

Interim Report January–March 2015

Resume January–March 2015

- Rental income amounted to SEK 502 million (487).
- Income from property management amounted to SEK 218 million (168).
- Changes in value of properties amounted to SEK 11 million (–35) and changes in value of derivatives amounted to SEK –125 million (–167).
- Net income after tax amounted to SEK 122 million (–127).
- Market value of investment properties amounted to SEK 24,108 million (23,568).
- In March, Standard & Poor's assigned its A- long-term issuer credit rating on Hemsö.
- Hemsö decided to re-pay existing owner loan amounting to 3,000 million of SEK. The re-payment was financed through a rights issue to the owners of the company and do not affect the company's ownership or structure.

Income from property management increased with

30 %

Hemsö in summary

	Jan–Mar 2015	Jan–Mar 2014	Apr 2014–Mar 2015	Jan–Dec 2014
Rental income, SEKm	502	487	2,069	2,054
Net operating income, SEKm	363	330	1,519	1,486
Income from property management, SEKm	218	168	883	833
Net income after tax, SEKm	122	–127	–111	–360
Loan to value ratio, %	65.6	65.3	65.6	66.5
Interest coverage ratio, times	3.1	2.4	2.9	2.7
Market value of investment properties, SEKm	24,108	23,568	24,108	24,668
Average valuation yield, %	6.0	6.1	6.0	6.0
Net operating income margin, %	72.0	67.6	73.3	72.3
Economic occupancy rate, %	96.2	96.5	96.4	96.5
Property value, SEK/sqm	16,524	14,206	16,524	16,186
Number of properties	301	361	301	313
Lettable area, thousands of sqm	1,459	1,659	1,459	1,524

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 24 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–Mar 2015	Jan–Mar 2014	Apr 2014– Mar 2015	Jan–Dec 2014
Rental income	502	487	2,069	2,054
Other income	3	2	10	9
Operating expenses	-117	-128	-399	-410
Repairs and maintenance	-14	-25	-119	-130
Other property costs	-11	-6	-42	-37
Net operating income	363	330	1,519	1,486
Central administration expenses	-43	-45	-171	-173
Financial net	-155	-170	-675	-690
Income before changes in value	165	115	673	623
<i>whereof income from property management</i>	<i>218</i>	<i>168</i>	<i>883</i>	<i>833</i>
Change in fair value				
Investment properties	11	-35	-215	-261
Derivative instruments	-125	-167	-718	-760
Income before tax	51	-87	-260	-398
Current tax	-6	-3	-92	-89
Deferred tax	77	-37	241	127
Income for the period	122	-127	-111	-360
Income for the period attributable to:				
Parent Company shareholders	121	-128	-116	-365
Minority interests	1	1	5	5
Other total net				
Income for the period	122	-127	-111	-360
Translation difference	-6	1	35	42
Total net income for the period	116	-126	-76	-318
Other total net attributable to:				
Attributable to Parent Company shareholders	116	-126	-76	-318
Minority interests	-	-	-	-

Group - Balance sheet in summary

Amounts in SEK million	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
ASSETS			
Non-current assets			
Investment properties	24,108	23,568	24,668
Other non-current assets	8	10	3
Other current receivables	358	137	206
Cash and bank	53	63	107
TOTAL ASSETS	24,527	23,778	24,984
EQUITY AND LIABILITIES			
Equity	5,798	2,993	2,682
Liabilities to owner	-	3,000	3,000
Deferred tax liability	1,210	1,452	1,289
Other provisions	-	1	-
Interest-bearing liabilities	9,838	10,995	10,578
Non-interest-bearing liabilities	945	7	815
Total long-term liabilities	11,993	15,455	15,682
Interest-bearing liabilities	6,019	4,401	5,929
Non-interest-bearing liabilities	717	929	691
Total short-term liabilities	6,736	5,330	6,620
TOTAL EQUITY AND LIABILITIES	24,527	23,778	24,984

Group – Statement of Cash Flow in summary

Amounts in SEK million	Jan–Mar 2015	Jan–Mar 2014	Apr 2014–Mar 2015	Jan–Dec 2014
Current activities				
Income before tax	51	–87	–235	–373
Unrealized value changes	121	201	799	879
Adjustment for items not included in the cash flow	54	-	94	40
Income tax paid	16	–7	–52	–75
Cash flow from current operations before change in working capital	242	107	606	471
Increase (+)/Decrease (–) from working capital	94	170	–116	–40
Cash flow from operating activities	336	277	490	431
Investment activities				
Property acquisitions	–366	–893	–4,079	–4,606
Investment in new constructions, extensions and re-constructions	–197	–80	–814	–697
Property sales	822	34	4,140	3,352
Other net investments	1	–5	-	–6
Cash flow from investment activities	260	–944	–753	–1,957
Financing activities				
Borrowing in interest-bearing liabilities	1,924	1,960	9,359	9,395
Amortization in interest-bearing liabilities	–2,574	–1,301	–8,987	–7,714
Contribution from minority interests	-	58	5	63
Dividend	-	-	–124	–124
Cash flow from financing activities	–650	717	253	1,620
Cash flow for the period	–54	50	–10	94
Opening balance, cash and bank	107	13	63	13
Exchange rate difference in cash and bank	-	-	-	-
Closing balance, cash and bank	53	63	53	107

Parent company – Statement of Income in summary

Amounts in SEK million	Jan - Mar 2015	Jan - Mar 2014
Operating income	6	38
Administration costs	-62	-47
Operating income	-56	-9
Financial net	-126	-94
Income before tax	-182	-103
Tax	-	-
Net income for the period	-182	-103
Other total net		
Income for the period	-	-
Total net income for the period	-182	-103

Parent company – Balance sheet in summary

Amounts in SEK million	Mar 31, 2015	Mar 31, 2014
ASSETS		
Non-current assets		
Machinery and equipment	8	4
Participation in group companies	5,760	5,545
Non-current receivables	4,008	4,718
Total non-current assets	9,776	10,267
Current assets		
Other current receivables	4,815	3,134
Cash and bank	-	38
Total current assets	4,815	3,172
TOTAL ASSETS	14,591	13,439
EQUITY AND LIABILITIES		
Equity	3,685	328
Untaxed reserves		
Tax allocation reserve	43	43
Liabilities		
Deferred tax liability	27	9
Other deferred liabilities	-	1
Interest-bearing liabilities	6,561	9,237
Non-interest-bearing liabilities	4,275	3,821
Total liabilities	10,863	13,068
TOTAL EQUITY AND LIABILITIES	14,591	13,439

Statement of income and Balance sheet for comparing periods have been re-calculated due to change of accounting principle in 2014.

This is a translation of the first page and the financial statements in the Swedish Year End Report January–March 2015. The translation is not audited. In the event of any differences between this translation and the Swedish original, the Swedish version shall prevail.

Interim Report January–March 2015 was announced
at 08.00 CET on April 24, 2015.

HEMSÖ

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