

A strong close to an important year

QUARTER OCTOBER-DECEMBER 2014

- Rental income amounted to MSEK 422 (407)
- Profit from property management totaled MSEK 179 (90), or SEK 2.50 per common share (3.60)*
- Profit after tax amounted to MSEK 390 (90), corresponding to SEK 5.70 per common share (3.60)*
- Cash flow from operating activities was MSEK 247 (105), or SEK 3.60 per common share (5.30)*

* The number of common shares at year-end was 65,720,104 (25,000,000), the number of preference shares at year-end was 5,000,000 (-)

PERIOD JANUARY-DECEMBER 2014

- Rental income amounted to MSEK 1,612 (1,584).
- Profit from property management totaled MSEK 821 (323), corresponding to SEK 14.70 per common share (12.90)*
- Profit after tax amounted to MSEK 962 (231), or SEK 17.30 per common share (7.40)*
- Recognized property value of SEK 24.4 billion (16.3) derives from 353 (195) directly owned properties.
- Net asset value (EPRA NAV) per common share was SEK 119.90 (116.40).
- Cash flow from operating activities was MSEK 627 (261), corresponding to SEK 11.20 per common share (10.40)*
- The Board proposes a dividend of SEK 6.00 per common share with a quarterly payment of SEK 1.50 per each common share, as well as a dividend of SEK 20.00 per preference share with a quarterly payment of SEK 5.00 per preference share.

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- Hemfosa issued 5,000,000 new preference shares, which contributed MSEK 1,591 to the company after deductions for issuance costs. The preference share was listed on Nasdaq Stockholm on December 12.
- During the fourth quarter of 2014, Hemfosa implemented a number of major property acquisitions. Properties were acquired for a total of SEK 6.4 billion, with community service properties accounting for SEK 4.2 billion.
- The largest acquisition of community service properties was implemented in November in an exchange transaction. Hemfosa acquired 60 community service properties valued at nearly SEK 3.3 billion and divested a site leasehold in Huddinge valued at slightly more than SEK 1.1 billion.
- Another large property portfolio consisting of community service properties, office and logistics properties valued at SEK 2.0 billion was acquired in November.
- In December 2014, Hemfosa acquired the remaining 50 percent of a previously half-owned property portfolio with a market value of SEK 1.3 billion.
- After year-end, Hemfosa divested nine logistics properties valued at approximately SEK 0.9 billion.
- In early 2015, Hemfosa took the first step into the Norwegian market through the acquisition of eight community service properties in the Oslo region for a price of SEK 3.0 billion.
- In February 2015, Hemfosa signed an agreement to acquire community service properties in western Sweden at a value of SEK 0.4 billion.
- The Board intends to propose a two-for-one split of the company's common share.

The art of buying in the right place



Comments from the CEO

A strong close to an important year

The fourth quarter marked the close of a very important year for Hemfosa, which we ended on a strong note. Over a three-month period, we implemented more transactions than we have ever done, resulting in a significant expansion of the property portfolio – particularly in the prioritized Community Service Properties segment – completely in line with our strategy. We also further strengthened our financial position during the quarter, through the successful issuance of the preference shares that were listed on Nasdaq Stockholm in December.

Strategic transactions at a fast pace

We have our sight set on growth and many of the discussions held during the year resulted in the completion of several key strategic acquisitions during the quarter. One such transaction was the exchange transaction with Hemsö in November, in which we acquired community service properties valued at nearly SEK 3.3 billion and also divested a site leasehold to Hemsö as part of the deal. This means that in one transaction, we were able to add 60 properties to our Community service properties segment, with the precise category of tenants that we want; homes for the elderly, schools and healthcare facilities, but also police and the judicial system – stable operations, generally with long leases. In November, we also acquired some 50 properties in southern and western Sweden for approximately SEK 2 billion from Castellum – an attractive portfolio with stable cash flows.

Extended leases with major tenants

In our ongoing management and development of the property portfolio, we extended several leases with major tenants during the quarter, including the Police Authority in Sollentuna and the National Courts Administration in Alingsås, where we will be implementing conversions and expansions in both instances.

For us at Hemfosa, it has always been important to be alert and open to various forms of attractive property projects, in which we become involved only when the properties have been completed and leases signed with the tenants. In December, we signed such a project with Skanska, whereby we are acquiring three properties with long leases for residential care with occupancy in 2016.

We keep our promises

When I look back at 2014, I can confirm that we did what we aimed to do. We listed the company in March and I feel that the stock market has appreciated Hemfosa and our business concept with a focus on properties with stable cash flows.

We have significantly increased the property portfolio, primarily in high-quality community service properties. We continued to develop the existing portfolio and have also formed a stronger organization that can cope with continued growth. Best of all, we have increased our earnings capacity and strengthened our financial position. We are very satisfied with this and see continued potential for Hemfosa to expand in 2015.

A new and highly exciting feature is the acquisitions we implemented in Norway early in 2015. This is when we took the first step into the Norwegian market through the acquisition of eight community service properties in the Oslo region. As we see it, Norway offers numerous attractive business opportunities and our objective is to continue to expand both there and in Sweden, our principal market. Now that the market is liquid, we will also capitalize on the opportunities to divest unprioritized properties and to instead acquire properties or develop the property portfolio.

Jens Engwall, CEO

Large
number of
trans-
actions

A first step
into
Norway

Operations

Summary of earnings

MSEK	October-December		Full-year	
	2014	2013	2014	2013
Rental income	422	407	1,612	1,584
Property expenses including property management	-150	-134	-538	-537
Net operating income	272	273	1,074	1,047
Central administration	-24	-13	-74	-79
Other operating income and expenses	12	-5	62	0
Share in profit of joint ventures	15	26	239	125
Financial income and expenses	-96	-192	-480	-770
Profit from property management	179	90	821	323
Change in value of properties	268	-19	487	-214
Change in value of financial instruments	-69	-51	-277	23
Profit before tax for the quarter/year	378	19	1,031	132
Current tax	-1	0	-2	-
Deferred tax	13	71	-67	99
Profit for the quarter/year	390	90	962	231

COMMENTS ON THE FOURTH QUARTER, OCTOBER-DECEMBER 2014

During the fourth quarter of 2014, Hemfosa implemented a number of major property acquisitions. Properties were acquired for a total underlying value of SEK 6.4 billion, of which properties in the prioritized Community service properties segment accounted for SEK 4.2 billion. Hemfosa also acquired 50 percent of the previously half-owned company Kronfastigheter Holding AB, whereby Kronfastigheter becomes a wholly owned subsidiary that will henceforth be consolidated in the financial statements. Kronfastigheter owns properties valued at SEK 1.3 billion.

During the quarter, properties were divested for a total underlying value of SEK 1.2 billion. The largest divestment was the SEK 1.1 billion sale of the Medicinaren 19 site leasehold in Huddinge, which was included in a transaction implemented when Hemfosa acquired community service properties for SEK 3.3 billion.

At year-end, the leasable area of Hemfosa's property portfolio totaled 2,516,000 square meters (1,704,000). The leasing rate was 90.7 percent (89.8). The yield for the entire portfolio was 6.1 percent (6.4).

Major work was implemented in the fourth quarter to include newly acquired properties into Hemfosa's property management organization. Property management activities during the period included the renegotiation of several leases, as well as modifications and renovations of premises to meet the needs of tenants. In total, tenant-specific modifications in an amount of MSEK 115 were conducted during the fourth quarter.

Profit from participations in joint ventures totaled MSEK 15 (26), which was generated primarily from the holdings in Söderport Holding AB. The profit participations comprised MSEK 33 (9) in profit from property management, MSEK -14 (8) in revaluation of properties and financial instruments and MSEK -4 (6) in other items. Since the acquisition of the remaining 50 percent of the shares in Hemfosa Kronfastigheter Holding AB was implemented in late December 2014, the full-year share in profit from this holding is recognized according to the equity method.

The reduction in financial income and expense derived from part of an interest-bearing shareholders' loan being converted to equity and being partly repaid during the first quarter of

2014. This item was also positively impacted by both lower interest rates and narrower margins in new borrowings.

Changes in the value of investment properties totaled MSEK 268 (-19), of which realized changes in value accounted for MSEK 120 (10) and unrealized changes in value for MSEK 148 (-30). When Hemfosa acquired the remaining 50 percent of the shares in Kronfastigheter, the purchase consideration corresponded to an amount that was lower than half of the acquired equity. The difference has been recognized in the accounts as a bargain acquisition, which resulted in an unrealized change in value of MSEK 35.

Changes in the value of financial instruments totaled MSEK -69 (-51), of which realized changes in value accounted for MSEK -20 (-) and unrealized changes in value for MSEK -49 (-51). During the quarter, interest-rate swaps were redeemed at a cost of MSEK 50, which resulted in a realized change in value of MSEK -20. The continued decline in interest rates increased the negative value of interest-rate swaps.

Fourth-quarter cash flow from operating activities was MSEK 247 (105). Property acquisitions implemented in late 2014, either through the acquisition of companies or properties, had an impact of MSEK -2,139 (-) on cash flow from investing activities and investments in investment properties amounted to MSEK -97 (-217). A dividend of MSEK 25 (-) was received from a joint venture. Cash flow from investing activities totaled MSEK -1,942 (-139).

During the fourth quarter, new loans were raised totaling MSEK 5,543 (20) and loan repayments amounted to MSEK -733 (-21). The new issue of preference shares contributed MSEK 1,591 (-) to the company after issuance costs. Cash flow from financing activities totaled MSEK -1,792.

In total, a positive cash flow of MSEK 97 (-28) was shown for the quarter.

INTERIM REPORT JANUARY-DECEMBER 2014

Earnings

During the year, the property portfolio grew steadily from SEK 16.3 billion to SEK 24.4 billion. The number of properties rose from 195 to 353 during the same period. Since the largest acquisitions were implemented in late 2014, the acquisitions did not contribute significantly to net operating income for the year. Refer also to Current earnings capacity on page 9 for information on how the acquisitions are expected to increase Hemfosa's net operating income and profit from property management.

Profit from property management totaled MSEK 821 (323). The higher year-on-year earnings derived mainly from higher profit from Hemfosa's participations in joint ventures and from lower financial costs.

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

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

Changes in the value of Hemfosa's investment properties totaled MSEK 487 (-214), of which realized changes in value accounted for MSEK 147 (-21). As shown above, the acquisition resulted in an unrealized change in value of MSEK 35 in the remaining 50 percent of the shares in Hemfosa Kronfastigheter. The purchase consideration for the shares was less than half of the acquired equity. The difference has been recognized in the accounts as a bargain acquisition.

Changes in the value of financial instruments totaled MSEK -277 (23), of which MSEK -75 (-) pertained to realized changes in value that arose in connection with the termination of interest-rate swaps in June and December 2014. At December 31, 2014, interest-rate swaps had a negative fair value of MSEK -105 (-112). During the year, Hemfosa signed interest-rate caps agreements. At December 31, 2014, these had a fair value of MSEK 3, for which unrealized changes in value of MSEK -0.3 were charged against profit for the year.

The company recognized a current tax expense of MSEK -2 (-) and a deferred tax expense of MSEK -67 (99). Of the total deferred tax, MSEK -126 derived from investment properties, MSEK 61 from tax loss carryforwards, and MSEK -1 from financial instruments. Loss carryforwards at December 31, 2014 totaled MSEK 1,912. Since the company estimates that MSEK 733 of these carryforwards can be utilized in operations during coming fiscal years, they were measured as an asset at December 31, 2014. Tax-loss carryforwards of approximately MSEK 1,200 are attributable to companies acquired during the year. These carryforwards will be blocked as Group contributions through the 2020 tax year.

Cash flow

Cash flow from operating activities for the year amounted to MSEK 627 (261), corresponding to SEK 11.2 per share (10.4). Investing activities had an impact of MSEK -2,499 (-503) on cash flow, of which investments in existing properties accounted for MSEK -484 (-667), acquisitions of subsidiaries and properties for MSEK -2,411 (-65) and sales of subsidiaries and properties for MSEK 364 (323). A dividend of MSEK 63 (-) was received from Söderport Holding AB in 2014.

Financing activities had an impact of MSEK 2,182 (284) on cash flow for the year. In connection with the listing of the company's share on Nasdaq Stockholm in March 2014, Hemfosa received MSEK 809. Bond loans of MSEK 1,200 were raised, which contributed MSEK 1,188 to the company after issue costs. During the fourth quarter, a new issue of preference shares contributed MSEK 1,592 to the company after issuance costs. In addition to acquiring properties, the capital contribution was used to repay existing loans and to strengthen liquidity. All existing interest-rate swaps were settled during the year for a redemption amount of MSEK -284. In addition to loans raised and repayments in connection with the acquisition and divestment of subsidiaries, loans raised amounted to MSEK 3,087 and repayments to MSEK -2,055.

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

Key figures

	October-December		Full-year	
	2014	2013	2014	2013
Rental income, MSEK	422	407	1,612	1,584
Profit from property management, MSEK	179	90	821	323
Profit after tax, MSEK	390	90	962	231
Profit after tax per common share, SEK	5.7	3.6	17.3	7.4
Equity per common share, SEK	107.6	94.8	107.6	94.8
Net asset value (EPRA NAV) per common share, SEK	119.9	116.4	119.9	116.4
Recognized value of investment properties, SEK billion	24.4	16.3	24.4	16.3
Weighted average number of common shares, 000s	65,720	25,000	54,977	25,000
Number of common shares outstanding per balance-sheet date, 000s	65,720	25,000	65,720	25,000
Weighted average number of preference shares, 000s	1,111	-	370	-
Number of preference shares per balance-sheet date, 000s	5,000	-	5,000	-

Segment reporting

The property portfolio is divided into four segments: Community service properties, Office properties in Growth municipalities, Logistics properties and Transaction properties. Community service properties pertain to properties with publicly financed tenants, either directly or indirectly, who account for at least 70 percent of the rental value. Office properties in growth municipalities are centrally located office properties in expanding districts. Logistics properties are primarily modern logistics properties located in attractive logistics hubs. Transaction properties include properties from the other segments that have been not deemed to generate an acceptable long-term, risk-adjusted yield, as well as properties that are considered unique in terms of geography or category.

COMMUNITY SERVICE PROPERTIES

50%
share of
the Group's
net
operating
income

The Community service properties segment contributes approximately half of Hemfosa's net operating income. At December 31, 2014, the segment included a total of 165 properties with a leasable area of 977,000 square meters. During the fourth quarter, properties with an underlying property value of SEK 4.2 billion and leasable area of 338,000 square meters were acquired.

The largest acquisition was a portfolio acquired from Hemsö Fastighets AB. The acquired properties are located mainly in the Stockholm region, Härnösand, Sundsvall, Umeå, Karlskrona, Finspång, Malmö and Eksjö, and have an underlying property value of SEK 3.3 billion. The leasable area totals about 275,000 square meters. The tenants are predominantly municipal operations such as retirement homes, schools and care centers, but also include the Police Authority and the National Courts Administration. The leasing rate is 98 percent and the average term of the leases is 9.0 years.

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

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

Community service properties (MSEK)	October-December		Full-year	
	2014	2013	2014	2013
Rental income	216	209	806	785
Property expenses				
Operations	-45	-33	-159	-156
Maintenance	-18	-18	-53	-54
Property tax	-7	-7	-26	-27
Property administration	-7	-9	-28	-28
Net operating income	139	142	540	520
Number of properties at year-end			165	85
Leasable area, 000s of sqm*			977	632
Economic leasing rate, %			96.2	92.0

*excluding garage space

26%
share of the
Group's net
operating
income

OFFICE PROPERTIES IN GROWTH MUNICIPALITIES

At December 31, 2014, the Office properties in growth municipalities segment included a total of 63 properties with a leasable area of 527,000 square meters. The economic leasing rate was 81.9 percent. The yield for Office Properties in Growth Municipalities was 5.6 percent.

Leasing work during the quarter included the renegotiation of leases together with implementation of tenant-specific modifications. During the quarter, 11 office properties with leasable area of 66,000 square meters were acquired at an underlying value of MSEK 503.

Office properties in growth municipalities (MSEK)	October-December		Full-year	
	2014	2013	2014	2013
Rental income	111	115	443	436
Property expenses				
<i>Operations</i>	-23	-15	-86	-86
<i>Maintenance</i>	-10	-11	-31	-35
<i>Property tax</i>	-7	-10	-29	-29
Property administration	-5	-4	-20	-19
Net operating income	65	74	276	267
Number of properties at year-end			63	45
Leasable area, 000s of sqm*			527	431
Economic leasing rate, %			81.9	83.8

*excluding garage space

LOGISTICS PROPERTIES

At December 31, 2014, the Logistics Properties segment had a total of 31 properties, of which about half in southern Sweden, with the remainder divided geographically between central Sweden, western Sweden and the Stockholm area. The leasable area was 522,000 square meters and the leasing rate 91.4 percent. Most of the leases in the segment are triple-net-agreements, which means that they have been formulated so that the tenants themselves account for operating expenses connected to the leased spaces. The yield on Logistics properties was 6.8 percent.

During the fourth quarter, six logistics properties with a leasable area of 98,000 square meters were acquired at an underlying value of MSEK 679. Four of the properties were acquired from the Kilenkrysset property company. The properties are located in Falun, Uppsala and Eskilstuna and have a leasable area of more than 83,000 square meters. The two other properties were included in the portfolio acquired from Castellum.

Logistics properties (MSEK)	October-December		Full-year	
	2014	2013	2014	2013
Rental income	61	56	221	216
Property expenses				
<i>Operations</i>	-6	-4	-18	-15
<i>Maintenance</i>	-1	-2	-4	-9
<i>Property tax</i>	-1	-2	-5	-4
Property administration	-1	-2	-6	-7
Net operating income	51	46	188	181
Number of properties at year-end			31	23
Leasable area, 000s of sqm*			522	407
Economic leasing rate, %			91.4	94.1

*excluding garage space

6%
share of
the Group's
net
operating
income

TRANSACTION PROPERTIES

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

Transaction properties (MSEK)	October-December		Full-year	
	2014	2013	2014	2013
Rental income	35	35	143	148
Property expenses				
<i>Operations</i>	-10	-7	-43	-41
<i>Maintenance</i>	-5	-5	-16	-13
<i>Property tax</i>	-2	-2	-7	-8
Property administration	-2	-2	-9	-6
Net operating income	16	19	69	80
Number of properties at year-end			94	42
Leasable area, 000s of sqm*			491	243
Economic leasing rate, %			87.4	84.6

*excluding garage space

Current earnings capacity

The table below shows the current earnings capacity on a 12-month basis at December 31, 2014. The earnings capacity is not a forecast and should be considered more as a theoretical overview presented only for illustrative purposes. The current earnings capacity does not include an assessment of future trends in rents, vacancy rates, operating costs, interest rates or other factors.

Group's earnings capacity

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

The 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, 2014 based on current leases.
- Operating and maintenance costs comprise an assessment of a standard year's operating costs and maintenance measures.
- Property tax has been calculated based on the taxable value of the properties for 2014 and costs for site leaseholds have been assessed based on the level for 2014.
- Costs for central administration and marketing have also been assessed based on the existing organization and the size of the property portfolio.
- Financial income and costs have been calculated based on the company's actual average interest rates as of January 1, 2015.
- Unconditional acquisition and sales agreements at the end of the report period.

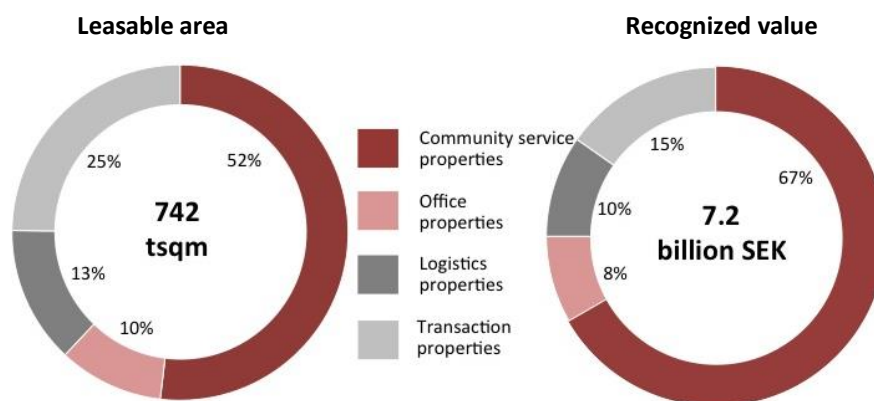
Property portfolio

As of December 31, 2014, the total property portfolio comprised 353 properties (195) with a geographic concentration in southern and central Sweden. The metropolitan regions of Stockholm and Gothenburg accounted for about 40 percent of the total property value.

The properties had a total market value of SEK 24.4 billion (16.3). The leasable area totaled 2,516,000 square meters (1,704,000) with a rental value of MSEK 2,520 (1,723).

During the year, Hemfosa acquired 140 properties with an underlying property value of SEK 7.2 billion and leasable area of 743,000 square meters. The major part of the acquisitions, SEK 6.4 billion, was implemented during the fourth quarter.

Properties acquired in 2014, distributed by segment



At the end of 2014, the remaining shares in the previously half-owned company Hemfosa Kronfastigheter Holding were acquired, whereby Hemfosa's wholly owned property portfolio increased by 29 properties with leasable area of 137,000 square meters and a property value of SEK 1.3 billion.

The largest acquisition of the year was that of community service properties valued at SEK 3.3 billion from Hemsö Fastigheter. The acquired properties are located mainly in the Stockholm region, Härnösand, Sundsvall, Umeå, Karlskrona, Finspång, Malmö and Eksjö. The tenants are predominantly municipal operations such as retirement homes, schools and care centers, but also include the Police Authority and the National Courts Administration. The leasing rate is 98 percent and the average term of the leases is nine years.

Three properties were also acquired in the Community service properties segment during the year. Two of the properties are located centrally in Sundsvall, comprise approximately 33,000 square meters of leasable area and are fully leased to Mid Sweden University. The third property is a community service property located in the area of Östra Kasern in Kristianstad.

During 2014, Hemfosa also completed two acquisitions in the Office properties in growth municipalities segment. One of the properties is situated in central Sundsvall, with Nordea Bank as the largest tenant. The total leasable area slightly exceeds 5,000 square meters. The second property is a centrally located office property in Kristianstad.

Another major acquisition completed in the fourth quarter was the acquisition from Castellum of 54 properties located in Växjö, Värnamo and Gothenburg. The leasing rate of the acquired portfolio, which comprises properties in all of Hemfosa's segments, is about 90 percent.

In the fourth quarter, two properties were divested, of which one was the Medicinaren 19 leasehold in Huddinge with leasable area of 39,000 square meters. During 2014, six properties were divested, including four from the Transaction properties segment, one from the Office properties in growth municipalities segment and one from the Community service properties

segment. The properties are situated in the Gothenburg and Stockholm areas and have a total leasable area of some 15,000 square meters.

Major leases signed during the year include an approximately 22,000-square-meter new 15-year lease with Haninge Municipality for the municipal building in Haninge.

A 15-year lease was also signed with the National Courts Administration, a tenant in a Hemfosa-owned property in Alingsås. Hemfosa is extending court rooms and offices by approximately 1,000 square meters and, in this connection, the District Court's existing premises will also be modified and upgraded.

In Umeå, a property is being remodeled and expanded for Vattenfall, entailing conversion to open plan and modernization of the premises. In connection with this, a ten-year lease was signed.

A lease with the Police Authority in Sollentuna, Stockholm, for a total area of about 13,000 square meters was extended by 15 years. Hemfosa is to conduct remodeling and expansion work, in order to adapt and upgrade existing office spaces to create more appropriate premises.

In the property portfolio, a large property became vacant in the West region when the tenant decided to move due to operational downsizing. This is the reason for the lower leasing rate for the Office properties in growth municipalities segment.

Investments totaling MSEK 484 were implemented in the existing property portfolio, of which tenant-specific modifications accounted for MSEK 115, renovations for MSEK 177 and new-build projects for MSEK 192.

Property information, December 31, 2014

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

*excluding garage space

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

*excluding garage space

The table below presents information about investments made in existing properties, concluded acquisitions and the recognized value of properties divested during the year.

January-December 2014

By segment	Investments in existing properties, MSEK	Properties acquired, MSEK	Properties divested, MSEK
Community service properties	280	5,121	997
Office properties	169	820	40
Logistics properties	4	758	-
Transaction properties	31	1,956	124
Total	484	8,656	1,161

By region	Investments in existing properties, MSEK	Properties acquired, MSEK	Properties divested, MSEK
North	70	2,021	32
Central	48	1,335	-
Stockholm	236	2,045	1,020
South	76	2,403	17
West	56	860	92
Total	484	8,656	1,161

MARKET VALUE OF PROPERTY PORTFOLIO

The market value of Hemfosa's investment properties has been assessed by external, independent property appraisers, with relevant, professional qualifications and experience in the field, as well as in the category of the properties appraised. The independent appraisals provide the market value of the Group's portfolio of investment properties each quarter, starting from June 30, 2013.

Valuation technique

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 the yield requirement include an assessment of the object's future rent trend, changes in value and any development potential, as well as the maintenance condition of the property. Key value parameters are location and rent level, as well as vacancy rates. For each property, a cash flow is prepared that extends at least five years into the future. With respect to income, current leases are used. For vacant spaces, an estimate is performed by individually assessing each property. The inflation assumption is 0 percent for 2015 and thereafter 2 percent annually. Property expenses are estimated based on annual historical trends. The valuation is based on a present-value computation of cash flow, as well as the present market value at the end of the calculation period.

The weighted yield requirement was 7.0 percent, compared with an average yield requirement of 7.1 percent at September 30, 2014. The weighted cost of capital for the present value calculation of cash flows and residual values was 8.3 percent and 9.2 percent, respectively.

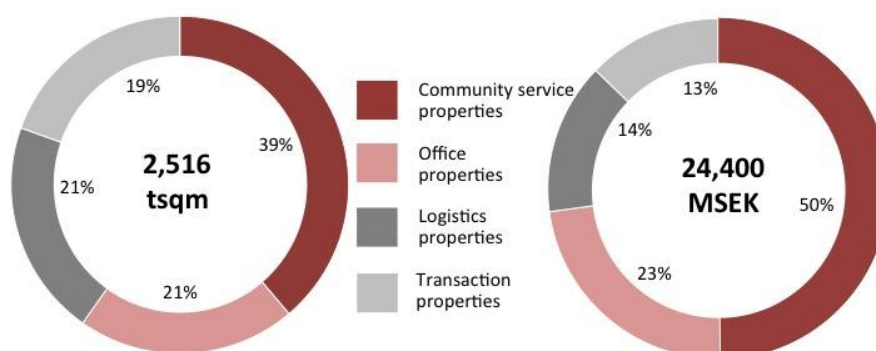
The appraised value of Hemfosa's property portfolio was SEK 24.7 billion. The total change in value during the year was MSEK 8,324, of which acquired properties accounted for MSEK 8,656, value-adding investments in the properties for MSEK 486, realized changes in value for MSEK 147 and unrealized changes in value MSEK 340. In connection with acquisitions, a deduction for

deferred tax of MSEK 318, taken into account in accordance with IFRS, had a negative impact on the recognized property value in the statement of financial position. The recognized property value totals SEK 24.4 billion.

Recognized property value

MSEK	December 31, 2014
Opening value for the year	16,394
Acquired properties	8,655
Investments in existing properties	484
Divested properties	-1,304
Realized changes in value recognized in profit or loss for the year	147
Unrealized changes in value recognized in profit or loss for the year	340
Opening value for the year	24,718
Acquired deferred tax	-318
Recognized property value	24,400

Leasable property area and recognized property value by segment



Shares in joint ventures

At December 31, 2014, Hemfosa was a partner in three joint ventures. In all of these companies, Hemfosa's ownership is 50 percent, with only one other owner. Ownership is governed by a shareholders' agreement giving both owners equal power of decision, meaning that neither partner has a controlling influence. Hemfosa recognizes the holdings as shares and participations in joint ventures in the Statement of financial position. Shares in the profit/loss of joint ventures are recognized in the Group's profit from property management.

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

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

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

SÖDERPORT HOLDING AB

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

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

During the year, Söderport acquired properties from companies in the Volvo Group for a total purchase consideration of SEK 1.8 billion. The acquisition pertained to 12 properties totaling 300,000 square meters of leasable area and 900,000 square meters of land. Most of the properties are located in Torslanda, close to central Gothenburg and the Port of Gothenburg. The properties comprise premises for storage, light industrial operations and offices. The acquisition also included properties located in southern and central Sweden that comprise service workshops for trucks and buses. Five industrial properties were also acquired in northern Greater Stockholm, with a total area of 7,000 square meters.

During 2014, Söderport fulfilled its plan to divest the remaining properties in the Bilprovning acquisition located outside Greater Stockholm. The transaction involved an underlying property value of MSEK 56. During the year, Söderport also divested a housing project in Stockholm for MSEK 355. The properties are currently developed as 40,000 square meters of industrial and

office premises. Work to prepare a new development plan for conversion into residential units is in progress.

During the fourth quarter, Söderport signed an agreement for a revolving overdraft facility totaling MSEK 3,000, with a term extending until April 15, 2020. Existing loans will be refinanced using MSEK 2,100 of the overdraft facility. The remaining share of the facility will provide the basis for the acquisition of properties. This will also reduce the financial risk, since the term of 65 percent of the Söderport Group's interest-bearing liabilities will be extended from one year to just over five years.

Key figures for Söderport Holding AB

Property portfolio	Dec 31, 2014	Dec 31, 2013
No. of properties	45	44
Leasable area, 000s of sqm	614	366
Hemfosa's share of selected financial information		
Participating interest, %	50	50
Rental income, January-September, MSEK	225	170
Market value of properties, MSEK	2,514	1,475
Equity, MSEK	570	371
Interest-bearing liabilities, MSEK	1,592	1,005
Derivatives, MSEK	233	120
Deferred tax assets or tax liabilities (-), MSEK	51	-6

GÄSTGIVAREGATAN HOLDING AB

Hemfosa and Smebab Kommersiellt Holding AB each own 50 percent of a company in the Skanska Group, Gästgivaregatan Holding AB.

Gästgivaregatan is a project development company formed to develop and add value to the Tellus 4 commercial property in Södertälje. The commercial premises, comprising a total of approximately 10,000 square meters, will undergo comprehensive renovation and upgrading. The project is scheduled for completion by mid-2016.

CULMEN STRÄNGNÄS II AB

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

Culmen Strängnäs II AB is a project development company formed to develop and add value to the properties. The company is currently developing and adding value to tenant-owner apartments in Strängnäs. In a first stage, 45 tenant-owner apartments will be completed and sold. In 2014, 30 tenant-owner apartments were completed and sold in a second stage. The company owns the development rights for residential units totaling about 3,000 square meters.

Financing

EQUITY

During 2014, Hemfosa issued new shares in an amount of MSEK 2,970 offsetting a shareholders' loan, issued new common shares in an amount of MSEK 809 after issuance costs and issued preference shares in an amount of MSEK 1,591 after issuance costs. Hemfosa's shareholders' equity amounted to MSEK 8,701 on December 31, 2014, an increase of MSEK 6,332 during the year. The Parent Company's equity amounted to MSEK 8,607 on December 31, 2014.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities on December 31, 2014 totaled MSEK 15,760, of which loans from credit institutions accounted for MSEK 14,534, bond loans for MSEK 1,190, vendors' mortgages for MSEK 33 and other liabilities for MSEK 3. Hemfosa has a revolving credit of MSEK 1,300, of which MSEK 633 was utilized at December 31, 2014. The Group also has two overdraft facilities totaling MSEK 150, of which MSEK 18 was utilized at December 31, 2014. All loans were in SEK.

The Group's interest-bearing liabilities to external credit institutions corresponded to 64.6 percent of the recognized value of the property portfolio in the Statement of financial position. The average remaining fixed-rate and loan maturity periods were 1.9 and 2.7 years, respectively, at year-end. The average interest rate at December 31, 2014 was 2.37 percent.

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

	Overdraft facilities, MSEK	Derivatives, MSEK	Caps, 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
Total	15,760	0	0	15,760	100

Agreements entered into for interest-rate swaps and interest-rate caps with a total volume of MSEK 7,710 have been taken into account in calculating the level of contractual interest rates and durations. The underlying loans carry interest at a variable rate that is mainly based on STIBOR 3m.

During the fourth quarter of 2014, new loans totaling MSEK 5,543 were raised, of which the acquisition of properties accounted for MSEK 4,194, previous acquisitions of joint ventures for MSEK 1,166, refinancing for MSEK 14 and utilization of existing overdraft facilities for MSEK 169. During the quarter, a total of MSEK 733 was repaid, of which repayments connected to divested properties accounted for MSEK 682 and repayment of vendor's mortgages for MSEK 10. Net changes in interest-bearing liabilities during the quarter increased by MSEK 4,810.

The table below presents the maturity structure of Hemfosa's interest-bearing liabilities. The table also shows the net interest rate linked to interest-rate swaps. All interest-rate swaps had a negative fair value totaling MSEK 105 at December 31, 2014.

Maturity structure, interest-bearing liabilities at December 31, 2014

	Nominal amounts, MSEK	Proportion, %	Loan interest, MSEK	Net interest, derivatives, MSEK*	Total, MSEK
2014	0	0	338	36	374
2015	243	0	298	33	331
2016	4,372	28	189	28	217
2017	5,911	38	91	25	116
2018	5,198	33	2	5	6
2019–	36	0	8	0	8
Total	15,760	100			

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

Fixed-income derivatives and interest-rate caps are used to limit the interest-rate risk and increase the predictability of Hemfosa's profit from property management. At December 31, 2014, the interest-rate swaps entered into totaled MSEK 6,654 and interest-rate caps totaled MSEK 1,056, meaning that, together with the fixed-interest-rate loans, 60.8 percent of the loan portfolio is interest-rate hedged. At the end of the fourth quarter, Hemfosa expanded and restructured part of its portfolio derivatives partly in order to comply with conditions in the forthcoming acquisition financing and partly to capitalize on the low interest rates in the market. Parts of the forthcoming acquisition financing include new interest-rate swaps of MSEK 675 and new interest-rate caps of MSEK 1,056.

Interest-rate caps function as an interest-rate ceiling whereby Hemfosa pays variable interest up to a predetermined interest rate. Should the variable interest rate in the market exceed this level, Hemfosa will pay interest corresponding only to the predetermined interest rate. The interest-rate ceiling for the agreed interest-rate caps is 1.5 percent.

A market-based premium has been paid to enter the interest-rate cap agreements. The fair value of the interest-rate caps at December 31, 2014 was MSEK 3, resulting in an unrealized change in value on financial instruments of MSEK -0.3 recognized in profit for the year.

The existing derivatives portfolio was restructured at year-end when the existing interest-rate swaps totaling MSEK 2,682 were redeemed while new interest-rate swaps totaling MSEK 2,757 were signed. The redemption price was MSEK 50, of which MSEK -20 was charged to earnings for the quarter. The unrealized changes in the value of financial instruments amounted to MSEK -49 during the quarter.

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

	Nominal amount, MSEK	Average interest-rate swaps, %	Market value, MSEK
<1 year	0	0	0
1–2 years	2,995	0.45	-9
2–3 years	0	0	0
3–4 years	2,660	1.10	-63
4–5 years	1,000	1.26	-32
>5 years	0	0	0
Total	6,654	0.80	-105

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

During 2014, two restructurings of the derivative portfolio were implemented. At the beginning of 2014, Hemfosa had interest-rate swaps with a total volume of MSEK 7,979. During the year, interest-rate swaps totaling MSEK 10,662 were redeemed and new swaps were signed totaling MSEK 9,337. In December, interest-rate caps totaling MSEK 1,056 were also signed. The total redemption cost for the restructuring was MSEK 284. At the end of 2014, Hemfosa had financial instruments with a total volume of MSEK 7,710.

Other disclosures

SIGNIFICANT EVENTS AFTER YEAR-END

In December 2014, Hemfosa signed a conditional agreement for the sale of nine logistics properties in eight locations in southern, western and central Sweden encompassing a total of about 116,000 square meters of leasable area and a value of approximately MSEK 900. The transaction was completed in February 2015. In conjunction with the sale, MSEK 442 of the existing loan was repaid.

In January 2015, one of the overdraft facilities was increased by MSEK 100 and now encompasses a total of MSEK 250.

In January 2015, Hemfosa signed an agreement to acquire six community service properties in the Oslo region. The acquired properties are located in the municipalities of Skedsmo, Moss and Fredrikstad in the eastern part of the Oslo region and have an underlying property value of SEK 1.5 billion. The leasable area totals approximately 63,000 square meters. The tenants are exclusively state-owned operations, with colleges, judicial institutions and the police authority as the largest tenants. All properties are fully leased and the average lease term is 9.7 years. In addition, Hemfosa signed an agreement in February 2015 to acquire two more community service properties in Oslo at an underlying property value corresponding to SEK 1.5 billion and a leasable area of about 50,000 square meters. The properties are fully leased to government authorities. The remaining lease term is 8.2 and 13.7 years, respectively.

In early 2015, Hemfosa acquired community service properties in such locations as Västra Götaland, with Uddevalla municipality and the Västra Götaland region as the major tenants and pertaining to such operations as healthcare, schools and retirement homes. The acquisitions had a total underlying property value of SEK 0.4 billion

EMPLOYEES

At December 31, 2014, the number of employees was 57, including 26 women. Hemfosa has offices in Nacka (head office), Gothenburg, Härnösand, Karlskrona, Kristianstad, Sundsvall, Västerås, Värnamo and Växjö.

As a result of the acquisitions implemented by Hemfosa in the fourth quarter of 2014, the workforce increased by 21 individuals and offices were established in Härnösand, Karlskrona, Värnamo and Växjö.

PARENT COMPANY

The Parent Company recognized after-tax profit of MSEK 707 (-3) for 2014. The Parent Company's fees for central and property administrative services from Group companies and joint ventures for the year amounted to MSEK 58 (8).

At December 31, 2014, the Parent Company had shareholders' equity totaling MSEK 8,607 (2,530), of which restricted equity accounted for MSEK 71 (25).

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

During the fourth quarter, the Parent Company acquired a company with tax loss carryforwards totaling SEK 1.3 billion, of which loss carryforwards attributable to the 2014 fiscal year accounted for MSEK 126. As of now, following the expiration of the five-year block on Group contributions, the tax-loss carryforwards will 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. On the balance-sheet date, the company Hemfosa Norden AB became the new Parent Company of Hemfosa Sverige AB.

In December 2014, Hemfosa Fastigheter AB exercised an option to acquire the remaining 50 percent of the shares in Kronfastigheter Holding AB, whereby Kronfastigheter is now a wholly owned subsidiary.

ACCOUNTING POLICIES

This condensed year-end 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 year-end report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Swedish Annual Accounts Act. For the Group and Parent Company, the same accounting policies and calculation basis were used as in the most recent Annual Report. All amounts in this year-end 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.

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. Financial instruments, in addition to derivatives, are recognized at their amortized cost, which are deemed to equal the fair value. On the balance sheet date, the level of interest rates, including margins, for the loans correspond to the terms of the loan contracts. Accounts receivable and accounts payable have the same short durations.

Hemfosa uses fixed-income derivatives to financially hedge the interest-rate risks to which the Group is exposed. Derivatives are measured at fair value according to measurement at Level 2, with changes in value recognized in profit for the year. Hedge accounting is not applied.

RELATED-PARTY TRANSACTIONS

The Group owns participations in joint ventures; refer to pages 14-15 in the year-end report. At December 31, 2014, the Group had no receivables from joint ventures.

SIGNIFICANT RISKS AND UNCERTAINTIES FOR THE GROUP AND PARENT COMPANY

Hemfosa is continuously exposed to various risks, which could be significant to the company's future operations, earnings and financial position. Financing, organizational structure and work processes are key risk areas for Hemfosa, which continuously works in a structured manner on managing 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 rapidly, which could result in a certain dependence on individual employees. To reduce this dependency, the organization has been strengthened in recent years by means of training and additional recruitment. Hemfosa's future development is largely conditional upon the knowledge, experience and commitment of Group management and other key personnel. To minimize dependence on individuals, the company has prepared documented job descriptions and clear process maps.

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

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

Financing

The property sector is a capital-intensive operation and, like many other property companies, Hemfosa is dependent on both equity and external borrowings to be able to maintain and develop its property ownership and optimize its property operations.

Fixed-income derivatives are used to limit the interest-rate risk and increase the predictability of Hemfosa's profit from property management. At December 31, 2014, there was a total of MSEK 7,710 in interest-rate swaps and interest-rate caps. The fair value of the interest-rate swaps was negative at MSEK -105, due to floating market interest rates being lower than the contractual fixed interest rates. At December 31, 2014, MSEK -49 was charged against earnings for the quarter for revaluation of the financial statements.

The sensitivity analysis below shows how Hemfosa's full-year earnings would be affected, positively or negatively, if selected income and cost items were to change. The effect of changed property expenses and net operating income is calculated based on earnings capacity; refer to page 10.

Sensitivity analysis, December 31, 2014

	Change, %	Earnings effect, MSEK
Contractual rental income	+/- 1	+/- 4
Economic leasing rate, %		89%
Economic leasing rate	+/- 1	+/- 5
Property expenses	+/- 1	+/- 1
Net operating income	+/- 5	+/- 17
Interest expenses for current fixed-rate periods and changed interest rates ¹	+/- 1	+/-61
Interest expenses for change in average interest rate ²	+/- 1	+/-158
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/- 1	+/-208

¹ Taking into account derivative agreements

² Not taking into account derivative agreements

NEW ISSUE OF PREFERENCE SHARES

At an Extraordinary General Meeting held on November 11, 2014, a resolution was passed pertaining to amendment of the Articles of Association permitting the issuance of preference shares, following which Hemfosa announced that the Board and owners of Hemfosa Fastigheter had decided to issue new preference shares to existing shareholders of Hemfosa, the general public in Sweden and institutional investors in Sweden and internationally.

The offering comprised a maximum of 3,000,000 preference shares at a subscription price of SEK 325 per preference share, with the opportunity for Hemfosa's Board of Directors to increase the offering to a maximum of 5,000,000 preference shares in total. Since interest in the offering was significant, Hemfosa's Board decided on November 27, 2014 to increase the offering to include a maximum of 5,000,000 preference shares. Within the framework of the offering, approximately 14,000 investors were allotted preference shares. Hemfosa received a total of MSEK 1,586 after issue costs. After the new issue, the total number of shares in Hemfosa amounted to 70,720,104, of which 65,720,104 are common shares and 5,000,000 are preference shares. Through the issue of preference shares, Hemfosa's share capital rose by SEK 5,000,000 and amounted to SEK 70,720,104.

OWNERSHIP SPREAD AND STOCK-EXCHANGE LISTING

In March, 2014, it was announced that the Board of Directors and owners of Hemfosa Fastigheter had decided to implement an ownership spread through a combined new share issue and the sale of existing shares, as well as the listing of the company's share on Nasdaq Stockholm.

The offering was directed at the general public in Sweden and to institutional investors in Sweden and internationally. The price of the offering was established at SEK 93 per share. The offering comprised a total of 34,508,879 shares, of which 5,434,782 were newly issued shares and 29,074,097 existing shares. On April 1, 2014, an additional 4,347,826 shares were issued to cover over-allotment since interest in the offering was significant and it was oversubscribed. The total value of the offering, including the over-allotment option, was approximately MSEK 3,614 and Hemfosa received about MSEK 809 in equity after issuance costs.

THE SHARE AND SHAREHOLDERS

The company's common share has been listed on Nasdaq Stockholm, Mid-Cap, since March 21, 2014 under the ticker symbol "HEMF." The company's preference share has been listed on Nasdaq Stockholm, Mid-Cap, since December 12, 2014 under the ticker symbol "HEMF PREF." The closing price paid on December 31, 2014 was SEK 165.0 per share for common shares and SEK 334.5 for preference shares. Market capitalization totaled MSEK 12,516. At December 31, 2014, Hemfosa had 16,462 shareholders, of whom Swedish investors, institutions and private individuals owned 71.8 percent of the shares. International institutional investors accounted for 28.2 percent of the shares.

Owner distribution, December 31, 2014

Owners	Number of shares		Percentage of	
	Common shares	Preference shares	Share capital	Votes
Fourth AP Fund	6,538,383	-	9.25%	9.87%
Länsförsäkringar Fondförvaltning AB	4,216,063	-	5.96%	6.37%
Swedbank Robur Funds	3,954,914	150,000	5.80%	6.00%
Lannebo Fonder	3,771,932	-	5.33%	5.70%
Kåpan Pensioner	3,431,781	-	4.85%	5.18%
AMF Försäkring och fonder	2,056,996	-	2.91%	3.11%
Ikano Invest AB	1,667,286	-	2.36%	2.52%
Nordea Investment Funds	1,355,005	-	1.92%	2.05%
Board of Directors and Management	4,694,452	61,400	6.7%	7.1%
Other	34,033,292	4,788,600	54.9%	52.1%
Total	65,720,104	5,000,000	100.0%	100.0%

NOMINATING COMMITTEE

Hemfosa Fastigheter's Annual General Meeting (AGM) on March 4, 2014 resolved that the Nomination Committee is to comprise four representatives of the largest shareholders in terms of the number of votes, and the Chairman of the Board. Accordingly, the following individuals were appointed members of the Nomination Committee:

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

DIVIDEND PROPOSAL

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

For the 2014 fiscal year, the Board proposes that the AGM resolve to pay a dividend to holders of common shares in an amount of SEK 6.00 per common share, whereby SEK 1.50 is to be paid per common share on a quarterly basis. The proposed record dates are May 8, July 20 and October 20, 2015 and January 20, 2016. The Board proposes likewise that the AGM resolve to pay a dividend to holders of preference shares in an amount of SEK 20.00 per preference share, whereby SEK 5.00 is to be paid per preference share on a quarterly basis. The proposed dividend corresponds to 70 percent of the distributable profit for the 2014 fiscal year.

MOTION TO THE 2015 AGM

The Board intends to propose to the AGM that it approve a split of the company's common share at a ratio of two. The reason is to facilitate higher liquidity and turnover in the share.

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

BOARD ASSURANCE

The Board of Directors and the Chief Executive Officer give their assurance that this year-end report provides a fair account 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, February 18, 2015
Hemfosa Fastigheter AB (publ)
(Corp. Reg. No. 556917-4377)

Bengt Kjell
Chairman of the Board

Jens Engwall
Chief Executive
Officer

Magnus Eriksson
Board member

Anneli Lindblom
Board member

Daniel Skoghäll
Board member

Caroline Sundewall
Board member

Ulrika Valassi
Board member

This year-end report is unaudited.

Hemfosa is publishing the information in this year-end report, in accordance with the Securities Market Act, on Wednesday February 18, 2014 at 7:30 a.m. CET.

REPORTING DATES

Interim report January – March 2015	May 7, 2015
Annual Report for 2015	Week 15, 2015
Annual General Meeting	May 7, 2015
Interim report January – June 2015	July 21, 2015
Interim Report January – September 2015	November 6, 2015

CONTACT INFORMATION

Hemfosa Properties AB

Tel: +46 8 448 04 80

Street address: Hästholmsvägen 28

Postal address: Box 2020, SE-131 02 Nacka

www.hemfosa.se

Jens Engwall, CEO, tel: +46 8 448 04 82, e-mail: jens.engwall@hemfosa.se

Karin Osslind, CFO, tel: +46 8 448 04 84, e-mail: karin.osslind@hemfosa.se

Summary of financial reports

Consolidated statement of profit and other comprehensive income

	October-December		Full-year	
MSEK	2014	2013	2014	2013
Rental income	422	407	1,612	1,584
Property expenses and property administration	-150	-134	-538	-537
Net operating income	272	273	1,074	1,047
Central administration	-24	-13	-74	-79
Other operating income and expenses	12	-5	62	-
Share in profit of joint ventures	15	26	239	125
Financial income and expenses	-96	-192	-480	-770
Profit from property management	179	90	821	323
Changes in value of properties, realized	120	10	147	-21
Changes in value of properties, unrealized	148	-30	340	-193
Changes in value of financial instruments, realized	-20	-	-75	-
Changes in value of financial instruments, unrealized	-49	-51	-202	23
Profit/loss before tax for the quarter/year	378	19	1,031	132
Current tax	-1	0	2	-
Deferred tax	13	71	-67	99
Profit for the quarter/year	390	90	962	231
Other comprehensive income	-	-	-	-
Profit for the quarter/year	390	90	960	231
<i>Profit for the quarter/year attributable to:</i>				
Parent Company shareholders	392	90	960	231
Non-controlling interests	-2	0	2	0
Profit for the quarter/year	390	90	962	231
Earnings per common share for the quarter/year, before and after dilution, SEK	5.7	3.6	17.3	7.4

Consolidated statement of financial position

MSEK	December 31	
	2014	2013
<i>Assets</i>		
Investment properties	24,400	16,284
Shares in joint ventures	609	455
Other fixed assets	10	32
Total fixed assets	25,019	16,772
Current receivables	94	65
Cash and cash equivalents	594	284
Total current assets	688	349
Total assets	25,707	17,121
<i>Equity and liabilities</i>		
Shareholders' equity attributable to Parent Company shareholders	8,689	2,368
Non-controlling interests	12	1
Equity	8,701	2,369
Non-current interest-bearing liabilities	15,532	11,829
Other long-term liabilities	106	114
Deferred tax liabilities	423	430
Total non-current liabilities	16,061	12,373
Current interest-bearing liabilities	228	1,831
Other current liabilities	717	548
Total current liabilities	946	2,379
Total liabilities	17,007	14,752
Total equity and liabilities	25,707	17,121

Consolidated statement of changes in equity

MSEK	Equity attributable to Parent Company shareholders				Non-controlling interests	Total share-holders' equity
	Share capital	Other contribut-ed capital	Retained earnings incl. profit for the year	Total		
Opening shareholders' equity, Jan 1, 2013	10	240	1,926	2,176	-	2,176
Transactions with the Group's shareholders						
New share issue	15	-15	-	0	-	0
Capital contribution from non-controlling interests	-	-	8	8	-	-47
Dividend to preference shareholders	-	-	-47	-47	1	9
Total transactions with the Group's shareholders	-	-	-39	-39	1	-38
Total comprehensive income for 2013	-	-	230	230	0	230
Closing equity, Dec 31, 2013	25	225	2,118	2,368	1	2,369
Opening equity, Jan 1, 2014	25	225	2,118	2,368	1	2,369
Adjustment of minority share			-13	-13	13	0
Transactions with the Group's shareholders						
Offset issue	31	2,939	-	2,970	-	2,970
New issue, common shares	10	799 ³	-	809	-	809
New issue, preference shares	5	1,586 ³	-	1,591	-	1,591
Reduction of share capital	0	-	0	0	-	0
Capital contribution from non-controlling interests	-	-	0	0	0	0
Total transactions with the Group's shareholders	41	5,324	0	5,370	0	5,370
Total comprehensive income for 2014	-	-	964	964	-2	962
Closing equity, Dec 31, 2014	71	5,549	3,082	8,689	12	8,701

³ This amount includes issuance costs totaling MSEK 133.5.

Statement of cash flow for the Group

MSEK	October-December		Full-year	
	2014	2013	2014	2013
<i>Operating activities</i>				
Profit from property management	179	88	821	323
Adjustments for items not included in cash flow	-15	-25	-239	-130
Income tax paid	3	3	-1	3
Cash flow from operating activities before changes in working capital	167	66	581	196
<i>Cash flow from changes in working capital</i>				
Changes in operating receivables	118	-31	91	60
Changes in operating liabilities	-38	70	-45	5
Cash flow from operating activities	247	105	627	261
Cash flow from investing activities	-1,942	-139	-2,499	-503
Cash flow from financing activities	1,792	5	2,182	284
Cash flow for the quarter/year	97	-28	310	42
Cash and cash equivalents at the end of the quarter/year	498	313	284	242
Cash and cash equivalents at year-end	594	284	594	284

Segment information

MSEK	Full-year									
	Community service properties		Office properties		Logistics properties		Transaction properties		Total consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Rental income	806	785	443	436	221	216	143	148	1,612	1,584
Property expenses										
<i>Operations</i>	-159	-156	-86	-86	-18	-15	-43	-41	-306	-298
<i>Maintenance</i>	-53	-54	-31	-35	-4	-9	-16	-13	-104	-110
<i>Property tax</i>	-26	-27	-29	-29	-5	-4	-7	-8	-67	-68
Property administration	-28	-28	-20	-19	-6	-7	-9	-6	-61	-61
Net operating income	540	520	276	267	188	181	69	80	1,074	1,047
Central administration									-74	-79
Other operating income									62	0
Share in profit of joint ventures									239	125
Financial income and expenses									-480	-770
Profit from property management									821	323
Changes in value of properties, realized									147	-21
Changes in value of properties, unrealized									340	-193
Changes in value of financial instruments									-277	23
Profit before tax for the year									1,031	132
Investments in existing portfolio during the year	280	402	169	232	4	13	31	20	484	667
Carrying amount of investment properties at December 31	12,143	7,679	5,629	4,708	3,518	2,677	3,110	1,221	24,400	16,285

Key figures

	October-December		Full-year	
	2014	2013	2014	2013
Financial				
Return on equity, %	18.8	15.6	12.6	13.6
Equity/assets ratio, %	33.7	13.8	33.7	13.8
Loan-to-value ratio properties, % ⁵	64.6	83.9	64.6	83.9
Debt/equity ratio, multiple ⁵	1.8	5.8	1.8	5.8
Interest-coverage ratio, multiple ^{6,7}	2.7	1.3	2.2	1.3
Share-related, common shares				
Profit from property management, SEK per common share	2.5	3.6	14.7	12.9
Profit after tax, SEK per common share	5.7	3.6	17.3	7.4
Equity, SEK per common share	107.6	94.8	107.6	94.8
Net asset value (EPRA NAV), SEK per common share	119.9	116.4	119.9	116.4
Cash flow from operating activities, SEK per common share	3.6	5.3	11.2	10.4
Dividend, SEK per common share	-	-	-	-
Weighted average number of common shares, 000s	65,720	25,000	54,977	25,000
Number of common shares outstanding per balance-sheet date, 000s	65,720	25,000	65,720	25,000
Share-related, preference share				
Profit after tax, SEK per preference share	2.5	-	2.5	-
Equity, SEK per preference share	325.0	-	325.0	-
Cash flow from operating activities, SEK per preference share	2.5	-	2.5	-
Dividend, SEK per preference share	2.5	-	2.5	-
Weighted average number of preference shares, 000s	1,111	-	370	-
Number of preference shares per balance-sheet date, 000s	5,000	-	5,000	-
Property-related				
Number of properties at year-end	353	195	353	195
Rental value at year-end, MSEK	2,520	1,722	2,520	1,722
Leasable area at year-end, 000s of sqm	2,516	1,704	2,516	1,704
Recognized property value in the balance sheet, MSEK	24,400	16,284	24,400	16,284
Property value, SEK per sqm	9,699	9,556	9,699	9,556
Economic leasing rate, %	90.7	90.0	90.7	90.0
Surplus ratio, %	64.5	67.1	66.6	66.1
Yield, %	6.1	6.4	6.1	6.4

⁵ A shareholders' loan of MSEK 3,470 is included in total interest-bearing liabilities at December 31, 2013.

⁶ Interest expenses for the January - December 2014 period include interest of MSEK 60 (312) on the shareholders' loan.

⁷ Share in profit in joint ventures is not included in profit from property management in the calculation of the interest coverage ratio. Hemfosa's previous definition showed an interest coverage ratio of a multiple of 1.4 for full-year 2013.

Income statement for the Parent Company

MSEK	October-December		Full-year	
	2014	2013	2014	2013
Net sales	15	6	58	14
Other external costs	-11	-7	-38	-8
Personnel expenses	-8	-7	-27	-11
Depreciation/amortization	0	0	0	0
Profit/Loss before financial income and expenses	-4	-8	-7	-6
Interest income and similar income items	659	81	924	160
Interest expenses and similar expense items	-46	-79	-135	-157
Profit before appropriations for the year	609	-6	782	-3
Appropriations				
Group contributions received and paid	-75	-	-75	-
Profit before tax	534	-	707	-
Current and deferred tax	-	-	-	-
Profit/loss for the year	534	-6	707	-3

Statement of profit and other comprehensive income for Parent Company

MSEK	October-December		Full-year	
	2014	2013	2014	2013
Profit/loss for the year	534	-6	707	-3
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	534	-6	707	-3

Balance sheet for the Parent Company

MSEK	December 31	
	2014	2013
<i>Assets</i>		
Tangible assets	0	0
Shares in joint ventures	-	31
Participations in Group companies	2,661	2,533
Non-current receivables from Group companies	5,050	3,489
Other fixed assets	-	26
Total fixed assets	7,711	6,079
Current receivables from Group companies	2,076	146
Other current receivables	15	2
Cash and bank balances	313	15
Total current assets	2,404	163
Total assets	10,115	6,242
<i>Equity and liabilities</i>		
Restricted equity	71	25
Unrestricted equity	8,536	2,505
Equity	8,607	2,530
Non-current interest-bearing liabilities	1,200	3,470
Non-current liabilities to Group companies	75	-
Total non-current liabilities	1,275	3,470
Current interest-bearing liabilities	18	-
Current liabilities to Group companies	144	235
Other current liabilities	70	7
Total current liabilities	232	242
Total liabilities	1,507	3,712
Total equity and liabilities	10,115	6,242
<i>Pledged assets and contingent liabilities</i>		
Pledged assets		
Participations in Group companies	2,661	2,533
Contingent liabilities		
Sureties for liabilities in Group companies	11,356	5,811

Glossary

Return on equity

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

Loan-to-value ratio

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

Yield

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

Equity per common share

Equity as a percentage of the number of common shares after taking into account the preference equity at year-end.

Equity per preference share

Equity per preference share corresponds to the preference share's average issue price of SEK 325 per share.

Economic leasing rate

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

Recognized property value

Carrying amount of the property.

Property

Properties held under title or site leasehold.

Profit from property management per common share

Profit from property management for the year, less preference right to a dividend for preference shares, as a percentage of the weighted average number of common shares.

Rental income

Rents charged including supplements for heating and property tax.

IAS

International Accounting Standards. The international accounting standards issued by the independent body, the International Accounting Standards Board (IASB) and then processed and adopted by the EU. The rules must be complied with by listed companies in the EU.

IFRS

International Financial Reporting Standards. International accounting standards to be applied for the consolidated financial statements of listed companies in the EU from 2005.

Cash flow from operating activities per common share

Cash flow from operating activities, less preference right to a dividend for preference shares for the period, as a percentage of the weighted average number of common shares.

Market value of properties

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

Preference capital

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

Earnings per common share

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

Interest-rate swap

An agreement between two parties to swap interest-rate conditions on loans in the same currency. The swap entails that one party exchanges its floating interest rate for a fixed rate, while the other party receives a fixed rate in exchange for a floating rate. The aim of an interest-rate swap is to reduce interest-rate risk.

Interest-rate cap

An interest hedging instrument whereby the lender pays a variable interest up to a predetermined interest-rate level. The aim

of an interest-rate swap is to reduce the interest-rate risk.

Interest-coverage ratio

Profit from property management, including reversal of financial income and expenses, as well as depreciation/amortization and share in income in joint ventures as a percentage of financial income and expenses.

Debt/equity ratio

Interest-bearing liabilities as a percentage of equity.

Equity/assets ratio

Equity as a percentage of total assets.

Net asset value (EPRA NAV) per common share

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

Ground rent

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

Site leasehold

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

Fair value of properties

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

Surplus ratio

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

BUSINESS CONCEPT

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

STRATEGY

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

- Developing and adding value to its property portfolio
- Creating and maintaining long-term relationships with tenants by exercising market-oriented and professional property management.

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

- Generate growth
- Maximize return in relation to risks
- Generate transaction gains

FINANCIAL TARGETS

- To deliver the highest return among listed Swedish property companies over a five-year period
- To increase equity to SEK 10 billion over a five-year period
- To achieve a long-term dividend payout ratio of 60 percent of profit from property management excluding participations from joint ventures and less taxes paid.
- To achieve a long-term equity/assets ratio of at least 30 percent.