

Interim report January–June 2014

The art of owning the right collection



Well-
prepared for
growth

APRIL-JUNE 2014 QUARTER

- Rental income amounted to MSEK 386 (399)
- Profit from property management amounted to MSEK 333 (113), corresponding to SEK 5.1 per share (4.5)
- Profit after tax amounted to MSEK 333 (152), corresponding to SEK 5.1 per share (6.1)
- Cash flow from operating activities amounted to MSEK 67 (26), corresponding to SEK 1.0 per share (1.0)

INTERIM PERIOD JANUARY - JUNE 2014

- Rental income amounted to MSEK 781 (789)
- Profit from property management amounted to MSEK 399 (172), corresponding to SEK 8.0 per share (6.9)
- Profit after tax amounted to MSEK 345 (72), corresponding to SEK 7.0 per share (2.9)
- Recognized property value totaling SEK 17.3 billion (16.0) includes 195 (201) directly owned properties.
- The net asset value (EPRA NAV) per share amounted to SEK 110.2 (110.4).
- Cash flow from operating activities amounted to MSEK 134 (78), corresponding to SEK 2.7 per share (3.1)

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

- The over-allotment option described in the listing prospectus was fully exercised, which further increased equity by a total of MSEK 395. In the ownership distribution, Hemfosa received a total of MSEK 809 after issue costs
- On April 30, 2014, Hemfosa issued bond loans totaling MSEK 1,200, which were listed on the NASDAQ OMX Stockholm on June 12, 2014
- Two properties in Kristianstad were acquired and two were divested in Partille and Gothenburg as part of a combination transaction totaling MSEK 180
- Public and office properties in Sundsvall, with tenants including Mid Sweden University and Nordea, were acquired at a total value of MSEK 664
- The total derivative portfolio was restructured, which resulted in MSEK -55 in realized changes in value. At the same time, the average interest rate fell from 4.28 percent to 3.28 percent
- After the end of the period, Hemfosa's joint venture, Söderport Fastigheter, divested a housing project in Stockholm for MSEK 355

KEY FIGURES

	April-June		January-June		Full-year
	2014	2013	2014	2013	2013
Rental income, MSEK	386	399	781	789	1,584
Profit from property management, MSEK	333	113	399	172	323
Profit after tax, MSEK	333	152	345	72	231
Profit after tax per share, SEK	5.1	6.1	7.0	2.9	7.4
Equity per share, SEK	98.8	88.4	98.8	88.4	94.8
Net asset value (EPRA NAV) per share, SEK	110.2	110.4	110.2	110.4	116.4
Carrying amount of investment properties, SEK bn	17.3	16.0	17.3	16.0	16.3
Weighted average number of shares, 000s	65,720	25,000	49,606	25,000	25,000
Number of shares per balance-sheet date, 000s	65,720	25,000	65,720	25,000	25,000

Comments from the CEO

Well-prepared for growth

Hemfosa reports stable profit from property management for the second quarter and improved earnings capacity. Moreover, we have made some interesting transactions and taken several steps to expand the conditions for growth. I am satisfied with these results, despite relatively few transactions.

During the quarter we secured financing for the company – the ownership distribution in the spring provided the company with a total of MSEK 809 – and issued bond loans amounting to MSEK 1,200. This provides us with an even more favorable financial situation and a solid basis for the continued expansion of Hemfosa.

We carried out a number of transactions, one of which I would particularly like to highlight is the acquisition of public properties in Sundsvall in June with an underlying property value of MSEK 582 and with Mid Sweden University as the largest tenant. This is an acquisition entirely in line with Hemfosa's strategic ambition of focusing on public properties.

We also continue to strengthen our own organization in order to maintain a high level of quality in working with our existing properties and to conduct new transactions. A new regional manager in Stockholm was employed in the summer.

Although we have long experience from the property market, Hemfosa remains unknown to many people, having been a listed company for only one quarter. We have several thousand shareholders and intend to safeguard our relationship with them. My colleagues and I will meet as many large and small shareholders as we can to talk about Hemfosa's operations, challenges and opportunities.

In addition to developing our existing property portfolio, Hemfosa's primary focus is directed to identifying and implementing interesting, and ideally complex, property transactions. The challenge going forward is, as I see it, the increased competition for objects. However, we believe that this is a situation in which Hemfosa's strengths will be particularly valid. With our expertise, experience and power of implementation, in combination with our access to capital and a broad network, we are well-prepared to be more active in tackling the market with greater force. I foresee an exciting autumn to come for Hemfosa.

Jens Engwall, CEO

BUSINESS CONCEPT

Hemfosa's business concept is to own, develop and manage properties with the emphasis on 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 will 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 its tenants by exercising market-oriented and professional property management.

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

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

FINANCIAL TARGETS

- To deliver the highest yield among listed Swedish property companies over a five-year period
- To increase equity to SEK 10 billion over a five-year period
- To achieve a long-term dividend of 60 percent of the profit from property management excluding participations from joint ventures and after deduction for tax paid.
- To achieve a long-term equity ratio of at least 30 percent.

Stable
profit
from
property
management

MSEK
582
Acquisition
of public
properties

Operations

Summary of earnings

MSEK	April-June		January-June		Full-year
	2014	2013	2014	2013	2013
Rental income	386	399	781	789	1,584
Property expenses including property management	-116	-121	-267	-284	-537
Net operating income	270	278	514	505	1,047
Central administration	-16	-25	-33	-41	-79
Other operating income and expenses	-1	-5	20	-1	0
Share in profit of joint ventures	200	53	195	84	125
Financial income and expenses	-120	-188	-297	-376	-770
Profit from property management	333	113	399	172	323
Change in value of properties	134	-24	158	-213	-214
Change in value of financial instruments	-77	32	-144	72	23
Profit before tax	390	121	412	31	132
Current tax	0	0	-1	0	-
Deferred tax	-57	31	-66	41	99
Profit for the year	333	152	345	72	231

COMMENTS ON THE SECOND QUARTER APRIL-JUNE 2014

The second quarter of the year was a relatively stable period for Hemfosa in which the existing property portfolio was managed according to plan. A number of transactions were carried out during the quarter, in which the property portfolio was supplemented with a total of five properties, mainly in the public properties segment, which is in line with Hemfosa's strategy. The largest acquisitions involved properties in Sundsvall, whose largest tenant is Mid Sweden University, and the property comprising the Östra Kasern area in Kristianstad. Five properties were divested, comprising a barter transaction and also disposals of mainly transaction properties. The leasable area increased by a total of approximately 35,000 square meters during the quarter.

In total, the leasing rate remained unchanged at 91.0 percent compared with the preceding quarter, although the leasing rate in each segment changed both positively and negatively.

The warm spring of 2014 contributed to lower heating costs. A large property in Malmö was re-included in ongoing property management after having undergone extensive renovations and remodeling.

The yield for Hemfosa's property portfolio amounted to 6.1 percent.

Profit from participations in joint ventures primarily pertains to Hemfosa's holdings in Söderport Holding AB. Total holdings in joint ventures contribute with a profit from property management of MSEK 55 and revaluations and other items of MSEK 145, refer also to page 12.

The lower interest expense was due to an interest-bearing shareholders' loan being converted to equity.

INTERIM PERIOD JANUARY-JUNE 2014

Earnings

Profit from property management amounted to MSEK 399 (172). The higher earnings compared with the year-earlier period were mainly due to higher profit from Hemfosa's shares in joint ventures and the decline in financial costs in connection with an interest-bearing shareholders'

loan being converted to equity during the first quarter of the year. The mild winter led to lower costs for energy consumption, operations and property upkeep. Compensation totaling MSEK 20, recognized as other operating income, was received from a seller for a defect that existed in a property when Hemfosa took over.

Changes in value of Hemfosa's investment properties amounted to MSEK 158 (-213), of which MSEK 30 (-26) pertained to realized changes in value. Hemfosa's work on adding value to the property portfolio led to the divestment of six properties during the period.

Changes in value of financial instruments amounted to MSEK -144 (72), of which MSEK -55 pertained to realized changes in value that arose in connection with the termination of interest-rate swaps. Interest-rate swaps at June 30, 2014 had a negative fair value of MSEK -22 (-63).

The company recognized a current tax expense of MSEK -1 (0) and a deferred tax expense of MSEK -66 (41).

Cash flow

Cash flow from operating activities for the period amounted to MSEK 134 (78), corresponding to SEK 2.7 per share (3.1). Investing activities impacted cash flow in the amount of MSEK -777 (-209), of which a short-term loan to a joint venture in connection with a property acquisition amounted to MSEK -474, investments in existing properties amounted to MSEK -234 (-348), acquisitions of subsidiaries amounted to MSEK -267 (-), cash flow from divestment of properties amounted to MSEK 6 (159) and divestment of property-owning subsidiaries amounted to MSEK 89 (-). Four major projects are in progress: one new construction, one renovation and two tenant-specific modifications. Financing activities had an impact of MSEK 761 (-15) on cash flow for the period. In connection with the listing of the company's share on NASDAQ OMX Stockholm, Hemfosa received MSEK 809. Bond loans of MSEK 1,200 were raised, which contributed MSEK 1,188 to the company after transaction expenses. In addition to acquiring properties, the capital contribution was used to repay existing loans. All interest-rate swaps were settled at the end of the period for a redemption price of MSEK -234. In combination with newly entered interest-rate swaps, this is assessed to lower the annual cost for interests by approximately MSEK 70.

Cash and cash equivalents changed in a total of MSEK 15 (-146) during the period.

Segment reporting

The property portfolio is distributed into four segments: public properties, office properties in growth municipalities, logistics properties and transaction properties. Public 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 pertain to centrally located office properties in expanding districts. Logistics properties pertain to 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 return, as well as properties that are considered unique in terms of geography or category.

PUBLIC PROPERTIES

Public properties contribute approximately half of Hemfosa's net operating income. At June 30, 2014, the segment included a total of 87 properties with a leasable area of 677,000 square meters. Three properties were acquired and one property divested during the period.

The leasing rate amounted to 94.3 percent. Several new leases were signed during the quarter, as well as a renewed 15-year agreement comprising approximately 22,000 square meters, with Haninge Municipality. The leasing rate fell 0.9 percent during the quarter. The main reason for

50%
of the
Group's net
operating
income

the change was that the Police vacated a property of slightly more than 6,000 square meters in Södertälje. This property will be transferred to the transaction properties segment since it no longer meets the criteria of a public service property.

During the quarter, the new construction of a housing portfolio in Haninge Municipality, which is fully leased, was completed. The new construction of a school is also underway in the same municipality. Other projects in the segment are progressing according to plan. The yield for Public properties amounted to 6.5 percent.

Public properties (MSEK)	April-June		January-June		Full-year
	2014	2013	2014	2013	2013
Rental income	188	195	387	385	785
Property expenses					
<i>Operations</i>	-34	-40	-82	-91	-156
<i>Maintenance</i>	-8	-8	-20	-22	-54
<i>Property tax</i>	-7	-7	-14	-13	-27
Property administration	-6	-7	-13	-13	-28
Net operating income	133	133	257	246	520
No. of properties			87	86	85
Leasable area, 000s of sqm*			677	660	632
Economic leasing rate, %			94.3	93.3	93.3

*excluding garage

OFFICE PROPERTIES IN GROWTH MUNICIPALITIES

28%
of the
Group's net
operating
income

At June 30, 2014, the office properties in growth municipalities segment included a total of 46 properties with a leasable area of 435,000 square meters. The economic leasing rate amounted to 86.2 percent. Leasing activities continued to generate healthy earnings in such cities as Västerås and Gothenburg. Net operating income increased compared with the year-earlier period, mainly due to completed maintenance projects. The warm spring of 2014 contributed to lower heating costs.

The Byrådirektören 3 property in Malmö was re-included in ongoing property management following extensive renovations and remodeling. The property's rental value is MSEK 20 and it is 96-percent leased.

Two office properties were acquired during the period, one in Kristianstad and one in Sundsvall, and a property in Partille was divested.

The yield for Office properties in growth municipalities amounted to 5.6 percent.

Office properties in growth municipalities (MSEK)	April-June		January-June		Full-year
	2014	2013	2014	2013	2013
Rental income	112	109	218	217	436
Property expenses					
<i>Operations</i>	-19	-20	-46	-52	-86
<i>Maintenance</i>	-6	-4	-15	-13	-35
<i>Property tax</i>	-7	-7	-15	-13	-29
Property administration	-5	-5	-9	-10	-19
Net operating income	75	73	133	129	267
No. of properties			46	48	45
Leasable area, 000s of sqm*			435	453	431
Economic leasing rate, %			86.2	82.8	83.8

*excluding garage

16%
of the
Group's net
operating
income

LOGISTICS PROPERTIES

At June 30, 2014, the logistics properties segment included a total of 23 properties, of which about half are located in southern Sweden, with the remainder divided geographically between Central Sweden, western Sweden and Stockholm.

Most of the leases in the segment were formulated so that the tenant is able to handle operating expenses connected to the leased spaces, so-called triple-net-agreements.

Net operating income, which remained unchanged compared with the year-earlier period, was charged with expenses for an expected loss of rent, which meant that the yield for Logistics properties fell slightly to a total of 6.5 percent.

Logistics properties (MSEK)	April-June		January-June		Full-year
	2014	2013	2014	2013	2013
Rental income	51	53	107	107	216
Property expenses					
<i>Operations</i>	-4	-4	-9	-8	-15
<i>Maintenance</i>	-1	-3	-3	-5	-9
<i>Property tax</i>	-1	-1	-2	-2	-4
Property administration	-2	-2	-3	-4	-7
Net operating income	43	43	90	88	181
No. of properties			23	23	23
Leasable area, 000s of sqm*			407	266	407
Economic leasing rate, %			94.4	92.8	94.1

*excluding garage

TRANSACTION PROPERTIES

At June 30, 2014, the transaction properties segment primarily included commercial, industrial and office properties in the South and West geographic areas. Four transaction properties were divested during the period and one property was acquired. The yield for Transaction properties amounted to 5.4 percent.

6%
of the
Group's net
operating
income

Transaction properties (MSEK)	April-June		January-June		Full-year
	2014	2013	2014	2013	2013
Rental income	33	39	68	79	148
Property expenses					
<i>Operations</i>	-10	-10	-23	-28	-41
<i>Maintenance</i>	-3	0	-6	-4	-13
<i>Property tax</i>	-1	-2	-3	-4	-8
Property administration	-2	-2	-3	-2	-6
Net operating income	17	26	33	41	80
No. of properties			39	44	42
Leasable area, 000s of sqm*			227	343	243
Economic leasing rate, %			83.3	82.9	84.6

*excluding garage

Current earnings capacity

The table below shows the company's current earnings capacity on a 12-month basis as of June 30, 2014. The earnings capacity is not a forecast, but rather should be considered a theoretical overview presented only for illustration purposes. The current earnings capacity does not include an assessment of the future trends for rents, vacancy rates, operating costs, interest rates or other factors.

Group's earnings capacity

MSEK	Jun 30, 2014
Rental income	1,618
Property expenses	-470
Property administration	-55
Net operating income	1,093
Central administration	-75
Share in profit of joint ventures	110
Financial income and expenses	-337
Other financial costs	-25
Profit from property management	766

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

- Annual contracted rental income (including supplement and rent discounts taken into account), as well as other property-related income on June 30, 2014 based on valid leases.
- Operating and maintenance costs consist of an assessment of a standard year's operating costs and maintenance measures.
- Property tax was calculated based on the taxable value for the properties for 2014 and costs for site leaseholds were assessed based on the level for 2014.
- Costs for central administration and marketing were assessed based on the existing organization and the size of the property portfolio.
- The Group's share in the profit/loss of joint ventures includes 50 percent of the earnings capacity of Söderport and Kronfastigheter. The remaining joint venture companies do not contribute any share of the earnings capacity.
- Interest income was calculated as 1.0 percent's return on cash and cash equivalents.
- Financial costs were calculated based on the company's actual average interest rates as of July 1, 2014.

Property portfolio

As of June 30, 2014, the total property portfolio comprised 195 properties (201) with a geographic concentration in southern and central Sweden. About 47 percent of the total property value is in the metropolitan regions of Stockholm and Gothenburg.

The properties had a total market value of SEK 17.4 billion (16.1). The total leasable area was 1,746,000 square meters (1,722,000) with a rental value of MSEK 1,804 (1,752). A focus on leasing increased the economic leasing rate to 91.0 percent (90.4).

The Public properties segment was supplemented by the acquisition of three properties during the second quarter. Two of the properties are centrally located in Sundsvall, comprise approximately 33,000 square meters of leasable area and are fully leased to Mid Sweden University, the International English School and SCA Research. The third property is a public service property located in the area of Östra Kasern in Kristianstad.

Hemfosa also acquired two properties in the Office properties in growth municipalities segment during the quarter. One of the properties is situated centrally in Sundsvall with Nordea Bank as the largest tenant. The total leasable area amounts to slightly more than 5,000 square meters. The second property is a centrally located office property in Kristianstad.

During the period, Hemfosa divested six properties, of which four were included in the transaction properties segment, one in the office properties in growth municipalities segment and one property in the public properties segment. The properties are situated in the Gothenburg and Stockholm areas with a total leasable area of approximately 15,000 square meters.

Investments totaling MSEK 234 were made to the existing property portfolio, of which MSEK 134 pertained to tenant-specific modifications, MSEK 44 to renovations and MSEK 56 to new construction projects.

Property information, June 30, 2014

Property portfolio by segment	Leasable area, 000s of sqm*	Rental value, MSEK	Economic leasing rate	Maturity period for leases, years	Carrying amount, MSEK	No. of properties
Public properties	677	891	94.3%	4.6	8,560	87
Office properties	435	524	86.2%	3.5	4,843	46
Logistics properties	407	231	94.4%	7.3	2,753	23
Transaction properties	227	158	83.3%	2.8	1,131	39
Total	1,746	1,804	91.0%	4.5	17,286	195

*excl. garage

Property portfolio by region	Leasable area, 000s of sqm*	Rental value, MSEK	Economic leasing rate	Maturity period for leases, years	Carrying amount, MSEK	No. of properties
North	246	272	91.0%	4.7	2,555	38
Central	468	463	93.2%	4.0	4,451	55
Stockholm	407	551	89.3%	3.8	5,434	35
South	349	254	92.6%	5.9	2,546	40
West	276	264	89.2%	5.2	2,300	27
Total	1,746	1,804	91.0%	4.5	17,286	195

*excl. garage

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

January–June, 2014

MSEK	Investments in existing properties	Acquisitions of properties	Divestments of properties
By segment			
Public properties	145	648	17
Office properties	76	112	40
Logistics properties	1	3	-
Transaction properties	12	19	92
Total	234	782	150

MSEK	Investments in existing properties	Acquisitions of properties	Divestments of properties
By region			
North	21	640	-
Central	38	-	-
Stockholm	113	21	40
South	44	120	17
West	18	-	92
Total	234	782	150

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 with experience in the field, as well as in the category of properties appraised. The independent appraiser provided the market value of the Group's portfolio of investment properties each quarter from June 30, 2013.

Valuation techniques

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

The yield requirement used in the estimate derived from sales of comparable properties. Significant factors when selecting required returns include an assessment of the object's future rent trend, changes in value and any development potential, as well as the maintenance condition of the property. Key value parameters are location and rent level, as well as vacancy rates. For each property, a cash flow is prepared that extends at least five years in the future. With respect to income, valid leases are used. For vacant spaces, an estimate is performed by individually assessing each property. The inflation assumption is 2 percent annually. Property expenses are estimated based on annual history. The valuation is based on a present-value computation of the cash flow, as well as the present market value at the end of the calculation period.

The weighted yield requirement amounted to 7.1 percent, compared with an average yield requirement of 7.2 percent at March 31, 2014. The weighted cost of capital for the present value calculation of cash flows and residual values amounted to 8.9 percent and 9.2 percent, respectively.

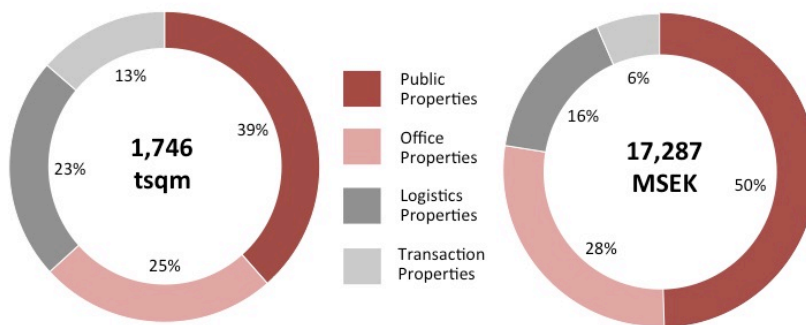
The value of Hemfosa's property portfolio amounted to SEK 17.4 billion. The total change in value during the period amounted to MSEK 158, of which MSEK 30 pertained to realized changes in value and MSEK 128 pertained to unrealized changes in value, mainly attributable to new leases and renegotiations of existing leases. Acquired deferred tax of MSEK 102, which was taken into account in accordance with IFRS, reduced the recognized property value in the statement of financial position. The total recognized property value amounted to SEK 17.3 billion.

Recognized property value

Jun 30, 2014

Opening value for the period	16,394
Acquired properties	782
Investments in existing properties	234
Value of divested properties	-180
Realized changes in value in profit or loss	30
Unrealized changes in value in profit or loss	128
Closing value for the period	17,388
Acquired deferred tax	-102
Recognized property value	17,287

Leasable property space and recognized property value per segment



Shares in joint ventures

Hemfosa is joint-owner in four joint ventures. In all companies, Hemfosa's ownership is 50 percent, with only one other owner. Ownership is governed by a shareholders' agreement that gives both owners equal power of decision, meaning that neither partner has a controlling influence. Hemfosa recognizes the holdings as shares and participation in joint ventures in the statement of financial position. Share in profit/loss in joint ventures is recognized in the Group's profit from property management.

MSEK	Söderport Holding AB		Hemfosa Kron-fastigheter Holding AB		Gästgivaregatan Holding AB		Culmen Strängnäs II AB		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Share of equity, June 30	568	348	47	-	22	21	13	16	650	385
Shareholding %, June 30	50	50	50	50	50	50	50	50		
Share of profit/loss, January-June	185	83	14	-	1	0	0	0	200	83
<i>Of which</i>										
Profit from property management	40	22	14	-	1	-	0	-	55	22
Changes in value, properties	250	19	3	-	-	-	-	-	253	19
Changes in value, financial instruments	-56	57	-	-	-	-	-	-	-56	57
Deferred tax	-47	-16	-3	-	-	-	-	-	-50	-16
Other	-2	1	0	-	-	0	-	0	-2	1

SÖDERPORT HOLDING AB

Hemfosa and AB Sagax each own 50 percent of Söderport Holding AB, which owns properties valued at approximately SEK 5.2 billion as at June 30, 2014, with a focus on the Stockholm and Gothenburg areas.

The plan to divest the remaining properties in the Bilprovning acquisition located outside Greater Stockholm was completed during the first quarter of the year. The transaction involved an underlying property value of MSEK 56. In January, five industrial properties were also acquired in northern Greater Stockholm, with a total area of 7,000 sqm.

In the second quarter, Söderport took over properties for a total purchase consideration of SEK 1.8 billion from companies within the Volvo Group. The acquisition pertained to 12 properties totaling 300,000 square meters of leasable area and 900,000 square meters of land. Most of the properties are located in Torslanda, close to central Gothenburg and the Port of Gothenburg. 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.

Söderport Fastigheter divested a housing project in Stockholm for MSEK 355 after the end of the quarter. Today, 40,000 square meters of the properties have been developed into industrial and office premises. Work to prepare a new development plan for conversion into residential units is in progress.

Key figures for Söderport Holding AB

Property portfolio	Jun 30, 2014	Jun 30, 2013
No. of properties	49	90
Leasable area, 000s of sqm	657	404
Hemfosa's share of selected financial information		
Participating interest, %	50	50
Rental income, January-June, MSEK	99	80
Market value of properties, MSEK	2,628	1,550
Equity, MSEK	555	333
Interest-bearing liabilities, MSEK	1,333	1,100
Derivatives, MSEK	176	129
Deferred tax assets or tax liabilities (-), MSEK	-44	5

HEMFOSA KRONFASTIGHETER HOLDING AB

Hemfosa and Crown Nordic Management AB each own 50 percent of Kronfastigheter Holding AB. At June 30, 2014, Kronfastigheter owned properties totaling approximately SEK 1.2 billion, primarily located in growth districts in southern and central Sweden. Crown Nordic Management and Hemfosa will jointly collaborate on management and project development of the portfolio.

The acquisition of the property portfolio, which encompasses public, office, commercial and logistics properties, took place in December 2013. Work initially focused on taking over the technical and financial management of the portfolio.

During the second quarter 2014, Kronfastigheter divested properties at a total value of MSEK 44. The divested properties were project properties, entirely or partly vacant, situated in Uppsala and Växjö.

According to the shareholders' agreement, Hemfosa has an option to acquire Crown Nordic Management's holdings in Hemfosa Kronfastigheter in January 2015.

Key figures for Hemfosa Kronfastigheter Holding AB

Property portfolio	June 30, 2014
No. of properties	26
Leasable area, 000s of sqm	138
Hemfosa's share of selected financial information	
Participating interest, %	50
Rental income, January-June, MSEK	32
Market value of properties, MSEK	640
Equity, MSEK	47
Interest-bearing liabilities, MSEK	588
Derivatives, MSEK	-
Deferred tax assets or tax liabilities (-), MSEK	-1

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 with the aim to develop and add value to the Tellus 4 commercial property in Södertälje. The property will undergo complete renovations and restoration of the commercial premises, which comprises a total of approximately 10,000 square meters. The project is scheduled for completion at the end of 2015 or in early 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 with the aim of developing and adding 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 were completed and sold. In the next stage, a total of 30 tenant-owner apartments are scheduled for completion during 2014, of which 29 tenant-owner apartments have been sold. The company also owns the development rights for residential units totaling about 3,000 square meters.

Financing

EQUITY

Hemfosa's equity amounted to MSEK 6,494 at June 30, 2014. The Parent Company's equity amounted to MSEK 6,409.

INTEREST-BEARING LIABILITIES

Hemfosa's interest-bearing liabilities on June 30, 2014, amounted to MSEK 11,303, of which MSEK 10,065 pertained to loans from credit institutions, MSEK 1,188 to bond loans, MSEK 46 to vendor's mortgages and MSEK 3 to other liabilities. As of June 30, 2014, Hemfosa had two overdraft facilities totaling MSEK 150, of which MSEK 51 was utilized. All loans were in SEK.

The Group's interest-bearing liabilities to external credit institutes comprise 65.4 percent of the carrying amount of the property portfolio in the statement of financial position. The average remaining fixed-rate and loan maturity periods amounted to 2.1 and 2.7 years, respectively, at the end of the period. The average interest rate at June 30, 2014 was 3.28 percent.

Fixed-rate periods at June 30, 2014	Overdraft	Derivatives,	Amount,	Proportion,
	facilities, MSEK	MSEK	MSEK	%
	Jun 30, 2014	Jun 30, 2014	Jun 30, 2014	Jun 30, 2014
<1 year	11,179	-6,579	4,599	41
1–2 years	-	1,112	1,112	10
2–3 years	103	1,882	1,985	18
3–4 years	-	-	-	-
4–5 years	-	3,585	3,585	32
>5 years	21	-	21	0
Total	11,303	0	11,303	100

The average interest rate for Hemfosa's loan portfolio was 3.28 percent at June 30, 2014. Agreements entered into for interest-rate swaps with a total volume of MSEK 6,579 were taken into account in the level of interest rates and terms. The underlying loans carry interest at a floating interest rate mainly based on STIBOR 3M.

Loans totaling MSEK 1,794 were raised during the second quarter 2014, of which MSEK 1,200 pertained to bond loans, MSEK 43 to project financing for ongoing construction projects and MSEK 516 to financing in connection with acquisitions of new properties. During the quarter, bridge financing, vendor's mortgages and credit facilities were settled in the amount of MSEK 620. In addition, loans totaling MSEK 511 were refinanced and expanded. Hemfosa's bond loans, which are listed on the NASDAQ OMX Stockholm, have a term of three years. Of the total bond loans of MSEK 1,200, MSEK 1,100 carried a floating rate of STIBOR 3M plus 2.25 percent and MSEK 100 carried a fixed rate of 3.38 percent.

After the end of the second quarter 2014, loans totaling MSEK 941 were refinanced, which impacted the average interest rate and fixed-rate and loan maturity periods, which at July 31

2014 were 3.07 percent, 2.3 years and 2.9 years, respectively. Taking into account that the short-term market interest rate has continued to decline, the average interest rate is deemed to be slightly lower in the third quarter. Loans totaling approximately MSEK 342 remain to be refinanced in 2014. This refinancing work has commenced and existing banks have declared their willingness to continue with their financing.

The table below presents the maturity structure of Hemfosa's financial liabilities. The table also shows the net interest rate linked to interest-rate swaps. All interest-rate swaps had a negative fair value at June 30, 2014.

Maturity structure, financial liabilities at June 30, 2014

	Nominal amounts, MSEK	Proportion, %	Loan interest, MSEK	Net interest, interest-rate swaps, MSEK*	Total, MSEK
2014	1,395	12	156	9	165
2015	15	0	302	18	320
2016	4,089	36	253	18	271
2017	2,123	19	140	17	157
2018	3,640	32	77	15	93
2019–	40	0	10	3	13
Total	11,303				

* At June 30, 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 are used to limit the interest-rate risk and increase the predictability of Hemfosa's profit from property management. At the end of the first quarter 2014, the interest-rate swaps entered into totaled MSEK 7,979, which at that time had a negative fair value of MSEK -179. At the end of the second quarter, Hemfosa restructured its total portfolio derivatives in order to comply with the finance policy established by the Board and to capitalize on the low interest rates in the market. Accordingly, all interest-rate swaps were settled at the end of June 2014. The redemption price amounted to MSEK -234, of which MSEK -55 was charged to earnings for the quarter.

At the same time as the existing interest-rate swaps were settled, new interest-rate swaps were entered into at a total amount of MSEK 6,579. At June 30, all new agreements had a negative fair value of MSEK -22 since floating market interest rates further declined in the final days of the second quarter. The new interest-rate swaps entail approximately a MSEK 70 reduction in Hemfosa's annual interest expense.

Fixed-rate period, interest-rate swaps at June 30, 2014

	Nominal amount, MSEK	Average interest rates, %	Market value, MSEK
<1 year	-	-	-
1–2 years	1,112	0.77	0
2–3 years	1,882	0.91	-4
3–4 years	-	-	-
4–5 years	3,585	1.34	-18
>5 years	-	-	-
Total	6,579	1.12	-22

Other disclosures

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Söderport Fastigheter AB, which is owned equally with Sagax, has sold the leaseholds to two properties in Årsta, Stockholm. Today, 40,000 square meters of the properties have been developed into industrial and office premises. Work to prepare a new development plan for conversion into residential units is in progress. The selling price amounted to MSEK 355.

OWNERSHIP DISTRIBUTION AND STOCK-EXCHANGE LISTING

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

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

THE SHARE AND SHAREHOLDERS

The company's common share has been listed on NASDAQ OMX Stockholm, Mid-Cap, since March 21, 2014, under the ticker symbol "HEMF." The final price paid on June 30, 2014 was SEK 112.25 and the market capitalization amounted to MSEK 7,377. At June 30, 2014, Hemfosa had 10,301 shareholders, of whom Swedish investors, institutions and private individuals owned 78 percent of the shares. International institutional investors owned 22 percent of the shares.

Owner distribution, June 30, 2014

Owners	Number of shares	Percentage of share capital, %	Percentage of votes, %
The Fourth Swedish National Pension Fund	6,051,737	9.2%	9.2%
Kåpan Pensioner	4,181,781	6.4%	6.4%
Länsförsäkringar Fondförvaltning AB	3,874,753	5.9%	5.9%
Alecta Pensionsförsäkring	3,334,571	5.1%	5.1%
Ikano Invest AB	3,334,571	5.1%	5.1%
AMF Försäkring och fonder	3,196,476	4.9%	4.9%
CBLDN-IF Skadeförsäkring AB	2,937,287	4.5%	4.5%
Lannebo Fonder	2,249,000	3.4%	3.4%
Folksam	2,223,049	3.4%	3.4%
Swedbank Robur Funds	1,812,573	2.8%	2.8%
Board of Directors, management, personnel	4,728,442	7.2%	7.2%
Other	27,795,864	42.3%	42.3%
Total	65,720,104	100.0%	100.0%

EMPLOYEES

At June 30, 2014, the number of employees was 38, of whom 20 are women. Hemfosa has offices in Nacka (head office), Kristianstad, Västerås, Karlstad, Sundsvall and Gothenburg.

PARENT COMPANY

For the January-June 2014 period, the Parent Company recognized profit after tax of MSEK 98. The Parent Company's fees for central and property administrative services from Group companies and joint ventures for the period amounted to MSEK 20.

At June 30, 2014, the Parent Company had equity of MSEK 6,407 after utilizing an over-allotment option in connection with the stock-exchange listing.

At June 30, 2014, the Parent Company had external interest-bearing liabilities totaling MSEK 1,306. Intra-Group liabilities amounted to MSEK 75 and intra-Group receivables to MSEK 5,217.

ACCOUNTING POLICIES

This condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Reporting, as well as applicable regulations in 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. 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 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.

RELATED-PARTY TRANSACTIONS

The Group owns participation in joint ventures, see pages 11-12 in the interim report. At June 30, 2014, the Group had a current receivable of MSEK 474 from joint ventures. MSEK 425 of the receivable had been paid at August 19, 2014.

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 the past years, with respect to training and additional recruitment. Hemfosa's future development is largely based on the knowledge, experience and commitment of Group management and other key personnel. To minimize the dependence on individuals, the company has prepared documented job descriptions and clear process maps.

Within the framework of the 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 resulted in a reduction of the operational risk. The results of the review and the proposed improvement areas have all been incorporated into the daily operations.

Hemfosa has also implemented a whistle blower process that encourages employees to report any irregularities, unethical or illegal operations, to further strengthen a sound ownership 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.

Interest-rate swap derivatives are used to limit the interest-rate risk and increase the predictability of Hemfosa's profit from property management. As of June 30, 2014, the fixed-income derivatives entered into totaled MSEK 6,579. The fair value of the financial instruments amounted to a negative MSEK -22 due to lower floating market interest rates compared with the contracted fixed interest rates. At June 30, 2014, a negative MSEK -22 in revaluation was charged against earnings.

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 7.

Sensitivity analysis, June 30, 2014

	Change, %	Earnings effect, MSEK
Contracted rental income	+/- 1	+/- 16
Economic leasing rate, %		91
Economic leasing rate	+/- 1	+/- 19
Property expenses	+/- 1	+/- 5
Net operating income	+/- 5	+/- 55
Interest expenses for current fixed-rate periods and changed interest rates ¹	+/- 1	+/- 45
Interest expenses for change in average interest rate level ²	+/- 1	+/- 113
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/- 1	+/- 226

¹ Taking into account derivative agreements

² Not taking into account derivative agreements

For further information about risks and uncertainties, see Hemfosa's 2013 Annual Report.

BOARD ASSURANCE

The Board of Directors and the Chief Executive Officer assure that this interim report gives a fair review of the company's and the Group's operations, financial position and earnings, and describes material risks and uncertainties facing the company and the companies included in the Group.

Nacka, August 19, 2014
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 interim report was not audited.

Hemfosa publishes the information in this interim report in accordance with the Securities Market Act on August 20, 2014 at 8.30 am.

This is an English translation of the Swedish original version.

REPORTING DATES

Interim Report January - September 2014, November 5, 2014
Year-end report January - December 2014, February 18, 2015

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Summary of financial reports

Consolidated statement of profit/loss and other comprehensive income

	April-June		January-June		Full-year
MSEK	2014	2013	2014	2013	2013
Rental income	386	399	781	789	1,584
Property expenses and property administration	-116	-121	-267	-284	-537
Net operating income	270	278	514	505	1,047
Central administration	-16	-25	-33	-41	-79
Other operating income and expenses	-1	-5	20	-1	0
Share in profit of joint ventures	200	53	195	84	125
Financial income and expenses	-120	-188	-297	-376	-770
Profit from property management	333	113	399	172	323
Changes in value of properties, realized	32	-26	30	-26	-21
Changes in value of properties, unrealized	102	2	128	-187	-193
Changes in value, financial instruments	-77	32	-144	72	23
Profit before tax for the period/year	390	121	412	31	132
Current tax	0	0	-1	0	-
Deferred tax	-57	31	-66	41	99
Profit for the period/year	333	152	345	72	231
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period/year	333	152	345	72	231
<i>Profit for the period/year attributable to:</i>					
Parent Company shareholders	333	152	345	72	231
Non-controlling interests	0	0	0	0	0
Profit for the period/year	333	152	345	72	231
Earnings per share for the period/year, before and after dilution, SEK	5.1	6.1	7.0	2.9	7.4

Consolidated statement of financial position

MSEK	Jun 30, 2014	Jun 30, 2013	Dec 31, 2013
<i>Assets</i>			
Investment properties	17,287	15,994	16,284
Participations in joint ventures	650	385	455
Other fixed assets	27	47	32
Total fixed assets	17,964	16,426	16,772
Current receivables from joint ventures	474	-	-
Current receivables	109	101	65
Cash and cash equivalents	299	96	284
Total current assets	882	197	349
Total assets	18,846	16,623	17,121
<i>Equity and liabilities</i>			
Equity	6,494	2,209	2,369
Long-term interest-bearing liabilities	9,979	10,951	11,829
Other long-term liabilities	22	63	114
Deferred tax liabilities	504	487	430
Total long-term liabilities	10,505	11,501	12,373
Current interest-bearing liabilities	1,325	2,411	1,831
Other current liabilities	522	502	548
Total current liabilities	1,847	2,913	2,379
Total equity and liabilities	18,846	16,623	17,121

Consolidated statement of changes in equity

Reconciliation of equity MSEK	Equity attributable to Parent Company shareholders					Non- controlling interests	Total equity
	Share- capital	Other contrib- uted capital	Retained earnings incl profit for the year	Total			
Opening equity, Jan 1, 2013	10	240	1,926	2,176	-	2,176	
Comprehensive income for the period	-	-	72	72	0	72	
Transactions with the Group's shareholders							
Capital contribution from non-controlling interests	-	-	8	8	1	9	
Dividend to preferential shareholders	-	-	-47	-47	-	-47	
Total transactions with the Group's shareholders	-	-	-39	-39	1	-38	
Closing equity, Jun 30, 2013	10	240	1,959	2,208	1	2,209	
Transactions with the Group's shareholders							
New share issue	15	-15	-	0	-	0	
Total transactions with the Group's shareholders	15	-15	-	0	-	0	
Comprehensive income, July- December 2013	-	-	160	160	0	160	
Closing equity, Dec 31, 2013	25	225	2,119	2,368	1	2,369	
Opening equity, Jan 1, 2014	25	225	2,118	2,368	1	2,369	
Comprehensive income for the period	-	-	345	345	0	345	
	-	-	345	345	0	345	
Transactions with the Group's shareholders							
Offset issue	31	2,939	-	2,970	-	2,970	
New share issue	10	799 ³	-	809	-	809	
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	3,738	0	3,779	0	3,779	
Closing equity, Jun 30, 2014	66	3,963	2,463	6,493	1	6,494	

³ This amount includes issue costs totaling MSEK 100

Statement of cash flow for the Group

MSEK	Notes	April-June		January-June		Full-year
		2014	2013	2014	2013	2013
<i>Operating activities</i>						
Profit from property management		333	113	399	170	323
Adjustments for items not included in cash flow		-200	-50	-195	-79	-130
Income tax paid		0	0	-3	0	3
Cash flow from operating activities before changes in working capital		133	63	201	91	196
<i>Cash flow from changes in working capital</i>						
Change in operating receivables		42	-28	-46	24	60
Change in operating liabilities		-108	-9	-21	-37	5
Cash flow from operating activities		67	26	134	78	261
Cash flow from investing activities		-777	-38	-880	-209	-507
Cash flow from financing activities		813	-3	761	-15	288
Cash flow for the period		103	-15	15	-146	42
Cash and cash equivalents at the beginning of the period/year		196	111	284	242	242
Cash and cash equivalents at the end of the period/year		299	96	299	96	284

Segment information

	January-June									
	Public properties		Office properties		Logistics properties		Transaction properties		Total consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
MSEK										
Rental income	387	385	218	217	107	107	68	79	781	789
Property expenses										
<i>Operations</i>	-82	-91	-46	-52	-9	-8	-23	-28	-160	-179
<i>Maintenance</i>	-20	-22	-15	-13	-3	-5	-6	-4	-45	-44
<i>Property tax</i>	-14	-13	-15	-13	-2	-2	-3	-4	-34	-32
Property administration	-13	-13	-9	-10	-3	-4	-3	-2	-29	-29
Net operating income	258	246	133	129	90	88	33	41	514	505
Central administration									-33	-41
Other operating income									20	-1
Share in profit of joint ventures									195	84
Financial income and expenses									-297	-376
Profit from property management									399	172
Realized change in value of property									30	26
Unrealized change in value of properties									128	-187
Changes in value of financial instruments									-144	72
Profit before tax for the period									412	31
Investments in existing portfolio during the period	145	186	76	139	1	12	12	11	234	348
Carrying amount of investment properties at June 30	8,560	7,462	4,843	4,681	2,753	2,577	1,131	1,273	17,287	15,993

Key figures

	April-June		January-June		Full-year
	2014	2013	2014	2013	2013
Financial					
Return on equity, %	30.1	28.2	15.6	6.3	6.7
Equity/assets ratio, %	34.5	13.3	34.5	13.3	13.8
Loan-to-value ratio properties, % ⁴	65.4	83.5	65.4	83.5	83.9
Debt/equity ratio, multiple ⁴	1.7	6.0	1.7	6.0	5.8
Interest coverage ratio, multiple ⁵	3.7	1.6	2.3	1.5	1.4
Share-related					
Profit from property management, SEK per share	5.1	4.5	8.0	6.9	12.9
Profit after tax, SEK per share	5.1	6.1	7.0	2.9	7.4
Equity, SEK per share	98.8	88.4	98.8	88.4	94.8
Net asset value (EPRA NAV) SEK per share	110.2	110.4	110.2	110.4	116.4
Cash flow from operating activities, SEK per share	1.0	1.0	2.7	3.1	10.4
Dividend, SEK per share	0	0	0	0	0
Weighted average number of shares, 000s	65,720	25,000	49,606	25,000	25,000
Number of shares outstanding per balance-sheet date, 000s	65,720	25,000	65,720	25,000	25,000
Property-related					
Number of properties at the end of the period	195	201	195	201	195
Leasable area at the end of the period, 000s of sqm	1,746	1,710	1,746	1,710	1,713
Carrying amount of properties in the balance sheet, MSEK	17,287	15,994	17,287	15,994	16,284
Property value, SEK per sqm	9,959	9,353	9,901	9,353	9,506
Economic leasing rate, %	91.0	90.4	91.0	90.4	90.0
Surplus ratio, %	70	70	66	64	66
Yield, %	6.1	6.3	6.1	6.3	6.4

⁴ A shareholders' loan of MSEK 3,470 is included in the total interest-bearing liabilities at June 30, 2013 and December 31, 2013.

⁵ Interest expenses for the January-June 2014 period includes interest on shareholders' loan of MSEK 60 (156) and for the full-year 2013 a shareholders' loan of MSEK 312.

Income statement for the Parent Company

MSEK	April-June		January-June		Full-year
	2014	2013	2014	2013	2013
Net sales	11	-	21	-	14
Other external costs	-6	-	-10	-	-20
Personnel expenses	-7	-	-12	-	-
Depreciation/amortization	0	-	0	-	0
Loss before financial income and expenses	-2	-	-1	-	-6
Interest income and similar income items	91	-	174	-	160
Interest expenses and similar expense items	-14	-	-75	-	-157
Profit/loss before tax for the period/year	75	-	98	-	-3
Current tax	-	-	-	-	-
Deferred tax	-	-	-	-	-
Profit/loss for the period/year	75	-	98	-	-3

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

MSEK	April-June		January-June		Full-year
	2014	2013	2014	2013	2013
Profit/loss for the period/year	75	-	98	-	-3
Other comprehensive income for the period/year					
Comprehensive income for the period/year	75	-	98	-	-3

Balance sheet for the Parent Company

MSEK	Jun 30, 2014	Jun 30, 2013	Dec 31, 2013
<i>Assets</i>			
Tangible assets	0	-	0
Participations in joint ventures	31	-	31
Participations in Group companies	2,533	2,533	2,533
Non-current receivables from Group companies	4,758	3,470	3,489
Other fixed assets	26	-	26
Total fixed assets	7,348	6,003	6,079
Current receivables from Group companies	459	-	146
Other current receivables	16	-	2
Cash and bank balances	0	0	15
Total current assets	475	0	163
Total assets	7,823	6,003	6,242
<i>Equity and liabilities</i>			
Equity	6,407	2,533	2,530
Non-current interest-bearing liabilities	1,200	3,470	3,470
Non-current liabilities to Group companies	75	-	-
Total non-current liabilities	1,275	3,470	3,470
Current interest-bearing liabilities	106	-	-
Current liabilities to Group companies	-	0	235
Other current liabilities	35	-	7
Total current liabilities	141	0	242
Total equity and liabilities	7,823	6,003	6,242

Glossary

Return on equity

Profit/loss for the period, recalculated to 12 months, as a percentage of average equity during the period.

Loan-to-value ratio

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

Yield

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

Equity per share

Equity as a percentage of the number of shares at the end of the period.

Economic leasing rate

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

Property value

Carrying amount of the property.

Property

Properties held under title or site leasehold.

Property tax

A government tax that is paid annually for properties that do not contain residential units and units classified in property taxation as single-family housing units, agricultural units with undeveloped land, owner-occupied apartment units, rental housing units, industrial units or electricity production units.

Financial derivatives

Agreements pertaining to interest rates on loans that can include the following factors: time, inflation and/or interest-rate ceilings, and that are entered into to hedge interest-rate levels for interest-bearing loans.

Profit from property management per share

Profit from property management for the

period as a percentage of the weighted average number of 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 share

Cash flow from operating activities as a percentage of the weighted average number of shares.

Market value of properties

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

Project development

The development of undeveloped properties or properties where the original building structure is not used as a basis for the development.

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.

Earnings per share

Earnings for the period as a percentage of the weighted average number of shares.

Interest-coverage ratio

Profit from property management, plus financial costs as a percentage of financial costs.

Debt/equity ratio

Interest-bearing liabilities as a percentage of equity.

Equity/assets ratio

Equity as a percentage of total assets.

Net asset value

Recognized equity plus derivatives and deferred tax according to the statement of financial position (EPRA NAV).

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.

Dividend per share

Proposed dividend as a percentage of the number of shares outstanding on the balance-sheet date.

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

