



Q1 INTERIM REPORT JANUARY-MARCH 2017

KEY FIGURES

	Jan-Mar		Full-year
	2017	2016	2016
Rental income, MSEK	722	650	2,642
Net operating income, MSEK	454	428	1,817
Surplus ratio, %	62.9	65.8	68.8
Profit from property management, MSEK	447	340	1,812
- per ordinary share, SEK	2,66	2,31	11,49
Profit after tax, MSEK	986	654	3,583
- per ordinary share, SEK	6,02	4,59	23,25
Cash flow from operating activities, before changes in working capital, MSEK	312	300	1,260
- per ordinary share, SEK	1,81	1,92	7,76
Property value, SEK billion	35.8	31.3	34.7
- of which, community service properties, %	65	61	65
Net asset value ERPA/NAV, SEK	100,89	80,61	93,87
Equity/assets ratio, %	42.7	34.2	41.2

- Rental income amounted to MSEK 722 (650)
- Profit from property management totaled MSEK 447 (340), corresponding to SEK 2.66 per ordinary share (2.31)
- Profit after tax amounted to MSEK 986 (654), corresponding to SEK 6.02 per ordinary share (4.59)

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

- In March, Hemfosa entered into a conditional agreement to wholly own the specialist hospital and a local medical center at Gardermoen, which Hemfosa of today is co-owner of in a joint venture
- Hemfosa issued bonds in an amount of MSEK 750
- Hemfosa's joint venture Söderport Holding AB invested MSEK 352 and divested for MSEK 979

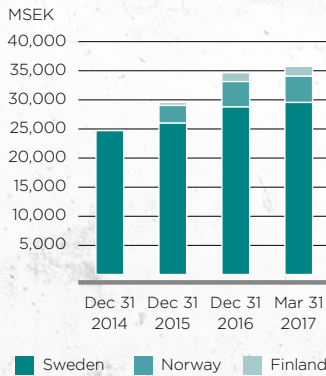
This is Hemfosa

Hemfosa combines long-term management of a growing property portfolio with the acquisition and divestment of properties – all with the aim of strengthening the company’s position as the leading Nordic player in community service properties. The property portfolio with a high proportion of publicly financed tenants represents stable revenue flows and a healthy yield. The Company’s ordinary share has been listed since March 2014 and the preference share since December 2014, both on Nasdaq Stockholm.

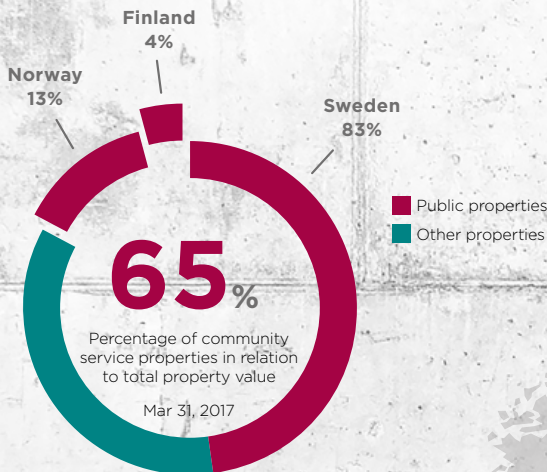
Business concept

Hemfosa’s mission is to engage in the long-term ownership, development and management of community service properties and to create value through active participation in a changing property market in order to generate long-term high and stable profitability.

Fair value



Rental income



SWEDEN

This is Hemfosa’s core market, with a definite emphasis on community service properties and a focus on the Stockholm, Gothenburg and cost of Norrland regions.

NORWAY

The property portfolio is mainly located in the Oslo region and consists exclusively of community service properties.

FINLAND

The property portfolio in Finland exclusively comprises community service properties, with the focus on Helsinki and Turku.

● Local offices

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 more than 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



Comments from the CEO

Stronger financial flexibility

We entered 2017 with strong performance in the first quarter, with increases in both net operating income and profit from property management. With favorable value growth in both Sweden and Norway, we achieved an EPRA/NAV that reflects a very strong trend in Hemfosa's long-term net asset value.

In terms of activity, the quarter was relatively calm, with a somewhat cautious market in Sweden, which I believe is due to uncertainty concerning the ongoing tax inquiry put forward to the Swedish government in March, and the consequences this could have. Hemfosa closely monitors the development and examines the effects it could have on our operations.

We still implemented a number of individual acquisitions and sales in line with our strategy of streamlining the portfolio towards community service properties and we see potential for further interesting transactions in Sweden moving forward.

We also took an additional grip on the market in Norway where we are constructing a specialist hospital and a local medical center in the joint venture Gardermoen Campus Utvikling AS (GCU).

"We see interesting openings in all three of our markets."

Now we have signed a conditional agreement on full ownership of these buildings when they are completed in 2018. We see other interesting opportunities in the Gardermoen campus which we continue to plan and develop together with the property development company Aspelin Ramm Eiendom AS.

In Finland, Hemfosa is still something of a rookie and there, now with proprietary personnel in place, we are focusing on analyzing and identifying solid acquisitions of community service properties.

Overall, we see interesting openings in all three of our markets. We will now continue to work methodically and intensively to find and implement the right transactions for Hemfosa, of both individual properties and larger portfolios, at the same time as investing in developing and adding value to our existing property portfolio.

Financially, I believe that a number of winds are blowing in the right direction from Hemfosa's viewpoint. A slightly tougher interest-rate environment is creating interesting opportunities for us and access to capital/financing has improved. Our latest issue of bonds in an amount of MSEK 750 was oversubscribed in December at a lower cost, which I view as evidence that confidence in Hemfosa is rock solid. We also see considerable demand in the commercial paper market at favorable prices. Applying for mandate to implement a new issue of shares while simultaneously proposing that the AGM grant us the possibility to buy back own shares may seem contradictory, but this is an additional way for us to ensure flexibility so that over time we have the optimal capital structure and can also act correctly in various future scenarios.

We want as much financial latitude as possible to continue to grow, preferably by taking both small steps and large strides.

Jens Engwall, CEO

Hemfosa to wholly own property in Gardermoen

Hemfosa is co-owner of Gardermoen Campus Utvikling AS, GCU, which owns and develops an area close to Gardermoen Airport to an important national competence park within health and social care. In March, Hemfosa signed a conditional agreement on full ownership of the specialist hospital and a local medical center when these buildings are completed in 2018. Further development of the area will continue in cooperation with Aspelin Ramm as part of an unchanged joint venture structure.



Operational development

THE PERIOD, JANUARY-MARCH 2017

Earnings

MSEK	Jan-Mar		Full-year
	2017	2016	2016
Rental income	722	650	2,642
Net operating income	454	428	1,817
Profit from property management, excl. profit share in JVs	312	301	1,270
Profit from property management, incl. profit share in JVs	447	340	1,812
Changes in value of properties	738	498	1,594
Changes in value of financial instruments	12	-31	18
Tax	-211	-153	160
Total profit for the year	986	654	3,583

Net operating income

Rental income for the period amounted to MSEK 722 (650). The increase of 11 percent was attributable mainly to lease renegotiations, signing of new leases and indexation according to leases. At March 31, 2017, the leasable area of Hemfosa's total property portfolio totaled 2,624,000 square meters (2,642,000). The leasing rate was 91.6 percent (90.8).

Property expenses amounted to MSEK 246 (201) and costs for property administration to MSEK 23 (21). The surplus ratio amounted to 62.9 percent (65.8). The change is mainly explained by the decrease of the share of rental contracts with triple net and by a few insurance damages in which Hemfosa stood the costs and for which the insurance compensation has not yet been fully paid out on the balance day. The yield for the entire portfolio was 5.38 percent (5.9).

Profit from property management

Central administration costs amounted to MSEK 30 (26).

Financial expenses totaled MSEK 115 (110). At March 31, 2017, the average interest rate was 1.98 percent (2.06).

The share in profit from joint ventures amounted to MSEK 135 (39) and primarily consists of profit from property management of MSEK 30 (26), and changes in the value of properties of MSEK 104 (37). Profit from property management excluding shares in profit from joint ventures amounted to MSEK 312 (301).

Tax

The tax expense totaled MSEK 211 (153), of which MSEK 192 (134) was due to changes in deferred tax liabilities attributable to investment properties. The effective tax rate for Hemfosa was 18 percent (19). The deviation from the Parent Company's nominal tax rate of 22 percent was primarily due to the share in profit from joint ventures comprising profit after tax.

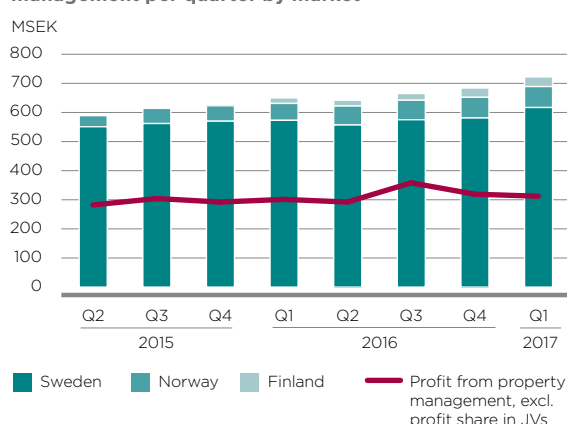
Profit for the period

MSEK **986**
(654)

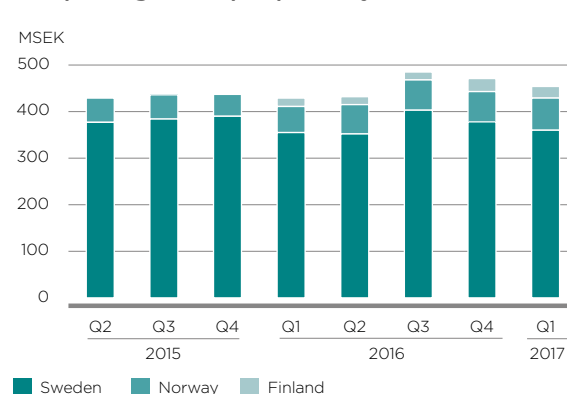
Earnings per share for the period

SEK **6,02**
(4,59)

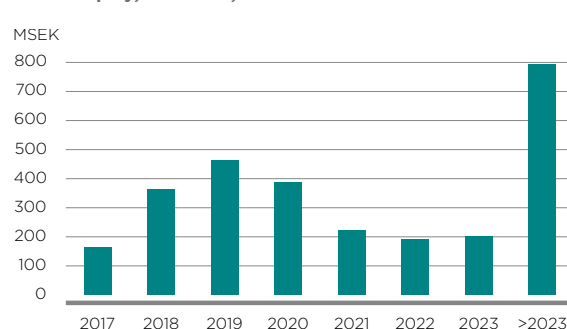
Rental income and profit from property management per quarter by market



Net operating income per quarter by market



Lease expiry, March 31, 2017



Property portfolio

Hemfosa's business model is to combine long-term proprietary management of a growing property portfolio with the acquisition and divestment of properties – all with the aim of strengthening the company's position as the leading Nordic player in community service properties. The objective is to continue to develop an extensive and balanced property portfolio generating a stable and high yield by further streamlining the portfolio towards community service properties and increasing the value of the existing properties.

Other properties in the portfolio comprise commercial properties located centrally in primarily the metropolitan regions of Stockholm and Gothenburg, and also in such growth municipalities as Västerås, Karlstad, Sundsvall, Umeå and Luleå. Other properties also include a portfolio of logistics and warehouse properties that are located on attractive sites in southern and central Sweden.

Community service properties

Community service properties is the generic term for properties in which the tenants are public-sector agents or conduct publicly financed operations in such areas as schools, health and personal care and judicial institutions. A few decades ago, these properties were almost exclusively owned by central and local government authorities, while today their ownership has been spread among a number of private property owners, of which Hemfosa is one of the largest in the Nordic region.

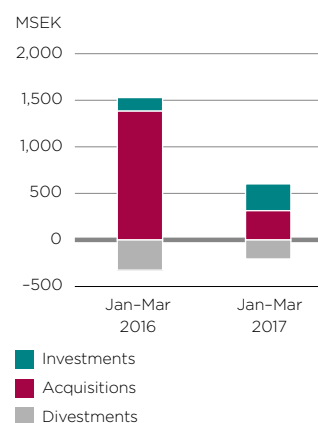
Hemfosa's definition of Community service properties is properties with publicly financed tenants that account, directly or indirectly, for at least 70 percent of the rental income.

CHANGES IN PROPERTY PORTFOLIO

Change in fair value of property portfolio per market, March 31

MSEK	Sweden		Norway		Finland		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Opening value for the year	28,777	25,999	4,359	3,042	1,530	512	34,668	29,553
Acquired properties	154	470	-	414	160	500	314	1,383
Investments in existing properties	273	146	15	-	-	-	288	146
Divested properties	-204	-324	-	-	-	-	-204	-324
Realized changes in value in profit or loss for the period	37	20	-	-	-	-	37	20
Unrealized changes in value in profit or loss for the period	516	377	186	47	4	54	707	478
Translation differences	-	-	-56	78	-3	5	-59	83
Closing fair value	29,553	26,688	4,506	3,581	1,692	1,071	35,751	31,340

Acquisitions, investments and divestments



Acquisitions and divestments of properties

During the period, the Swedish portfolio was strengthened with three community service properties with a total rental value of MSEK 25 and an average remaining lease term of 12.5 years. The tenants of these premises conduct school operations, child care services and logistic/warehouse activities.

In Finland, one community service property in the city of Turku was acquired with the Municipality of Turku as a tenant. The rental value is MSEK 13 and the leases have a remaining term of 17.8 years.

Additional streamlining of the portfolio was implemented by divesting 11 properties. The divestments resulted in realized positive changes in value of MSEK 34 (20).

Acquisitions, January - March 2017

Municipality	Property	Type of property	Area, 000s of sqm	Rental value, MSEK
Arboga	Bälgen 9	Samhäll	18	12
Södertälje	Noshörningen 14	Samhäll	6	10
Stockholm	Ovåder 2	Samhäll	1	3
Turku, Finland	Linnankatu 23	Samhäll	7	13

Divestments, January-March 2017

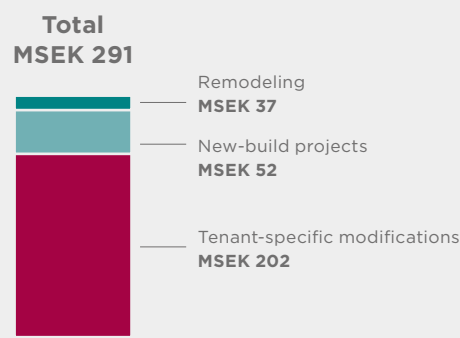
Municipality	Property	Type of property	Area, 000s of sqm	Rental value, MSEK
Österåker	Husby 4 23,25,27,28,30	Other	7	9
Enköping	Centrum 12:1,16:5,18:1	Other	10	10
Malmö	Skjutstallslyckan 4	Other	8	6
Värnamo	Drabanten 2	Other	1	1
Tranås	Backen 10	Other	3	1

Investments in existing properties

The largest project under way among Hemfosa's wholly owned properties is a 52,000-square-meter property in Haninge (Najaden), where refurbishment of the entire property is under way, including remodeling and upgrading of such features as facades, window sections and technical installations, and conversion and extension of a hotel. A new zoning plan has been formulated, which makes it possible to establish community service operations on the property, such as retirement homes and schools, in addition to the existing premises. The project is scheduled for completion in early 2018. In Sundsvall, Hemfosa is expanding the existing building that is leased by Internationella Engelska Skolan and constructing a new building on the property for this growing school. In Mölndal, remodeling and expansion of an 11 thousand square meter property is under way. The project is scheduled for completion during the second quarter of 2017.

In the properties owned indirectly, Hemfosa's largest investment is being implemented in the form of construction of a new, state-of-the-art specialist hospital and of a new local medical center at Gardermoen Oslo, Norway.

INVESTMENTS IN EXISTING PROPERTIES



Ongoing projects in wholly owned properties, March 31, 2017

Municipality	Property	Type of property	Tenant	Area, 000s of sqm	Estimated investment, MSEK	Completion scheduled for quarter, year
Haninge	Söderbymalm 3:462	Other	Hotell Winn and other	52	340	Q2,2018
Sundsvall	Västhagen 1	Samhäll	Int. English School	12	146	Q4,2017
Mölndal	Tulpanen 3	Other	IF Skadeförsäkring	11	128	Q3,2017
Härnösand	Inspektorn 11	Samhäll	Municipality of Härnösand	20	105	Q1,2018
Norrköping	Presidenten 1	Samhäll	Swedish Prison and Probation Service	12	74	Q2,2018
Södertälje	Noshörningen 14	Samhäll	Internationella Engelska Skolan, Municipality of Södertälje	4	90	Q3,2017

Properties and changes in value

The unrealized change in the value of the property portfolio during the period was MSEK 704 (478), mainly resulting from a change in the required yield and from completed projects.

The weighted yield requirement was 6.2 percent (6.4), compared with an average yield requirement of 6.2 percent at December 31, 2016. The weighted cost of capital for calculating the present value of the cash flow and the residual value was 7.4 percent (7.6) and 8.3 percent (8.5), respectively.

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. For further information, see Hemfosa's 2016 Annual Report, Note 11.

The market value is assessed every quarter by external, independent property appraisers.

PROPERTY PORTFOLIO AS AT MARCH 31

Community service properties

	School		Offices		Judicial system		Care services		Other		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Rental value, MSEK	565	497	599	504	402	363	297	276	29	8	1,892	1,648
Leasable area ¹ , 000s sqm	419	378	462	394	278	270	250	245	33	9	1,443	1,297
Fair value of properties, MSEK	7,525	5,960	7,022	5,828	4,644	3,918	3,914	3,325	248	138	23,352	19,170
No. of properties	77	57	55	50	41	40	105	105	8	7	286	259
Yield ² , %											5.4	6.0
Economic leasing rate, %											94.9	94.9
Average remaining lease term, years											6.8	7.0
Överskottsgrad, %											64.6	70.5

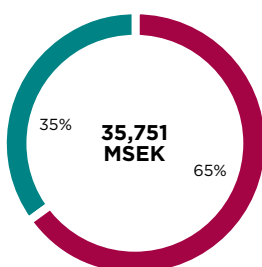
Other properties

	Offices		Logistics/ Storage		Other		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Rental value, MSEK	730	675	256	305	163	220	1,150	1,200
Leasable area ¹ , 000s sqm	579	571	414	521	188	253	1,181	1,345
Fair value of properties, MSEK	7,558	6,636	3,271	3,545	1,569	1,990	12,399	12,171
No. of properties	67	66	28	35	42	56	137	157
Yield ² , %							5.3	5.8
Economic leasing rate, %							85.9	85.3
Remaining lease term, years							4.5	4.5
Överskottsgrad, %							59.8	58.8

¹ Excluding garage space

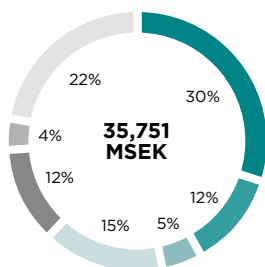
² According to earnings capacity

Fair value per
type of property
Mar 31, 2017



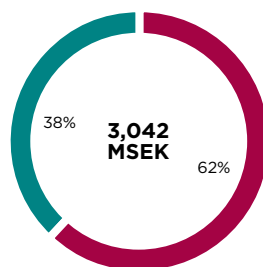
Public properties
Other properties

Fair value per
region
Mar 31, 2017



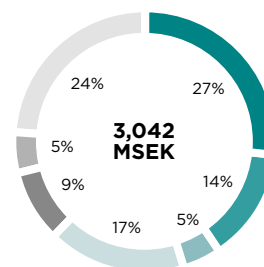
Stockholm
Gothenburg
Malmö
Coast of Norrland
Oslo
Helsinki
Other

Rental value per
type of property
Mar 31, 2017



Public properties
Other properties

Rental value per
region
Mar 31, 2017



Stockholm
Gothenburg
Malmö
Coast of Norrland
Oslo
Helsinki
Other

CURRENT EARNINGS CAPACITY

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

Group's earnings capacity

	Mar 31, 2017
Rental income	2,808
Property expenses	-702
Property administration	-73
Net operating income	2,033
Central administration	-123
Share in profit of joint ventures	114
Financial expenses	-441
Profit from property management	1,583

Sensitivity analysis, March 31, 2017

	Change, %	Earnings effect, MSEK
Contractual rental income according to earnings capacity	+/- 1	+/- 28
Economic leasing rate according to earnings capacity	+/- 1	+/- 28
Property expenses according to earnings capacity	+/- 1	+/- 8
Net operating income according to earnings capacity	+/- 5	+/- 102

CALCULATION BASIS

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

- Annual contractual rental income (including supplements and taking rent discounts into account), plus other property-related income based on current leases.
- Operating and maintenance costs consist of an assessment of operating costs and maintenance measures during a standard year.
- Property tax has been calculated on the basis of the current tax assessment value of the properties. Ground rent paid is included in the amounts.
- Costs for central administration and marketing have been calculated on the basis of the existing organization and the size of the property portfolio.
- Hemfosa's share of profit from joint ventures is calculated according to the same methodology as for Hemfosa, taking into account the size of the share of profit.
- The assessment of earnings capacity does not assume any financial income.
- Financial expenses have been calculated on the basis of the company's average interest rate.
- The earnings capacity for the international operations has been restated at the exchange rate prevailing on the balance-sheet date.



Shares in joint ventures

At March 31, 2017, Hemfosa was a partner in four joint ventures of which two smaller tenures as described in Hemfosa's annual report 2016.

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

Equity share of joint ventures

MSEK	Mar 31		Dec 31
	2017	2016	2016
Capital share	1,812	1,211	1,676

Share in profit in joint ventures

MSEK	Jan-Mar		Jan-Dec
	2017	2016	2016
Profit for the period	135	39	542
<i>Of which</i>			
<i>Profit from property management</i>	30	26	124
<i>Changes in value, properties</i>	104	37	579
<i>Changes in value, derivatives</i>	13	-26	-6
<i>Other</i>	-12	2	-155

Söderport Holding AB

Hemfosa and AB Sagax each own 50 percent of Söderport Holding AB (Corp. Reg. No. 556819-2230). The focal point of Söderport's property portfolio is in the Stockholm and Gothenburg regions. During the quarter, Söderport acquired 15 warehouse and production properties with a total leasable area of 82,000 square meters. The leasing rate is 91 percent and the average remaining term of the leases was 4.6 years. The purchase consideration was MSEK 352. One of the properties was immediately sold on with no impact on profit or loss.

Söderport divested a property in Torslanda, Gothenburg, with a leasable area of 134,000 square meters. As part of the transaction, Söderport has made an investment in the acquiring company corresponding to an ownership stake of 25 percent.

Gardermoen Campus Utvikling AS

Hemfosa owns Gardermoen Campus Utvikling AS (Corp. Reg. No. 913,111,915) (GCU) jointly with Aspelin Ramm Eiendom AS, a Norwegian property development company.

GCU owns and is developing an area at Gardermoen Airport, near Oslo, into an important national expertise hub for health and social care. GCU manages about 12.5 hectares of land, with a zoning plan covering about half of the area. The zoning plan has approved construction on up to 68,000 square meters.

The ongoing investment in GCU comprises construction of a specialist hospital. The hospital is fully leased to Landsforeningen for Hjerte og Lungesyke (LHL) on a 25-year lease.

On behalf of the Municipality of Ullensaker, GCU is constructing a new local medical center adjacent to LHL's hospital.

In March, Hemfosa signed a conditional agreement on full ownership of the specialist hospital and a local medical center when these buildings are completed in the beginning of 2018. Further development of the area will continue in cooperation with Aspelin Ramm, as part of an unchanged joint venture structure.

Ongoing projects in Gardermoen Campus Utvikling AS, 31 March 2017

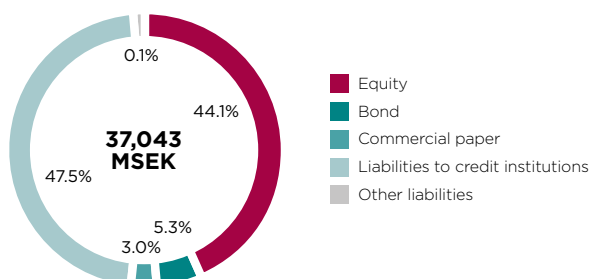
Municipality	Property	Tenant	Area, 000s of sqm	Estimated investment, MSEK	Scheduled completion, quarter, year
Ullensaker, Norway	Gardermoen	LHL	28	961	Q1, 2018
Ullensaker, Norway	Gardermoen	Helsans Hus	9	210	Q1, 2018

Key performance data for material holdings in joint ventures, Mar 31

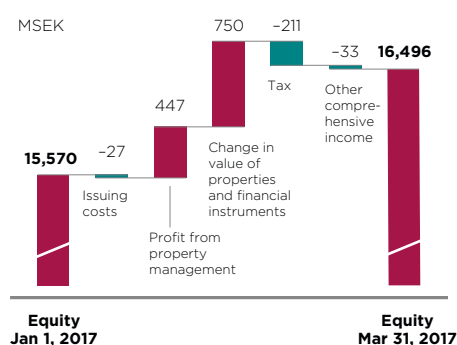
MSEK	Söderport Holding		Gardermoen Campus Utvikling	
	2017	2016	2017	2016
Non-current assets	6,099	5,767	1,890	425
<i>of which [förvaltnings]properties</i>	5,887	5,706	1,804	425
Current assets	294	103	58	120
Long-term liabilities	3,859	3,931	784	14
<i>of which, deferred tax liability</i>	387	251	156	14
<i>of which, derivatives</i>	398	464	-	-
Equity	2,281	1,726	1,001	478
<i>of which, Hemfosa's share</i>	1,140	863	651	311
Current liabilities	252	213	77	53
Rental income	144	136	-	-
Net operating income	105	97	0	-
Net interest income and expenses	-42	-38	0	-
Change in value of properties	179	74	36	-
Change in value of financial intru-ments	26	-52	-	-
Tax cost	-12	-14	-9	-
Profit	263	60	27	-
<i>of which, Hemfosa's share</i>	131	30	18	-
No. of properties	70	55	3	2
Leasable area, 000s of sqm	633	667	-	-

Financing

Breakdown of sources of financing, March 31, 2017



Changes in equity during the period



Key performance data, financial objectives

	Jan-Mar		Full-year
	2017	2016	2016
Return on equity, %	28.0	23.91	27.09
Equity/assets ratio, %	42.7	34.2	41.2
Interest-coverage ratio, multiple	3.7	3.7	3.9

INTEREST-BEARING LIABILITIES

During the period, Hemfosa extended and expanded an existing covered credit facility to MSEK 1,500 and entered into another new covered credit facility of MSEK 300. The credit facilities are backup facilities for the outstanding commercial paper program, of which MSEK 1,095 were issued at the end of the period. Hemfosa issued a non-covered bond loan totaling MSEK 750 with a term of 3.5 years. The bond carries interest at a floating rate of STIBOR 3m + 2.75 percent, equal to a first coupon of some 2.1 percent. In connection with the issue, Hemfosa bought back MSEK 518 of bonds outstanding, with maturity on April 4, 2017.

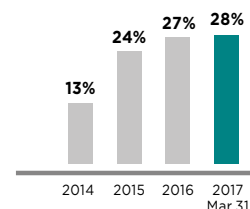
Change in loan portfolio

MSEK	Jan-Mar		Full-year
	2017	2016	2016
Interest-bearing liabilities at the beginning of the period	20,666	18,960	18,960
Repayment of liabilities to credit institutions	-374	-85	-3,602
New liabilities to credit institutions	-	1,018	3,604
Expired commercial paper	-685	-	-
New commercial paper	885	-	895
Issue of bond loans	750	-	750
Redemption of bond loans	-518	-	-202
Exchange-rate difference	-33	55	261
Interest-bearing liabilities at the end of the period¹	20,692	19,949	20,666

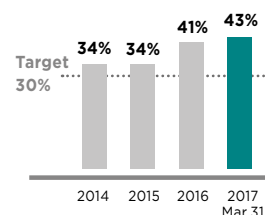
¹ All amounts recognized as liabilities in this chapter represent undiscounted amounts. The interest-bearing liabilities in the Statement of financial position include arrangement fees.

Financial objectives

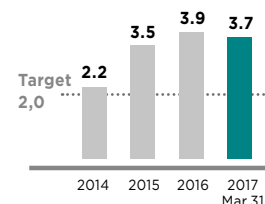
Hemfosa is to deliver the **highest return** among listed Swedish property companies over a five-year period. This applies to the return on equity.



Long-term, the **equity/assets ratio** is to amount to at least 30%.



Long-term, the **interest coverage ratio** is to be a multiple of at least two.



Key performance data concerning the loan portfolio

	Mar 31		Dec 31
	2017	2016	2016
Net loan-to-value ratio, %	55.5	61.2	55.9
Average interest rate, %	1.98	2.06	1.98
Average remaining fixed-rate period, years	1.10	1.2	1.3
Average remaining loan maturity period, years	2.2	2.5	2.1
Interest-rate hedged portion of liabilities, %	54.9	51.6	56.0
Fair value of derivatives, MSEK	-72	-132	-84

Available liquidity

MSEK	Mar 31		Dec 31
	2017	2016	2016
Cash and cash equivalents	790	517	1,221
Utilized overdraft facilities	450	455	450
Total	1,240	972	1,671

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 do not impact fully on the Group's interest expenses. 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.

At March 31, 2017, the nominal volume of Hemfosa's outstanding interest-rate swaps was MSEK 5,142 (5,800) and interest-rate caps MSEK 4,829 (2,695). All interest-rate swaps had a negative fair value at March 31, 2017.

Fixed-rate period distributed by instrument type at March 31, 2017

	Overdraft facilities, MSEK	Swaps, MSEK	Interest-rate cap, MSEK	Amount, MSEK	Proportion, %
<1 year	20,624	-4,760	-4,445	11,419	55
1-2 years	0	3,361	1,902	5,263	25
2-3 years	27	1,199	1,420	2,646	13
3-4 years	0	200	1,123	1,323	6
4-5 years	0	0	0	0	0
>5 years	41	0	0	41	0
Total	20,692	0	0	20,692	100

During 2017, MSEK 5,250 of the Group's interest-bearing liabilities fall due for payment.

Maturity structure, interest-bearing liabilities at March 31, 2017

	Nominal amount, MSEK	Proportion, %	Loan interest, MSEK	Net interest rate, derivatives, MSEK ¹⁾	Total, MSEK
2017	5,250	25	243	42	285
2018	6,305	30	275	45	319
2019	4,125	20	156	6	162
2020	4,175	20	54	2	57
2021	725	4	4	1	4
2022-	112	1	41	0	41
Total	20,692	100	773	95	868

¹ The net rate in the table is attributable to swaps with negative value.

Sensitivity analysis, at March 31, 2017

	Change, %	Earnings effect, MSEK
Interest expenses assuming current fixed-interest periods and changed interest rates ¹	+/- 1	+ 68 / -18
Interest expenses assuming change in average interest rate ²	+/- 1	+/-207
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/- 1	+/-96

¹ Taking into account derivative agreements

² Not taking into account derivative agreements

CURRENCY EXPOSURE

The acquisition of properties in Norway and Finland exposes the Group 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.

At present, Hemfosa does not hedge its net equity exposure. It is not impossible that the company could enter into currency hedges from time to time.

Currency exposure

MSEK	Jan-Mar		Full-year 2016
	2017	2016	
Exposure in EUR	110	43	90
Exposure in NOK	2,319	1,478	2,202

Sensitivity analysis, March 31, 2017

	Change, %	Earnings effect, MSEK
Change in SEK/EUR exchange rate	+/- 10	+/- 105
Changes in SEK/NOK exchange rates	+/- 10	+/- 249

CASH FLOW

Cash flow from operating activities before changes in working capital was SEK 312 (294). Total cash flow from operating activities amounted to MSEK 140 (294).

Investing activities impacted cash flow in the amount of MSEK -407 (-1,320), of which investments in existing properties accounted for MSEK -291 (-146), acquisitions of subsidiaries and properties for MSEK -301 (-1,383), divestments of subsidiaries and properties for MSEK 195 (300) and other items for MSEK -9 (92).

Financing activities had an impact of MSEK 164 (810) on cash flow for the period. Issued and redeemed bonds had a net positive impact on cash flow of MSEK 232 (-). The net of expired and new commercial paper loans had a positive impact on cash flow of MSEK 200 (-). New liabilities to credit institutions were entered into during the quarter. Repayment of these liabilities amounted to MSEK -374 (-85). During the period, MSEK 193 (127) was paid in dividends to Hemfosa's shareholders. Overall, the change in cash and cash equivalents during the quarter was positive at MSEK -430 (-216).

Cash flow

MSEK	Jan-Mar		Full-year 2016
	2017	2016	
Cash flow from operating activities	140	294	1,108
Cash flow from investing activities	-407	-1,320	-3,246
Cash flow from financing activities	-164	810	2,622
Total cash flow	-430	-216	483

Other

THE SHARE AND SHAREHOLDERS

The company's ordinary share was listed on Nasdaq Stockholm, Mid Cap, on March 21, 2014 under the ticker symbol "HEMF." The company's preference share was listed on NASDAQ Stockholm, Mid-Cap, on December 12, 2014 under the ticker symbol "HEMF PREF." On January 2, 2017, trading in the company's ordinary shares and preference shares was moved to Nasdaq Stockholm Large Cap.

At March 31, 2017, the number of Hemfosa shares was 168,728,248, of which 157,728,249 were ordinary shares and 10,999,999 preference shares. The number of voting rights totaled 158,828,248.9. Each ordinary share carries one voting right and each preference share one tenth of a voting right.

The closing price paid on March 31, 2017 was SEK 80.00 for ordinary shares and SEK 163.50 for preference shares. Total market capitalization was MSEK 14,416. At March 31, 2017, Hemfosa had 22,727 shareholders, of whom Swedish investors, institutions and private individuals held 64.9 percent of the shares and 63.3 percent of the voting rights. International institutional investors owned 35.1 percent of the shares and 36.7 percent of the votes.

2017 ANNUAL GENERAL MEETING (AGM)

Ahead of the AGM on April 25, 2017, the Board of Directors has submitted the following motions, among others. AGM documentation including more information about the Board of Directors' motions is available on the company's www.hemfosa.se website.

Dividend proposal 2017

The Board proposes that the AGM resolve to pay a dividend to holders of ordinary shares, up to the following AGM, totaling SEK 4.40 per ordinary share with quarterly payment of SEK 1.10 per ordinary share. The Board proposes April 27, 2017, July 10, 2017, October 10, 2017 and January 10, 2018 as the record dates for receipt of dividends on ordinary shares. 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, 2017, October 10, 2018, January 10, 2018 and April 10, 2018 as the record dates for receipt of the quarterly dividends on preference shares.

Proposal concerning warrants program for employees

The Board of Directors proposes to the AGM that it adopt a warrants program for employees of the Hemfosa Group and thus create a reward system for promoting excellent performance that contributes to creating value for the shareholders and that also increases the potential of company employees' to benefit from the company's successes. In brief, the Board of Directors' proposal entails that the AGM will resolve on a private placement of a maximum of 1,450,000 warrants. The proposed issue of warrants will result in total dilution of not more than about 0.85 percent of the total number of shares and 0.90 percent of the total number of votes in the company, assuming that all warrants are exercised to subscribe for shares.

Owner distribution, March 31, 2017

Owners	Number of shares		Percentage of	
	Ordinary shares	Preference shares	Share capital, %	Voting rights, %
Fourth AP Fund	14,818,695	-	8.8	9.3
Swedbank Robur Funds	12,926,562	125,000	7.7	8.2
Länsförsäkringar Fondförvaltning AB	12,128,432	-	7.2	7.6
Kåpan Pensioner	8,236,274	-	4.9	5.2
Lannebo Funds	5,815,334	-	3.4	3.7
Handelsbanken Funds	3,760,000	-	2.2	2.4
JPM Chase NA	3,522,659	127,667	2.2	2.2
CBNY-Norges Bank	3,396,099	-	2.0	2.1
Other	93,124,194	10,747,332	61.6	59.3
Total	157,728,249	10,999,999	100.0	100.0

DIVIDEND POLICY

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



ASSURANCE BY THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer gives his assurance that this interim report provides a true and fair overview of the Parent Company's and the Group's operations, financial position and earnings, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Nacka, April 25, 2017
Hemfosa Fastigheter AB (publ)
(Corp. Reg. No. 556917-4377)

Jens Engwall
Chief Executive Officer

This interim report has not been examined by the company's auditor.

The information in this interim report is such that Hemfosa Fastigheter AB is obligated to disclose in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was issued for publication under the auspices of the CEO on April 25, 2017 at 7:30 a.m. CET.



Financial calendar

Interim report, January-June 2017	July 20, 2017
Interim report January-September 2017	November 8, 2017
Year-end report 2017	February 16, 2018

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Condensed financial statements

Consolidated statement of profit/loss and comprehensive income

MSEK	Jan-Mar		Full-year
	2017	2016	2016
Rental income	722	650	2,642
Property expenses			
Operating expenses	-158	-133	-433
Maintenance costs	-63	-46	-212
Property tax	-25	-23	-98
Property administration	-23	-21	-82
Net operating income	454	428	1,817
Central administration	-30	-26	-128
Other operating income and expenses	3	9	21
Share in profit of joint ventures	135	40	542
Financial income and expenses	-115	-110	-440
Profit from property management	447	341	1,812
Change in value of properties realized	34	20	46
Change in value of properties unrealized	704	478	1,548
Changes in value of financial instruments, realized	-	0	0
Changes in value of financial instruments, unrealised	12	-31	18
Profit before tax for the year	1,197	808	3,424
Current tax	-2	-3	-18
Deferred tax	-209	-150	177
Profit for the year	986	654	3,583
Other comprehensive income			
<i>Items that have or could be transferred to profit for the period</i>			
Exchange differences for the period in converting foreign operations	-33	25	156
Comprehensive income for the year	953	679	3,739
<i>Profit/loss for the year attributable to:</i>			
Parent Company shareholders	977	652	3,556
Non-controlling interests	9	2	27
Profit for the year	986	654	3,583
<i>Profit for the year attributable to:</i>			
Parent Company shareholders	945	677	3,709
Non-controlling interests	8	2	30
Comprehensive income for the year	953	679	3,739
Earnings per ordinary share for the year, before and after dilution, SEK	6.02	4.59	23.25

Consolidated statement of financial position

MSEK	Mar 31		Dec 31
	2017	2016	2016
ASSETS			
Investment properties	35,751	31,340	34,668
Shares in joint ventures	1,812	1,211	1,676
Shares in associated companies	55	-	56
Other fixed assets	13	7	13
Total fixed assets	37,631	32,558	36,413
Current receivables	254	337	141
Cash and cash equivalents	790	517	1,221
Total current assets	1,044	854	1,361
TOTAL ASSETS	38,675	33,412	37,774
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent			
Company shareholders	16,424	11,415	15,506
Non-controlling interests ¹	72	14	64
Equity	16,496	11,429	15,570
Non-current interest-bearing liabilities	15,200	18,005	14,639
Other long-term liabilities	79	137	91
Deferred tax liabilities	714	851	506
Total non-current liabilities	15,993	18,994	15,236
Current interest-bearing liabilities	5,430	1,880	5,966
Other current liabilities	756	1,110	1,002
Total current liabilities	6,186	2,989	6,968
Total liabilities	22,179	21,983	22,204
TOTAL EQUITY AND LIABILITIES	38,675	33,412	37,774

¹ Relates to 4.2 percent of Hemfosa Samfunnsbygg AS, a subsidiary owned by Immob Holding AS. During 2016, a new issue of shares in Hemfosa Samfunnsbygg AS was implemented, whereby Immob Holding's ownership share was increased from 2.8 percent to 4.2 percent. Change of ownership share is subject to approval at Hemfosa's Annual General Meeting 2017.

Consolidated statement of changes in equity

MSEK	Equity attributable to Parent Company shareholders	Non-controlling interest	Total Shareholders' equity
Opening equity, Jan 1, 2016	10,737	12	10,749
Comprehensive income Jan-Mar 2016	677	2	679
Closing equity, Mar 31, 2016	11,415	14	11,429
Opening equity, Jan 1, 2017	15,506	64	15,570
New issue, ordinary shares	-27	-	-27
Comprehensive income Jan-Mar 2017	945	8	953
Closing shareholders' equity, Mar 31, 2017	16,424	72	16,496

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

2 Costs of MSEK 33 for raising capital attributable to new issue of shares in April 2016.

Consolidated statement of cash flows

MSEK	Jan-Mar		Full-year
	2017	2016	2016
Operating activities			
Profit from property management	447	340	1,812
Adjustments for items not included in cash flow	-135	-40	-541
Income tax paid	0	0	-11
Subtotal	312	300	1,260
Cash flow from operating activities	140	294	1,108
Investing activities			
Acquisition of investment properties	-38	-10	-46
Divestment of investment properties	7	7	16
Investments in existing properties	-291	-146	-893
Acquisition of subsidiaries	-263	-1,373	-3,498
Divestment of subsidiaries	188	293	1,264
Acquisition of joint ventures and associated companies	-8	-	-56
Other	-1	-92	-33
Cash flow from investing activities	-407	-1,320	-3,246
Financing activities			
New share issue	-27	-	1,808
Loans raised	949	990	5,277
Repayment of loans	-892	-54	-3,804
Dividend paid to shareholders	-193	-127	-678
Other	-	-	18
Cash flow from financing activities	-164	810	2,621
Cash flow for the period	-430	-216	482
Cash and cash equivalents on the opening date	1,221	732	732
Exchange-rate difference in cash and cash equivalents	-1	2	7
Cash and cash equivalents at the end of the period	790	517	1,221

Key figures

KEY FINANCIAL DATA

	Mar 31		Dec 31
	2017	2016	2016
Return on equity, %	28.0	23.9	27.1
Equity/assets ratio, %	42.7	34.2	41.2
Net loan-to-value ratio, properties, %	55.5	61.8	55.9
Debt/equity ratio, multiple	1.3	1.7	1.3
Interest-coverage ratio, multiple	3.7	3.7	3.9

SHARE-RELATED KEY FIGURES, ORDINARY SHARES

	Jan-Mar		Full-year
	2017	2016	2016
Profit from property management, SEK per ordinary share ^{2,3}	2.66	2.32	11.49
Profit after tax, SEK per ordinary share ²	6.02	4.59	23.25
Equity, SEK per ordinary share ³	92.77	70.69	86.95
Net asset value (EPRA NAV), SEK per ordinary share ^{1,2,3}	100.89	80.61	93.87
Cash flow from operating activities, before changes in working capital, SEK per ordinary share ³	1.81	1.92	7.76
Dividend, SEK per ordinary share	1.05	0.75	4.20
Weighted average number of ordinary shares, 000s	157,728	131,440	148,149
Number of ordinary shares outstanding, 000s ¹	157,728	131,440	157,728

PROPERTY-RELATED KEY FIGURES

	Mar 31		Dec 31
	2017	2016	2016
No. of properties	423	416	432
Rental value, MSEK ²	3,042	2,848	2,999
Leasable area, 000s of sqm	2,624	2,642	2,627
Fair value of properties, MSEK	35,751	31,340	34,668
Property value, SEK per sqm	13,624	11,862	13,195
Economic leasing rate, %	91.5	90.8	91.1
Surplus ratio, %	62.8	65.8	68.8
Yield, %	5.4	5.9	5.5

SHARE-RELATED KEY FIGURES, PREFERENCE SHARES

	Jan-Mar		Full-year
	2017	2016	2016
Dividend, SEK per preference share	2.50	2.50	10.00
Equity, SEK per preference share ¹	162.85	162.85	162.85
Number of preference shares outstanding, 000s ¹	11,000	11,000	11,000

1 At the end of the period

2 Pertains to Alternative Performance Measures according to the European Securities and Markets Authority (ESMA) which, in common with other performance measures, are described in the glossary on page 20.

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

Quarterly review

	Quarter 1 2017	Quarter 4 2016	Quarter 3 2016	Quarter 2 2016	Quarter 1 2016	Quarter 4 2015	Quarter 3 2015	Quarter 2 2015
Rental income, MSEK	722	684	666	642	650	624	615	615
Property expenses								
Operating expenses, MSEK	-158	-103	-84	-113	-133	-96	-82	-105
Maintenance costs, MSEK	-63	-67	-47	-53	-46	-48	-62	-37
Property tax, MSEK	-25	-24	-28	-23	-23	-24	-16	-23
Property administration, MSEK	-22	-18	-22	-21	-21	-20	-19	-21
Net operating income, MSEK	455	472	485	432	428	437	436	429
Surplus ratio, %	62.9	69.0	72.8	67.3	65.8	70.0	70.9	69.8
Economic leasing rate, %	91.7	91.1	91.5	91.2	90.8	90.4	90.7	91.0
Yield, %	5.4	5.5	5.6	5.7	5.9	5.8	5.9	6.0
Profit from property management, MSEK	447	537	582	352	340	406	339	346
Profit from property management per ordinary share, SEK	2.66	3.23	2.23	2.23	2.30	2.78	2.35	2.36
Comprehensive income for the year, MSEK	986	837	1,389	703	654	697	560	673
Earnings per ordinary share for the year, SEK	6.02	5.02	8.59	4.62	4.59	4.89	3.90	4.61
Properties, fair value, MSEK	35,751	34,668	33,020	31,928	31,340	29,553	28,407	27,800
Equity, MSEK	16,496	15,570	14,731	13,236	11,429	10,750	10,222	9,524
Equity per ordinary share, SEK	92.77	86.95	81.81	72.44	70.69	65.71	63.06	58.00
EPRA NAV per ordinary share, SEK	100.89	93.87	88.40	81.58	80.61	73.98	71.61	65.43
Return on equity, % ¹	28.0	27.1	27.4	21.9	23.9	23.7	27.2	22.5
Equity/assets ratio, %	42.7	41.2	41.5	38.7	34.2	34.2	34.2	32.4
Net loan-to-value ratio, properties, %	55.5	55.9	55.0	55.6	61.8	61.5	60.1	62.3
Debt/equity ratio, multiple	1.3	1.3	1.3	1.4	1.7	1.8	1.7	1.9
Interest-coverage ratio, multiple	3.7	3.9	3.9	3.7	3.7	3.5	3.5	3.1
Cash flow from operating activities before changes in working capital, MSEK	312	321	357	280	301	290	304	281
Cash flow per ordinary share, SEK	1.81	1.86	2.09	1.82	2.01	1.93	2.03	1.88

1 Refers to last twelve months

Notes

NOTE 1 ACCOUNTING POLICIES

This condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Reporting, as well as applicable regulations of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Swedish Annual Accounts Act. The same accounting policies and calculation basis were used for the Group and the Parent Company as in the most recent Annual Report.

All amounts in this interim report are stated in millions of kronor (MSEK), unless otherwise stated. The amounts in parenthesis pertain to the year-earlier period. Rounding-off differences may occur. Since July 3, the company has applied Guidelines – Alternative Performance Indicators, as issued by ESMA (European Securities and Markets Authority). In accordance with these guidelines, disclosures have been expanded in the event that financial measures not defined by IFRSs are used; see Glossary, page 20.

NOTE 2 ESTIMATES AND JUDGMENTS

The preparation of interim reports 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. The critical assumptions and sources of uncertainty in estimates are the same as those described in the most recent Annual Report; Note 24.

NOTE 3 SEGMENTS

As part of internal reporting to Group management, net operating income is monitored by market, corresponding to the three countries in which Hemfosa has investments. These three countries constitute the Group's accounting by operating segment. Other income statement items within Profit from property management are monitored at the consolidated level. The same accounting policies and calculation bases have been used in the interim report as in the most recent Annual Report.

	Sweden			Norway			Finland			Total		
	Jan-Mar	2016	Full-year	Jan-Mar	2016	Full-year	Jan-Mar	2016	Full-year	Jan-Mar	2016	Full-year
Net operating income (MSEK)	2017	2016	2016	2017	2016	2016	2017	2016	2016	2017	2016	2016
Rental income	617	573	2,247	72	58	261	33	19	94	722	650	2,604
Property expenses												
<i>Operations</i>	-152	-132	-409	-1	0	-3	-5	-1	-6	-158	-133	-419
<i>Maintenance</i>	-61	-44	-197	-1	-1	-4	-1	0	-2	-63	-46	-203
<i>Property tax</i>	-23	-21	-88	-1	-1	-3	-1	-1	-5	-25	-23	-96
Property administration	-20	-19	-75	-1	-1	-3	-1	0	0	-23	-21	-81
Net operating income	361	356	1,478	69	56	249	25	18	81	454	429	1,806
Profit from property management										447	341	3,424
Changes in value										750	467	1,612
Profit before tax for the period										1,197	808	3,424
Tax										-211	-154	160
Profit for the period										986	654	3,583

Key figures, Mar 31	Sweden		Norway		Finland		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Rental value, MSEK	2,596	2,518	284	244	162	85	3,042	2,848
Leasable area ¹ , 000s sqm	2,352	2,429	160	149	112	64	2,624	2,642
Fair value of properties, MSEK	29,553	26,688	4,506	3,581	1,692	1,071	35,751	31,340
No. of properties	383	381	32	30	8	5	423	416
Yield ² , %	5.2	5.8	5.8	6.7	6.7	6.6	5.4	5.9
Economic leasing rate, %	90.5	89.7	99.3	99.4	93.6	100.0	91.5	90.8
Remaining lease term, years	5.7	5.5	8.3	9.2	6.9	9.2	6.0	6.0
Surplus ratio for the period, %	58.5	62.1	95.8	96.6	75.8	94.7	62.9	65.8

¹ Excluding garage space

² According to earnings capacity

NOTE 4 TAX

The Group's effective tax rate for the period was 17, percent (2016 fiscal year: +4.7 percent and corresponding year-earlier period: 19 percent). The nominal corporate tax rate is 22 percent in Sweden. The reason for the deviation is that shares in profit from joint ventures of MSEK 135, an amount that is included in profit from property management, constitute after-tax profit.

Reconciliation of effective tax, MSEK	Jan-Mar 2017	
	%	MSEK
Profit before tax		1,197
Tax according to applicable tax rate for Parent Company	-22.0%	-263
Other tax rates within the the Group	-0.3%	-3
Non-deductible costs	0.0%	0
Non-taxable income	0,5%	6
Profit from shares in joint ventures	2.5%	30
Tax attributable to prior years	0.4%	5
Other	1.2%	15
Recognized effective tax	-17.6%	-211

According to the regulations, deferred tax is to take into account all assets and liabilities, apart from temporary differences associated with properties in connection with asset acquisitions. The total residual value of managed properties for tax purposes amounted to MSEK 18,775, which means that temporary differences of MSEK 9,436 are not taken into account in the Statement of financial position.

MSEK	Mar 31, 2017
Tax loss carryforwards	4,745
Residual value for tax purposes, properties	18,775
Temporary difference not recognized in the consolidated financial statements	9,436

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS

Hemfosa measures its financial instruments at fair value or amortized cost in the Statement of financial position, depending on the classification of the instrument. Financial instruments include rent receivables, derivative instruments and cash and cash equivalents among assets and interest-bearing liabilities, derivative instruments and accounts payable among liabilities. Derivative instruments are recognized at fair value following Level 2 measurement. Hemfosa has binding framework agreements, known as ISDAs, covering its trading in derivatives, which enable Hemfosa to offset financial liabilities against financial assets should, for example, a counterparty become insolvent; these are also known as netting agreements.

No offsetting occurs at present.

The table below shows the carrying amounts and fair value of financial assets and liabilities, for the financial instruments measured at fair value; i.e. derivatives. The table does not include disclosures on the fair value of financial assets and liabilities not measured at fair value, since the carrying amount is a reasonable approximation of fair value.

Financial instruments, MSEK	Carrying amount		Fair value	
	Mar 31, 2017	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016
Derivatives with a positive value	3	0	3	0
Derivatives with a negative value	75	163	75	163

NOTE 6 FINANCING

For information on changes in loans, interest rates and terms and conditions, reference is made to pages 10-11 in this interim report.

NOTE 7 SIGNIFICANT RISKS AND UNCERTAINTIES FOR THE GROUP AND PARENTCOMPANY

Hemfosa is continuously exposed to various risks, which could be significant to the company's future operations, earnings and financial position. Financing, organizational structure and work processes are key risk areas for Hemfosa, which continuously works in a structured manner on managing these and other risks and uncertainties. More information about Hemfosa's risks and management of these is available in the Annual Report on pages 44-47 and 92-94.

NOTE 8 RELATED PARTIES

The Group owns shares in joint ventures; refer to page 11 of this interim report. Gardermoen Campus Utvikling AS is managed by AspelinRamm AS. Söderport Holding AB is managed by AB Sagax, apart from property management in Gothenburg, which is provided by Hemfosa. At March 31, 2017, the Group had sureties of MSEK 187 (50) for the liabilities of joint ventures. At the same date, the Group had no receivables from joint ventures.

NOTE 9 SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

No significant events occurred after the end of the period.

Income statement for Parent Company

MSEK	Jan-Mar		Full-year
	2017	2016	2016
Net sales	8	8	34
Other external costs	-11	-11	-34
Personnel expenses	-2	-4	-39
Depreciation/amortization	0	0	0
Operating profit/loss			
Profit from shares in Group companies	-	-	979
Interest income and similar income items	5	3	15
Interest expenses and similar expense items	-17	-2	-24
Profit after financial items	-18	-6	931
Appropriations			
Group contributions received and paid	-	-	162
Profit after appropriations	-18	-6	1,093
Tax	-	-	-24
Profit for the year	-18	-6	1,069

For the January-March 2017 period, the Parent Company recognized a result after tax of MSEK -18 (-6). The Parent Company's fee during the period for central and property administrative services on behalf of Group companies was MSEK 8 (8). Profit for the year total corresponds to comprehensive income for the year.

Balance sheet for the Parent Company

MSEK	Mar 31		Dec 31
	2017	2016	2016
ASSETS			
Tangible assets	1	0	1
Participations in Group companies	5,254	4,199	5,258
Non-current receivables from Group companies	477	-	477
Deferred tax asset	-	24	-
Total fixed assets	5,732	4,223	5,736
Current receivables from Group companies	9,613	7,732	8,898
Other current receivables	50	10	47
Cash and bank balances	23	7	671
Total current assets	9,686	7,749	9,616
TOTAL ASSETS	15,418	11,972	15,352
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity	84	72	84
Unrestricted equity	10,988	8,907	11,033
Equity	11,072	8,979	11,117
Bond	1,500	1,200	750
Total non-current liabilities	1,500	1,200	750
Bond	480	-	998
Commercial paper	1,095	-	895
Current liabilities to Group companies	1,222	1,676	1,330
Other current liabilities	49	117	261
Total current liabilities	2,846	1,793	3,485
Total liabilities	4,346	2,993	4,235
TOTAL EQUITY AND LIABILITIES	15,418	11,972	15,352
Pledged assets and contingent liabilities			
<i>Pledged assets</i>			
Participations in Group companies	5,254	4,199	5,258
<i>Contingent liabilities</i>			
Sureties for liabilities in Group companies	14,273	13,311	14,273
Sureties for liabilities in joint ventures	187	127	187

At March 31, 2017, the Parent Company had shareholders' equity totaling MSEK 11,072 (8,979), of which restricted equity accounted for MSEK 84 (72). The surety mainly pertains to liabilities in the Norwegian co-owned company Gardermoen Campus Utvikling AS, which owns and is developing a health and medical care competence park by Gardermoen Airport.

Newly issued bonds in an amount of MSEK 750 during the period, as well as utilizing more commercial paper. Intra-Group liabilities totaled MSEK 1,222 (1,676) and intra-Group receivables MSEK 10,090 (7,732).

Glossary

Cash flow from operating activities per ordinary share

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

Community service properties

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

Debt/equity ratio

Interest-bearing liabilities as a percentage of equity.

Dividend policy

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

Earnings per ordinary share

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

Economic leasing rate

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

Equity per ordinary share

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

Equity per preference share

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

Equity/assets ratio

Equity as a percentage of total assets.

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. The interest-coverage ratio is a financial target that shows how many times the company can pay its interest charges with its profit from operational activities.

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 swaps

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.

Net asset value (EPRA NAV) per ordinary share

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

Net loan-to-value ratio*

The net of interest-bearing liabilities and bank balances at the end of the period in relation to the fair value of the properties in the statement of financial position. The net loan-to-value ratio is a measure of risk that indicates the degree to which the operation is encumbered with interest-bearing liabilities, but taking into account bank balances. The key figure provides comparability with other property companies.

Net operating income*

Net operating income comprises the income and expense items directly connected to the property, meaning rental income and the expenses required to keep the property in operation, such as operating expenses, maintenance costs and personnel costs for those who take care of the property and tenant contacts. The indicator is used to provide comparability with other property companies, but also to illustrate operational performance.

Preference share capital

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

Profit from property management*

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

Profit from property management per ordinary share

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

Property

Properties held under title or site leasehold.

Rental income

Rents charged including supplements for heating and property tax.

Rental value*

Rental income for the total leasable area.

Return on equity

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

Site leasehold

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

Surplus ratio*

Net operating income for the period as a percentage of the rental income. The surplus ratio shows the percentage of each Swedish krona earned that the company can keep. The key figure serves as a measure of efficiency that is comparable over time and among property companies.

Yield*

Net operating income for a rolling 12-month period as a percentage of the carrying amounts of the properties, adjusted for the holding period of the properties during the period. The key figure indicates the yield from operational activities in relation to the properties' value.

* Pertains to Alternative Performance Measures according to the European Securities and Markets Authority (ESMA).



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