

Year End Report 2014

Resume January – December 2014

- Rental income amounted to SEK 2,054 million (1,875).
- Income from property management amounted to SEK 833 million (674).
- Changes in value of properties amounted to SEK -261 million (-125) and changes in value of derivatives amounted to SEK -760 million (297).
- Net income after tax amounted to SEK -360 million (528).
- Market value of investment properties amounted to SEK 24,668 million (22,637).
- During the period 33 properties (23) has been acquired to a price of SEK 4,606 million (1,104) and 68 properties (31) has been sold to a price of SEK 3,352 million (1,797).

Income from property management increased with

24%

Hemsö in summary

	Jan–Dec 2014	Jan–Dec 2013	Oct–Dec 2014	Oct–Dec 2013
Rental income, SEKm	2,054	1,875	552	470
Net operating income, SEKm	1,486	1,340	378	334
Income from property management, SEKm	833	674	208	165
Net income after tax, SEKm	-360	528	-151	61
Loan to value ratio, %	66.5	64.9	66.5	64.9
Interest coverage ratio, times	2.7	2.4	2.7	2.4
Market value of investment properties, SEKm	24,668	22,637	24,668	22,637
Average valuation yield, %	6.0	6.1	6.0	6.1
Net operating income margin, %	72.3	71.5	68.5	71.1
Economic occupancy rate, %	96.5	96.4	96.3	96.4
Property value, SEK/sqm	16,186	13,956	16,186	13,956
Number of properties	313	348	313	348
Lettable area, thousands of sqm	1,524	1,622	1,524	1,622

About Hemsö

Hemsö is Sweden's leading private owner of properties for community services. The business is based on owning, managing and developing properties for residences for the elderly, schools, care facilities and premises for the legal sector. Hemsö has properties in Sweden, Germany and Finland. Our vision is to be the best property company for community services. This involves generating added value for our customers and being the preferred property partner for municipalities, county councils and private operators. The hallmarks of Hemsö's business are long-term leases, stable tenants and strong ownership. The total value of Hemsö's property portfolio is SEK 25 billion. Hemsö is 85 per cent owned by the Third Swedish National Pension Fund and 15 per cent owned by AB Sagax.

Vision

Hemsö's vision is to be the best property company for community services.



Business concept

Using good business sense, we own, manage and develop effective premises for community services.



Group – Consolidated statement of comprehensive income in summary

Amounts in SEK million	Jan – Dec 2014	Jan – Dec 2013	Oct – Dec 2014	Oct – Dec 2013
Rental income	2,054	1,875	552	470
Other income	9	12	2	2
Operating expenses	-410	-416	-106	-100
Repairs and maintenance	-130	-101	-54	-38
Other property costs	-37	-30	-16	-
Net operating income	1,486	1,340	378	334
Central administration expenses	-173	-173	-48	-49
Financial net	-690	-703	-175	-172
Income before changes in value	623	464	155	113
<i>whereof income from property management</i>	<i>833</i>	<i>674</i>	<i>208</i>	<i>165</i>
Change in fair value				
Investment properties	-261	-125	-198	-115
Derivative instruments	-760	297	-243	-6
Income before tax	-398	636	-286	-8
Current tax	-89	-9	-7	-2
Deferred tax	127	-99	142	71
Income for the period	-360	528	-151	61
Income for the period attributable to:				
Parent Company shareholders	-365	528	-153	61
Minority interests	5	-	2	-
Other total net				
Income for the period	-360	528	-151	61
Translation difference	42	16	24	14
Total net income for the period	-318	544	-127	75
Other thotal net attributable to:				
Attributable to Parent Company shareholders	-318	544	-127	75
Minority interests	-	-	-	-

Group – Consolidated balance sheet in summary

Amounts in SEK million	Dec 31, 2014	Dec 31, 2013
ASSETS		
Non-current assets		
Investment properties	24,668	22,637
Other non-current assets	3	5
Other current receivables	206	151
Cash and bank	107	13
TOTAL ASSETS	24,984	22,806
EQUITY AND LIABILITIES		
Equity	2,682	3,061
Liabilities to owner	3,000	3,000
Deferred tax liability	1,289	1,416
Other provisions	-	1
Interest-bearing liabilities	10,578	8,704
Non-interest-bearing liabilities	815	56
Total long-term liabilities	15,682	13,177
Interest-bearing liabilities	5,929	5,995
Non-interest-bearing liabilities	691	573
Total short-term liabilities	6,620	6,568
TOTAL EQUITY AND LIABILITIES	24,984	22,806

Group – Statement of Cash Flow in summary

Amounts in SEK million	Jan – Dec 2014	Jan – Dec 2013	Oct – Dec 2014	Oct – Dec 2013
Current activities				
Income before tax	-373	636	-261	-8
Unrealized value changes	879	-229	299	55
Adjustment for items not included in the cash flow	40	56	53	67
Income tax paid	-75	-23	-61	2
Cash flow from current operations before change in working capital	471	440	30	116
Ökning (+)/minskning (-) av rörelsekapital	-40	-38	-117	-74
Kassaflöde från den löpande verksamheten	431	402	-87	42
Increase (+)/Decrease (-) from working capital	-40	-38	-117	-74
Cash flow from operating activities	431	402	-87	42
Investment activities				
Property acquisitions	-4,606	-1,203	-1,650	-1,061
Investment in new constructions, extensions and reconstructions	-697	-391	-251	-106
Property sales	3,352	1,667	3,329	9
Other net investments	-6	2	-3	1
Cash flow from investment activities	-1,957	75	1,425	-1,157
Financing activities				
Borrowing in interest-bearing liabilities	9,395	8,132	878	2,515
Amortization in interest-bearing liabilities	-7,714	-8,554	-2,393	-1,467
Contribution from minority interests	63	-	5	-
Dividend	-124	-116	-	-
Cash flow from financing activities	1,620	-538	-1,510	1,048
Cash flow for the period	94	-61	-172	-67
Opening balance, cash and bank	13	70	280	77
Exchange rate difference in cash and bank	-	4	-1	3
Closing balance, cash and bank	107	13	107	13

Parent company – Statement of Income in summary

Amounts in SEK million	Jan – Dec 2014	Jan – Dec 2013	Oct – Dec 2014	Oct – Dec 2013
Operating income	355	307	251	31
Administration costs	-177	-174	-54	-53
Operating income	178	133	197	-22
Financial net	98	-231	-71	-234
Appropriations	236	221	236	221
Income before tax	512	123	362	-35
Tax	-4	-24	-4	-1
Net income for the period	508	99	358	-36

Parent company – Balance sheet in summary

Amounts in SEK million	Dec 31, 2014	Dec 31, 2014
ASSETS		
Non-current assets		
Machinery and equipment	7	5
Participation in group companies	5,740	5,541
Non-current receivables	4,016	3,968
Total non-current assets	9,763	9,514
Current assets		
Other current receivables	5,324	2,361
Cash and bank	48	5
Total current assets	5,372	2,366
TOTAL ASSETS	15,135	11,880
EQUITY AND LIABILITIES		
Equity	867	484
Untaxed reserves		
Tax allocation reserve	43	43
Liabilities		
Deferred tax liability	26	25
Other deferred liabilities	-	1
Interest-bearing liabilities	9,393	7,928
Non-interest-bearing liabilities	4,806	3,399
Total liabilities	14,225	11,353
TOTAL EQUITY AND LIABILITIES	15,135	11,880

Statement of income and Balance sheet for comparing periods has been re-calculated due to changing of accounting principle.

This is a translation of the first page and the financial statements in the Swedish Year End Report January – December 2014. The translation is not audited. In the event of any differences between this translation and the Swedish original, the Swedish version shall prevail.

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