike-87/571	Care services	Hovsmarkveien	Ringerike	2010	-	782	
Skedsmo-31/314	Care services	Elvengveien 14	Skedsmo	2006	-	1,167	
Strand-16/344	Care services	Kvednanesvegen 74	Strand	2008	-	1,128	
<b>Total no. 13</b>						<b>10,345</b>	



## Finland

### Community service properties

#### CATEGORY SCHOOLS

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Pajuniityntie 11	School	Pajuniityntie 11	Helsingfors	1969	2002	17,730	
<b>Total no. 1</b>						<b>17,730</b>	

#### CATEGORY OFFICES

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Kivihaantie 7	Office	Kivihaantie 7	Helsingfors	1972	2006	19,431	
<b>Total no. 1</b>						<b>19,431</b>	

## Joint ventures

#### GÄSTGIVAREGATAN HOLDING AB

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Tellus 4	Retail	Köpmangatan 5, Gästgivareregatan 14 etc.	Södertälje	1968.1998	1968	10,214	
<b>Total no. 1</b>						<b>10,214</b>	

#### CULMEN STRÄNGNÄS II AB

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Norrstacken 14	Other	Hertig Karls väg 14	Strängnäs	2015	-	3,624	
<b>Total no. 1</b>						<b>3,624</b>	

#### GARDERMOEN CAMPUS

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Del av Ullensaker-136/158	Land	Fylkesveg 454	Ullensaker	-	-	-	
<b>Total no. 1</b>						<b>-</b>	

## SÖDERPORT HOLDING AB

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Vindbryggan 3	Industrial	Borgens Gata 20	Alingsås	1990	1990	1,439	
Botvidsgymnasiet 3	Logistic, storage and industrial	Fågelviksvägen 9, 9A-M	Botkyrka	1991	1991	55,870	
Sörred 8:6	Industrial	Gullkullen 2 Mfl	Göteborg	-	-	71,804	
Sörred 8:10 TLA/TLB	Industrial	-	Göteborg	-	-	23,243	
Sörred 7:20	Industrial	Assar Gabrielssons Väg 5 Mfl	Göteborg	-	-	154,734	
Östergårde 31:1 BV5	Industrial	Örnekulans Väg 2	Göteborg	-	-	7,175	
Jordbromalm 6:23	Production	Dåntorpsvägen 11	Haninge	1980	2008	1,776	
Jordbromalm 1:11	Logistic, storage and industrial	Jordbrotorpsvägen 2	Haninge	1964	1975	900	
Köpingehill 1	Industrial	Trintegatan 2	Helsingborg	1991	1991	7,125	
Linjen 1	Logistic, storage and industrial	Pyramidbacken 3	Huddinge	1989	1989	2,150	
Kulingen 3	Industrial	Kulinggatan 2	Karlstad	1985	1985	7,373	
Plattan 4	Storage	Isolatorvägen 5	Kristianstad	1991	1991	1,328	
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	
Cementen 4	Storage	Barlastgatan 2	Malmö	1982	1982	817	
Hyveln 2	Storage	Hallevadsgatan 8	Mjölby	1960, 1968	1960, 1968	9,409	
Görla 8:60	Industrial	Görlavägen 1	Norrtälje	-	-	2,900	
Görla 9:40	Logistic, storage and industrial	Abborrvägen 4	Norrtälje	2009	2014	870	
Timmermannen 1	Logistic, storage and industrial	Teknikervägen 2	Nynäshamn	1990	1990	541	
Holje 116:116	Storage	Västra Storgatan 2B	Olofström	1949	1970	51,631	
Ratten 18	Storage	Primovägen 1	Oskarshamn	1986	1986	1,615	
Snickeriet 4	Storage	Be-Ge:S Väg 20	Oskarshamn	1976	1980, 1981	5,939	
Snickeriet 14	Storage/Office	Förrådsgatan 6	Oskarshamn	1978, 2002	1978, 2002	2,198	
Märsta 15:6	Logistik, lager och industri	Industrigatan 10	Sigtuna	1972	1972	1,056	
Baggen 2	Lager	Ångatorpsgatan 3	Skara	1971	1991	1,219	
Nattskiftet 6	Logistic, storage and industrial	Elektravägen 5	Stockholm	1951	1951	5,714	L
Arbetsbasen 2	Logistik, lager och industri	Elektravägen 64	Stockholm	1945	1965	1,797	L
Dikesrenen 11	Logistic, 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	Logistic, storage and industrial	Vretenborgsvägen 8	Stockholm	-	1984	1,590	L
Lagret 1	Logistic, storage and industrial	Upplagsvägen 13, 15, 17, 31, 17, 19	Stockholm	1969	1969	8,842	L
Lagerhuset 3	Logistic, storage and industrial	Upplagsvägen 21-27, 25B-C, 27A-B	Stockholm	1929, 1954, 1985	1954	10,588	L
Hällsättra 4	Logistic, storage and industrial	Stensättravägen 9, 9A-B	Stockholm	1975	1985	13,735	L
Ostmästaren 3	Logistic, storage and industrial	Ostmästargränd 6-12, 8A	Stockholm	1982.1983	1983	19,536	L
Ostmästaren 4	Logistic, storage and industrial	Byängsgränd 4-16, Ost-mästargränd 1-3	Stockholm	1983	1985	36,789	L
Ostmästaren 5	Office	Ostmästargränd 5, 11-13	Stockholm	1990	1990	10,200	L
Ostmästaren 6	Office	Byängsgränd 20-22	Stockholm	1991	1991	8,566	L
Varuhissen 1	Logistic, storage and industrial	Upplagsvägen 1-5	Stockholm	1987.199	1990	14,929	L

## SÖDERPORT HOLDING AB CONT.

Property	Subcategory	Address	Municipality	Year built	Year rebuilt	Lettable area, sqm	Leasehold
Asea 3	Logistic, storage and industrial	Västberga Allé 60, Västbergavägen 43	Stockholm	1929, 1994	1980	68,119	
Ostmästaren 1	Logistic, storage and industrial	Ostmästargränd 2	Stockholm	1980	1980	15,287	L
Filmkameran 3	Logistic, storage and industrial	Bilprovningen	Stockholm	1970	1970	3,261	L
Förrådet 5	Logistic, storage and industrial	Skattegårdsvägen 122	Stockholm	1970	1974	2,175	L
Stensåtra 2	Logistic, storage and industrial	Strömsåtravägen 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	Logistic, storage and industrial	Morabergsvägen 3	Södertälje	1970	1970	1,711	L
Hyveln 4	Storage	Sliparevägen 3	Sölvesborg	1983	1983	762	
Limmared 26:2	Storage/Office	Vallgatan 2	Tranemo	1971, 2002	1971, 2002	1,149	
Slakthuset 7	Storage/Office	Ringvägen 10	Tranås	1953	1953	1,270	
Sandåker 1	Storage	Vistvägen 4	Ulricehamn	1972	2000	727	
Olhamra 1:82	Logistic, storage and industrial	Okvistavägen 30	Vallentuna	2005	2005	1,258	
Bulten 1	Storage	Ji-Te Gatan 2	Åstorp	1988	1988	4,650	
Runö 7:109	Office/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	
<b>Total no. 58</b>						<b>686,678</b>	

# 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 Tuesday, April 19, 2016 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 Wednesday, April 13, 2016,
- and notify their intention to attend the AGM no later than Wednesday, April 13, 2016. Registration must be made in writing to: Hemfosa Fastigheter AB (publ), c/o Euroclear Sweden AB, "Annual General Meeting 2016" Box 191, SE-103 98 Stockholm or by telephone: +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 Wednesday, April 13, 2016. 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](http://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.

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## Financial information

### FINANCIAL CALENDAR

Interim report, January–March 2016	<b>April 19, 2016</b>
Annual General Meeting 2016	<b>April 19, 2016</b>
Interim report January–June 2016	<b>July 21, 2016</b>
Interim report January–September 2016	<b>November 9, 2016</b>
Year-end report 2016	<b>February 17, 2017</b>
Annual General Meeting 2017	<b>April 25, 2017</b>

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