

Interim Report January–September 2015

Resume January–September 2015

- Rental income amounted to SEK 1,483 million (1,502).
- Income from property management amounted to SEK 734 million (626).
- Changes in value of properties amounted to SEK 204 million (-63) and changes in value of derivatives amounted to SEK 33 million (-517).
- Net income after tax amounted to SEK 795 million (-209).
- Market value of investment properties amounted to SEK 25,114 million (26,035).

Income from property management increased with

17 %

Hemsö in summary

	Jan–Sep 2015	Jan–Sep 2014	Jul–Sep 2015	Jul–Sep 2014	Oct 2014–Sep 2015	Jan–Dec 2014
Rental income, SEKm	1,483	1,502	494	516	2,035	2,054
Net operating income, SEKm	1,112	1,108	383	408	1,489	1,486
Income from property management, SEKm	734	626	282	256	888	833
Net income after tax, SEKm	795	-209	167	-15	643	-360
Loan to value ratio, %	64.5	67.9	64.5	67.9	64.5	66.5
Interest coverage ratio, times	3.7	2.8	5.1	3.2	3.4	2.7
Market value of investment properties, SEKm	25,114	26,035	25,114	26,035	25,114	24,668
Average valuation yield, %	5.8	6.2	6.0	6.2	5.8	6.0
Net operating income margin, %	74.9	73.7	77.5	79.1	73.2	72.3
Economic occupancy rate, %	96.0	96.6	96.1	96.6	96.1	96.5
Property value, SEK/sqm	17,090	14,981	17,090	14,981	17,090	16,186
Number of properties	305	367	305	367	305	313
Lettable area, thousands of sqm	1,469	1,738	1,469	1,738	1,469	1,524

About Hemsö

Hemsö is Sweden's leading private owner of properties for public use. The business is based on owning, managing and developing properties for elderly care, education, health care and the legal sector. Hemsö has properties in Sweden, Germany and Finland. Our vision is to be the best property company for public services. Hemsö therefore aims to generate added value for its customers and be 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 (AP3) and 15 per cent owned by AB Sagax. Hemsö has a credit rating of A- from Standard & Poor's.

Vision

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



Business concept

Hemsö sustainably owns, manages and develops properties for public use.



Group – Consolidated statement of comprehensive income in summary

Amounts in SEK million	Jan-Sep 2015	Jan-Sep 2014	Jul-Sep 2015	Jul-Sep 2014	Oct 2014- Sep 2015	Jan-Dec 2014
Rental income	1,483	1,502	494	516	2,035	2,054
Other income	10	7	4	2	13	9
Operating expenses	-279	-304	-61	-76	-386	-410
Repairs and maintenance	-74	-76	-43	-27	-129	-130
Other property costs	-28	-21	-11	-7	-44	-37
Net operating income	1,112	1,108	383	408	1,489	1,486
Central administration expenses	-111	-125	-33	-34	-159	-173
Financial net	-320	-515	-68	-171	-495	-690
Income before changes in value	681	468	282	203	835	623
<i>whereof income from property management</i>	<i>734</i>	<i>626</i>	<i>282</i>	<i>256</i>	<i>941</i>	<i>833</i>
Change in fair value						
Investment properties	204	-63	34	23	7	-261
Derivative instruments	33	-517	-110	-165	-210	-760
Income before tax	918	-112	206	61	632	-398
Current tax	-46	-82	-24	-78	-53	-89
Deferred tax	-77	-15	-15	2	64	127
Income for the period	795	-209	167	-15	643	-360
Income for the period attributable to:						
Parent Company shareholders	789	-212	165	-16	635	-365
Minority interests	6	3	2	1	8	5
Other total net						
Income for the period	795	-209	167	-15	643	-360
Translation difference	6	18	21	-	30	42
Total net income for the period	801	-191	188	-15	673	-318
Other total net attributable to:						
Attributable to Parent Company shareholders	795	-194	186	-16	665	-323
Minority interests	6	3	2	1	8	5

Group – Consolidated balance sheet in summary

Amounts in SEK million	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
ASSETS			
Non-current assets			
Investment properties	25,114	26,035	24,668
Other non-current assets	6	12	3
Other current receivables	290	170	206
Cash and bank	506	280	107
TOTAL ASSETS	25,916	26,497	24,984
EQUITY AND LIABILITIES			
Equity	6,317	2,804	2,682
Liabilities to owner	-	3,000	3,000
Deferred tax liability	1,364	1,431	1,289
Interest-bearing liabilities	9,100	11,655	10,578
Non-interest-bearing liabilities	779	573	815
Total long-term liabilities	11,243	16,659	15,682
Interest-bearing liabilities	7,595	6,302	5,929
Non-interest-bearing liabilities	761	732	691
Total short-term liabilities	8,356	7,034	6,620
TOTAL EQUITY AND LIABILITIES	25,916	26,497	24,984

Group – Statement of Cash Flow in summary

Amounts in SEK million	Jan–Sep 2015	Jan–Sep 2014	Jul–Sep 2015	Jul–Sep 2014	Oct 2014– Sep 2015	Jan–Dec 2014
Current activities						
Income before tax	918	-112	206	61	632	-398
Unrealized value changes	-283	580	68	142	16	879
Adjustment for items not included in the cash flow	-36	-13	43	-1	17	40
Income tax paid	-16	-14	-9	-4	-52	-50
Cash flow before change in working capital	583	441	308	198	613	471
Increase (+)/Decrease (-) from working capital	-196	77	249	-44	-313	-40
Cash flow from operating activities	387	518	557	154	300	431
Investment activities						
Property acquisitions	-558	-2,956	-320	-1,951	-2,208	-4,606
Investment in new constructions, extensions and reconstructions	-746	-446	-293	-140	-997	-697
Property sales	787	23	-35	3	4,116	3,352
Other net investments	-37	-3	-4	-	-40	-6
Cash flow from investment activities	-554	-3,382	-652	-2,088	871	-1,957
Financing activities						
Shareholder contribution	21	-	-	-	21	-
Borrowing in interest-bearing liabilities	4,415	8,517	515	4,242	5,293	9,395
Amortization in interest-bearing liabilities	-3,687	-5,321	-503	-2,145	-6,080	-7,714
Contribution from minority interests	25	58	25	-	30	63
Dividend	-212	-124	-52	-	-212	-124
Cash flow from financing activities	562	3,130	-15	2,097	-948	1,620
Cash flow for the period	395	266	-110	163	223	94
Opening balance, cash and bank	107	13	620	122	280	13
Exchange rate difference in cash and bank	4	1	-4	-5	3	-
Closing balance, cash and bank	506	280	506	280	506	107

Parent company – Statement of Income in summary

Amounts in SEK million	Jan-Sep 2015	Jan-Sep 2014	Jul-Sep 2015	Jul-Sep 2014
Operating income	48	104	25	28
Administration costs	-147	-123	-64	-35
Operating income	-99	-19	-39	-7
Financial net	-151	169	9	71
Income before tax	-250	150	-30	64
Tax	-	-	-	-
Net income for the period	-250	150	-30	64
Other total net				
Income for the period	-	-	-	-
Total net income for the period	-250	150	-30	64

Parent company – Balance sheet in summary

Amounts in SEK million	Sep 30, 2015	Sep 30, 2014
ASSETS		
Non-current assets		
Machinery and equipment	6	7
Participation in group companies	5,840	6,038
Deferred tax receivable	-	27
Non-current receivables	4,022	5,491
Total non-current assets	9,868	11,563
Current assets		
Other current receivables	5,869	3,821
Cash and bank	319	214
Total current assets	6,188	4,035
TOTAL ASSETS	16,056	15,598
EQUITY AND LIABILITIES		
Equity	3,405	327
Untaxed reserves		
Tax allocation reserve	43	43
Liabilities		
Deferred tax liability	27	-
Interest-bearing liabilities	7,349	14,931
Non-interest-bearing liabilities	5,232	298
Total liabilities	12,608	15,229
TOTAL EQUITY AND LIABILITIES	16,056	15,598

This is a translation of the first page and the financial statements in the Swedish Interim Report January–September 2015. 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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