

## Year End Report 2015

### Resume January – December 2015

- Rental income amounted to SEK 1,988 million (2,054).
- Income from property management amounted to SEK 959 million (833).
- Changes in value of properties amounted to SEK 581 million (-261) and changes in value of derivatives amounted to SEK 140 million (-760).
- Net income after tax amounted to SEK 1,350 million (-360).
- Income from property management for the fourth quarter amounted to SEK 225 million (208).
- Market value of investment properties amounted to SEK 26,502 million (24,668).
- During the period 20 properties (33) have been acquired to a price of SEK 1,154 million (4,606) and 16 (68) properties have been sold to a price of SEK 853 million (3,352)

Income from property management increased with

# 15 %

### Hemsö in summary

	Jan-Dec 2015	Jan-Dec 2014	Okt-Dec 2015	Okt-Dec 2014
Rental income, SEKm	1,988	2,054	505	552
Net operating income, SEKm	1,476	1,486	364	378
Income from property management, SEKm	959	833	225	208
Net income after tax, SEKm	1,350	-360	555	-151
Loan to value ratio, %	65,2	66,5	65,2	66,5
Interest coverage ratio, times	3,6	2,7	3,3	2,7
Market value of investment properties, SEKm	26,502	24,668	26,502	24,668
Average valuation yield, %	5,7	6,0	5,5	6,0
Net operating income margin, %	73,8	72,0	71,8	68,2
Economic occupancy rate, %	96,2	96,5	96,6	96,3
Property value, SEK/sqm	17,686	16,186	17,686	16,186
Number of properties	317	313	317	313
Lettable area, thousands of sqm	1,499	1,524	1,499	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 longterm leases, stable tenants and strong ownership. The Third Swedish National Pension Fund (AP3) is the majority owner. The total value of Hemsö's property portfolio is SEK 26,5 billion. Hemsö has a credit rating of A- from Standard & Poor's since March 2015.

#### 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–Dec 2015	Jan–Dec 2014	Okt–Dec 2015	Okt–Dec 2014
Rental income	1,988	2,054	505	552
Other income	12	9	2	2
Operating expenses	-364	-410	-85	-106
Repairs and maintenance	-121	-130	-47	-54
Other property costs	-39	-37	-11	-16
<b>Net operating income</b>	<b>1,476</b>	<b>1,486</b>	<b>364</b>	<b>378</b>
Central administration expenses	-154	-173	-43	-48
Financial net	-416	-690	-96	-175
<b>Income before changes in value</b>	<b>906</b>	<b>623</b>	<b>225</b>	<b>155</b>
<i>whereof income from property management</i>	<i>959</i>	<i>833</i>	<i>225</i>	<i>208</i>
<b>Change in fair value</b>				
Investment properties	581	-261	377	-198
Derivative instruments	140	-760	107	-243
<b>Income before tax</b>	<b>1,627</b>	<b>-398</b>	<b>709</b>	<b>-286</b>
Current tax	-46	-89	-	-7
Deferred tax	-231	127	-154	142
<b>Income for the period</b>	<b>1,350</b>	<b>-360</b>	<b>555</b>	<b>-151</b>
<b>Income for the period attributable to:</b>				
Parent Company shareholders	1,344	-365	555	-153
Minority interests	6	5	-	2
<b>Other total net</b>				
Income for the period	1,350	-360	555	-151
Translation difference	-50	42	-56	24
<b>Total net income for the period</b>	<b>1,300</b>	<b>-318</b>	<b>499</b>	<b>-127</b>
<b>Other total net attributable to:</b>				
Attributable to Parent Company shareholders	1,294	-318	499	-127
Minority interests	6	-	-	-

## Group – Consolidated balance sheet in summary

Amounts in SEK million	Dec 31, 2015	Dec 31, 2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	26,502	24,668
Other non-current assets	49	3
Other current receivables	394	206
Cash and bank	157	107
<b>TOTAL ASSETS</b>	<b>27,102</b>	<b>24,984</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	6,764	2,682
Liabilities to owner	-	3,000
Deferred tax liability	1,518	1,289
Interest-bearing liabilities	10,082	10,578
Non-interest-bearing liabilities	671	815
<b>Total long-term liabilities</b>	<b>12,271</b>	<b>15,682</b>
Interest-bearing liabilities	7,372	5,929
Non-interest-bearing liabilities	695	691
<b>Total short-term liabilities</b>	<b>8,067</b>	<b>6,620</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>27,102</b>	<b>24,984</b>

## Group - Consolidated statement of changes in equity in summary

Amounts in SEK million	Share capital	Other capital contributions	Transaction reserve	Profit brought forward	Non-controlling interests	Total equity
Opening balance, 2014-01-01	1	3,835	-	-776	1	3,061
Capital contribution from non-controlling interests	-	-	-	29	34	63
Dividend	-	-	-	-124	-	-124
Comprehensive income for the year	-	-	42	-365	5	-318
<b>Closing balance, 2014-12-31</b>	<b>1</b>	<b>3,835</b>	<b>42</b>	<b>-1,236</b>	<b>40</b>	<b>2,682</b>
Opening balance, 2015-01-01	1	3,835	42	-1,236	40	2,682
Transfer of capital contribution from non-controlling interests 2014	-	-	-	-29	29	-
Rights issue	-	3,000	-	-	-	3,000
Shareholders' contribution	-	-	-	21	-	21
Dividend	-	-	-	-264	-	-264
Capital contribution from non-controlling interests	-	-	-	-	25	25
Comprehensive income for the year	-	-	-50	1,344	6	1,300
<b>Closing balance, 2015-12-31</b>	<b>1</b>	<b>6,835</b>	<b>-8</b>	<b>-164</b>	<b>100</b>	<b>6,764</b>

## Group - Statement of Cash Flow in summary

Amounts in SEK million	Jan–Dec 2015	Jan–Dec 2014	Okt–Dec 2015	Okt–Dec 2014
<b>Current activities</b>				
Income before tax	1,627	-373	709	-261
Unrealized value changes	-773	879	-490	299
Adjustment for items not included in the cash flow	30	40	66	53
Income tax paid	-14	-75	2	-61
<b>Cash flow from current operations before change in working capital</b>	<b>870</b>	<b>471</b>	<b>287</b>	<b>30</b>
Increase (+)/Decrease (-) from working capital	-76	-40	-270	-117
<b>Cash flow from operating activities</b>	<b>794</b>	<b>431</b>	<b>17</b>	<b>-87</b>
<b>Investment activities</b>				
Property acquisitions	-1,223	-4,606	-641	-1,650
Investment in new constructions, extensions and reconstructions	-1,059	-697	-313	-251
Property sales	778	3,352	-9	3,329
Other net investments	-40	-6	-2	-3
<b>Cash flow from investment activities</b>	<b>-1,544</b>	<b>-1,957</b>	<b>-956</b>	<b>1,425</b>
<b>Financing activities</b>				
Shareholder contribution	21	-	-	-
Borrowing in interest-bearing liabilities	7,204	9,395	2,788	878
Amortization in interest-bearing liabilities	-6,192	-7,714	-2,136	-2,393
Contribution from minority interests	25	63	-	5
Dividend	-264	-124	-52	-
<b>Cash flow from financing activities</b>	<b>794</b>	<b>1,620</b>	<b>600</b>	<b>-1,510</b>
<b>Cash flow for the period</b>	<b>44</b>	<b>94</b>	<b>-348</b>	<b>-172</b>
Opening balance, cash and bank	107	13	506	280
Exchange rate difference in cash and bank	6	-	-1	-1
<b>Closing balance, cash and bank</b>	<b>157</b>	<b>107</b>	<b>157</b>	<b>107</b>

## Parent company – Statement of Income in summary

Amounts in SEK million	Jan–Dec 2015	Jan–Dec 2014	Okt–Dec 2015	Okt–Dec 2014
Operating income	71	355	23	251
Administration costs	-198	-177	-51	-54
<b>Operating income</b>	<b>-127</b>	<b>178</b>	<b>-28</b>	<b>197</b>
Financial net	-200	98	-49	-71
Appropriations	321	236	321	236
<b>Income before tax</b>	<b>-6</b>	<b>512</b>	<b>244</b>	<b>362</b>
Tax	-1	-4	-1	-4
<b>Net income for the period</b>	<b>-7</b>	<b>508</b>	<b>243</b>	<b>358</b>
<b>Other total net</b>				
Income for the period	-	-	-	-
<b>Total net income for the period</b>	<b>-7</b>	<b>508</b>	<b>243</b>	<b>358</b>

## Parent company - Balance sheet in summary

Amounts in SEK million	Dec 31, 2015	Dec 31, 2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Machinery and equipment	5	7
Participation in group companies	6,174	5,740
Deferred tax receivable	-	-
Non-current receivables	3,997	4,016
<b>Total non-current assets</b>	<b>10,176</b>	<b>9,763</b>
<b>Current assets</b>		
Other current receivables	7,379	5,324
Cash and bank	1	48
<b>Total current assets</b>	<b>7,380</b>	<b>5,372</b>
<b>TOTAL ASSETS</b>	<b>17,556</b>	<b>15,135</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	3,596	867
<b>Untaxed reserves</b>		
Tax allocation reserve	33	43
<b>Liabilities</b>		
Deferred tax liability	27	26
Interest-bearing liabilities	13,760	13,253
Non-interest-bearing liabilities	140	946
<b>Total liabilities</b>	<b>13,927</b>	<b>14,225</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,556</b>	<b>15,135</b>

*This is a translation of the first page and the financial statements in the Swedish Year End Report January – December 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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# HEMSÖ

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