





Strengthened position in the Norwegian market

APRIL-JUNE 2015 QUARTER

- Rental income amounted to MSEK 615 (386)
- Profit from property management totaled MSEK 346 (333), corresponding to SEK 2.44 per ordinary share (2.54)*
- Profit after tax amounted to MSEK 673 (333), corresponding to SEK 4.80 per ordinary share (2.54)*
- Cash flow from operating activities was MSEK 153 (67), corresponding to SEK 0.97 per ordinary share (0.51)*

INTERIM PERIOD JANUARY-JUNE 2015

- Rental income amounted to MSEK 1,203 (781)
- Profit from property management totaled MSEK 613 (399), corresponding to SEK 4.09 per ordinary share (4.02)*
- Profit after tax amounted to MSEK 1,082 (345), corresponding to SEK 7.59 per ordinary share (3.48)*
- Recognized property value of SEK 27.4 billion (17.3) includes 366 (195) directly owned properties
- Net asset value (EPRA NAV) per ordinary share was SEK 64.39 (55.08)*
- Cash flow from operating activities was MSEK 537 (134), corresponding to SEK 3.51 per ordinary share (1.35)*

* After the share split (2:1) implemented in May 2015, see below. Key figures were retroactively restated due to this.

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- Hemfosa acquired community service properties in Norway – ten properties and three site leaseholds, a total of 13 preschools, at an underlying property value of MSEK 284. The preschools are located primarily in Oslo and South Norway.
- Hemfosa signed an agreement to invest approximately SEK 1 billion in the project planning and construction of a specialist hospital in Norway.
- Hemfosa divested a residential property and two housing development rights in Västerhaninge for approximately MSEK 315.
- Hemfosa continued to strengthen its central organization with the addition of one new position and has thus appointed a Head of Finance.
- In May 2015, a 2:1 share split was implemented entailing that each existing share was divided into two new shares of the same type. The number of ordinary shares at the end of the period was 131,440,208 (131,440,208), the number of preference shares at the end of the period was 10,000,000 (-).
- After the quarter, Hemfosa acquired a community service property in Karlstad. The property includes about 7,000 square meters of educational premises and is fully leased with a 20-year agreement.

Comments from the CEO

During the second quarter of 2015, our focus was largely on our new market in Norway – partly in integration of previous acquisitions, and partly in new interesting transactions that are in line with our strategic focus on community service properties and stable cash flows. At the same time, we are able to report a continued stable trend during the quarter, with improved profit from property management and higher earnings.

We took the first step into the Norwegian market for community service properties through several major acquisitions during the first quarter of the year. There is great potential and we foresee numerous opportunities in the Norwegian market that we would like to secure at an early stage. To generate an efficient management of the Norwegian property portfolio, we are now establishing a proprietary property management organization in Norway, which we will successively develop.

Project with
25-year lease

A WELL-CONCEIVED HOSPITAL PROJECT THAT OPENS THE DOOR TO MORE OPPORTUNITIES

In June, we were able to take another important step to strengthen Hemfosa's position in Norway by signing an agreement to invest in a specialist hospital that is to be constructed at a central location close to Gardermoen Airport, outside Oslo, where the activities of two existing hospitals will be co-located. From the beginning, we have a 25-year lease in place with LHL, a Norwegian association with extensive experience in running specialist clinics in Norway. The project is very sound, with well-conceived planning, and collaboration with reputable partners bodes well for a stable process. This establishment will also open the door to more opportunities in the Gardermoen area, which is to be developed into a large health campus.

In June, we also implemented a transaction in Norway when we acquired a total of 13 pre-schools, primarily in the Oslo region and the southern part of the country. The acquisition entails long-term and stable earnings for Hemfosa, with a signed 20-year lease, while we are also expanding our portfolio in the preschool area. With both of these transactions, we confirm Hemfosa's position as a strong player in community service properties in the Norwegian market. And we want more.

Divestment of
non-priority
properties

CONTINUED STREAMLINING OF THE PORTFOLIO

The Swedish market for property transactions remains extremely active, with many parties interested in each object. This applies in general and also particularly in our prioritized segment, Community Service Properties. At the same time, we feel secure knowing that Hemfosa's financial strength, power of implementation and experience puts us in a special position and we also recognize the potential for favorable transactions in the future – but although we know that we can be quick, we only want transactions that are right for us. A liquid market is also a great opportunity for us to streamline the existing portfolio by divesting objects that are not prioritized, in line with what we did in June when we divested residential properties and housing development rights.

We usually say that Hemfosa's world is about recognizing beauty and finding opportunities not yet seen by anyone else – almost like gathering a valuable collection of art. On this note, we will continue to conscientiously develop our collection of fine properties with strong cash flows.

Jens Engwall, CEO

Overview

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

	Jan-Jun		Full-year	
	2015	2014	2014	2013
Rental income	1,203	781	1,612	1,584
Property expenses including property administration	-406	-267	-538	-537
Net operating income	797	514	1,074	1,047
Central administration	-60	-33	-74	-79
Other operating income and expenses	-2	20	62	0
Share in profit of joint ventures	100	195	239	125
Financial income and expenses	-231	-297	-480	-770
Profit from property management	603	399	821	323
Changes in value of properties	600	158	487	-214
Changes in value of financial instruments	-21	-144	-277	23
Current tax	-1	-1	-2	-
Deferred tax	-108	-66	-67	99
Profit/loss for the year	1,072	345	962	231
Other comprehensive income				
Exchange differences for the period in converting foreign operations	-55	-	-	-
Comprehensive income for the year	1,017	345	962	231
<i>Profit for the year attributable to:</i>				
Parent Company shareholders	1,051	345	960	231
Non-controlling interests	21	0	2	0
Comprehensive income for the year	1,072	345	962	231
Earnings per ordinary share for the year, before and after dilution, SEK	7.43	3.48	8.66	3.70

Consolidated statement of financial position, MSEK

	Jun 30		Dec 31	
	2015	2014	2014	2013
Investment properties	27,353	17,287	24,400	16,284
Interests in joint ventures	835	650	609	455
Derivatives	2	-	-	6
Other fixed assets	11	27	10	26
Current receivables	255	583	94	66
Cash and cash equivalents	455	299	594	284
Total assets	28,912	18,846	25,707	17,121
Shareholders' equity	9,153	6,494	8,701	2,369
Interest-bearing liabilities	17,765	11,304	15,760	13,660
Derivatives	126	-	106	118
Deferred tax liabilities	512	504	423	430
Other liabilities	1,355	544	717	544
Total equity and liabilities	28,912	18,846	25,707	17,121

Statement of cash flow for the Group, MSEK

	Jan-Jun		Full-year	
	2015	2014	2014	2013
Cash flow from operating activities	537	134	627	261
Cash flow from investing activities	-824	-880	-2,499	-503
Cash flow from financing activities	149	761	2,182	284
Total cash flow	-138	15	310	42

Key figures

Key financial data

	Jan-Jun		Full-year	
	2015	2014	2014	2013
Return on shareholders' equity, %	19.0	15.6	12.6	13.6
Equity/assets ratio, % ¹	31.7	34.5	33.7	13.8
Loan-to-value ratio, properties % ¹	64.9	65.4	64.6	83.9
Debt/equity ratio, multiple ¹	1.9	1.7	1.8	5.8
Interest-coverage ratio, multiple ^{2,3}	3.3	2.3	2.2	1.3

Share-related key figures, ordinary shares

	Jan-Jun		Full-year	
	2015	2014	2014	2013
Profit from property management, SEK per ordinary share	4.09	4.02	7.36	6.46
Profit after tax, SEK per ordinary share	7.59	3.48	8.66	3.70
Equity, SEK per ordinary share ¹	57.44	49.41	53.84	47.38
Net asset value (EPRA NAV), SEK per ordinary share ¹	64.39	55.08	59.98	58.20
Cash flow from operating activities, SEK per ordinary share	3.51	1.35	5.59	5.22
Dividend, SEK per ordinary share	0.75	-	-	-
Weighted average number of ordinary shares, 000s	131,440	99,212	109,954	50,000
Number of ordinary shares outstanding ¹ , 000s	131,440	131,440	131,440	50,000

Share-related key figures, preference shares

	Jan-Jun		Full-year	
	2015	2014	2014	2013
Dividend, SEK per preferential share	7.50	-	1.25	-
Equity, SEK per preferential share ¹	162.50	-	162.50	-
Number of preferential shares outstanding, 000s ¹	10,000	-	10,000	-

Property-related key figures

	Jun 30		Dec 31	
	2015	2014	2014	2013
Number of properties	366	195	353	195
Rental value, MSEK	2,681	1,804	2,520	1,738
Leasable area, 000s of sqm	2,536	1,746	2,516	1,713
Carrying amount of properties in the balance sheet, MSEK	27,353	17,287	24,400	16,284
Property value, SEK per sqm	10,786	9,901	9,699	9,556
Economic leasing rate, %	91.0	91.0	90.7	90.0
Surplus ratio, %	66.2	65.8	66.6	66.1
Yield, %	6.1	6.1	6.1	6.4

1 On the balance-sheet date

2 Interest expenses for the January - December 2015 period includes interest on shareholders' loan of MSEK 60 (312,310).

3 Share in profit in joint ventures is not included in profit from property management in the calculation of the interest coverage ratio.

Operations

Summary of earnings

MSEK	Apr-Jun		Jan-Jun		Full-year
	2015	2014	2015	2014	2014
Rental income	615	386	1,203	781	1,612
Property expenses including property management	-186	-116	-406	-267	-538
Net operating income	429	270	797	514	1,074
Central administration	-33	-16	-60	-33	-74
Other operating income and expenses	1	-1	-2	20	62
Share in profit of joint ventures	64	200	100	195	239
Financial income and expenses	-115	-120	-222	-297	-480
Profit from property management	346	333	613	399	821
Changes in value of properties	332	134	600	158	487
Changes in value of financial instruments	31	-77	-21	-144	-277
Profit before tax for the year	709	390	1,191	412	1,031
Current tax	1	0	-1	-1	-2
Deferred tax	-37	-57	-108	-66	-67
Profit/loss for the year	673	333	1,082	345	962

SECOND QUARTER, APRIL-JUNE 2015

During the second quarter of 2015, Hemfosa continued to expand in Norway through the acquisition of 13 properties in which preschool activities are conducted. Transfer of ten of the preschools occurred on June 29, and, as a result, Hemfosa did not recognize any earnings from these properties for the quarter. The remaining three preschools will be transferred in the third quarter. The establishment of a property management organization in Norway has commenced, with Hemfosa planning to have an organization of four to five individuals in place soon.

During the quarter, two residential properties were divested, of which one, located in Västerhänge, is a partly owned property, meaning that Hemfosa's shareholders do not benefit from the full earnings; refer to the line "Non-controlling interests" in the Consolidated statement of profit/loss and other comprehensive income. Furthermore, another property was divested from the Transaction Properties segment.

The leasable area of Hemfosa's total property portfolio at June 30, 2015 amounted to 2,536,000 square meters (1,746,000). The leasing rate was 91.0 percent (91.0). Net operating income increased in pace with the larger property portfolio compared with the preceding year. The surplus ratio amounted to 69.8 percent (69.9) and the yield for the entire portfolio was 6.1 percent (6.1).

The letting market remained strong during the quarter and several leases were renegotiated or newly negotiated. Many negotiations are in progress with existing and new tenants. Projects pertaining to tenant-specific modifications and renovations are in progress. Investments in the existing property portfolio totaled MSEK 145 (124) during the quarter, of which tenant-specific modifications accounted for MSEK 80 (62).

Profit from shares in joint ventures amounted to MSEK 64 (200). During the quarter, Hemfosa acquired shares in a new joint venture, Gardermoen Campus Utvikling AS (GCU), which is to plan and construct a specialist hospital close to Gardermoen Airport in Norway. A 25-year lease was signed with the tenant, which is to co-locate two existing specialist hospitals to the newly constructed hospital. GCU is described in more detail under the section "Shares in joint ventures" on pages 16-17. The share in profit during the quarter was generated primarily from the holding in Söderport Holding AB and comprised MSEK 34 (30) in profit from property management, MSEK 63 (222) in revaluation of properties and financial instruments and a loss of MSEK 56 (loss: 52) in other items.

Financial income and expenses were positively impacted by both lower interest-rate levels and lower margins in new borrowings. The loan-to-value ratio at June 30, 2015 was 64.9 percent (65.4).

Changes in the value of investment properties totaled MSEK 332 (134), of which MSEK 23 (32) pertained to realized changes in value and MSEK 309 (102) to unrealized changes in value. Changes in the value of financial instruments totaled MSEK 31 (-77), of which MSEK 0 (-55) pertained to realized changes in value and MSEK 31 (-22) to unrealized changes in value. During the quarter, interest-rate swaps were redeemed at a volume of MSEK 490, which resulted in MSEK 0 in realized changes in value.

The trend for market interest rates impacted the market value of existing interest-rate swaps, generating a positive impact on earnings.

The conversion of the Norwegian operation during the quarter generated currency effects of MSEK 12 (-) in other comprehensive loss.

Cash flow

Cash flow from operating activities amounted to MSEK 153 (133), corresponding to SEK 0.97 per share (0.51). During the quarter, an average of 364 wholly owned properties (195) were included in Hemfosa's portfolio. Investing activities impacted cash flow in the amount of MSEK -159 (-777), of which investments in existing properties accounted for MSEK -145 (-124), acquisitions of subsidiaries and properties for MSEK -17 (-267), divestment of subsidiaries and properties for MSEK 134 (88), acquisition of share in a joint venture MSEK -86 (-) and other items for MSEK -45 (-).

Financing activities had a negative impact of MSEK 90 (pos: 813) on cash flow. In addition to loans raised and repayments in connection with the acquisition and divestment of subsidiaries, loans raised amounted to MSEK 527 (91) and repayments to MSEK -493 (-626). During the quarter, MSEK -123 (-) was paid to Hemfosa's shareholders.

Cash and cash equivalents changed in a total of MSEK -96 (-103) during the quarter.

INTERIM PERIOD JANUARY-JUNE 2015

Earnings

During the period, Hemfosa implemented the first property acquisitions in Norway through the company Samfunnsbygg AS, in which Hemfosa acquired a 97.2-percent interest. A total of 18 community service properties were acquired in the Oslo area and southern Norway, with an underlying value of approximately SEK 3.3 billion. In addition, Hemfosa acquired community service properties in western Sweden at a value of SEK 0.4 billion, and signed an agreement to invest approximately SEK 1 billion in a hospital project in Norway.

During the period, properties were divested for a total underlying value of about SEK 1.3 billion. The largest divestment pertained to a portfolio of nine logistics properties in eight districts in southern, central and western Sweden. The higher net operating income compared with the preceding year was attributable to a larger property portfolio. The surplus ratio for the period amounted to 66.2 percent (65.8) and the interest-coverage ratio to a multiple of 3.3 (2.3).

Profit from participations in joint ventures was MSEK 100 (195), which was generated primarily from the holdings in Söderport Holding AB. The total share in profit from joint ventures comprised MSEK 60 (55) in profit from property management, MSEK 86 (197) in revaluation of properties and financial instruments and a loss of MSEK 46 (loss: 52) in other items.

The decline in financial income and expense derived from part of an interest-bearing shareholders' loan being converted to equity and being partly repaid towards the end of the first quarter of 2014. Meanwhile, the item was positively impacted by both lower interest rates and narrower margins in connection with new borrowings.

Changes in the value of investment properties totaled MSEK 600 (158), of which MSEK 94 (30) pertained to realized changes in value and MSEK 506 (128) to unrealized changes in value. Changes in the value of financial instruments totaled MSEK -21 (-144), of which MSEK 0 (-55) pertained to realized changes in value and MSEK -21 (-89) to unrealized changes in value.

Due to the possibility of making tax-related depreciation and direct deductions for certain property renovations and utilizing loss carry-forwards, the current tax expense is low. The total deferred tax expense for the period amounted to MSEK 108 (66), of which the deferred tax expense of MSEK 134 (57) is attributable to temporary differences in managed properties. Other items pertain to deferred tax assets and liabilities attributable to the revaluation of derivatives and completed property transactions. Hemfosa has no ongoing tax-related disputes.

The conversion of the Norwegian operation during the period generated currency effects of MSEK 43 (-) in other comprehensive loss.

Cash flow

Cash flow from operating activities for the period amounted to MSEK 537 (134), corresponding to SEK 3.51 per ordinary share (1.35). Investing activities impacted cash flow in the amount of MSEK -1,067 (-859), of which investments in existing properties accounted for MSEK -240 (-236), acquisitions of subsidiaries and properties for MSEK -1,254 (-692), divestment of subsidiaries and properties for MSEK 555 (118), acquisition of participation in joint ventures for MSEK -86 (-) and other items for MSEK -42 (-49).

Financing activities had an impact of MSEK 392 (761) on cash flow. In addition to loans raised and repayments in connection with the acquisition and divestment of subsidiaries, loans raised amounted to MSEK 863 (657) and repayments to MSEK -540 (-626). During the period, MSEK -174 (-) was paid to Hemfosa's shareholders.

Cash and cash equivalents changed by a total of MSEK -138 (15) during the period.

Segment reporting

The property portfolio is distributed 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 are not deemed to generate an acceptable long-term, risk-adjusted return, or properties that are considered unique in terms of geography or category.

60%
percentage
of Group's
net operating
income

COMMUNITY SERVICE PROPERTIES

Community service properties contributed approximately 60 percent of Hemfosa's net operating income. At June 30, 2015, the segment included a total of 193 properties with a leasable area of 1,134,000 square meters.

During the quarter, properties were acquired in Norway in which preschool activities are conducted. The total leasable area amounts to approximately 10,000 square meters. The leasing rate was 100 percent and the term for leases was 20 years.

The economic leasing rate for the Community Service Properties segment was 95.3 percent. The yield for Community Service Properties segment amounted to 6.5 percent.

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

Community service properties (MSEK)	Apr-Jun		Jan-Jun		Full-year
	2015	2014	2015	2014	2014
Rental income	349	188	677	387	806
Property expenses					
<i>Operations</i>	-57	-34	-125	-82	-159
<i>Maintenance</i>	-17	-8	-32	-20	-53
<i>Property tax</i>	-9	-7	-18	-14	-26
Property administration	-10	-6	-20	-13	-28
Net operating income	256	133	482	258	540
Number of properties			193	87	165
Leasable area, 000s of sqm*			1 134	677	977
Economic leasing rate, %			95.3	94.3	96.2

* excluding garage space

18%
percentage
of Group's
net operating
income

OFFICE PROPERTIES IN GROWTH MUNICIPALITIES

At June 30, 2015, the Office properties in growth municipalities segment included a total of 61 properties with a leasable area of 515,000 square meters. The economic leasing rate was 82.9 percent. The yield on Office properties in growth municipalities was 5.2 percent.

During the quarter, projects were concluded and new agreements with a few major tenants commenced. Leasing work during the quarter included the renegotiation of leases and the signing of new leases.

Office properties in growth municipalities (MSEK)	Apr-Jun		Jan-Jun		Full-year
	2015	2014	2015	2014	2014
Rental income	127	112	252	218	443
Property expenses					
<i>Operations</i>	-25	-19	-57	-46	-86
<i>Maintenance</i>	-7	-6	-25	-15	-31
<i>Property tax</i>	-8	-7	-17	-15	-29
Property administration	-6	-5	-13	-9	-19
Net operating income	81	75	140	133	278
Number of properties			61	46	63
Leasable area, 000s of sqm*			515	435	527
Economic leasing rate, %			82.9	86.2	81.9

* excluding garage space

LOGISTICS PROPERTIES

At June 30, 2015, the Logistics properties segment included a total of 22 properties, of which half are located in southern and central Sweden. The leasable area was 405,000 square meters and the economic leasing rate was 95.1 percent. Most of the leases in the segment have been formulated so that the tenants themselves account for operating expenses connected to the leased spaces, a so-called triple-net agreement. The yield for Logistics properties totaled 6.4 percent.

Logistics properties (MSEK)	Apr-Jun		Jan-Jun		Full-year
	2015	2014	2015	2014	2014
Rental income	52	51	102	107	221
Property expenses					
<i>Operations</i>	-2	-4	-6	-9	-18
<i>Maintenance</i>	-1	-1	-2	-3	-4
<i>Property tax</i>	-1	-1	-3	-2	-5
Property administration	-1	-2	-2	-3	-6
Net operating income	46	43	90	90	188
Number of properties			22	23	31
Leasable area, 000s of sqm*			405	407	522
Economic leasing rate, %			95.1	94.4	91.4

* excluding garage space

12%
percentage
of Group's
net operating
income

10%
percentage
of Group's
net operating
income

TRANSACTION PROPERTIES

At June 30, 2015, the Transaction properties segment included 90 properties, primarily commercial, industrial and office properties in the South and West geographic areas. The economic leasing rate was 85.9 percent and the leasable area was 482,000 square meters. The yield for Transaction properties was 5.4 percent.

Transaction properties (MSEK)	Apr-Jun		Jan-Jun		Full-year
	2015	2014	2015	2014	2014
Rental income	86	33	172	68	143
Property expenses					
<i>Operations</i>	-21	-10	-47	-23	-43
<i>Maintenance</i>	-12	-3	-25	-6	-16
<i>Property tax</i>	-4	-1	-8	-3	-7
Property administration	-3	-2	-7	-3	-9
Net operating income	45	17	85	33	68
Number of properties			90	39	94
Leasable area, 000s of sqm*			482	227	491
Economic leasing rate, %			85.9	83.3	87.4

* excluding garage space

Current earnings capacity

The table below shows the company's current earnings capacity on a 12-month basis as of June 30, 2015. The earnings capacity is not a forecast, but should be considered more as a theoretical overview presented solely for illustrative purposes. The current earnings capacity does not include an assessment of the future trends in respect of rents, vacancy rates, operating costs, interest rates or other factors.

Group's earnings capacity

MSEK	Jun 30, 2015
Rental income	2,444
Property expenses	-655
Property administration	-75
Net operating income	1,714
Central administration	-102
Share in profit of joint ventures	142
Financial income and expenses	-429
Profit from property management	1,325

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, 2015, based on valid leases.
- Operating and maintenance costs consist of 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 and current costs for site leaseholds.
- 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-rate level as per July 1, 2015.
- The earnings capacity for the Norwegian operations has been restated to the exchange rate on the balance-sheet date.
- Unconditional acquisition and sales agreements at the end of the year.

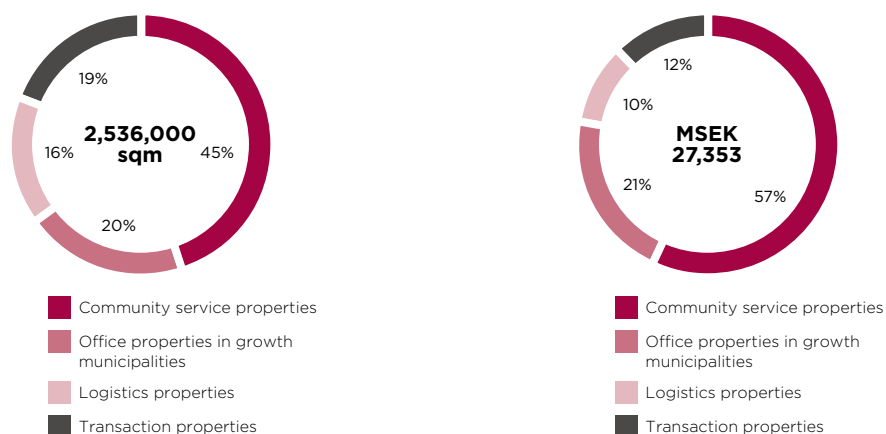
Property portfolio

As of June 30, 2015, the total property portfolio comprised 366 properties (195). Sweden accounts for 89 percent of the total property value and Norway for 11 percent. The geographic focus of the property portfolio is in southern and central Sweden. The metropolitan regions of Stockholm and Gothenburg account for about 40 percent of the total property value of the Swedish portfolio.

The properties had a total recognized value of SEK 27.4 billion (17.3). The total leasable area was 2,536,000 square meters (1,746,000) with a rental value of MSEK 2,681 (1,804).

During the period, Hemfosa acquired 31 properties with an underlying property value of SEK 3.5 billion and leasable area of about 170,000 square meters.

Leasable area and recognized value by segment, June 30 2015



The acquisitions implemented during the period were in the Community service properties segment. In Norway, properties were acquired during the first quarter of the year at a value of approximately SEK 0.3 billion and at a value of approximately SEK 0.3 billion during the second quarter. The properties acquired in the second quarter include a total leasable area of 8,000 square meters and are fully leased. The tenant in these properties is a private player that conducts preschool activities in the premises. In Västra Götaland, 11 community service properties were acquired in the first quarter with Uddevalla municipality and Västra Götaland region as the major tenants and with such operations as healthcare, schools and retirement homes.

During the first quarter, 12 properties were divested for a total underlying value of SEK 1.0 billion. The largest divestment pertained to the sale of nine logistics properties at a value of SEK 0.8 billion and an area of 116,000 square meters. Divestments in the second quarter included a housing portfolio of 9,000 square meters in Haninge municipality, and two small properties in the Transaction segment.

Investments totaling MSEK 240 (234) were made to the existing property portfolio, of which MSEK 139 (134) pertained to tenant-specific modifications, MSEK 37 (44) to renovations and MSEK 65 (56) to new construction projects.

Property information, June 30, 2015

By segment	Leasable area, 000s of sqm*	Rental value, MSEK	Economic leasing rate, %	Remaining lease term, years	Recognized property value, MSEK	No. of properties
Community service properties	1,134	1,438	95.3	6,9	15,479	193
Office properties	515	615	82.9	3,4	5,824	61
Logistics properties	405	234	95.1	7,9	2,834	22
Transaction properties	482	394	85.9	2,9	3,215	90
Total	2,536	2,681	91.0	5,7	27,353	366

* excluding garage space

By region	Leasable area, 000s of sqm*	Rental value, MSEK	Economic leasing rate, %	Remaining lease term, years	Recognized property value, MSEK	No. of properties
North	418	439	92.2	6.3	4,178	84
Central	593	580	94.0	4.7	5,814	75
Stockholm	404	564	89.7	5.6	6,098	49
South	616	491	89.9	4.1	4,652	91
West	385	392	83.9	5.9	3,635	49
Norway	118	215	100.0	10,5	2,976	18
Total	2,536	2,681	91.0	5.7	27,353	366

* excluding garage space

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

Investments, acquisitions and divestments, January-June 2015

By segment	Investments in existing properties, MSEK	Acquisition of properties, MSEK	Divestment of properties, MSEK
Community service properties	90	3,498	293
Office properties	89	-	65
Logistics properties	33	-	853
Transaction properties	28	39	84
Total	240	3,537	1,295

By region	Investments in existing properties, MSEK	Acquisition of properties, MSEK	Divestment of properties, MSEK
North	34	36	1
Central	29	1	133
Stockholm	72	10	818
South	34	2	343
West	72	395	-
Norway	0	3,093	-
Total	240	3,537	1,295

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 the properties appraised. The independent appraiser provides the market value of the Group's portfolio of investment properties each quarter, starting from June 30, 2013.

Valuation techniques

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

The yield requirement used in the estimate derives from sales of comparable properties. Significant factors when selecting required returns include an assessment of the object's future rent trend, changes in value and any development potential, as well as the maintenance condition of the property. Key value parameters are location and rent level, as well as vacancy rates. For each property, a cash flow is prepared that extends at least five years into the future. With respect to income, current leases are used. For vacant spaces, an estimate is performed by individually assessing each property. The inflation assumption for 2015 is 0 percent for Sweden and 2.5 percent for Norway. The inflation assumption is 2 percent for Sweden and 2.5 percent for Norway for 2016 and ahead. 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 amounted to 6.7 percent (7.1), compared with an average yield requirement of 7.1 percent at March 31, 2015. The weighted cost of capital for the present value calculation of cash flows and residual values was 7.9 percent (8.9) and 8.8 percent (9.2), respectively.

Hemfosa's property portfolio was valued at SEK 27.8 billion (17.4). The total change in value during the period was MSEK 3,083 (994), of which MSEK 3,537 (782) pertained to acquired properties, MSEK 240 (234) to value-adding investments in the properties, MSEK 94 (30) to realized changes in value and MSEK 506 (128) to unrealized changes in value. Properties to a value of MSEK 1,295 (180) were divested during the period. In connection with acquisitions, the discount for deferred tax of MSEK 447 (102), which was taken into account in accordance with IFRS, had a negative impact on the recognized property value in the statement of financial position. The total carrying amount is SEK 27.4 billion (17.3).

Recognized property value

MSEK	Jun 30, 2015	Jun 30, 2014
Opening value for the year	24,718	16,394
Acquired properties	3,537	782
Investments in existing properties	240	234
Divested properties	-1,295	-180
Realized changes in value in profit or loss	94	30
Unrealized changes in value in profit or loss	506	128
Closing value for the period	27,800	17,388
Acquired deferred tax	-447	-102
Recognized property value	27,353	17,287

Shares in joint ventures

As of June 30, 2015, Hemfosa is a partner in four joint ventures. Ownership is governed by a shareholders' agreement giving both owners equal power of decision, meaning that neither partner has a controlling influence. Hemfosa recognizes the holdings as shares and participation in joint ventures in the Statement of financial position. Shares in profit/loss in joint ventures are recognized in the Group's profit from property management.

MSEK	Söderport Holding AB		Gardermoen Campus Utvikling AS		Gästgivaregatan Holding AB		Culmen Strängnäs II AB		Kronfastigheter Holding AB		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015*	2014	2015	2014
Share in equity, Jun 30	719	568	86	-	23	22	7	13	-	47	835	650
Shareholding %, Jun 30	50	50	65	-	50	50	50	50	-	50		
Share of profit/loss, Jan-Jun	100	181	0	-	0	1	0	0	-	14	100	195
<i>Of which:</i>												
Profit from property management	60	40	0	-	0	1	0	0	-	14	60	55
Changes in value, properties	63	250	0	-	0	-	0	-	-	3	63	253
Changes in value of financial instruments	23	-56	0	-	-	-	-	-	-	-	23	-56
Deferred tax	-23	-47	0	-	-	-	-	-	-	-3	-23	-50
Other	-23	-6	0	-	-	-	-	-	-	0	-23	-2

* From December 31, 2014, Kronfastigheter Holding AB is a wholly owned subsidiary.

SÖDERPORT HOLDING AB

Hemfosa and AB Sagax each own 50 percent of Söderport Holding AB. At June 30, 2015, Söderport owned properties valued at approximately SEK 5.5 billion (5.2) with a focus in the Stockholm and Gothenburg areas. For the January–June 2015 period, Hemfosa's share in the profit of Söderport was MSEK 100 (181), of which MSEK 60 (40) pertained to profit from property management, MSEK 63 (250) to changes in the value of the property portfolio, MSEK 23 (-56) to changes in the value of financial instruments, MSEK -23 (-47) to deferred tax and MSEK -23 (-6) to other items. Other items include, in addition to current tax for Söderport, de-recognition of the remaining Group items that arose when Hemfosa was acquired five years ago.

During the second quarter, Söderport took possession of properties for a total purchase consideration of SEK 0.4 billion. The acquisition includes 24 properties for production and warehouse totaling 139,000 square meters of leasable area and an average remaining lease period of 7.1 years. The largest properties are located in the districts of Hallstahammar, Olofström and Oskarshamn, other smaller properties are in 16 districts in south and central Sweden. During the quarter, two of the newly acquired properties were divested.

Key figures for Söderport Holding AB

Property portfolio	Jun 30, 2015	Jun 30, 2014
Number of properties	73	49
Leasable area, 000s of sqm	749	657
<i>Hemfosa's share of selected financial information</i>		
Participating interest, %	50	50
Rental income, January-June, MSEK	132	99
Market value of properties, MSEK	2,747	2,628
Equity, MSEK	750	555
Interest-bearing liabilities, MSEK	1,709	1,333
Derivatives, negative value, MSEK	211	176
Deferred tax liability, MSEK	74	44

GARDERMOEN CAMPUS UTVIKLING AS

In June 2015, Hemfosa acquired 65 percent of the shares in Gardermoen Campus Utvikline AS (GCU). The investment covers project planning and construction of a specialist hospital close to Gardermoen Airport in Norway. The other partner of GCU is Aspelin Ramm, a Norwegian property development company. GCU has signed a 25-year lease with the Norwegian Heart and Lung Patient Organization (LHL). LHL is to co-locate two existing specialist hospitals that it currently owns to the new hospital when construction has been completed. At June 30, 2015, Hemfosa's investment in GCU amounted to MSEK 86.

Hemfosa's share of the joint venture has been classified in accordance with IAS 28. Although Hemfosa owns the majority of the shares in GCU, the company does not have controlling influence with respect to significant shareholder issues. According to the shareholder agreement, operational decisions require consensus in GCU's Board of Directors and the project planners approved by the Board control all details in the progress of the projects.

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 owns the development rights for residential units in Strängnäs totaling about 3,000 square meters.

Financing

EQUITY

On June 30, 2015, Hemfosa's shareholders' equity amounted to MSEK 9,153 (6,494), corresponding to an equity/asset ratio of 31.7 percent (34.5). The Parent Company's shareholders' equity amounted to MSEK 8,169 (6,409) at June 30, 2015. During the period, the Parent Company acquired properties in Norway using shareholders' equity and external financing raised in NOK. The investments in Norway are not currency hedged.

INTEREST-BEARING LIABILITIES

Hemfosa's interest-bearing liabilities on June 30, 2015 totaled MSEK 17,765 (11,303), of which MSEK 16,537 (10,065) pertained to loans from credit institutions, MSEK 1,192 (1,188) to bond loans, MSEK 18 (46) to vendors' mortgages and MSEK 19 (3) to other liabilities. Hemfosa has a revolving credit of MSEK 1,300 (800), of which MSEK 520 (63) was unutilized at the end of the quarter. The Group also has two overdraft facilities totaling MSEK 325 (150), which were unutilized at June 30, 2015. The Group's interest-bearing liabilities include loans in NOK, converted to SEK totaling MSEK 2,095. The loans are not currency hedged.

The Group's interest-bearing liabilities to external credit institutes corresponded to 64.9 percent (65.4) of the carrying amount of the property portfolio in the Statement of financial position. The average interest rate at June 30, 2015, was 2.23 percent (3.28). STIBOR 3 months has been negative for some time. However, the Group has several loan agreements that contain stipulations about so-called interest-rate floors, which means that STIBOR 3 months cannot be negative. This means that Hemfosa cannot fully enjoy the advantages of the lower level of interest rates in the interest market.

The average remaining fixed-rate period was 1.4 (2.1) years at the end of the quarter.

Fixed-rate period distributed by instruments at June 30, 2015

	Overdraft facilities, MSEK	Swaps, MSEK	Caps, MSEK	Amount, MSEK	Proportion, %
<1 year	15,904	-5,621	-528	9,755	55
1-2 years	662	1,454	0	2,115	12
2-3 years	1,123	385	192	1,700	10
3-4 years	0	3,782	336	4,118	23
4-5 years	18	0	0	18	0
>5 years	59	0	0	59	0
Total	17,765	0	0	17,765	100

Agreements entered into for interest-rate swaps and interest-rate caps with a total volume of MSEK 7,789 have been taken into account in calculating the level of contractual interest rates and terms. The underlying loans carry interest at a variable rate that is mainly based on STIBOR 3m.

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. As per June 30, 2015, the interest-rate swaps entered into totaled MSEK 6,733 (7,979) and interest-rate caps MSEK 1,056 (-). Taking into account the fixed-income derivatives entered into and the interest-rate caps, together with the loans that carry fixed interest rates, 51.3 percent (64.1) of Hemfosa's loan portfolio is interest hedged. During the second quarter, Hemfosa raised new interest-rate swaps of MSEK 122 (6,579) but also closed portions of the interest-rate swaps totaling MSEK 429 (7,979) in order to comply with conditions in the underlying loan agreement. With respect to interest-rate swaps, the recent negative STIBOR 3-month rates mean that interest expenses for the swaps have increased de facto since Hemfosa pays the difference between STIBOR 3 months and the fixed interest rates that were swapped.

According to Hemfosa's finance policy, the fixed-rate period for interest-rate caps is taken into account based on the level of the interest-rate cap and the market's pricing one year ahead of STIBOR 3 months (forward price). If the forward price one year ahead at STIBOR 3 months is more than 1.5 percentage points higher than the interest-rate cap, 50 percent of the underlying volume of the interest-rate cap will be calculated at less than one year in terms of the fixed-rate period. The remaining 50 percent will be handled as a long-term fixed-rate period with the same term as the interest-rate cap. If the difference between the forward price and interest-rate cap falls below 1.5 percentage points, 100 percent of the cap's volume is counted as fixed interest rate until the cap falls due. As a result of falling market rates, as at June 30, 2015, the difference between the forward price at STIBOR 3 months and the interest-rate cap of Hemfosa's interest-rate cap exceeded 1.5 percentage points, which is why only 50 percent of the volume of the company's interest-rate cap in the table above is regarded as a long-term fixed-rate period with the same term as the interest-rate cap, while the remaining 50 percent of the volume of the company's interest-rate cap is calculated as less than one year in terms of the fixed-rate period. However, the volume of the contracted interest-rate cap remains unchanged, at MSEK 1,056.

Fixed-rate period, interest-rate swaps at June 30, 2015

	Nominal amounts, MSEK	Average interest- rate swaps, %	Market value, MSEK
<1 year	1,112	0.8	-11
1-2 years	1,454	0.3	-8
2-3 years	385	0.1	-1
3-4 years	3,782	1.1	-106
4-5 years	0	0	0
>5 years	0	0	0
Total	6,733	0.8	-126

During the second quarter of 2015, new loans totaling MSEK 616 (1,794) were raised, of which MSEK 89 (-) pertained to new loans for the acquisition of properties in Norway, MSEK 245 (516) to new loans for properties acquired in Sweden, MSEK 263 (511) to refinancing and MSEK 19 (43) pertained to project financing. During the quarter, a total of MSEK 735 (620) was repaid, of which MSEK 239 (54) pertained to amortization of divested properties, MSEK 402 (9) to repayment of revolving credits, and MSEK 94 (623) pertained to continuous repayment under a loan agreement. Net changes in interest-bearing liabilities during the second quarter decreased MSEK 119 (1,109).

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 at June 30, 2015, while interest-rate caps had a positive fair value.

In total, the value of the interest-rate swaps and interest-rate caps amount to MSEK -124 (-22). The average remaining fixed-rate period was 2.9 (2.7) years.

Maturity structure, interest-bearing liabilities at June 30, 2015

	Nominal amounts, MSEK	Proportion, %	Loan interest, MSEK	Net interest, derivatives, MSEK*	Total, MSEK
2015	17	0	169	33	202
2016	3,359	0	312	59	371
2017	6,308	28	229	48	277
2018	4,471	38	152	42	193
2019	450	33	78	7	85
2020-	3,160	0	63	0	63
Total	17,765	100			

* At June 30, 2015 all interest-rate swaps had a negative value. Accordingly, the net interest in the table is attributable to swaps with a negative value.

Other disclosures

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Hemfosa reached an agreement to acquire a community services property in Karlstad. The property includes about 7,000 square meters of educational premises and is fully leased with a 20-year contract.

EMPLOYEES

At June 30, 2015, the number of employees was 59 (38), of whom 26 (20) are women. Hemfosa has offices in Nacka (head office), Gothenburg, Härnösand, Karlskrona, Karlstad, Kristianstad, Sundsvall, Västerås, Värnamo and Växjö. The acquisitions undertaken by Hemfosa in the fourth quarter of 2014 entailed a personnel increase of 21 and the establishment of offices in Härnösand, Karlskrona, Värnamo and Växjö.

Hemfosa continues to strengthen the central organization with the addition of one new position and has thus appointed a Head of Finance, who will be a member of Hemfosa's Group management.

PARENT COMPANY

For the January–June 2015 period, the Parent Company recognized profit after tax of MSEK 148 (98). The Parent Company's fees for central and property administrative services from Group companies and joint ventures for the period amounted to MSEK 27 (21).

At June 30, 2015, the Parent Company had shareholders' equity totaling MSEK 8,169 (6,407), of which the restricted equity accounted for MSEK 71 (66).

At June 30, 2015, the Parent Company had interest-bearing bond loans totaling MSEK 1,200 (1,200), excluding costs in connection with borrowing. Intra-Group liabilities amounted to MSEK 1,271 (75) and intra-Group receivables to MSEK 8,160 (5,217).

ACCOUNTING POLICIES

This condensed interim report for the Group has been prepared in accordance with International Accounting Standards (IAS) 34 Interim Reporting, as well as applicable regulations of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Swedish Annual Accounts Act. 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.

IFRIC 21 Levies mean that certain taxes and levies imposed by the government or corresponding body on companies must be entered as a liability. Swedish property tax is entered as a liability at the full annual value already in the first quarter since the property tax is based on ownership on January 1. To the extent the tax pertains to the coming quarter, a corresponding amount is recognized as a deferred expense among assets in the balance sheet. IFRIC 21 is applied for the first time in the interim report for January–March 2015.

RELATED-PARTY TRANSACTIONS

The Group owns participation in joint ventures, see pages 15–16 in the interim report. At June 30, 2015, the Group had no receivables in 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 in its management of these and other risks and uncertainties. More information about Hemfosa's risks

and management of these is available in the 2014 Annual Report on pages 30–32 and 79–81. With the acquisition of properties in Norway in 2015, the Group is now exposed to currency risks. Currency risks pertain to investments, income and expenses in foreign currency whereby the currency fluctuations impact earnings and other comprehensive income for the year. Hemfosa's currency risk has been identified to arise in connection with shareholders' equity in foreign subsidiaries, and partly in net flows in foreign currency, as well as in connection with acquisitions and divestments of foreign companies and properties when the transactions are frequently negotiated and agreed in the period prior to taking possession or transferring and Hemfosa is exposed to currency fluctuations in the intermediary period. Accordingly, Hemfosa is exposed to currency flows and translation of currency rates. The company has currently not signed any currency hedges but works continuously on the issue and it is not impossible that the company may enter currency hedges in time to come.

Sensitivity analysis, June 30, 2015

	Change, %	Earnings effect, MSEK
Contractual rental income according to earnings capacity	+/- 1	+/- 24
Economic leasing rate, %		
Economic leasing rate according to earnings capacity	+/- 1	+/- 24
Property expenses according to earnings capacity	+/- 1	+/- 7
Net operating income according to earnings capacity	+/- 5	+/- 86
Changes in SEK/NOK exchange rates	[+/- 10	+/- 72]
Interest expenses for current fixed-interest periods and changed interest rates ¹	+/- 1	+/-85
Interest expenses for change in average interest rate level ²	+/- 1	+/-178
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/- 1	+/-187

1 Taking into account derivative agreements

2 Not taking into account derivative agreements

THE SHARE AND SHAREHOLDERS

The company's ordinary share has been listed on NASDAQ Stockholm, Mid-Cap, since March 21, 2014 under the ticker symbol "HEMF." The company's preference share has been listed on NASDAQ Stockholm, Mid-Cap, since December 12, 2014 under the ticker symbol "HEMF PREF."

At the Annual General Meeting on May 7, 2015, shareholders resolved to divide the shares in the company (a so-called 2:1 share split) entailing that each existing share will be divided into two new shares of the same type. Supported by authorization by the Annual General Meeting, the Board approved the record date for the share split as May 19, 2015. The division of the company's shares was implemented automatically through Euroclear Sweden AB and after the split, the number of shares in Hemfosa amounted to 141,440,208 (previously 70,720,104), of which 131,440,208 comprised ordinary shares and 10,000,000 preference shares.

The closing price paid on June 30, 2015 was SEK 84.50 for ordinary shares and SEK 163.00 for preference shares. The total market capitalization amounted to MSEK 12,737. At June 30, 2015, Hemfosa had 16,349 shareholders, of whom Swedish investors, institutions and private individuals owned 71.1 percent of the shares and 69.8 percent of the votes. International institutional investors owned 28.9 percent of the shares and 30.2 percent of the votes.

Owner distribution, June 30, 2015

Owners	Number of shares		Percentage of	
	Ordinary shares	Preference shares	Share capital	Votes
Fourth AP Fund	13,076,766	-	9.25%	9.87%
Länsförsäkringar Fondförvaltning AB	12,016,119	-	8.50%	9.07%
Swedbank Robur Funds	8,202,155	300,000	6.01%	6.22%
Kåpan Pensioner	6,863,562	-	4.85%	5.18%
AMF Försäkring och fonder	6,339,420	-	4.48%	4.79%
Lannebo Funds	5,978,000	-	4.23%	4.51%
Ikano Invest AB	3,134,562	-	2.22%	2.37%
Handelsbanken Fonder AB RE JPMEL	2,846,955	-	2.01%	2.15%
Board and Management	8,884,504	150,000	6.39%	6.72%
Others	64,098,165	9,549,400	52.07%	49.12%
Total	131,440,208	10,000,000	100.00%	100.00%

ANNUAL GENERAL MEETING 2015

The company held its Annual General Meeting on May 7, 2015, at the Hotel Rival, in Stockholm. At the Annual General Meeting, the income statement and balance sheets were adopted for the Parent Company and the Group for the 2014 fiscal year. The Board of Directors and President were discharged from liability for the 2014 fiscal year.

The AGM resolved to pay a dividend of SEK 6.00 per ordinary share for the 2014 fiscal year, with quarterly payment of SEK 1.50 per ordinary share. After the implemented 2:1 share split of the company's shares, this means that each ordinary share will qualify for a dividend totaling SEK 3.00 per ordinary share with quarterly payment of SEK 0.75 per ordinary share. The record dates for the distribution of dividends on ordinary shares are May 11, 2015, July 10, 2015, October 10, 2015 and January 10, 2016.

The AGM also resolved to pay a dividend of SEK 20.00 per preference share, with quarterly payment of SEK 5.00 per preference share. After the implemented 2:1 share split of the company's shares, this means that each preference share will qualify for a dividend totaling SEK 10.00 per preference share, with quarterly payment of SEK 2.50 per preference share. The record dates for the distribution of dividends on the preference share are July 10, 2015, October 10, 2016, January 10, 2016 and April 10, 2016. Should the stipulated record date for the ordinary share and preference share not fall on a weekday, the record date is to be the preceding weekday.

The AGM resolved on the Board of Directors and fees in accordance with the Nomination Committee's proposal and re-elected Board members Bengt Kjell, Jens Engwall, Magnus Eriksson, Anneli Lindblom, Daniel Skoghäll, Caroline Sundewall and Ulrika Valassi. Bengt Kjell was elected Chairman of the Board.

The registered accounting firm, KPMG AB, was re-elected as the company's auditor for the period ending at the end of the next Annual General Meeting. KPMG AB has appointed Björn Flink as Auditor in Charge.

Share split

The Annual General Meeting resolved to divide the company's shares, whereby one existing share in the company will be divided into two shares of the same type (2:1 share split) in accordance with the Board's proposal.

In order to adapt the Articles of Association following the decision about the division of the company's shares (2:1 share split), the AGM adopted an amended Articles of Association. The amended Articles of Association also entails that the record dates for the distribution of dividends on preference shares are to be January 10, April 10, July 10 and October 10 (previously 20th of each month).

Authorization

The AGM resolved to authorize the Board of Directors on one or more occasions during the period up to the following AGM, either applying or disapplying the existing shareholders' preferential rights, to decide on the issuance of new preference shares, to the extent such issue can occur without changes to the Articles of Association. Supported by the authorization, the new issue may amount to a maximum of 5,000,000 preference shares. Following the implemented 2:1 split of the company's shares, the new issue decision means that the new issue may amount to a maximum of 10,000,000 preference shares supported by the authorization.

Furthermore, the AGM resolved on guidelines for remuneration of senior executives in accordance with the Board's proposal.

BOARD ASSURANCE

The Board of Directors and the Chief Executive Officer give their assurance that this interim report provides 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, July 21, 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 interim report was not audited.

Hemfosa will publish the information in this interim report in accordance with the Securities Market Act on Tuesday July 21, 2015, at 7:30 a.m.

REPORTING DATES

Interim report January–September 2015	November 6, 2015
Year-end report January–December 2015	February 19, 2016
Interim report January–March 2016	April 19, 2016

CONTACT INFORMATION

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

Summary of financial reports

Consolidated statement of profit/loss and other comprehensive income

MSEK	Apr-Jun		Jan-Jun		Full-year
	2015	2014	2015	2014	2014
Rental income	615	386	1 203	781	1,612
Property expenses incl. property administration	-186	-116	-406	-267	-538
Net operating income	429	270	797	514	1 074
Central administration	-33	-16	-60	-33	-74
Other operating income and expenses	1	-1	-2	20	62
Share in profit of joint ventures	64	200	100	195	239
Financial income and expenses	-115	-120	-222	-297	-480
Profit from property management	346	333	613	399	821
Changes in value of properties, realized	23	32	94	30	147
Changes in value of properties, unrealized	309	102	506	128	340
Changes in value of financial instruments, realized	-0	-55	-0	-55	-75
Changes in value of financial instruments, unrealized	31	-22	-21	-89	-202
Profit before tax for the year	709	390	1,191	412	1,031
Current tax	1	0	-1	-1	-2
Deferred tax	-37	-57	-108	-66	-67
Profit/loss for the year	673	333	1,082	345	962
Other comprehensive income					
<i>Items that have or could be transferred to profit for the period</i>					
Exchange rate differences for the period in converting foreign operations	-12	-	-43	-	-
Comprehensive income for the year	661	333	1,039	345	962
<i>Profit for the year attributable to:</i>					
Parent Company shareholders	656	333	1,073	345	964
Non-controlling interests	17	0	9	0	-2
Profit/loss for the year	673	333	1,082	345	962
Earnings per ordinary share for the year, before and after dilution, SEK	4.80	5.07	7.59	3.48	8.66

Consolidated statement of financial position

MSEK	Jun 30		Dec 31
	2015	2014	2014
ASSETS			
Investment properties	27,353	17,287	24,400
Shares in joint ventures	835	650	609
Other fixed assets	13	27	10
Total fixed assets	28,202	17,964	25,019
Current receivables from joint ventures	-	474	-
Current receivables	255	109	94
Cash and cash equivalents	455	299	594
Total current assets	710	882	688
TOTAL ASSETS	28,912	18,846	25,707
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	9,173	6,493	8,689
Non-controlling interests	2	1	12
Shareholders' equity	9,174	6,494	8,701
Non-current interest-bearing liabilities	17,544	9,979	15,531
Other long-term liabilities	128	22	106
Deferred tax liabilities	500	504	423
Total non-current liabilities	18,171	10,505	16,060
Current interest-bearing liabilities	221	1,325	229
Other current liabilities	1,345	522	717
Total current liabilities	1,566	1,847	946
Total liabilities	19,737	12,352	17,007
TOTAL EQUITY AND LIABILITIES	28,912	18,846	25,707

Consolidated statement of changes in equity

MSEK	Shareholders' equity attributable to Parent Company shareholders					Non-controlling interests	Total shareholders' equity
	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit for the year	Total		
Opening equity, Jan 1, 2014	25	225		2,118	2,369	1	2,369
Earnings, Jan–Jun 2014	-	-	-	345	345	0	345
Transactions with the Group's shareholders, Jan–Jun 2014							
Offset issue	31	2,939	-	-	2,970	-	2,970
New issue, ordinary shares	10	799 ¹	-	-	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
Transactions with the Group's shareholders, Jul–Dec 2014							
New share issue, preference shares	5	1,586 ²	-	-	1,591	-	1,591
Total transactions with the Group's shareholders	5	1,586	-	-	1,591	-	1,591
Adjustment of non-controlling interests	-	-	-	-13	-13	13	0
Earnings, Jul–Dec 2014	-	-	-	619	619	-2	617
Closing equity, Dec 31, 2014	71	5,549	-	3,069	8,689	12	8,701
Opening equity, Jan 1, 2015	71	5,549	-	3,069	8,689	12	8,701
Non-controlling interests	-	-	-	-	-	-19	-19
Transactions with the Group's shareholders, Jan–Jun 2015							
Adjustment new share issue, preference shares	-	-2 ³	-	-	-2	-	-2
Dividend, preference share	-	-	-	-150	-150	-	-150
Ordinary share dividend	-	-	-	-394	-394	-	-394
Total transactions with the Group's shareholders	0	-2	-	-544	-546	0	-546
Earnings, Jan–Jun 2015	-	-	-	1,073	1,073	9	1,082
Other comprehensive income, Jan–Jun 2015	-	-	-43	-	-43	-	-43
Closing equity, Jun 30, 2015	71	5,547	-43	3,958	9,173	2	9,174

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

2 Preference share capital constitutes SEK 325.00 per preference share, totaling MSEK 1,625.

3 This amount includes issue costs totaling MSEK 34, as well as tax of MSEK 7. The adjustment line in the quarter pertains to issue costs attributable to the new issue of preference shares implemented in 2014.

Statement of cash flow for the Group

MSEK	Apr-Jun		Jan-Jun		Full-year
	2015	2014	2015	2014	2014
Operating activities					
Profit from property management	346	333	613	399	821
Adjustments for non-cash items	-65	-200	-101	-195	-239
Income tax paid	0	0	-8	-3	-1
Cash flow from operating activities before changes in working capital	281	133	504	201	581
Cash flow from changes in working capital					
Changes in operating receivables	40	42	-205	-46	91
Changes in operating liabilities	-168	-108	237	-21	-45
Cash flow from operating activities	153	67	537	134	627
Cash flow from investing activities	-159	-777	-1,067	-880	-2,499
Cash flow from financing activities	-90	813	392	761	2,182
Cash flow for the year	-96	103	-138	15	310
Exchange rate differences in cash and cash equivalents	0	-	0	-	-
Cash and cash equivalents at the beginning of the year	551	196	594	284	284
Cash and cash equivalents at the end of the year	455	299	455	299	594

Segment information

MSEK	Jan-Jun									
	Community service properties		Office properties		Logistics properties		Transaction properties		Total consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Rental income	677	387	252	218	102	107	172	68	1,203	781
Property expenses										
<i>Operations</i>	-125	-82	-57	-46	-6	-9	-47	-23	-235	-160
<i>Maintenance</i>	-32	-20	-25	-15	-2	-3	-25	-6	-84	-44
<i>Property tax</i>	-18	-14	-17	-15	-3	-2	-8	-3	-46	-34
Property administration	-20	-13	-13	-9	-2	-3	-7	-3	-42	-28
Net operating income	482	258	140	133	90	90	85	33	797	514
Central administration									-61	-33
Other operating income and expenses									-2	20
Share in profit of joint ventures									100	195
Financial income and expenses									-229	-297
Profit from property management									606	399
Changes in value of properties, realized									94	30
Changes in value of properties, unrealized									506	128
Changes in value of financial instruments									-21	-144
Profit before tax for the year									1,191	412
Investments in existing portfolio during the period	90	145	89	76	33	1	28	12	240	234
Carrying amount of investment properties, June 30	15,479	8,560	5,824	4,843	2,834	2,753	3,215	1,131	27,353	17,287

Income statement for the Parent Company

MSEK	Apr-Jun		Jan-Jun		Full-year
	2015	2014	2015	2014	2014
Net sales	14	11	27	21	58
Other external costs	-8	-6	-18	-10	-38
Personnel expenses	-10	-7	-16	-12	-27
Depreciation/amortization	0	0	0	0	0
Profit before financial income and expenses	-4	-2	-7	-1	-7
Interest income and similar items	91	91	180	174	924
Interest expenses and similar expense items	-13	-14	-25	-75	-135
Profit/loss before appropriations for the year	75	75	149	98	782
Appropriations					
Group contributions received and paid	-	-	-	-	-75
Profit before tax	75	75	149	98	707
Current and deferred tax	-	-	-	-	-
Profit/loss for the year	75	75	149	98	707

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

MSEK	Apr-Jun		Jan-jun		Full-year
	2015	2014	2015	2014	2014
Profit/loss for the year	75	75	149	98	707
Other comprehensive income for the year					
<i>Items that have or could be transferred to profit for the period</i>					
Translation differences for the period in translating foreign operations	-8	-	-40	-	-
Comprehensive income for the year	66	75	109	98	707

Balance sheet for the Parent Company

MSEK	Jun 30		Dec 31
	2015	2014	2014
ASSETS			
Tangible assets	0	0	0
Shares in joint ventures	-	31	-
Participations in Group companies	2,886	2,533	2,661
Non-current receivables from Group companies	5,491	4,758	5,050
Other fixed assets	-	26	-
Total fixed assets	8,377	7,348	7,711
Current receivables from Group companies	2,669	459	2,076
Other current receivables	27	16	15
Cash and bank balances	12	0	313
Total current assets	2,708	475	2,404
TOTAL ASSETS	11,085	7,823	10,115
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity	71	66	71
Unrestricted equity	8,098	6,341	8,536
Shareholders' equity	8,169	6,407	8,607
Non-current interest-bearing liabilities	1,200	1,200	1,200
Non-current liabilities to Group companies	75	75	75
Total non-current liabilities	1,275	1,275	1,275
Current interest-bearing liabilities	-	106	18
Current liabilities to Group companies	1,196	-	144
Other current liabilities	445	35	70
Total current liabilities	1,641	141	232
Total liabilities	2,916	1,416	1,507
TOTAL EQUITY AND LIABILITIES	11,085	7,823	10,115
Pledged assets and contingent liabilities			
<i>Pledged assets</i>			
Participations in Group companies	2,886	2,533	2,661
<i>Contingent liabilities</i>			
Sureties for liabilities in Group companies	11,951	6,886	11,356

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 a rolling 12-month period as a percentage of the carrying amounts of the properties, adjusted for the holding period of the properties during the period.

Equity per ordinary share

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

Equity per preference share

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

Economic leasing rate

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

Property value

Carrying amount of the property.

Property

Properties held under title or site leasehold.

Profit from property management per ordinary share

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

Rental income

Rents charged including supplements for heating and property tax.

IAS

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

IFRS

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

Cash flow from operating activities per ordinary share

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

Market value of properties

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

Preference share capital

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

Earnings per ordinary share

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

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.

Community service properties

Properties with publicly financed tenants, either directly or indirectly, who account for at least 70 percent of the rental value.

Debt/equity ratio

Interest-bearing liabilities as a percentage of equity.

Equity/assets ratio

Equity as a percentage of total assets.

Net asset value (EPRA NAV) per ordinary share

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

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 to 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 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 objective

- 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 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.