

## FIVE-YEAR SUMMARY

Amounts in SEK million	2014	2013	2012	2011	2010
<b>Income statement</b>					
Property income	2,063	1,887	1,899	1,671	1,396
Property costs	-577	-547	-535	-469	-407
<b>Net operating income</b>	<b>1,486</b>	<b>1,340</b>	<b>1,364</b>	<b>1,202</b>	<b>989</b>
Central administrative expenses	-173	-173	-169	-150	-90
Financial items	-690	-703	-731	-619	-262
<b>Profit before changes in value</b>	<b>623</b>	<b>464</b>	<b>464</b>	<b>433</b>	<b>637</b>
Profit from property management	833	674	674	643	847
Changes in value, properties	-261	-125	84	897	479
Changes in value, derivatives	-760	297	-128	-235	-
Current tax	-89	-9	-17	-19	-24
Deferred tax	127	-99	178	-250	-162
<b>Profit for the year</b>	<b>-360</b>	<b>528</b>	<b>581</b>	<b>826</b>	<b>930</b>
Other comprehensive income	42	16	-13	-3	-
<b>Total comprehensive income</b>	<b>-318</b>	<b>544</b>	<b>568</b>	<b>823</b>	<b>930</b>
<b>Statement of financial position</b>					
Investment properties	24,668	22,637	22,951	20,858	18,518
Other assets	209	156	201	443	419
Cash and cash equivalents	107	13	70	265	353
<b>Total assets</b>	<b>24,984</b>	<b>22,806</b>	<b>23,222</b>	<b>21,566</b>	<b>19,290</b>
Equity	2,682	3,061	2,633	2,169	1,570
Deferred tax liability	1,289	1,416	1,325	1,502	1,254
Derivatives	826	66	363	235	-
Shareholder loan	3	3	3	3	3,000
Interest-bearing liabilities	16,507	14,699	15,085	13,445	11,085
Non-interest-bearing liabilities	680	564	816	1,215	2,381
<b>Total equity and liabilities</b>	<b>24,984</b>	<b>22,806</b>	<b>23,222</b>	<b>21,566</b>	<b>19,290</b>
<b>Key ratios</b>					
<b>Financial key ratios</b>					
Loan-to-value ratio, %	66.5	64.9	65.7	64.5	59.9
Interest-coverage ratio, times	2.7	2.4	2.3	2.6	7.3
<b>Property-related key ratios</b>					
Market value of investment properties, SEKm	24,668	22,637	22,951	20,858	18,518
Yield, %	6.0	6.1	6.2	6.2	6.4
Net operating income margin, %	72.0	71.0	72.2	71.9	71.1
Economic occupancy rate, %	96.5	96.4	96.4	97.0	97.6
Property value, SEK/sqm	16,186	13,956	13,445	13,731	12,753
Number of properties	313	348	357	312	297
Lettable area, tsqm	1,524	1,622	1,707	1,519	1,452

## GROUP – CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME IN SUMMARY

Amounts in SEK million	Note	2014	2013
<b>Property income</b>			
Rental income		2,054	1,875
Other income		9	12
<b>Total property income</b>	3-4	<b>2,063</b>	<b>1,887</b>
<b>Property costs</b>			
Operating expenses	5	-410	-416
Maintenance costs		-130	-101
Other property costs		-37	-30
<b>Total property costs</b>		<b>-577</b>	<b>-547</b>
<b>Net operating income</b>	3	<b>1,486</b>	<b>1,340</b>
Central administrative expenses	6-8	-173	-173
<b>Financial items</b>			
Interest income	10	2	8
Interest expenses	10	-692	-711
<b>Total financial items</b>		<b>-690</b>	<b>-703</b>
<b>Changes in value</b>			
Investment properties, realised		-142	-57
Investment properties, unrealised		-119	-68
Derivatives, unrealised		-760	297
<b>Total changes in value</b>	11	<b>-1,021</b>	<b>172</b>
<b>Profit before tax</b>		<b>-398</b>	<b>636</b>
Current tax	12	-89	-9
Deferred tax	12	127	-99
<b>Profit for the year</b>		<b>-360</b>	<b>528</b>
<b>Profit for the period attributable to:</b>			
Parent Company shareholders		-365	528
Non-controlling interests		5	-
<b>Other comprehensive income</b>			
Profit for the period		-360	528
Translation difference		42	16
<b>Total comprehensive income for the year</b>		<b>-318</b>	<b>544</b>
<b>Total comprehensive income attributable to:</b>			
Parent Company shareholders		-318	528
Non-controlling interests		-	-

## GROUP – CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

Amounts in SEK million	Note	31 dec 2014	31 dec 2013
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Investment properties	13	24,668	22,637
Equipment	14	7	5
<b>Total tangible fixed assets</b>		<b>24,675</b>	<b>22,642</b>
<b>Total fixed assets</b>		<b>24,675</b>	<b>22,642</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Rent- and accounts receivables	16	13	16
Tax receivables		5	34
Other current receivables		126	27
Prepaid costs and accrued income		58	74
<b>Total current assets</b>	17, 21	<b>202</b>	<b>151</b>
Cash and cash equivalents		107	13
<b>Total current assets</b>		<b>309</b>	<b>164</b>
<b>TOTAL ASSETS</b>		<b>24,984</b>	<b>22,806</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1	1
Other capital contributions		3,835	3,835
Provisions		42	–
Retained earnings		-1,236	-776
<b>Total shareholders' equity attributable to the Parent Company's shareholders</b>		<b>2,642</b>	<b>3,060</b>
Non-controlling interests		40	1
<b>Total equity</b>		<b>2,682</b>	<b>3,061</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Shareholder loan	20, 21	3,000	3,000
Deferred tax liability	12	1,289	1,416
Provisions		–	1
Derivatives		815	56
Liabilities to credit institutions	20, 21	10,578	8,704
<b>Total non-current liabilities</b>		<b>15,682</b>	<b>13,177</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	20	5,929	5,995
Accounts payable		85	98
Derivatives		11	10
Tax liabilities		11	–
Other non-interest-bearing liabilities		80	22
Prepaid costs and accrued income	26	504	443
<b>Total current liabilities</b>	21	<b>6,620</b>	<b>6,568</b>
<b>Total liabilities</b>		<b>22,302</b>	<b>19,745</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,984</b>	<b>22,806</b>

## GROUP – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

Amounts in SEK million	Share capital	Other capital contributions	Translation reserve	Retained earnings	Non-controlling interest	Total equity
Opening balance 2013-01-01	1	3,835	-16	-1,188	1	2,633
Dividend	-	-	-	-116	-	-116
Total comprehensive income for the period	-	-	16	528	-	544
<b>Closing balance, 2013-12-31</b>	<b>1</b>	<b>3,835</b>	<b>-</b>	<b>-776</b>	<b>1</b>	<b>3,061</b>
Opening balance, 2014-01-01	1	3,835	-	-776	1	3,061
Capital contribution from non-controlling interests	-	-	-	29	34	63
Dividend	-	-	-	-124	-	-124
Total comprehensive income for the period	-	-	42	-365	5	-318
<b>Closing balance, 2014-12-31</b>	<b>1</b>	<b>3,835</b>	<b>42</b>	<b>-1,236</b>	<b>40</b>	<b>2,682</b>

## GROUP – CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

Amounts in SEK million	Note	2014	2013
<b>Operating activities</b>			
Profit before tax		-398	636
Unrealised changes in value		879	-229
Other items not included in the cash flow	24	40	56
Income tax paid		-50	-23
<b>Cash flow from current operations before changes in working capital</b>		<b>471</b>	<b>440</b>
<b>Change in working capital</b>			
Increase(+)/decrease(-) in current receivables		-58	67
Increase(+)/decrease(-) in current liabilities		18	-105
<b>Cash flow from operating activities</b>		<b>431</b>	<b>402</b>
<b>Investment activities</b>			
Property acquisitions	24	-4,606	-1,203
Investment in new constructions, extensions and reconstructions	13	-697	-391
Property divestments	24	3,352	1,667
Other fixed assets		-6	2
<b>Cash flow from investment activities</b>		<b>-1,957</b>	<b>75</b>
<b>Financing activities</b>			
Borrowing in interest-bearing liabilities		9,395	8,132
Amortisation of interest-bearing liabilities		-7,714	-8,554
Contribution from non-controlling interests		63	-
Dividend paid		-124	-116
<b>Cash flow from financing activities</b>		<b>1,620</b>	<b>-538</b>
Cash flow for the year		94	-61
Opening balance, cash and cash equivalents		13	70
Exchange rate differences in cash and cash equivalents		-	4
<b>Closing balance, cash and cash equivalents</b>		<b>107</b>	<b>13</b>

## PARENT COMPANY – INCOME STATEMENT

Amounts in SEK million	Note	2014	2013
Net sales		139	148
Central administrative expenses	6-8	-177	-174
Other operating income		216	159
<b>Operating profit/loss</b>		<b>178</b>	<b>133</b>
<b>Profit/loss from financial items</b>			
Profit from participations in Group companies	9	507	124
Interest income and similar profit items	10, 25	171	128
Interest expenses and similar profit/loss items	10, 25	-580	-483
<b>Profit/loss after financial items</b>		<b>276</b>	<b>-98</b>
<b>Appropriations</b>			
Group contributions received		236	221
<b>Profit/loss before tax</b>		<b>512</b>	<b>123</b>
Current tax	12	-	-
Deferred tax	12	-4	-24
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>508</b>	<b>99</b>

In 2014, a different accounting policy was applied for the recognition of derivatives. The comparative year has been restated in accordance with the new accounting policy. For more information, refer to Note 1.

## PARENT COMPANY – COMPREHENSIVE INCOME

Amounts in SEK million	2014	2013
Profit/loss for the year	508	99
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>508</b>	<b>99</b>

## PARENT COMPANY – BALANCE SHEET

Amounts in SEK million	Note	31 Dec 2014	31 Dec 2013
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Equipment	14	7	5
<b>Total tangible fixed assets</b>		<b>7</b>	<b>5</b>
<b>Financial fixed assets</b>			
Participations in Group companies	15	5,740	5,541
Other non-current receivables in Group companies	21	4,016	3,968
<b>Total financial fixed assets</b>		<b>9,756</b>	<b>9,509</b>
<b>Total fixed assets</b>		<b>9,763</b>	<b>9,514</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables in Group companies		5,217	2,315
Tax receivables		–	10
Other receivables		88	15
Prepaid expenses and accrued income		19	31
<b>Total current receivables</b>	21	<b>5,324</b>	<b>2,371</b>
Cash and cash equivalents		48	5
<b>Total current assets</b>		<b>5,372</b>	<b>2,376</b>
<b>TOTAL ASSETS</b>		<b>15,135</b>	<b>11,890</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital (100,001,000 at SEK 0.01)		1	1
Retained earnings		358	384
Profit/loss for the year		508	99
<b>Total equity</b>		<b>867</b>	<b>484</b>
<b>Untaxed reserves</b>	18		
Tax allocation reserves		43	43
<b>Provisions</b>			
Deferred tax liabilities	12	26	25
Other provisions	19	–	1
<b>Total provisions</b>		<b>26</b>	<b>26</b>
<b>Non-current liabilities</b>			
Shareholder loans	20	3,000	3,000
Liabilities to credit institutions	20	4,344	4,412
<b>Total non-current liabilities</b>	21	<b>7,344</b>	<b>7,412</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	20	5,909	3,816
Accounts payable		4	9
Liabilities to Group companies		818	35
Other current liabilities		4	7
Accrued expenses and deferred income	26	120	58
<b>Total current liabilities</b>	21	<b>6,855</b>	<b>3,925</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,135</b>	<b>11,890</b>
<b>MEMORANDUM ITEMS</b>			
Pledged assets	22	3,028	4,553
Contingent liabilities	23	7,538	5,985

In 2014, a different accounting policy was applied for the recognition of derivatives. The comparative year has been restated in accordance with the new accounting policy. For more information, refer to Note 1.

## PARENT COMPANY – STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	Restricted equity	Unrestricted equity	
	Share capital	Retained earnings including profit/loss for the year	Total equity
Opening equity, January 1, 2012	0	252	252
Bonus issue	1	-1	-
Dividends	-	-104	-104
Profit/loss for the year	-	70	70
<b>Closing equity, December 31, 2012</b>	<b>1</b>	<b>217</b>	<b>218</b>
Opening equity, January 1, 2013	1	217	218
Change in accounting policy according to IAS 8	-	283	283
Dividends	-	-116	-116
Profit/loss for the year	-	99	99
<b>Closing equity, December 31, 2013</b>	<b>1</b>	<b>483</b>	<b>484</b>
Opening equity, January 1, 2014	1	483	484
Dividends	-	-124	-124
Profit/loss for the year	-	508	508
<b>Closing equity, 31 Dec 2014</b>	<b>1</b>	<b>866</b>	<b>867</b>

## PARENT COMPANY – STATEMENT OF CASH FLOWS

Amounts in SEK million	Note	2014	2013
<b>Operating activities</b>			
Profit/loss before tax		512	123
Adjustment for non-cash items	24	-20	16
Income tax paid		-	-
<b>Cash flow from operations before change in working capital</b>		<b>492</b>	<b>139</b>
<b>Changes in working capital</b>			
Increase(-)/decrease(+) in operating receivables		-4,421	24
Increase(+)/decrease(-) in operating liabilities		4,793	-36
<b>Cash flow from operating activities</b>		<b>864</b>	<b>127</b>
<b>Investing activities</b>			
Acquisition of shares and participations in subsidiaries		-945	-39
Sales of shares and participations in subsidiaries		767	171
Purchase/sale of equipment		-4	-
<b>Cash flow from investing activities</b>		<b>-182</b>	<b>132</b>
<b>Financing activities</b>			
External borrowings		4,194	6,780
Repayment of external borrowings		-3,761	-1,071
Intra-Group loans		-948	-5,903
Dividends paid		-124	-116
<b>Cash flow from financing activities</b>		<b>-639</b>	<b>-310</b>
Cash flow for the year		43	-51
Cash and cash equivalents at beginning of the year		5	56
<b>Cash and cash equivalents at year-end</b>		<b>48</b>	<b>5</b>

## Note 1. Accounting policies

### GROUP

#### APPLIED STANDARDS AND LEGISLATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and the interpretations developed by the IFRS Interpretations Committee (IFRIC), as endorsed by the EU. In addition, the consolidated financial statements have been prepared in accordance with Swedish law, applying the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

When preparing the consolidated financial statements, the same accounting policies have been applied as those described in the 2013 Annual Report with the following exceptions, due to new or revised standards, interpretations and improvements as adopted by the EU and that will apply for accounting periods starting on or after 1 January 2014. In addition, there is a change pertaining to the recognition of purchases and sales, which is presented below under Purchases and Sales.

#### NEW AND REVISED IFRSS EFFECTIVE 1 JANUARY 2014

##### IFRIC 21 Levies

IFRIC 21 addresses the date of an obligated event that gives rise to the recognition of a liability. A levy is defined as an outflow of resources imposed upon the company by a government, or equivalent bodies, through laws and regulations. The interpretation affects the date for the recognition of property tax as a liability.

##### IAS 32 Financial Instruments: Classification – amendment

The amendment to IAS 32 clarifies the requirements for offsetting financial assets and financial liabilities. Hemsö makes the assessment that this amendment will not have any material impact on the Group's financial statements.

#### NEW OR REVISED IFRSS EFFECTIVE ON OR AFTER 1 JANUARY 2015

A number of new and revised IFRSs will become effective during the coming financial year, but have not been adopted early in the preparation of Hemsö's financial statements.

#### Annual improvements to IFRSs 2010-2012 and 2011-2013 cycles

Minor amendments to, and the clarification of, four standards will be applied from 2015, but these changes are not expected to have any material effect on Hemsö's financial statements.

#### Annual improvements to IFRSs 2012-2014 cycle

Minor amendments and clarifications of nine standards that will become effective from 2016, but that have not yet been endorsed by the EU. These changes are not expected to have any material effect on Hemsö's financial statements.

#### IFRS 9 Financial Instruments

This standard will replace IAS 39 Financial Instruments: Recognition and Measurement. It contains rules for the classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. This standard will apply from 2018 but the date of endorsement by the EU is not yet clear. Hemsö has not yet evaluated the new standard, but a preliminary estimate is that it will not have any material impact on the financial statements.

#### IFRS 15 Revenue from Contracts with Customers

This standard specifies how and when revenue from contracts, and the sale of certain non-monetary assets, is to be recognised. It will replace the current IAS 11 Construction Contracts and IAS 18 Revenue and Related Interpretations. The standard will be effective for financial periods on or after 2017 but has not yet been endorsed by the EU. Hemsö has not yet evaluated the new standard, but a preliminary estimate is that it will not have any material impact on the financial statements.

#### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Group. All

amounts, unless otherwise stated, are presented in millions of SEK, and cover the period 1 January to 31 December 2014 (2013) for income-statement items, and 31 December 2014 (2013) for balance-sheet items. Due to rounding, some totals may not correspond with the sum of notes and tables.

Assets and liabilities are recognised at historical cost, except for investment properties and certain financial instruments measured at fair value. Changes in fair value are recognised in the income statement. Preparation of the financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and other various factors deemed reasonable under the current circumstances. The results of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that are not clear from other sources. Actual results may differ from these estimates.

#### ESTIMATES AND ASSUMPTIONS

Judgments made by management in the process of applying IFRS that have a material impact on the information in the financial statements and estimates are described in Note 2.

#### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the Parent Company and all subsidiaries. Subsidiaries are entities over which the Parent Company has a controlling interest. The consolidated financial statements have been prepared in accordance with the acquisition method, whereby assets, liabilities and contingent liabilities have been measured at fair value on the acquisition date in the acquisition analysis.

The revenues and expenses of acquired companies are included in the consolidated income statement from the date of acquisition. The income statements of divested companies are included until the date of divestment.

Intra-Group receivables and liabilities, income and expenses and unrealised gains or losses arising from transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

The portion of equity from non-controlling interests is recognised as a separate component of equity, separately from Parent Company owners' portion of equity. The share of net profit allocated to non-controlling interests is presented separately.

#### RELATED-PARTY TRANSACTIONS

The delivery of services between Group companies and other related companies and individuals is based on commercial terms and market prices.

#### PURCHASES AND SALES

A change in the accounting policy for purchases and sales became effective on 1 January 2014. Purchases and sales were previously recognised on the contract date. Under the new policy, a purchase or sale is recognised on the date of transfer, or withdrawal from the contract.

Receivables or liabilities with a counterparty between the transaction date and settlement date are recognised gross under other receivables or other liabilities.

#### Asset acquisitions

In recent years, indirect property transactions have often taken place with companies holding properties, and not through direct property transactions.

When an asset is acquired through a company transaction, the acquisition is treated as a direct property transaction. This type of acquired company normally has no employees, organization or activities other than those directly attributable to the property holding. Deferred tax is not recognised as a liability on initial temporary differences attributable to the acquisition. Any deductions in deferred taxes (discounts) obtained in addition to the recognised tax in acquired companies reduces the property's cost instead. In the subsequent valuation, the value changes are thus affected by the tax discounts. In 2014, all acquisitions were classified as asset acquisitions.



**Business combinations**

In acquisitions where Hemsö obtains control over one or more, basically autonomous, businesses, the acquisition method is applied in accordance with IFRS 3 Business Combinations. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values on the acquisition date, and the profit attributable to the acquired business is included from the date of possession. Deferred tax for surplus value, except goodwill, attributable to the acquisition is recognised as a liability based on the nominal tax rate. The difference between deferred taxes at the nominal tax rate, and the temporary value difference in the acquisition analysis is recognised as goodwill. Deferred taxes are not recognised as goodwill. In 2014, no acquisitions were classified as business combinations.

**INCOME**

Leases are classified as operating leases on the basis that the property remains in Hemsö's ownership even when the contract runs for up to 20 years.

**FINANCIAL INCOME AND EXPENSES**

Interest income is recognised in the accounting period to which it relates. Derivatives are used to achieve the desired fixed-interest structure. Revenues and expenses relating to derivatives are recognised on a continuous basis. Revenues and expenses deriving from redemption and renegotiation of derivatives, as well as redemption fees, are recognised when they occur. Interest income and expense on financial instruments is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or the net value of the asset or liability.

**INCOME TAXES**

The income statement includes current and deferred income tax for Swedish and foreign Group units, unless the underlying transaction is recognised in other comprehensive income or directly in equity, whereby the associated tax effect is recognised in other comprehensive income or in equity. The Group's companies are taxable under the laws of each country. In 2014, the tax rate in Sweden was 22 per cent, and is calculated on nominal recognised income adding non-deductible items and deducting non-taxable income.

Income tax is recognised using the balance-sheet method, implying that deferred tax is calculated on the closing date's identified temporary differences between assets and liabilities for tax purposes and their carrying amounts. Temporary differences are primarily related to property, financial instruments and allocation.

Deferred taxes are only recognised for temporary differences. Temporary differences are valued at the nominal tax rate and the change from the previous balance-sheet date is recognised as deferred tax in the income statement. Deferred tax assets for deductible temporary differences and loss carryforwards are only recognised to the extent that it is probable they will be utilised. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

**EMPLOYEE BENEFITS**

Employee benefits, such as salaries and social security costs, holidays and paid sick leave, etc. are recognised when the employees perform services for the company. Commitments to employees are secured through defined-contribution plans or ITP. Defined-contribution plans are plans in which the company's obligation is limited to the contributions the company has undertaken to pay. In such cases, the size of the employee's pension depends on the contributions the company pays into the plan or to an insurance company, and the investment earnings on the contributions. Consequently, it is the employee who bears the actuarial risk (that benefits will be lower than expected) and investment risk (that the invested assets will be insufficient to provide the expected benefits). The company's obligations for contributions to defined-contribution plans are recognised as expenses in the income statement when the employees perform services for the company during a period. The Group's ITP pension plan is secured through insurance with Alecta, which according to a statement from the Swedish Financial Reporting Board, UFR 10, is considered a defined-benefit plan covered by many employers. However, the plan has been treated as a defined-contribution plan, since Alecta has not been able to produce the values required to recognise the plan as a defined-benefit plan.

An expense for remuneration in connection with the termination of employees is only recognised if the company is demonstrably committed, without realistic possibility of withdrawal, by a formally detailed plan to terminate employment before the normal time. When remuneration is paid as an offer to encourage voluntary redundancy,

a cost is recognised if it is probable that the offer will be accepted, and if the number of employees who will accept the offer can be reliably estimated.

**LEASING**

Hemsö is a major lessor, since its leasing arrangements are classified as operating leases, see Revenues above. As a lessee, Hemsö has entered into a number of leasing agreements and smaller leases for office machines. The total amount of these is of no material significance. The expenditure is expensed as incurred.

**INVESTMENT PROPERTIES**

Properties are initially recognised at cost. Within the Group, properties are measured at fair value in accordance with the method stated below.

Expenditures for new construction or renovations are recognised as construction in progress until the project is completed and the final inspection performed. Work regarding maintenance, maintenance activities associated with renovation and tenant adaptations is activated when deemed value-added. Value-added means that the measure is expected to generate a future economic benefit, compared with earlier measures, and thus affect the market value.

Buildings and land owned or leased through a finance lease to earn rental income and/or increases in value are classified within the Group as investment properties. IAS 40 is applied and the holding is measured at fair value. During the financial year, revaluations are recognised on a quarterly basis of internal valuations. For a description of valuation methods, refer to Note 13. For considerations etc., regarding the valuation of property, see Note 2. Any deductions for deferred tax on the purchase of property through a company (asset acquisition) obtained in addition to the recognised tax in the acquired company is recognised net against the fair value of the purchased property on both the acquisition date and in subsequent financial statements.

Buildings under construction for future use as investment properties are measured at fair value in accordance with IAS 40.

Interest expenses relating to specific financing of major new construction, extension and refurbishment of properties is capitalised until the project is completed and the final inspection performed.

The basis of valuation is estimates of future cash flows, and the price level is expected to be achieved in a transaction between knowledgeable, willing parties on market terms. Non-completed properties are slightly more difficult to value than existing properties, because the final cost and process until the property is functional/leased can only be assessed.

**MACHINERY AND EQUIPMENT**

Machinery and equipment are recognised at cost less accumulated depreciation and any impairment losses. Machinery and equipment are depreciated on a straight line basis over five years.

**FINANCIAL INSTRUMENTS****Recognition in the statement of financial position**

A financial asset or financial liability is recognised in the statement of financial position when the company becomes party to the instrument's contractual terms. A receivable is recognised when the company has performed and there is contractual obligation for the counterparty to pay, even if no invoice has been sent. Accounts receivable are recognised in the statement of financial position when the invoice has been sent. Long-term receivables, which consist exclusively of so-called promissory notes, are recognised at nominal amounts adjusted for the present value of the potential difference against market rates. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not been received. Accounts payable are recognised when an invoice is received.

A financial asset is removed from the statement of financial position when the contractual rights are realised, expire or the company loses control over them. The same applies to part of a financial asset. A financial liability is removed from the statement of financial position when the contractual obligation is fulfilled or otherwise not up to date. The same applies to parts of financial liabilities.

To determine the fair value of interest-rate derivatives, market rates are used for each term listed on the closing date and generally accepted calculation methods, which means that their fair value measurement is a level 2 input according to IFRS 13.

Trade receivables are recognised at the amount expected to be received after deductions for doubtful receivables assessed individually. Accounts receivable have a short maturity, and their value is recognised at nominal value without discounting. Write-downs of accounts receivable are recognised in operating expenses. Recognition at amortised cost relating to other receivables means

that the financial instrument is measured at cost less any impairment.

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment.

#### Categories of financial instruments

**Loans and accounts receivable** – These receivables are financial assets that are not derivatives, with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost. The amortised cost is determined using the effective interest rate calculated at the acquisition date.

Loans and accounts receivable are measured at the amounts expected to be received, meaning after deductions for doubtful receivables.

**Other financial liabilities** – Other financial liabilities, such as loans, accounts payable and purchased, but not paid properties. Liabilities are measured at amortised cost. Transaction costs are distributed over the expected term of the loan.

**Financial assets and liabilities measured at fair value through profit or loss:** – Hemsö uses interest-rate derivatives to hedge low, long-term interest rates. Changes in the market value of a derivative are recognised as unrealised value changes in the income statement. Currency exposures can be included in hedging to reduce the impact of currency fluctuations on the net assets in EUR attributable to foreign operations.

#### PROVISIONS

A provision differs from other liabilities because there is an uncertainty about the timing or the amount required to settle the obligation.

A provision is recognised in the statement of financial position when there is a present legal or informal obligation due to a past event, and it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made for the amount which is the best estimate of the expenditure required to settle the present obligation at the balance-sheet date. Where the effect of when in time the payment will be made is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### CONTINGENT LIABILITIES

A contingent liability is recognised when the existence of a possible obligation is confirmed only by the occurrence of one or more uncertain future events, or when there is a commitment that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

#### TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currency are translated using the current exchange rate at the transaction date. Monetary assets and liabilities in foreign currencies are converted at the closing rate, and exchange differences are recognised in the income statement.

Exchange-rate differences relating to operating receivables and liabilities are recognised in operating income, while differences attributable to financial assets and liabilities are recognised in net financial items. Non-monetary assets and liabilities carried at historical cost are converted using the current exchange rate at the transaction date.

Assets and liabilities of foreign operations are converted to SEK using the current exchange rate at the balance-sheet date. Revenues and expenses of foreign operations are converted to SEK using an average rate that approximates the exchange rates at the transaction date. Translation differences arising from the translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve under equity.

#### STATEMENT OF CASH FLOWS

The statement of cash flows has been prepared using the indirect method. Cash flows from realised changes in value in connection with the sale of properties are recognised together with other sales and cash settlements under investing activities. The purchase or sale of properties through companies, asset acquisitions, is recognised on a separate line as property acquisitions or property divestments. Selling expenses are recognised under investing activities as a deduction from the sale settlement of the year in which the cash flow occurs. Acquisition costs are recognised in the same way under investing activities.

## PARENT COMPANY

### APPLIED STANDARDS AND LEGISLATION

The financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. Pronouncements from the Swedish Financial Reporting Board have also been applied. The accounting policies applied are presented in the relevant parts of the Group's accounting policies, with the following additions for the Parent Company.

### GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

Shareholder contributions are recognised directly in equity of the recipient, and capitalised in shares of the contributor, to the extent that impairment is not required. Hemsö reports Group contributions paid and received as transfers to/from untaxed reserves.

### SHARES IN SUBSIDIARIES

Shares in subsidiaries are recognised in the Parent Company using the cost method, less any impairment losses.

### FINANCIAL INSTRUMENTS

During the year, the accounting policy for the recognition of financial instruments in the Parent Company was changed. The Parent Company previously applied the same accounting policy as the Group, whereby interest-rate derivatives are measured at fair value through profit and loss.

The new accounting policy means that derivatives are now recognised at cost. The change has been introduced to enable adaptation to current practices and to facilitate comparison with other property companies. The change has impacted financial items, tax, equity, deferred tax assets/liabilities and non-interest-bearing liabilities in the Parent Company's accounts. Previous periods have been restated in accordance with the new policy.

After the change, financial receivables and liabilities have been recognised at historical cost.

### FINANCIAL GUARANTEES

The Parent Company's financial guarantees consist of guarantees on behalf of other companies in the Group. When reporting financial guarantee contracts, the Parent Company applies one of the Swedish Financial Reporting Board's permitted relief rules, compared with the rules in IAS 39. When the Parent Company has a commitment for the probable payment, the financial guarantee contract is recognised as a provision in the balance sheet, whereas the obligation is otherwise recognised as a contingent liability.

### GROUP INFORMATION

Hemsö Fastighets AB (publ) has its registered office in Stockholm and the address of the Head Office is Linnégatan 2. Hemsö is 85-per cent owned by the Third AP Fund, Corporate Registration Number 802014-4120, with its registered office in Stockholm, and 15-per cent owned by Sagax AB, Corporate Registration Number 556 520-0028, with its registered office in Stockholm.

## Note 2 Special considerations and judgements

The presentation of financial statements in accordance with IFRS and generally accepted accounting principles requires making judgements and assumptions that affect the assets, liabilities, income, expenses and other information recognised in the annual accounts. These judgements and assumptions are based on historical experience and other factors considered reasonable under the circumstances. Actual results may differ from these judgements under different assumptions or conditions.

The financial statements are particularly sensitive to the judgements and assumptions used in the valuation of investment properties. Property values are assessed individually per property throughout the year, based on a number of judgements and estimates of future cash flows and exit yields in a potential transaction. In most cases, reconciliation is also performed against external valuations. The range of values between the appraised value and selling price in a well-functioning market is normally (+/-) 5–10 per cent. For more information about this and the assumptions and judgements made, refer to Note 13.

An essential use of judgement in the financial statements is how deferred tax should be treated in the consolidated financial statements.

### Note 3 Segment information

The identification of reportable segments is based on internal reporting. The CEO mainly uses net operating income per segment for performance analysis. Administrative costs, financial income and expenses and income tax are managed at Group level.

The Group is managed and reported in the following five operating segments: East, West, North, South and Foreign

2014	East	West	North	South	Foreign	Unallocated items	Group
Rental income	652	374	511	303	214	-	2,054
Property expenses	-157	-133	-149	-105	-24	-	-568
<b>Net operating income</b>	<b>495</b>	<b>241</b>	<b>362</b>	<b>198</b>	<b>190</b>	-	<b>1,486</b>
Central administrative expenses	-	-	-	-	-	-173	-173
Net financial items	-	-	-	-	-	-690	-690
<b>Profit before changes in value</b>	<b>495</b>	<b>241</b>	<b>362</b>	<b>198</b>	<b>190</b>	<b>-863</b>	<b>623</b>
<b>Changes in value</b>							
Properties, realised	-46	-28	-11	-46	-	-11	-142
Properties, unrealised	123	-219	15	-23	-15	-	-119
Financial instruments, unrealised	-	-	-	-	-	-760	-760
<b>Total changes in value</b>	<b>77</b>	<b>-247</b>	<b>4</b>	<b>-69</b>	<b>-15</b>	<b>-771</b>	<b>-1,021</b>
Current tax	-	-	-	-	-	-89	-89
Deferred tax	-	-	-	-	-	127	127
<b>Profit/loss for the year</b>	<b>572</b>	<b>-6</b>	<b>366</b>	<b>129</b>	<b>175</b>	<b>-1,596</b>	<b>-360</b>
<b>Investment properties – investments, acquisitions, divestments per segment</b>							
Investments, new construction, extension and refurbishment	271	104	104	217	1	-	697
Acquisitions	2,830	241	96	175	1,264	-	4,606
Divestments	-1,093	-256	-1,640	-363	-	-	-3,352
<b>Total</b>	<b>2,008</b>	<b>89</b>	<b>-1,440</b>	<b>29</b>	<b>1,265</b>	-	<b>1,951</b>
<b>Assets per segment at period-end</b>							
Investment properties	9,850	3,737	4,533	3,244	3,304	-	24,668
Unallocated corporate assets	-	-	-	-	-	316	316
<b>Total assets</b>	<b>9,850</b>	<b>3,737</b>	<b>4,533</b>	<b>3,244</b>	<b>3,304</b>	<b>316</b>	<b>24,984</b>
<b>2013</b>	<b>East</b>	<b>West</b>	<b>North</b>	<b>South</b>	<b>Foreign</b>	<b>Unallocated items</b>	<b>Group</b>
Rental income	510	379	569	311	106	-	1,875
Property expenses	-118	-141	-170	-104	-2	-	-535
<b>Net operating income</b>	<b>392</b>	<b>238</b>	<b>399</b>	<b>207</b>	<b>104</b>	-	<b>1,340</b>
Central administrative expenses	-	-	-	-	-	-173	-173
Net financial items	-	-	-	-	-	-703	-703
<b>Profit before changes in value</b>	<b>392</b>	<b>238</b>	<b>399</b>	<b>207</b>	<b>104</b>	<b>-876</b>	<b>464</b>
<b>Changes in value</b>							
Properties, realised	-1	-8	-47	-1	-	-	-57
Properties, unrealised	112	-123	-23	-34	-	-	-68
Financial instruments, unrealised	-	-	-	-	-	297	297
<b>Total changes in value</b>	<b>111</b>	<b>-131</b>	<b>-70</b>	<b>-35</b>	-	<b>297</b>	<b>172</b>
Current tax	-	-	-	-	-	-9	-9
Deferred tax	-	-	-	-	-	-99	-99
<b>Profit/loss for the year</b>	<b>503</b>	<b>107</b>	<b>329</b>	<b>172</b>	<b>104</b>	<b>-687</b>	<b>528</b>
<b>Investment properties – investments, acquisitions, divestments per segment</b>							
Investments, new construction, extension and refurbishment	55	95	136	104	1	-	391
Acquisitions	568	91	-	3	442	-	1,104
Divestments	-49	-302	-1,427	-19	-	-	-1,797
<b>Total</b>	<b>574</b>	<b>-116</b>	<b>-1,291</b>	<b>88</b>	<b>443</b>	-	<b>-302</b>
<b>Assets per segment at period-end</b>							
Investment properties	7,298	3,867	6,379	3,238	1,855	-	22,637
Unallocated corporate assets	-	-	-	-	-	169	169
<b>Total assets</b>	<b>7,298</b>	<b>3,867</b>	<b>6,379</b>	<b>3,238</b>	<b>1,855</b>	<b>169</b>	<b>22,806</b>

## Note 4 Operating leases

### Lessor

Future minimum lease payments for non-cancellable leases amounted to:

Group	31 Dec 2014	31 Dec 2013
Contracted income, payment within 1 year	1,188	1,837
Contracted income, payment within 1-5 years	5,758	5,534
Contracted income, payment later than 5 years	7,111	7,019
<b>Total</b>	<b>14,057</b>	<b>14,390</b>

For accounting purposes, rental leases are considered operating leases when Hemsö is the lessor. The table shows rental income calculated on current rental leases.

The rent is usually indexed. In most cases, property tax is payable in addition to base rent. Additional amounts are based on the actual costs incurred by the landlord.

### Lessee

As an operating lessee, a number of leases have been signed for site leaseholds, company vehicles and office equipment.

Group	31 Dec 2014	31 Dec 2013
Due within 1 year	9	5
Due within 1-5 years	25	11
Due later than 5 years	187	27
<b>Total</b>	<b>221</b>	<b>43</b>

## Note 7 Employees, personnel costs and remuneration of senior executives

	2014		2013	
	Total	of whom men	Total	of whom men
Average no. of employees	101	54	96	54
No. of Group Management, 31 Dec	12	8	6	2
Board members, 31 Dec	6	4	6	4

All of the Group's personnel were employed in the Parent Company, except for one person employed in Germany and one person employed in Finland.

Salaries and remuneration, SEK 000s	2014		2013	
	Salaries and fees	Variable remuneration	Salaries and fees	Variable remuneration
Board	394	-	329	-
CEO	4,041	-	4,065	-
Other senior executives	12,462	535	8,010	37
Other employees	43,693	2,735	46,363	4,462
<b>Total Sweden</b>	<b>60,590</b>	<b>3,270</b>	<b>58,767</b>	<b>4,499</b>
Other senior executives	473	-	-	-
Other employees	255	-	-	-
<b>Total Foreign</b>	<b>728</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Group</b>	<b>61,318</b>	<b>3,270</b>	<b>-</b>	<b>-</b>

Payroll overheads, SEK 000s	2014		2013	
	Payroll overheads, incl. special employer's contribution	Pension costs	Payroll overheads, incl. special employer's contribution	Pension costs
Board	204	-	204	-
CEO	1,563	1,208	1,563	1,175
Other senior executives	4,782	2,878	2,879	1,187
Other employees	15,922	5,498	17,435	6,299
<b>Total Sweden</b>	<b>22,471</b>	<b>9,584</b>	<b>22,081</b>	<b>8,661</b>
Other senior executives	2	85	-	-
Other employees	25	24	-	-
<b>Total Foreign</b>	<b>27</b>	<b>109</b>	<b>-</b>	<b>-</b>
<b>Total Group</b>	<b>22,498</b>	<b>9,693</b>	<b>-</b>	<b>-</b>

## Note 5 Operating costs

Group	2014	2013
Utilities	235	243
Supervision	162	150
Other operating costs	13	23
<b>Total</b>	<b>410</b>	<b>416</b>

## Note 6 Central administrative expenses

Group	2014	2013
Personnel costs	109	105
Premises and office expenses	13	16
Purchased services	42	44
Depreciation and amortisation	1	1
Other operating expenses	8	7
<b>Total</b>	<b>173</b>	<b>173</b>

One person in Group Management is not employed by Hemsö and does not, therefore, receive a salary from the Parent Company. Remuneration is paid in the form of consulting fees, based on industry standards. Remuneration of employees relates to remuneration paid in 2014 (2013), while remuneration of the Board relates to the annual fees adopted by the AGM. The Chairman and other members of the Board of Hemsö Fastighets AB are remunerated in accordance with a resolution adopted by the AGM. Remuneration of the Chairman amounts to SEK 350,000, while each of the other Board members are paid an amount of SEK 150,000. Members of the Board who are employed by the owners receive no remuneration.

### Variable remuneration

Hemsö's variable remuneration scheme for 2014 includes all permanent employees except for senior executives. The reported variable remuneration for senior executives relates to four people (one) who were previously included in the category of senior executives. Under the scheme, the majority of employees can receive up to one additional monthly salary in variable remuneration, while a smaller number of employees can receive a maximum of two monthly salaries subject to the achievement of predefined targets.

The targets are 50-per-cent based on the company's financial performance, and 50-per-cent based on individual, team or department performance, depending on the employee's role. The variable remuneration scheme is determined annually by the Board.

### Pensions

Under the CEO's contract, Hemsö is to pay premiums for occupational pension and health insurance amounting to 30 per cent of gross salary. Senior executives and other employees are covered by the ITP Plan. The age of retirement is 65 for the CEO, and 67 for other senior executives.

### Severance pay

An agreement has been reached whereby the CEO will be eligible for severance pay in the event of termination by the company. The severance pay corresponds to 12 months' fixed salary, in addition to the mutual six-month notice period. The severance pay is not pensionable, is fully deductible and not payable upon retirement. Other senior executives have a mutual notice period of six months.

## Note 8 Auditor fees and remuneration

	Group		Parent Company	
	2014	2013	2014	2013
Ernst & Young				
Audit engagement	1	1	1	1
Audit activities in addition to the audit engagement	1	-	-	-
Tax consultancy	-	-	-	-
Other assignments	-	-	-	-
<b>Total</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>

The audit engagement refers to the statutory audit of the annual accounts and of the administration of the Board and the CEO. Audit activities in addition to the audit engagement refer to reviews of the administration or financial statements pursuant to statute, the Articles of Association, regulation or agreement that is not included in the audit engagement, and is to result in a report, certificate or any other type of documentation that is also intended for audiences other than Hemsö.

Tax consultancy refers to consultation on fiscal issues.

Other assignments refer to consultation that cannot be linked to any of the other categories.

## Note 9 Profit from participations in Group companies

Parent Company	2014	2013
Dividends	703	299
Profit from unlimited and limited partnerships	3	41
Impairment	-199	-216
<b>Total</b>	<b>507</b>	<b>124</b>

During the year, the value of some properties, which are owned by subsidiaries of Hemsö Fastighets AB, was impaired. In some cases, the impairment losses had a direct impact on the value of the subsidiaries, as well as on the carrying amount of shares and participations in subsidiaries, which explains the impairment losses for the year.

## Note 10 Income from financial items

Group	2014	2013
<b>Net financial items</b>		
<i>Interest income, loans and receivables</i>		
Financial assets are measured at amortised cost	-	-
Other financial income	2	8
<b>Total</b>	<b>2</b>	<b>8</b>
Interest income on bank deposits	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<i>Interest expenses, other financial liabilities</i>		
Interest expenses	-428	-474
Interest expenses, Third Swedish National Pension Fund	-210	-210
<b>Total</b>	<b>-638</b>	<b>-684</b>
<i>Other financial expenses</i>		
Handling charges for bank loans	-22	-15
Exchange-rate fluctuations	-7	2
Other financial expenses	-25	-14
<b>Total</b>	<b>-54</b>	<b>-27</b>
<b>Total</b>	<b>-690</b>	<b>-703</b>

All interest income and expenses are attributable to financial assets and liabilities not measured at fair value through profit and loss.

Parent Company	2014	2013
<b>Interest income and similar profit items</b>		
Interest income, Group companies	169	124
Interest income, other	2	4
<b>Total</b>	<b>171</b>	<b>128</b>

Parent Company	2014	2013
<b>Interest expenses and similar profit items</b>		
Interest expenses, Group companies	-226	-228
Interest expenses, other	-326	-239
Other	-28	-16
<b>Total</b>	<b>-580</b>	<b>-483</b>

## Note 11 Changes in value

### Investment properties

Changes in value attributable to investment properties amounted to a SEK -261 million (-125). The value changes comprised realised changes in value of SEK -142 million (-57) and unrealised changes in value of SEK -119 million (-68).

The realised change in value is mainly attributable to sales of several properties and companies conducted at the end of 2014.

The unrealised changes in value are also due to revised estimates of net operating income as a result of new leases, terminated leases and renegotiations. The negative change in value for the year is mainly due to terminated leases. In addition to terminated leases, the value changes in the portfolio derived from new leases, changes in investment requirements and from specific market appraisals through lower exit yield. The yield for the entire property portfolio was 6.0 per cent (6.1).

Unrealised changes in value, SEK million	2014	2013
New leases/Renegotiations	249	50
Terminated leases/Renegotiations	-487	-111
General change in value	133	-7
<b>Subtotal Sweden</b>	<b>-105</b>	<b>-68</b>
New leases/Renegotiations	9	-
General change in value	-23	-
<b>Subtotal Foreign</b>	<b>-14</b>	<b>-</b>
<b>Total unrealised changes in value</b>	<b>-119</b>	<b>-68</b>

### Derivatives

Hemsö uses interest-rate derivatives to reduce the Group's interest-rate risk. If the contractual interest rate deviates from the market-derived interest rate, credit margins notwithstanding, a theoretical surplus or deficit value arises on the interest-rate derivatives, whereby the non-cash changes in value are recognised in the statement of comprehensive income.

The value of the derivatives declined SEK 760 million (increased: 297), mainly due to falling long-term market rates during the year.

## Note 12 Tax

Tax expense in the income statement	Group		Parent Company	
	2014	2013	2014	2013
Current tax	-89	-9	-	-
Deferred tax	127	-99	-4	-24
<b>Total</b>	<b>38</b>	<b>-108</b>	<b>-4</b>	<b>-24</b>
	Group		Parent Company	
	2014	2013	2014	2013
Actual tax expense	-89	-108	-	-
Expected tax expense at current tax rate	-	-136	-113	-27
<b>Difference</b>	<b>-89</b>	<b>-28</b>	<b>-113</b>	<b>-27</b>

## Note 12, cont.

The Group's tax in the income statement	2014		2013	
	Current tax	Deferred tax	Current tax	Deferred tax
Profit/loss before tax	-397		636	
Tax-deductible depreciation and amortisation	-689	689	-561	561
Non-taxable changes in value of properties	119	-119	68	-68
Non-taxable changes in value of derivatives	760	-760	-297	297
Tax effect of company and property sales	141	-141	58	-58
Non-deductible expenses	218	-	211	-
<b>Total income from operations</b>	<b>152</b>	<b>-331</b>	<b>115</b>	<b>732</b>
Utilisation of accumulated deficit	-24	24	-90	62
New deficits	20	-20	7	-7
Adjustment for effects of properties sold	-35	-483	-	-334
Adjustment for change in tax allocation reserve	5	-5	9	-9
<b>Total taxable income</b>	<b>118</b>	<b>-815</b>	<b>41</b>	<b>444</b>
Estimated tax	-23	175	-9	-98
Adjustment of tax expense in previous year	-66	-48	-	-1
<b>Total tax</b>	<b>-89</b>	<b>127</b>	<b>-9</b>	<b>-99</b>

Tax expense accounts for – per cent (17.0) of the Group's profit before tax. Tax expense is calculated using the current tax rate, which is 22.0 per cent in Sweden, 20.0 per cent in Finland and 15.8 per cent in Germany.

**Ongoing tax proceedings**

In December, Hemsö received a judgment from the Svea Court of Appeal in Stockholm concerning a procedure in which the company is involved. The procedure concerned two separate matters for the 2005 fiscal year. The Court did not rule in Hemsö's favour, whereby Hemsö was ordered to repay SEK 79 million excluding interest. By 2013, Hemsö had already paid almost SEK 12 million excluding interest. The remaining amount of SEK 64 million, including interest, was reserved as a tax expense in 2014.

**BV case**

The BV case concerned an indirect sale of property through an unlimited partnership, mainly owned by a Dutch company. Based on the Swedish Tax Evasion Act, the Swedish Tax Agency claimed that Hemsö is considered to have sold the property to the unlimited partnership at a value corresponding to its market value.

The disputed amount pertained to tax of 28.0 per cent on a base of SEK 33 million.

**Impairment of stock participations**

An intra-Group restructure was conducted, resulting in an accounting impairment of participations in subsidiaries claimed as deductible from a tax perspective. The Tax Agency requested the impairment be denied, with reference to the Swedish Tax Evasion Act.

The disputed amount pertained to tax of 28.0 per cent on a base of SEK 252 million.

The Group's tax in the balance sheet	2014		2013	
	Tax base	Deferred tax	Tax base	Deferred tax
<b>Deferred tax assets</b>				
Tax loss carry forwards, opening balance	87	21	141	31
Change in loss carry-forwards	-4	-1	-54	-10
<b>Deferred tax loss carry forwards, closing balance</b>	<b>83</b>	<b>20</b>	<b>87</b>	<b>21</b>
Derivatives at beginning of the year	67	14	364	80
Change in derivatives	760	167	-297	-66
<b>Deferred tax on derivatives, closing balance</b>	<b>827</b>	<b>181</b>	<b>67</b>	<b>14</b>
<b>Deferred tax assets, closing balance</b>	<b>910</b>	<b>201</b>	<b>154</b>	<b>35</b>
<b>Deferred tax liabilities</b>				
Investment properties at beginning of the year	-6,410	-1,411	-6,331	-1,393
Change in investment properties	-175	-40	-79	-18
<b>Deferred tax on investment properties, closing balance</b>	<b>-6,585</b>	<b>-1,451</b>	<b>-6,410</b>	<b>-1,411</b>
Tax allocation reserves at beginning of the year	-185	-40	-196	-43
Change in tax allocation reserves	8	1	11	3
<b>Deferred tax on tax allocation reserve, closing balance</b>	<b>-177</b>	<b>-39</b>	<b>-185</b>	<b>-40</b>
<b>Deferred tax liabilities, closing balance</b>	<b>-6,762</b>	<b>-1,490</b>	<b>-6,595</b>	<b>-1,451</b>

Parent Company's tax in the balance sheet	2014		2013	
	Tax base	Deferred tax	Tax base	Deferred tax
<b>Deferred tax assets</b>				
Tax loss carry forwards, opening balance	36	8	118	26
Change in loss carry-forwards	-1	-	-82	-18
<b>Deferred tax deficit, closing balance</b>	<b>35</b>	<b>8</b>	<b>36</b>	<b>8</b>
<b>Deferred tax assets, closing balance</b>	<b>35</b>	<b>8</b>	<b>36</b>	<b>8</b>
<b>Deferred tax liabilities</b>				
Investment properties at beginning of the year	-141	-31	-118	-26
Change in investment properties	-14	-3	-23	-5
<b>Deferred tax on investment properties, closing balance</b>	<b>-155</b>	<b>-34</b>	<b>-141</b>	<b>-31</b>
<b>Deferred tax liabilities, closing balance</b>	<b>-155</b>	<b>-34</b>	<b>-141</b>	<b>-31</b>

Deferred tax assets utilised after more than 12 months amounted to SEK 9 million (8) in the Group, and SEK - million (-) in the Parent Company. Deferred tax liabilities utilised after more than 12 months amounted to SEK 1,490 million (1,451) in the Group, and SEK 34 million (31) in the Parent Company. At 31 December 2014, loss carryforwards for which deferred tax assets were not recognised amounted to SEK 39 million (6). Of this amount, SEK 39 million (6) has an unlimited life. Of recognised closing deficits, an amount of SEK 20 million (21) has an unlimited life.

## Note 13 Investment properties

Group	31 Dec 2014	31 Dec 2013
Opening balance	22,637	22,951
Acquisitions	4,606	1,104
Investments in new construction, extension and refurbishment	697	391
Divestments	-3,352	-1,797
Exchange-rate fluctuations	199	56
Unrealised changes in value	-119	-68
<b>Carrying amount at year-end</b>	<b>24,668</b>	<b>22,637</b>
of which recognised in Statement of Comprehensive Income	-261	-125

At 31 December 2014, the estimated market value, corresponding to the carrying amount, totalled SEK 24,668 million (22,637). The total change in value was SEK 2,031 million (-314), corresponding to 8.2 per cent (-1.4) of the total property portfolio. The change in value compared with a comparable portfolio corresponds to a decrease of 0.3 per cent (increase: 1.7). The table below shows the estimated market value per property category and segment.

### Significant obligations

Hemsö has no significant obligations to acquire or divest any investment property. However, Hemsö does have an obligation to complete ongoing projects where the remaining investment amounts to approximately SEK 918 million, in addition to the amount recognised in the balance sheet.

### Valuation method

Hemsö determines the value of a property using internal assessments that are conducted quarterly and are an integral part of Hemsö's business process. The market value of each property is

assessed individually. Hemsö uses a cash flow model for valuation, based on the budgeted net operating income of a property. The starting point for the budget is the action plan for measures that are expected to optimise the net operating income and value of the properties. Factors affecting the valuation that are included in the cash flow statement, such as exit yield, are determined using the location-based pricing method. The location's market rent level and long-term vacancy rate are also assessed. Each property has been assessed on the basis of property-specific value-impacting events, such as newly signed and renegotiated rental leases, terminated leases and investments. The valuations have included the highest and best use (HBU) of the properties.

Changes to the unobservable inputs used in the valuations during the period are analysed by management at each closing date against internally available information, information from completed and planned transactions and information from external valuers.

The valuation method therefore complies with Level 3 of the fair value hierarchy in IFRS 13.

No properties have been transferred to other fair value hierarchies.

The same valuation method has been used for all of Hemsö's properties.

Hemsö recognises its investment properties in Sweden at an internally assessed fair value in accordance with IAS 40 and, at 31 December 2014, had conducted internal valuations of all Swedish properties.

Hemsö's property portfolios in Germany and Finland are determined using external valuations.

Market value refers to the price that would probably be received if the property was put up for sale in a free and open market, without party relations and undue pressure. The yield requirement and future earnings capacity of the property have been determined in a coherent manner and applied consistently in the valuations.

### Property value per property category and segment at 31 December 2014, SEK million

	Property value, SEK million	No. of properties	Rental value, SEK million	Leasing rate, %	Lettable area, tsqm	Long-term exit yield, %	Average long-term exit yield, %
Nursing homes	3,425	33	262	99.8	173	4.40–7.00	5.67
Education	2,701	37	183	98.3	106	5.15–7.25	6.25
Health care	2,075	16	191	98.2	106	4.75–7.25	6.39
Legal sector	1,649	4	130	96.9	70	5.75–6.25	5.98
<b>East</b>	<b>9,850</b>	<b>90</b>	<b>766</b>	<b>98.7</b>	<b>455</b>	<b>4.40–7.25</b>	<b>6.05</b>
Nursing homes	622	9	60	96.1	58	4.90–8.75	6.29
Education	1,171	20	121	91.5	116	5.95–8.25	7.03
Health care	1,944	57	216	91.4	209	6.00–9.50	7.39
Legal sector	-	-	-	-	-	-	-
<b>West</b>	<b>3,737</b>	<b>86</b>	<b>397</b>	<b>92.4</b>	<b>383</b>	<b>4.90–9.50</b>	<b>7.20</b>
Nursing homes	2,508	39	197	98.3	168	5.00–6.75	5.99
Education	1,187	10	97	95.6	66	6.07–10.00	6.84
Health care	207	4	21	97.9	16	6.25–9.00	7.25
Legal sector	631	2	46	100.0	25	5.75–6.50	6.13
<b>North</b>	<b>4,533</b>	<b>55</b>	<b>361</b>	<b>97.4</b>	<b>275</b>	<b>5.00–10.00</b>	<b>6.24</b>
Nursing homes	1,307	25	116	98.4	84	5.00–9.00	6.01
Education	1,568	13	144	89.0	132	6.25–8.50	6.94
Health care	121	2	15	93.2	14	7.25–7.75	7.50
Legal sector	248	3	22	100.0	11	5.75–6.80	6.35
<b>South</b>	<b>3,244</b>	<b>43</b>	<b>297</b>	<b>93.4</b>	<b>241</b>	<b>5.00–9.00</b>	<b>6.38</b>
Nursing homes	2,634	34	194	100.0	141	5.12–10.42	6.77
Education	338	1	28	100.0	16	6.48–6.48	6.48
Health care	332	4	26	100.0	13	5.53–7.93	6.98
Legal sector	-	-	-	-	-	-	-
<b>Foreign</b>	<b>3,304</b>	<b>39</b>	<b>248</b>	<b>100.0</b>	<b>170</b>	<b>5.12–10.42</b>	<b>6.78</b>
Nursing homes	10,496	140	829	98.9	624	4.40–10.42	6.13
Education	6,965	81	573	94.2	436	5.15–10.00	6.60
Health care	4,679	83	469	94.3	358	4.75–9.50	7.17
Legal sector	2,528	9	198	98.3	106	5.75–6.80	6.13
<b>Total</b>	<b>24,668</b>	<b>313</b>	<b>2,069</b>	<b>96.5</b>	<b>1,524</b>	<b>4.40–10.42</b>	<b>6.52</b>

## Note 13, cont.

**Yield requirement assumptions**

The yield requirement is individually assessed for each property. The exit yields applied have been determined on the basis of Hemsö's knowledge of completed contracts in the markets in which Hemsö operates, and in bidding processes in which Hemsö has participated. The exit yield is based on the location of the property, the characteristics of the location and the intended use of the property. Additional parameters that are taken into account include the effectiveness and design of the premises, the standard and condition of the property, the contractual term and type of tenant. The average yield of Hemsö's internal valuations is 6.0 per cent (6.1).

Project properties have a negative effect on the yield until the ongoing investment has generated net operating income in one year. In other words, the yield is not a normalised value for Hemsö's property portfolio.

**Cash flow assumptions**

When assessing the future earnings capacity of each property, the existing contract portfolio has been analysed. Future lease payments for each property are calculated by using the current CPI index to estimate the increase on existing rental leases. Lease payments for future lease periods, and for vacant premises, are calculated on the basis of individual assessments of market rent and the long-term vacancy rate for each property.

Property expenses consist of operating, energy and maintenance costs, excluding costs for the site leasehold, property tax and administration. These are determined on the basis of historical cost. Age, maintenance status and intended use are also taken into account when estimating future costs.

**Average cash flow assumptions on 31 December 2014, year 1**

Rental value, SEK/sqm	1,358
Operating and maintenance costs, SEK/sqm	-322
Vacancy rate, %	3.1

**Uncertainty range and sensitivity analysis**

Property valuation is the result of an estimate regarding the value of a particular property on a specific date. The calculation of a property's market value is performed using assumptions of expected rental income, property expenses, economic vacancy and yield requirements. These factors vary depending on the economic climate, demand for properties and interest rates. Internal valuations assume an uncertainty range of +/- 5 per cent, corresponding to values between the range of SEK 23,434 million and SEK 25,901 million. The following sensitivity analysis shows how changes in cash flow as well as exit yields affect the valuation.

However, the sensitivity analysis is not realistic since one isolated parameter rarely changes. The various assumptions regarding cash flow and exit yield are interconnected.

**Sensitivity analysis of change in value**

	Change	Earnings effect, SEK million
Rental income	+/- 5-10 per cent	+/-1,672-3,345
Operating costs	+/- 5-10 per cent	-/+439-878
Vacancy rate	+/- 5-10 per cent	-/+1,726-3,452
Net operating income	+/- 5-10 per cent	+/-1,233-2,467
Exit yield	+/- 0.5-1 percentage points	-/+2,245-4,939

**External valuation**

To quality-assure the internal valuation, 294 properties, comprising 19 properties in Germany and 16 in Finland, representing 89.8 per cent of the portfolio's value, were valued by external, independent valuers. Savills performed the valuation of the Swedish portfolio, Axion valued the German portfolio, and JLL the Finnish portfolio. A full valuation was performed on 104 of the 294 properties, including a physical inspection. A desktop valuation was performed on the remaining properties. During the year, 11 properties were acquired in Sweden, four in Germany and 15 in Finland. External valuations had not been performed on the acquisitions in Sweden and Germany by year-end 2014. External valuations had not been performed on an additional four minor acquisitions by year-end 2014.

According to the external valuations, the estimated market value totalled SEK 21,306 million. Hemsö's valuations of the same properties amounted to SEK 21,667 million. This represents a net deviation of SEK 363 million, corresponding to deviation of 1.7 per cent. The deviation lies within the adopted uncertainty range of +/- 5 per cent.

**Note 14 Equipment**

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Opening acquisition value	9	9	8	8
Purchases	4	1	4	1
Sales/Disposals	-	-1	-	-1
<b>Total</b>	<b>13</b>	<b>9</b>	<b>12</b>	<b>8</b>
Opening depreciation	-4	-3	-3	-2
Depreciation for the year	-2	-1	-2	-1
<b>Total</b>	<b>-6</b>	<b>-4</b>	<b>-5</b>	<b>-3</b>
<b>Book value at year-end</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>5</b>



## Note 15 Participations in Group companies

Book value at year-end. Specification of the company's holding of shares and participations in Group companies.

Parent Company Subsidiary	Corp. Id. No.	Reg. office	Country	Share in equity, %		Book value
				Direct	Indirect	
Hemsö Vårdfastigheter AB	556657-9958	Stockholm	Sweden	100.0		675
Fastighets AB Fordonsskolan	556691-2654	Stockholm	Sweden	100.0		177
Russeliana AB	556686-3733	Stockholm	Sweden	100.0		63
Tipton Erik AB	556617-6128	Stockholm	Sweden	100.0		13
Hemsö Bänken AB	556718-3396	Stockholm	Sweden	100.0		115
Hemsö Tavlan 08 AB	556746-9852	Stockholm	Sweden	100.0		27
Fastighets AB Beckomberga 1:12	556753-3780	Stockholm	Sweden	100.0		29
Hemsö Vreten AB	556417-3952	Stockholm	Sweden	100.0		774
Ärlingheden Fastighets AB	556761-3756	Stockholm	Sweden	100.0		2
Hemsö Skara Fastigheter AB	556773-7159	Stockholm	Sweden	100.0		6
Hemsö Draget Fastigheter AB	556340-0869	Stockholm	Sweden	100.0		44
Nya Vilunda Fastighets AB	556781-6789	Stockholm	Sweden	100.0		-
Hemsö Köping Fastigheter AB	556845-8912	Stockholm	Sweden	100.0		11
Hemsö Dona Fastigheter AB	556795-8987	Stockholm	Sweden	100.0		28
Hemsö Botkyrka Fastigheter AB	556786-3427	Stockholm	Sweden	100.0		13
Hemsö Krokslätt Fastighets AB	556259-2815	Stockholm	Sweden	100.0		38
Hemsö Gransångaren Fastighet AB	556591-2994	Stockholm	Sweden	100.0		40
Hemsö Rosengård AB	556766-4817	Stockholm	Sweden	100.0		42
Hemsö Patienthotell AB	556910-1362	Stockholm	Sweden	100.0		35
Hemsö Upplands Väsby Fastigheter AB	556911-7855	Stockholm	Sweden	100.0		-
Hemsö Öst B AB	556610-9103	Stockholm	Sweden	100.0		57
Hemsö Cullberg Holding AB	556932-8080	Stockholm	Sweden		100.0	-
Hemsö Skolfastigheter AB	556537-6901	Stockholm	Sweden	100.0		482
Bokbacken Fastigheter AB	556340-5538	Stockholm	Sweden	100.0		1,234
Hemsö Öresund KB	969647-9295	Stockholm	Sweden	99.0	1.0	2
KB Fastighetsglaven	969601-3912	Stockholm	Sweden	10.0	90.0	4
Förvaltningsbolaget Kulltorp KB	969601-3896	Stockholm	Sweden	10.0	90.0	1
Förvaltningsbolaget Krokslätt KB	969601-3839	Stockholm	Sweden	10.0	90.0	11
Förvaltningsbolaget Hanen 4 KB	969601-3862	Stockholm	Sweden	10.0	90.0	11
Bokbacken Fastigheter Fiskebäck KB	916850-4570	Stockholm	Sweden	10.0	90.0	17
Bokbacken Fastigheter Solskiftet KB	916434-5549	Stockholm	Sweden	10.0	90.0	16
KB S:t Jörgen Äldreboende	969673-1430	Stockholm	Sweden	10.0	90.0	7
FB Fair Fyrtiotre KB	916630-7455	Stockholm	Sweden	1.0	99.0	12
Bjölåhemmet KB	916849-3212	Stockholm	Sweden	1.0	99.0	6
Hemsö Britsen AB	556718-3388	Stockholm	Sweden	100.0		9
Krusleden Fastighets AB	556712-4986	Stockholm	Sweden	100.0		10
Ystad Liv 1 Fastighets AB	556640-8737	Stockholm	Sweden	100.0		32
Hemsö Hissen 08 AB	556746-9837	Stockholm	Sweden	100.0		470
Hemsö Klockarkärleken AB	556750-0862	Stockholm	Sweden	100.0		238
Hemsö Valsåtra AB	556761-3749	Stockholm	Sweden	100.0		5
Hemsö Söderport AB	556752-5554	Stockholm	Sweden	100.0		36
Hemsö Landsdomaren HB	916615-7579	Stockholm	Sweden	100.0		188
Hemsö Beckomberga Fastigheter AB	556617-6151	Stockholm	Sweden	100.0		1
Hemsö Täby Fastigheter AB	556710-8930	Stockholm	Sweden	100.0		16
Hemsö Heden Holding AB	556873-8529	Stockholm	Sweden	100.0		-
Hemsö Holding AB	556920-8050	Stockholm	Sweden	100.0		-
Hemsö LSS fastigheter Holding	556923-9527	Stockholm	Sweden	100.0		-
Hemsö Tuna Fastigheter Holding	556709-6812	Stockholm	Sweden	100.0		27
Hemsö Tuna Fastigheter AB	556709-6820	Stockholm	Sweden		100.0	-
Hemsö Jungfruholmen Holding AB	556937-6493	Stockholm	Sweden	100.0		-
Hemsö Jungfruholmen HB	916585-3921	Stockholm	Sweden	100.0		-
Hemsö Kvillebäcken AB	556874-5292	Stockholm	Sweden	100.0		29
Hemsö Medicinaren AB	556822-2359	Stockholm	Sweden	100.0		234
Hemsö Intende AB	556802-4789	Stockholm	Sweden	100.0		4
Hemsö Norden KB	969769-2961	Stockholm	Sweden		50.0	-
Hemsö Komplementär AB	556951-8086	Stockholm	Sweden		50.0	-
Hemsö Häggen KB	969769-2961	Stockholm	Sweden		100.0	-
Hemsö Sandudden Fastigheter AB	556928-1958	Stockholm	Sweden	100.0		4
Hemsö Hjärup Fastighets AB	556973-2752	Stockholm	Sweden	100.0		-
Hemsö Häradsövdingen AB	556761-9035	Stockholm	Sweden	100.0		-
Hemsö Tegen AB	556761-8938	Stockholm	Sweden	100.0		282
Hemsö Vingen AB	556723-2342	Stockholm	Sweden	100.0		35
Hemsö Samsset FAB	556931-8644	Stockholm	Sweden	100.0		-
Hemsö Borlänge Fastigheter AB	556955-6516	Stockholm	Sweden	100.0		-
Hemsö Hälsan AB	556658-9510	Stockholm	Sweden	100.0		92
Hemsö Centrumhuset i Göteborg AB	556991-6249	Stockholm	Sweden	100.0		-
Blå Kruset 1 AB	556989-0014	Stockholm	Sweden	100.0		-
Blå Kruset 3 AB	556989-0030	Stockholm	Sweden		100.0	-
Blå Kruset 4 AB	556989-0022	Stockholm	Sweden		100.0	-
Blå Kruset 17 AB	556992-5679	Stockholm	Sweden	100.0		-
Blå Kruset 5 AB	556989-0055	Stockholm	Sweden		100.0	-

Note 15, cont.

Parent Company Subsidiary	Corp. Id. No.	Reg. office	Country	Share in equity, %		
				Direct	Indirect	Book value
Blå Kruset 6 AB	556989-0048	Stockholm	Sweden		100.0	-
Blå Kruset 7 AB	556989-0071	Stockholm	Sweden		100.0	-
Blå Kruset 8 AB	556989-0063	Stockholm	Sweden		100.0	-
Blå Kruset 9 AB	556989-0089	Stockholm	Sweden	100.0		-
Blå Kruset 10 AB	556989-0139	Stockholm	Sweden		100.0	-
Blå Kruset 11 AB	556989-0147	Stockholm	Sweden		100.0	-
Blå Kruset 12 AB	556989-0154	Stockholm	Sweden		100.0	-
Blå Kruset 13 AB	556989-0162	Stockholm	Sweden	100.0		-
Blå Kruset 14 AB	556990-3346	Stockholm	Sweden		100.0	-
Blå Kruset 15 AB	556992-0795	Stockholm	Sweden		100.0	-
Blå Kruset 16 AB	556992-0829	Stockholm	Sweden		100.0	-
TKV Fastighets AB	556900-1323	Stockholm	Sweden	50.0		26
TKV 2 Fastighets AB	556967-4624	Stockholm	Sweden	50.0		-
Hemsö Gotland Holding Fastigheter AB	556930-2713	Stockholm	Sweden	100.0		-
Hemsö Gotland Fastigheter AB	556923-9592	Stockholm	Sweden	89.0	11.0	-
Hemsö Gotland Samhällsfastigheter AB	556933-1589	Stockholm	Sweden		100.0	-
Hemsö Finland AB	556948-0139	Stockholm	Sweden	100.0		-
Hemsö Åbo AB	556948-0147	Stockholm	Sweden		100.0	-
Hemsö Åbo Fastigheter Oy	2584434-9	Helsinki	Finland		100.0	-
Kiinteistö Oy Turun Lemminkäisenkatu 30	1879924-4	Helsinki	Finland		100.0	-
Hemsö Samhällsfastigheter Finland AB	556959-2859	Stockholm	Finland	100.0		-
Hemsö Samhällsfastigheter Finland OY	2601763-6	Helsinki	Finland		100.0	-
Trevian Care Sub Fund 1 Ky	2550416-8	Helsinki	Finland		100.0	-
Koy Trevian Care I Holding 9	2552093-4	Helsinki	Finland		100.0	-
Koy Louhelan Hoivakodit	2552379-9	Helsinki	Finland		100.0	-
Koy Kuparitie 2	2552080-3	Helsinki	Finland		100.0	-
Koy Espoon Kiltakallionrinne 1	2552077-4	Helsinki	Finland		100.0	-
Koy Kuopion Koiravedenkatu 10	2552078-2	Helsinki	Finland		100.0	-
Koy Espoon Kattilatanhua 6	2552076-6	Helsinki	Finland		100.0	-
Koy Vaasan Huvilatie 2	2552091-8	Helsinki	Finland		100.0	-
Koy Pitkäniemen R15	2552085-4	Helsinki	Finland		100.0	-
Koy Arppentie 6B	2552075-8	Helsinki	Finland		100.0	-
Koy Kontinkankaan Kuntoutussairaala	2552100-5	Helsinki	Finland		100.0	-
Koy Hoitokoti Villa Olavi	2552096-9	Helsinki	Finland		100.0	-
Koy Kununkaanaalaan Hoivakoti	2552099-3	Helsinki	Finland		100.0	-
Koy Palvelutalo Untuva	2552094-2	Helsinki	Finland		100.0	-
Koy Hyvinkään Haavantie 4	2552097-7	Helsinki	Finland		100.0	-
Koy Jämsän Hotellitie 1	2552098-5	Helsinki	Finland		100.0	-
Hemsö Keskiyöntie AB	556986-5495	Stockholm	Sweden	100.0		-
Hemsö Keskiyöntie OY	1879924-4	Helsinki	Finland		100.0	-
Kiinteistö Oy Helsingin Keskiyöntie 6		Helsinki	Finland		100.0	-
Hemsö Tyskland AB	556843-9771	Stockholm	Sweden	100.0		10
Hemsö Steglitz GmbH	HRB 201253	Munich	Germany		100.0	-
Hemsö Offenbach GmbH	HRB 205413	Munich	Germany		100.0	-
Hemsö Dresden GmbH	HRB 156831 B	Munich	Germany		100.0	-
Hemsö GmbH	HRB 169543	Munich	Germany		100.0	-
Hemsö Asset Mgmt GmbH	HRB 165326	Munich	Germany		100.0	-
Hemsö Vita GmbH	HRB 169542	Munich	Germany		94.9	-
Hemsö Beteiligungs GmbH	HRB 170669	Munich	Germany		100.0	-
Aveca GmbH & Co KG	HRA 39598 B	Charlottenburg	Germany		94.9	-
Hemsö Wetter und Rositz GmbH	HRB 170964	Munich	Germany		94.9	-
Hemsö Barssel GmbH	HRB 171219	Munich	Germany		94.9	-
Hemsö Bocholt GmbH	HRB 172025	Munich	Germany		94.9	-
Hemsö Lauterbach GmbH	HRB 183667	Munich	Germany		94.9	-
Aveca Vermögensverwaltung	HRA 40144 B	Charlottenburg	Germany		100.0	-
<b>Total</b>						<b>5,740</b>

	Parent Company	
	31 Dec 2014	31 Dec 2013
Opening acquisition value	5,786	5,718
Acquisitions	737	39
Profit from participations in limited partnerships after dividend	3	41
Shareholders' contributions	49	-
Divestments	-391	-12
<b>Total</b>	<b>6,184</b>	<b>5,786</b>
Opening impairment losses	-245	-30
Impairment losses	-199	-215
<b>Total</b>	<b>-444</b>	<b>-245</b>
<b>Total</b>	<b>5,740</b>	<b>5,541</b>

The holdings in TKV Fastighets AB, Corp. Reg. No. 556900-1323, and TKV 2 Fastighets AB, Corp. Reg. No. 556967-4624, were 50 per cent. The remaining 50 per cent of the shares were owned by SveaNor Holding AB, Corp. Reg. No. 556932-6308. The companies are conducting a project related to the construction of a medical training and research centre at Karolinska University Hospital at Huddinge. The premises are due for completion by summer 2016. Hemsö aims to have acquired the remaining 50 per cent of the shares in the companies by the time the premises have been completed.

The holding in Hemsö KB, Corp. Reg. No. 969769-2961, was 50 per cent. The remaining 50 per cent of the participations was owned by the Third Swedish National Pension Fund, Corp. Reg. No. 802014-4120. However, Hemsö Fastighets AB is an unlimited partner, and is therefore equally liable for the company's obligations. In addition, the parties have agreed that Hemsö is individually entitled to participate in administration of the company's affairs.

During the year, the value of some properties, which are owned by subsidiaries of Hemsö Fastighets AB, was impaired. In some cases, the impairment losses had a direct impact on the value of the subsidiaries, as well as on the carrying amount of shares and participations in subsidiaries, which explains the impairment losses for the year.

## Note 16 Accounts receivable

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Rent receivable	6	9	-	-
Accounts receivable	13	13	-	-
Reserve for doubtful receivables	-6	-6	-	-
<b>Total</b>	<b>13</b>	<b>16</b>	<b>-</b>	<b>-</b>

An individual assessment of all accounts and rent receivable is made on a quarterly basis to identify any need for provision. Provision for doubtful accounts and rent receivable amounted to SEK 6 million (6), corresponding to 32 per cent (27) of the total rent and accounts receivable balance.

### Maturity analysis

	Not due		Due 1–30 days		Due 31–60 days		Due 61–90 days		Due >90 days		Total	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
<b>Group</b>												
Accounts receivable	11	10	-	-	-	-	-	-	2	3	13	13
Rent receivable	2	1	2	2	-	3	-	-	2	3	6	9
<b>Total</b>	<b>13</b>	<b>11</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>6</b>	<b>19</b>	<b>22</b>
<b>Parent Company</b>												
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Note 17 Maturity structure of receivables

Group	31 Dec 2014	31 Dec 2013
<b>Current assets</b>		
Payment due within 1 year	202	151
<b>Non-current assets</b>		
Payment due 1–5 years	-	-
<b>Total</b>	<b>202</b>	<b>151</b>

## Note 18 Tax allocation reserves

Parent Company	31 Dec 2014	31 Dec 2013
Tax allocation reserve, set aside for taxation in 2015	-	-
Tax allocation reserve, set aside for taxation in 2014	-	-
Tax allocation reserve, set aside for taxation in 2013	-	-
Tax allocation reserve, set aside for taxation in 2012	12	12
Tax allocation reserve, set aside for taxation in 2011	20	20
Tax allocation reserve, set aside for taxation in 2010	11	11
<b>Total</b>	<b>43</b>	<b>43</b>

## Note 19 Provisions

	Opening balance 1 Jan 2014			Closing balance 31 Dec 2014	
	Provisions	Reversals	Claims	Provisions	Reversals
Restructuring measures – personnel	1	-	-	-1	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-1</b>	<b>-</b>

## Note 20 Interest-bearing liabilities

Group	Carrying amount 31 Dec 2014	Carrying amount 31 Dec 2013
<b>Statement of financial position</b>		
<i>Interest-bearing liabilities</i>		
Shareholder loans	3,000	3,000
Bond	5,449	2,199
Commercial paper	3,860	3,300
Bank loans	7,198	9,200
<b>Total</b>	<b>19,507</b>	<b>17,699</b>
Opening balance	17,699	18,085
Liabilities to credit institutions	6,227	5,045
Amortisation	-5,089	-8,767
Commercial paper	560	3,300
Currency translation	110	36
<b>Liabilities at year-end</b>	<b>19,507</b>	<b>17,699</b>

At year-end, Hemsö's external debt portfolio amounted to SEK 16,507 million (14,699). The external debt portfolio comprised secured bank loans of SEK 7,198 million (9,200), outstanding commercial papers of SEK 3,860 million (3,300) and unsecured bond loans of SEK 5,449 million (2,199). Available but unutilised credit facilities amounted to SEK 5,409 million (3,660), of which SEK 3,860 million pertained to back-up facilities for commercial papers. In addition to the external debts, loans from owners totalled SEK 3,000 M (3,000).

Liabilities	Group		Parent Company	
	2014	2013	2014	2013
Interest-bearing liabilities due within 1 year of the closing day	5,929	5,995	5,909	3,816
Other non-interest-bearing liabilities due within 1 year of the closing day	-	-	-	-
Interest-bearing liabilities due within 1-5 years of the closing day	9,146	6,960	4,344	4,412
Interest-bearing liabilities due later than five years after the closing day	4,432	4,744	3,000	3,000
<b>Total excluding deferred tax liabilities and interest-rate derivatives</b>	<b>19,507</b>	<b>17,699</b>	<b>13,253</b>	<b>11,228</b>

## Note 20, cont.

**Maturity structure, interest-bearing liabilities and derivative instruments**

Maturity year	Loan maturity		Interest at maturity	
	Share, %	Utilised	SEK million	Share, %
2015	35.8	5,909	7,607	46.1
2016	13.5	2,232	400	2.4
2017	33.7	5,567	1,000	6.1
2018	6.1	1,000	600	3.6
2019	2.2	367	1,200	7.3
2020	-	-	800	4.8
2021	-	-	800	4.8
2022	5.3	878	1,100	6.7
2023	-	-	1,500	9.1
2028	3.4	554	1,500	9.1
<b>Total interest-bearing liabilities</b>	<b>100.0</b>	<b>16,507</b>	<b>16,507</b>	<b>100.0</b>

**Maturity structure, derivative instruments**

Maturity year	Interest at maturity	
	SEK million	Share, %
2015	1,000	10.0
2016	900	9.0
2017	800	8.0
2018	400	4.0
2019	1,200	12.0
2020	800	8.0
2021	800	8.0
2022	1,100	11.0
2023	1,500	15.0
2024	1,500	15.0
<b>Total</b>	<b>10,000</b>	<b>100.0</b>

Sensitivity analysis, interest-rate fluctuations	Effect on net financial items (12 months), SEK million
Change in loan portfolio's average rate, +/- 1 percentage point	-/+165
Change in short-term market rate ( $\leq$ 3 months), +/- 1 percentage point	-/+52

**Financial risks and risk management**

The financial activities of Hemsö are conducted in accordance with the finance policy established by the Board, which regulates the frameworks and guidelines for Hemsö's financing and treasury management. The Group's financial transactions and risks are managed centrally by the Group's Treasury department. The finance policy outlines the overall delegation of responsibilities for financial activities, and the mandates and limits for financial risk management at Hemsö.

**Financing risk**

Financing risk is the risk of not having access to the capital required by Hemsö's business operations, or that financing can only be obtained at significantly increased costs.

A substantial proportion of Hemsö's supply of capital is secured through external borrowing. As these loans mature, they must be repaid or renewed. The conditions for Hemsö to refinance the loan facilities on acceptable terms as they expire depend on the amount of credit available in the market, Hemsö's financial position and the market's credit risk margins on those dates. Hemsö has credit agreements with several banks, a wide spread of loan maturities and is active in the capital market to achieve a diverse supply of capital.

**Interest-rate risk**

Interest-rate risk is the risk that fluctuations in market interest rates will have a negative impact on Hemsö's cash flow, or on the fair value of financial assets and liabilities.

Hemsö's interest expenses are the Group's largest single cost item. Interest expenses are mainly affected by current market interest rates, lenders' margins and the strategy that Hemsö chooses for fixed-interest rates. The management of Hemsö's interest-rate risk

includes interest-rate swaps with different maturities to extend the loan portfolio's fixed-interest period and thereby achieve stable and more predictable net financial items.

**Counterparty risk**

Counterparty risk is the risk that a financial counterparty cannot fulfil all or some of its obligations. This includes interest-rate swaps, long and short-term credit agreements and the investment of temporary liquidity surpluses. Hemsö only enters into transactions with counterparties with high credit ratings.

**Currency risk**

Currency risk is the risk that exchange-rate fluctuations will affect Hemsö's income statement and balance sheet. Hemsö's currency risk is limited to EUR and pertains to the properties owned by the Group in Germany and Finland. The foreign properties are financed with external financing in EUR, which reduces the risk. Currency exposures exceeding a corresponding value of SEK 500 million are hedged.

Hemsö owns 16 (1) properties in Finland and 23 (19) properties in Germany, entailing EUR exposure. The properties are financed with equity, intra-Group loans and bank loans. On 31 December 2014, external interest-bearing liabilities in EUR corresponded to SEK 2,531 million (1,288)

At the same date, the market value of the properties in Finland and Germany was SEK 3,304 million (1,855). Net exposure on 31 December – assets less external liabilities in EUR – amounted to SEK 773 million. Since Hemsö applies IAS 21, most of the company's exchange-rate effects are recognised directly in equity. Only a small portion of the exchange-rate effects are recognized in profit or loss.

**Liquidity risk**

Liquidity risk is the risk of not having access to cash and cash equivalents or credit facilities to meet payment commitments. Hemsö's payment commitments mainly comprise the ongoing costs of operation and maintenance, investments and interest expense and debt repayments. Hemsö has a liquidity buffer and performs regular liquidity forecasts to increase predictability and ensure sufficient funds to meet loan maturities and other major payment obligations.

**Note 21 Financial assets and liabilities****Group**

Hemsö assesses that there is no significant difference between the fair value and carrying amount of financial assets and liabilities. Loans and receivables are financial assets that are not derivatives, that have fixed or determinable payments and are not quoted in an active market. These assets are measured at amortised cost. These assets are due within one year and no negative values are untaxed.

Other financial liabilities are recognised at amortised cost, since the liabilities accrue variable interest rates.

Derivatives are recognised at fair value and classified as Level 2 under IFRS 13.

Hemsö applies netting agreements for interest-rate derivatives.

The loans and receivables category consists of other non-current receivables, accounts receivable and other receivables and amounted to SEK 202 million (151). Other financial liabilities consist of shareholder loans, liabilities to credit institutions, accounts payable and other liabilities, and amounted to SEK 20,187 million (18,263).

Financial assets and liabilities measured at fair value through other comprehensive income consisted of derivatives and amounted to SEK 826 million (66).

**Parent Company**

The loans and receivables category consists of other non-current receivables, accounts receivable and other receivables and amounted to SEK 9,340 million (6,339). Other financial liabilities consist of shareholder loans, liabilities to credit institutions, accounts payable and other liabilities, and amounted to SEK 14,199 million (11,327).

In 2014, a different accounting policy was applied for the recognition of derivatives. The comparative year has been restated in accordance with the new accounting policy. For more information, refer to Note 1.

## Note 22 Pledged assets

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Property mortgages	12,881	12,855	-	-
Participations in Group companies	439	1,267	28	1,022
Receivables from subsidiaries	-	-	3,000	3,531
Cash and cash equivalents	-	1	-	-
<b>Total</b>	<b>13,320</b>	<b>14,123</b>	<b>3,028</b>	<b>4,553</b>

The assets are mainly pledged for bank loans. Loan agreements usually include obligations related to the interest-coverage ratio and loan volume in relation to the fair value of the properties.

## Note 23 Contingent liabilities

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Liability as partner in unlimited/limited partnerships	-	-	1,283	735
Guarantees on behalf of Group companies	-	-	6,255	5,250
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,538</b>	<b>5,985</b>

Commitments leading to costs for restoring contaminated soil or other environmental obligations for owned properties may arise in the future. Costs may arise, for example, in the form of additional costs in connection with new construction or extensions, or price discounting on the sale of a property. The assessment of any future amounts is not possible at this stage.

Hemsö is involved in a number of minor disputes with tenants, mainly regarding ongoing management issues, which may result in future obligations. Costs may, for example, take the form of fees for advisory services in connection with negotiations. The assessment of any future amounts in relation to these disputes is not possible at present.

## Note 24 Supplemental disclosures for cash flows

Group	2014	2013
No funds other than cash and bank balances are included in the cash and cash equivalents item		

### Cash flows

Interest received	5	1
Interest paid	368	526

### Acquisition of subsidiaries

#### Acquired assets and liabilities

Investment properties	4,110	556
Operating receivables	13	15
<b>Total assets</b>	<b>4,123</b>	<b>571</b>

Deferred tax liabilities	-	1
Operating liabilities	45	11
<b>Total liabilities</b>	<b>45</b>	<b>12</b>

Payment made, shares	-1,539	-379
Payment made, repayment of loans	-2,737	-213
Additional: Cash and cash equivalents in the acquired operations	125	33

### Effect on cash and cash equivalents – property acquisitions via companies

Effect on cash and cash equivalents – direct property acquisitions	-455	-644
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### Acquisition of properties

<b>Acquisition of properties</b>	<b>-4,606</b>	<b>-1,203</b>
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### Divestment of subsidiaries

#### Divested assets and liabilities

Investment properties	-3,285	-1,761
Operating receivables	-9	-4

### Effect on cash and cash equivalents – divestment of properties via companies

Effect on cash and cash equivalents – direct divestment of properties	27	3
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### Divestment of properties

<b>Divestment of properties</b>	<b>3,325</b>	<b>1,664</b>
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Purchase price received, shares	1,147	467
Payment received, repayment of loan	2,178	1,198
Less: Cash and cash equivalents in the divested operations	-	-1

### Effect on cash and cash equivalents – divestment of properties via companies

Effect on cash and cash equivalents – direct divestment of properties	27	3
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### Divestment of properties

<b>Divestment of properties</b>	<b>3,352</b>	<b>1,667</b>
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Group	2014	2013
<b>Adjustment for non-cash items</b>		
Depreciation/amortization and impairment	1	1
Other	39	55
<b>Total</b>	<b>40</b>	<b>56</b>

### Parent Company

	2014	2013
No funds other than cash and bank balances are included in the cash and cash equivalents item		

### Cash flows

Interest received	175	119
Interest paid	491	505

### Parent Company

#### Adjustment for non-cash items

Depreciation/amortization and impairment	200	217
Profit/loss from divestment of participations	-216	-161

Profit/loss from participations in associated companies	-3	-41
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Provisions	-1	1
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<b>Total</b>	<b>-20</b>	<b>16</b>
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## Note 25 Related-party transactions

### Parent Company

Dividends to the Parent Company totalled SEK 703 million (299). See Note 9 regarding Profit/loss from participations in Group companies. The Parent Company leases office space from subsidiaries at market rate. Of the company's total purchasing and sales measured in SEK, 0 per cent (0) pertains to purchases and 100 per cent (100) to the net sales of other companies in the Group.

### Owners of the Parent

In 2014, dividends totalling SEK 124 million were paid to the owners of the Parent, the Third Swedish National Pension Fund and AB Sagax. Interest of SEK 210 million (210) on a shareholder loan was paid to the Third Swedish National Pension Fund.

### Board

For information about remuneration, see Note 7. No Board member was directly or indirectly involved in any business transaction with Hemsö as counterparty. For a presentation of the Board of Directors, refer to page 37.

### Group Management

For information about remuneration, see Note 7. No senior executive was directly or indirectly involved in any business transaction with Hemsö as counterparty. For a presentation of Group Management, refer to pages 38-39.

### Subsidiaries

Holdings are presented in Note 15.

## Note 26 Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Prepaid rental income	220	256	-	-
Accrued interest expenses	113	54	104	43
Accrued personnel costs	11	11	11	11
Accrued project costs	27	12	-	-
Other items	133	110	5	4
<b>Total</b>	<b>504</b>	<b>443</b>	<b>120</b>	<b>58</b>

## Note 27 Events after the closing day

In January, a health-care property was acquired in Eskilstuna, comprising three "as-is" health-care buildings. The acquisition also included an agreement to construct a new nursing home. The underlying property value following completion of the nursing home is an estimated SEK 130 million.

In early January, a development portfolio in Stockholm, comprising three health-care and care properties, was divested for a price of SEK 461 million.

In March 2015, Hemsö decided to repay existing shareholder loans of a nominal SEK 3,000 million. The repayment was financed by issuing rights to the company's shareholders and has not affected the company's ownership.

In March 2015, Hemsö received a credit rating of A- and given a stable outlook from Standard & Poor's. On the Nordic scale, the rating is equivalent to K-1 – the highest rating possible. Hemsö also received a credit rating of A1 for short-term loans from Standard & Poor's.

## PROPOSED APPROPRIATION OF PROFITS

Due to the Board's proposed dividend, the Board and the CEO hereby issue the following statement, based on the Swedish Companies Act, Chapter 18, Section 4.

The proposed dividend is based on the 2014 year Annual Report, which was presented for approval at the AGM on 23 April 2015, and with consideration for the company's investment and liquidity requirements. After the dividend, the equity/assets ratio would be considered satisfactory in light of the continued profitability of the operations conducted by the Parent Company and the Group. Access to liquidity in the Parent Company and the Group is expected to remain strong.

The Board believes that the proposed dividend would not prevent the company, or any other Group companies, from meeting their short-term or long-term obligations, nor from completing any necessary investments. The proposed dividend can therefore be justified by reference to the provisions of the Swedish Companies

Act, Chapter 17, Section 3, Points 2–3 (the prudence rule).

<b>Unappropriated earnings available for distribution by the AGM, SEK:</b>	
Retained earnings	359,038,689
Profit/loss for the year	508,422,161
<b>Total</b>	<b>867,460,850</b>

<b>The Board proposes that the profits be appropriated as follows, SEK:</b>	
To shareholders	369,500,000
To be carried forward	497,960,850
<b>Total</b>	<b>867,460,850</b>

### Signing of the Annual Report

The undersigned assure that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with generally accepted accounting principles, and give a true and fair view of the Group's and the company's financial position and performance,

and that the Directors' Report gives a fair review of the development of the Group and the company's operations, position and performance and describes the significant risks and uncertainties faced by the companies included in the Group.

**Pär Nuder**  
Chairman of the  
Board

**Bengt Hellström**  
Board member

**Kerstin Hessius**  
Board member

**David Mindus**  
Board member

**Johan Thorell**  
Board member

**Eva Eriksson**  
Board member

**Per Berggren**  
Chief Executive Officer

Our audit report was submitted on 23 March 2015.  
Ernst & Young AB

**Mikael Ikonen**  
Authorised Public Accountant

To the Annual General Meeting of Hemsö Fastighets AB (publ.) Corp.  
Reg. No. 556779-8169

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

We have conducted an audit of the annual accounts and consolidated financial statements for Hemsö Fastighets AB (publ.) for the 2014 financial year, with the exception of the Corporate Governance Report on pages 35–36. The company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 1, 6-33 and 40-63.

### Responsibility of the Board and the Chief Executive Officer for the annual accounts and the consolidated financial statements

The Board and the CEO are responsible for preparing annual accounts that provide a true and fair view in accordance with the Swedish Annual Accounts Act, and consolidated financial statements that provide a true and fair view in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act, and for such internal control deemed necessary by the Board and the CEO to prepare annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on the annual accounts and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, and with auditing standards generally accepted in Sweden. These standards require that we comply with ethical standards, and that we plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in the annual accounts and consolidated financial statements. The auditor selects the procedures, including the assessment of the risks of material misstatement in the annual accounts and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board and the Chief Executive Officer, as well as evaluating the overall presentation of the annual accounts and consolidated financial statements.

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

### Opinion

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and, in all material respects, provide a true and fair view of the Parent Company's financial position at 31 December 2014 and of its financial performance and cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and, in all material respects, provide a true and fair view of the Parent Company's financial position at 31 December 2014 and of its financial performance and cash flows for the year, in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act. Our opinion does not include the Corporate Governance Report on pages 35–36. The Directors' Report is consistent with the annual accounts and consolidated financial statements. We therefore recommend that the Annual General Meeting adopt the income statements and balance sheets for the Parent Company and the Group.

### REPORT ON OTHER REQUIREMENTS IN ACCORDANCE WITH LAWS AND OTHER REGULATIONS

In addition to our audit of the annual accounts and consolidated financial statements, we also performed an audit of the proposed appropriation of the company's profit or loss, and the administration of the Board and the Chief Executive Officer for Hemsö Fastighets AB for the 2014 financial year. We also performed a statutory review

of the Corporate Governance Report.

### Responsibility of the Board and the Chief Executive Officer

The Board is responsible for the proposed appropriation of the company's profit or loss, and the Board and the Chief Executive Officer are responsible for administration according to the Swedish Companies Act and for preparation of the Corporate Governance Report on pages 35–36 in accordance with the Swedish Annual Accounts Act.

### Auditors' responsibility

Our responsibility is to express an opinion, with reasonable assurance, on the proposed appropriation of the company's profit or loss and on the administration based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Sweden.

As a basis for our opinion on the Board's proposed appropriation of the company's profit or loss, we examined the Board's reasoned opinion, and a selection of the evidence in order to assess whether the proposal is consistent with the Swedish Companies Act.

As a basis for our opinion on discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we also examined significant decisions, actions and circumstances of the company in order to assess whether any Board member or the Chief Executive Officer is liable to the company. We also examined whether any Board member or the Chief Executive Officer has otherwise contravened the Swedish Companies Act, Swedish Annual Accounts Act or Articles of Association.

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

In addition, we have read the Corporate Governance Report and based on that reading and our knowledge of the company and the Group, we believe we have a sufficient basis for our opinion. This means that our statutory review of the Corporate Governance Report has a different focus and is substantially less in scope compared with the focus and scope of an audit conducted in accordance with International Standards on Auditing and the auditing standards generally accepted in Sweden.

### Opinion

We recommend that the Annual General Meeting appropriate the profit in accordance with the proposal in the Directors' Report and that members of the Board and the Chief Executive Officer be discharged from liability for the financial year.

A Corporate Governance Report has been prepared, and its statutory content is consistent with the annual accounts and consolidated financial statements.

Stockholm, 23 April 2015  
Ernst & Young AB

Mikael Ikonen  
Authorised Public Accountant



## LIST OF PROPERTIES PER SEGMENT AND PROPERTY CATEGORY

EAST			Area, sqm								
Nursing homes	Address	Municipality	Nursing homes	Education	Health care	Legal sector	Offices	Warehouse	Residential	Other	Total
Jakobsberg 2:2719	Vibblabyvägen 97–99	Järfälla	4,341	-	-	-	-	-	-	-	4,341
Jakobsberg 34:6	Snapphanevägen 22	Järfälla	7,055	-	-	-	-	-	-	-	7,055
Landeryd 6:5	Slatteforsvägen 2A–H	Linköping	4,120	-	607	-	-	222	-	-	4,949
Landeryd 6:61	Slatteforsvägen 10	Linköping	-	-	-	-	-	-	-	1,266	1,266
Lillgårdsskolan 11	Ridhusgatan 2A	Linköping	1,510	-	-	-	-	-	157	7	1,674
Ostbiten 1	Rydsvägen 9C	Linköping	1,254	-	-	-	-	-	-	-	1,254
Riket 22	Järdalavägen 52C	Linköping	1,605	-	-	-	-	-	-	-	1,605
Trähästen 2	Skogslyckegatan 11F	Linköping	1,045	-	-	-	-	-	-	-	1,045
Valbyrån 5	Kärnavägen 3–11	Linköping	2,656	-	-	-	-	-	94	-	2,750
Vetebullen 2	Kärna Centrum 1	Linköping	2,145	-	-	-	-	-	-	-	2,145
Mensätra 26:1	Ornövägen 5	Nacka	2,047	-	-	-	-	-	-	-	2,047
Rösunda 36:41	Rösundavägen 2	Nacka	11,145	-	-	-	-	-	-	-	11,145
Diadem 3	Gamla Övägen 27	Norrköping	3,625	-	-	-	-	-	-	-	3,625
Gångjärnet 1	Plåtslagaregatan 8	Norrköping	5,386	-	-	-	-	-	-	-	5,386
Järven 6	Bergslagsgatan	Norrköping	4,054	-	-	-	766	-	-	439	5,259
Konstantinopel 6	Skomakaregatan 11	Norrköping	3,183	-	-	-	-	-	-	-	3,183
Sandbyhov 30	Sandbyhovsgatan 21	Norrköping	14,846	1,550	5,473	-	1,519	50	-	4,448	27,886
Linet 1	Torpvägen 5A–C	Norrköping	4,314	-	-	-	-	-	-	-	4,314
Hallen 4	Lövatan 39–43	Solna	4,244	355	1,095	-	144	-	-	-	5,838
Logfyrkanten 3	Signalistgatan 3	Solna	3,035	-	-	-	-	-	-	-	3,035
Flyghöjden 2	Skarpnäcks Torg 1	Stockholm	2,880	-	-	-	-	-	-	-	2,880
Glaven 10	Stadshagsvägen 5	Stockholm	3,442	-	-	-	141	-	-	-	3,583
Kulltorp 3	Tantogatan 19–21	Stockholm	5,790	-	-	-	-	-	-	-	5,790
Plommonträdet 5	Valborgsmässövägen 20	Stockholm	6,675	-	-	-	78	20	724	-	7,497
Sjöstöveln 3	Folkparksvägen 156	Stockholm	8,506	-	325	-	-	-	-	-	8,831
Tempelriddarorden 5	Vita Liljans väg 53	Stockholm	5,000	-	-	-	-	-	-	-	5,000
Blåvalen 1	Tallhöjdvägen 1–3	Södertälje	4,734	-	2,444	-	-	-	-	-	7,178
Krusmyntan 2	Basilikagränd 1	Tyresö	2,900	-	-	-	-	-	-	-	2,900
Marknaden 1	Esplanaden 9	Täby	11,963	-	6,682	-	35	79	-	831	19,590
Akerby 13	Kemistvägen 8	Täby	564	-	-	-	1,260	83	-	-	1,907
Hammarby 8:60	Hasselgatan 80 A–E	Upplands Väsby	2,850	-	-	-	-	-	-	-	2,850
Vallentuna-Ekeby 2:275	Ekebyvägen 40	Vallentuna	2,936	-	-	-	-	-	-	-	2,936
Vallentuna-Ekeby 1:97	Stendösvägen 1–3	Vallentuna	2,950	-	-	-	-	-	-	-	2,950
<b>Total East Nursing homes</b>			<b>142,800</b>	<b>1,905</b>	<b>16,626</b>	-	<b>3,943</b>	<b>454</b>	<b>975</b>	<b>6,991</b>	<b>173,694</b>

Area, sqm											
Education	Address	Municipality	Nursing homes	Education	Health care	Legal sector	Offices	Warehouse	Residential	Other	Total
Markan 1	Kanslivägen 22–24	Botkyrka	-	2,932	-	-	-	-	-	-	2,932
Träkvista 3:282	Sanduddsvägen 12	Ekerö	-	938	-	-	-	-	-	-	938
Medicinaren 14	Diagnosvägen 8	Huddinge	-	2,177	-	-	-	-	-	-	2,177
Medicinaren 23	Hälsövägen	Huddinge	-	-	-	-	-	-	-	-	-
Askeby 4:54	Andreas Linbloms väg 7	Linköping	-	425	-	-	-	-	-	-	425
Askeby 4:55	Andreas Linbloms väg 5	Linköping	-	-	-	-	-	-	-	-	-
Gällstad 1:291	Sävsångarevägen 61	Linköping	-	661	-	-	-	-	-	-	661
Isskåpet 1	Tröskaregatan 73–75	Linköping	-	2,735	-	-	-	-	-	-	2,735
Laddstaken 2	Knektgatan 1A–B	Linköping	-	750	-	-	-	-	-	-	750
Nyponkärnan 1	Kvinnebyvägen 91	Linköping	-	970	-	-	-	-	-	-	970
Nasselodlingen 1	Nybrovägen 1	Linköping	-	-	-	-	-	-	-	-	-
Ordensringen 2	Ellen Keys gata 4	Linköping	-	917	-	-	-	-	-	-	917
Ostduken 2	Björnkärrsgatan 14–16	Linköping	-	1,492	-	-	-	-	-	-	1,492
Rystads-Gärstad 8:41	Gurkvägen 2–4	Linköping	-	661	-	-	-	-	-	-	661
Sicklaön 39:4	Helgesons väg 10	Nacka	-	2,575	-	-	-	-	-	-	2,575
Drag 4	Dragsgatan 7	Norrköping	-	9,878	-	-	-	-	-	-	9,878
Drag 5	Dragsgatan 7	Norrköping	-	-	-	-	-	-	-	-	-
Järven 5	Bergslagsgatan 11	Norrköping	-	3,011	-	-	-	1,500	-	-	4,511
Borgaren 18	Stora torget 3	Nyköping	-	10,126	-	-	1,175	696	-	300	12,297
Märsta 1:242	Idrottsvägen 19B	Sigtuna	-	882	-	-	-	-	-	-	882
Sigtuna 2:227	Skolbacken 61	Sigtuna	-	1,629	-	-	-	-	-	-	1,629
Befästningskullen 8	Anders Lundströms gata 3–5	Solna	-	3,388	-	-	-	-	-	-	3,388
Gunnebo 15	Salagatan 42	Stockholm	-	4,206	-	-	-	-	-	-	4,206
Lau 1	Beckomborgavägen, Byggnad 11	Stockholm	-	2,410	-	-	-	-	-	-	2,410
Lojsta 1	Beckomborgavägen, Hus 12	Stockholm	-	2,300	-	-	-	-	-	-	2,300
Lummelunda 1	Beckomborgavägen 299	Stockholm	-	1,484	-	-	-	-	-	-	1,484
Sandbacken Mindre 42	Sandbacksgatan 10	Stockholm	-	8,000	-	-	-	-	-	16	8,016
Sproge 1	Beckomborgavägen 314	Stockholm	-	1,470	-	-	-	-	-	-	1,470
Ponnyn 1	Boplatsvägen 1	Sundbyberg	-	2,687	-	-	-	-	-	-	2,687

			Area, sqm								
Education	Address	Municipality	Nursing homes	Education	Health care	Legal sector	Offices	Ware-house	Residential	Other	Total
Karleby 2:2	Gärtunavägen 4	Södertälje	-	2,950	-	-	-	-	-	-	2,950
Fräsen 2	Maskinvägen 4	Täby	-	2,017	-	-	-	-	-	-	2,017
Förgasaren 4	Enhagsvägen 12	Täby	-	880	-	-	-	-	-	-	880
Edsby 1:3	Eds Kyrkväg 6, 8	Upplands Väsby	-	630	-	-	-	-	-	-	630
Odenslunda 1:592	Söderviksvägen 1	Upplands Väsby	-	5,915	-	-	-	-	-	-	5,915
Vilunda 19:2	Industrivägen 20 B	Upplands Väsby	-	14,904	-	-	-	-	-	-	14,904
Vilunda 6:55	Drabantvägen 3-5	Upplands Väsby	-	3,000	-	-	-	-	-	-	3,000
Bällsta 2:1087	Zetterlundsväg 140	Vallentuna	-	3,000	-	-	-	-	-	-	3,000
<b>Total East Education</b>			-	<b>102,000</b>	-	-	<b>1,175</b>	<b>2,196</b>	-	<b>316</b>	<b>105,687</b>

			Area, sqm								
Health care	Address	Municipality	Nursing homes	Education	Health care	Legal sector	Offices	Ware-house	Residential	Other	Total
Banslätt 1	Römossevägen 25	Botkyrka	-	2,230	4,184	-	1,484	-	-	721	8,619
Sjukhuset 7	Kevinge Strand 1B	Danderyd	-	-	3,183	-	-	-	-	-	3,183
Tappström 1:50	Bryggavägen 8	Ekerö	-	310	2,209	-	85	-	-	-	2,603
Ribby 1:451	Klockargatan 13-27	Haninge	319	1,819	2,407	-	562	505	-	1,459	7,071
Vendelsö 3:1716	Skomakarvägen 20	Haninge	-	-	1,525	-	-	-	-	-	1,525
Illem 9	Stuvsta Torg 4-6, Stuvsta Torg 10-14	Huddinge	-	-	2,716	-	140	-	-	410	3,266
Medicinaren 19	Alfred Nobels Allé 2	Huddinge	-	-	38,720	-	-	-	-	-	38,720
Kallhäll 1:32	Kopparvägen 2B	Järfälla	-	118	1,171	-	-	22	-	831	2,142
Vaktmästaren 4	Hemvägen 8	Norrtälje	-	-	-	-	-	1,200	-	-	1,200
Akka 8	Tranebergplan 1-3	Stockholm	-	-	3,743	-	-	-	-	231	3,974
Jullovet 1	Annebodavägen 4-6	Stockholm	-	-	1,310	-	-	-	-	23	1,333
Träbron 1	Bergtallsvägen 10-12	Stockholm	3,093	2,137	11,882	-	148	-	-	45	17,305
Forellen 2	Bollmoravägen 14-20	Tyresö	-	585	5,009	-	277	45	-	557	6,473
Bylegård 37	Jarlbankes väg 46	Täby	-	-	1,549	-	-	-	-	-	1,549
Fuxen 6	Kemistvägen 11-13	Täby	-	-	1,102	-	-	-	-	-	1,102
Ösby 1:76	Skärgårdsvägen 7	Värmdö	-	1,711	2,194	-	232	118	-	613	4,868
<b>Total East Health care</b>			<b>3,412</b>	<b>8,910</b>	<b>82,904</b>	-	<b>2,928</b>	<b>1,890</b>	-	<b>4,890</b>	<b>104,933</b>

			Area, sqm								
Legal sector	Address	Municipality	Nursing homes	Education	Health care	Legal sector	Offices	Ware-house	Residential	Other	Total
Blomman 12	Nygatan 110	Norrköping	-	-	-	3,052	955	42	-	-	4,049
Stinsen 1	Stockholmsvägen 4-6	Norrköping	-	-	-	18,296	-	-	-	-	18,296
Brädgården 2	Folkungavägen 2	Nyköping	-	-	-	11,476	1,047	26	-	-	12,549
Tegen 6	Sundbybergsvägen 7-15	Solna	-	-	-	35,335	-	-	-	-	35,335
<b>Total East Legal sector</b>			-	-	-	<b>68,159</b>	<b>2,002</b>	<b>68</b>	-	-	<b>70,229</b>
<b>Total East</b>			<b>146,212</b>	<b>112,815</b>	<b>99,530</b>	<b>68,159</b>	<b>10,048</b>	<b>4,608</b>	<b>975</b>	<b>12,197</b>	<b>454,543</b>

PROPERTY DESIGNATION

			Area, sqm								
<b>Nursing homes</b>	<b>Address</b>	<b>Municipality</b>	<b>Nursing homes</b>	<b>Edu- cation</b>	<b>Health care</b>	<b>Legal sector</b>	<b>Offices</b>	<b>Ware- house</b>	<b>Resi- dential</b>	<b>Other</b>	<b>Total</b>
Dyrtorp 1:129	Håvestensvägen 5	Färgelanda	4,765	-	2,024	-	-	190	-	-	6,979
Backa 243:52	S:t Jörgens väg 22	Gothenburg	4,441	-	-	-	-	-	605	-	5,046
Fiskebäck 8:7	Hällefjordregatan 20	Gothenburg	6,444	-	-	-	-	-	1,341	-	7,785
Krokslätt 147:2	Fridkullagatan 18 G	Gothenburg	3,088	-	-	-	150	-	-	-	3,238
Näset 130:1	Bjölavägen 1	Gothenburg	3,701	-	-	-	-	-	-	-	3,701
Rud 5:2	Positivgatan 15	Gothenburg	6,027	-	-	-	-	-	-	-	6,027
Björnsäter 5:7	Kinnekullevägen 40 A	Mariestad	3,683	-	-	-	-	-	300	-	3,983
Rosenhäll 1	Österled 2	Uddevalla	7,642	-	8,290	-	10	113	-	165	16,220
Sörbyn 17:1	Törnrosagatan 8–22	Vänernborg	3,391	-	826	-	127	-	-	208	4,552
<b>Total West Nursing homes</b>			<b>43,182</b>	<b>-</b>	<b>11,140</b>	<b>-</b>	<b>287</b>	<b>303</b>	<b>2,246</b>	<b>373</b>	<b>57,531</b>

			Area, sqm								
<b>Education</b>	<b>Address</b>	<b>Municipality</b>	<b>Nursing homes</b>	<b>Edu- cation</b>	<b>Health care</b>	<b>Legal sector</b>	<b>Offices</b>	<b>Ware- house</b>	<b>Resi- dential</b>	<b>Other</b>	<b>Total</b>
Hagtornen 10	Varbergsvägen 38	Borås	-	4,892	-	-	2,075	2,028	-	2,375	11,370
Samariten 11	Klinikvägen 48	Borås	-	9,139	-	-	349	-	-	2,521	12,009
Backa 245:1	Sankt Jörgens Väg 14–20	Gothenburg	-	6,133	-	-	643	228	-	-	7,004
Krokslätt 35:14	Ebbe Lieberathsgatan 19	Gothenburg	-	3,831	-	-	2,561	91	-	360	6,843
Part of Jönköping Samset 3:1/Åsen 2:1	-	Jönköping	-	-	-	-	-	-	-	-	-
Vingen 10	Huskvarnavägen 42	Jönköping	-	2,484	-	-	-	-	-	-	2,484
Bångsbo 1:29	Bångsbovägen 13	Kungsbacka	-	3,910	-	-	-	-	-	-	3,910
Dona 1:38	Rinkenäsgatan 2–4	Lysekil	-	9,000	-	-	-	-	-	-	9,000
Häggen 2	Gråbrödragatan 7	Skara	-	496	-	-	-	135	-	-	631
Häggen 3	Gråbrödragatan 15	Skara	-	1,824	-	-	-	-	115	-	1,939
Stenbocken 1	Malmgatan 10	Skara	-	2,670	175	-	356	49	57	400	3,707
Källstorsbacken 1	Strömsviksvägen 50–54	Trollhättan	-	445	-	-	-	-	-	-	445
Halla-Stenbacken 1:88	Västgötvägen 30	Uddevalla	-	15,596	945	-	6,628	2,967	1,893	7,826	35,855
Sinclair 12	Östergatan 18	Uddevalla	-	14,811	630	-	1,030	200	-	402	17,073
Stallet 10	Johannesbergsvägen 47A	Vänernborg	-	-	-	-	-	-	-	-	-
Stallet 3	Johannesbergsvägen 45A-B	Vänernborg	-	3,359	-	-	-	360	-	72	3,791
Stallet 4	Johannesbergsvägen 17A-B	Vänernborg	-	-	-	-	-	-	-	-	-
Stallet 5	Johannesbergsvägen 21–33	Vänernborg	-	-	-	-	-	-	-	-	-
Stallet 8	Johannesbergsvägen 21–33	Vänernborg	-	-	-	-	-	-	-	-	-
Stallet 9	Johannesbergsvägen 45A-B	Vänernborg	-	-	-	-	-	-	-	-	-
<b>Total West Education</b>			<b>-</b>	<b>78,590</b>	<b>1,750</b>	<b>-</b>	<b>13,642</b>	<b>6,058</b>	<b>2,065</b>	<b>13,956</b>	<b>116,061</b>

			Area, sqm								
Health care	Address	Municipality	Nursing homes	Education	Health care	Legal sector	Offices	Ware-house	Residential	Other	Total
Nödinge 38:25	Klockarevägen 16	Ale	-	-	1,009	-	85	-	-	-	1,094
Skepplanda 2:118	Albotorget 5	Ale	-	-	1,283	-	-	-	-	-	1,283
Tollered 4:2	Göteborgsvägen 26	Ale	-	2,836	97	-	-	40	-	449	3,422
Apelsinen 1	Säterigatan 122	Alingsås	-	410	2,552	-	-	-	-	96	3,058
Erska 1:111	Centrumgatan 6	Alingsås	-	-	1,060	-	-	-	-	800	1,860
Ångaboskolan 2	Sundsbergsvägen 7	Alingsås	-	-	1,488	-	-	-	-	-	1,488
Fonden 49	Sörmarksgatan 199–205	Borås	1,176	-	3,277	-	135	-	-	-	4,588
Kråkhult 1:61	Uppegårdsgatan 2	Borås	1,495	1,230	3,162	-	-	-	-	354	6,241
Milstolpen 8	Smörhulegatan 2	Borås	-	-	2,209	-	225	23	-	103	2,560
Rydboholm 1:477	Hagkällevägen 2	Borås	-	-	2,065	-	-	-	-	96	2,161
Sandhults-Rydet 1:256	Strandvägen 11	Borås	-	-	1,563	-	-	-	-	60	1,623
Sik 1:183	Tärnavägen 6	Borås	-	319	2,180	-	-	-	-	136	2,635
Stenhuggaren 1	Kindsgratan 1	Borås	-	-	1,393	-	53	-	-	-	1,446
Misteln 13	Ångsgatan 3	Essunga	-	197	1,381	-	66	-	-	134	1,778
Läkaren 5	Sankt Olofsgatan 8	Falköping	-	-	2,778	-	542	-	-	-	3,320
Njord 32	Parkgatan 49	Falköping	-	613	-	-	-	-	-	-	613
Brämregården 80:1	Borstbindaregatan 6	Gothenburg	-	-	3,130	-	-	-	-	195	3,325
Lindholmen 36:1	Ceresgatan 2	Gothenburg	-	-	-	-	-	-	-	-	-
Flugsvampen 7	Horsbyvägen 16	Herrljunga	-	-	2,468	-	184	-	-	214	2,866
Norr 5:10	Karlsborgsvägen 4	Hjo	2,672	-	3,075	-	-	-	-	-	5,747
Kindbogården 1:124	Ekdalavägen 2	Härryda	-	-	5,639	-	44	-	-	357	6,039
Hälsan 3	Fabriksgatan 17–19	Jönköping	-	-	5,780	-	-	-	-	-	5,780
Norrahammar 28:108	Postgatan 1–9	Jönköping	-	-	2,439	-	-	-	-	178	2,617
Vårdträdet 7	Hävdvägen 31	Jönköping	-	-	1,517	-	-	-	-	129	1,646
Björken 10	Björkstigen 2	Karlsborg	-	-	2,213	-	-	-	-	-	2,213
Högebro 5	Färjevägen 1	Kungälv	-	-	466	-	-	-	-	405	871
Hjällsnäs 3:63	Lundbyvägen 35	Lerum	-	-	1,948	-	-	-	-	94	2,042
Torp 2:19	Göteborgsvägen 9	Lerum	-	-	3,641	-	-	40	-	287	3,968
Kullen 18	Järnvägsgatan 8	Lilla Edet	-	-	4,436	-	4,370	-	-	372	9,178
Sivik 1:15	Tumstocksvägen 2	Lysekil	-	-	-	-	-	-	-	1,672	1,672
Slätten 15:7	Lasarettsgatan 1	Lysekil	5,325	137	8,906	-	279	57	-	1,086	15,790
Tuntorp 4:34	Läkarvägen 4	Lysekil	-	-	999	-	326	20	-	-	1,345
Pilen 13	Drottninggatan 1	Mariestad	-	226	1,695	-	11,385	419	-	-	13,725
Fritsla 14:8	Förläggarevägen 29	Mark	-	-	807	-	-	-	-	-	807
Foss 12:24	Centrumvägen 34	Munkedal	-	-	1,917	-	-	-	-	-	1,917
Murmeldjuret 4	Fredåsgatan 13	Mölnådal	-	-	6,723	-	391	-	-	-	7,114
Metes 2	Veterinärsgatan 4	Skara	-	-	-	-	1,192	-	-	-	1,192
Skytten 2	Gråbrödragatan 4–6	Skara	-	-	-	-	150	314	-	5,850	6,314
Sälgen 22	Malmgatan 36	Skara	4,768	417	4,746	-	3,653	-	-	762	14,346
Klockstapeln 4	Knoppaliden 3	Skövde	688	-	-	-	-	-	-	-	688
Stenung 2:238	Södra vägen 18	Stenungsund	-	-	-	-	-	-	-	175	175
Moga 1:116	3	Svenljunga	1,520	160	2,921	-	151	2,115	-	-	6,867
Tanumshede 1:88	Ringvägen 1	Tanum	-	-	1,464	-	180	-	-	-	1,644
Tändstickan 1	Västra Drottningvägen 11	Tidaholm	-	220	3,802	-	102	-	-	265	4,389
Skår 1:69	Syster Ebbas väg 1	Tjörn	-	-	1,922	-	-	-	-	-	1,922
Gladan 1	Slättbergsvägen 56	Trollhättan	-	-	1,402	-	-	-	-	-	1,402
Kuratorn 3	Lasarettsvägen 2	Trollhättan	-	-	808	-	-	-	-	-	808
Källstorslyckan 1	Strömsviksvägen 16	Trollhättan	-	-	1,536	-	-	-	-	-	1,536
Fjällräven 15	Myråsvägen 6A–F	Uddevalla	-	536	3,850	-	-	-	-	-	4,386
Flatö 3	Bidevindsvägen 9	Uddevalla	-	-	629	-	-	-	-	-	629
Linkärven 5	Lingatan 12	Uddevalla	-	-	968	-	-	-	-	-	968
Svalan 7	Nygatan 7	Ulricehamn	-	-	6,934	-	134	-	-	258	7,326
Grävlingen 28	Befragegatan 2	Vänernborg	-	-	1,886	-	798	-	-	255	2,939
Klövern 7	Östergatan 1	Vänernborg	-	-	-	-	10,512	50	-	-	10,562
Månen 110	Restadvägen 24–28	Vänernborg	774	2,130	-	-	-	-	129	1,080	4,113
Tärnan 4	Torpavägen 23	Vänernborg	-	-	1,548	-	-	-	-	129	1,677
Eken 6	Södra Långgatan 3A	Åmål	2,892	-	4,217	-	121	130	-	-	7,360
<b>Total West health care</b>			<b>21,310</b>	<b>9,431</b>	<b>123,928</b>	-	<b>35,078</b>	<b>3,208</b>	<b>129</b>	<b>15,991</b>	<b>209,074</b>
<b>Total West</b>			<b>64,492</b>	<b>88,021</b>	<b>136,818</b>	-	<b>49,007</b>	<b>9,569</b>	<b>4,440</b>	<b>30,320</b>	<b>382,665</b>

PROPERTY DESIGNATION

NORTH			Area, sqm								
Nursing homes	Address	Municipality	Nursing homes	Edu- cation	Health care	Legal sector	Offices	Ware- house	Resi- dential	Other	Total
Kungsljuset 12	Ringargatan 67	Borlänge	3,415	-	-	-	-	-	-	-	3,415
Vinkelhaken 2	Märkargatan 19	Borlänge	-	-	-	-	-	-	-	352	352
Bunge Stucks 1:297	Strandvägen 51	Gotland	3,031	-	-	-	-	-	-	-	3,031
Hemse Blåkråkan 15	Parkgatan 16-18	Gotland	2,310	-	-	-	-	-	-	-	2,310
Hemse Fasanen 10	Hagagatan 10	Gotland	11,678	-	-	-	-	-	-	322	12,000
Hemse Storken 11	Kanalgränd 4	Gotland	-	-	-	-	-	-	-	358	358
Kiinte Odvalds 1:30	Vildrosvägen 5	Gotland	-	-	-	-	-	-	-	367	367
Kiinte Sicklings 5:22	Smitterbergsvägen 20	Gotland	-	-	-	-	-	-	-	367	367
Kiinte Ávalle 2:27	Skolgatan 9	Gotland	4,916	-	-	-	-	43	-	-	4,959
Othem Kiläkern 2	Apoteksgatan 3	Gotland	5,552	-	-	-	-	-	-	-	5,552
Othem Kiläkern 3	Apoteksgatan 5	Gotland	-	-	-	-	-	-	-	278	278
Roma Kloster 1:37	Björkstigen 10	Gotland	3,519	-	-	-	-	-	-	-	3,519
Visby Buntmakaren 6	Buntmakargatan 65	Gotland	-	-	-	-	-	-	-	307	307
Visby Korgmakaren 5	Korgmakargatan 76	Gotland	-	-	-	-	-	-	-	307	307
Visby Melonen 3	Irisdalsgatan 131-133	Gotland	-	-	-	-	-	-	-	735	735
Visby Pjäsen 11	Lännavägen 21-43	Gotland	-	-	-	-	-	-	308	1,113	1,421
Visby Pjäsen 12	Pjäsgatan 12	Gotland	6,600	-	-	-	-	-	-	6	6,606
Brynäs 55:4	Tredje Tvärgatan 31	Gävle	6,490	-	-	-	-	-	-	-	6,490
Kristinelund 49:2	Norra Järvstavägen 20a-b	Gävle	11,926	-	2,911	-	253	-	-	774	15,864
Strömsbro 4:2	Sanatorievägen 17	Gävle	5,841	-	-	-	-	-	-	-	5,841
Södertull 13:14	Flemminggatan 11-17	Gävle	9,358	-	-	-	-	-	-	659	10,017
Vallbacken 24:3	Vallbacksgatan 8	Gävle	4,937	-	-	-	-	-	-	-	4,937
Varva 2:20	Norra Prästvägen 12-14	Gävle	5,563	-	-	-	-	-	-	-	5,563
Skörden 3	Avvägen 7-9	Sundsvall	8,026	-	-	-	-	-	-	-	8,026
Dragarbrunn 9:4	S:t Olofsgatan 44 B	Uppsala	4,020	-	-	-	-	-	-	-	4,020
Kvarngärdet 14:5	Torkelsgatan 42	Uppsala	3,585	-	-	42	-	-	-	-	3,585
Luthagen 81:1	Norrländsgatan 2	Uppsala	2,740	-	-	-	-	-	-	-	2,740
Rickomberga 9:14	Geijersgatan 61	Uppsala	3,200	-	-	-	-	-	-	-	3,200
Valsåtra 3:10	Bernadottevägen 1	Uppsala	6,065	-	-	-	-	-	-	-	6,065
Birka 1	Forntidsgatan 4	Västerås	3,016	-	-	-	-	-	-	-	3,016
Hanen 4	Hagalidsvägen 2	Västerås	2,740	-	-	-	-	-	-	-	2,740
Klockarkärleken 3	Rönbergastigen 7	Västerås	3,937	-	-	-	-	-	-	-	3,937
Kolaren 5	Tråddragargatan 31	Västerås	-	-	-	-	-	-	-	1,052	1,052
Lövången 29	Råby Centrum	Västerås	4,589	-	289	-	-	-	-	4,594	9,472
Skjutfältet 9	Hästhovsgatan 27	Västerås	5,914	-	-	-	-	-	-	-	5,914
Skogsduvan 1	Skogsduvevägen 11	Västerås	-	-	-	-	-	-	-	1,107	1,107
Vedbo 61	Hörntorpsvägen 20	Västerås	7,479	4,000	-	-	-	-	-	-	11,479
Ångsklockan 1	Vårlöksgatan 6	Västerås	3,198	-	-	-	-	-	-	-	3,198
Östra Dagrosen 1	Dagrosögatan 1	Västerås	3,507	-	-	-	-	-	-	-	3,507
<b>Total North Nursing homes</b>			<b>147,152</b>	<b>4,000</b>	<b>3,200</b>	-	<b>253</b>	<b>43</b>	<b>308</b>	<b>12,698</b>	<b>167,654</b>

  

			Area, sqm								
Education	Address	Municipality	Nursing homes	Edu- cation	Health care	Legal sector	Offices	Ware- house	Resi- dential	Other	Total
Forskaren 2	Svengrensgatan 9	Eskilstuna	-	4,157	-	-	-	-	-	-	4,157
Nyfors 1:24	Tunavallsgränden 5	Eskilstuna	-	1,427	-	-	-	-	-	-	1,427
Alstrum 6:3	Ulvby-Åstorp 603	Karlstad	-	-	-	-	-	3,347	-	-	3,347
Idun 1	Sundbyvägen 14	Strängnäs	-	3,580	-	-	-	-	-	-	3,580
Barkaröby 15:308	Lövängsgatan 2	Västerås	-	1,570	-	-	-	-	-	-	1,570
Gustavsborg 2	Vasagatan 44	Västerås	-	18,062	-	-	-	-	-	-	18,062
Rosenhill 1	Gurksaltargatan 9	Västerås	-	22,362	-	-	-	-	-	-	22,362
Rosenhill 12	Eriksborgsgatan 11	Västerås	-	5,800	-	-	-	-	-	-	5,800
Västerås 1:250	Ångkraftsvägen 1 A-C	Västerås	-	2,614	-	-	798	-	-	-	3,412
Medora 168:115	Klamparvägen 1A	Älvkarleby	-	2,500	-	-	-	-	-	-	2,500
<b>Total North Education</b>			-	<b>62,072</b>	-	-	<b>798</b>	<b>3,347</b>	-	-	<b>66,217</b>

  

			Area, sqm								
Health care	Address	Municipality	Nursing homes	Edu- cation	Health care	Legal sector	Offices	Ware- house	Resi- dential	Other	Total
Iggesund 14:269	Skolgatan 1	Hudiksvall	-	-	1,975	-	793	-	-	401	3,169
Storfors 30:1	Hammargatan 3-4	Storfors	995	-	6,000	-	-	-	-	102	7,097
Grånby 12:6	Grånby Bilgata 2	Uppsala	-	265	2,172	-	-	-	-	322	2,759
Sävja 56:1	Västgötaresan 60	Uppsala	-	1,102	1,447	-	440	-	-	187	3,176
<b>Total North Health care</b>			<b>995</b>	<b>1,367</b>	<b>11,594</b>	-	<b>1,233</b>	-	-	<b>1,012</b>	<b>16,201</b>

  

			Area, sqm								
Legal sector	Address	Municipality	Nursing homes	Edu- cation	Health care	Legal sector	Offices	Ware- house	Resi- dential	Other	Total
Reparatören 5	Ringvägen 88	Köping	-	-	-	2,650	-	-	-	-	2,650
Stigbygeln 5	Ridvägen 10	Umeå	-	-	-	22,376	22	-	-	-	22,398
<b>Total North Legal sector</b>			-	-	-	<b>25,026</b>	<b>22</b>	-	-	-	<b>25,048</b>
<b>Total North</b>			<b>148,147</b>	<b>67,439</b>	<b>14,794</b>	<b>25,026</b>	<b>2,306</b>	<b>3,390</b>	<b>308</b>	<b>13,710</b>	<b>275,120</b>

## SOUTH

			Area, sqm								
Nursing homes	Address	Municipality	Nursing-homes	Edu-cation	Health care	Legal sector	Offices	Ware-house	Resi-dential	Other	Total
Arlöv 11:294	Arwidius väg 50–66	Burlöv	7,270	-	1,153	-	-	-	200	125	8,748
Brandvakten 3	Södra Vägen 4	Halmstad	3,815	-	-	-	-	-	-	-	3,815
Halmstad 10:35	Frennarpsvägen 131	Halmstad	3,312	-	-	-	-	-	-	-	3,312
Röinge 3:4	Röingevägen 1	Hörby	1,950	-	-	-	-	-	-	-	1,950
Norra Sjukhuset 1	Skansvägen 5	Lund	7,939	1,431	-	-	1,029	-	-	1,052	11,451
Anten 3	Eddagatan 1	Malmö	3,040	-	-	-	-	-	-	-	3,040
Byrådirektören 4	von Troils väg 2–8	Malmö	2,887	1,765	1,636	-	1,996	109	4,720	3,193	16,306
Cykeln 12	Palmgatan 17	Malmö	2,980	-	-	-	-	-	-	-	2,980
Koljan 10	Tegnérsgatan 68	Malmö	-	-	-	-	-	-	-	355	355
Limhamn 152:371	-	Malmö	-	-	-	-	-	-	-	-	-
Nattskärnan 7	Järnvägsgatan 29	Malmö	1,918	-	-	-	-	-	-	-	1,918
Nicktisteln 2	Ernst Jakobssons gata 7	Malmö	2,250	-	-	-	-	-	-	-	2,250
Rosenbuketten 8	Höjagatan 21	Malmö	547	-	919	-	-	-	-	-	1,466
Slätvaren 40 och 51	Sarvgränd 2C	Malmö	-	-	-	-	-	-	-	450	450
Solskiftet 1	Oshögavägen 2	Malmö	6,825	-	-	-	-	-	-	-	6,825
Stengodset 1	Stengodsvägen 4	Malmö	1,850	-	-	-	-	-	-	-	1,850
Storskarven 12	Norra vägen 7	Malmö	1,900	-	-	-	-	-	-	-	1,900
Storskarven 13	Norra vägen 1	Malmö	2,313	-	-	-	-	-	-	-	2,313
Storskarven 9	Brunandsvägen 32	Malmö	-	-	-	-	-	-	-	442	442
Styckmästaren 8	Jöns Risbergsgatan 4	Malmö	1,078	-	-	-	-	-	-	310	1,388
Styrkan 23	Spånehusvägen 91	Malmö	978	-	-	-	-	-	-	-	978
Sädesärlan 6	Linnégatan 18	Malmö	-	-	472	-	-	-	-	305	777
Torsten 12	Major Nilssonsgatan 13	Malmö	2,400	-	-	-	-	-	-	-	2,400
Virket 8	Sigtunagatan 13	Malmö	2,455	-	-	-	-	-	1,779	319	4,553
Blinkarp 1:9	Blinkarp 863	Svalöv	-	-	-	-	-	-	-	2,700	2,700
<b>Total South Nursing homes</b>			<b>57,707</b>	<b>3,196</b>	<b>4,180</b>	<b>-</b>	<b>3,025</b>	<b>109</b>	<b>6,699</b>	<b>9,251</b>	<b>84,167</b>

			Area, sqm								
Education	Address	Municipality	Nursing homes	Edu-cation	Health care	Legal sector	Offices	Ware-house	Resi-dential	Other	Total
Intendenten 1	Wendesvägen 5–7	Hässleholm	-	1,580	-	-	-	-	-	-	1,580
Intendenten 2	Finjagatan 18	Hässleholm	-	2,290	-	-	-	-	-	-	2,290
Rödjan 7	Karl Johans väg 25	Kävlinge	-	11,678	-	-	-	-	-	-	11,678
Silverrängen 4	Silvergården 1	Landskrona	2,469	10,563	1,721	-	-	-	-	-	14,753
Klostergården 2:9	S:t Lars väg 1–38, S:t Lars väg 70–90	Lund	-	23,201	20,760	-	4,447	762	158	5,135	54,463
Landsdomaren 7	Margaretavägen 1–5	Lund	-	19,855	-	-	-	-	-	-	19,855
Predikanten 2	Landgillevägen 55	Lund	-	750	-	-	-	-	-	-	750
Gullriset 4	Monicavägen 18–22	Malmö	-	648	-	-	-	-	-	-	648
Spillepengsmarken 7	Strömgatan 13	Malmö	-	4,670	-	-	-	-	-	-	4,670
Part of Stora Uppåkra 12:2	-	Staffanstorps	-	-	-	-	-	-	-	-	-
Hjärup 4:290	Heimdallsvägen 2	Staffanstorps	-	652	-	-	-	-	-	-	652
Jägaren 11	Vallgatan 12E	Växjö	-	6,189	-	-	2,687	807	2,511	1,665	13,859
Liv 1	Björnstjernegatan 1 A-C	Ystad	-	3,742	-	-	2,958	36	-	-	6,736
<b>Total South Education</b>			<b>2,469</b>	<b>85,818</b>	<b>22,481</b>	<b>-</b>	<b>10,092</b>	<b>1,605</b>	<b>2,669</b>	<b>6,800</b>	<b>131,934</b>

			Area, sqm								
Health care	Address	Municipality	Nursing homes	Edu-cation	Health care	Legal sector	Offices	Ware-house	Resi-dential	Other	Total
Lasarettet 8	Erik Dahlbergsvägen 30 A-F	Karlshamn	-	933	4,914	-	662	48	252	4,614	11,423
Grönsakshandlaren 5	Jägersrovägen 80	Malmö	-	-	3,003	-	-	-	-	-	3,003
<b>Total South Health care</b>			<b>-</b>	<b>933</b>	<b>7,917</b>	<b>-</b>	<b>662</b>	<b>48</b>	<b>252</b>	<b>4,614</b>	<b>14,426</b>

			Area, sqm								
Legal sector	Address	Municipality	Nursing homes	Edu-cation	Health care	Legal sector	Offices	Ware-house	Resi-dential	Other	Total
Häradshövdingen 2	Byggmästaregatan 2	Lund	-	-	-	3,475	-	-	-	-	3,475
Polisen 1	von Lingsens väg 130 B	Malmö	-	-	-	3,553	-	-	-	-	3,553
Hjorten 15	Henry Dunkers gata 6	Trelleborg	-	-	-	3,372	-	-	-	-	3,372
<b>Total South Legal sector</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>10,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,400</b>
<b>Total South</b>			<b>60,176</b>	<b>89,947</b>	<b>34,578</b>	<b>10,400</b>	<b>13,779</b>	<b>1,762</b>	<b>9,620</b>	<b>20,665</b>	<b>240,927</b>

			Area, sqm								
Nursing homes	Address	City	Nursing homes	Educa-tion	Health care	Legal sector	Offices	Ware-house	Residen-tial	Other	Total
<b>FOREIGN</b>											
<b>Finland</b>											
Arppentie 6 B	Arppentie 6 B	Kitee	1,541	-	-	-	-	-	-	-	1,541
Asentajankatu 2	Asentajankatu 2	Turku	2,543	-	-	-	-	-	-	-	2,543
Haahkapolku 3	Haahkapolku 3	Helsinki	1,043	313	-	-	-	-	1,833	793	3,982
Haavantie	Haavantie 4	Hyvinkää	1,013	-	-	-	-	-	-	-	1,013
Hotellitie 1	Hotellitie 1	Jämsä	1,432	-	-	-	-	-	-	-	1,432
Huvilatie 2	Huvilatie 2	Vaasa	2,800	-	-	-	-	-	-	-	2,800
Kattilantanhua 6	Kattilantanhua 6	Espoo	2,061	-	-	-	-	-	-	-	2,061
Kiltakallionrinne 1	Kiltakallionrinne 1	Espoo	1,729	-	-	-	-	-	-	-	1,729
Koiravedenkatu 10	Koiravedenkatu 10	Kuopio	2,099	-	-	-	-	-	-	-	2,099
Kuparitie 2	Kuparitie 2	Helsinki	1,901	-	1,038	-	-	-	-	142	3,081
Pitkäniementie	Pitkäniementie 15	Nokia	3,249	-	-	-	-	-	-	-	3,249
<b>Germany</b>											
Barßel	Mühlenweg 11	Barßel	4,550	-	-	-	-	-	-	-	4,550
Bensheim	Eiffestrasse 21–25	Bensheim	7,036	-	-	-	-	-	-	-	7,036
Bocholt 1	Böwings Stegge 8	Bocholt	4,966	-	-	-	-	-	-	-	4,966
Bocholt 2	Böwings Stegge 6	Bocholt	1,140	-	-	-	-	-	-	-	1,140
Butzbach	Johann Sebastian Bach Str. 26	Butzbach	3,951	-	-	-	-	-	-	-	3,951
Dinslaken	Kurt Schumacher Strasse 154	Dinslaken	4,059	-	-	-	-	-	-	-	4,059
Duisburg Brauerstrasse	Brauerstrasse 42	Duisburg	4,331	-	-	-	-	-	-	-	4,331
Duisburg Fuchsstrasse	Fuchsstrasse 31	Duisburg	4,099	-	-	-	-	-	-	-	4,099
Duisburg Hufstrasse	Hufstrasse 2	Duisburg	3,846	-	-	-	-	-	-	-	3,846
Duisburg Karl-Lehr-Str	Karl Lehr Strasse 159	Duisburg	4,148	-	-	-	-	-	-	-	4,148
Emden	Am Wykhoffweg	Emden	3,351	-	-	-	-	-	-	-	3,351
Grundbuch des Amtsgerichts Köln-Nippes	Ullsteinstrasse 153	Berlin	8,655	-	-	-	-	-	-	-	8,655
Grundbuch des Amtsgerichts Köln-Nippes	Neusser Strasse 402–406	Cologne	7,681	-	-	-	-	-	-	-	7,681
Grundbuch von Aachen	An der Schurzelter Brücke 1	Aachen	4,950	-	-	-	-	-	-	-	4,950
Hünxe	Bensumskamp 27	Hünxe	3,800	-	-	-	-	-	-	-	3,800
Langenfeld	Langforther Strasse 3	Langenfeldt	4,073	-	-	-	-	-	-	-	4,073
Lauterbach	Bilsteinweg 1	Lauterbach	5,684	-	-	-	-	-	-	-	5,684
Lichtenstein	Martin Goetze Strasse 17	Lichtenstein	5,993	-	-	-	-	-	-	-	5,993
Lichterfelde	Klingsohrstrasse 121	Berlin	6,820	-	-	-	-	-	-	-	6,820
Liederbach	Am Wehr 30	Liederbach	4,800	-	-	-	-	-	-	-	4,800
Offenbach Blatt 29442	Aroser Allee 68	Offenbach	9,569	-	-	-	-	-	-	-	9,569
Preller Strasse 16	Preller Strasse 16	Dresden	3,704	-	-	-	-	-	-	-	3,704
Wetter	Friedrichstrasse 30	Wetter	4,004	-	-	-	-	-	-	-	4,004
<b>Total Foreign Nursing homes</b>			<b>136,621</b>	<b>313</b>	<b>1,038</b>	-	-	-	<b>1,833</b>	<b>935</b>	<b>140,740</b>
<b>Education</b>											
<b>Area, sqm</b>											
Education	Address	City	Nursing homes	Educa-tion	Health care	Legal sector	Offices	Ware-house	Residen-tial	Other	Total
Turku University of Applied Sciences	Lemminkäisenkatu 30 853-21-2-26	Turku	-	14,940	97	-	92	650	-	503	16,282
<b>Total Foreign Education</b>			-	<b>14,940</b>	<b>97</b>	-	<b>92</b>	<b>650</b>	-	<b>503</b>	<b>16,282</b>
<b>Health care</b>											
<b>Area, sqm</b>											
Health care	Address	City	Nursing homes	Educa-tion	Health care	Legal sector	Offices	Ware-house	Residen-tial	Other	Total
Haapavedentie 20	Haapavedentie 20	Savonlinna	-	-	1,437	-	-	-	-	-	1,437
Kajaanintie 48	Kajaanintie 48	Uleåborg	-	-	4,384	-	-	-	-	-	4,384
Kornetintie 8	Kornetintie 8	Helsinki	-	-	2,626	-	-	-	-	-	2,626
Louhelantie 10	Louhelantie 10	Vantaa	-	-	4,939	-	-	-	-	-	4,939
<b>Total Foreign Health care</b>			-	-	<b>13,386</b>	-	-	-	-	-	<b>13,386</b>
<b>Total Foreign</b>			<b>136,621</b>	<b>15,253</b>	<b>14,521</b>	-	<b>92</b>	<b>650</b>	<b>1,833</b>	<b>1,438</b>	<b>170,408</b>
<b>Total Sweden</b>			<b>419,027</b>	<b>358,222</b>	<b>285,719</b>	<b>103,585</b>	<b>75,139</b>	<b>19,329</b>	<b>15,343</b>	<b>76,892</b>	<b>1,353,256</b>
<b>Total portfolio</b>			<b>555,648</b>	<b>373,475</b>	<b>300,240</b>	<b>103,585</b>	<b>75,231</b>	<b>19,979</b>	<b>17,176</b>	<b>78,330</b>	<b>1,523,664</b>

**FINANCIAL DEFINITIONS****Return on equity**

Profit after tax adjusted for interest rates on shareholder loans for the period as a percentage of the average risk-bearing capital. Average risk-bearing capital calculated as the total of the opening and closing balance, divided by two.

**Return on profit from property management**

Profit from property management after 10 per cent standard tax in relation to average risk-bearing capital. Average risk-bearing capital calculated as the total of the opening and closing balance, divided by two.

**Loan-to-value ratio**

Interest-bearing liabilities, excluding shareholder loans, as a percentage of the carrying amount of the properties.

**Average loan maturity**

The average of the remaining term of external liabilities, taking credit facilities into account.

**Average interest rate**

The weighed interest rate on external loans taking into account the interest-rate derivatives and credit facilities on the closing day.

**Short-term loans**

Loan maturities within 12 months that are not covered by long-term credit facilities.

**MTN program**

Medium Term Note programme, a bond programme.

**Risk-bearing capital**

Equity and shareholder loans.

**Interest-coverage ratio**

Net operating income less administrative expenses in relation to net financial items, excluding interest on shareholder loans.

**PROPERTY-RELATED DEFINITIONS****Yield**

Net operating income for the past 12 months, adjusted for the holding period and currency of the properties during the period in relation to the carrying amounts of the properties at period-end.

**Net operating income**

Rental income less operating and maintenance costs, property tax and leasehold fees.

**Economic occupancy rate**

Rental income in relation to rental value.

**Profit from property management**

Profit before changes in value, excluding interest on shareholder loans.

**Rental income**

Rental value less vacancies and rent discounts.

**Comparable portfolio**

The properties that Hemsö owned during all reported periods. Transactions pertaining to properties sold and development properties are excluded.

**Net investments**

Total of purchasing, including stamp duty and other direct transaction costs and investments in projects, less the selling price of properties sold and the selling price of properties sold via companies and direct transaction costs.

**Property for public use**

A property that is predominantly utilised for tax-funded activities and dedicated to community services. Also includes sheltered housing under the public properties concept.

**Leasable area**

The areas of the properties for which tenants can be debited rent at period-end.

**Leasing rate, area**

Leased area in relation to total leasable area at period-end.

**Development properties**

Properties with major ongoing projects; new construction, extension or refurbishment.

**Vacancy rent**

Estimated market rent for vacant premises in "as-is" condition.

**Rent based on vacancy rate**

Rental value of vacancy rent as a percentage of total rental value.

**Vacancy rate, area**

Vacant area in relation to total leasable area.

**Surplus ratio**

Net operating income as a percentage of the rental income.



## CONTACT DETAILS

### HEAD OFFICE

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Street address:  
Linnégatan 2, Stockholm,  
Sweden

Postal address:  
Box 24 281  
SE-104 51 Stockholm, Sweden

Telephone: +46 (0)8-501 170 00  
Fax: +46 (0)8-501 172 00

### REGIONAL OFFICES

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**Gothenburg**  
Lilla Bommen 4 B  
Box 11495  
SE-404 30 Gothen-  
burg, Sweden  
+46 (0)31-730 54 00

**Malmö**  
Neptuniplan 7  
SE-211 18 Malmö,  
Sweden  
+46 (0)40-636 48 00

**Berlin**  
Kurfürstendamm 21  
10 719 Berlin,  
Germany  
+49 30 887 062 053

**Helsinki**  
Alexandersgatan 50A  
00100 Helsinki,  
Finland  
+46 (0)8-501 170 54

### LOCAL OFFICES

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**Borås**  
Lagercrantz plats 8  
SE-504 31 Borås, Sweden  
+46 (0)33-340 19 34

**Brålanda**  
Törnrosgatan 22  
SE-464 61 Brålanda, Sweden  
Switchboard: +46 (0)8-501 170 00

**Gävle**  
Vallongatan 3  
Box 6061  
SE-800 06 Gävle, Sweden  
+46 (0)26-457 39 46

**Hjo**  
Karlsborgsvägen 4  
Box 55  
SE-544 21 Hjo, Sweden  
+46 (0)503-65 39 70

**Jönköping**  
Kapellgatan 4  
SE-553 17 Jönköping, Sweden  
+46 (0)36-860 29 51

**Linköping**  
Barnhemsgatan 4  
SE-582 28 Linköping, Sweden  
+46 (0)13-12 88 68

**Lysekil**  
Valbogatan 17  
SE-453 34 Lysekil, Sweden  
+46 (0)523-26 08 40

**Norrköping**  
Vikboplan 7  
SE-602 29 Norrköping, Sweden  
+46 (0)11-19 07 00

**Nyköping**  
Stora Torget 5  
Box 217  
SE-611 25 Nyköping, Sweden  
Switchboard: +46 (0)8-501 170 00

**Skara**  
Malmgatan 36  
SE-532 32 Skara, Sweden  
Switchboard: +46 (0)8-501 170 00

**Uddevalla**  
Tyggården 2  
SE-451 34 Uddevalla, Sweden  
+46 (0)522-791 50

**Vänersborg**  
Belfragegatan 2  
SE-462 36 Vänersborg, Sweden  
Switchboard: +46 (0)8-501 170 00

**Västerås**  
Ångkraftsvägen 1C  
SE-721 30 Västerås, Sweden  
+46 (0)021-12 52 70

**Växjö**  
Västra Esplanaden 9a  
SE-352 31 Växjö, Sweden  
+46 (0)470-281 20

**Åmål**  
Södra Långgatan 3a  
SE-662 30 Åmål, Sweden  
Switchboard: +46 (0)8-501 170 00



