

Interim Report January – June 2014

Resume January – June 2014

- Rental income amounted to SEK 986 million (951).
- Income from property management amounted to SEK 370 million (318).
- Changes in value of properties amounted to SEK -86 million (-6) and changes in value of derivatives amounted to SEK -352 million (276).
- Net income after tax amounted to SEK -194 million (350).
- Market value of investment properties amounted to SEK 23,929 million (22,637).
- During the second quarter Hemsö acquired a portfolio of four judiciary properties to a price of SEK 2 billion, a property of health care in Jönköping to a price of SEK 200 million and two newly built properties of elderly care in Borlänge to a price of SEK 96 million. Further, a property of elderly care was acquired in Dresden, Germany, to a price of SEK 60 million.

Income from property management increased with

16%

Hemsö in summary

	Jan – Jun 2014	Jan – Jun 2013	Apr – Jun 2014	Apr – Jun 2013	Jul 2013 – Jun 2014	Jan – Dec 2013
Rental income, SEKm	986	951	499	466	1,910	1,875
Net operating income, SEKm	700	660	370	337	1,380	1,340
Income from property management, SEKm	370	318	203	173	726	674
Net income after tax, SEKm	-194	350	-67	197	-16	528
Loan to value ratio, %	66.3	63.6	66.3	63.6	66.3	64.9
Interest coverage ratio, times	2.5	2.3	2.7	2.5	2.5	2.4
Market value of investment properties, SEKm	23,929	21,518	23,929	21,518	23,929	22,637
Average valuation yield, %	6.1	6.1	6.2	6.1	6.1	6.1
Net operating income margin, %	71.0	69.4	74.1	72.3	72.3	71.5
Economic occupancy rate, %	96.6	96.8	96.6	96.8	96.4	96.4
Property value, SEK/sqm	14,390	13,802	14,390	13,802	14,390	13,956
Number of properties	362	329	362	329	362	348
Lettable area, thousands of sqm	1,663	1,559	1,663	1,559	1,663	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 90 Swedish municipalities, 15 German cities and also in Finland since 2013. 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.

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 2014	Jan – Jun 2013	Apr – Jun 2014	Apr – Jun 2013	Jul 2013 – Jun 2014	Jan – Dec 2013
Rental income	986	951	499	466	1,910	1,875
Other income	5	7	3	5	10	12
Operating expenses	-228	-242	-100	-102	-402	-416
Repairs and maintenance	-49	-38	-24	-22	-112	-101
Other property expenses	-14	-18	-8	-10	-26	-30
Net operating income	700	660	370	337	1,380	1,340
Central administration expenses	-91	-89	-46	-47	-175	-173
Financial net	-344	-358	-174	-170	-689	-703
Income before changes in value	265	213	150	120	516	464
<i>whereof income from property management</i>	<i>370</i>	<i>318</i>	<i>203</i>	<i>173</i>	<i>726</i>	<i>674</i>
Change in fair value						
Investment properties	-86	-6	-51	-20	-205	-125
Derivative instruments	-352	276	-185	166	-331	297
Income before tax	-173	483	-86	266	-20	636
Current tax	-4	-6	-1	-3	-7	-9
Deferred tax	-17	-127	20	-66	11	-99
Income for the period	-194	350	-67	197	-16	528
Income for the period attributable to:						
Parent Company shareholders	-196	350	-68	197	-18	528
Minority interests	2	-	1	-	2	-
Other total net						
Income for the period	-194	350	-67	197	-16	528
Translation difference	18	7	17	7	27	16
Total net income for the period	-176	357	-50	204	11	544
Other total net attributable to:						
Attributable to Parent Company shareholders	-176	357	-50	204	11	544
Minority interests	-	-	-	-	-	-

Group – Consolidated balance sheet in summary

Amounts in SEK million	Jun 30, 2014	Jun 30, 2013	Dec 31, 2013
ASSETS			
Non-current assets			
Investment properties	23,929	21,518	22,637
Other non-current assets	10	7	5
Other current receivables	141	147	151
Cash and bank	122	30	13
TOTAL ASSETS	24,202	21,702	22,806
EQUITY AND LIABILITIES			
Equity	2,820	2,874	3,061
Liabilities to owner	3,000	3,000	3,000
Deferred tax liability	1,434	1,374	1,416
Other provisions	-	-	1
Interest-bearing liabilities	11,121	9,910	8,704
Non-interest-bearing liabilities	414	80	56
Total long-term liabilities	15,969	14,364	13,177
Interest-bearing liabilities	4,738	3,776	5,995
Non-interest-bearing liabilities	675	688	573
Total short-term liabilities	5,413	4,464	6,568
TOTAL EQUITY AND LIABILITIES	24,202	21,702	22,806

Group – Statement of cash flow in summary

Amounts in SEK million	Jan – Jun 2014	Jan – Jun 2013	Apr – Jun 2014	Apr – Jun 2013	Jul 2013 – Jun 2014	Jan – Dec 2013
Current activities						
Income before tax	-173	483	-86	266	-20	636
Unrealized value changes	438	-264	237	-151	473	-229
Adjustment for items not included in the cash flow	-12	-7	-12	1	51	56
Income tax paid	-10	-21	-3	-7	-12	-23
Cash flow from operating activities before change in working capital	243	191	136	109	492	440
Increase (+)/Decrease (-) from working capital	121	-57	-49	160	140	-38
Cash flow from operating activities	364	134	87	269	632	402
Investment activities						
Property acquisitions	-1,005	-117	-112	-2	-2,091	-1,203
Investment in new constructions, extensions and reconstructions	-306	-185	-226	-104	-512	-391
Property sales	20	1,656	-14	145	31	1,667
Other net investments	-3	-	2	-	-1	2
Cash flow from investment activities	-1,294	1,354	-350	39	-2,573	75
Financing activities						
Borrowing in interest-bearing liabilities	4,275	4,949	2,315	1,627	7,458	8,132
Amortization interest-bearing liabilities	-3,176	-6,363	-1,875	-1,906	-5,367	-8,554
Contribution from minority interests	58	-	-	-	58	-
Dividend	-124	-116	-124	-116	-124	-116
Cash flow from financing activities	1,033	-1,530	316	-395	2,025	-538
Cash flow for the period	103	-42	53	-87	84	-61
Opening balance, cash and bank	13	70	63	113	30	70
Exchange rate difference in cash and bank	6	2	6	4	8	4
Closing balance, cash and bank	122	30	122	30	122	13

Parent company – Statement of income in summary

Amounts in SEK million	Jan–Jun 2014	Jan–Jun 2013	Apr–Jun 2014	Apr–Jun 2013
Operating income	76	77	38	40
Administration costs	-88	-86	-41	-41
Operating income	-12	-9	-3	-1
Financial net	-177	532	84	346
Income before tax	-189	523	81	345
Tax	78	-65	41	-36
Net income for the period	-111	458	122	309
Other total net				
Other total net	-	-	-	-
Total net income for the period	-111	458	122	309

Parent company – Balance sheet in summary

Amounts in SEK million	Jun 30, 2014	Jun 30, 2013
ASSETS		
Non-current assets		
Machinery and equipment	4	6
Participation in group companies	5,560	5,681
Deferred tax asset	69	15
Non-current receivables	4,492	3,433
Total non-current assets	10,125	9,135
Current assets		
Other current receivables	3,310	96
Cash and bank	62	-
Total current assets	3,372	96
TOTAL ASSETS	13,497	9,231
EQUITY AND LIABILITIES		
Equity	196	558
Untaxed reserves		
Tax allocation reserve	43	43
Liabilities		
Interest-bearing liabilities	9,124	8,068
Non-interest-bearing liabilities	4,134	562
Total liabilities	13,258	8,630
TOTAL EQUITY AND LIABILITIES	13,497	9,231

This is a translation of the first page and the financial statements in the Swedish Interim Report January – June 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 – June 2014 was announced
at 12.00 noon CET on 28 August 2014.

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