

Half-Year Report January–June 2015

Resume January–June 2015

- Rental income amounted to SEK 989 million (986).
- Income from property management amounted to SEK 452 million (370).
- Changes in value of properties amounted to SEK 170 million (-86) and changes in value of derivatives amounted to SEK 142 million (-352).
- Net income after tax amounted to SEK 628 million (-194).
- Market value of investment properties amounted to SEK 24,606 million (23,929).

Income from property management increased with

22 %

Hemsö in summary

| | Jan–Jun 2015 | Jan–Jun 2014 | Apr–Jun 2015 | Apr–Jun 2014 | Jul 2014–Jun 2015 | Jan–Dec 2014 |
|---|--------------|--------------|--------------|--------------|-------------------|--------------|
| Rental income, SEKm | 989 | 986 | 487 | 499 | 2,057 | 2,054 |
| Net operating income, SEKm | 728 | 700 | 365 | 370 | 1,514 | 1,486 |
| Income from property management, SEKm | 452 | 370 | 235 | 203 | 915 | 833 |
| Net income after tax, SEKm | 628 | -194 | 506 | -67 | 462 | -360 |
| Loan to value ratio, % | 65.1 | 66.3 | 65.1 | 66.3 | 65.1 | 66.5 |
| Interest coverage ratio, times | 3.3 | 2.5 | 3.4 | 2.7 | 3.1 | 2.7 |
| Market value of investment properties, SEKm | 24,606 | 23,929 | 24,606 | 23,929 | 24,606 | 24,668 |
| Average valuation yield, % | 5.9 | 6.1 | 5.9 | 6.2 | 5.9 | 6.0 |
| Net operating income margin, % | 73.6 | 71.0 | 74.9 | 74.1 | 73.6 | 72.3 |
| Economic occupancy rate, % | 96.0 | 96.6 | 95.9 | 96.6 | 96.3 | 96.5 |
| Property value, SEK/sqm | 16,839 | 14,390 | 16,839 | 14,390 | 16,839 | 16,186 |
| Number of properties | 302 | 362 | 302 | 362 | 302 | 313 |
| Lettable area, thousands of sqm | 1,461 | 1,663 | 1,461 | 1,663 | 1,461 | 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 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–Jun 2015 | Jan–Jun 2014 | Apr–Jun 2015 | Apr–Jun 2014 | Jul 2014– Jun 2015 | Jan–Dec 2014 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Rental income | 989 | 986 | 487 | 499 | 2,057 | 2,054 |
| Other income | 6 | 5 | 3 | 3 | 10 | 9 |
| Operating expenses | -218 | -228 | -101 | -100 | -400 | -410 |
| Repairs and maintenance | -32 | -49 | -18 | -24 | -113 | -130 |
| Other property costs | -17 | -14 | -6 | -8 | -40 | -37 |
| Net operating income | 728 | 700 | 365 | 370 | 1,514 | 1,486 |
| Central administration expenses | -76 | -91 | -33 | -46 | -158 | -173 |
| Financial net | -252 | -344 | -97 | -174 | -598 | -690 |
| Income before changes in value | 400 | 265 | 235 | 150 | 758 | 623 |
| <i>whereof income from property management</i> | <i>452</i> | <i>370</i> | <i>235</i> | <i>203</i> | <i>915</i> | <i>833</i> |
| Change in fair value | | | | | | |
| Investment properties | 170 | -86 | 159 | -51 | -5 | -261 |
| Derivative instruments | 142 | -352 | 267 | -185 | -266 | -760 |
| Income before tax | 712 | -173 | 661 | -86 | 487 | -398 |
| Current tax | -22 | -4 | -16 | -1 | -107 | -89 |
| Deferred tax | -62 | -17 | -139 | 20 | 82 | 127 |
| Income for the period | 628 | -194 | 506 | -67 | 462 | -360 |
| Income for the period attributable to: | | | | | | |
| Parent Company shareholders | 624 | -196 | 503 | -68 | 455 | -365 |
| Minority interests | 4 | 2 | 3 | 1 | 7 | 5 |
| Other total net | | | | | | |
| Income for the period | 628 | -194 | 506 | -67 | 462 | -360 |
| Translation difference | -15 | 18 | -9 | 17 | 9 | 42 |
| Total net income for the period | 613 | -176 | 497 | -50 | 471 | -318 |
| Other total net attributable to: | | | | | | |
| Attributable to Parent Company shareholders | 609 | -178 | 494 | -51 | 464 | -323 |
| Minority interests | 4 | 2 | 3 | 1 | 7 | 5 |

Group – Consolidated balance sheet in summary

| Amounts in SEK million | Jun 30, 2015 | Jun 30, 2014 | Dec 31, 2014 |
|-------------------------------------|---------------|---------------|---------------|
| ASSETS | | | |
| Investment properties | 24,606 | 23,929 | 24,668 |
| Other non-current assets | 8 | 10 | 3 |
| Other current receivables | 268 | 141 | 206 |
| Cash and bank | 620 | 122 | 107 |
| TOTAL ASSETS | 25,502 | 24,202 | 24,984 |
| EQUITY AND LIABILITIES | | | |
| Equity | 6,156 | 2,820 | 2,682 |
| Liabilities to owner | - | 3,000 | 3,000 |
| Deferred tax liability | 1,349 | 1,434 | 1,289 |
| Interest-bearing liabilities | 10,268 | 11,121 | 10,578 |
| Non-interest-bearing liabilities | 683 | 414 | 815 |
| Total long-term liabilities | 12,300 | 15,969 | 15,682 |
| Interest-bearing liabilities | 6,375 | 4,738 | 5,929 |
| Non-interest-bearing liabilities | 671 | 675 | 691 |
| Total short-term liabilities | 7,046 | 5,413 | 6,620 |
| TOTAL EQUITY AND LIABILITIES | 25,502 | 24,202 | 24,984 |

Group – Statement of Cash Flow in summary

| Amounts in SEK million | Jan–Jun 2015 | Jan–Jun 2014 | Apr–Jun 2015 | Apr–Jun 2014 | Jul 2014– Jun 2015 | Jan–Dec 2014 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Current activities | | | | | | |
| Income before tax | 712 | -173 | 661 | -86 | 487 | -398 |
| Unrealized value changes | -351 | 438 | -472 | 237 | 90 | 879 |
| Adjustment for items not included in the cash flow | -79 | -12 | -20 | -12 | -19 | 40 |
| Income tax paid | -7 | -10 | -23 | -3 | -47 | -50 |
| Cash flow before changes in working capital | 275 | 243 | 146 | 136 | 511 | 471 |
| Increase (+)/Decrease (-) from working capital | 135 | 121 | 140 | -49 | 132 | -40 |
| Cash flow from current activities | 410 | 364 | 286 | 87 | 643 | 431 |
| Investment activities | | | | | | |
| Property acquisitions | -238 | -1,005 | -84 | -112 | -4,005 | -4,606 |
| Investment in new constructions, extensions and reconstructions | -453 | -306 | -256 | -226 | -844 | -697 |
| Property sales | 822 | 20 | - | -14 | 4,154 | 3,352 |
| Other net investments | -33 | -3 | -34 | 2 | -36 | -6 |
| Cash flow from investment activities | 98 | -1,294 | -374 | -350 | -731 | -1,957 |
| Financing activities | | | | | | |
| Shareholder contribution | 21 | - | 21 | - | 21 | - |
| Borrowing in interest-bearing liabilities | 3,900 | 4,275 | 1,976 | 2,315 | 9,020 | 9,395 |
| Amortization in interest-bearing liabilities | -3,764 | -3,176 | -1,190 | -1,875 | -8,302 | -7,714 |
| Contribution from minority interests | - | 58 | - | - | 5 | 63 |
| Dividend | -160 | -124 | -160 | -124 | -160 | -124 |
| Cash flow from financing activities | -3 | 1,033 | 647 | 316 | 584 | 1,620 |
| Cash flow for the period | 505 | 103 | 559 | 53 | 496 | 94 |
| Opening balance, cash and bank | 107 | 13 | 53 | 63 | 122 | 13 |
| Exchange rate difference in cash and bank | 8 | 6 | 8 | 6 | 2 | - |
| Closing balance, cash and bank | 620 | 122 | 620 | 122 | 620 | 107 |

Parent company – Statement of Income in summary

| Amounts in SEK million | Jan–Jun 2015 | Jan–Jun 2014 | Apr–Jun 2015 | Apr–Jun 2014 |
|--|--------------|--------------|--------------|--------------|
| Operating income | 23 | 76 | 17 | 38 |
| Administration costs | -83 | -88 | -21 | -41 |
| Operating income | -60 | -12 | -4 | -3 |
| Financial net | -160 | -177 | -34 | 84 |
| Income before tax | -220 | -189 | -38 | 81 |
| Tax | - | 78 | - | 41 |
| Net income for the period | -220 | -111 | -38 | 122 |
| Other total net | | | | |
| Income for the period | - | - | - | - |
| Total net income for the period | -220 | -111 | -38 | 122 |

Parent company – Balance sheet in summary

| Amounts in SEK million | Jun 30, 2015 | Jun 30, 2014 |
|-------------------------------------|---------------|---------------|
| ASSETS | | |
| Non-current assets | | |
| Machinery and equipment | 7 | 4 |
| Participation in group companies | 5,840 | 5,560 |
| Non-current receivables | 4,016 | 4,492 |
| Total non-current assets | 9,863 | 10,056 |
| Current assets | | |
| Other current receivables | 5,904 | 3,310 |
| Cash and bank | 511 | 62 |
| Total current assets | 6,415 | 3,372 |
| TOTAL ASSETS | 16,278 | 13,428 |
| EQUITY AND LIABILITIES | | |
| Equity | 3,487 | 523 |
| Untaxed reserves | | |
| Tax allocation reserve | 43 | 43 |
| Liabilities | | |
| Deferred tax liability | 27 | 22 |
| Interest-bearing liabilities | 7,867 | 9,124 |
| Non-interest-bearing liabilities | 4,854 | 3,716 |
| Total liabilities | 12,748 | 12,862 |
| TOTAL EQUITY AND LIABILITIES | 16,278 | 13,428 |

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

Half-Year Report January–June 2015 was announced
at 08.00 CET on August 24, 2015.

HEMSÖ

Hemsö Fastighets AB
(ID.no. 556779-8169)

Visiting address: Linnégatan 2
Box 24 281, 104 51 Stockholm, Sweden

Telephone: +46 8 501 170 00

Fax: +46 8 501 172 98

E-mail: kontaktaoss@hemso.se

www.hemso.se