

Interim Report January – September 2014

Resume January – September 2014

- Rental income amounted to SEK 1,502 million (1,407).
- Income from property management amounted to SEK 626 million (509).
- Changes in value of properties amounted to SEK -63 million (-10) and changes in value of derivatives amounted to SEK -517 million (303).
- Net income after tax amounted to SEK -209 million (467).
- Market value of investment properties amounted to SEK 26,035 million (22,144).
- During the period 24 properties (19) has been acquired to a price of SEK 2,956 million (685) and 5 properties (30) has been sold to a price of SEK 23 million (1,769).

Income from property management increased with

23 %

Hemsö in summary

	Jan – Sep 2014	Jan – Sep 2013	Jul – Sep 2014	Jul – Sep 2013	Oct 2013 – Sep 2014	Jan – Dec 2013
Rental income, SEKm	1,502	1,407	516	455	1,970	1,875
Net operating income, SEKm	1,108	1,006	408	346	1,442	1,340
Income from property management, SEKm	626	509	256	191	791	674
Net income after tax, SEKm	-209	467	-15	116	-148	528
Loan to value ratio, %	67.9	61.1	67.9	61.1	67.9	64.9
Interest coverage ratio, times	2.8	2.4	3.2	2.6	2.7	2.4
Market value of investment properties, SEKm	26,035	22,144	26,035	22,144	26,035	22,637
Average valuation yield, %	6.2	6.1	6.2	6.1	6.2	6.1
Net operating income margin, %	73.7	71.5	79.1	76.0	73.2	71.5
Economic occupancy rate, %	96.6	96.5	96.6	96.5	96.5	96.4
Property value, SEK/sqm	14,981	13,805	14,981	13,805	14,981	13,956
Number of properties	367	345	367	345	367	348
Lettable area, thousands of sqm	1,738	1,604	1,738	1,604	1,738	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 26 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 – Sep 2014	Jan – Sep 2013	Jul – Sep 2014	Jul – Sep 2013	Oct 2013 – Sep 2014	Jan – Dec 2013
Rental income	1,502	1,407	516	455	1,970	1,875
Other income	7	8	2	3	11	12
Operating expenses	-304	-315	-76	-74	-405	-416
Repairs and maintenance	-76	-64	-27	-26	-113	-101
Other property costs	-21	-30	-7	-12	-21	-30
Net operating income	1,108	1,006	408	346	1,442	1,340
Central administration expenses	-125	-124	-34	-35	-174	-173
Financial net	-515	-531	-171	-173	-687	-703
Income before changes in value	468	351	203	138	581	464
<i>whereof income from property management</i>	<i>626</i>	<i>509</i>	<i>256</i>	<i>191</i>	<i>791</i>	<i>674</i>
Change in fair value						
Investment properties	-63	-10	23	-5	-178	-125
Derivative instruments	-517	303	-165	27	-523	297
Income before tax	-112	644	61	160	-120	636
Current tax	-82	-7	-78	-1	-84	-9
Deferred tax	-15	-170	2	-43	56	-99
Income for the period	-209	467	-15	116	-148	528
Income for the period attributable to:						
Parent Company shareholders	-212	467	-16	116	-151	528
Minority interests	3	-	1	-	3	-
Other total net						
Income for the period	-209	467	-15	116	-148	528
Translation difference	18	2	-	-5	32	16
Total net income for the period	-191	469	-15	111	-116	544
Other thotal net attributable to:						
Attributable to Parent Company shareholders	-191	469	-15	111	-116	544
Minority interests	-	-	-	-	-	-

Group – Consolidated balance sheet in summary

Amounts in SEK million	Sep 30, 2014	Sep 30, 2013	Dec 31, 2013
ASSETS			
Non-current assets			
Investment properties	26,035	22,144	22,637
Other non-current assets	12	5	5
Other current receivables	170	165	151
Cash and bank	280	77	13
TOTAL ASSETS	26,497	22,391	22,806
EQUITY AND LIABILITIES			
Equity	2,804	2,986	3,061
Liabilities to owner	3,000	3,000	3,000
Deferred tax liability	1,431	1,416	1,416
Other provisions	-	-	1
Interest-bearing liabilities	11,655	7,411	8,704
Non-interest-bearing liabilities	573	50	56
Total long-term liabilities	16,659	11,877	13,177
Interest-bearing liabilities	6,302	6,198	5,995
Non-interest-bearing liabilities	732	1,330	573
Total short-term liabilities	7,034	7,528	6,568
TOTAL EQUITY AND LIABILITIES	26,497	22,391	22,806

Group – Statement of cash flow in summary

Amounts in SEK million	Jan – Sep 2014	Jan – Sep 2013	Jul – Sep 2014	Jul – Sep 2013	Oct 2013 – Sep 2014	Jan – Dec 2013
Current activities						
Income before tax	-112	644	61	160	-120	636
Unrealized value changes	580	-284	142	-20	635	-229
Adjustment for items not included in the cash flow	-13	-11	-1	-2	54	56
Income tax paid	-14	-25	-4	-4	-12	-23
Cash flow from current operations before change in working capital	441	324	198	134	557	440
Increase (+)/Decrease (-) from working capital	77	36	-44	93	3	-38
Cash flow from operating activities	518	360	154	227	560	402
Investment activities						
Property acquisitions	-2,956	-142	-1,951	-24	-4,017	-1,203
Investment in new constructions, extensions and reconstructions	-446	-285	-140	-101	-552	-391
Property sales	23	1,658	3	1	32	1,667
Other net investments	-3	1	-	1	-2	2
Cash flow from investment activities	-3,382	1,232	-2,088	-123	-4,539	75
Financing activities						
Borrowing in interest-bearing liabilities	8,517	5,617	4,242	668	11,032	8,132
Amortization in interest-bearing liabilities	-5,321	-7,087	-2,145	-724	-6,788	-8,554
Contribution from minority interests	58	-	-	-	58	-
Dividend	-124	-116	-	-	-124	-116
Cash flow from financing activities	3,130	-1,586	2,097	-56	4,178	-538
Cash flow for the period	266	6	163	48	199	-61
Opening balance, cash and bank	13	70	122	30	77	70
Exchange rate difference in cash and bank	1	1	-5	-1	4	4
Closing balance, cash and bank	280	77	280	77	280	13

Parent company – Statement of income in summary

Amounts in SEK million	Jan – Sep 2014	Jan – Sep 2013	Jul – Sep 2014	Jul – Sep 2013
Operating income	104	276	28	34
Administration costs	-123	-121	-35	-34
Operating income	-19	155	-7	-
Financial net	169	3	71	-89
Income before tax	150	158	64	-89
Tax	-	-20	-	-16
Net income for the period	150	138	64	-105

Parent company – Balance sheet in summary

Amounts in SEK million	Sep 30, 2014	Sep 30, 2013	Dec 31, 2013
ASSETS			
Non-current assets			
Machinery and equipment	7	5	5
Participation in group companies	6,038	5,682	5,541
Deferred tax asset	27	31	27
Non-current receivables	5,491	3,128	3,968
Total non-current assets	11,563	8,846	9,541
Current assets			
Other current receivables	3,821	231	2,361
Cash and bank	214	70	5
Total current assets	4,035	301	2,366
TOTAL ASSETS	15,598	9,147	11,907
EQUITY AND LIABILITIES			
Equity	327	335	300
Untaxed reserves			
Tax allocation reserve	43	43	43
Liabilities			
Other deferred liabilities	-	-	1
Interest-bearing liabilities	14,931	8,473	7,928
Non-interest-bearing liabilities	298	295	3,635
Total liabilities	15,229	8,768	11,564
TOTAL EQUITY AND LIABILITIES	15,598	9,147	11,907

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 Interim Report January – September 2014. The translation is not audited. In the event of any differences between this translation and the Swedish original, the Swedish version shall prevail.

The Interim Report January – September 2014 was announced
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