

## Interim Report January–March 2016

### Resume January – March 2016

- » Rental income amounted to SEK 531 million (502).
- » Profit from property management amounted to SEK 246 million (218).
- » Changes in value of properties amounted to SEK 56 million (11) and changes in value of derivatives amounted to SEK -256 million (-125).
- » Profit after tax amounted to SEK 34 million (122).
- » Market value of investment properties amounted to SEK 27 888 million (24 108).
- » During the period 10 properties (3) have been acquired to a price of SEK 1 088 million (154).

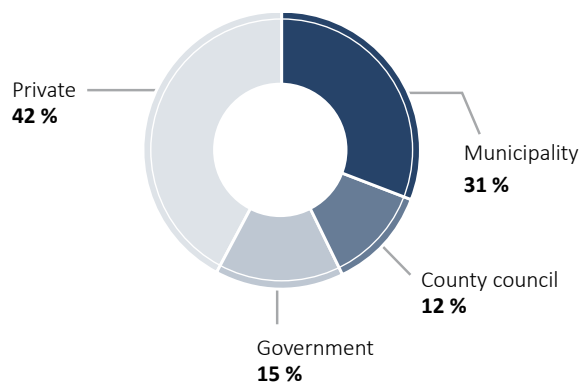
### Significant events during the quarter

- » Agreement to acquire two residences for the elderly in Bremen, Germany, for SEK 116 million. Possession will be taken in the second quarter of 2016.
- » The first sod was turned for a compulsory school in Borstahusen, Sweden. International English Schools will be the tenant and has signed a 20-year contract.
- » Agreement to acquire the life science property Technology for Health, measuring 20,000 square meters, adjacent to Karolinska University Hospital Huddinge for SEK 762 million. Possession will be taken in June 2016.
- » CEO Per Berggren has announced that he will leave the company at year-end.

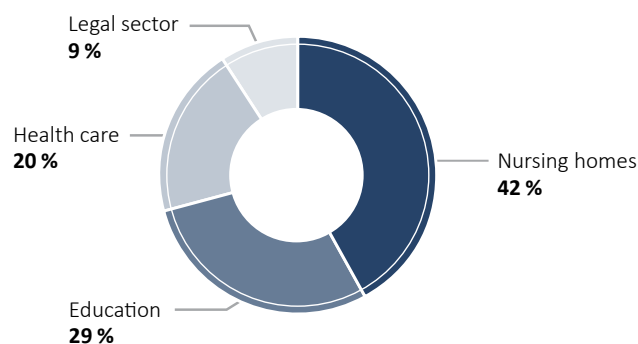
### Hemsö in summary

	Jan-Mar 2016	Jan-Mar 2015	Apr 2015-Mar 2016	Jan-Dec 2015
Rental income, SEKm	531	502	2,017	1,988
Net operating income, SEKm	377	363	1,490	1,476
Profit from property management, SEKm	246	218	987	959
Profit after tax, SEKm	34	122	1,229	1,351
Loan to value ratio, %	65.5	65.3	65.5	65.2
Interest coverage ratio, times	3.9	3.1	3.9	3.6
Average interest ratio, %	1.9	2.1	1.9	1.9
Covered debt in relation to property value, %	15.9	25.0	15.9	15.4
Market value of investment properties, SEKm	27,888	24,108	27,888	26,502
Average valuation yield, %	6.0	6.2	6.0	6.0
Net operating income margin, %	70.5	71.9	73.4	73.8
Economic occupancy rate, %	96.9	96.2	96.4	96.2
Property value, SEK/sqm	17,993	16,524	17,993	17,686
Number of properties	328	301	328	317
Lettable area, thousands of sqm	1,550	1,459	1,550	1,499

### Contracted rental value by customer category, %



### Contracted rental value by property category, %



## Group – Consolidated statement of total comprehensive income in summary

Amounts in SEK million	Jan-Mar 2016	Jan-Mar 2015	Apr 2015-Mar 2016	Jan-Dec 2015
Rental income	531	502	2,017	1,988
Other income	4	3	13	12
Operating expenses	-119	-117	-366	-364
Maintenance costs	-27	-14	-134	-121
Other property costs	-12	-11	-40	-39
<b>Net operating income</b>	<b>377</b>	<b>363</b>	<b>1,490</b>	<b>1,476</b>
Central administration expenses	-46	-43	-157	-154
Financial items	-85	-155	-346	-416
<b>Income before changes in value</b>	<b>246</b>	<b>165</b>	<b>987</b>	<b>906</b>
of which, profit from property management	246	218	987	959
<b>Changes in value</b>				
Investment properties	56	11	626	581
Derivatives	-256	-125	9	140
<b>Profit before tax</b>	<b>46</b>	<b>51</b>	<b>1,622</b>	<b>1,627</b>
Current tax	-17	-6	-57	-46
Deferred tax	5	77	-303	-231
<b>Profit for the period</b>	<b>34</b>	<b>122</b>	<b>1,262</b>	<b>1,350</b>
<b>Profit for the period attributable to:</b>				
Parent Company shareholders	32	121	1,255	1,344
Non-controlling interests	2	1	7	6
<b>Other comprehensive income</b>				
Profit for the period	34	122	1,262	1,350
Translation difference	18	-6	-26	-50
<b>Total comprehensive income for the period</b>	<b>52</b>	<b>116</b>	<b>1,236</b>	<b>1,300</b>
<b>Total comprehensive income attributable to:</b>				
Parent Company shareholders	50	115	1,229	1,294
Non-controlling interests	2	1	7	6

## Group – Consolidated statement of financial position in summary

Amounts in SEK million	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
<b>ASSETS</b>			
Investment properties	27,888	24,108	26,502
Other non-current assets	50	8	49
Other current receivables	282	358	394
Cash and cash equivalents	247	53	157
<b>TOTAL ASSETS</b>	<b>28,466</b>	<b>24,527</b>	<b>27,102</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	6,764	5,798	6,764
Deferred tax liability	1,514	1,210	1,518
Interest-bearing liabilities	11,346	9,838	10,082
Non-interest-bearing liabilities	927	945	671
<b>Total non-current liabilities</b>	<b>13,787</b>	<b>11,993</b>	<b>12,271</b>
Interest-bearing liabilities	7,196	6,019	7,372
Non-interest-bearing liabilities	719	717	695
<b>Total current liabilities</b>	<b>7,915</b>	<b>6,736</b>	<b>8,067</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28,466</b>	<b>24,527</b>	<b>27,102</b>

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

Amounts in SEK million	Share capital	Other capital contributions	Transaltion reserve	Profit brought forward	Non-controlling interests	Total equity
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 2014	–	–	–	–	25	25
Total 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>
Opening balance, 2016-01-01	1	6,835	-8	-164	100	6,764
Dividend	–	–	–	-52	–	-52
Total comprehensive incom for the period	–	–	18	32	2	52
<b>Closing balance, 2016-03-31</b>	<b>1</b>	<b>6,835</b>	<b>10</b>	<b>-184</b>	<b>102</b>	<b>6,764</b>

## Group – Consolidated statement of cash flow in summary

Amounts in SEK million	Jan-Mar 2016	Jan-Mar 2015	Apr 2015-Mar 2016	Jan-Dec 2015
<b>Current activities</b>				
Profit before tax	46	51	1,622	1,627
Unrealized changes in value	190	121	-704	-773
Other items not included in the cash flow	10	54	-14	30
Income tax paid	-34	16	-64	-14
<b>Cash flow from current operations before change in working capital</b>	<b>212</b>	<b>242</b>	<b>840</b>	<b>870</b>
Increase (+)/Decrease (-) from working capital	160	94	-10	-76
<b>Cash flow from operating activities</b>	<b>372</b>	<b>336</b>	<b>830</b>	<b>794</b>
<b>Investment activities</b>				
Property acquisitions	-1,088	-366	-1,945	-1,223
Investment in new constructions, extensions and reconstructions	-211	-197	-1,073	-1,059
Property sales	–	822	-44	778
Other non-current assets	-1	1	-42	-40
<b>Cash flow from investment activities</b>	<b>-1,300</b>	<b>260</b>	<b>-3,104</b>	<b>-1,544</b>
<b>Financing activities</b>				
Shareholder contribution	–	–	21	21
Borrowing in interest-bearing liabilities	2,621	1,924	7,901	7,204
Amortization in interest-bearing liabilities	-1,553	-2,574	-5,171	-6,192
Contribution from non-controlling interests	–	–	25	25
Dividend	-52	–	-316	-264
<b>Cash flow from financing activities</b>	<b>1,016</b>	<b>-650</b>	<b>2,460</b>	<b>794</b>
<b>Cash flow for the period</b>	<b>88</b>	<b>-54</b>	<b>186</b>	<b>44</b>
Opening balance, cash and cash equivalents	157	107	53	107
Exchange rate difference in cash and cash equivalents	2	–	8	6
<b>Closing balance, cash and cash equivalents</b>	<b>247</b>	<b>53</b>	<b>247</b>	<b>157</b>

## Parent company – Statement of income in summary

Amounts in SEK million	Jan-Mar 2016	Jan-Mar 2015
Operating income	28	6
Administration costs	-44	-62
<b>Operating profit</b>	<b>-16</b>	<b>-56</b>
Financial items	-53	-126
<b>Profit before tax</b>	<b>-69</b>	<b>-182</b>
Tax	–	–
<b>Profit for the period</b>	<b>-69</b>	<b>-182</b>
<b>Other comprehensive income</b>		
Profit for the period	–	–
<b>Total comprehensive income for the period</b>	<b>-69</b>	<b>-182</b>

## Parent company – Statement of financial position in summary

Amounts in SEK million	Mar 31, 2016	Mar 31, 2015
<b>ASSETS</b>		
Non-current assets		
Equipment	5	8
Shares and participations in group companies	6,393	5,760
Deferred tax receivable	–	–
Non-current receivables	4,372	4,008
<b>Total non-current assets</b>	<b>10,770</b>	<b>9,776</b>
<b>Current assets</b>		
Other current receivables	7,218	4,815
Cash and cash equivalents	147	–
<b>Total current assets</b>	<b>7,365</b>	<b>4,815</b>
<b>TOTAL ASSETS</b>	<b>18,135</b>	<b>14,591</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	3,474	3,685
<b>Untaxed reserves</b>		
Tax allocation reserve	33	43
<b>Liabilities</b>		
Deferred tax liability	27	27
Interest-bearing liabilities	9,497	10,386
Non-interest-bearing liabilities	5,104	450
<b>Total liabilities</b>	<b>14,628</b>	<b>10,863</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18,135</b>	<b>14,591</b>

This is a translation of the first page and the financial statements in the Interim Report January – March 2016. 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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